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Postal Reform Guide

Focus Area 1: Postal Sector Policy

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Introduction

Postal reform is not an end in itself. Neither is it simply a response to declining mail volumes or outdated infrastructure. It is a necessary, forward-looking process that responds to the structural transformation of communication, logistics, and public service delivery. Reform is essential to strengthen the sector's economic performance, regulatory governance, and capacity to deliver universal service in a sustainable and competitive environment.

The postal sector is a critical enabler of communication and commerce, providing an indispensable infrastructure that connects individuals, businesses, and governments across the world. It forms part of a broader communications infrastructure that spans local, national, and international boundaries, offering services that range from letter post to parcels, financial transactions, governmental agency functions and other complementary offerings. While the public often associates postal services with visible elements like post offices or mail carriers, the sector relies on a complex system of ecosystem with interdependent structures, technologies, and actors to deliver reliable and efficient services.

Historically, postal services were delivered by government monopolies focused primarily on the delivery of letter mail. In many countries, these entities, continue to bear responsibility for providing the universal postal service (UPS). However, in response to liberalization and changing market dynamics, the sector has significantly diversified, encompassing a wide range of players, beyond the traditional state-run operators. Private operators, courier and express firms, e-commerce logistics providers, and specialized service actors have entered the market, competing in specific segments such as parcels, express services, or cross-border delivery. This expanded ecosystem has driven competition, efficiency and innovations, but it has also increased regulatory complexity and the strategic challenges for governments. Chief among these is how to preserve universal access and service standards for the universal postal service in competitive markets, while ensuring fair market functioning and financial sustainability of public service obligations.

Focus Area 1 (postal sector policy) – modules

Focus area 1 takes a comprehensive approach to national postal sector policy in which postal sector reform aligns with economic and social development goals while addressing the postal sector's own specific obligations. The sectoral policy, thus, provides the strategic roadmap for modernizing the postal ecosystem, enabling it to evolve as a critical driver of national infrastructure and development. The sector policy extends well beyond the universal postal service provider (or designated operator) and involves various stakeholders active in the sector, in particular other postal operators. In some contexts, the sector may be (re)defined in such a way to reflect the wider scope of application, e.g. the postal and delivery sector or the (physical and electronic) communication sector.

Focus area 1 (postal sector policy) consists of the following modules:

1A	Definitions
1B	Data-driven reform
1C	Reform goals
1D	Resource mobilization
1E	Evaluation

Module 1A discusses the key definitions, including the definition of the postal sector, postal services, postal service users and postal items. In a changing socio-economic environment with the adoption of new technology by postal users and society in general, it is important to revisit the definitions of the

postal sector in particular for the purposes of enabling and enhancing effective regulatory oversight and for increasing the relevance of postal economic activity.

Module 1B focuses on data-driven reform and underscores the critical role that evidence plays in improving the quality, responsiveness and accessibility of public services. Connecting with PRP principle 7, building data-driven reform can play a role throughout the key stages of the policy cycle and is well-established and recognised as a critical part of good governance. Evidence-informed policy-making can be defined as a process whereby multiple sources of information, including statistics, data and including the best available research evidence and evaluations, are consulted before making a decision to plan and ultimately implement postal sector reform.

PRP governance principle 6 recognizes and includes broader policy agendas and transversal policy issues. As previously mentioned, it is encouraged, where possible, to embed PRP projects and link them with wider socio-economic plans or policy agendas. At the national, regional and global level, there are a multitude of different policy frameworks and transformation agendas that provide a suitable context for an PRP project: postal reform (through the PRP) can make a meaningful contribution to the achievement of the goals articulated in those visions, plans and agendas. Module 1C examines the approaches to embedding postal reform goals in the context of this broader policy agendas as well as further considerations for defining postal reform goals.

Resource mobilization is a key feature of postal sector reform and is covered in module 1D. As explored in this module, embedding postal sector reform in broader policy agendas presents opportunities for unlocking funding for postal reform. This module reviews the different financing methods and tools available for postal sector reform, procedures to apply for funding as well as the relevant financing bodies that could be targeted for financially supporting the sector reforms. Resource mobilization is not only about funding, but may also come in the form of and in-kind resources for reform and modernization of the postal sector, for example in the form of human capital or expertise. Expertise and access to reliable and relevant information, including international benchmark information or relevant insights in trends and developments that affect the sector as well as the wider society and economy, are increasingly important for informed decision-making.

Finally, module 1E provides for additional techniques and approaches for evaluation of postal sector policy and in particular the evaluation of the effectiveness and success of postal sector reform. This module builds on the PRP core methodology and in particular the results framework. The results framework is a mandatory component of any PRP driven reform project based on results-management (PRP governance principle 8). The elements in module 1E are complementary to the PRP results framework (see section 4.2 of the PRP) and PRP management stage 5 and do not replace the requirements set out in the PRP. It however proposes additional background information, technics and tools for evaluating public policy and the effectiveness of postal reform.

Module 1A Definitions

In the context of rapidly changing consumer needs, market liberalization, the adoption of digital technologies and the emergence of new delivery models and the consequential blurring of distinctions between the postal sector and the wider delivery sector, policy-makers are increasingly considering the need of rethinking the scope of the sector and the postal definitions.

Sector-specific concepts that were clear and commonly understood in the past are subject to different interpretations or are differently appreciated today. Aspects of the postal sector such as “postal operator”, “postal item”, “affordability”, the “transparency” and “non-discrimination” principles, as well as access to the postal network are subject to evolution and modernization over time. Within the UPU, different regimes exist with varying degrees of market liberalization, different models of ownership of the incumbent postal operator and diversity of regulatory frameworks. These differences may lead to inconsistencies between countries. For example, in some countries, a parcel delivery service is a postal service whereas in other countries it is not recognized as a postal service but defined as a service offering in an open delivery market.

This module introduces the key concepts, service categories, and institutional actors that underpin postal sector reform. Special attention is given to the definitions of postal services, universal service obligations, the postal operator, the regulatory authority and policy roles of the state, all of which are crucial for planning and implementing reform. By establishing common terminology at the outset, the section serves as a reference point for all subsequent modules of the Postal Reform Guide (PRG), helping to ensure consistent interpretation across different reform areas: legal, regulatory, and operational.

1.A1 Postal sector and ecosystem

Postal sector, postal services and postal ecosystem are terms that are frequently used interchangeably. As explained in this section and the next section 1.A2 (postal operators) and 1.A3 (postal items), the definition of the postal sector is directly connected with the characteristics of the activity (postal services), the providers of those postal services (postal operators) and the items (postal items). As the postal sector cannot be defined without referring to the economic activity of postal services and the latter cannot be approached without consideration to the provider of the service and the items that are processed by these service providers, it means that these elements are not to be considered as separate and distinct, but rather as interconnected components of a single interpretive process. In other words, the definition of the postal sector is a single combined operation that considers the context in which it operates and all the relevant constituting components.

1.A1.1 Postal sector and postal services

Definition of a sector

Ideally, classifications are mutually exclusive categories: each element should be classified in only one category of the classification. For example, in terms of policy competence, it is problematic if more than one ministerial department has oversight over the same activity. NACE, the Statistical Classification of Economic Activities in the European Community, is a European standard for classifying economic activities based on the types of goods or services produced, allowing for detailed analysis of the different parts of the economy. Similarly, the Industrial Classification of All Economic Activities (ISIC) is a relevant international classification reference. The majority of countries around the world have used ISIC as their national activity classification or have developed national classifications derived from ISIC.

A definition of a sector may thus correspond to the whole of economic activity that is classified or grouped as part of that sector. The economic activity in case of the postal sector would be the postal service and thus encompasses the collection, sorting, transportation, and delivery of mail and parcels, including both the incumbent postal operator as well as private operators. However, the latter are only part of the postal sector if they effectively deliver postal services, which definition may depend on whether the universal postal service provision is a requirement for the

type of service to be recognized as a postal service (see more below). Some sector definitions may include the economic activity of those private operator to the extent that the services are those falling within the definition of the universal postal service (or within the scope of the universal service obligation). Furthermore, “private operators” may be more appropriately substituted with “other postal service providers” as the incumbent universal postal service provider may be privatized. In other words, the ownership of the entity performing the universal postal service is not a determining factor when it comes to defining the postal service or sector.

A starting point when it comes to definitions is to understand the distinction between postal services as a classified economic activity and the sector which is the organization of these economic activities. Dividing the economy into sectors helps to provide a more detailed analysis of how the various parts are faring. An economic activity sector divides up producers based on the goods or services they output (e.g. manufacturing, agriculture, etc.). A careful definition of sector classifications is essential for policy-making, statistics and regulation to organize the totality of economic activity in meaningful categories, defined in such a way that the universe of statistical observations exhaustively covered: each element should be possible to classify in one of the categories of the classification.

The different definitions of the sector are used, sometimes resulting in the inclusion of other economic activities than traditional postal services alone. In the General Agreement on Trade in Services (GATS) Services Sectoral Classification List (MTN.GNS/W/120), postal and courier services are listed as subsectors of communication services, a sector which also includes telecommunications and audiovisual services. In the United Nations Central Product Classification (UNCP), postal services are classified under division 68 as “postal and courier services” under section 6 “distributive trade services; accommodation, food and beverage serving services; transport services; and electricity, gas and water distribution services”. The UNCP provides definitions of specific postal services as well as other postal services and, separately, courier services.

The economic activity thus covered under postal services are those related:

- 1) **Postal services related to letters**, with two subclasses, which include:
 - a. collection, transport and delivery services for newspapers, journals and periodicals, whether for domestic or foreign destinations, rendered under a universal service obligation
 - b. collection, transport and delivery services for letters, brochures, leaflets and similar printed matter, whether for domestic or foreign destinations, rendered under a universal service obligation
- 2) **Postal services related to parcels**, including the collection, transport and delivery services for parcels and packages, whether for domestic or foreign destinations, rendered under a universal service obligation;
- 3) **Post office counter services**: sales of postage stamps, handling of certified or registered letters and packets, and other post office counter services
- 4) **Other postal services**: mailbox rental, "poste restante" and other public postal services not elsewhere classified. This subclass explicitly does include neither services related to postal giro and postal savings accounts nor telecommunication services.

Courier services are defined as the collection, transport and delivery services for domestic destinations of letters, parcels, and packages, as rendered by courier and using one or more modes of transport, other than those rendered under a universal service obligation. International courier services collection, transport and delivery services for international destinations of letters, parcels, and packages, as rendered by courier using one or more modes of transport, other than those rendered under a universal service obligation.

The European Union defines postal services as those activities operating under a universal service obligation by one or more designated universal service providers. The activities include use of the universal service infrastructure, including retail locations, sorting and processing facilities, and carrier routes to pickup and deliver the mail. The delivery can include letter-post, i.e. letters, postcards, printed papers (newspaper, periodicals, advertising items, etc.), small packets, goods or documents. Also included are other services necessary to support the universal service obligation. This class includes: pickup, sorting, transport and delivery (domestic or international) of letter-post and (mail-type) parcels and packages by postal services operating under a universal service obligation. One or more modes of transport may be involved and the activity may be carried out with either self-owned (private) transport or via public transport. The class furthermore includes the collection of letter-mail and parcels from

public letter-boxes or from post offices.

The economic activities of **other postal services and courier services** include the pickup, sorting, transport and delivery (domestic or international) of letter-post and (mail-type) parcels and packages by firms operating outside the scope of a universal service obligation. One or more modes of transport may be involved and the activity may be carried out with either self-owned (private) transport or via public transport.

The European Postal Services Directive defines postal services as “services involving the clearance, sorting, transport and distribution of postal items”. The Directive, in the transposition of the definition of postal services into national law is related with the explicit requirements of a cumulative presence of all the four operational stages (clearance, sorting, transport and distribution).

Under all of the definitions above, the universal postal service (or the “universal service obligation”) is often a critical factor in separating postal services from other postal services as well as courier services.

Notwithstanding the above, the definition of the economic activities that make up the postal sector are subject to different and evolving interpretations. There are various factors that explain those developments:

- (1) **Ownership models:** at the time of drawing up the distinction between postal services and courier services, the public postal service providers were functioning as an administration of the State or were corporatized but still fully state-owned. The number of postal operators that were privatized were by far fewer than today. By contrast, at that time, courier services were normally supplied by privately owned companies who competed with one another and with State postal service providers. Nearly three decades later, more incumbent postal operators have been turned into an independent economic corporation and more of those operators have been partially or fully privatized. Some of these incumbent postal operators have transformed into holding companies containing several business structures, including subsidiaries and private economic business activities.
- (2) **Reserved area:** at the time of introducing the distinction between the categories of postal services and courier services, the incumbent postal operator often retained monopoly rights whereas courier services, usually parcel delivery or expedited mail services, were often also supplied by the postal monopolies but not reserved exclusively to them. The reserved area has been reduced or abolished in an increasing number of countries. Some countries still maintain an exclusive area of letters up to 50 grams. As a result of these developments, postal service providers and other service providers, including couriers, are increasingly competing in the same markets.
- (3) **Universal postal service:** the requirements for fulfilling the universal postal service are being relaxed in more countries, including the reduction in the type of services (scope), the frequencies of collection and delivery as well as the speed of the delivery (quality of service). With fewer volumes and a reduced scope, the boundaries on which basis postal services are separated from other postal (and/or courier) services is becoming blurred.
- (4) **Changing composition of mail:** the composition of mail is changing rapidly by the accelerated decline of letters (documents) and the increasing volumes of e-commerce generated parcels and packages (containing goods). Resulting from these changes, incumbent postal operators and courier (and other) service providers are increasingly handling and delivering same type of items from the same type of senders to the same receivers.
- (5) **New market entrants and actors:** the distinction between postal service and (private) courier service becomes increasingly out of date resulting from the entry into the market of new players, including but not limited to e-commerce platforms that are developing their own transport logistics and last mile delivery capabilities. Other technology platforms are intermediating in the collection, transport, warehousing and delivery market by connecting users with independent providers of those services. Automated vehicles, including drones, and parcel locker systems are furthermore redefining the economic actors active in the sector.
- (6) **Collection and delivery services redefined:** changing composition of delivery items, new market entrants and the availability of new technology are drivers give new meaning to well established concepts of collection, transportation and delivery. Delivery of parcels to a locker

rather than the household address or the nearest post office is an example of new ways of delivering an item bought online. Similarly, community mailboxes, real-time redirection of deliveries and the use of geolocation services may change the concept of delivery.

Postal services are not a monolithic offering but include a broad and evolving portfolio of physical, financial, and digital services. While these services serve different customer groups and market segments, they share a common infrastructure: an extensive physical network interconnected at both national and international levels.

Historically, postal services revolved around the delivery of letters and printed materials, forming the backbone of public communication. However, today, the range of postal services has diversified significantly to meet evolving user needs and market opportunities. The postal service portfolio now includes parcel delivery, express mail logistics, financial transactions, and electronic services, all increasingly shaped by digital transformation, digitalization, and customer expectations. The table below lists some of the main services in the broad spectrum of postal services.

Table X: postal products and services

Postal service	Description
Traditional mail service	Regular delivery of letters and printed matter, including bulk and business mail. While strongly affected by competition from digital alternatives, these remain central to official and commercial communication.
Parcel service	Delivery of goods for which no digital substitution exists. Driven by e-commerce growth, parcel services require increasingly complex logistics, and last-mile delivery solutions.
Express mail service	Time-sensitive delivery with full tracking, offering speed and reliability for documents and parcels.
Integrated logistics services	These are services which aim to meet customers' logistics requirements, including the stages preceding and following the physical transmission of goods and documents.
Hybrid mail service	Integration of digital and physical communications, involving remote printing and physical delivery of digitally created messages. This process is convenient and offers a good cost-benefit ratio for users and operators alike.
Retail services	Beyond basic mail acceptance, post offices now act as multi-service outlets, offering government and commercial services.
Financial services	Include a broad spectrum of financial services, such as money orders, electronic fund transfers, postal banking, utility bill payments, crucial in regions underserved by traditional banks.
Electronic services	Include secure digital messaging, e-certification, and e-post boxes, expanding the trusted postal role into the digital domain.

Together, these services reflect the sector's growing integration of three operational dimensions:

- (1) the **physical dimension** with the adaptation of the sector's physical infrastructure to accommodate larger parcels alongside letters and maintain the sector's foundational role in ensuring communication and end-to-end delivery services, including collection, handling, sorting, transporting and delivery of postal items;
- (2) the **financial dimension** with the services offered by postal operators through their extensive postal networks that enhance financial inclusion by complementing physical deliveries;

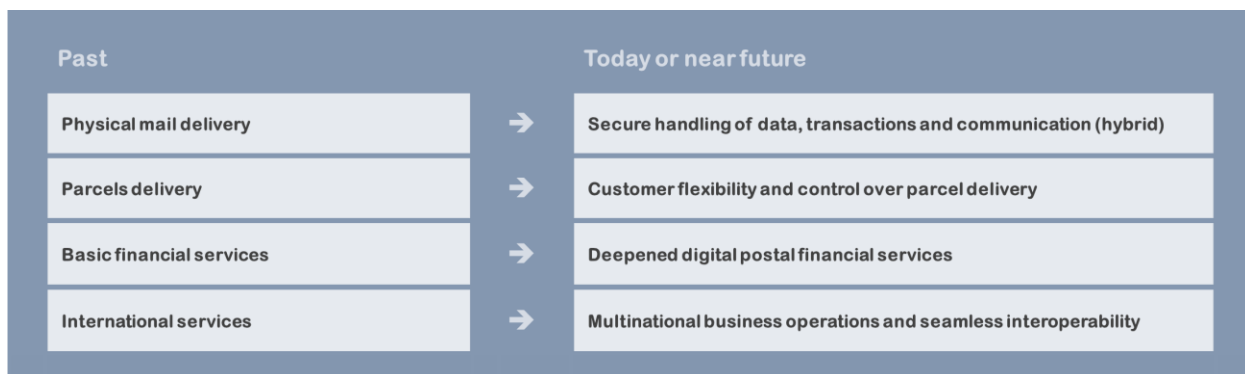
- (3) The **digital dimension** with the growing significance of digital capabilities enabling postal operators to elevate the quality of their services and meet contemporary societal demands with innovative solutions.

Postal operators increasingly position themselves at the intersection of these three dimensions, leveraging physical networks and digital tools to offer innovative services that meet social, economic, and commercial needs. The strategic expansion of postal services is not about replacing traditional mail, but about diversifying offerings through integration. For instance:

- **Logistics services** leverage both physical postal service infrastructure and digital resources to offer tailored solutions for large customers requiring enhanced delivery services (for products and parts).
- **Certification services** bring the credibility of the postal service to authenticate currently vulnerable messages and transactions in virtual environments, which is crucial for legal and security purposes.
- **Messaging services** add digital layers to physical mail delivery, offering value-added services (customized printing, enveloping, delivery confirmation).

Failing to integrate these dimensions risks limiting the value as well as financial and environmental sustainability of postal operations. When operated in isolation, they lose the synergies that make the modern postal operator relevant and competitive.

Figure X: evolution of postal services



As a provider of trustworthy digital communication services, the postal services need to be retought in terms of their digital transformation enabling the secure handling of data for all private individuals, companies and public authorities and offer forward-looking solutions that are relevant to society and generate economic benefits. This could mean giving consumers and businesses the choice between physical and digital services and to alternate between those type of postal communication services in a hybrid environment. In terms of parcel logistics, postal services need to offer recipients more precise consignment notifications and flexibility to exert control over where and when they will receive their parcels. Technological innovations raise customer expectations for online experiences, postal financial service providers will need to adapt and reconsider their value-add and service offerings. In terms of international postal services, operators are increasingly establishing their own services or find new partnerships for interoperability and injection of international postal items. Supported by global standards, the exchange of electronic information provides for better interoperability and increased customer and operational visibility of items traveling across borders.

This transformation depicted above reflects broader trends, and in particular:

- **Global market integration** where services are increasingly transcending national boundaries, becoming integral parts of a global marketplace and value chains;
- **Service diversification** offering new services and tailored solutions in logistics, finance, and government service delivery, improving the use of existing operational capacity and helping to diversify revenues sources and build market share;
- **Strategic positioning** evolving from operational carriers to value chain facilitators, both between manufacturers and consumers and between the government and the general public;

- **Cross-border partnerships, mergers, and acquisitions**, by both government-run and private enterprises, particularly in European countries and high—growth areas such as international express, parcel logistics, and e-commerce.

All these moves reflect a strategic shift of postal operators perceiving themselves no longer as mere domestic service providers but as potential global logistics actors, mirroring similar trends in telecommunications and finance.

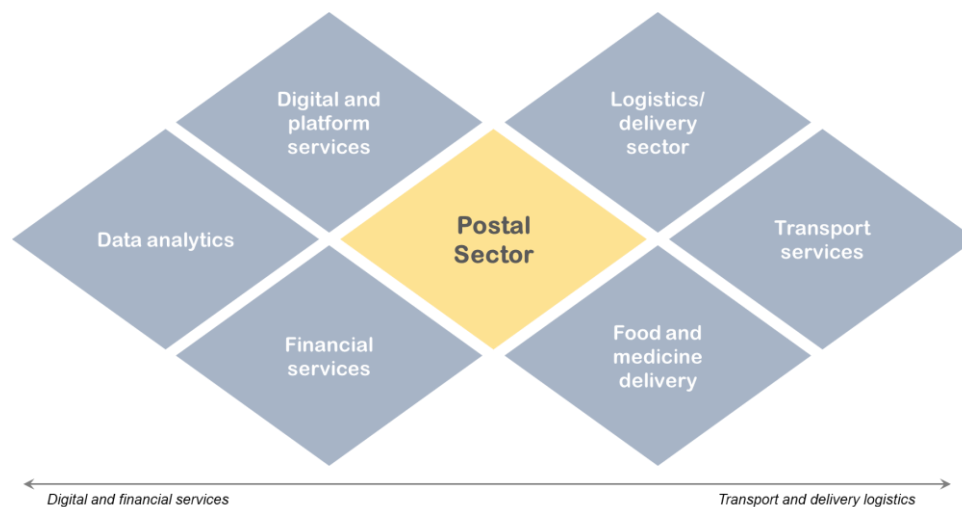
These recent and ongoing developments challenge the conventional views on how the postal sector is defined and what falls within its scope. Boundaries between postal services, on the one hand, and transport, logistics and online intermediation services offered through platforms, on the other hand, have become more blurred. Consequently, it is not always clear which sectoral framework applies for these services.

1.A1.2 Postal ecosystem

The postal ecosystem is larger than the postal sector alone. It encompasses the interconnected network of organizations, infrastructure, and processes involved in the collection, processing, transmission, and delivery of mail and parcels. The organizations that are part of this network of connecting services include supply chain service providers, transportation service providers, private companies interoperating with the postal operator(s), postal interface service providers, e-commerce platforms, small and medium-sized businesses to large mailers, consumers, citizens and users of the various postal services offered, regulators and market competition authorities, partners and suppliers, interested stakeholders and many other socio-economic entities. The ecosystem includes traditional postal services, digital postal services, and the broader logistics and e-commerce landscape. Increasingly, it includes postal financial services or data analytical services offered in relation to the postal services. The ecosystem is constantly evolving due to factors like digital transformation, e-commerce growth, and the need for sustainable practices.

Another feature of the postal ecosystem is that it interconnects with adjacent sectors of economic activity, which are also subject to evolutionary developments and technological and economic disruption. Figure X below illustrates different other sectors that are interfacing with the postal sector. The relationships between these different sectors and the postal sectors are two way and are sometimes interdependent. One driver of how these sectors and actors active in these other sectors are part of the postal ecosystem is because the postal operator is diversifying its economic activities (see module 4D) and is entering in new markets. In other examples, the postal operators and the sector in general is becoming an important partner in the achievement of common goals.

Figure X: Postal ecosystem



An example of collaboration across the postal ecosystem are digital technology and collaborative business models are helping to transform the postal sector and creating new ways for posts to advance financial and social inclusion, grow their services, improve efficiency and deliver a better consumer experience. Digital transformation of the postal service business model has accelerated in recent years due to e-commerce growth. Because of its historic strengths, extensive network of collection and delivery points, including post offices and outlets, and supported by the use of common global standards, the sector is a relevant partner for new activities. The diversification of the business activities, the entry into adjacent markets by postal operators and the collaboration through partnerships with other stakeholders from other sectors have extended the reach of the postal ecosystem.

Postal services are dependent on physical means of delivery, particularly air and road transport services. Road transport may be a significant means of delivery of parcels and other items within geographic regions or contiguous countries, and air transport is the predominant means of delivery among distant locations. However, air and road transport services are identified as sectors in their own right. Moreover, the UNCPC lists freight transportation among the subsectors of these and most other transport subsectors. These definitional ambiguities can result in overlap between coverage of the different sectors or, at least, point to an important relation between the sectors. Clarity regarding such issues may be particularly important for highly integrated courier services suppliers, such as those operating their own fleet of trucks and/or airplanes. For example, in recent years, freighters have been making a strategic shift into e-commerce logistics by expanding their own logistics capabilities.

1.A1.3 Postal market(s)

The main purpose of market definition is to identify in a systematic way the effective competitive constraints faced by the undertakings involved when they offer particular products or services in a particular area. Market definition leads to the identification of the relevant competitors of the undertakings involved in the offer of products and/or services, as well as the relevant customers. It furthermore informs regulatory decisions regarding licensing, pricing, accessibility, delivery frequency, regulatory oversight, and other aspects of postal services.

Understanding the relevant market supports the development of effective policies to promote competition, innovation, consumer welfare and regulatory oversight.

