WHITE PAPER

Financing the postal sector in Africa

Mobilizing public and private funding to ensure the development of the postal sector in Africa

UPU
UNIVERSAL
POSTAL
UNION

EXECUTIVE SUMMARY

The African postal sector, despite its challenges, is full of promise. It has real untapped potential and a wealth of opportunities. Unexpected sources of financing are available from both commercial banks and international financial institutions to support technological innovation and the transformation of the sector.

Achieving such transformation requires a paradigm shift among postal players: they must adopt an open and digital innovation approach, which needs to be reinforced by better governance of the sector. Recurrent complaints about the hypothetical costs generated by the provision of the universal postal service will do nothing to change this elementary truth. Moreover, a quality universal postal service would not be possible without a financially viable postal company. Consequently, in order to respond effectively to the sector's funding needs, African postal operators are called upon to offer banks attractive prospects for financial returns. Achieving this financial performance is no easy task; yet, this paper will show that certain designated operators such as Togo and Ethiopia have achieved excellent results in this area.

Investors and African governments need to see the results of the numerous conferences, forums and seminars. Accordingly, actions centred on the expertise and professionalism of the institutions supporting the financing of the African postal sector carry a certain credibility and generate hope. Through this logic, it is recommended that an African postal transformation fund be established, to fulfil two key objectives: on the one hand, to pool resources, and on the other, to build the capacity of players in the African postal sector. The African Postal Transformation Fund, which would be launched by the Pan African Postal Union (PAPU), would be a specialized investment fund dedicated to the African postal sector. This fund would be supported by the resources of designated operators in Africa, as well as institutional investors interested in the development of the postal sector and in obtaining long-term returns.

This white paper highlights a number of strategic levers likely to liberate the value chains of the African postal sector. By boldly and consistently implementing the recommendations it contains, African postal stakeholders can position postal infrastructure as a key driver of development, contributing to sustainable growth and the fulfilment of communities at both the national and continental level.

Table of contents

EXECUTIVE SUMMARY 3

INTRODUCTION 7

The African postal sector explained 7

DIAGNOSTIC ANALYSIS OF THE AFRICAN POSTAL SECTOR 9

Analysis of the macroenvironment of the African postal sector (PESTEL) 9

SWOT analysis of the postal sector 11

Identifying the challenges facing the African postal sector 12

FINANCING THE AFRICAN POSTAL SECTOR: AN OPPORTUNITY TO BE SEIZED 14

Attractiveness of the postal sector 14

The African postal sector: catalytic infrastructure for inclusive socio-economic development 15

FINANCING STRATEGIES FOR A POSTAL SECTOR WITH STRONG UNTAPPED POTENTIAL 16

Traditional financing mechanisms 16

Alternative financing mechanisms 17

Benchmarking best practices in structuring financing in Africa 20

CONDITIONS FOR SUCCESSFUL FINANCING STRATEGIES FOR THE AFRICAN POSTAL SECTOR 23

Institutional levers for effective financing of the postal sector 23

Improving postal sector governance 25

CONCLUSION AND STRATEGIC RECOMMENDATIONS 27

Conclusion 27

Strategic recommendations 27

REFERENCES 29

INTRODUCTION

The African postal sector explained

Following the invention of the postage stamp in the mid-19th-century, the mail became the principal means of written communication between people. In the United States of America, for example, the postal service was for a long time the "federal" service par excellence and the one that concretely united the nation, to the point where the Postmaster General was in fact a member of the federal government.

With this in mind, African countries, as in other regions of the world, quickly understood the economic and social benefits of the postal service and built efficient postal infrastructure to guarantee last-mile mail delivery and basic financial services. According to the most recent statistics, Africa's postal infrastructure can be detailed as follows:

Number of post offices:
Over 25,000, with 80% located in areas where there are no banks or electricity;

Number of employees:
59,048

Population served:
1.4 billion

Combined annual sales:
880 million USD, with 65% from financial services and 35% from tradi-tional postal services.

These few figures clearly illustrate that Africa's postal infrastructure is an essential element in the African ecosystem. The Post not only facilitates communication, but also serves as a pillar for financial inclusion, logistics, and even economic resilience.

Nevertheless, the size of the African postal market must be acknowledged, as it is relatively small compared to that of the world's most developed regions, such as Europe, North America and Asia. However, it should also be noted that the African postal market is evolving exponentially as a result of the continent's economic growth, urbanization and technological advances.

To put the postal sector on a solid footing, the Universal Postal Union has issued clear rules on letter- and parcel-post items in the international context, as well as general guidelines on the universal service.

Operators involved in the transport and delivery of letter-post items weighing less than 2 kilogrammes and parcels weighing less than 30 kilogrammes come under the postal sector. The designated operators (commonly referred to in each country as "the post office"), which are entrusted with the task of providing the universal postal service, undoubtedly form the basis of this sector.

One of the main advantages of the postal sector over other service sectors is that it has a vast network with a global reach. A postal item can be sent from anywhere and delivered to almost any point on the planet. This considerable logistical capacity for handling and distributing postal items is the main strength of the postal sector.

As a crossroads for exchanges between people and businesses, the postal sector helps to strengthen social ties and business competitiveness. However, the winds of economic liberalism that blew over African countries in the 1990s, leading to the eradication of all forms of monopoly in every area of activity, did not spare the postal sector. This new situation was compounded by the rapid growth of information and communication technologies (ICTs) in the 2000s. These two factors have overturned the hegemony of designated operators in the sector and have led to the decline of traditional mail.

In the space of three decades, the strategic and operational comfort of African Posts has collapsed entirely. In addition to this, African countries have been negatively impacted over the past 10 years by three other crises: insecurity, the COVID-19 pandemic, and the Russia–Ukraine conflict.

In the face of these crises, African Posts have on the whole shown commendable resilience by introducing new services or extending existing ones to help poorer populations or those with specific needs.

In order to restore their reputation and remain competitive in a liberalized market alongside new private operators, designated operators are having to deploy growth and development strategies that can be very costly, even beyond their financing capacity.

As with other infrastructure, the main contributors to the postal sector are governments. However, given their difficulties in mobilizing resources, they can no longer continue to finance a commercial sector.

Currently, national resources are primarily allocated to emergency spending on health, security, social issues and economic recovery. According to a report published by the Organization for Economic Cooperation and Development and the African Centre for Economic Transformation, by 2050 Africa will have a population of 2.5 billion. Faced with this demographic explosion, the continent urgently needs to accelerate the construction of infrastructure such as postal and energy networks, among others.

Unfortunately, it must be acknowledged that the financing of postal projects in Africa by banks or other financial institutions is rather limited, if not rare. This is often due to the fact that project financing applications tend to be poorly designed, or that the scope of the projects identified does not generally attract the priority interest of financing bodies.