Definition of a market

The business activities carried out within an industry are aimed at generating products and services that are offered to customers for money. The totality of businesses, organizations and individuals (sellers) that make up an industry, and the customers available to that industry (buyers), comprise the market for the products and services produced by that industry. The definition of a market may also be extended to the composition of systems, institutions, procedures, relationships and infrastructure that allow interaction between sellers and buyers to occur. Furthermore, markets vary in form, scale (volume and geographic reach), location and types of participants, as well as the types of product and service that are traded.¹

The postal market is often defined by the nature of the specific services it provides, such as letter items (letter market) or parcels (parcels market). As mentioned previously, the WTO schedule of concessions recognizes the distinction between postal and courier services with the latter representing a subset of postal-type services, i.e. the express mail and parcel delivery, that are usually not subject to the exclusive purview of national postal monopolies. Following market liberalization, the scope of services removed from "reserved" status have grown in most countries, allowing existing courier service suppliers to branch out into other postal services, while other postal parcel delivery services fell outside the reserved area.

¹ Congress resolution C X/2025

In line with the case law of the European Union Court of Justice and general competition authorities' case practice, the relevant market within which the competition authorities appraise competition dynamics typically comprises a product (or service) and a geographic dimension.²

- A relevant market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer by reason of the characteristics of the products or services, their prices and their intended use, taking into consideration the conditions of competition and the structure of supply and demand on the market.
 - In the context of the postal sector, a relevant market refers to the specific postal services being considered, such as letter mail, parcels or other specialized services. It is crucial to determine (1) which services are substitutable and (2) the level of competition these services face of similar, postal-type or non-postal type, undertakings. For example the parcel delivery market, postal services are increasingly substitutable by delivery services, including collection, transport, sorting and delivery, offered by other undertakings such as courier and express service providers or vertically integrated platforms.
 - Relevant are the characteristics of the product (service) – see section below on “postal items”, including the weight, dimensions, content and operational stages as well as other characteristics in the relevant (postal) market.
- The relevant geographic market comprises the geographic area in which the undertakings involved supply or demand relevant products or services, in which the conditions of competition are sufficiently homogeneous and which can be distinguished from other geographic areas, in particular because conditions of competition are appreciably different in those areas.
 - Within the same country, the postal service can be in a competitive relationship with other delivery service providers in one region, such as urban centres, while there is limited or no substitutability in other regions, for example ultra-rural and remote areas. A geographic market can be local, regional, country-wide or international, depending on the nature of the services and the market.

An important criteria by which a market can be defined is substitutability. In competition law, the degree of substitutability is determined by the extent to which a product or a service provides an acceptable alternative in light of changing prices or conditions. In the context of the postal market(s), a market is competitive if customers (read postal users) can choose between a range of services with similar characteristics.

Definition of a relevant (postal) market(s)

Many jurisdictions continue to grapple with the contention that certain commercial enterprises engage in business activities that are sufficiently similar to the provision of postal products and services as to warrant being classified within the same industry or sector. The concept of relevant markets can be used to address this contention, by seeking to identify, in a systematic way, whether the products and services produced in different industries are regarded as interchangeable or substitutable by the consumers thereof, by reason of, *inter alia*, the characteristics, price and intended use of the said products and services.

As the process of determining relevant markets leads to the identification of relevant competitors as well as the relevant consumers of both postal and competing products and services, it may be relied upon as a means of determining the range of commercial entities that may legitimately be subject to postal sector regulation.

Competitive constraints are factors that limit a company's ability to set prices or determine how much of a product to sell. Types of competitive constraint include:

Demand substitutability: when customers can easily switch to other products or suppliers;

Supply substitutability: when other suppliers can easily meet demand;

Potential competition: when new companies can enter the market and disrupt existing patterns.

² See for example: Judgment of 14 February 1978, *United Brands v Commission*, C-27/76, EU:C:1978:22, paragraphs 10 and 11.

While supply substitution and potential competition may also be considered as viable methodologies, the specific draw-backs of each have rendered them particularly unreliable when applied to the postal environment. Demand substitution is therefore the recommended methodology in this regard.³

Corporatization, privatization and competition coupled with the ascent of the e-commerce delivery market, the adoption of new technologies and a harmonization of the regulatory requirements such as customs clearance and security procedures, increased the level of substitutability between the services provided by postal operators and other postal-type delivery services whether they are provided by courier and express operators, vertically integrated platforms, freighters with enhanced logistics capabilities or other service providers.

<i>Criteria for delineation</i>	
<i>Universal postal service</i>	Delineation based on whether the services fall within the universal postal service
<i>User segment</i>	Delineation according to postal user segmentation, for example business to consumer (B2C); consumer to consumer (C2C); business to business (B2B); etc.
<i>Type of use</i>	Market delineation based on the purposes for which the services are used, for example: e-commerce, secure communication, financial transactions, consumer mail, etc.
<i>Operational processes</i>	Market delineation based on the specific processes around the provision of the service, for example: overnight/ express delivery; standard; deferred delivery.
<i>Geographical coverage</i>	Market delineation based on geographical dimensions, such as local, city/urban; inter-urban; semi-urban; rural; ultra-rural; domestic (nationwide); international; etc.

In 2020, the Italian national regulatory authority (AGCOM) issued an interim report which identified twelve relevant parcel delivery markets based on the combinations of three delineation criteria: (i) user segmentation; (ii) geographical scope, and; (iii) deferred vs express services.⁴ This is illustrated in the figure below.

Figure X: Italian parcel market consisting of twelve separate relevant markets⁵

C2X		B2B		B2C	
National	Cross-border	National	Cross-border	National	Cross-border
Deferred	Deferred	Deferred	Deferred	Deferred	Deferred
Express	Express	Express	Express	Express	Express

In the example of the definition of the relevant markets in Italy, there are currently two universal parcel delivery services available on the Italian market: *standard postal delivery* for domestic deliveries and *standard international postal delivery* for cross-border deliveries. Both services are offered by the universal postal service provider/ designated operator (Poste Italiane) for the provision of the universal postal service. Both parcel services, accessible through the operator's network of post offices with

³ Congress resolution C X/2025

⁴ Delibera 212/20/CONS, Analisi del mercato dei servizi di consegna dei pacchi, <https://www.agcom.it/provvedimenti/delibera-212-20-cons>

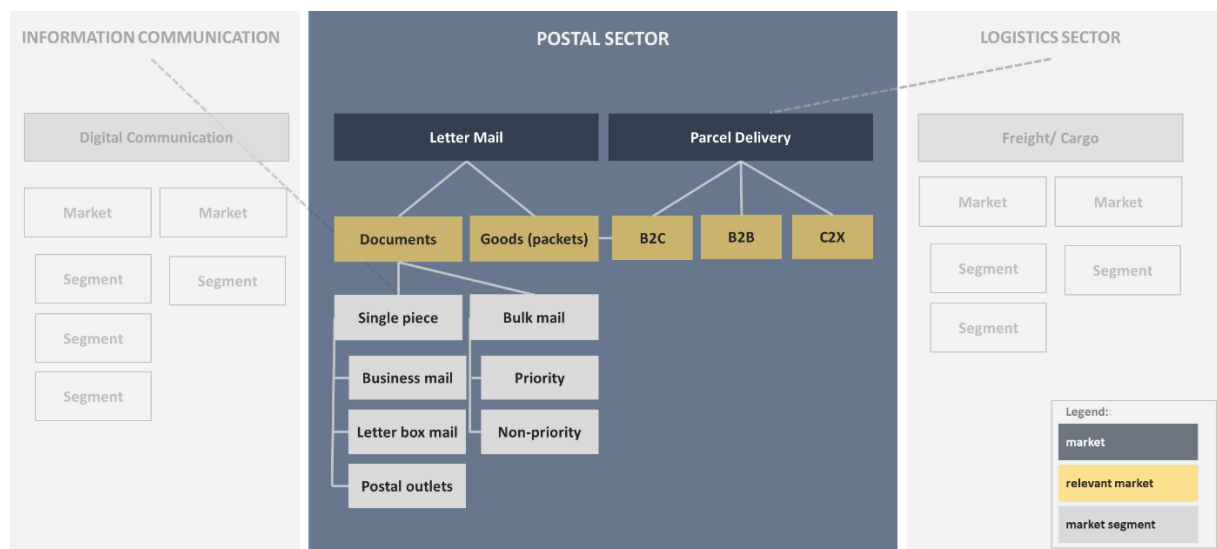
⁵ Figure adapted from Copenhagen Economics, What is the relevant market(s) for parcel delivery?, 31 August 2020: <https://copenhageneconomics.com/wp-content/uploads/2022/05/200901note.pdf>

nationwide delivery at uniform prices, are deferred in terms of their delivery time (e.g., J+4 for domestic deliveries). Both services include minimum additional services such as tracking, free storage, and two delivery attempts. The universal service offering is standard; the conditions are defined based on the parameters imposed by current universal service legislation and are public. Therefore, universal services can be classified as C2X deferred.⁶

As set out in Congress resolution C X/2025, “where the results of the demand substitution assessment reveal that the products and services of a given commercial enterprise are considered by consumers to be interchangeable and substitutable with specific postal products and services, and where the characteristics, intended use, pricing, competition conditions and supply/demand structures are sufficiently similar to those of the postal products and services under consideration, regulators will have a basis to place such products and services within the same relevant market as the postal products and services in question.” Accordingly, the industries (and, by implication, the individual business entities) that generate such products and services may be classified as being within the scope of the postal sector, for the purposes of regulatory oversight. In this connection, it is relevant to consider the entire regulatory framework of individual member countries as the delineation of markets may be such that the same entities are already subject to other forms of regulatory oversight (of other regulated sectors of economic activity) even while they are providing substitutable services to the relevant markets of the postal sector.

Figure X below provides an illustration of how the postal sector covers different relevant markets. The overall framework includes several relevant markets that have common characteristics (such as weight, dimensions, content, operational processes, etc.). The different relevant markets may be subject to the same or different regulatory oversight. For example, in a given country, the relevant domestic B2C and C2X markets for parcels may be included in the universal postal service whereas the market for B2B parcel delivery may only be subject to notification requirements without any specific obligations imposed on the providers of these services.

Figure X: Postal markets definition based on demand substitution (*example*)



1.A2 Postal industry

An industry can be defined as businesses, organizations and individuals that engage in similar business activities are grouped together into industries. As seen in section 1.A1.3 above, the postal sector

⁶ Delibera 212/20/CONS, Analisi del mercato dei servizi di consegna dei pacchi, <https://www.agcom.it/provvedimenti/delibera-212-20-cons>

includes different individual markets that are linked together within the same sector of economic activity, i.e. the businesses, organizations and individuals, and the business activities thereof, within one industry have common characteristics with those of other industries.

OECD defines "industry" broadly, encompassing all productive enterprises or organizations that produce goods, services, or income. It's not limited to manufacturing, but includes primary (resource extraction), secondary (manufacturing and processing), tertiary (services), and quaternary (knowledge-based activities) sectors. The OECD often uses the International Standard Industrial Classification (ISIC) to classify industries.

The postal industry is encompasses those productive enterprises and organizations that collectively provide the services involving collection, processing, transport, and delivery of mail and parcels, both domestically and internationally. The definition could correspond 1:1 with the definition of the postal sector or, more appropriately, as those providers that are active in each of the relevant markets of the postal sector.

1.A2.1 Operators providing postal services

Since the 1980s, the postal (and delivery) sector, consistent with the categorization of economic activities as in ISIC and NACE or in the WTO schedules of commitments, recognized the distinction between, on the one hand, postal services and on the other, courier and express companies. These two groupings made for two separate industries, where private companies provided express and courier services (such as UPS, FedEx) and the (incumbent) postal operator provided universal postal services often within a reserved area in which it had exclusive rights. Over time, due to the similarities in the characteristics of the services provided and meeting the conditions of the relevant market, parcel services, including deferred and expedited parcel services, was included in the courier, express and parcel (CEP) market.

"CEP operator" and "postal operator" are related but distinct terms in the postal and delivery sector.

Postal operators

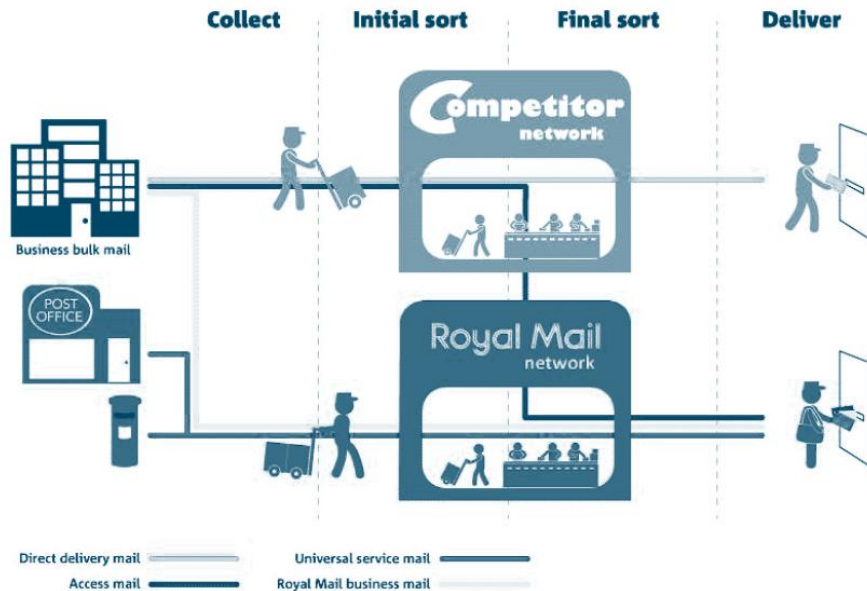
Postal operators are simply operators that provide postal services. The determination of whether an operator is a postal operator depends thus on the definition of the postal service. As seen in section 1.A1.1 it may be that postal services either the universal postal service (or universal postal obligation) or within the scope of the universal postal service provided by an operator not designated to fulfil the obligation of providing the universal postal service.

Additionally, in some countries, the regulatory framework may require the formal registration of postal operators. This means that an operator can only be a postal operator if it (1) performs a postal service as per the definition of the postal service and (2) is formally registered or licensed to perform that service. Sometimes the notification requirement may be conditional. For example, government-approved regulatory and competition authority for the broadcasting, internet, telecommunications and postal industries of the United Kingdom (Ofcom) has imposed a notification condition on every person providing, or intending to provide, a service within the scope of the universal service. This condition requires such an operator to give Ofcom three months' advanced notice if it is planning – in the quarter following the notification period to either enter the market and deliver more than 2.5 million letters in the UK or (b) increase the volume of letters it is carrying by more than 2.5 million. However, Section 28 of the Postal Services Act 2011 established the approach that operators may provide postal services³ without the need for any licence or prior authorisation by the regulator. Module 2X provides more guidelines on the licensing of postal operators.

Figure X below illustrates that postal operators are not necessarily required to perform all the four operational stages (clearance, sorting, transport and distribution) to be considered a "postal operator". In the United Kingdom, downstream access models have been used for considerable time. These access models are used when mail is collected and distributed from customers by a postal company

other than the universal postal service provider (Royal Mail), but is then handed over to Royal Mail, for the final processing (also referred to as last mile delivery). By contrast, direct delivery, or end-to-end delivery, is when postal operators other than Royal Mail collect mail from customers and also deliver them through their own network, passing through all of the four operational stages.⁷

Figure X: postal operators and postal services



Although notifications or even authorizations may be required for any operator to be recognized as a postal operator, the operator may still be considered a postal operator since it provides postal services according to the national definition of those services. In some national contexts, there a distinction may be made between registered, authorized, licensed and formal postal operators and informal postal operators.

Under the European Union's Postal Services Directive a postal service provider is defined as an undertaking that provides one or more postal services. In the Directive postal services, as discussed previously, are defined as services involving the clearance, sorting, transport and distribution of postal item. The blurring of sector boundaries described in section 1.A1.1 also have their impact on the definition of postal operators.

Courier, express and parcel (CEP) operators

The borders of the CEP market are unclear and include a wide variety of services. Many countries that have defined postal services do not always have definitions of courier, express and parcel (CEP) services. Where definitions are provided, they are not necessarily the same, resulting in differences between UPU Member States. In some countries, the criteria by which a particular service is classified as a parcel service is whether the service corresponds to the definition of such service under the universal postal service. Other countries may use a distinction between "deferred" and "express" to separate CEP from postal services.

As a result, there exist different interpretations of the universal postal service or the regulatory oversight of these services are different between UPU Member States. Regarding data collection, there are different approaches of collection and publication of data on courier, express and parcel services and as a consequence, the CEP statistics might not always be comparable.

⁷ <https://publications.parliament.uk/pa/cm201415/cmselect/cmbis/769/76907.htm> (same source diagram below)

Courier service providers: a courier service primarily draws direct, individual pickup and delivery (end to end). As a rule, these are shipments of smaller weight, which are transported accompanied and delivered quickly. The majority of shipments handled by courier service are delivered locally or regionally over short distances only. In the inner city, bicycle couriers often take over the direct and personal delivery of shipments. Valuable and cash transports are offered by special security couriers.

Express service providers: these service providers offer expedited and guaranteed transit times for shipping. However, the delivery is not made directly as with the courier, but via appropriate sorting and delivery facilities. So that the delivery times can be met, the processes of the express services are highly automated.

Parcel service providers: parcel service providers are the most standardized deliverers. Therefore, these system service providers have precise restrictions on the weight and volume of shipments. The transit time of the shipment is typically longer than express services and not necessarily time definite.

Notwithstanding the above, the distinctions between courier, express and parcel services are increasingly blurred. For example, different than in the late 1990s, all of these services provide full traceability of the items once injected into the delivery network. Recognizing the opportunities generated by e-commerce, postal operators providing parcel services often offer expedited or express delivery services alongside deferred delivery services.

In the Confetra case (see section 1.A2.2), it was clarified that courier and express operators are postal operators and are thus part of the same “industry”.

1.A2.2 New network industries as providers of (postal) delivery services

The distinction between courier, express and postal has become increasingly irrelevant as new entities have entered the postal and delivery markets providing business models that are strongly related to postal type of operations. In addition, new entities are entering the postal and delivery market also offering postal-type services, in particular the vertically integrated (e-commerce) platforms that have started developing their own delivery services.

Vertically integrated platforms

Vertically integrated platforms in the postal context are e-commerce platforms that handle both the sale of goods and their delivery, effectively becoming their own postal service. These platforms, like Amazon, integrate delivery services into their business model, blurring the lines between retail and postal services. This vertical integration can create competitive advantages and raise regulatory questions about the role of these platforms in the postal market.

Vertically integrated platforms are those that meet all of the following criteria:

- (1) These platforms start as online marketplaces connecting buyers and sellers (for example, e-commerce websites such as amazon.com, bol.com, alibaba.com or temu.com);
- (2) They then integrate delivery services, either by developing their own logistics network or acquiring existing delivery companies (for example, Amazon has a multi-faceted approach to parcel delivery, utilizing a combination of its own internal network, Amazon Logistics, and partnerships with established carriers);
- (3) Those platforms that provide (1) and (2) handle the entire process, from product listing to final delivery, for both their own products and those of third-party sellers.

The rise of these platforms raises questions about the application of existing postal regulations and whether new regulations are needed to ensure fair competition and prevent market dominance by a few large players. When it comes to online platforms and e-retailers and their implications for the future scope of postal and delivery sector, the European Regulators Group for Postal Services (ERGP) considers that there is no reason to exclude platforms that engage in traditional postal activities from

the definition and scope of the postal (and delivery) sector.⁸ In Italy, Germany and Austria, Amazon is registered as a postal operator.⁹

A ruling of the European Court of Justice (ECJ) provides responds to the abovementioned questions about whether postal regulations apply to entities, platforms or otherwise, that provide postal-type of services (Confetra case).

Confetra case

The Confetra (Italian General Confederation of Transport and Logistics) case involves a legal dispute concerning the definition of "postal service" within the context of the liberalization of the postal market in Europe. Confetra contested Italian legislative and administrative measures, seeking clarification on the scope of "postal service" under Directive 97/67/EC. The case was ultimately referred to the European Court of Justice (ECJ) for a preliminary ruling. Confetra, representing various logistics operators, including international shipment and express delivery companies, found itself impacted by the broad definition of "postal service" in Italy's implementation of the directive. Confetra challenged the relevant legislative and administrative measures to clarify the definition of "postal service".

In its ruling, the ECJ clarified that anyone providing postal operations, regardless of whether they are a traditional postal operator or not, is subject to authorization requirements. Consequently, it held that haulage, freight-forwarding and express mail undertakings providing services involving the clearance, sorting, transport and distribution of *postal items* constitute, except where their business is limited to the transport of postal items, postal service providers within the meaning of Article 2(1a) of the directive. (Joined Cases C-259/16 and C-260/16, EU:C:2018:370). It however left the some ambiguity to the definition of a postal items

The Confetra case highlights the complexities of defining and regulating postal services in a liberalized market, particularly when different types of operators are involved.¹⁰

The European Regulators Group for Postal Services (ERGP) in its 2021 report on online platforms concluded that online platforms and alternative business models based on the collaborative economy may be subject to postal regulation to the extent that they provide postal services, as defined by the Postal Services Directive and EC Regulation 2018/644. Hence, online platforms performing delivery activities should be treated like any other postal operator. Online platforms are no longer just matching buyers and sellers but are increasingly involved in the entire delivery process but offer services like shipping, payment processing, and customer service, creating a more integrated experience for senders and recipients.

Both the Italian and Spanish national regulating authorities (Agcom and CNMC) have established that platforms (in the particular case: Amazon) carry out postal activities and that the delivery of Amazon's own goods should be considered in the same way as other postal deliveries. Their services are in line with the concept of postal activity within the meaning of both the aforementioned directive and the EC Regulation and, importantly, these services do not differ from the service provided by postal service providers (postal operators), such as express couriers, and includes performance of services in all operational stages (clearance, sorting, transport and distribution). The performance of these services cannot be seen as mere intermediation but as an integral part of an overall postal service because Amazon manages and coordinates the activities of local couriers which operate as a single organization. Some platforms may provide postal or logistics services, but does not extend these services to third parties or they may not have the ability to influence all operational execution aspects, such as the delivery route. There may thus be a mix of self-provisioned delivery logistics services and those that are not. In other words, in addition to their own logistics capabilities, these platforms may still rely on the postal operators (including the universal postal service provider) and other third-party delivery service providers.

Decisions by regulators and rulings by the European Court of Justice demonstrate that the definition of postal operators, as the providers of postal services, is evolutionary and adapts to its time.

⁸ ERGP Work Programme 2021, Public Consultation Draft, <https://ec.europa.eu/docsroom/documents/42142/>

⁹ ERGP, Report on postal definitions, <https://ec.europa.eu/docsroom/documents/42142/>

¹⁰ In other ECJ judgments, e.g. of 13 October 2011, DHL International (C-148/10, EU:C:2011:654), of 16 November 2016, DHL Express (Austria) (C-2/15, EU:C:2016:880), and of 15 June 2017, Ilves Jakelu (C-368/15, EU:C:2017:462), the Court found that undertakings providing express mail services fall within the scope of Directive 97/67 and applied to such undertakings certain provisions of the directive.

When undertaking postal sector reform, it is critical to introduce clear and unequivocal definitions and concepts in order to easily determine whether specific services can be considered to be of a postal nature and the extent to which these service providers should be subject to notifications, authorizations and/or general regulatory oversight. It is important to carefully consider the developments in the postal and delivery market, the actors active in those markets and the policy objectives that need to be secured.

1.A2.3 Postal operators providing universal postal services

The universal postal service is provided at both the international level and within the national or internal context of the UPU Member State. In both contexts, the Member State, its government or legislature, is responsible for the designation of the provider(s) of the universal postal service.

Operators providing international postal services

In the context of international postal services, in fulfillment of the obligations arising under the UPU Acts, these services are provided by the **designated operator**, which is the entity formally designated by the government to ensure the provision of the universal postal service. In the fulfillment of these obligations, the member state guarantees the delivery of a minimum set of basic international postal services to their populations.

Article 2 of the Universal Postal Convention requires the notification of the DO to the UPU by its member countries. This formal notification process ensures international recognition and coordination within the global postal network.

Designated operator

Any governmental or non-governmental entity officially designated by the member country to operate postal services and to fulfil the related obligations arising out of the Acts of the Union on its territory.

There is no single institutional model for a DO. In some countries, the DO is a government department, in others it operates as a state-owned enterprise, fully or partially privatized enterprise.

In so far as UPU-related treaty obligations are concerned, the concept of universal postal services enshrined in the Convention must include, at a minimum, a range of mandatory “basic” international postal services to be provided to all customers within a member country’s territory – with the reasoning here being that due inclusion of these services as part of the universal postal service not only ensures the accessibility and affordability of a minimum set of postal services for all users and customers of any given member country, but also supports the principle of a single postal territory as mentioned in article 1.1 of the UPU Constitution.

It is important to note that a member country’s treaty-based obligation to accept, handle, convey and deliver (through its designated operator(s)) international postal services by, from or with (i.e. exchanged with) with the designated operators of other member countries may not be legally impacted by a member country’s domestic definition of the universal postal service - regardless of falling under a member country’s own scope of the universal postal service, the treaty-based obligations must be respected at all times. In other words, this means that the obligation to ensure access to universal postal service is not equivalent to the obligation to ensure continued international postal exchanges for every mandatory postal service defined in the Acts of the Union.

The same entities as identified previously, such as courier and express companies, vertically integrated platforms and other logistics service providers, are active in the cross-border delivery market and often provide services that are similar to the services provided under the UPU Acts, for example the delivery of an item containing a good weighing less than 2 kilogrammes with measures within the format and size dimensions laid down in the Acts. Analogue to the developments and blurring of boundaries

between the services provided by the incumbent postal operator (or universal postal service provider) and those provided by those other entities. A critical distinction is that the latter service providers are not designated by their respective government to fulfil the obligations arising under the UPU Acts.

Operators providing the universal postal service

The Universal Postal Convention provides that in order to support the concept of the single postal territory of the Union, member countries shall ensure that all users and 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. 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.

As previously indicated, the national universal postal service and the obligations arising under the UPU Acts are not the same. Similarly, the relationship between designated operators and providers of the universal postal service is not necessarily 1:1. For example, a member country could designate more than one operator to fulfill the obligations arising under the UPU Acts (this is referred to as multiple designated operators) while the sole incumbent postal operator is tasked with fulfilling the universal postal service obligation. In 2023, in Denmark, the government announced the abolition of the universal service obligation for letters, parcels, and other postal items starting in January 2024. Nonetheless, the government has identified three areas requiring continued regulation: (1) delivery of items for blind individuals; (2) postal services to small islands and (3) international mail. These services will be provided through public tenders. In Germany, for a long time, the universal postal service was provided on a “voluntary” basis by Deutsche Post, until the government formally designated the operator as the provider of the universal postal service in 2024.

The UPU Acts do not include provisions to define the operator fulfilling the national universal postal service obligations.

In general terms, a universal service provider is a designated entity that provides essential services that are available to all citizens, regardless of socio-economic status or location, at an affordable price. The concept is not exclusively applied to the postal sector, but also commonly used in relation to the provision of electricity or broadband or other telecommunication services.

The EU Postal Service Directive, defines the universal service provider as the public or private postal service provider providing a universal postal service or parts thereof within a Member State. The directive requires the Member States to notify the European Commission of the entity designated by the Member State to provide the universal postal service.

Universal postal service provider

Any governmental or non-governmental entity officially designated by the relevant competent authority to guarantee the provision of the requirements and conditions as defined by the universal postal service. The universal postal service contains obligations on the provider thereof and as defined in legislative instruments for a universal postal services that is accessible, affordable, and of sufficient quality for all citizens of a country's territory.

Regardless of its form, the universal postal service provider is a strategic actor in the national postal sector; often the only provider with the infrastructure and mandate to serve all parts of the country, including remote and rural areas.

Traditionally, the universal postal service providers managed the entire postal infrastructure within their territories, operating under exclusive rights or within reserved areas, particularly for letter mail.

As postal markets evolve and reforms progress, the universal postal service provider must be viewed not only as a legacy institution, but as an important partner for pursuing inclusive development, digital transformation, and resilient public service delivery. To ensure its long-term effectiveness, the universal postal service provider must possess a combination of operational, institutional, and strategic capacities.

Module 4A (designation of the universal postal service provider) provides for further relevant definition elements in relation to the universal postal service provider.

1.A3 Postal items

Postal operators perform clearance, sorting, transport and distribution services in relation to postal items. Weight, dimensions, content, operational processes and addressing are essential criteria on which basis it is determined whether an item is a postal item.

The mission of the UPU is to stimulate the lasting development of efficient and accessible universal postal services of quality in order to facilitate communication between the inhabitants of the world by, *inter alia*, guaranteeing the free circulation of **postal items** over a single postal territory composed of interconnected networks. The UPU Constitution defines postal items as the generic term referring to anything dispatched by the designated operator of a member country (letter post, parcel post, money orders, etc.), as described in the Universal Postal Convention (hereinafter "Convention"), the Agreements of the Union (as referred to in article 21 of the Constitution) and their respective Regulations. This definition is obviously applicable to postal items that cross international borders, i.e. that are part of the international postal service regulated by the provisions laid down in the UPU Acts.

A postal item is primarily defined by its physical characteristics. A postal item is an addressed item in its final form, processed by the postal service provider and weighing less than 20 kilograms, as per the UPU Convention. Based on this definition, **weight** is a critical component of the definition. The UPU Acts include provisions that allow for weight limits higher than 20 kilograms applied on an optional basis. Above the weight of 20 kilograms, the parcel is too heavy to be handled by a single average individual, without mechanical support. The delivery of parcels above that weight is a matter of logistic services and not of delivery of postal items. In certain UPU member countries, the maximum weight of a postal item is 31.5 kg. In some countries, like Germany, such items weighing more than 20 kilograms are admissible in the postal service provided that they are handled jointly by two persons or by one single person with the use of an appropriate technical aid. Under the German Postal Act, items weighing above 10 kilograms should furthermore be labeled as items with elevated weight.

As for the **dimension**, this is not expressly mentioned in the postal item definition of the Universal Postal Convention. As with the weight, it is relevant within universal service rules where Article 3, paragraph 6, states that the minimum and maximum dimensions for the universal service postal items shall be those laid down in the relevant provisions adopted by the UPU. It is important to note that the dimensions are set in accordance with operational requirements, such as the distinction between letter-post and parcel-post items or to further separate items on the basis of their format allowing for machine processing or other operational handling of such items.

For international postal service items, those items that are processed as letter-post items, these items can weigh up to 2 kilogram and may contain documents or goods. Maximum and minimum weight and size dimensions determine the format to which the item belongs. The UPU uses the formats of small letters (P format), large letters such as flats (G format) and bulky format (E). All items containing goods processed as letter-post items are considered E format.

Figure X: maximum dimensions and weights of UPU basic postal items

	Maximum dimension	Max. Weight	Content
Small letters (P)	Up to 16.5 x 24.5 cm, max. 5 mm thick	100 grams	Documents
Large letters (G)	up to 30.5 x 3.81 cm, max. 3 cm thick	1 kg	Documents
Small packets (E)	Length + width + height = max. 90 cm	2 kg (above 5 kg optional)	Goods
Parcels	Not exceed 2 meters for any one dimension or 3 meters sum of length and greatest circumference	20 kg (above 20 kg optional)	Goods

Postal items may contain letter post, books, catalogues, newspapers, periodicals as well as small packets containing goods. Postal parcels containing goods with or without commercial value are also considered to postal items provided they are addressed.

Another important physical characteristic of postal items is that they contain an address. Postal items are any item *addressed* in the final form in which it is to be carried by a postal service provider (or designated operator). In addition to items of correspondence, such items also include for instance books, catalogues, newspapers, periodicals and postal parcels containing merchandise with or without commercial value. The word “addressed” is important as it holds the information relevant to the postal item to be conveyed and delivered at the address indicated by the sender on the item itself or on its wrapping.

Analogue to the definition of postal services and postal operators in sections 1A.1 and 1A.2, postal items are also defined by the services performed through the different postal operational stages (clearance, sorting, transport and delivery of postal items to their addressees).

In report from 2020, the European Regulators Group for Postal Services (ERGP) analysed various postal definitions.¹¹ In relation to postal items, the ERGP pointed out that:

- The traditional **operational stages** (clearance, sorting, transport, and distribution) seem no longer sufficient to define postal services. New business models and technological advancements require a broader perspective.
- Despite the decline in letter volumes, **the physical component** of delivery remains crucial, especially with the growth in parcel volumes driven by e-commerce.
- **The content** of postal items (documents vs goods) and the existence of **an address** are important parameters but are not sufficient alone to define postal services.
- **Criteria** such as weight, content, dimensions, and addressability must be reevaluated, ensuring consistency in these parameters across different regulations.
- **A shift** from a sender-oriented to a recipient (addressed)-oriented service requires a rethinking of user rights and protections in the postal sector.

1.A4 Postal service users

¹¹ European Regulators Group for Postal Services (ERGP), Report on Postal Definitions (2020), <https://ec.europa.eu/docsroom/documents/44044>

When conducting postal reform, the needs of postal users must be the prime focus of any policy and regulatory reform. For this reason, the PRP underscores the importance of stakeholder engagement from an early point in the reform process, namely in the management stage 2 (definition) and in particular the first activity of this stage, activity 2.1 (stakeholder engagement).

The UPU Acts do not define “postal users”. There are references to (postal) users in the UPU Convention, for example in relation to the processing of personal data in Article 10.

The EU Postal Service Directive defines the concept of user as “any natural or legal person benefiting from postal service provision as a sender or an addressee”. Here again, similar to the definition of “postal sector” or “postal items” as seen previously, the definition of “postal users” is intrinsically connected to the definition of the postal service.

It is furthermore important to recognize that users of the postal service are not a single homogeneous group. Postal service users rather encompass a broad range of individuals; small, medium and large-sized businesses; public government agencies; non-governmental organizations; etc.

Private postal users: addressees or recipients

It is important to be mindful of general trends in the market that should be considered when designing a policy and regulatory framework for the sector. An important trend to consider in particular is the shift of postal services from a “sender-oriented service” to an “addressee-oriented service”. This trend reflects the changing needs of postal users which send fewer letters but receive more items purchased online. This also corresponds with the other trend in which the need to offer recipients more precise consignment notifications and flexibility to exert control over where and when they will receive their parcels (see section 1.A1 and the evolution of postal services). In many postal services, senders hold rights vis-a-vis the postal service provider as per the obligations of the contract between both parties, while recipients or addressees do not hold the same level of protection other than being beneficiaries of regulated postal services, such as the frequent delivery at home or under general consumer protection as well as data protection policies.

In postal reform, it is thus important to strengthen the concept of the postal user as the sender as well as the addressee. The concept of addressee may need to be clarified in order to develop the rights the addressee could benefit from. This definition should define who are the sender and the addressee in the case of returning parcels.

User rights could be enforce on the basis of exerting more control over the deliveries, visibility of the items (on the basis of tracking information), proof of delivery as well as rights of return of the item (reasonable costs for returning the item to the postal operator for returns).

Private postal users hold a preference for instant digital communications in most social settings today: e-mail, social media, and messenger services are frequently used even among groups of elderly users. Convenience and fast communication are key requirements that are met by digital communication services. Letters are most often preferred by private users for formal communication, such as contracts and billing, with businesses, such as utilities and insurance companies, or with government authorities.¹²

Private postal users are key beneficiaries of the postal service and rely on those services for their communication and purchasing needs. Postal users can be segmented on the basis of age groups, demographics and social-economic status or on the basis of where they reside (urban centers, semi-urban, rural and ultra rural).

Retail postal users

¹² European Commission (2020), User Needs in the Postal Sector and Evaluation of the Regulatory Framework, page 90

This segment of postal users encompass a broad range of individuals and businesses that utilize postal services offered at retail locations, such as post offices and contract postal units. The needs of these users include an accessible network of post offices and other postal outlets to collect items or to inject those items into the postal network for their delivery.

Post offices can serve both as a public facility and a retail outlet offering various postal services, including sending and receiving letters, packages and parcels, selling stamps, and providing packaging and stationery. Beyond basic postal services, many post offices also offer a range of other services, such as postal financial services, insurance products, government benefits, and even travel-related products. As other public and essential services are increasingly scaling back their services in rural areas resulting in increased travel time between residents and the location of those services, post offices may become increasingly important for providing adjacent services as well as government services, such as the collection of passports or the opening of bank accounts.

Small and medium-sized enterprises

E-commerce drives increased consumer demands for fast, reliable, and affordable delivery and easy returns, small businesses need to deliver on these expectations. Small and medium-sized enterprises (SMEs) strongly depend on the postal operator to buy and sell products online more easily and confidently locally, across the country or internationally. Changes in collection and delivery frequencies, longer delivery times and increased postage affect small businesses while they also rely on continued convenient access to post offices and drop off points for their products.

While small businesses rely on the postal service, the postal service also relies strongly on these small businesses. They provide important opportunities for bringing in volume into the postal network and contribute to unlocking economies of scale and economic efficiencies in mail operations. With the continued expansion of e-commerce and the proliferation of small businesses selling their products online, the postal sector has a potential to generate more revenue especially in the retail segment.

Online platforms

Large volume mailers, e-retailers and online marketplaces are important users of the postal system. Because of their volume and commercial nature of their operations, these users do not use the retail postal service but negotiate service agreements that represent thin-margin business opportunities in a highly competitive market segment. Online platforms in particular could switch between delivery service providers, postal operators and their own logistics capabilities.

A number of online platforms have evolved from being an intermediary party between sellers and buyers on the online marketplace to full-service providers integrating activities along the value chain and offering multiple services to senders and customers as the recipients of postal items.

Online platforms – as users of the postal (and delivery) services – can be vertically integrated platforms at the same time by performing postal type operational processes in certain markets.

Vulnerable users

Empowering both individual and (small) business users is one of the most important regulatory objectives. In a context in which the universal service obligation is relaxed in some countries, it remains essential to guarantee the inclusion of all the users in the expanding digital economy and the communications needs of the users, with a particular emphasis on the protection of the more vulnerable ones.

Although they are among the core beneficiaries of an effective, affordable and accessible high-quality postal service, vulnerable users of postal services are difficult to define. Considerations relevant to defining vulnerable users of the postal service may concern age, mobility and economic conditions. In general literature, there are a number of definitions of consumer vulnerability used. These definitions can generally be divided into two broad categories, namely: (1) definitions focusing on personal

characteristics of the consumer; and (2) broader definitions taking into account the overall situation in which the consumers find themselves. From a policy perspective, vulnerability may be seen as a dynamic concept that extends the potential target group for any intervention to the entire population of consumers. It is however a concept that needs to be used with care: although the term “vulnerability” itself may be increasingly used in policy intervention, some stakeholder groups may view it as problematic, for example, they may see the term as having patronising connotations.

A 2016 study explores the definitions of vulnerability used in literature, highlighting the shift from definitions focusing on personal characteristics of the consumer to definitions taking into account the overall situation in which the consumers find themselves. The study defines a vulnerable user as a consumer, who, as a result of socio-demographic characteristics, behavioural characteristics, personal situation, or market environment:

- (1) is at higher risk of experiencing negative outcomes in the market;
- (2) has limited ability to maximise their well-being;
- (3) has difficulty in obtaining or assimilating information;
- (4) is less able to buy, choose or access suitable products; or
- (5) is more susceptible to certain marketing services.¹³

When designing policy targeting vulnerable users, it is important to be mindful of the different drivers of vulnerability. These drivers are personal characteristics, behavioural drivers, market-related drivers, access drivers and situational drivers.

The PRP methodology underscores the importance of results-based management in which objectives are derived from postal reform goals and a situation analysis. Connecting with PRP implementation activity 2.3 (perform situation analysis), the following visual could provide guidance in how to initiate the analysis specific to vulnerable users. This exercise is very specific to each national context as demographics, climate, geographical and market situations, among other factors, are different from one country to the next. For example, country A may have a significantly younger population and geographical conditions that are favorable to access to postal services than country B, and so forth.

Figure X: situation analysis – vulnerable users of the postal service



In the above figure, both personal characteristics and behavioural drivers relate to the individual and may include all biases and heuristics, including cognitive limitations; physical condition, such as blindness or visually impairment; age or economic position, such as economic deprivation. These factors may lead to reduced mobility, increased dependency on collection and/ or deliveries, or being less capable to participate in the digital economy, for example these causes may lead to vulnerability when financial statements and invoices are only accessible on the Internet rather than received physically by means of the postal service.

¹³ Consumer vulnerability across key markets in the European Union, https://commission.europa.eu/document/download/1356644b-16e3-41a0-b1e2-74acaaa85ec0_en?filename=consumers-approved-report_en.pdf.

Market-related drivers refer to the functioning of the market and ways in which the functioning of the market can contribute to consumer vulnerability. These include information problems (i.e. consumers not having enough information to make informed decisions), which can be linked to the concept of “information vulnerability” (e.g. lack of transparency on pricing and conditions for cross-border postal services). Other market-related drivers include competition problems, where the nature of competition can result in consumers being vulnerable, for instance due to existence of imperfect markets or market failure, e.g. non-profitability of non-urban (rural and ultra-rural) deliveries.

Access drivers refer to a range of mechanisms through which consumers can have restricted access to markets, goods and services, and can be linked to “supply vulnerability”.¹⁴ These include, for example, physical access restrictions (e.g. due to mobility and location), online access restrictions (i.e. being unable to access online services), restrictions due to being unable to use certain payment methods, and restricted access to information. In the postal context, vulnerability may occur when postage is increased or when postal outlets are closed, thus resulting in supply vulnerability.

Situational drivers refer to mechanisms through which consumers’ current (temporary or permanent) situation results in vulnerability. This includes situations that make consumers more susceptible to situations such as financial difficulties and life changes.

Access and market-related drivers are particularly relevant when analyzing vulnerability of postal users.

Measures addressing vulnerability may include:

- (a) **Support measures**, including both financial and non-financial support (e.g. subsidies to compensate for increased heating and electricity costs). In the context of the postal service, financial support may come in the form of subsidies to ensure affordability at customer-facing postage that is below the actual costs of service operation.
- (b) **Protection measures** targeting economic actors and aiming to eliminate problematic practices. A clear example from the postal sector are items for the blind (and visually impaired) which benefit from reduced or free postage of items that support them in overcoming their impairment (braille books, walking canes, etc.);
- (c) **Awareness-raising measures**, such as information campaigns or provision of specific advice. For example, post offices may be involved in campaigns to raise awareness about HIV/AIDS, leveraging their reach to distribute information and promote prevention.

¹⁴ Supply vulnerability occurs in situations where a particular consumer group cannot participate in the market even though they wish to, or they have less choice in the market due to their characteristics. This may be because they have been priced out of the market (and it is not profitable for suppliers to satisfy them in the market), or there are fewer goods/services available which satisfy their budget.

Module 1B Data-driven reform

The postal service's traditional model – defined by national borders and limited service offerings – was fundamentally disrupted by globalization and technological advancements. These two trends have transformed the postal sector into an infrastructure essential for global trade, requiring reforms that would adapt it to new market conditions. Key developments included:

- Global and regional market integration: Postal reforms in regions like the European Union (EU) led to the creation of a single postal market throughout the EU, allowing former national operators to establish themselves on the territory of other member countries, provide services across national borders, and compete internationally. Posts in other regions followed this example, establishing themselves in the world's main postal markets to capitalize on the growing interconnectedness driven by globalization.
- Shift to e-commerce: Technological advancements have both improved postal operations and reduced the demand for traditional mail services due to cheaper alternatives like electronic messaging. The rise of e-commerce transformed postal operators from primarily document carriers to important players in the transport of goods, especially commercial parcels. Also, within the e-commerce sector, new technologies enabled digital downloads of products like music, videos, and books, which previously accounted for a large portion of the shipped items.

These global and technological shifts laid the groundwork for more fundamental structural disruptions that keep reshaping the competitive dynamics, institutional roles, and strategic priorities that define the modern postal sector.

The UPU's Integrated Index for Postal Development (2IPD) is a composite index to measure and compare the development of postal services globally. It assesses countries based on four key dimensions: reliability, reach, relevance, and resilience, using a variety of UPU data, including postal big data, official statistics, and surveys. Postal Development Level represent a country's stage of postal development and is derived from the statistical distribution analysis of the 2IPD scores of all countries.

In an increasingly dynamic, digitally transformed, and competitive postal sector, postal reform must be grounded in robust data and rigorous analysis. This module introduces the case for and core principles of evidence-based, data driven postal sector reform, a defining feature of the PRP. It explains why data is critical for making sound policy decisions and measuring impact. This module also provides an overview of key data sources and methodologies (including surveys, operational datasets, and benchmarking tools), and illustrates how these inputs are used to define and assess reform objectives. By embracing an evidence-based and data-driven approach, postal sector reforms can be strategically aligned to meet the dual objectives of operational efficiency and service excellence, ensuring that the sector remains viable and relevant in the digital age.

1.B1 Evidence-based reform

Evidence-based postal reform involves using data and research to guide policy changes in postal sector policies. Evidence-based and data-driven planning are defining characteristics of the Postal Reform Plan (PRP) and a critical enabler of a successful postal sector reform. In a market environment marked by rapid technological change, shifting user expectations, and complex policy trade-offs, reform cannot rely on assumptions, legacy practices, or path-dependent regulatory models. Instead, it must be grounded in a rigorous, up-to-date understanding of sector performance, market dynamics, user needs, and institutional capacity.

1.B1.1 Evidence base and PRP management stages

The PRP management framework explicitly emphasizes a data-driven approach across each of the five management stages to ensure that the development of the policy content (deliverables) are grounded in objective evidence. Pursuing a data-driven approach to postal reform enhances the quality of the policy and its effectiveness while it also increases the credibility and legitimacy for the measures that are proposed therein.

From the start of postal reform project to well beyond the implementation of the policy, a strong evidence base allows for a better understanding of baseline conditions, facilitates the identification of performance gaps, and enables systematic evaluation of progress over time. It also provides the agility needed to adjust interventions as new evidence emerges.

Each phase of the reform process benefits from specific types of data and analysis:

PRP management stage 1 (initiation): A preliminary analysis of the country's current situation helps articulate a compelling rationale for reform and define the relevant postal reform goals. It can be used to highlight critical service failures, financial deficits, or market imbalances that justify political engagement and commitment. Macroeconomic and social indicators can help position postal reform within broader national development strategies.

PRP management stage 2 (definition): A robust diagnostic phase relies on the assessment of data to map out a more granular image of existing service coverage, infrastructure, legal frameworks, institutional capacity, financial performance, and market dynamics and develop a results framework with postal sector specific objectives that respond to the findings of the analytical work. Quantitative indicators and qualitative insights form the empirical basis for refining the reform priorities.

PRP management stage 3 (delivery): At this stage, data helps designing relevant policy options and recommendations and formulate the reform objectives, model potential trade-offs (i.e. cost versus service coverage), and conduct feasibility assessments. Historical data, forecasts, and scenario analysis can support the design of policy instruments and institutional arrangements tailored to national conditions.

PRP management stage 4 (control): Management stage 4 (control) consists of two major processes: monitoring and evaluation. *Monitoring* occurs during the PRP project and ensures that the project remains on track in terms of its budget, timeline and scope. In terms of the scope and in particular the project's deliverables (proposed policy content), data is a critical assessment factor on which basis the IB will validate the deliverables. Any proposed policy that lacks robust data and analytical foundation cannot be validated and submitted to the project authorizing government. *Evaluation* occurs after partially during the PRP project lifecycle, but mostly after the implementation of the policy content. During the project lifecycle, data collection and analysis is necessary to define the indicators and the baselines in the results framework and to propose targets that are realistic for postal reform. After the PRP project lifecycle, data collection is required to measure the outcomes and to assess whether the objectives have been achieved. Evaluation requires a clear set of indicators linked to reform objectives. Time-series data, comparative benchmarks (such as the UPU's 2IPD), and stakeholder surveys allow for measuring results and assessing reform impacts.

PRP management stage 5 (close out): in the closeout phase, data is important for recording the lessons learned of the project so that it becomes available for future postal reform projects. The closeout phase also includes the handover of the deliverables to the authorizing government and therefore connects with the adoption and implementation stages of the national policy process (which are a national prerogative and therefore not part of the PRP project). Nonetheless, in these national processes, all relevant market and operational data is important for policy-makers to understand the basis on which recommendations were made or to consider those findings in the development of the final (actual) policy content by the competent national authorities.

In all of these stages, data plays a key role in achieving legitimacy of the proposed policy content and by institutionalizing accountability and learning mechanisms of postal reform well beyond the implementation of new policies and regulatory frameworks.

1.B1.2 Data framework for reform

Embedding a data-driven reform approach requires a deliberate strategy. Before collecting or analyzing data, the following needs to be identified:

- What information is required, based on the reform's objectives and priority issues;
- Which indicators can best track progress;
- Whether the requires data exists and where (national and international sources, publicly and privately available, operator reports, etc);
- What new data collection processes or systems may need to be created or improved.

This exercise should be conducted early in the reform process, ideally during the definition stage (stage 2) as it informs the results framework and the definition of the reform objectives. In an iterative process, the data framework can continuously be improved and new data requirements may be introduced by no later than stage 3 (delivery) when the indicators are to be defined with their corresponding actuals (baseline) and targets. It is also important to distinguish between internal (operator-level) and external (regulatory and policy) data requirements, as these serve different governance and accountability purposes.

1.B1.2.1 Data collection and analysis methods

Evidence-based reform refers to a systematic use of data and analysis to inform policy design, implementation, and evaluation. This approach ensures that reform objectives are not abstract aspirations but are grounded in real-world diagnostics and supported by measurable indicators. It involves:

Quantitative data collection and analysis: collection and analysis of numerical data to identify patterns and relationships through statistical analysis. For example, quantitative insights into key aspects of the universal postal service to assist in decision making, including operational cost information to assess the cost implications from modifications to the specific obligations, such as delivery frequency or speed of delivery, of the universal postal service.

Qualitative data collection and analysis: collection and analysis of descriptive information to understand experiences and perspectives through in-depth analysis. For example, discussions in a focus group on intentional approaches to inter-generational communication or the attitudes towards self-service kiosks and digital means of paying for postage may generate a wealth of information, which is not easily quantifiable.

Benchmarking against national and international standards: compare the performance of the national postal sector against international standards and best practices. For example, a comparison of postal tariffs of comparable services between countries as a reference for domestic tariff setting.

Institutional analysis: analysis of the formal and informal rules, norms, and entities that shape postal services, including the legal frameworks, regulatory bodies, and the roles of various stakeholders, including governments, postal operators, and consumers and understand how these factors influence the sector's development.

Market analysis: analysis with a view to understanding market trends, competitive landscapes, and customer behavior to identify opportunities and challenges for postal sector reform.

Trend forecasting and scenario planning: predictions based on techniques to understand relationships between variables, for example through historical data analysis to identify patterns for predicting future trends or industry expert opinions and observations to assess future possible scenarios.

Developing indicators to monitor progress and outcomes: the results framework is one of the main features of the core PRP methodology (see PRP section X and below).

1.B1.2.2 Data informed reform objectives

Establishing clear, evidence-based reform objectives is a critical step in translating diagnostic insights into action. Reform initiatives cannot rely solely on political aspirations or abstract targets. They must be grounded in a realistic understanding of existing performance, user needs, institutional capacity, and market trends. This is the core rationale behind the PRP Guide's emphasis on setting data-based, outcome-driven objectives.

Effective objectives serve several key functions:

- They define the desired future state of the postal sector;
- They connect – through the postal reform goals – to broader policy areas and thereby articulate, in concrete terms - how the postal sector contributes to the achievement of higher level policy goals;
- They provide a benchmark for measuring progress and impact and confirm whether the actual results (outcomes) match the defined objectives and thereby objectively determine whether postal reform was indeed successful;
- They provide a framework (as part of the PRP results framework) that brings accountability to reform efforts;
- They enable prioritization of interventions based on feasibility and strategic importance;

Before setting specific objectives, it is crucial to understand the underlying reasons behind the reform. This understanding should be derived from a comprehensive assessment of the current postal ecosystem. The reasons for reform and the definition of the postal sector reform objectives are informed primarily by the postal reform goals (as defined in the Project Charter) and the macro-environmental assessment. See PRG module 1C (reform goals) for more background on both input factors of the definition of reform objectives.