Insufficient funding is hampering the harmonious development of the African postal sector. It is therefore important to identify the possibilities and appropriate mechanisms for financing this sector, as it is provides essential infrastructure for social, financial and digital inclusion.

In this context, this white paper aims, firstly, to provide an understanding of the issues involved in financing the African postal sector. It will then explore the various financing mechanisms available, before lastly focusing on the conditions required to meet financing needs.

DIAGNOSTIC ANALYSIS OF THE AFRICAN POSTAL SECTOR

Two analytical tools are used to gain a better understanding of the African postal sector: the PESTEL tool to examine the influence of the macroenvironment on the sector, and the SWOT tool to identify the sector's internal strengths and weaknesses and the external opportunities and threats. These analyses will make it possible to identify the major challenges facing the sector.

Analysis of the macro-environment of the African postal sector (PESTEL)

Any observable phenomenon is the result of a series of independent factors. The PESTEL tool allows for examination of political, economic, social, technological, ecological and legal factors that are likely to have a positive or negative influence on the development of the African postal sector.

This analysis clearly shows that, social crises and conflicts notwithstanding, the African ecosystem is very favourable to the development of the postal sector. In terms of crises, there are three sources of conflict or insecurity in Africa: the first stems from the forced displacement of populations as a result of climate change, sometimes provoking conflicts between farmers and herders; the second is the high level of unemployment among young people who, discouraged, take violent action; and lastly, the third is the expansion of terrorist groups. These types of insecurity have a very negative impact on the African postal sector. However, the organizational resilience of the sector has enabled it to mitigate the negative effects of the crises generated by the macroenvironment.

Table 1: **PESTEL matrix**

	Factors	Details	Level of influence: High	Level of influence: Medium	Level of influence: Low	Impacts on the African postal sector
POLICY	**Political will of supranational bodies**	Africa's postal infrastructure is rec-ognized as contributing to the achievement of the African Union's Agenda 2063 and the United Nations' Sustainable Development Goals (SDGs).	X			Very positive
POLICY	**Single African market under construction**	The entry into force on 1 January 2021 of the Agreement Establishing the Continental Free Trade Area offers businesses access to a single African market worth 3.4 trillion USD (according to the International Trade Centre).	X			Very positive
ECONOMIC	**Economic development**	According to the International Monetary Fund, forecasts for the continent are generally positive, with gross domestic product (GDP) set to rise from 2.98 trillion USD in 2022 to 4.29 trillion USD in 2027, an increase of 43.89%.	X			Positive
SOCIAL	**Demographic dividend**	With a young population of 477 million people aged between 15 and 25, Africa is the continent of the future and will be key to supplying the global workforce.	X			Positive
SOCIAL	**Social crises**	Geopolitical tensions and conflicts persist in Africa and around the world.	X			Very negative
TECHNOLOGICAL	**Development of mobile telephones and network**	According to an International Telecommunication Union (ITU) report, by the end of 2022, 40% of the African population will be con-nected to the Internet and 61% will have a mobile phone.	X			Very positive
TECHNOLOGICAL	**Financing the technology**	According to FinTech Global: "Investment in companies in the financial technology sector in Africa has reached a record high of over 2 billion dollars in 2021".	X			Very positive
TECHNOLOGICAL	**Connectivity and digitalization**	Digitalization in Africa is undoubtedly a lever for growth and optimization of the customer experience.	X			Positive
ECOLOGICAL	**Supporting the energy transition**	Renewable energies represent a considerable opportunity for African countries. A major revolution is underway in solar energy.		X		Positive
LEGAL	**Weak legal framework**	The legal framework of regulation in relation to developments in the postal sector is inadequate.		X		Negative

SWOT analysis of the postal sector

A second analysis of the postal sector was carried out using the SWOT diagnostic tool, which examines the sector's situation in terms of its internal strengths and weaknesses, and identifies opportunities and threats posed by its external environment.

STRENGTHS

- Infrastructure of over 25,000 contact points linked to a global network of 660,000 post offices in 192 countries
- Integrated three-dimensional network (physical, financial and digital)
- Capillarity of the postal network in terms of access and distribution throughout the continent, with a strong presence in rural and poor areas
- Ability to conclude bilateral and multilateral agreements
- Huge potential for inclusive service provision
- Existence of a regulatory mechanism for the transforming sector (owing to technological challenges)
- Strong resilience of the postal sector in the face of various social changes and developments
- Opportunity to access funding for growth-generating projects

WEAKNESSES

- Difficulties in getting governments interested in scaling up the postal sector through a policy and strategy document
- Inability to effectively regulate the sector in a questionable market
- Low level of modernization of African postal infrastructure
- Lack of knowledge of the potential and mechanisms for accessing funding from development institutions and banks
- Lack of logistics interoperability and connectivity between supply chain partners
- Low level of funding for the sector
- Labour-intensive rather than knowledge-intensive sector
- No pipeline for structuring bankable projects
- Lack of strategic intelligence to drive the sector forward in Africa

OPPORTUNITIES

- Growth in e-commerce and international trade
- Evolving customer needs
- Sector-specific information and expertise available from the UPU
- Ability to leverage technology to meet the needs of customers, businesses and government
- Rapid growth in mobile technology across almost the entire continent
- Development of financial inclusion and logistics

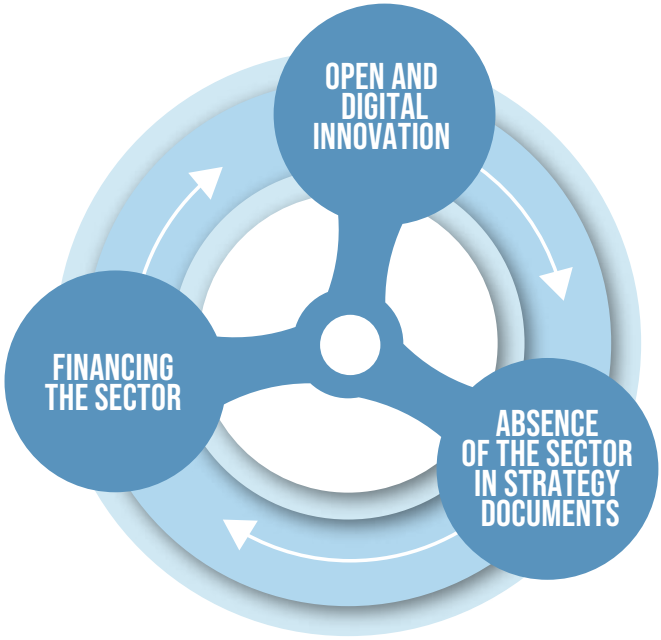
THREATS

- Technological substitution and diversification of communication methods
- Dematerialization of production processes, resulting in a fall in mail volumes that has not been offset by growth in parcel volumes
- Emergence and development of numerous players that are not UPU members
- Lack of broadband connectivity among operators
- Weakening of the sector through activities developed by informal operators

Identifying the challenges facing the African postal sector

On the basis of the diagnostic analysis carried out, combining several brainstorming techniques and considering current global trends, the major challenges facing the African postal sector in the coming years were identified and grouped into the following three areas.