Data collection and analysis, generates both quantitative and qualitative insights, which need to be processed and translated into postal-specific reform objectives. For example,

Example 1: If delivery service coverage in rural areas is low, an objective could be to increase delivery addresses on routes in those rural areas by 30% within 3 years;

Example 2: If the postal operator shows financial deficits, an objective might be to improve cost-recovery through operational restructuring within 5 years.

Given the multifaceted challenges faced by postal sectors, prioritizing reform objectives is essential. Such prioritization should carefully consider the impact of selected objectives on service quality, financial stability, and regulatory compliance. Strategic prioritization ensures that resources are allocated efficiently and that they address the most pressing issues effectively.

Objectives are defined in stage 2 (definition) – see in particular PRP management activity 2.4. However, throughout the project lifecycle, information will be collected and analysed for the purposes of establishing indicators, baselines and targets in stage 3 (see activity 3.3). It requires continuous monitoring and flexibility to adapt to new challenges and insights. For example, the practitioner specifies the (postal sector specific) objectives in stage 2, but after having conducted further research and analysis as well as having drafted the deliverables (policy content) and recommendations, it may need to adjust the objectives consistent with a more comprehensive understanding achieved at the end of the project lifecycle. Likewise, after acceptance, the Member State government may revise the objective, the baseline and targets according to the final policy adopted and implemented.

To support objective setting, the use of structured diagnostic frameworks such as the UPU 2IPD (Integrated Index for Postal Development) is important. The 2IPD scoring is included in the Project Charter and the rationale (justification) of the PRP project needs to include how the project should contribute to improvements to the scoring (see PRP management activity 1.4).

Developed by the UPU, the 2IPD evaluates postal sector performance along four dimensions:

- **Reliability:** quality of service from a speed and predictability perspective;

- **Reach:** the level postal connectivity of the country with the rest of the world from an outbound perspective;
- **Relevance:** the relative success of different postal business models and activities from a demand-perspective (market fit);
- **Resilience:** the postal capacity to overcome economic, social, technology, and environmental shocks in a sustainable way.

By assessing how a country scores on each of these factors, and comparing to regional or global benchmarks, reform proponents can (1) identify areas of weakness; (2) quantify the performance gap, and; (3) set realistic, evidence-informed targets.

1.B1.3 Building out the evidence-base

Policy recommendations should be grounded in a strong evidence base to ensure effectiveness and minimize unintended consequences. The policy content itself should also consider the need to collect, manage and analyse data by the competent authority in the future, i.e. beyond the PRP lifecycle. As discussed, the collection and analysis of such information is important for evaluating the effectiveness and success of postal reform projects. Moreover, the recommendations themselves could identify the need for the competent authority to collect specific information, such as volumes of shipments or carbon emission data or statistical information on the gender representation among postal staff, etc.

A data-driven approach allows governments to prioritize investments, targeting interventions that are most needed, and design measures that are both feasible to implement and capable of producing desired outcomes. This is particularly important in the postal sector, where decisions on universal service provision, market liberalization, digital transformation, and public investment often involve trade-offs between financial sustainability, universal access, and service quality.

Moreover, reliable and verifiable data is essential not only for planning reforms but also for regulatory oversight. Many of the obligations arising from postal laws and regulations, such as monitoring service quality, enforcing universal service obligation, reviewing tariffs, and overseeing market competition, require consistent, structured data flows from designated operators and other service providers.

In this context, evidence-based reform serves three complementary goals:

- a) **Strategic alignment:** Ensures reforms address actual needs and contribute to broader national development priorities;
- b) **Operational efficiency:** Enhances the performance and cost-effectiveness of postal services and institutional processes by enabling data-driven optimization of workflows, resource allocation, service delivery models, and regulatory oversight;
- c) **Regulatory credibility:** Equips policymakers and regulators with data needed to make informed and transparent decisions, thereby contributing to their accountability.

The practical value of these goals is best illustrated through specific data-driven use cases across the sector.

Operational efficiency and cost savings: Operational data helps postal operators identify inefficiencies and streamline delivery systems. For example, the USPS has used big data analytics to optimize delivery routes and predict maintenance needs, resulting in significant cost savings and improved service reliability.

Financial accountability and investor confidence: Regular financial audits and the use of advanced analytics can identify revenue loss and opportunities for cost savings. Transparent reporting of such data supports sound fiscal management and builds trust among public funders and private investors.

Market analysis and benchmarking: Large datasets reveal market trends, customer behaviour and preferences, and competitive landscape. Comparative benchmarking against industry standards or

other postal services globally can highlight areas where reforms are most needed and demonstrate the potential impact by referencing successful reforms in other markets.

Product innovation and diversification: Data analysis can uncover new opportunities for growth, such as expanding into e-commerce logistics, offering new financial services, or services to a silver (aging) segment of the population. By demonstrating an understanding of market trends and customer needs, postal services can present a compelling business case for investment. For example, in Denmark, of the shift to digital post boxes reduced operational costs while opening new digital services and revenue streams.

Performance metrics and ROI projections: Tracking KPIs (such as delivery times, customer satisfaction, cost per delivery) provides measurable evidence of the impact of reforms. Predictive modelling can also allow for accurate projections of ROI and financial benefits of reforms, the financial making a strong case for investment.

Risk assessment and mitigation: Data analytics can identify and quantify risks associated with reforms. This information can be used to develop robust risk mitigation strategies, which are crucial for securing financing, especially from risk-averse investors or lending institutions.

The examples above are not exhaustive. The point is that whether the objective is to improve performance, attract investment, or adapt to new market demands, using data strategically helps postal authorities make stronger, more compelling reform decisions. The key is to use data not just to identify areas for reform, but to quantify the potential impact and demonstrate a clear path to improved performance and financial sustainability.

These use cases underscore a central tenet: data is not merely a support tool, but a strategic asset. Whether the objective is to improve performance, attract investment, or adapt to market changes, using data proactively enables postal authorities to make stronger, more credible decisions. The key is not only to identify reform opportunities, but to quantify potential impact and demonstrate a clear path to improved measurable outcomes.

When this approach is adopted across the reform process, data transforms postal reform into a proactive tool for public value creation, rather than a reactive response to sector pressures. It fosters adaptive learning, builds stakeholder trust, and strengthens reform legitimacy, especially when institutional and fiscal resources are limited. Finally, by improving the content of the reform and the credibility of its business case, data-driven approach helps unlock new avenues of funding.

1.B1.4 Data gaps and challenges

Data gaps can lead to misinformed strategies and ineffective reforms. Thus, in environments where data might be incomplete or unreliable, identifying and addressing data gaps and considering short-term alternative strategies is crucial for ensuring that in the long run decisions are based on a complete and accurate understanding of current operations and challenges.

Once data gaps are identified, various complementary strategies can be employed to address them, for example by (i) expanding data sources by incorporating additional data from reliable sources to provide additional context and depth to internal data or (ii) by adopting incremental deployment with starting data collection efforts in smaller, more manageable areas where the infrastructure is better developed. Insights from these areas can be used to gradually expand data collection efforts to more challenging regions. This phased approach helps in understanding the specific challenges and refining the data collection methods incrementally

Since addressing existing data gaps requires time, it is worth considering whether alternative solutions exist that could be used in the short run. For example, when direct data is not possible, proxy data can be used.

Example of use of proxy data

The UNCTAD B2C E-commerce Index uses proxy data to estimate the readiness of different countries to engage in and benefit from e-commerce. This index comprises various indicators such as internet usage rates, account ownership, secure internet servers, and postal reliability (taken from the UPU 2IPD), where each component acts as a proxy to gauge broader aspects of e-commerce potential. By integrating proxy measures, the index provides a more comprehensive view of e-commerce readiness, especially in cases where direct measurement data might not be readily available. This approach allows for a more inclusive analysis, helping policymakers and stakeholders identify critical areas for intervention and support, even in less data-rich environments.

While data-driven approaches can significantly enhance the effectiveness and accountability of postal sector reforms, their implementation is not devoid of challenges. A successful transition to evidence-based planning and management depends on recognizing and proactively addressing technical and organizational constraints.

These are important as the competences of the relevant market and regulatory authorities need to evolve with the changing market and needs of postal users or to respond to (broader) policy goals such as those relating to climate action. This means that new information needs to be collected, managed and analysed.

The two tables below outline common technical and organizational challenges in relation to postal sector data frameworks along with relevant mitigation strategies.

Table X. Data-driven reform: technical challenges

Challenge	Description	Mitigation strategies
Data Quality and Accuracy	Ensuring the accuracy, completeness, and reliability of data is fundamental to making informed decisions. Poor data quality and incomplete data sets can lead to misguided strategies and ineffective reforms.	<ul style="list-style-type: none"> • Implement rigorous data standards and verification processes. • Conduct regular audits. • Use advanced data cleaning and validation techniques. • Establish data governance frameworks.
Data Privacy and Security	As postal services handle sensitive personal and business information, ensuring data privacy and security is paramount to ensure compliance with regulations like the European GDPR.	<ul style="list-style-type: none"> • Implement robust encryption methods for data storage and transmission. • Develop and enforce strict data access protocols. • Regularly update cybersecurity measures. • Conduct privacy data assessments.
Data Collections Processes	Establishing efficient and effective data collection methods that minimize disruptions to ongoing operations	<ul style="list-style-type: none"> • Standardize data collection procedures. • Use automated data capture tools to reduce errors from manual data insertion.
Integration of Diverse Data Sources	Combining data from multiple sources, including legacy systems and new digital platforms into a unified system that provides actionable insights, can be technically challenging and costly.	<ul style="list-style-type: none"> • Develop standardized data formats across the organization. • Ensure interoperability across different systems. • Develop 'data-as-an-asset' strategy and mentality.
Technology Infrastructure	Developing and maintaining the necessary IT infrastructure, including databases, software, and servers to support data collection and analysis.	<ul style="list-style-type: none"> • Invest in robust, scalable infrastructure. • Leverage cloud-based solutions for flexibility and cost-efficiency.
Real-time Data Processing	Developing the capability to process and analyze data in real-time or near-real-time is crucial for timely decision-making but requires complex and resource-intensive infrastructure setup.	<ul style="list-style-type: none"> • Deploy real-time analytics tools, i.e. leverage IoT devices for real-time data collection. • Implement edge computing solutions for faster data processing. • Use AI and machine learning for predictive analytics.

Table X. Data-driven reform: organizational challenges

Challenge	Description	Mitigation strategies
Resource Allocation	Allocating sufficient resources, including staff, time, and budget for data-related activities.	<ul style="list-style-type: none"> • Develop detailed project plans and budgets. • Secure necessary financial commitment.
Cost management	Implementing data-driven reforms can be costly as it involves expenses for technology, training, and infrastructure upgrades.	<ul style="list-style-type: none"> • Develop a phased approach to implementation, prioritizing high-impact areas. • Leverage cloud computing for scalable and cost-effective data solutions. • Optimize resource allocation through data-driven insights. • Explore public-private partnerships for shared investment in data infrastructure.
Resistance to Change	Overcoming organizational resistance to data-driven approaches and fostering a culture that values data and evidence-based decision making.	<ul style="list-style-type: none"> • Engage stakeholders through communications and training.
Skill Gaps	The transition to data-driven operations requires specialized skills that may not be present in the current workforce.	<ul style="list-style-type: none"> • Conduct comprehensive skill gap analyses. • Develop training programs to upskill existing staff. • Recruit data scientists and analysts. • Foster partnerships with academic institutions for ongoing skill development.
Data Governance and Management	Establishing clear policies and procedures for data governance, including data ownership, quality control, and ethical considerations.	<ul style="list-style-type: none"> • Develop and enforce data governance frameworks. • Appoint data stewards.
Data Sharing and Coordination	Coordinating data initiatives across different departments and ensuring that data is shared and utilized effectively.	<ul style="list-style-type: none"> • Revise and establish B2G (business-to-government), B2B (business-to-business) and G2G (government-to-government) data sharing mechanisms.
Regulatory compliance	Navigating the complex regulatory landscape governing data use in postal operations, especially across international borders, and ensuring compliance with national and international laws concerning data usage, privacy, and consumer rights.	<ul style="list-style-type: none"> • Stay updated with data protection and privacy laws. • Engage with regulatory bodies to ensure compliance. • Implement compliance monitoring systems. • Develop clear data usage policies aligned with international standards.

Addressing these challenges requires a strategic approach that includes robust planning, stakeholder engagement, investment in technology and skills, and ongoing evaluation of data-driven practices. With these measures in place, postal reform, and consequently postal services can effectively harness the power of data to drive successful reforms and improve overall efficiency and service quality.

Case study: Baseline survey for postal and courier services in Kenya

Kenya's 'Baseline Survey for Postal and Courier Services' (2022) demonstrates how a well-designed data collection effort can provide a strong foundation for evidence-based policy reform and regulatory interventions. Commissioned by the Communications Authority of Kenya, the survey was designed to gather both qualitative and quantitative data from consumers, service providers, and stakeholders across all 47 counties. The objective was to diagnose challenges on both supply and demand sides and formulate actionable recommendations supported by measurable indicators.

Evidence-based objectives and methodology: The study employed different methods: questionnaire surveys, interviews with key stakeholders across the country, and comprised qualitative and quantitative data collection from consumers, service providers, associations, and government agencies. It aimed to:

- Identify service coverage gaps and access to postal and courier services
- Understand challenges faced by postal and courier operators in rolling out services;
- Understand the challenges that users face in accessing services including but not limited to postal and courier services;
- Formulate strategies to address the identified gaps;
- Provide training on financing models and Geographic Information Systems (GIS)

Key data-driven findings:

- Service gaps (supply-side): 1,426 sub-locations had no postal or courier outlets, with average distance of 37.71km far exceeding the international benchmark of 9 km;
- Demand-side: Households reported dissatisfaction with service quality (only 50% were satisfied with the quality of postal services vis-à-vis 67% for courier services);
- Operational weaknesses: Adoption of enabling technologies was slow due to inadequate ICT skills and weak partnerships for last-mile logistics.

Linking data-driven insights to strategic reform recommendations: The survey did not stop at diagnosing the sector but used its findings to propose a five-year action plan with measurable outcomes. For example:

Objective: Establish new outlets in underserved area, with priority given to sub-locations in counties with none or just one courier service outlet.

Indicator: Number of new outlets established

Objective: Improve access to postal and courier services

Indicator: Accessibility of postal or courier services within 15 km distance.

Measurable indicators and monitoring: The report established a monitoring and evaluation framework, with clear quantifiable indicators, targets, frequency of monitoring and entity responsible for implementing recommended measures. These allow the government and Communications Authority to measure progress over time and adjust interventions if needed.

Insights for broader reform: By placing Kenya's performance in 2IPD (which ranked 78th globally is behind Nigeria, Mauritius, Tanzania, Senegal, Ethiopia and Ghana), the survey also connected local challenges with international and regional performance benchmarks.

1.B2 Market, policy and regulatory assessment

Effective postal reforms begin with a rigorous assessment and planning phase, which forms the cornerstone of any strategic initiative. This phase aims to build a comprehensive understanding of the current postal sector landscape, identify gaps and inefficiencies, and define evidence-based reform priorities aligned with national development goals and international obligations.

The assessment should be based on structured technical studies that integrate both quantitative and qualitative data, drawing from both national and international data sources, historical trends, and international benchmarks. These studies typically cover three dimensions: international postal environment; domestic postal environment and legal and regulatory framework.

International postal environment: Analysis of global trends and reforms, examining historical patterns of change to date and trends.

Aspect	Details
Historical patterns of changes	Study worldwide postal market changes, including major postal products and services, and trends in mail traffic.
Impact of new technologies	Assess the impact of new communications technologies on the postal market
Use of technology	Describe the extent to and impact of technology adoption in postal operations

Operational and economic analysis	Evaluate the performance of operational, economic, and market management factors.
Regulatory reforms	Cross-country analysis of postal regulatory and institutional framework reforms, identifying trends and different models.
Product and service trends	Outline changes in major postal products and service offerings, analyzing their expansion or elimination trends and corresponding quality standards.
Market share analysis	Study the market share dynamics between the designated operator and its competitors, broken down by types of services.
Evolution of universal postal service	Examine the evolution of the universal service concept over the years and its current definitions.
Compensation mechanisms	Study economic-financial mechanisms for compensating universal postal service provision.
Government outreach activities	Describe outreach activities in which postal operators carry out government programs, including corresponding payment and compensation mechanisms.
Operator characteristics	Describe the characteristics of the designated operator, identifying: <ul style="list-style-type: none"> • the factors ensuring its economic-financial stability; • Its target market • Business and ownership structure; • Economic-financial and operational indicators; • Legal status, the degree of autonomy, powers, obligations, and relationship with the regulatory agency and private operators.
Regulatory agency	Describe regulatory authority, including its characteristics, powers, structure, representativeness, the source of funding, and the regulatory mechanism in place and in the implementation phase.
Private operators	Describe the major private operators on the postal market, establishing their target market segment and geographic breakdown, the type of services provided and their relationship with the regulatory agency and the designated operator.

Domestic postal environment: Analysis of domestic market dynamics designed to establish and describe the extent of satisfaction of domestic postal market needs, examining supply and demand for existing products and services, broken down into as much detail as possible.

Aspect	Details
Market needs and supply/demand	<ul style="list-style-type: none"> • A description of existing product and service offerings by the designated operator and by private service operators, including their respective market shares and trends in demand for postal services, broken down by service type, customer demographics, and geographic areas. • A description of complementary products and services competing with or crowding out offerings by operators currently active on that market.
Product lifespan and trends	<ul style="list-style-type: none"> • A study of historical trends in products and services, broken down into as much detail as possible, and an examination of annual qualitative and quantitative projections of demand for postal services, at a minimum, broken down by type of service, customer, and geographic area; • A study of trends in the lifespan of each product and service in the face of economic and technological developments and changes in any other variables affecting the launching of each such product/service onto the market.
Customer profiles	Analyze postal service customer/user profiles by income, location, legal status, their usage of postal products and services, etc.
Competition and market forces	<ul style="list-style-type: none"> • An outline and analysis of the designated operator and private operators offering postal products and services, establishing their target market segments, their respective market shares, expansionary and/or contractionary market trends, etc.; • An analysis of postal services to be opened up to competition from different postal operators, specifying all necessary standards and regulations for service operation, monitoring, and supervisory powers.
Universal postal service: definition, economic feasibility and models	<ul style="list-style-type: none"> • Definition of the concept of universal postal service, at a minimum establishing the types of core services included in this concept, their geographic and demographic coverage, the regularity of mail collection and home delivery service, the business hours of retail outlets, standards of quality with respect to delivery time, reliability and security, and corresponding enforcement and compliance monitoring mechanisms; • A study on economic-financial feasibility of providing self-sustaining universal postal services;

	<ul style="list-style-type: none"> • Financing model: a study of different tried and tested universal postal service financing options, including specific data with respect to their economic-financial impact, scope, historical performance and implementation mechanisms.
Regulatory reforms	Cross-country analysis of postal regulatory and institutional framework reforms, identifying trends and different models.

Legal and regulatory framework: Analysis of the current legal framework governing the postal sector, including primary and secondary legislation. The breadth and depth of national legal frameworks vary from country to country. It is also possible that not just one but a whole series of instruments might establish the legal foundation for the postal sector. A thorough review of existing policies and regulations is the foundation of any successful postal reform as it ensures that reform initiatives are grounded in a clear understanding of the current legal and regulatory landscape.

Aspect	Details
Current legal analysis	<ul style="list-style-type: none"> • Identify and analyze current legal and administrative instruments governing the postal sector. • Study their content, checking for any inconsistencies.
Regulatory mechanisms	<ul style="list-style-type: none"> • Design a regulatory mechanism for the postal sector, at a minimum including the regulatory agency, its characteristics, powers, structure, representative capacity, source of funding, and regulatory mechanisms. • Describe necessary standards and regulations for the operation of postal services.
Legislative amendments	<ul style="list-style-type: none"> • Design and describe legislative amendments needed for full and effective operation of the nationwide postal market. Draft necessary legal instruments for the implementation of envisaged reforms.
Competition and market forces	<ul style="list-style-type: none"> • Analysis of postal services to be opened up to competition from different postal operators, specifying all necessary standards and regulations for service operation, monitoring, and supervisory purposes.
Regulatory reforms	<ul style="list-style-type: none"> • Cross-country analysis of postal regulatory and institutional framework reforms, identifying trends and different models.

These diagnostic studies form the empirical foundation for future data-driven reform and its justification and help build awareness among public authorities, particularly in context where postal sector issues are often overlooked in broader policy agendas.

Key themes typically analyzed include:

- The scope and accessibility of universal postal service;
- Financial and operational sustainability of the designated operator;
- Service quality and performance indicators;
- Market structure and competitive dynamics;
- Consumer rights and satisfaction;
- Opportunities for digitalization and service diversification;
- Institutional capacity and readiness for reform.

To further guide this diagnostic, the table below presents structured questions tailored to the role of the key stakeholder groups. These questions help uncover institutional realities, operational bottlenecks, and gaps in policy relevance and coherence, supporting a more grounded assessment of reform readiness and priority areas.

1.B3 Structural disruption in the postal markets

The postal sector and its postal markets (see module 1A) are undergoing major structural changes driven primarily by technological innovation, evolving consumer behavior, and increasing market competition. The profound impact of the Internet on the postal sector is undeniable, yet its exact extent

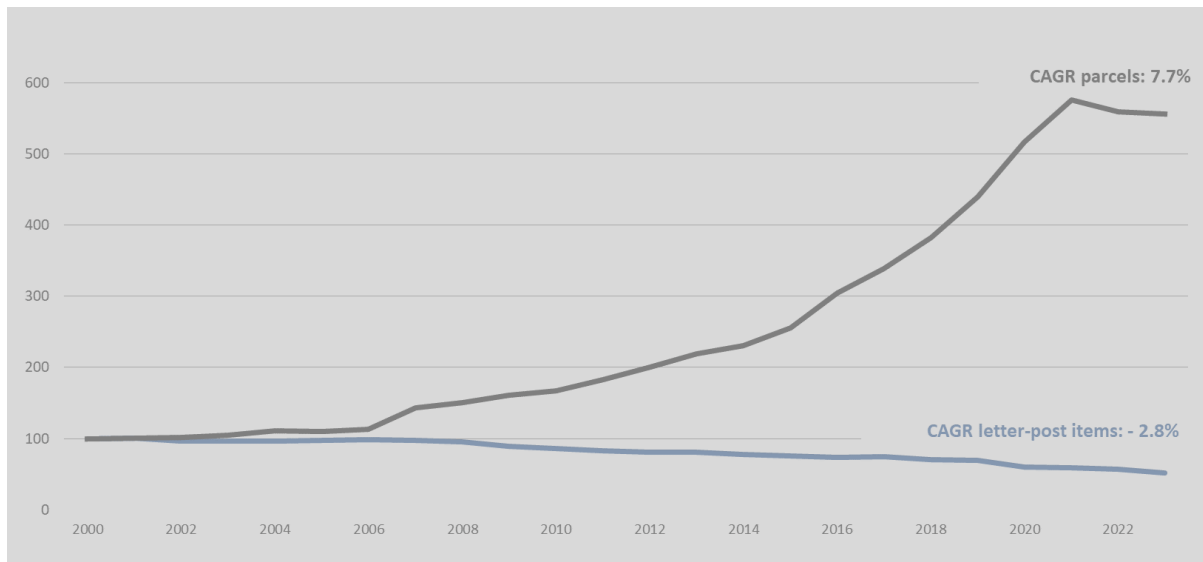
remains debated. It is however clear that these structural changes are so profound that they impact on the definitions of the sector, the postal markets and postal services. The rise of the Internet and digital communications has certainly disrupted traditional letter mail based business models, but it simultaneously created new demand for parcel delivery, logistics, and integrated services, illustrating how technological advancements can coexist and even enhance postal activities.

1.B3.1 Trends in the postal markets

According to the 2023 UPU's State of the Postal Sector report, the letter-mail segment of the global postal market has seen a marked decline in volumes over the years. The total number of domestic items for 2021 was estimated at 257 billions, which accounts for 73% of the 2012 value. Conversely, the parcels segment has experienced robust growth, which in 2021 amounted to 27.7 billion items. This is three times more than in 2012.¹⁵

According to UPU statistics, the number of letter-post items have declined by 2.8% on average each year between 2000 and 2023 while parcels increased by 7.7% on an annual basis over the same period. Figure X illustrates the growth of both markets since the year 2000.