Diagram 1: **Areas of challenge**



The challenges of open and digital innovation

Open innovation is defined as a strategic approach that not only embraces collaborative efforts, but also actively seeks external contributions, including ideas, technologies and expertise. This dynamic framework accelerates the innovation process by drawing on a diverse network, recognizing that revolutionary ideas can emerge both internally and from external sources. From stimulation and creativity to rapid development, open innovation harnesses the power of collective intelligence, propelling organizations towards revolutionary breakthroughs.

It is therefore imperative for postal sector players to open up to the outside world by using alternative approaches likely to contribute to the design of innovative products and services. Open innovation, involving not only governments but all players in the wider sector, will help to create a robust, sustainable and resilient postal ecosystem in Africa.

Furthermore, according to ITU, 40% of the African population will be connected to the Internet by the end of 2022 and 61% will have a mobile phone. In addition to the huge opportunities for innovation available through use of mobile phones, digital technology can be an engine for growth in turnover and the generation of much higher margins for companies in the sector. In view of the growth prospects offered by the African continent, where many opportunities are still in their infancy, an in-depth understanding of the challenges of digitalization, or technology, can help the postal sector to better position itself in the midst of competition that is likely to intensify and become even tougher over the next few years.

Far from being a mere fad, digital innovation is undeniably a key factor in achieving long-term success. Digital technology has the advantage of creating a feeling of proximity to the business, wherever the customer may be. It reduces the distance between customer and product, as well as between customer and salesperson, by dematerializing the purchasing process.

Greater agility and collaboration will accelerate the digital transformation of African Posts, as digitalization is a lever they can easily use to improve their brand image.

Challenges linked to the sector's absence from strategic planning documents

According to Kofi Annan, former Secretary General of the United Nations: "At a time when we are building a global society, the postal sector still constitutes a solid and living link with every citizen, even in the most remote parts of the world".

For over two thousand years, postal networks have facilitated the exchange of messages and goods. Today, the physical, financial and electronic postal network has become an essential partner in building an open and inclusive information society.

Africa has 54 countries, each with its own specific postal environment. While it must be admitted that the current changes in the postal sector are not spreading in the same way and with the same intensity in all countries, it must nevertheless be acknowledged that some countries have opted for rather expeditious measures, foregoing

any in-depth study of their national context and any reflection or study on the appropriate response to deal effectively with the challenges facing the sector. Given the three-dimensional nature of the sector, there are many constraints that need to be identified through a holistic and comprehensive approach. This means using the most rigorous and participative methods possible, and ensuring that solutions are accepted by all government authorities. A solid understanding of the sector, its importance and ownership of strategies for its growth are the beginnings of a real paradigm shift for the African postal sector.

In addition to the trust shown by customers, the postal sector must prove to political decision makers and international financial institutions its ability to play a key role in the country's economic and social development.

Given the strategic importance of the postal sector in a country, its development cannot be left to chance as it would risk causing serious damage to the national economy and, by extension, its citizens. For this reason, it is essential to plan the development of such infrastructure not simply in a policy letter, but in a sectoral policy document, thus avoiding falling into the trap of short-sighted management.

Challenges related to the postal sector's financing needs

Infrastructure financing needs across all sectors in Africa are estimated at 108 billion USD per year, according to an assessment by the African Development Bank. As far as the postal sector is concerned, these needs may vary from one country to another depending on economic situation, surface area, population and strategic priorities. Nevertheless, the postal sector's financing needs can be summarized as follows:

Modernizing infrastructure

Many African countries need to modernize their postal infrastructure to remain competitive and meet the growing and diverse demands of their citizens. This includes upgrading post offices, expanding distribution networks and adopting modern technologies.

Expanding coverage

In many rural and remote areas of Africa, postal coverage is limited. Investment is needed to extend postal service provision to these areas, improving accessibility and inclusion.

Human resources capacity building

The postal sector requires a skilled workforce to deliver efficient services and benefits. It must undergo a qualitative transformation to become a knowledge-intensive sector rather than a labour-intensive sector. Investment in staff training is needed to improve service quality and operational efficiency.

Digitalization and information technology

Adopting digital technologies is essential to remain competitive in a changing postal environment. Investments in online tracking systems, e-commerce platforms, data management solutions, and so on are necessary to remain relevant and reliable.

Overall, it is necessary to prioritize the needs to be financed and to clearly define how support is to be provided (self-financing, loans, provision of skills, etc.). The search for funding should be organized over the long term, without haste.

FINANCING THE AFRICAN POSTAL SECTOR: AN OPPORTUNITY TO BE SEIZED

The digitalization of African society has profoundly transformed the ways in which people communicate. However, with these changes come great opportunities.

Attractiveness of the postal sector

The postal sector is one of the few sectors built on three pillars: physical, financial and digital. This three-dimensional structure is a major asset for its development.

Diagram 2: **Different pillars**

Physical pillar

A vast postal network spans every African country, covering urban, peri-urban and even marginalized rural areas, with around 25,000 post offices. This physical presence is used as a gateway to a wide range of products and services, including logistics and administrative services. In a world where virtualization is ubiquitous and social and economic reference points have been disrupted, the proximity and physical presence of the postal sector remain undeniable assets. Thanks to its extensive logistics network in rural areas, the postal sector is accessible to the most marginalized segments of the population, which strengthens its position. In addition, mail makes it possible to reach the entire population by combining the power of a mass medium (serving all households) with the precision of a highly targeted medium (geomarketing) that can pinpoint a single household.

Financial pillar

In Africa, the extensive postal network provides infrastructure that can be used to increase the financial inclusion of low-income populations, who are often excluded from the banking system. In order to improve this rate of financial inclusion, most African countries are turning to the postal sector. Through post offices, financial services including savings, money transfers and current accounts are offered throughout the country. The impact of postal financial services is significant, with money transfers to Africa amounting to almost 80 billion USD in 2020. In most African countries, migrant remittance flows even exceed foreign direct investment and development aid. According to a report by the Central Bank of West African States (BCEAO), the strict bank penetration rate in the West African Economic and Monetary Union region sat at 21.8% at the end of 2021. However, the overall rate of use of financial services reached 67.2%, which was attributed to the involvement of financial

institutions such as post offices. Indeed, post offices are the second biggest contributor to financial inclusion after banks.