Figure X: number of letter-post and parcels in the domestic service (base year (100) = 2000)¹⁶



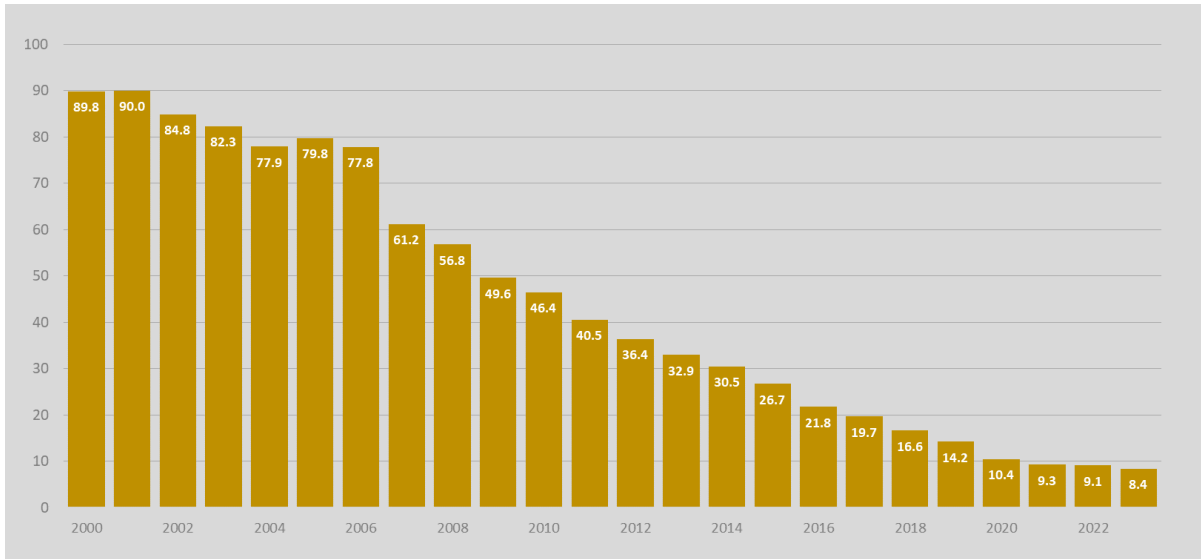
Resulting from the declining letter-post volumes and increasing parcel volumes being handled in the domestic postal networks is the reduced ratio between letter-post items and parcels. A ratio of 100 means that 100 letters to 1 parcel are being handled (ratio of 1 is full parity, letters and parcels are equal in volume (number of items)). Figure X illustrates the trend.

Figure X: letter-post to parcels ratio¹⁷

¹⁵ UPU State of the Postal Sector 2023 <https://www.upu.int/en/publications/2ipd/the-state-of-the-postal-sector-2023>

¹⁶ UPU postal statistics: <https://www.upu.int/en/universal-postal-union/activities/research-publications/postal-statistics>

¹⁷ UPU postal statistics: <https://www.upu.int/en/universal-postal-union/activities/research-publications/postal-statistics>



The income and revenue distribution from postal services has shifted over the years, with:

- 34% coming from letter-mail services (down from above 50% in 2005),
- 32% from parcel and logistics services (up from 11% in 2005),
- 17% from financial services, which has remained relatively stable over the years, and
- the remaining 17% from other services.

To ensure the smooth flow of this mail traffic, postal administrations around the world rely on an interconnected network of over 690,000 permanent post office facilities. These outlets and other administrative and operational units are staffed by some 5.3 million workers.

Within the letter-post market, while fewer letters are being sent, their average weight is increasing which may be the result of merchandise items being included in the letter-post stream. In certain countries, letter-post items with a thickness of less than 3 centimeters are distributed in the letter-post delivery network as they fit the slot of the letter mail boxes. These developments demonstrate the need to recalibrate postal networks and operations that remain structured around legacy, letter-focused models.

Despite the decline in letter mail volumes, postal services remain crucial and postal networks retain critical advantages: dense infrastructure, brand trust, and extensive geographic coverage. Especially in underserved areas, postal services remain essential for connectivity, financial inclusion, and public service delivery. But these advantages risk and are being eroded by underinvestment and slow adaptation.

Moreover, there are serious concerns about the financial sustainability of postal services as they face competition from more agile private operators that often meet market demands more effectively. Finding themselves under growing financial pressure, many operators struggle to modernize legacy systems, originally designed for a mail-dominant model, and often fail to capture increasing parcel volumes and respond to evolving consumer expectations without the buffer offered by exclusive monopoly rights.

Disruption is also occurring outside traditional market boundaries. Non-traditional entrants, including global tech companies and online marketplaces, are offering end-to-end logistics services, bypassing designated operators. The rise of self-delivery models adds another layer of competition, often beyond the reach of existing regulatory frameworks.

Recent analysis by the European Regulators Group for Postal Services (ERGP) deepens this diagnosis by framing postal services as part of a much broader and increasingly integrated delivery ecosystem. The ERGP stresses that operators no longer operate in a siloed environment but as part of a highly interconnected, multi-actor delivery infrastructure, increasingly shaped by e-commerce platforms,

logistics integrators, and digital intermediaries.¹⁸ Key trends identified by the ERGP include:

- The **emergence of hybrid business models** (combining logistics, digital platforms, and retail interfaces) and services, which can be further classified along strategic lines such as specialization vs internationalization, horizontal or vertical integration, and platformization (each carrying distinct regulatory and competitive implications);
- **Consolidation and concentration of market power** in parcel delivery chains;
- Increased reliance on **outsourcing and subcontracting**, impacting transparency, service quality, and job security.

In such context, in many countries, the regulatory frameworks have not kept pace with these developments. Originally designed for monopolistic and analogue markets, many remain ill-suited to manage cross-border e-commerce, multi-operator ecosystems, and digital service standards. This regulatory lag creates uncertainty for investors, operators, and consumers alike.

Environmental sustainability adds a further layer of complexity. As postal operators expand their logistics operations, pressure mounts to reduce carbon emissions and implement green technologies. Sustainability is no longer a peripheral concern but an important factor for the long-term sustainability of the postal sector.

Together, these trends amplify structural tensions, particularly concerning universal service sustainability, the level playing field, and consumer protection. They also highlight the urgency of developing new regulatory frameworks that account for cross-sectoral convergence, data governance, and sustainability goals.

The multiple dimensions and cumulative effect of these shifts is summarized in the table below, which presents an overview of the key structural shifts reshaping the postal sector. Understanding them is essential for designing reforms that are adaptive and suitable to deliver long-term impact.

Table X: overview of main shifts in the postal sector

	<i>Past</i>	<i>Present</i>
Reserved area	Full (for letter mail)	Increasingly limited
Competition	Almost non-existent	High
Operators	Single (for letter mail)	Multiple
Barriers to entry	High regulatory or legal barriers	Lower legal barriers, but high platform/network effects for new entrants
Business model	Focused on letter mail	Diversified (e-commerce, financial services, logistics)
Delivery models	Uniform (for USP, national, scheduled delivery)	Fragmented, flexible, customized
Integration with other sectors	More clearly defined stand-alone postal system	Increasingly embedded in wider delivery ecosystems (e-commerce, fintech, government services)
Customers	Limited consumer protection	Demanding
User rights and expectations	Limited awareness or formal rights	Legally codified rights, high expectations for transparency and redress
Quality of service	Of little importance	Fundamental

¹⁸ European Regulators Group for Postal Services (ERGP), Report on the delivery ecosystem: value chains and business models (2025), <https://webgate.ec.europa.eu/circabc-ewpp/d/d/workspace/SpacesStore/7f71beae-ae0c-4af9-bcaf-2a47c1dd694d/download>

Management	Empirical	Professional
Challenges	Operational	Strategic
Employment	Stable, traditional roles	Shifting towards courier services, more flexible work arrangements (gig economy)
Innovation	Almost non-existent	Fast-moving
Technology	Minimal	Necessary and pivotal
Infrastructure use	Owned and operated by a single provider	Shared, interoperable, platform-dominated in some cases
Environmental impact	Not a priority, not tracked or regulated	Critical focus, increasingly subject to green logistics targets
Regulatory framework	Minimal	Complex, evolving
Challenges	Operational	Strategic

1.B3.2 Postal sector response to market trends

The postal sector stands at a crossroad. As digitalization, e-commerce and global connectivity reshape the communications and logistics landscape, postal services must transform structurally and operationally to remain relevant, efficient, and universally available. A promising development lies in the growing synergy between postal services and digital platforms, particularly in the e-commerce sector, where postal operators (including universal postal service providers) and private providers play an increasingly central role in last-mile delivery.

Yet, these opportunities demand more than simple service expansion. They require fundamental modernization of legacy networks, many of which are still structured for declining mail volumes rather than fast-moving parcel, financial, or digital services. Adapting to today's expectations involves both technological upgrades and institutional change, including rethinking customer engagement strategies, integrating digital infrastructure, and reforming governance and workforce models.

Relevant resources

UPU E-Commerce Guide (2020) for practical recommendations to consider in developing e-commerce capabilities and services for domestic, regional, and cross-border markets.¹⁹

UPU (2022) Blockchains for a sustainable postal future.²⁰

New technologies and services, such as hybrid mail, digital identity systems, e-postal platforms, and blockchain-based logistics offer clear avenues for innovation. Through partnerships with e-commerce platforms and digital service providers, postal operators can regain or improve their strategic positioning as inclusive, trusted, and cost-effective service providers. However, realizing this potential requires substantial investment, skilled personnel, and regulatory frameworks that promote agility and fair competition.

Diversification of services represents both an opportunity and a challenge (see module 4D). The range of services that posts may and do offer is expanding rapidly, from logistics and financial services to identity verification, education support, and health-related services. However, the effectiveness and

¹⁹ UPU E-Commerce Guide (2020) https://www.upu.int/UPU/media/upu/publications/Final-November-update-UPU-E-Commerce-Guide_2020_EN.pdf

²⁰ Blockchains for a sustainable postal future (2022), <https://www.upu.int/UPU/media/upu/publications/blockchainsForAsustainablePostalFutureEn.pdf>

relevance of diversification strategies depend on country-specific needs and institutional capacities. No single diversification model can be universally applied. For instance, in countries with aging populations, postal operators may serve as providers of socially relevant services, linked to health and care, catering to the needs of the 'silver economy'. In others, where the percentage of aging population is low, posts may focus on youth services, rural inclusion, or digital access. The UPU Guide to Postal Social Services (2021) emphasizes the importance of tailoring services to local social and economic context.²¹

Despite persistent challenges, the postal sector has already demonstrated its ability to adapt. Historical predictions that technology would render the sector obsolete have proven inaccurate. Instead, postal services, although to varying degrees, have integrated technological advancements and launched new lines of service, reaffirming their commitment to keep playing a foundational role in society.

Today, the sector continues to hold significant potential to support:

- Digital and financial inclusion in rural and underserved regions;
- E-commerce ecosystems and SME competitiveness through reliable logistics;
- Public service delivery, including identity, authentication, and various financial services;
- Resilient infrastructure during crises, pandemics, and climate disruptions.

To leverage these opportunities, postal operators and policymakers must:

- Continue integrating physical, financial, and digital infrastructure;
- Develop forward-looking national policies linked to development goals and the SDGs;
- Reform outdated regulatory frameworks to enable innovation and market responsiveness; and
- Prioritize customer-centric service design and data-driven performance management.

This transformation is already reshaping competitive dynamics. Private operators continue to enter high value market segments, particularly parcels and express services, placing pressure on postal operators. These changes require effective coordination with customs and regulatory authorities for international operations and robust investment in domestic delivery capacity.

The sector's future depends not only on recognizing and acting upon new opportunities but also on managing risks and trade-offs. Among these, the issues are:

- Financial burden on universal service provision if new market entrants are not regulated fairly;
- The risk of digital exclusion if transformation bypasses underserved areas, further increasing already existing inequalities;
- Institutional inertia that impedes reform despite clear strategic imperatives.

Postal reform is no longer just a response to inefficiencies or declining letter volumes; it has become a strategic imperative shaped by deep, interrelated transformations in how societies communicate, transact, and consume essential services.

As discussed in the preceding sections, the sector has undergone a historical shift from monopolistic, mail-centric operations toward a highly diversified, competitive, and increasingly digital infrastructure. This transition is driven by global forces: declining demand for traditional mail, exponential growth in e-commerce and parcel logistics; disruptive competition from technology platforms; rising public expectations for quality, transparency, and speed, and increasing pressure to modernize under tight fiscal constraints.

These trends are neither short-term nor cyclical. They reflect enduring structural changes that require adaptive, long-term responses. This has been clearly illustrated in the European Commission's Prospective Study on the Future of the Postal Sector (2024), which models five distinct scenarios for the sector's evolution by 2040.²² These include platform-dominated markets, fragmented regulatory

²¹ UPU Guide to Postal Social Services (2021), https://www.upu.int/UPU/media/upu/publications/Postal-Social-Service-Guide_EN_V1-2.pdf

²² European Commission (2024), Prospective Study on the Future of the Postal Sector, <https://op.europa.eu/en/publication-detail/-/publication/c518ad7f-a722-11ef-85f0-01aa75ed71a1/language-en>

responses under poly-crisis conditions, and shifts toward eco-social value systems. Despite their differences, all scenarios point to common risks:

- Persistent financial pressure on universal service obligations;
- Declining employment in traditional delivery roles;
- Increasing market concentration and platform dominance;
- Growing disparities in digital access and service coverage.

These insights underscore the need for reforms that are not only technically sound and context-sensitive, but also forward-looking and integrated into broader public policy agendas; from digital and financial inclusion to environmental sustainability and institutional resilience.

Postal reform, therefore, must not be simply seen as a technical adjustment to a declining industry. It must be understood and implemented as a strategic enabler of equitable development, digital transformation, and more responsive public service delivery.

1.B4 Strategic foresight

Strategic foresight in public policy involves using systematic methods to anticipate future trends and challenges, enabling governments to develop more effective and resilient policies. It is about understanding how various factors like demographics, technology, and climate change might evolve and interact, and then using that understanding to inform present-day decisions and actions.

Strategic foresight is a structured process for exploring potential futures and their implications, thereby preparing for a range of possible futures, rather than trying to pinpoint a single, inevitable outcome. Strategic foresight is relevant to postal sector reform as the sector is going through a significant transformation with the blurring of postal and delivery markets offering like services and new market players, such as vertically integrated platforms, entering the postal markets and offering delivery services. New technologies, such as drone delivery, automation, artificial intelligence and parcel locker infrastructure is changing the landscape rapidly. All these developments require a modernization of the postal policy and regulatory frameworks. In this context, postal sector reform needs to anticipate the possible future scenarios to ensure that new policies and measures will be effective for years to come. By considering a range of possible futures, foresight helps create policies that are more resilient and adaptable to changes.

Scenario planning is an important element of strategic foresight. It entails developing multiple plausible future scenarios to explore potential impacts and consequences.

Foresight is a synthesis of techniques in data gathering, observation of phenomena and communication, including opinions and perceptions of various stakeholders about the future of the topic under study. It is therefore important to consider scenario development as part of the evidence base and connect those scenarios with objectives and indicators directly relevant to those scenarios.

Closely related to strategic foresight is the OECD's Anticipatory Innovation Governance model describes the steps governments need to take to encourage this type of integration, while recognizing the scale of the task of bridging the gap between futures knowledge creation and implementing actions based on this knowledge. According to the OECD, the prevailing systems of traditional policymaking and public administration inherently lean towards prioritizing immediate concerns and known challenges.²³ There is often an impact gap between knowledge about the future and its use to shape government practices. By embedding foresight, alternatives exploration, and experimentation into their policymaking processes, these governments are not merely reacting to the challenges as they arise but are proactively preparing for a range of future scenarios. This is integrated into the anticipatory innovation governance model as contrasted with traditional policy-making in the table below.

²³ Organization for Economic Co-operation and Development (OECD), Anticipatory Governance, <https://www.oecd.org/en/topics/anticipatory-governance.html>

Table X. Traditional policy-making vs anticipatory innovation governance model²⁴

	<i>Traditional policy-making</i>	<i>Anticipatory innovation governance</i>
Evaluation approach	Evaluation at the last stage in an often multi-year policy cycle	Continuous evaluation and assessment exploring future effects (e.g. changes in public values, ethics, intergenerational fairness)
Policy cycle	Long research and drafting cycles, with policy implemented accordingly	Recognition that cause-effect relationships are impossible to know in advance, and that the policy implementation itself changes the problem space
Research and analysis approach	Exploring the problem space through research and analysis	Exploring the problem space through small-scale real-world experiments and innovation
Research and analysis focus	Research and analysis focused on what has happened	Research and model development focused on a range of possible futures
Participation	Policy domain experts and primary affected population	System of related policy areas and affected populations, which changes over time

The PRP incorporates a number of these principles, in particular:

Evaluation approach: continuous evaluation of the performance of postal sector reform on the basis of indicators and targets in the PRP results framework

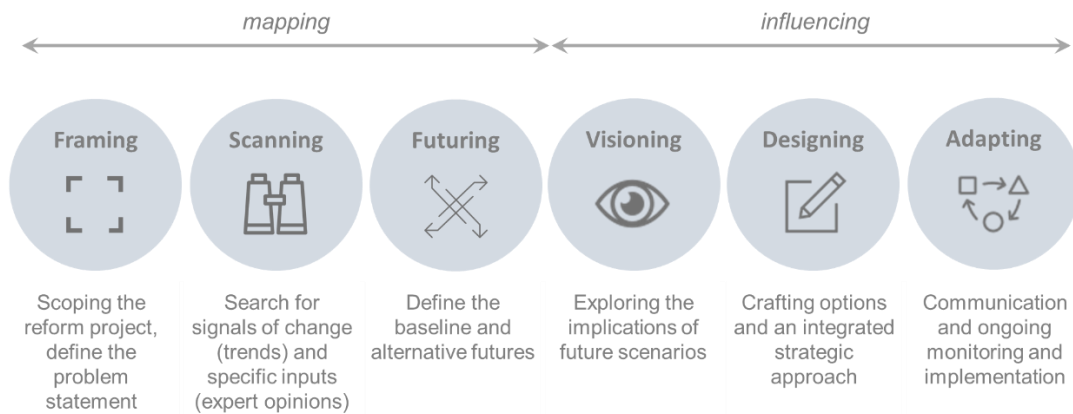
Research and analysis focus: strategic foresight built on a strong evidence base to identify realistic future scenarios and build deliverables, recommendations and indicators for post reform evaluation.

Participation: through embedding, postal reform is connected with broader agendas and considers postal sector policy as part of a system of related policy areas or understands that the postal sector can meaningfully contribute to the achievement of broader agendas and economic development plans. This may require the involvement of expertise from outside the postal sector when introducing new policy measures, such as environmental sustainability reporting.

Strategic foresight seeks to embed future insights into European Union policy-making, strategic planning, and preparedness. A strategic foresight process typically includes environmental scanning, trend and technology analysis, scenario development, implications mapping, and integration into strategy and innovation planning as illustrated in figure X below.

Figure X. Strategic foresight

²⁴ See above



Some of the most commonly used strategic foresight methods include scenario planning, Delphi studies, horizon scanning, trend radars, backcasting and cross-impact analysis. These methods could assist in exploring possible and plausible futures which could inform the process of developing (postal) public policy recommendations that anticipate future developments:

Horizon scanning: detecting emerging evidence and early signals of change in the present to help anticipate their potential future impacts.

Megatrends analysis: exploring and reviewing large-scale changes in economies and societies over time at the intersection of multiple policy domains, to anticipate complex and multidimensional impacts in the future.

Scenario planning: developing multiple future scenarios to help explore their possible implications for the present.

Visioning and back-casting: developing an image of an ideal (or undesirable) future state and working backwards to identify what steps to take (or avoid).

Prospective study on the future of the postal sector ²⁵

This study defines five future scenarios for the EU postal sector with a time horizon of 2040 to identify key challenges and market failures. The 'baseline' scenario focuses on the most 'probable' evolution of key indicators describing the postal sector based on the evidence available today. Three 'possible' scenarios are characterised by projections of key indicators with higher levels of uncertainty relative to the baseline scenario and a final 'wild-card' scenario accounts for potential effects of major crises leading to dramatic changes in the postal sector. The study identifies several major trends expected to occur across the scenarios, for example, letter volumes are expected to keep on declining steeply while the overall increase in parcel volumes is expected to continue. Reduced letter volumes are expected to lead to pressure on the financial sustainability of the universal service and to further deterioration of delivery frequency and speed of letter mail, as well as price increases. An inventory of potential solutions to the identified challenges is presented. The study then develops a set of indicators that characterise the postal sector and uses these indicators to further develop the five future scenarios, including an extensive quantification of the baseline scenario. Finally, the study develops a qualitative and quantitative analytical framework to explore the effects of potential changes on the sector. The approach was tested on a small number of example policies and Member States but the assessment was limited by gaps in the available data.

²⁵ European Commission: Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, CFFS, COWI, RAND Europe, RPA, RPA Europe, RPA Prague, Vencovsky, D., Njoroge, W., Turdaliev, S., Dunkerley, F., Copping, D., Keech, M., Fleet, D., Starr, M., Ohrvik-Stott, J., Nederveen, F., Webster, T., Lucas, R. Camboni, M., Prospective study on the future of the postal sector – Final report, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2873/0431952>

Module 1C Reform goals

Access to communication has undergone a profound transformation over the past century. Initially, restricted only to a privileged few, reflecting deep socio-economic disparities, communication services became increasingly recognized as fundamental rights, essential for social integration and the exercise of civil rights. This evolution culminated in 1948 in the adoption of the Universal Declaration of Human Rights by the United Nations General Assembly, which in Article 19 proclaimed:

Article 19 of the Universal Declaration of Human Rights

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Postal services, as historically the most accessible due to the extensive reach of the postal network, were central to this shift. Consequently, an increasing number of countries recognized communication as a fundamental right and began incorporating specific guarantees into their national legislation.

1.C1 Embedding postal sector policy

The trends, challenges and opportunities for the postal sector as outlined in section 1.B1 are not isolated from the wider world around the postal sector. Declining letter and increasing parcel volumes are strongly correlated to the technological innovation and the uptake of the new technology by society and business. A policy answer to these challenges and opportunities cannot be limited to purely focussing on optimizing postal processes or redefining a universal postal service without consideration of these trends and broader policy agendas.

For these reasons, the PRP underscores the importance of the principles of tailoring and embedding. Both principles touch upon the scope and direction of postal reform. The former allows for including only those elements that are relevant and necessary in the specific national context of the applicant country. The latter, embedding, is the principle of making postal sector reform a part of a higher ambition or broader policy goals. By strategically positioning the postal sector as an enabler of economic growth, sustainable development, digital transformation or financial or social inclusion, embedding is critical for unlocking funding for postal reform or for making the postal sector relevant to policy makers and wider stakeholders.

This section of module 1B builds further on the PRP methodology and the management of reform projects, in particular PRP section 2.2 (PRP projects and broader policy agendas) and PRP management activity 1.3 of stage 1 (initiation). Following preliminary research, one of the first activities of the PRP is to consider all relevant socio-economic and/or development plans for which the postal sector could make a meaningful contribution to the achievement of the goals thereof. This should subsequently lead to defining the postal reform goals.

Embedding

Embedding in the context of public policy refers to integrating the specific postal sector reform and the associated policy activities (such as postal sector regulation), methods, or principles (such as the universal service) into the larger goals, operations and decision-making processes of government agencies or broader policy areas. The benefits of embedding are as follows:

- (1) Increased legitimacy and relevancy of the postal sector – beyond principles such as access to basic postal services, the postal sector could be contributing to further policy objectives, such as furthering access to various public and governmental services, achievement of environmental sustainability goals, trade facilitation, digital transformation and social cohesion;
- (2) Strengthening policy effectiveness: postal sector reform that is responsive to a higher-level policy agenda will create policies that are more effective, relevant, and responsive to the needs of citizens;

- (3) Improving governance: embedding postal sector reform can enhance the overall quality of public governance by promoting transparency, accountability, and evidence-based decision-making by applying well established and understood success factors that respond to universally applied standards;
- (4) Synergetic effects: integration of postal sector reform facilitates the use of norms and practices that are applied to (adjacent or connected) policies thereby reducing the risks of conflict or inconsistencies between public policies.

1.C1.1 Whole-of-Government Approach

The Whole-of-Government approach refers to a process where government actively uses formal and/or informal networks across the different agencies within that government to coordinate the design and implementation of the range of interventions that the government's agencies will be making in order to increase the effectiveness of those interventions in achieving the desired objectives.

The Whole-of-Government approach is recognized in the declaration for the 2030 Agenda which states the Sustainable Development Goals (SDGs) are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental.²⁶

Definition: Whole-of-Government approach²⁷

Public policy approach that involves collaboration between the different public bodies that extends beyond their respective fields of competence with a view to providing the public with a combined response from a single body.

Many benefits have been associated with Whole-of-Government approaches to policy issues. These are generally related to the following matters:

Outcomes-focused: whole-of-government seeks to enable government departments and agencies to achieve outcomes that cannot be achieved by working in isolation and to optimize those outcomes by using all the resources at the disposal of the State.

Boundary-spanning: Policy implementation regularly goes beyond the remit of a single Minister, department or agency. Children's well-being, for example, depends on linking policy development and implementation across several levels of public policy and several actors within and outside government. Boundary-spanning interventions can cross agency lines to secure citizen-centered outcomes.

Enabling: Whole-of-government approaches to policy allow government to address complex policy challenges, use knowledge and expertise within and outside government more effectively, and integrate government levels to support more efficient and effective service delivery.

Strengthening prevention: Whole-of-government approaches can strengthen a preventive focus by tackling issues from a systemic perspective as they emerge before they become embedded. Relevant to the postal sector, the inclusion of the postal sector in financial inclusion or sustainability goals could increase the effectiveness of public policy or make the country more resilient to environmental disaster or mitigate the effects economic recession.

Whole of government working is likely a feature of the policy implementation landscape in the future, given the increasing complexities of the social and economic landscape, both nationally and internationally.

Also from an international development perspective, effective collaboration between donor countries and recipient nations in development aid requires a shift towards more coordinated, harmonized, and

²⁶ United Nations, Department of Economic and Social Affairs Sustainable Development, <https://sdgs.un.org/topics/national-sustainable-development-strategies>

²⁷ Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: European eGovernment Action Plan 2016-2020 — Accelerating the digital transformation of government' (COM(2016)179 final)

aligned approaches, including such as Whole-of-Government. This involves donor countries moving beyond their individual priorities and working together to support recipient countries' national strategies and policies. Many development challenges, such as poverty, climate change, and pandemics, require integrated solutions that span multiple sectors. Effective interventions in one area (for example, health, education or infrastructure) may be undermined by weaknesses in another sector (for example, the postal sector). Vice-versa, the effectiveness of interventions in other areas could also be reinforced by an enabling policy in another area or sector. For example prevention of communicable diseases could be supported by a robust postal service that could ensure the provision of goods and communication to the affected communities.