Digital pillar

In Africa, digital transformation is proceeding at a particularly sustained pace, surpassing any other region in the world. ICTs are proving to be a remarkable success story on the continent, manifested mainly through three salient points: firstly, the scale of annual investment in this area is remarkable; secondly, a substantial proportion of funding in the ICT sector comes from the private sector; and thirdly, Africa is positioning itself as a pioneer in the use of ICTs to provide services beyond simple voice communication, notably by extending financial inclusion to low-income groups.

Postal services therefore stand at a decisive crossroads, forced to adjust to avoid obsolescence. The postal network is emerging as a crucial infrastructure capable of helping to bridge the digital divide, particularly in rural areas. According to a 2017 survey conducted by the UPU, more than 93% of Posts offer digital services, either directly or in partnership with other entities.

In addition, 73% of Posts say they have stepped up their investment in digital postal services. These postal services are currently providing digital platforms to facilitate marketing activities and all operations related to e-commerce transactions. Promisingly, ICT projects in Africa attract large flows of private funding, without the need for explicit government support. Moreover, payback periods and amortization schedules for these ICT projects are relatively short, typically eight years or less, compared to the 15 or 20 years required for conventional infrastructure.

The postal sector, which is considered essential to achieving the United Nations' SDGs and the African Union's Agenda 2063, must continue to expand in all its dimensions. Such efforts are imperative if it is to maintain its status as essential infrastructure for the economic and social development of the African continent.

The African postal sector: catalytic infrastructure for inclusive socio-economic development

When thinking of the post office, the first thought that often springs to mind is that of a letter or postcard. However, on a global scale, postal operators offer a plethora of products and services, ranging from delivering parcels to opening bank accounts, paying bills, obtaining or renewing official documents, delivering fresh produce, providing home services for the elderly, and delivering books to schoolchildren. The postal sector is undeniably essential infrastructure, facilitating the functioning of the global economy.

A study carried out 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 period of four years, revealed a significant correlation between postal connectivity and GDP per capita as well as the poverty rate. Postal connectivity, defined as the ability of the postal network to interact with a large number of countries, shows that the more a country interacts with other Posts, the more its economy prospers and the lower its poverty rate. Moreover, strong postal connectivity combined with the smooth operation of other communication networks, such as air transport and social and mobile networks, further strengthens the correlation between postal connectivity and development.

A more recent UPU study in 2023 reveals that in the total absence of postal infrastructure, a country's annual GDP could suffer a median reduction of 6.96%. Thanks to their network, postal services multiply their direct economic impact by at least seven, highlighting the crucial importance of the postal sector in the ecosystem. This figure spectacularly surpasses the usual rate of direct contribution of postal services to GDP, generally between 0.5 and 1%.

These findings reveal the significant potential of the postal sector. Both studies contribute to the debate by highlighting the essential role of the postal sector in a nation's socio-economic landscape.

Furthermore, the entry into force on 1 January 2021 of the Agreement Establishing the Continental Free Trade Area (CFTA) offers African postal operators a unique opportunity to change the paradigm by actively participating in the implementation of innovative projects and programmes on a multi-country scale. Thanks to the removal of customs barriers, businesses have access to a single African market worth 3.4 trillion USD (according to the International Trade Centre). The CFTA should provide a significant impetus to launch multi-country postal transformation programmes and projects.

FINANCING STRATEGIES FOR A POSTAL SECTOR WITH STRONG UNTAPPED POTENTIAL

The financing of the African postal sector must be approached strategically: on the one hand, to respond to the expansion and connectivity of the postal network, and on the other hand, to satisfy the growing demand for quality, digital-based services. Nevertheless, financial challenges are often an obstacle to carrying out large-scale projects. In a difficult financial climate, where traditional forms of financing are under substantial pressure, alternative financing approaches are emerging as an additional solution.

Traditional financing mechanisms

Traditional financing mechanisms are classic methods that have long been used to raise funds or finance a project.

Self-financing through diversification of sources of income

For a postal operator, self-financing means meeting its financing needs from its own resources. It is therefore a method of financing using internal resources, thus avoiding recourse to external resources such as loans. Self-financing means avoiding dependence on a lender and being subject to its condi-tions, in particular the cost of granting a loan (interest). This approach represents the share of resources available from the various sources of income from the profits made by the operator. Such resources make it possible to finance investments and ensure the internal growth of the Post in an independent and autonomous manner.

Public subsidies

Public subsidies are amounts of money paid by a public entity (a country, a local authority or a public body) on a one-off or renewable basis to help achieve a specific objective. As in other parts of the world, the postal sector in Africa receives various public subsidies to support its operation and development. Prior to the liberalization of the sector, African governments allocated funds for the construction and maintenance of postal infrastructure, such as post offices and sorting centres, as well as for the acquisition of equipment and staff training.

With demonopolization, subsidies are often provided to designated operators through direct government allocations or by regulatory bodies. These funds are ostensibly intended to support the viability and relevance of the postal sector through designated operators' obligation to provide a universal postal service. It is crucial to harmonize the universal postal service with financial profitability, as state intervention could generate greater inefficiencies than those created by the market itself. Within the framework of cooperation, international organizations such as the UPU provide direct financial subsidies to African postal services to support the implementation of specific projects.

Bank loan financing

A bank loan is a sum made available to a postal operator by a financial institution, with the obligation to repay it according to a pre-defined schedule. In return for this financing, the lender receives interest in return for the funds provided and the risks taken. Generally, this approach is accompanied by the provision of guarantees, thereby limiting the lender's risks in the event of repayment difficulties.

Promisingly, the African postal sector is attracting keen interest from multilateral development banks such as the West African Development Bank, as well as commercial banks such as Banque Atlantique. These institutions have indicated their willingness to support operators in the sector, provided they submit rigorously drafted project applications. Designated operators can also benefit from concessional loans from multilateral development banks, with the support of their respective governments, provided that the projects submitted for financing are among the government's priorities.

Equity financing

A company's equity is made up of the sums paid by shareholders at the time of incorporation and reserves corresponding to accumulated profits not distributed as dividends. This method of financing is widely adopted by most private postal operators. In this context, the amount of share capital takes on greater importance than might initially be perceived.

As the initial source of financing and the first component of equity when the company is created, the share capital must necessarily be proportional to the short-term requirements of the postal market. Depending on its resources, the postal operator invests and meets its operating costs. The measurement of shareholders' equity is essential financial information, providing an indication of the company's solvency and ability to honour its commitments and requirements. Thus, a postal operator with solid equity is a company that, a priori, generates profits and has credibility with third parties. On the other hand, a postal operator with weak equity raises doubts as to its ability to honour its commitments.

Alternative financing mechanisms

Alternative financing is emerging as a promising solution to address the funding needs of the African postal sector. These unconventional financial mechanisms offer innovative investment opportunities tailored to the continent's specific challenges.

Public–private partnerships

The crucial shortfall in public utility infrastructure, combined with the difficulties of maintaining existing infrastructure, is prompting public authorities to explore alternative ways of making up for these short-comings, particularly in terms of financing and management methods. As a result, governments are increasingly turning to public–private partnerships (PPPs), which are a form of financing in which a public authority calls on private service providers to finance and manage a public service.

PPPs are generally requested by public authorities looking for sources of finance, expertise or risk transfer mechanisms. PPPs offer the possibility of accessing finance for large-scale projects that are often difficult to finance entirely from public funds. They are also seen as a way of introducing private sector technology and innovation to improve the quality of postal services through greater operational efficiency.

However, PPP negotiations and implementation can be complex and time-consuming, which can delay project completion and increase initial costs. It is therefore crucial that postal operators seeking to establish PPPs surround themselves with experts in the field in order to avoid potential pitfalls. Although PPPs offer financing opportunities for the African postal sector, they also entail significant risks. With this in mind, it is essential for governments to put in place solid and transparent governance mechanisms to maximize the benefits of this method of financing.

Table 2: **Public-private partnerships**

DO	DO NOT
Adapt the PPP strategy to your political, social and economic context, based on the principles of **realism and prudence.**	Plan or announce ambitious PPP programmes that could exceed your potential (in terms of affordability and access to international invest-ment and finance). Equally, do not select unrealistic projects, or choose unreliable and untested technologies.
Choose **appropriate projects.**	Use PPP for small projects (as a general rule). Instead, try to group small projects together.
Select suitable candidates for the PPP. Seek the efficiencies inherent in PPPs, **and maximize and share them. Use PPPs when the project is profitable and tends to reinforce profitability.**	Use PPPs simply because they are not counted as public debt. Equally, do not use PPPs as an option unless the project is suitable for a PPP and is likely to deliver the expected efficiency gains.
Be aware of the very demanding resource requirements of the PPP tool and the procurement process, and make sure you have **the capacity you need. Ensure substantial public authority involvement at all stages of the PPP life cycle.**	Embark on a PPP process unless you have clearly identified the specific capabilities and resources required and the increased complexity of the process. In many countries, the institutions responsible for developing PPPs face severe restrictions and often have considerable shortcomings.
Identify and assess projects in detail to ensure they are feasible.	Launch a PPP project if there is any uncertainty as to its overall feasibility and the feasibility characteristics of the PPP, i.e. the economic, financial, commercial, technical and affordability conditions of the project.
Devote sufficient resources to structuring the invitation to tender and the contract, **as well as to managing the process.**	Fail to properly structure the invitation to tender and contract. All the inherent profitability of a project can be lost through inadequate structuring and imprecise wording.
Allow sufficient time for the procurement process (preparation, evaluation, structuring and **invitation to tender).**	Rush or set over-ambitious deadlines. Private sector players are less inclined to bid for projects if they do not have confidence in the government's ability to meet its timetable.
Pay particular attention and dedicate **sufficient resources to managing the contract once awarded.**	Assume that the government has finished its work once the contract has been signed. The government must manage the contract throughout its life.
Organize the strategic, institutional and governmental frameworks to deal with the PPP tool in a programmatic way. Understand the fiscal implications and evaluate projects and programmes with a view to continuous improvement.	Use PPPs as a general policy strategy (at programme level) unless you are ready and prepared.

Source: African Development Bank

Access to capital market financing

Financial markets are playing an increasingly crucial role in providing capital to Africa's private sector, particularly in the financial services and telecommunications sectors. Financial markets are also of vital importance for local savings, offering alternative investment opportunities, as demonstrated by the example of Nigeria, where the financial markets have drained local savings, making a major contribution to the recapitalization of the Nigerian banking sector. To meet their financing needs, postal operators can opt for either share issues or bond issues to mobilize resources on the financial markets present in at least two-thirds of African countries.

Share issues

Shares are issued as part of a share capital increase with a view to listing on a stock exchange. The issuing company generally makes a public offer to sell a portion of its share capital to the public at a pre-determined price. Opening up capital on the financial market has several advantages for the issuing company:

Substantial capital raising to finance investments, without interest payments;

Acquisition of a certain reputation, visibility and credibility for the company in the eyes of its customers and partners;

Ability to tap into the market at any time to raise funds when needed;

Reduction of debt and move towards managing the company more transparently.

In West Africa, for example, the Bourse Régionale des Valeurs Mobilières (BRVM), an eight-country stock exchange, imposes certain criteria for listing companies.

Table 3: **Some criteria for admission to the three sections of the BRVM**

Criteria	Prestige section	Main section	Growth sub-fund
Legal form		**Public limited company**	
Minimum share capital, in Central African francs (XAF)	100 million	100 million	10 million
Market capitalization	More than 500 million	More than 200 million	Not required
Minimum period of activity	5 years	2 years	1 year
History of certified accounts	5 years	2 years	1 year
Net margin on sales	3% over each of the last 3 years	Not required	Not required
Sales growth	Not required	Not required	Not required
Minimum distribution of capital to the public (free float)	20%	20% within 2 years or 15% in the event of a capital increase	10% must correspond to a minimum of 500,000 shares
Market promotion agreement	Mandatory	Mandatory	Not required
Business plan	Not required	Not required	Required (minimum 3 years)
Listing sponsor	Not required	Not required	Required

Quotation method	**Continuous quotation**	
Dissemination of financial information	Event-based, quarterly, half-yearly, annual	Simplified provision

Bond issues

On the financial markets, postal operators have the option of raising debt financing by issuing bonds. A bond is a loan issued by a company, a public authority or a country and purchased by investors, either through a public offering or a private placement. Issuers of bonds on the financial market are able to mobilize resources over a long period and benefit from a repayment method tailored to their investment project. Bonds also increase operators' credibility with partners, shareholders and investors, thereby improving their negotiating capacity with banks. Whether financing postal operators through share issues or bond issues, the essential element for entering the financial markets is good governance.

Access to new emerging models: Caisses des dépôts et consignations

A caisse de dépôts (deposits fund) is a public financial institution mandated to receive, preserve and manage private (and some public) resources, playing an intermediary role in financing public interest priorities. The Caisse des Dépôts, an emerging institutional mechanism in Africa, originated in France in the early 19th century. The French Caisse des Dépôts et Consignations is one of the country's leading institutional investors.

In Africa, the funds can act as sovereign wealth, development bank or private equity funds to finance priority projects. The resources of deposit funds come from regulated savings funds, guarantees, pension and/or notarial funds, public reserves, and fixed-income securities issued on the securities market, depending on the country and its capacities. Thus, within the limits of their own financial viability, the deposit funds of African countries can support the financing of the postal sector.