Example: Australia – Digital and ICT Oversight Framework (IOF)²⁸

As a strong example of government effort to set an integrated whole-of-government investment model, the Australian Government's Digital and ICT Oversight Framework (IOF) provides countries with a valuable model from which to learn. The strength of the IOF has been its whole-of-government approach to managing investments end-to-end, including with robust processes, policies, and tools to support agencies across the investment lifecycle, and as a mechanism for policy implementation and benefits realisation. The DTA's location within the Australian Government's Finance portfolio, has enabled DTA advice to be more closely integrated into the advice of central agencies, and their role in supporting key government decision making processes. However, as the DTA looks to further develop the IOF, there is an opportunity to improve agency buy-in and further mature the framework by improving its user experience, with better integration, data flows and relationship management. This could help to elevate the role of DTA as a strategic partner for digital and ICT with more active engagement involvement in determining the feasibility of digital and ICT proposals, fostering innovation, and providing diverse funding options to take the pressure off the rigid budget process.

When applied to the postal sector, the Whole-of-Government approach means that postal policies and postal sector activity is geared towards supporting the broader policy goals. There can be many examples, the overview below is far from exhaustive as there can be many other examples. What these examples have in common is that these policy areas and goals do not fall within the exclusive remit of the postal sector. Often, the efforts are steered centrally by an oversight body working transversally across Government. Policy-makers should consider how the policies and activities that fall within their competence could make a meaningful contribution to these broader policy goals.

Modernization of the national infrastructure – postal relevant contribution: development of a national postal addressing system or physical delivery infrastructure;

Digital economy – postal relevant contribution: e-commerce delivery or trusted intermediary for the conduct of payment or the transfer of personal data

Financial inclusion – postal relevant contribution: outreach through the postal network to underserved areas)

Disaster response – postal relevant contribution: use postal networks for emergency communication and delivery of essential goods during natural disasters);

Development of international and intra-regional trade – postal relevant contribution: cross-border postal services to facilitate access of citizens, SMEs and business to international markets to receive and send merchandise items internationally;

Environmental sustainability – postal relevant contribution: postal sector could make a meaningful contribution to the reduction of a country's and the world's greenhouse gas emissions through the electrification of its delivery fleet

The Whole-of-Government approach is thus a holistic approach to ensure a coordinated and comprehensive response to the challenges and opportunities that are beyond the postal sector, but to which the postal sector could make a meaningful contribution considering its broader impact on the economy and society.

²⁸ Text adapted from Organisation for Economic Co-operation and Development (OECD), Digital Government in Australia (August 2025), https://www.oecd.org/en/publications/digital-government-in-australia_91c22326-en/full-report/the-iof-as-a-whole-of-government-approach-to-digital-investments_0be94ed1.html and Australian Government, Digital.gov.au, <https://www.digital.gov.au/investment>

1.C1.2 Role of the postal sector in national development

Postal systems bolster economic growth and resilience. Research and advanced econometric models have shown a causative relationship between well-developed postal systems and economic resilience: well-developed postal networks contribute positively to GDP growth, trade facilitation, and public service delivery. Conversely, underinvestment in the sector limits the effectiveness of broader development efforts.

However, the impact of the postal sector extends well beyond economic metrics. Postal services can be used for the delivery of essential goods, services, and information, which is particularly crucial in remote or underserved areas, thereby promoting inclusivity and equitable development. Also, during crises, such as economic downturns or health emergencies, the postal network often becomes a lifeline, distributing aid and helping maintain connectivity.

Yet, the postal sector is often undervalued in the broader context of national development despite its significant potential to contribute across various domains. The following discussion attempts to show that, rather than competing for attention and priority, the postal sector has a large untapped potential that could spur progress in other economic and social development sectors. Recognizing its value and positioning, if embedded, as a key component in long-term national development strategies, the postal sector can transform how governments address pressing economic and social challenges.

First, the postal sector is an integral part of a nation's communications infrastructure. Advances in information technology have not only enhanced the productivity and service quality of the postal sector but have also enabled it to offer new services, improve customer relations, and reduce operational costs.

A robust communications infrastructure is essential for the overall development of any country. If it is inadequate, it can hinder progress and development in other critical sectors. An effective postal infrastructure extends beyond basic communication functions and plays a crucial role in broader national economic and social development. For example:

- In one country, where most of the population lacked access to banking services, the postal sector enabled access to low-cost banking services. This initiative targeted those segments of the population that had been typically bypassed by the regular banking system, enhancing financial inclusion and supporting national savings strategies.
- Another country leveraged its postal network to disseminate educational materials and public health information, directly contributing to lowering child mortality rates.
- Frequently, export procedures in developing countries are extremely complex, bureaucratic, and costly, making them inaccessible to many small and medium-sized (SMEs) businesses. The result is a high concentration of exports in a small number of specific products, manufacturers, and regions, making such countries more vulnerable to international economic risks. Recognising this barrier, one government simplified export procedures by introducing a system of export incentives for micro, small and medium-sized enterprises (MSMEs), accessible via the postal service, which was not only put in charge of shipping merchandise, but of all customs formalities. As a result, local craftsmen and small businesses in remote areas without prior access to the international market were soon exporting their products.
- In yet another country, the timely distribution of textbooks via the postal system has been crucial in ensuring educational continuity, ensuring that students received necessary resources on time.
- Addressing the limited internet service coverage, frequent in developing countries, (often due to factors like low-density telephone networks, high service costs, the limited number of service providers, the high price of computers, and low-income levels), the government of one particular country approved of its postal operator to install public Internet booths in post offices. This

program provided free access to both e-mail and Internet services, significantly enhancing digital inclusion.

These examples, while diverse, illustrate the untapped potential of the postal sector as a partner in addressing specific socio-economic challenges, catalyzing national development in diverse and impactful ways.

1.C1.3 Broader policy agendas as drivers of postal reform

National socio-economic development plans, digital agendas and other broader national, regional and international policy goals are defined either as a response to or as a catalyst for trends such as the ones below. In the context of postal sector reform and the definition of postal reform goals, it is not sufficient to merely reference these goals, but to understand the importance of these goals and the global trends that drive these agendas.

A few examples of those trends as global trends and drivers of policy agendas are the following:

Green growth and transformation. A fundamental feature of the new plan is that it is environmentally sensitive and anchored on climate resilience, energy transition and sustainable food systems. The growing global realities in light of the mounting effects of climate change and its link to energy and food production patterns, coupled with the severe implication of heavy reliance on imports for energy and foods, will ensure that more focus is given to climate-related financing and investment in energy and food transitions and security.

International trade and investment: Creating an investment-friendly climate to attract foreign direct investment (FDI) into the economic diversification ambition of the Government is another unique selling point of many socio-economic development plans. This will also include scaling up the implementation of the regional and international agreements, such as the Asean Free Trade Agreement (AFTA) or the African Continental Free Trade Area (AfCFTA).

Development cooperation and integrated national financing framework: development cooperation and multilateralism are critical resource for sustainable development. Governments are giving greater emphasis on the implementation of national and international funding frameworks, bringing innovative financing to the forefront, including full exploration of climate finance, increasing the role of women and the local communities, and scaling up the transformation of the informal sector through financial inclusion strategies, among others. A key success assessment criteria for receiving funding is by ensuring that the project effectively supports the development of bankable projects.

E-commerce and digital economy: e-commerce, both domestic and international online sales across all countries, is increasing. In many countries, international e-commerce is the fastest growing segment. In general, postal volumes are in decline. In the international postal service, the decline mostly to changes to the rate system postal operators use to pay each other for the delivery of international mail and packages (terminal dues), as well as to new security, data requirements, and value-added taxes applied to cross-border shipments.

Polycrisis: polycrisis describes a situation where multiple, interconnected crises interact and amplify each other, creating a complex and challenging environment. In the postal sector, this can manifest as a convergence of factors like declining mail volumes, increasing competition, rising costs, and the need to adapt to e-commerce and digital technologies, all while facing broader economic and societal challenges. The postal sector is not isolated as it is directly and indirectly influenced by global economic trends, technological advancements, and evolving consumer behavior. A downturn in the economy can lead to reduced postal volumes undermining the financial sustainability of postal services and impact revenue which could subsequently hinder investments in new technologies. Similarly, a lack of investment in digital infrastructure can make it harder to compete with vertically integrated e-commerce platforms or other delivery service providers, further exacerbating the problem. Figure X below contains the global risk landscape mapping the interconnection between as well as the drivers and possible consequences of the various key policy risk issues.

Strengthen public trust: ensuring reliable and efficient postal services is crucial for maintaining public trust and confidence in the sector and recognize the postal service as an essential service in responding to the polycrisis.

The table below gives provides three examples of policy frameworks suitable for embedding an PRP postal reform project.

Table X. Examples of policy frameworks for embedding PRP projects

Category	Socio-economic plans	Digital policy frameworks	Environmental policy
Example	Agenda 2063 (African Union)	Digital Agenda for Europe (European Union)	United Nations Sustainability Goals (SDGs)
Background	Agenda 2063 is Africa's development blueprint to achieve inclusive and sustainable socioeconomic development over a 50-year period	The EU aims to empower businesses and people in a human-centred, sustainable and more prosperous digital future.	SDG Goal 13 (Climate Action) actions to integrate disaster risk measures, sustainable natural resource management, and human security into national development strategies.
Relevance	Goal 10 (World Class Infrastructure Criss-Crosses Africa) highlights the prime focus on infrastructure development as a key enabler for stimulating and promoting regional integration, trade and economic transformation. The postal sector could contribute to the development of trade corridors and better logistics infrastructure connecting African countries.	The competitive landscape of the European postal sector is evolving as a consequence of the digital transformation. New postal services and products and use new business models, including more efficient technologies, could contribute to the achievement of the agenda's goals.	The postal sector maintains a large fleet of delivery vehicles and uses air and ground transportation services and could thus make a meaningful contribution to climate action goals such as the reduction of greenhouse gasses

The examples in Table 1 concern regional, supranational and/or global/ international policy frameworks. Similarly, there are different national policy frameworks that can be considered, for example Vision 2050 is an important economic development policy framework for the 2020-2050 period in the Republic of Rwanda.

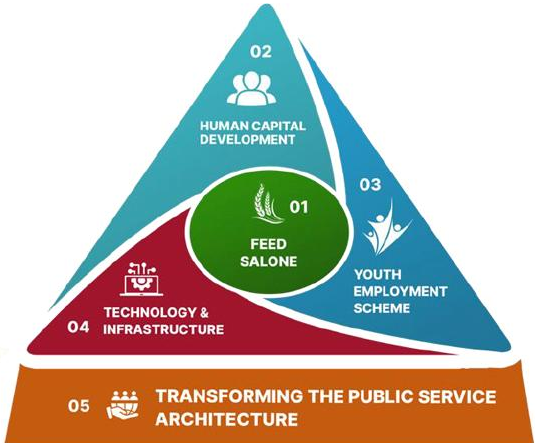
Sierra Leone is facing a polycrisis, characterized by interconnected challenges including poverty, food insecurity, climate change impacts, and social instability. These issues are not isolated but rather exacerbate each other, creating a complex web of problems. The case example of Sierra Leone below illustrates the connection between the global trends and the development of a national development plan and subsequently identifies how the postal sector could play a role – as part of a wider concerted effort – to achieve the goals set out in the national development plan. This is a clear example of embedding postal reform in the context of broader policy goals.

Sierra Leone: Poverty Reduction and Growth Strategy

In August 2024, the Government of Sierra Leone launched its Medium-Term National Development Plan (MTNDP)³⁰ which is to be executed for a period of seven years spanning 2024-2030, in order to be fully aligned with the remaining period of implementation of the United Nations 2030 Agenda for Sustainable Development, summarised in the 17 Sustainable Development Goals (SDGs). The plan is highly strategic and prioritised and focused on 5 main policy gals, i.e. the overarching Five Strategic Goals coupled with five game changers (referred to as the "Big Five Game Changers") as the vehicle to economic transformation in Sierra Leone. These game changers have been conceived as integrated and interconnected catalysts and multipliers to produce the accelerated and transformative development desired for Sierra Leone by 2030. Within the theory of change (see

³⁰ Sierra Leone's Medium-Term National Development Plan 2024 – 2030, https://moped.gov.sl/wp-content/uploads/2024/08/Final_Sierra-Leone-MTNDP-2024-2030-1.pdf

definition in the PRP, section 4.1), specific actions are aimed at achieving specific and measurable targets and strategic objectives (intermediate results) within the relevant “result areas” which will contribute towards the ultimate achievements of the overarching Five Strategic Goals of the new development plan.

Policy goals (Five Strategic Goals)	Big Five Game Changers
Goal 1: Sierra Leone will be food secure by 2030	
Goal 2: A highly skilled and inclusive labour force economy	
Goal 3: Creating 500,000 jobs for the youth	
Goal 4: A cashless economy, increased financial inclusion, vibrant e-government and public administration, expanded energy production, and advanced road and general transport system, well-linked with production centres to markets by 2030	
Goal 5: A public service that is streamlined, attracts and keeps the brightest national talents	

Key policy actions are defined as part of the MTNDP and include policy actions that actively implicate the postal sector in the achievement of the plan’s goals (in particular goal 4 and game changer 4 above). This means that the postal sector is integrated in the national development plan and a critical contributor to broader policy goals. Two specific policy actions have been identified for the postal sector:

Strategic objective: increase the supply of communications, technology and innovation services for their increased access and affordability to ensure they are effectively integrated into all development initiatives for growth, innovation, entrepreneurship, and building a digital economy.

Communications Technology:

Use the postal sector as a platform to deliver government services to all citizens for digital, financial, commercial and social inclusion

Digital Financial Services and e-Commerce:

Expand and strengthen the role of postal network in the digital economy as a Hub for e-Government services

Embedding the postal sector reform in broader policy agendas have multiple benefits. The first benefit is the improved effectiveness of the policies as it is more likely that policies will achieve their intended outcomes with support across government. Another benefit is that it optimizes resources and find new avenues for sector investment. The example of the Australian Digital and ICT Oversight Framework in section 1.C1.1 is a clear example of the benefits of a coordinated approach avoiding duplication of effort and ensuring that resources are used efficiently. Finally, embedding increases policy legitimacy. When policies are seen as contributing to a larger vision, they are more likely to be accepted and supported by all relevant stakeholders, including the public.

1.C1.4 Macro environment analysis

To successfully embed postal reform in broader policy goals or integrate the reform efforts as part of a Whole-of-Government approach, it is important to ensure that the formulation of postal reform goals in general and the (more specific) postal sector reform objectives are based on evidence and market and other relevant data. In addition to reviewing all relevant national, regional, supranational and international socio-economic development plans, policy specific agendas and other relevant public and private sector policies and strategies, a further analysis is required of all relevant macro-environmental factors that could impact on the postal sector, including those factors that are not directly covered in any of the aforementioned plans. It is critical in the process of defining postal reform goals to avoid “blind spots” by limiting the macro-economic review to the various development plans and policy agendas.

Macro environment analysis involves assessing the broader forces that shape the postal sector's operating environment, enabling more informed public policy decisions and adapt the reform strategy to the changing circumstances surrounding or directly or indirectly affecting the sector. A macro environment analysis involves examining forces like political, economic, social, technological, legal, and environmental factors (often summarized as PESTLE) to identify potential opportunities and threats. This method may help to situate the postal reform process to a wider economic or sustainability agenda or reflect on social-economic and technological developments that are relevant for driving a postal modernization project. Figure X provides an example of a PESTLE analysis and how each different external factor can provide a relevant basis for developing the postal reform goals or for justifying an PRP-driven postal sector reform project.

Figure X. PESTLE analysis

Macro-environmental framework			Examples:
P	Political	How government actions and policies influence the postal sector and DO, i.e. election results, legislation changes, trade agreements	Election cycles influence chances of continuity of postal reform efforts, therefore projects are ideally initiated early in the political cycle
E	Economic	Broader economy's health and its impact on the postal sector and DO, i.e. purchasing power, economic growth, exchange rates, ..	Given their network effects, postal services amplify their direct economic impact by a factor of seven. This significantly underscores the vital role played by Posts in their respective economies.
S	Social	Cultural and demographic aspects of the external environment, e.g. population growth, age distribution, cultural trends and lifestyle changes	Provide services that improve people's quality of life: postal operators are active in areas such as health and social care, education, and community development.
T	Technological	Incorporates innovation and technological changes that could affect the sector and DO, e.g. automation, AI, drones, electronic communication	Rapid technological changes require the postal service to adapt or risk becoming less relevant
L	Legal	Involves the regulatory environment in which the sector and DO operate. Compliance with laws and regulations at national or international levels	Postal service is increasingly affected by changing policy and regulatory frameworks that from customs procedures, via labour market and environmental regulations to data protection and security
E	Environmental	Ecological and environmental aspects that could impact the sector, postal market or DO. This includes climate change and mainstreaming of sustainability	The postal sector emits around 60 millions tonnes of CO2 and has a huge potential to reduce CO2 emissions – postal sector could be significant contributor to achieving environmental sustainability goals

An analysis of the macro environment should consider the relevant sector definitions (see module 1A) and critically assess how the trends and developments outlined in section 1.B2.1, 1.B2.2 and 1.B2.3 and consider impact on these definitions. The high-level postal reform goals and the more postal-specific objectives need to be mindful of the need to revisit the relevant definitions or otherwise risk excluding relevant aspects and developments from postal reform by design, potentially undermining the effectiveness of any postal reform effort.

The relationship between all these drivers, trends and developments on the one hand and postal definitions is particularly relevant as postal services continue to diversify beyond traditional mail (see module 4D). While the definition of postal services remains foundational to effective regulation, it must now account for expanded portfolio of services, including logistics, digital services, and financial operations, as well as a broader set of actors beyond the traditional postal operator (universal postal service provider). Together with changing market behavior enabled by new technologies and the entrance of new players which (self-)provide postal-type services further amplify the complexities surrounding the public policy challenge of clearly defining what constitutes the 'postal sector'.

In today's postal markets, postal operators (universal postal service providers) coexist and often compete with courier firms, (vertically integrated) e-commerce platforms, and digital communications providers. These players not only deliver physical services (i.e. the tangible delivery of physical items) but also operate integrated platforms for communication, payments, and customer services. A narrow or outdated definitions risk regulatory gaps, distorted competition, and misalignment with public service obligations. Accordingly, regulations must be carefully crafted to reflect the evolving nature of postal services, ensuring that they effectively capture the scope of activities and the roles of new entrants in the market.

The European Regulators Group for Postal Services (ERGP) outlines key difficulties in defining postal services in a digital and liberalized market as summarized in the table below.³¹

Table X. Regulatory challenges in defining postal services in an evolving market

Challenge	Description
Blurred Boundaries	Traditional definitions focused on physical mail handling are insufficient as postal operators now offer a wide range of services, including e-commerce, logistics, financial services, and digital solutions. This diversification makes it difficult to draw clear lines between 'postal' and 'non-postal' services.
Technological Disruption	Digitalization and new technologies (i.e. blockchain, IoT, AI) change postal operations, further blurring distinctions between postal and non-postal functions.
Evolving Customer Expectations	Customers expect seamless, integrated services, regardless of who provides them.
Competition from Non-Traditional Players	Tech companies, e-commerce platforms, and logistic firms are entering spaces traditionally occupied by postal operators. These entities not only leverage existing postal services for last-mile delivery but also act as competitors, offering similar services themselves directly to consumers. Their dual role also challenges the conventional understanding of postal services.
Subcontracting and Partnerships	The involvement of subcontractors who only perform part of the delivery chain complicates the definition of a postal service provider.
Self-Delivery and Alternative Delivery Models	The rise of self-delivery by e-commerce companies and alternative delivery models (e.g. crowdsourced delivery) further complicate the definition of postal services.
Sustainability Considerations	The increasing focus on environmental sustainability adds another layer of complexity to defining postal services, as postal operators integrate green initiatives into their core operations.

To address these dynamics, postal regulations must adopt future-proof definitions that reflect:

- a) **National context**, including infrastructure quality, e-commerce maturity, digital literacy and internet penetration, etc.
- b) **Market structure and dynamics**, including the presence of multiple actors, economic development stage and market liberalization, current and projected e-commerce growth;
- c) **Socio-economic goals**, such as inclusion, resilience, and environmental sustainability.

Future-proof definitions are essential to ensure regulatory clarity, promote innovation, and balance core universal service obligations with evolving market needs. Harmonized definitions across jurisdictions would certainly make the regulatory environment more predictable and easy to navigate. However, different countries and regions find themselves at various stages of the postal sector development, making it difficult to apply a one-size-fits-all definition globally. Thus, periodic reviews, ideally every few years, depending on technological and market developments, combined with structured stakeholder consultations can help keep national frameworks responsive and balanced. In sum, defining the postal sector today requires a dynamic, inclusive, and context-sensitive approach that reflects evolving services and market actors while preserving the integrity of public obligations and enabling innovation.

³¹ European Regulators Group for Postal Services (ERGP), Report on Postal Definitions (2020), <https://ec.europa.eu/docsroom/documents/44044>

1.C2 Postal reform goals

The outcomes of the analysis in section 1.B2 including the macro-environmental assessment and the review of the relevant broader socio-economic development plans and other policy agendas inform the drafting of the postal reform goals. In the public policy process (see PRP section 2.1), the analysis, plans and agendas shape the definition of a problem or, in other words, set the agenda. Therefore, the definition of policy goals is the first stage of the national policy process.

Postal reform goals (PRP section 2.1)

The *problem statement* is the rationale for policy intervention. If there was no problem to solve or no particular issue that needs to be addressed or, if analysis so indicates, that there is no problem to be fixed, then the policy process stops here. As specified further in the PRP, the reason for postal reform needs to be identified and clearly specified at the start of an PRP-driven postal reform project. This is referred to as the “justification” of the project. In the policy model, this equates to the identification of the existence of a public policy issue that requires government intervention and action to address the issue. **In the PRP methodology, high-level postal reform goals are defined to give strategic direction of the postal reform exercise and thereby establishes the boundaries for the PRP practitioner to conduct the postal reform project.** These results are carefully documented in the PRP Project Charter, which provides the formal mandate for the PRP project.

The postal reform goal is defined at the outset of an PRP postal reform project, see stage 1 (initiation), activity 1.5 (define postal reform goals). The reform goals are documented in the PRP Project Charter and formally approved by the project authorizing government.

The PRP applies results-based management, which is outcome focused and requires the definition of the goals of any postal reform project. The theoretical model as outlined in the PRP presents a simplified version of the application of the PRP methodology in which a single goal is defined. The single goal contrasts with the current state with the problem definition as the difference between “current state”, at the beginning of the reform project, and the “goal”, which is the end state which results after the performance over time following the implementation of the reform efforts.

Figure X: results chain



While the results train above and the example in figure 6 of the PRP (PRP section 4.1) illustrate a single goal, in reality there may be multiple postal reform goals. These reform goals may concern distinct policy objectives or may have a hierarchical relationship. In case of the latter, certain postal reform goals may be subsidiary to a broader policy goal. This means that the reform goals defined in the Project Charter do not necessarily need to be specific to the postal sector.

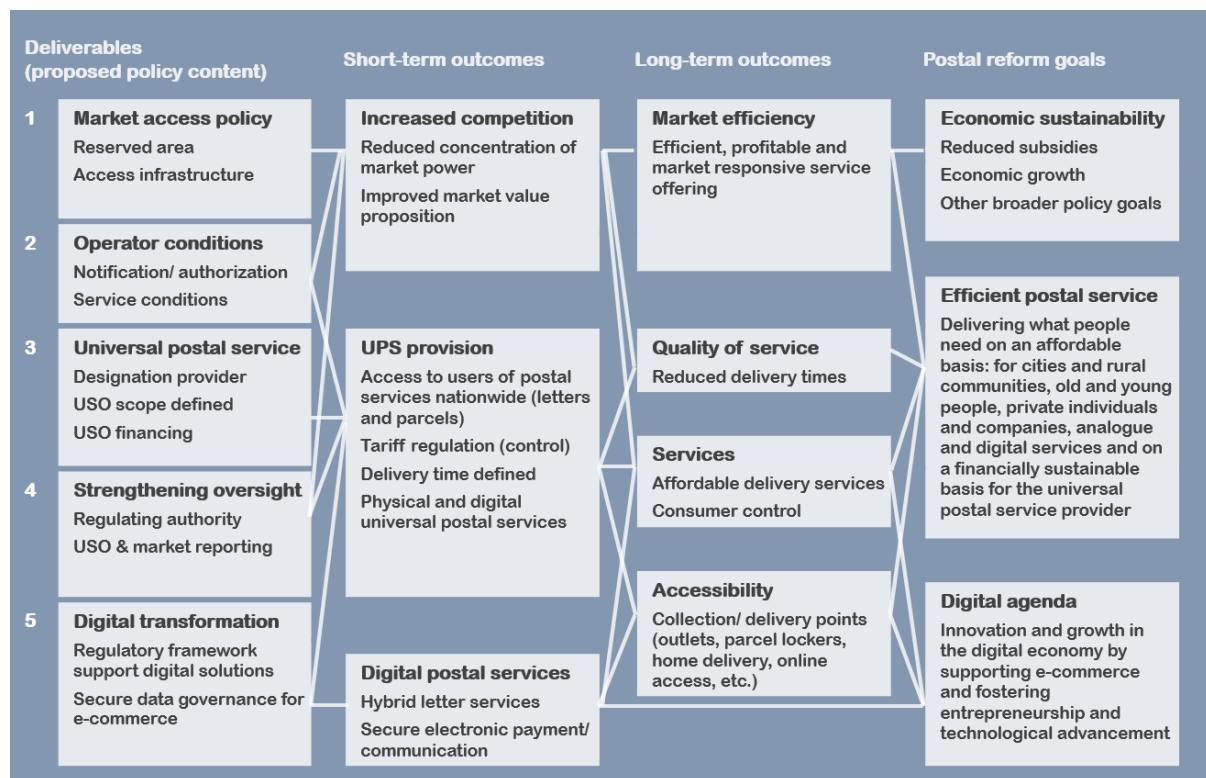
Similarly, while embedding is emphasized and strongly recommended, it does not mean that all postal reform goals need to be directly linked to a certain broader policy agenda. It is in fact possible to define a postal reform project in such a way that it responds to broader (and/or Whole-of-Government) policy goals combined with a set of more narrowly defined postal specific goals such as those relating to the quality of service or the accessibility of postal services without the explicit reference to a broader policy agenda (which does not mean that those postal specific goals could not be relevant to any broader policy agenda).