Benchmarking best practices in structuring financing in Africa

Case study of Togo Post

Brief presentation of Togo Post

The Société des Postes du Togo (SPT) is a limited company whose capital is held by the Government of Togo, the sole shareholder. Like all African post offices, it has experienced difficulties since it split from the telecommunications sector in 1996. These difficulties included a broken production system, virtually non-existent operating resources, limited human resources, negative operating results, limited financial resources and negative equity. However, from 2010 onwards, the company began to record positive results.

By diversifying its products and services, SPT has positioned itself on the growth ramp by increasing its share capital from 1 billion to 10 billion XAF in 2023. Financial income accounts for 70% of its turnover. These positive results have gradually enabled the company to rebuild its equity, strengthen its production facilities and pay dividends to the government. SPT has around 100 points of contact throughout the country and employs 452 staff. According to the UPU's 2022 Postal Development Index (2IPD), it ranks 91st worldwide and 9th in the African region in terms of development.

Method of financing

In Togo, in the absence of cost accounting to provide the regulator with evidence that certain outlets are operating at a loss, SPT receives a lump sum of 200 million XAF each year as a subsidy to finance the universal postal service. Investment projects are mostly self-financed, as SPT generates sufficient cash flow and only exceptionally has recourse to banks through leasing contracts for the acquisition of certain rolling stock (e.g. passenger buses, lorries for transporting parcels and baggage).

Financial results and contribution to the government budget

Table 4: Evolution of financial results over the last three years

Headings	Expected amount at 31 December 2023 (XAF)	Amount at 31 December 2022 (XAF)	Amount at 31 December 2021 (XAF)
Balance sheet total	86,393,214,210	73,453,257,728	67,211,249,194
Retained earnings	543,668,851	617,925,390	563,731,623
Shareholders' equity	14,689,668,659	11,462,323,831	9,465,796,132
Corporate tax	1,448,849,416	734,282,099	436,552,523
Result (+ or -)	3,917,260,532	2,216,123,233	1,084,078,824
Sales figures	14,808,995,720	10,575,185,897	8,869,248,264
Total revenue	16,290,577,694	12,779,975,382	10,558,363,071
Total expenses	12,373,317,162	10,563,852,149	9,474,284,247

SPT's financial results are very encouraging. Over the last three years under review, net income has risen steadily. In 2021, SPT recorded a profit of 1,084,078,824 XAF (equivalent to 1,799,069 USD), a profit of 2,216,123,233 XAF in 2022 (equivalent to 3,677,705 USD), and a profit of 3,917,260,532 XAF is expected for 2023 (equivalent to 6,496,271 USD). These performances are admirable and cannot leave any investor indifferent.

Table 5: Togo Post's contributions to the government budget (tax paid)

Headings	Expected amount at 31 December 2023 (XAF)	Amount at 31 December 2022 (XAF)	Amount at 31 December 2021 (XAF)
Balance sheet total	86,393,214,210	73,453,257,728	67,211,249,194
Retained earnings	543,668,851	617,925,390	563,731,623
Shareholders' equity	14,689,668,659	11,462,323,831	9,465,796,132
Corporate tax	1,448,849,416	734,282,099	436,552,523

It is clear that SPT not only has a high level of self-financing capacity, but that it also pays its taxes correctly and regularly. Paradoxical as it may seem, SPT pays dividends to the Government of Togo in its capacity as sole shareholder, after having paid incentive bonuses (13th and 14th months) to all SPT staff. This is an exceptional performance that should be recommended to designated operators in Africa in order to attract investors to the postal sector.

Ethiopian Postal Service case study

Brief presentation of Ethiopian Postal Service

Ethiopian Postal Service (Ethiopost) was established on 10 March 1894 and was admitted as a member of the UPU on 1 November 1908. Ethiopost offers a variety of products and services, the most important of which are: courier services, express delivery, logistics, philately, financial services and government services (collection and delivery of civil status documents to citizens). It has an extensive network of more than 700 post offices throughout the country and employs more than 1,900 people. Two key words are at the heart of Ethiopost's strategy: deepening and diversification. According to the UPU's 2022 Postal Development Index report (2IPD), Ethiopost ranked 62nd worldwide and 1st in Africa in terms of development.

Financing method

Ethiopost is the designated operator for the Ethiopian postal sector. It carries out this public service mission without government subsidy or financial compensation. Ethiopost has managed to reconcile the universal postal service with financial sustainability. Like SPT, Ethiopost uses its own funds to finance its many network expansion and diversification projects.

Financial results

At the end of the 2019/2020 financial year, Ethiopost was in a difficult situation and recorded a loss of 78 million Ethiopian birrs (ETB) (1,382,979 USD). After the courageous implementation of reforms, Ethiopost was able to remove the heavy burdens to achieve a surplus result of 72 million ETB (1,276,596 USD) at the end of the 2021 fiscal year. This positive trend continued in 2022, when Ethiopost recorded a profit of 187 million ETB (3,315,603 USD), an increase of 117%. For 2023, Ethiopost aims to achieve a pre-tax profit of 300 million ETB (5,319,149 USD).

These two case studies clearly highlight that the African postal sector presents a wealth of opportunity. Although these two operators are government-owned, they are managed as private companies, contributing financially to the socio-economic development of their respective countries by paying taxes and even dividends. Under these conditions, they are able to qualify for all sources of financing. These two public companies perfectly illustrate the fact that the African postal sector can indeed create wealth, provided that the companies operating in it are well governed according to an economic model geared towards innovation and diversification.

CONDITIONS FOR SUCCESSFUL FINANCING STRATEGIES FOR THE AFRICAN POSTAL SECTOR

The postal sector is promising given its three-dimensional structure. However, its financing needs are extensive. Strong partnerships with international financial institutions and the private sector, as well as transparent governance focused on continuous adaptation to changes in the postal market, are key factors in ensuring the success of the postal sector's financing strategy in Africa.

Institutional levers for effective financing of the postal sector

Creation of an African postal transformation fund: acting together for greater impact

The establishment of a postal transformation fund for Africa aims to fulfil two objectives: firstly, to pool resources, and secondly, to build the capacity of African postal sector players. The African Postal Transformation Fund, to be launched by PAPU, is a specialized investment fund dedicated to the African postal sector. This fund will be supported by the resources of designated operators in the Africa region, as well as institutional investors interested in the development of the postal sector and in obtaining long-term returns.

The main objective of the Postal Transformation Fund is to promote the African postal sector by facilitating operators' access to financing through appropriate financial instruments, with a view to better exploiting the sector's potential and improving the quality of postal services at the continental level.