In accordance with the principle of tailoring the PRP reform project, it is not required that the postal reform goals must be derived from broader policy goals. It is possible to more narrowly define the postal reform goals as those goals that fall exclusively in the competence of the responsible Ministry or public body.

Figure X below provides an overview of a comprehensive postal reform project. In this example, in the initiation phase, three major policy goals have been identified and documented in the Project Charter. These reform goals have been identified as relating to (1) economic growth and sustainability; (2) an efficient postal service delivering on user needs and (3) goals under a digital agenda aimed at fostering growth and innovation in the e-commerce and digital economy. In this example, goals 1 and 3 are not exclusive to the postal sector. In fact, the coordinating responsibility may fall outside the remit of the Ministry or other public body responsible for postal sector policy. Nonetheless, it was identified that the postal sector, following its reform, could make a meaningful contribution to the achievement of the various goals and targets that are set out in these policy agendas.

The PRP defines deliverables as the draft policy content prepared by the PRP practitioner, which are delivered at the end of stage 3 and validated in stage 4. In the example below, the practitioner developed five main policy elements. There are connections between these deliverables, for example the market access policy (deliverable 1) is connected with the policy on market oversight and monitoring (deliverable 4). When implemented, the resulting outcomes are also interlinked. For example, a new digital postal service, such as the hybrid letters, could respond to a universal postal service obligation that requires more user control over when, where and how the recipient receives its mail.

Figure X: postal reform in a results framework interlinkages between deliverables, outcomes and goals



It is important to understand the overall framework as outlined in section 4 of the PRP (core methodology) which shows the relationships between deliverables, outcomes and goals of the project and how they are managed under the PRP results framework through objectives, indicators and evaluation. At the time of defining the postal reform goals, the deliverables and outcomes of postal reform are unknown. So in the example, all that is known at the time of approving the Project Charter is that the reform goals include (1) economic growth and sustainability; (2) an efficient postal service delivering on user needs and (3) goals under a digital agenda aimed at fostering growth and innovation in the e-commerce and digital economy.

1.C3 Cross-sectoral policy goals

There are more and more examples of how postal sector policy considers non-traditional postal services as part of the sector policy. For example, in Switzerland, digital services are now integrated into the universal postal service, allowing customers to choose between physical and digital mail delivery. This corresponds to the market trends in which postal users expect more control over their deliveries (see section 1.B1). Likewise, new reporting requirements, for example reporting on environmental sustainability indicators, such as carbon emissions reporting, are introduced within national postal policy and regulatory frameworks.

Digital transformation, environmental sustainability and financial inclusion are subject matters that may involve multi-sector stakeholders. Climate action or gender policies are increasingly mainstreamed across all of Government and addressed as transversal issues relevant to any sector. Data protection and data security are similar transversal or cross-sectoral policy issues. Against this backdrop, communication and cross-sectoral collaboration between different government departments and agencies are encouraged to ensure that policies are aligned and mutually reinforcing. One of the objectives of cross-sectoral policies and development plans is to overcome the tendency for governments to operate in isolation, which can hinder policy integration.

Cross-sectoral policy

Cross-sectoral policy refers to the coordination and integration of policies across different sectors of government, society, or the economy to address complex, interconnected challenges.

Collaboration across government and with wider sector stakeholders should be considered. At the international level, there are international organizations, including the UPU, that could partner with the national Government in conducting postal sector reform by providing information, funding or other means of support relevant to their respective areas of competence or available funding mechanisms, as appropriate.

Previously, government departments and agencies focused primarily on their own sectoral mandate and consequently, the postal sector was often been overlooked in national economic development strategies, as governments have tended to prioritize sectors perceived to have a more direct or immediate impact on GDP growth and employment. As a result, development plans have primarily targeted export-oriented industries (such as agriculture, raw materials, commodities in general) and infrastructure sectors (power, water, transportation, ports, telecommunications, etc). This has often been linked to a misconception that investment in the postal sector competes with rather than complements progress in other critical areas such as education, healthcare, housing, and transportation.

However, the postal sector is not only a critical component of a country's infrastructure network, but it can align with and support national development plans, without detracting from other critical areas, by facilitating communication, commerce, and financial inclusion, especially in rural and underserved areas.

To ensure that postal sector development is no longer treated in isolation, it must be deliberately integrated into broader development planning and should involve the following strategies:

- **Identifying strategic priorities:** confirm what are they key national priorities that are currently being pursued, such as digital transformation, financial inclusion, rural development, job creation, and SME growth.
- **Linking postal capabilities to national priorities:** Match postal reform objectives with the broader national priorities to demonstrate their relevance and mutually reinforcing effects.
- **Engaging relevant government ministries:** work with relevant government ministries, such as those responsible for finance, planning, digital transformation, and social development to explain how the inclusion of postal sector development in national strategies advances their respective agendas.
- **Quantifying the postal sector's economic contribution:** use data, forecasts, and policy scenarios to show the potential economic benefits of postal reforms.

Examples of cross-sectoral policy goals and embedding postal sector reform

Brazil: Correios' financial inclusion initiatives were incorporated into the national financial inclusion strategy, securing funding for the expansion of postal banking services.

India: India Post's IT modernization was included in the national Digital India program, attracting government investment.

China: China Post included significant funding for expanding and modernizing the postal network in rural areas as part of its 13th Five-Year Plan (2016-2020).

Kenya: Posta Kenya's e-commerce strategy was aligned with Kenya Vision 2030 economic blueprint, gaining support for the development of logistics infrastructure

Module 1D Resource mobilization

This module addresses a critical enabling condition for the successful implementation of postal reform: the mobilization of resources. It stresses that reforming the postal sector – whether to modernize infrastructure, restructure operations, or enhance service delivery requires strategic and often substantial investment.

Resource mobilization in the context of postal sector reform includes both mobilizing financial and in-kind resources for reform and modernization of the postal sector. Resource mobilization has come to replace the more traditional and narrow term of fundraising. In this connection, resource mobilization in-kind refers to acquiring resources other than funding, in particular expertise, to support the cause (postal sector reform) or organization (continued non-financial support in the implementation and continued operation of the postal policy and regulatory framework). It is a crucial aspect of overall resource mobilization, which encompasses the organized effort to integrate various resources for effective and efficient goal achievement. Sometimes, resource mobilization in-kind comes in combination with funding.

The environment in which resources are mobilized is increasingly competitive, given the rise of numerous development actors and international as well as national development projects, coupled with a scarcity of resources, for example resulting from deprioritizing funding for development cooperation.

While postal reform should be an essential component of national development strategies (see module 1C), supporting digital inclusion, financial access, and territorial cohesion, this is not always the case. Moreover, many governments face fiscal limitations that constrain their ability to fund independently the postal sector reform and transformation. In such contexts, external financing becomes indispensable, particularly in developing and least developed countries.

Securing adequate financing is essential to:

- Modernize postal infrastructure and technology;
- Develop and deploy a portfolio of innovative and diversified products and services;
- Improve operational efficiency and service quality;
- Ensure equitable access to postal and financial services, especially in rural and underserved areas;
- Implement legislative and regulatory reforms;
- Support human capital development and workforce transition;
- Facilitate the transition toward financially sustainable, environmentally-friendly and resilient operations.

Without sufficient and targeted funding, postal reform initiatives risk stalling or achieving only partial results, potentially jeopardizing the long-term viability of postal services and their ability to fulfil their public service mission.

This module presents key financing methodologies and resource mobilization strategies, including international funding, public-private partnerships, and innovative financing mechanisms, and provides an overview of the step-by-step process for preparing, structuring, and submitting financing applications.

The design, and even more so the implementation of postal reform measures invariably depends on the availability of adequate financial resources. In many countries with underdeveloped or financially constrained postal systems, domestic funding alone is insufficient to support the scale and complexity of reforms needed. Such countries often require both technical assistance and external funding to carry out effective reforms. This support typically comes from international organizations such as the UPU and restricted unions, as well as from financial institutions and development partners.

However, postal reform projects often compete for scarce resources with other pressing development priorities. When deciding in which priority areas to invest, governments, cooperation agencies and development banks typically allocate funding based on perceived return on investment and alignment with national development plans and global frameworks such as the United Nations Sustainable Development Goals (SDGs). Therefore, it is essential that those who advocate for reform should clearly demonstrate the socio-economic value and transformative impact of investing in the postal sector.

A well-functioning and accessible postal network contributes to national development in several ways. To attract funding, postal reform proposal must be explicitly linked to broader public policy objectives and development strategies. Demonstrating this alignment increases the credibility and attractiveness of investment proposals. It also ensures that postal reform is understood not as a stand-alone technical initiative but as an integral part of national socio-economic efforts.

The next section outlines the methods and tools that can be employed to design financially viable and development-aligned postal reform strategies.

1.D1 Financing methods and tools

Financing postal reform requires a strategic and diversified approach, drawing on a range of available mechanisms, suitable to reflect national circumstances, project maturity, and development goals. By understanding the range of available financing, stakeholders can develop a tailored funding strategy that aligns with their specific reform objectives and financial conditions. Accordingly, a well-designed funding strategy should combine public, private, national and international multilateral sources to enhance financial sustainability, attract broader support, and ensure that reform initiatives can be implemented effectively.

1.D1.1 Traditional financing methods

Traditional financing methods for postal reform projects involve government funding and loans from commercial banks. These methods have been widely used to finance postal infrastructure upgrades, technology investments, and operational improvements.

1.D1.1.1 Government Funding

Government funding remains one of the most important sources of financing for many postal operators, especially those that are state-owned or have a public service mandate. This funding can take several forms that involve the allocation of public funds from the national budget to support the development and modernization of the postal sector. It can include:

- *Direct allocations* from the national budget to the universal postal service provider;
- *Subsidies and grants* targeted for specific projects or initiatives (i.e. IT upgrades, rural access);
- *Capital expenditures* under broader national investment or developments plans.
- *Indirect support* offered, for example, through tax exemptions and policy.

1.D1.1.2 Commercial Bank Loans

Commercial banks can provide loans to postal operators for financing various reform projects, such as infrastructure upgrades, fleet renewal, or technology acquisition. The ability to secure loans from commercial banks depends on the borrower's creditworthiness and the commercial viability of the proposed investment. These loans are typically based on market terms and conditions, including interest rates and repayment schedules. Consequently, they may be of limited suitability for high-risk or socially-oriented projects. However, when framed within a clear reform roadmap and supported by stable regulatory and legal frameworks, commercial financing can complement public investment.

In order to attract private capital, governments need to ensure regulatory clarity, transparent market rules, and mechanisms to mitigate private investment risks. The state's role is therefore to promote competitiveness and the functioning of the markets in which the private operators participate.

1.D1.2 Modern and innovative financing methods

Evolving environmental and socio-economic pressures increasingly expose the limitations of relying solely on traditional financing instruments. The problem described in the box highlights the urgent need for comprehensive, forward-looking financing strategies that combine resilience planning with long-term sectoral transformation. Such strategies increasingly involve the recourse to other financial instruments, which are designed to attract broader investor participation while supporting environmental, social, and governance (ESG) objectives.

Socio-economic pressures (a strategic foresight scenario) ³²

“Ambitions to raise consumer standards in the postal sector through technology recede, with operators’ resources and attention focused on contingency planning and disaster response. Mobile post office networks, where fortified buses are deployed to safe areas identified by government-owned satellite systems in the aftermath of extreme weather events, are now an area of significant investment in countries that can afford it. Spiralling insurance premiums, land, fuel and electricity prices and declining revenues place higher cost burdens on postal providers of all types. Little funding remains for driving more ambitious customer-centric innovation.”

In fact, postal, logistics, and delivery operators worldwide are increasingly exploring innovative financing options that go beyond traditional government funding or commercial loans to meet growing capital needs. These mechanisms can take many forms, including public-private partnerships, green bonds, and impact investing, among others.

1.D1.2.1 Public-Private Partnerships (PPPs)

There is not a universally accepted definition of public-private partnerships (PPPs) due to varying regional and sector-specific demands, which have given rise to diverse interpretations and applications. In general terms, PPPs represent a long-term contract between the government or other public bodies and a private entity, aimed at financing, developing, and operating projects or services traditionally provided by the public sector. Thus, PPPs represent a collaborative approach between the public and private sectors to finance, design, implement, and improve public services and infrastructure.

Key features of Public-Private Partnerships (PPPs)

Long-term contracts (typically between 20-30 years) between public and private entities.

Shared risks and rewards between partners

Private sector involvement in financing, designing, building, and/or operating postal infrastructure or services.

Performance-based payments or revenue-sharing mechanisms.

Leveraging PPPs in the postal sector can attract private investment and expertise, reducing the financial burden on the state while maintaining public oversight of essential services. In the context of the PPPs, the UPU Guide to PPPs for e-services in the postal sector (2016)³³ provides interested postal operators and governments with:

³² European Commission: Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, CFFS, COWI, RAND Europe, RPA, RPA Europe, RPA Prague, Vencovsky, D., Njoroge, W., Turdaliev, S., Dunkerley, F., Copping, D., Keech, M., Fleet, D., Starr, M., Ohrvik-Stott, J., Nederveen, F., Webster, T., Lucas, R. Camboni, M., Prospective study on the future of the postal sector – Final report, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2873/0431952>

³³ UPU (2016), Guide to PPPs for e-services in the postal sector, <https://www.upu.int/UPU/media/upu/publications/guideToPublicPrivatePartnershipsForEServicesInThePostalSectorEn.pdf>

Theoretical knowledge of PPPs (different types of PPPs, including service contracts, management contracts, lease, concessions, and build-operate-transfer (BOT) contracts);

Practical advice on structuring partnerships and evaluating risks;

Tools and case studies in regulatory frameworks and financing mechanisms.

While strategic use of PPPs can help alleviate the fiscal burden on governments and inject private sector funds, their implementation is not straightforward, and as such requires a careful evaluation as well as robust oversight mechanisms to safeguard public interest.

Public-Private Partnerships (PPPs) case examples

The Philippines has implemented PPPs in its postal sector. In 2019, the Philippine Postal Corporation (PHL Post) partnered with a private consortium to modernize and operate its central mail exchange facility. This PPP aims to improve mail processing efficiency and introduce new value-added services, demonstrating how private sector involvement can enhance public postal operations.

Lebanon's experience with PPPs in the postal sector, particularly with LibanPost, highlights a notable success despite a challenging environment. Following the civil war, the government sought to rehabilitate postal services by engaging a private operator through a Build-Operate-Transfer (BOT) model. The 1998 contract with a consortium led by Canada Post System Management Limited involved significant investments and the re-establishment of basic postal services.

- *Investment and service expansion:* The initial agreement required the private operator to invest \$70 million over 12 years. This investment led to substantial infrastructure upgrades and the introduction of innovative services expanding LibanPost's role beyond traditional postal functions to include various government services such as passport delivery and official document certification.
- *Revenue sharing and flexibility:* The contract included a revenue-sharing scheme that evolved over time, starting at 5% and reaching up to 40%. The agreement demonstrated flexibility, allowing for several amendments and renegotiations to adapt to changing circumstances, which contributed to the overall robustness and success of the partnership.
- *Monopoly rights and regulatory challenges:* The government ensured local monopoly rights and tariff settings, providing a stable environment for the private operator. However, the absence of a specific law for conflict resolution and the complex political and economic landscape in Lebanon posed challenges. Still, the partnership managed to navigate these effectively (Straub, S. (2019), Lessons from Public Private Partnerships in Lebanon, International Growth Center).

1.D1.2.2 Impact Investing and Green Bonds

Impact investing and green bonds are increasingly used by development-oriented sectors to finance projects with environmental and social benefits.

Impact investing focuses on generating measurable social and environmental benefits alongside financial returns. In the postal sector, this may include projects that improve digital and financial inclusion, gender equality, or sustainable logistics.

Green bonds are fixed-income financial instruments used to fund projects that have a positive impact on climate and environment. For postal operators, green bonds offer an opportunity to fund sustainability-focused initiatives by attracting environmentally conscious investors.

Key features of green bonds:

Use: The capital raised is used exclusively for projects with a positive environmental impact.

Reporting: Issuers must provide detailed and regular reporting on the environmental impact of funded projects.

Certification and standards: Green bonds often adhere to established standards and principles such as the Green Bond Principles (GBP) by the International Capital Market Association (ICMA).

External review: Many green bonds undergo external review or certification.

By complementing traditional financing methods with impact investment and green bonds, postal operators can not only access additional financing for projects that deliver strong social and environmental returns, but they can also benefit from several advantages:

- **An expanded pool of potential investors:** Green bonds attract environmentally conscious investors, while the impact investment appeals to those seeking social returns.
- **Lower cost of capital:** Green bonds and impact investment can come with favourable terms, potentially reducing financing costs for eligible projects.
- **Enhanced reputation:** Both green bonds and impact investment demonstrate a postal operator's commitment to sustainability and social responsibility.
- **Rigorous reporting:** Green bonds require transparent reporting on the use of proceeds and environmental impact, which aligns well with impact investing principles and can help with obtaining financing also from other sources.
- **Alignment with policy goals:** A growing number of governments prioritize both digital transformation and sustainability, making green bond-funded projects attractive for public-private partnerships.

Considering these potential benefits, policymakers and postal executives should carefully evaluate these financing options to determine their suitability within national contexts and organizational strategies.

Case study: green bonds Le Groupe La Poste

In November 2018, the French La Groupe La Poste became the world's first postal operator to issue EUR 500 million green bonds, with a maturity of ten years. The scheme attracted plenty of attention and was four-times oversubscribed, gathering over 100 institutional investors. The capital raised was used to finance the further reduction of the company's carbon footprint.³⁴

1.D2 Procedures for obtaining financing

Effective financing for postal sector reform hinges not only on identifying relevant funding sources, but also on how the application process is approached. This section outlines the essential preparatory work, institutional roles, and sequential steps involved in successfully securing financing. Countries that plan to access international or blended funding for postal development must demonstrate strategic readiness, institutional coordination, and alignment with national priorities and global development goals.

1.D2.1 Preparatory work and project prioritization

The foundation of a successful financing application lies in comprehensive preparatory work, which must include a detailed plan of action for presentation to prospective financing bodies. This includes:

- Market analysis and demand assessments (baseline economic studies);
- Institutional, legal, and regulatory reviews;
- Assessment of service operations and service delivery gaps as well as of operational capacity;
- Evaluation of the scope and cost of the current universal postal service; and

³⁴ Le Groupe La Poste (2018), Green Bond La Poste : moins de CO2 pour la planète, <https://www.lapostegroupe.com/fr/actualite/green-bond-la-poste-moins-de-co2-pour-la-planete>

- Cost models as well as investment plans for the postal operator.

As a rule, lenders are reluctant to finance preliminary studies unless they form part of a holistic sector reform plan. Governments are generally expected to finance these preliminary activities to signal commitment to planned reforms. However, some development partners may provide technical support or funding under broader cooperation frameworks that recognize these activities as prerequisites for the pursuit of the main objectives and more comprehensive reforms.

It can be also very useful to collaborate with the designated operators or regulatory authorities of industrialized or developing countries to obtain expert advice in the relevant field.

In all cases, the PRP project should be used to structure and prioritize investment components as it outlines a roadmap for reform and identifies key projects and necessary resources. However, since it is unlikely for a single institution to fund an entire national postal reform, the PRP project helps prioritize projects that are most likely to receive initial funding.

Once the priority project has been identified, the responsibility for presenting and advocating it to financial bodies lies with the government, supported by the designated operator and/or the regulatory body, depending on the nature of the project (operational or regulatory).

In terms of profitability and productivity, the criteria applied by multilateral banks are very similar to those of commercial enterprises. Therefore, when countries present reform projects, it is recommended that they consider their development needs as a whole and demonstrate how the development of the postal sector is clearly linked to that of other sectors and can have a positive impact on the growth of the national economy. Moreover, since international cooperation agencies and the governments of industrialized and developing countries will continue to prioritize SDG-related actions, it is essential that the presented postal development plans be linked to the achievement of one or more of the SDGs.

The PRP methodology, including its results-based approach, aligns well with the comprehensive approach of development banks and the strategic goals of the United Nations and its specialized agencies, focusing on defining national policies and sustainable development plans.

1.D2.2 Structured process for financing applications

This section outlines the structured approach recommended by the UPU to guide countries through the process of applying for financing. Although flexible and adaptable, this structure provides a general sequence for framing, validating, and presenting postal reform projects.

Figure X. Procedure for obtaining financing

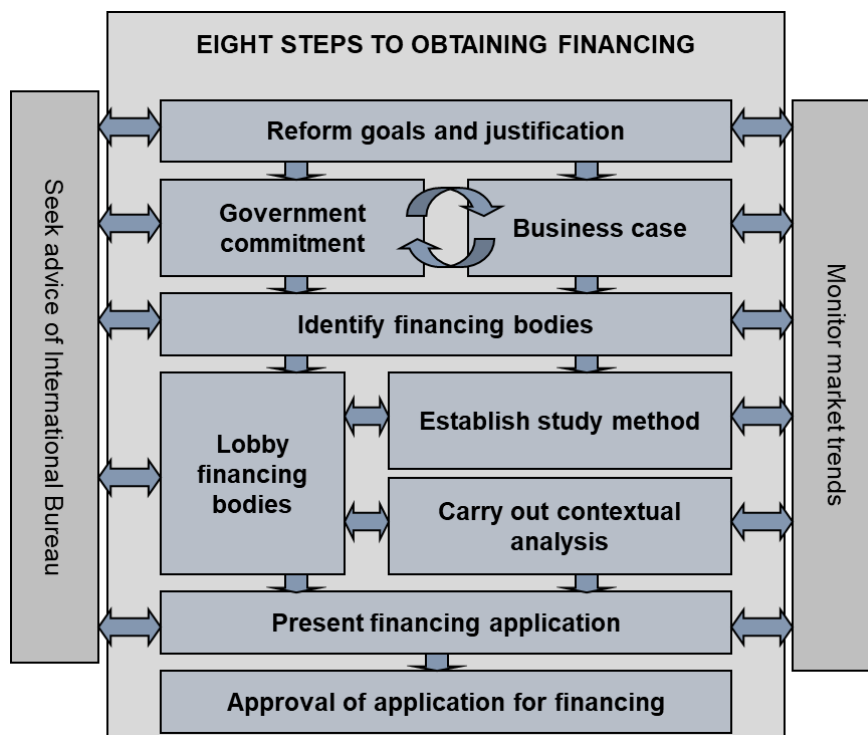


While for clarity reasons the procedure for obtaining financing is presented above in a step-by-step, sequential model, the actual process is inherently dynamic and non-linear. In practice, some steps may occur concurrently, be revisited, or adapted to reflect national conditions and stakeholder feedback. In some countries, securing support from financing institutions may need to be guaranteed before the government can be convinced to endorse postal sector reforms. It is also advisable for countries to first understand the specific requirements of financing bodies prior to conducting a case study.

While variations in procedure reflect the fact that countries often adapt the sequence based on their institutional realities, timing constraints, and funding opportunities, the initial step almost invariably begins with identifying the need for reform, while the final step typically involves securing a requested loan or grant.

The iterative and dynamic nature of the application process is illustrated in the figure below.

Figure X. Dynamic and iterative nature of the application process to obtain financing



The table below, which outlines individual phases and details the requirements and considerations at each stage is intended solely as a general framework to guide countries in their efforts to obtain a favourable response from international financing institutions.

Table X. Descriptive overview of the financing procedure

	Description
Step 1. Reform goals and justification	The goals of reform and the justification need to be clearly defined. The PRP Project Charter provides this information. However, funding may come forward in the project's deliverables providing detailed analysis and recommendations for
Step 2. Government commitment	Establishing political will at the highest possible level is critical for ensuring cooperation of the relevant ministry or ministries. The Project Charter is formally accepted by the authorizing Government. Funding of postal reform may come after the PRP project is closed when the proposed policy content and recommendations have been formally submitted to the authorizing Government for adoption and implementation as part of the national policy and/or legislative processes.
Step 3. Prepare an initial project concept	The deliverables may include a concise project note outlining objectives, justification, anticipated outcomes, and links to economic priorities. Alternatively, the recommendations, when implemented, require the drawing up of such a note. This serves as a basis for internal coordination and initial outreach to potential funders.
Step 4. Identify financing bodies	Map out relevant development banks, donor agencies, and technical partners. Distinguish between those funding capital investment and those supporting preparatory studies or technical assistance. Either this analysis was done during the PRP project or is to be conducted upon the recommendations put forward at the end of the PRP project.
Step 5. Engage financing bodies	To present compelling arguments to potential financing organizations from the outset, the PRP practitioner or the relevant national Government, as appropriate, may contact the UPU International Bureau (for example the subject matter experts) or the relevant restricted union for further guidance. With support from the abovementioned entities, gather information about eligibility criteria, funding modalities, and documentation requirements. Establish general guidelines for approaching these bodies.
Step 6. Refine project methodology	The project deliverables may require further adjustments to ensure alignment with the funder's requirements and expectations, including economic appraisal, risk mitigation, governance arrangements, and monitoring frameworks.
Step 7. Carry out a contextual and feasibility analysis	Conduct an in-depth study that draws from the PRP deliverables and the basic project document established thus far (steps 1 through 6), as follows: <ul style="list-style-type: none"> • Evidence-base: a detailed diagnosis of the postal service; • Results framework: the definition of objectives, indicators and targets • The actionable recommendations that link postal reform with the achievement of these targets, supported by an action plan and timetable; • Identification of the areas for which investment is required • Clearly articulate how these objectives and activities meaningfully and effectively contribute to the achievement of the goals of the relevant funding bodies. Secure preliminary validation from funding agencies.
Step 8. Submit the application for financing	Prepare the final application in close collaboration with the relevant national authorities, to show their support for the postal sector reform. Ensure it includes all necessary information, justifications, and annexes. (see below).