In all cases, this fund must act as an interface and play a key role between African Posts and multinational development banks and bodies, such as the Infrastructure Consortium for Africa (ICA) and

Africa 50. In this way, international donor financing will be mobilized for the benefit of the African postal sector. According to Akinwumi Adesina, President of the African Development Bank, "There are today more than USD 98,000 billion in assets under management worldwide...". This means that the financial resources exist, and all that remains is to build a high-performance organization that can access them under the best possible conditions.

Structuring the African Postal Transformation Fund

Operationally, the fund will have two windows: Window 1 for access to non-financial services, and Window 2 for facilitating access to financial services.

Window 1: Access to non-financial services

This window will act as a centre for innovation and risk mitigation, supporting postal operators at every stage of their project's life cycle. The aim of this window is to compensate for the low level of competence identified among operators in designing business plans or bankable project documents. It will assess the risks associated with the various investment projects and formulate risk mitigation measures. It is a one-stop shop that will utilize cutting-edge expertise in setting up and financing projects, in order to generate an increase in the supply of credit to the postal sector. Financial education is also a key non-financial service to be developed through this window.

The mission of the ICA is to help improve the lives and economic well-being of the people of Africa by encouraging, supporting and promoting increased public and private investment in infrastructure in Africa. Through its mobilization, the ICA acts as a catalyst, strengthening and accelerating the development of infrastructure on the African continent.

The ICA is not a financing body, but acts as a platform to mobilize donor and private sector funding for infrastructure projects and programmes in Africa. ICA members include the G8 countries, the World Bank Group, the African Development Bank Group, the European Commission, the European Investment Bank and the Development Bank of Southern Africa. The ICA has a small secretariat hosted by the African Development Bank in Abidjan, Côte d'Ivoire.

Window 2: Facilitating access to financial services

This window will act as a lever by providing guarantees or sureties for operators' loans, developing project portfolios, and gathering information and intelligence on the African postal economy. It will set up specific lines of financing through a tripartite mechanism involving the Postal Transformation Fund, financial institutions and designated operators. Lastly, it will help to reduce the interest rates applied to credit facilities granted to postal operators.

One of the main features of the African Postal Transformation Fund should be greater flexibility in determining the applicable investment policy and in choosing the legal form. Thus, the African Postal Transformation Fund can take the form of either an investment company with variable capital (SICAV) or a mutual investment fund (FCP). The difference between the two forms lies solely in the legal nature of the organization. The modus operandi and types of investment involved in either form are virtually identical.

Reform of universal service funds for electronic communications: focus on the digital inclusion of Posts

A universal service fund for electronic communications is a mechanism for reallocating funds to stimulate the development and use of ICTs in underserved areas and among unconnected population groups. Africa has many universal service funds, but many of them have structural and operational problems. In some cases, the legal and regulatory framework needed to operate these funds effectively and transparently is not clearly defined, while in others the funds do not cover the digital inclusion dimension.

The challenge of digital exclusion is that the longer it persists, the harder it is for individuals to catch up. Digital exclusion can quickly lead to economic exclusion. Very few funds offer successful examples of financing digital inclusion projects based on the postal network, despite 80% of post offices in Africa being located in areas without electricity or banking services. Overall, it seems that most universal service funds have not sufficiently taken into account the role of the postal sector in social and digital inclusion programmes.

In order to ensure that everyone can truly benefit from the universal service of electronic communica-tions, it is necessary not only to re-examine and redefine this concept, but also to ensure that the legal and regulatory framework of the funds takes into account the financing of digital postal projects (such as connecting post offices in rural areas or acquiring ICT equipment with a high social impact). Technologies and services are evolving at a rapid pace. It is therefore imperative to periodically review and adapt the strategy and intervention mechanisms of the universal service funds for electronic communications in order to support an ecosystem of local content for the benefit of postal operators.

Improving postal sector governance

Improving the governance of the postal sector in Africa is crucial to the continent's socio-economic development. Through better governance, postal services can be transformed into engines of growth, offering high-quality logistical, financial and digital services. This will mean that the postal sector is able not only to attract more attention from governments, but even more importantly, to become a magnet for investors.

Encouraging the development of policy and strategy documents for the postal sector in each country

A sector policy and strategy document is the first quality instrument at the entry point of a country's postal sector governance. Coherent policy for the sector will help propel it forwards and will encourage the government, financial and technical partners, along with other stakeholders, to work together towards common goals.

Adopting such an approach makes funding more transparent and predictable. Postal sector policy must be derived from the overall strategic objectives and strategic framework of each country. It must also be linked to reliable medium-term projections of resources and their use.

In this respect, the medium-term expenditure framework forms the operational part of the document and ensures that all activities have been properly costed and prioritized with a realistic estimate of available resources. It is vital at this stage to ensure the involvement of the Finance Ministry to avoid any budgetary disagreements.

In any case, postal stakeholders in each country should aim to develop policies and strategies that work, even if they are not perfect. The sector policy statement is not set in stone; it establishes the fundamental principles, objectives and strategies for the postal sector. It recognizes that the precise actions and allocation of resources will continue to evolve, as in the light of the wisdom of Confucius: "He whose foresight does not extend far will soon be in trouble". It is therefore necessary to define a process and a timetable for updating the document on a regular basis.

Improving the governance of designated operators through performance-based management

Good governance is defined by a company's ability to make a profit. It is also characterized by the company's ability to adapt to change and innovate. However, it is widely known that, in Africa, most designated operators are in a poor financial situation. Sometimes, these companies lack the basic tools of business management, such as certified financial statements.

The poor financial performance of African public companies is not a recent phenomenon. In such conditions of opacity and blind navigation, it is difficult to seek financial assistance from any bank, because the concept of finance is, above all, the sum of two notions: profitability and risk.

To assess a company's performance, investors use a set of parameters, including the stable cash flows generated by the company over a certain period. Accordingly, certain African Posts need to put in place appropriate measures to create this financial predictability.

In such a context, these operators need to urgently change their paradigm, by focusing the management of postal enterprises on achieving convincing results that contribute to their financial viability. This approach aims to achieve specific, measurable results, rather than just activities. It involves setting clear objectives, monitoring progress and taking steps to ensure that these objectives are met. This may involve the use of key performance indicators to measure and evaluate performance.

Ultimately, the aim is to reinvent the governance of Africa's public postal companies by getting them to "do more with less", and by demonstrating that the results desired by governments and citizens have been achieved. It is at this price that postal operators will be able to demonstrate their financial solidity, with a view to benefiting from major financing.

Boosting the regulator's monitoring of postal activities

In Africa, knowledge of the postal market seems to be limited by the unavailability of relevant data. In the era of the new data economy, postal sector regulators must breathe new life into its monitoring of the sector. In these times of radical transformation of the postal sector, it is imperative to make monitoring of postal activities more dynamic at the level of the regulatory bodies in each country. This will provide policymakers and investors with economic intelligence tools and applications based on a modern data analysis framework, so that they can seize the postal sector's areas of opportunity as early as possible.

These days, it is virtually impossible to build strong economies with weak businesses. This is why postal regulators must be built up to become centres of excellence for collecting, processing, analyzing and storing postal sector data.

Rebuilding the reputation of the African postal sector

Reputation is a major concept for which there is no universally accepted definition. Simplistically, reputation can be defined as the public's favourable or unfavourable opinion of someone or something. In recent years, the African postal sector's delay in adapting to technological change has weakened its reputation. It is therefore important to move the sector away from this, towards a more positive image, by remaining focused on rebuilding its reputation in a systemic approach, as the internal and external effects of reputation constantly intersect and mix.

The strategic role of reputation means that we need to ensure consistency between development and communication strategies (internal and external), speeches and achievements, visual identity and writ-ten communications. In any case, a positive public impression of postal operators is a lever for success on four fronts: financial, human, commercial and institutional.

CONCLUSION AND STRATEGIC RECOMMENDATIONS

Conclusion

The African postal sector can no longer be satisfied with being infrastructure from the last century, vegetating in a state of obsolescence. Today, it has sufficient resources to ensure that its history is respected, but also to seize technological developments, innovate and adapt to current challenges. It must regain the initiative through open and digital innovation with a view to achieving radical transfor-mation.

In essence, postal operators must set themselves the task of not only working, but above all translating into action the words of Martin Luther King: "If destiny intended you to be street sweepers... sweep the streets so well that even long after you, the hosts of heaven and earth will have to stop and say: here lived a great street sweeper, who did his job well". It is on the basis of this notion of "job well done" that the opportunities for financing the African postal sector lie, with a view to the continent's sustainable development. What a great challenge!

Strategic recommendations

By complying with the recommendations and striving to implement them, African postal stakeholders will provide the postal sector with all the tools it needs to increase its financing capacity and its recognition as essential infrastructure for Africa's socio-economic development.

Recommendation 1

Favour a national policy and strategy, formulated in a participatory manner

In a decentralized economy, no country, large or small, nor company can succeed if it does not adopt an appropriate strategy. It is strongly recommended that each country clearly and precisely formulate postal sector policies and strategies based on its national guidelines.

Unlike a simple sectoral policy letter, the policy and strategy document raises the postal sector to the level of a national concern, thereby lending it credibility in the eyes of technical and financial partners.

Recommendation 2

Review the legal framework of the African postal sector

It is essential that regulators and political decision makers invest in re-examining the legal and regulatory framework governing the African postal sector, taking into account not only changes and developments but also its three-dimensional nature.

Recommendation 3

Create an African postal transformation fund

Individual postal operators have little capacity to mobilize the financial resources needed to put the African postal sector on the path to development. Consequently, to respond to the urgent need to transform the postal sector on a continental scale, it is recommended, under PAPU's leadership, that an African postal transformation fund be established.

This fund should accelerate the mobilization of conventional financial resources and promote the development of a viable and resilient postal sector in each PAPU member country.

Recommendation 4

Finance postal digital inclusion projects through the universal services fund for electronic communications

Social, financial and digital inclusion is an ongoing challenge for African Posts. In order for each sector to truly benefit from the universal services fund for electronic communications, it is recommended that the fund take into consideration the need to finance postal operators' platforms, applications and equipment that integrate digital inclusion.

Recommendation 5

Improve the governance of postal operators

Well-managed, well-governed, profitable and viable postal enterprises are essential inputs for attracting finance to the African postal sector. Good governance is a key success factor, whatever the size and nature of the postal business (public or private operator).

African postal operators need to remember that investing in governance is not only profitable; it is also essential for the survival and financing of postal enterprises.

Recommendation 6

Ensure careful selection of projects to be carried out under public-private partnership contracts

There are a number of clear reasons for involving the private sector in public sector funding, including the provision of additional sources of finance, expertise and technology. However, these types of contracts are not always a panacea. Indeed, entering into PPPs is not always an appropriate or even viable option, particularly if it is impossible to properly define project outlines, or if there are still uncertainties affecting certain project milestones. It is therefore recommended that designated operators surround themselves with PPP experts and carefully assess all the alternatives available to them.

Recommendation 7

Adopt open innovation as a management style

Given the evolution of the sector and the needs of governments and society, and taking into account the increasingly rapid pace of ICT developments, it is crucial that the African postal sector integrate into competitive ecosystems and partake in knowledge sharing oriented towards the liberation of the sector's value chains. It is recommended that African postal operators adopt a continuous improvement approach through open innovation.

Recommendation 8

Optimize the customer experience through digital innovation

One of the main advantages of digitalization is that it opens up countless possibilities for optimizing the customer experience. At present, improving quality of service means putting in place a high-performance customer journey. It has become essential for all postal operators to take this on board, as those that fail to do so will find themselves outstripped by competitors that are more customer-focused. In reality, a satisfied customer is generally a loyal customer, and one with whom Posts can hope to increase their range of services.

Recommendation 9

Rebuild the reputation of the African postal sector

As the saying goes: "A bad wound heals, a bad reputation kills". In this period of urgent transformation in the African postal sector, postal operators – the main players in the sector – must invest in enhancing the sector's reputation. Reputation is certainly an intangible resource, but it is essential to the sector's positioning in the highly competitive field of infrastructure financing.

REFERENCES

UPU Development and Cooperation Directorate: *Report of the forum on financing the postal sector in Africa.* Cotonou, Benin, 2023.

UPU Development and Cooperation Directorate: *Postal Networks: Regional Development Plan 2022–2025.* Berne, Switzerland, 2022.

Pan African Postal Union: *PAPU Strategic Development Plan 2022–2025*, Arusha, Tanzania (United Rep.).

UPU: *Situation of the postal sector in 2023 – A Hyper-Collaborative Path to Postal Development.* Berne, Switzerland, 2023.

UPU Postal Development Index for Africa: *State of the Postal Sector Report 2022.* Berne, Switzerland, 2023.

Secretariat of the Infrastructure Consortium for Africa: *Trends in Infrastructure Financing in Africa.* Abidjan, Côte d'Ivoire, 2022.

African Development Bank: Financing Infrastructure in Africa: *New Strategies, Mechanisms and Instruments.* Abidjan, Côte d'Ivoire, 2018.

Groupe de Recherche en Economie Mathématique et Quantitative: *Economics of postal services.* Toulouse, France, 1999.

UNIVERSAL POSTAL UNION
International bureau
Development and Cooperation
Directorate
Weltpoststrasse 4
3015 BERNE
SWITZERLAND

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

Design – UPU

© Universal Postal Union – October 2024