It is important to point out that a reform project should be first approved by the government before its submission to funding bodies. To obtain the government's approval, countries will need to seek the

UPU's opinion and the help of its support structures, i.e. the regional project coordinator and UPU subject matter experts.

1.D2.3 Identification of relevant financing bodies

When the decision has been made to apply for external financing, it is essential to identify the main bodies that might grant loans or donations to implement the reform process. There are a range of external funding opportunities relevant to postal reform projects at local, national, regional and international level. These funding bodies could be specialized in accelerating innovation, mainstreaming gender equality or environmental sustainability, modernizing infrastructure, etc.

The identification of financing bodies in step 4 of the process in table X above. This section introduces a number of either international financing bodies or national bodies that support development cooperation internationally. This overview is not exhaustive and resource mobilization in postal sector reform should carefully examine other financing bodies, in particular those specific to the geographical region or the relevant subject matter that is in scope of the project.

1.D2.3.1 International development financing bodies

The table below provides an overview of the different multilateral and international financing bodies.

Table X. Multilateral and international financing bodies

Multilateral Financing Bodies	World Bank Group	International Bank of Reconstruction and Development (IBRD)
		International Finance Corporation (IFC)
		International Development Agency (IDA)
		Multilateral Investment Guarantee Agency (MIGA)
		International Centre for Settlement of Investment Disputes (ICSID)
	Regional Development Banks	African Development Bank
		Asian Development Bank
		Asian Infrastructure Investment Bank
		Development Bank of Latin America (previously CAF)
		European Investment Bank
		European Bank for Reconstruction and Development
		Council of Europe Development Bank
		Inter-American Development Bank
	Subregional Development Banks	African Export-Import Bank (known as Afreximbank)
		Arab Bank for Economic Development in Africa
		Black Sea Trade and Development Bank
		Caribbean Development Bank
		Central American Bank for Economic Integration
		Development Bank of Central African States
		Eastern and Southern African Trade and Development Bank (also known as the Preferential Trade (PTA) Bank)
		East African Development Bank
		Economic Cooperation Organization Trade and Development Bank
		Eurasian Development Bank
		International Investment Bank
		Islamic Development Bank
		New Development Bank (formerly known as the BRICS Development Bank)

		Nordic Investment Bank
		North American Development Bank
		West African Development Bank
Bilateral Institutions		French Development Agency
		Swiss Economic Cooperation and Development Division (SECO)
		UK Department for International Development
		US Agency for International Development (USAID)
		Swedish International Development Cooperation Agency
Other International Financing Bodies		United Nations Development Programme (UNDP)
		EuropeAid Cooperation Office

With regard to multilateral banks, this section concentrates on the functioning of the World Bank as principal player. It also provides detailed information on the regional banks and other institutions involved in financing postal reforms, including their objectives, areas of intervention, and application processes.

1.D2.3.2 Multilateral financing bodies

As a general rule, multilateral financing bodies, in conjunction with the government of the developing country concerned, identify the main problems affecting the country. They then prepare “multi-year intervention plans” which are assembled in documents known as “country strategies”. The next step is to define, within each multi-year plan, specific area of intervention for which financing is required, or to prepare specific projects in relation to these areas of intervention

The World Bank Group

The World Bank Group, created in 1944, belongs to its 189 member countries, whose views and interests are represented by a board of governors and a board of directors. The member countries are its shareholders and hold ultimate decision-making powers.

The World Bank has offices in 67 countries and is headquartered in Washington. It has an active presence in over 100 countries and participated in over 25 postal sector reform projects in various countries around the world.

Since the UPU and the World Bank signed a letter of intent for the development of joint actions in April 2001, a close link exists between the two organizations.

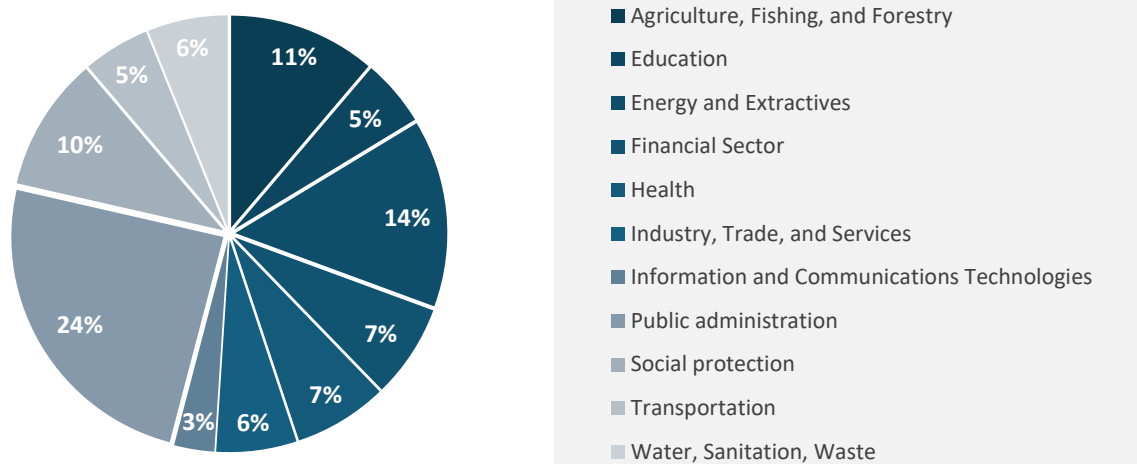
World Bank and the postal sector

The World Bank's intervention in the postal sector involves support for the following projects:

- (1) Basic studies to map out a course for postal reform;
- (2) The modernization of the postal operators responsible for the universal postal service;
- (3) The modernization of the sector, the development of added-value services and the use of new technologies (e.g. hybrid mail services and electronic postal services).;
- (4) The development of postal financial services;
- (5) The use of public service points as “community communication centres”.

The figure below illustrates the allocation of funds according to the beneficiary sectors.

Figure X. World Bank (IBRD and IDA) lending by sector (2023)



The World Bank comprises the following five institutions.

Institution	International Bank for Reconstruction and Development
Abbreviation	IBRDx
Year of Establishment	1945
No. of member countries	189
Type of institution	Multilateral (member of the World Bank Group)
Focus	To reduce poverty in creditworthy low-income and middle-income countries, providing them with financial and advisory advice on economic management.
Financial instruments	Loans, guarantees, contingent financing, financial and disaster risk management products, analysis and consultancy services

Institution	International Development Association
Abbreviation	IDA
Year of Establishment	1960
No. of member countries	175
Type of institution	Multilateral (member of the World Bank Group)
Focus	To assign funds for the establishment of basic services (education, housing, healthcare drinking water, sanitation, energy), driving reforms and investment aimed at promoting higher productivity and employment rates.
Financing instruments	Concessional financing, interest-free credits with long repayment terms (over 30-40 years), grants with no repayments at all (for low-income countries at higher risk of debt distress), debt relief.
Important remark	It grants close to zero or low-interest loans to the world's 78 poorest countries. Thus, it plays an important role since developing countries cannot take out finance under market conditions.

Institution	International Finance Corporation
Abbreviation	IFC
Year of Establishment	1956
No. of member countries	186
Type of institution	Multilateral (member of the World Bank Group)
Focus	To promote the economic development of countries through the growth of private sector in developing countries.
Financing instruments	Loans, syndicated loans, equity, trade and commodity finance, intermediary services, risk management products, advisory services, asset management.

Institution	Multilateral Investment Guarantee Agency
Abbreviation	MIGA

Year of Establishment	1988
No. of member countries	182
Type of institution	Multilateral (member of the World Bank Group)
Focus	To promote foreign investment in underdeveloped countries. It provides investors with guarantees against losses caused by non-commercial risks such as expropriation, currency inconvertibility, transfer restrictions, war and riots.
Useful links	https://www.miga.org/our-process

Institution	International Centre for Settlement of Investment Disputes
Abbreviation	ICSID
Year of Establishment	1966
No. of member countries	158
Type of institution	Multilateral (member of the World Bank Group)
Focus	To provide international settlement and dispute resolution services.

Obtaining funding from the World Bank

The World Bank channels resources through three complementary instruments:

Investment Project Financing (IPF): to build physical and social infrastructure and strengthen institutions (it is used in all sector and focuses on the medium to long-term projects (5-10 years), procedure framework is described in [this document](#);³⁵

Development Policy Financing (DPF): to provide budget support ties to policy and institutional reforms;³⁶ and

Program-for-Results (PforR): to release funds only once pre-agreed results are independently verified, thereby helping countries to improve the design and implementation of their own development programs and reinforcing national systems and institutions.³⁷

Together, these mechanisms combine capital with global expertise to help governments meet development goals and reduce poverty.

Financing, direct investment and guarantees for private sector can be provided by MIGA and IFC while guarantees can also be provided through IBRD/IDA. Because various designated operators now run on commercial basis and may be partly or fully privatized, requests for financing and support must be channelled to the right part of the World Bank.

World Bank funding

To secure funding for the postal sector reform, governments should follow steps briefly described below.

Expression of Interest: the government expresses interest in postal sector reform through an official channel, typically the Ministry of Finance and Planning.

Government Strategy: To increase its chances of success, the government should prepare a global strategy for the postal sector, defining in particular in relation to the universal postal service and outlining the market structure and competition rules, and highlighting areas for development (financial, technological, etc). Embedding the strategy for the postal sector against broader policy goals, including national economic development plans, regional trade agreements and the UN Sustainable Development Goals (SDGs) is critical.

Fact-finding Mission: it may be required for World Bank officials to visit the country to assess the situation and define sectoral policies and reform plans with the government as well as their relationship with broader policy agendas.

Project Orientation: Discussions on the project orientation begin.

³⁵ See website: <https://www.worldbank.org/en/what-we-do/products-and-services/financing-instruments/investment-project-financing>

³⁶ See website: <https://www.worldbank.org/en/what-we-do/products-and-services/financing-instruments/development-policy-financing>

³⁷ See website: <https://www.worldbank.org/en/programs/program-for-results-financing>

In accordance with PRP principle 6 (embedding), reform projects must be presented as part of a wider government project (e.g. public sector reform, telecommunications sector, infrastructure development) and be systematically linked to quantifiable objectives which show the role the postal sector can play in the country's general and economic development.

As mentioned earlier, while the World Bank Group is the main development bank, there are many development banks at the regional and subregional levels.

World Bank's key projects

Maximizing Finance for Development (MFD): is the World Bank Group's approach to systematically leverage all sources of finance, expertise and solutions to support developing countries' sustainable growth.³⁸ This is done with the aim of meeting the Sustainable Development Goals (SDGs). The World Bank institutions – IBRD, IDA, IFC and MIGA – work in concert to help countries transform sectors to reduce poverty and inequality and support growth. This is achieved by improving the enabling environment, developing regulatory conditions, building capacity, putting in place standards, financing a first mover or innovator and reducing risks. Equipping countries to attract and manage private solutions, the Bank aims to level the playing field for the poorest. Working with partners, the World Bank Group helps low- and middle-income countries expand their range of options for financing efforts to sustainably grow their economies, reduce poverty and expand opportunity. This is done by finding the right mix of public and private funding to meet individual country objectives.

A list of all World Bank projects can be accessed on <https://projects.worldbank.org/en/projects-operations/projects-home-old>

One recent example of such a project (approved in 2024) is the National Community Initiatives Project, which aims to improve access to climate-resilient socio-economic infrastructure and increase economic opportunities for women and youth in target communities (see more on <https://projects.worldbank.org/en/projects-operations/project-detail/P180909>)

1.D2.3.3 Selected regional development banks

The following provides an overview of the different regional development banks.

Name	Inter-American Development Bank (IDB)
Headquarters	Washington D.C., United States
Year of establishment	1959
Aim and core objectives	<ul style="list-style-type: none"> To fund viable economic, social, and institutional development projects; To promote regional commercial integration in Latin America and the Caribbean. To reduce poverty and promote sustainable long-term growth in Latin America and the Caribbean.
Member countries	48 (22 non-borrowing, 26 borrowing, which are divided into two groups according to the maximum percentage of finance they can receive)
Non-borrowing members	Austria, Belgium, Canada, China, Croatia, Denmark, Finland, France, Germany, Israel, Italy, Japan, Korea (Rep.), Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States
Borrowing Members – Group I	Argentina, Bahamas, Barbados, Brazil, Chile, Mexico, Trinidad and Tobago, Uruguay, Venezuela.
Borrowing Members - Group II	Belize, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Suriname.
Priorities	<ul style="list-style-type: none"> Reduce poverty and social inequality Address needs of small and vulnerable countries Promote development through the private sector Tackle climate change, renewable energy, and environmental sustainability

³⁸ World Bank, Maximizing Finance to Power Development, <https://www.worldbank.org/en/news/immersive-story/2018/09/28/maximizing-finance-to-power-development>

	<ul style="list-style-type: none"> Foster cooperation and regional integration
Financial instruments	Loans, technical assistance and co-financing agreements with other institutions
Funding methods	Member contributions, bond issues on worldwide financial markets
IDB Structure	<p>Inter-American Development Bank: economic, social and institutional development projects supported by the IDB in the Latin America and Caribbean region include sectoral reform and orientation programmes, emergency operations in the event of natural disasters and financial crises, and assistance for public and private investments.</p> <p>Inter-American Investment Corporation (the IIC): an autonomous institution focusing exclusively on the direct and indirect financing of small and medium-sized enterprises in Latin America and the Caribbean (45 member countries).</p> <p>IDB Lab: serves as an innovation and venture laboratory of the IDB Group to promote development social inclusion, environmental action, and productivity in Latin America and the Caribbean. IDB Lab leverages financing, knowledge, and connections to support early-stage entrepreneurship, foster the development of new technologies, activate innovative markets, and catalyze existing sector.</p>

Name	African Development Bank (AfDB)
Type	Multilateral development bank
Headquarters	Abidjan, Côte d'Ivoire
Year of establishment	1964
Members	54 African member countries, 27 non-African countries
Main objectives	To stimulate sustainable economic development and social advancement in regional member countries, helping to reduce poverty
Principle Areas of Intervention	Fragile states, agriculture and food security, gender equality, infrastructure development and regional integration
Financing Instruments	Loans, risk management products, guarantees and technical assistance
Special Funds	African Development Fund Nigeria Trust Fund
Eligibility Criteria	Countries classified based on creditworthiness and GNI per capita
Application Process	Project cycle detailed on AfDB website

Name	Asian Development Bank (ADB)
Type	Multilateral development bank
Headquarters	Manila, Philippines
Year of establishment	Early 1960s
Members	69 members (50 from Asia-Pacific region)
Main objectives	Inclusive economic growth Environmentally sustainable growth, and Regional integration.
Principle Areas of Intervention	Infrastructure, education, environment, regional cooperation and integration strategy and operational planning of the finance sector.
Financing Instruments	Loans (investment, policy-based, results-based lending), technical assistance and grants
Eligibility Criteria	Varies by fund; ordinary funds for more developed countries, special funds for countries with low per capita income

Name	European Investment Bank (EIB)
Headquarters	Luxembourg
Founded	1958, under the Treaty of Rome
Ownership	Shareholders are EU Member States, whose ministers of finance make up the Bank's Board of Governors
Main Objectives	<ul style="list-style-type: none"> To contribute to the balanced development of the EU through economic integration and social cohesion, and in particular to: Boost Europe's potential for jobs and growth Support action to mitigate climate change

	<ul style="list-style-type: none"> Promote EU policies outside the EU
Principal Areas of Intervention	Innovation and skills, SMEs, infrastructure and climate and environment
Financing Instruments	Lending: accounts for about 90% of total financial commitments. "Blending": combining EIB financing with additional investment Advising and technical assistance (strategic, project, and market development)
Project Cycle	<ol style="list-style-type: none"> Proposal Appraisal Approval Signature Disbursement Monitoring and Reporting Repayment See https://www.eib.org/en/projects/cycle/index.htm
Borrowing Members – Group I	Argentina, Bahamas, Barbados, Brazil, Chile, Mexico, Trinidad and Tobago, Uruguay, Venezuela
Borrowing Members - Group II**	Belize, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Suriname
Priorities	<ul style="list-style-type: none"> Reduce poverty and social inequality Address needs of small and vulnerable countries Promote development through the private sector Tackle climate change, renewable energy, and environmental sustainability Foster cooperation and regional integration
Financial instruments	Grants loans, provides technical assistance, co-financing agreements with other institutions
Funding methods	Member contributions, bond issues on worldwide financial markets

1.D2.3.4 Bilateral funding bodies

In recent years, there has been an increase in the number of development finance organizations. There are more than 70 bilateral institutions (whose shareholders are industrialized or developing countries acting as international donors), around 260 multilateral bodies, and numerous global funds and private foundations. However, as a significant proportion of international development cooperation action is channelled through bilateral institutions, it is important for countries to understand how these agencies work.

Given that the prioritization of aid objectives differs from one bilateral agency to another, it is difficult to identify a framework into which they will all fit. However, certain areas of transversal action are common to most of them, for example gender equality, combating poverty, environmental sustainability or defending human rights.

Although the processes for formulating and presenting projects vary between agencies, the most commonly adopted sectoral priorities are:

- Coverage of basic needs;
- Health and education;
- Development of an economic base, which can be broken down into three key areas:
 - infrastructure development;
 - promotion of technical improvements in the various activities making up the country's productive structure to enable it to enter the international market;
 - promotion of private enterprise through the encouragement of entrepreneurial initiatives and the efficient functioning of markets;
- Strengthening of institutions and good governance.

It is evident from this list of transversal priorities that, in general terms, the postal sector as such is not a priority sector for any of the agencies. It is therefore important to stress that the authorities responsible for postal sector policy and/or the postal operator should ensure that the government includes the postal sector in its national development plan when cooperation agreements are negotiated with the various agencies.

Although the strategy for including the postal sector in the development plan can vary from one country to another, it is clear that postal network development fits perfectly into the "infrastructure development" category, and that postal market development facilitates the country's integration into the international market.

When taking steps to ensure that the government includes the postal sector in the national development plan, it is also important to point out the role that postal network development can play in achieving the donor agencies' own objectives. Therefore, at this stage, and when formulating projects relating to postal reform, it is advisable to refer to other broader objectives of international cooperation or the national plan, rather than focusing solely on postal network development.

To help understand the distinct roles and characteristics that multilateral and bilateral financing institutions play in the global financial landscape, the table below provides a comparison of the key aspects, highlighting ownership structures, objectives, funding sources, types of assistance, decision-making process, and other advantages and disadvantages.

	Bilateral Financing Institution	Multilateral Financing Institution
Definition	Financing provided directly by one country to another	Financing provided by multiple countries through international organizations
Ownership	Owned and operated by a single country	Owned by multiple member countries
Main Objectives	Often aligned with the donor country's foreign policy and strategic interests	Focused on broad international development goals and poverty reduction
Funding Sources	National budgets of donor countries	Contributions from member countries, international capital markets
Types of Assistance	Grants, technical assistance, loans, debt relief, equity investments, guarantees	Loans (concessional and non-concessional), grants, technical assistance, equity investments, guarantees
Decision Making Process	Decisions made by the donor country	Decisions made collectively by member countries through an appropriate institution's body
Flexibility	Can be more flexible and quicker to respond to specific needs	Typically, have more structured and formalized processes
Political Influence	Higher potential for political influence and conditionality	Generally, less politicized, though not immune to political considerations
Focus Areas	Often targeted to specific sectors or regions based on donor's interests	Broad range of sectors including infrastructure, health, education, and objectives (economic development, poverty reduction, etc).
Project Cycle	Can vary significantly between donors	Generally, follows a standardized project cycle: identification, preparation, appraisal, approval, implementation, and evaluation.
Accountability	Directly to the donor's country government	Accountable to a board of member countries and often subject to international oversight.
Advantages	Greater control over funds, ability to align with national interests, potentially faster disbursement	Pooling of resources, risk-sharing, expertise and specialization, larger scale of operations.
Disadvantages	Can be more fragmented, potential for duplication of efforts, higher administrative costs.	Potentially longer decision-making processes

Name	French Development Agency (AFD)
Type	Inclusive public development bank
Headquarters	Paris, France

Year of establishment	1941 (as Caisse Centrale de la France Libre; became AFD in 1998)
Main objectives	To improve the everyday lives of people in developing and emerging countries and French overseas territories
Principal Areas of Intervention	Energy, Healthcare, Biodiversity, Water, Digital, Training and Education. It supports the transition towards a safer, fairer and more sustainable world in line with the SDGs.
Financial Instruments	Loans, Grants, Guarantees, Debt reduction and development agreements
Eligibility Criteria	Projects must conform to AFD's sectoral and geographical strategies
Application Process	Local sponsors present financing applications to AFD branches, which study the project and ensure conformity with AFD's strategies. Business and service providers are selected on the basis of a call for tenders made by the project manager in accordance with national regulations. The Agency ensures that the process is valid but does not intervene in the selection of consultants.
Example of a funded postal project	Support for the establishment of the new Postal Bank of the Comoros (BPC); EUR 8 million (2022)
Contact Information	http://www.afd.fr/fr/contacter-afd
Address	AFD 5 Rue Roland Barthes 75 598 PARIS CEDEX 12 FRANCE

Name	Swiss Economic Cooperation and Development Division (SECO)
Type	Government division under the State Secretariat for Economic Affairs
Headquarters	Bern, Switzerland
Year of establishment	1999 (merger of foreign economic and economic development offices)
Main objectives	To support the integration of partner countries into the global economy and promote their sustainable growth, this contributing to poverty reduction
Principal Areas of Intervention	Urban infrastructure and public services, Economic and financial policy, Private Sector, Sustainable trade, Environmentally friendly development
Contact Information	http://www.seco-cooperation.admin.ch/secocoop/en/home/about-us/contact.html
Address	SECO Holzikofenweg 36 3003 Berne SWITZERLAND

Name	United Kingdom Foreign, Commonwealth and Development Office
Type	Ministerial department supported by two agencies and public bodies
Headquarters	London, United Kingdom
Year of establishment	1997 (merged Department for International Development (DFID) into FCDO in 2020)
Main objectives	To end extreme poverty, address global challenges including poverty and disease, mass migration, insecurity and conflict.
Principal Areas of Intervention	Strengthening global peace, security and governance; Strengthening resilience and response to crisis; Promoting global prosperity; Tackling extreme poverty; Delivering value for money
Financial Instruments	Works with governments of developing countries, charitable organizations, commercial fundraisers, and international organizations such as the World Bank, UN agencies, and the European Commission
Eligibility Criteria	Proposals must align with UK development priorities, country-level development strategies, and DFID/FCDO thematic focus areas; organizations must demonstrate strong fiduciary and results-tracking systems. FCDO Programme Operating Framework .
Application Process	DFID/FCDO issues calls for proposals via DevTracker and Contracts Finder ; applicants apply via tender or grant submission processes, depending on funding instrument
Contact Information	http://www.dfid.gov.uk/About-DFID/Contact-us
Address	DFID London headquarters 22 Whitehall London SW1A 2EG United Kingdom

Name	Swedish International Development Cooperation Agency (SIDA)
Type	Government agency
Headquarters	Stockholm, Sweden
Year of establishment	1995
Main objectives	To reduce poverty in the world and implement Sweden's Policy for Global Development
Principal Areas of Intervention	Democracy, Human rights and gender equality, Economic opportunities, Knowledge, Sanitation and social development, Environmental sustainability, Peace and security
Financial Instruments	Direct finance for company mergers, Guarantees, Loans, Finance for a client of the company, Investment or loans for companies in developing countries through Swedfund and the IFC, Finance for projects of partners collaborating on SIDA issues
Eligibility Criteria	Guidelines for organisations seeking financial support from Sida
Application Process	Calls and Announcements
Contact Information	http://www.sida.se/English/Contact-us/Sida-i-Sverige/
Address	SIDA Valhallavägen 199 105 25 Stockholm SWEDEN

1.D2.3.5 Other financing bodies

As a United Nations agency, the Universal Postal Union has, over the past few years, developed an important network of contacts with other agencies to promote the development of various projects and obtain additional funding from these organizations. A number of these relationships have been formalized through a memorandum of understanding.

1.D2.4 Core elements of a financing application

The table below provides a comprehensive overview of the essential elements typically expected in funding proposals. These elements serve to demonstrate financial accountability, project justification, and the operational feasibility of proposed reforms. The structured format ensures that all critical aspects, from demonstrating the effective use of funds to outlining the project's alignment with national development plans, are clearly presented to potential funding bodies. The table also includes additional components that are vital for a thorough evaluation and successful implementation of the project.

Table X. Information to be included in a financing application

Category	Details
Application requirements	
<i>Use of funds</i>	Clear and detailed description of how funds will be allocated and managed
<i>Repayment sources</i>	Explain which resources/income will be used to repay the loan
<i>Organizational readiness</i>	Demonstrate that the sector can carry out organizational changes, review prices and rates, and introduce or modify products or services
<i>Return on investment</i>	Quantitative assessment of return on investment and operational impact
<i>Cost estimate</i>	Provide a transparent and verifiable cost breakdown
<i>Timeline</i>	Estimate the timeline for project completion
<i>Reference list</i>	Draw up a list of reference works consulted and people contacted to carry out the analyses presented
Project information	
<i>Beneficiary sector</i>	General information on the legal framework, structure and organization, services,

	financial situation, and human resources
<i>Justification for the project</i>	The link between the project and the national development plan, a thorough analysis of the current situation, detailed descriptions of the proposed actions, and a table of expected results.
<i>Project objectives</i>	Describe the expected results and actions that need to be carried out
<i>Parties' responsibilities</i>	Responsibilities and commitments of the parties involved
<i>Oversight methods</i>	Methods of oversight and follow-up
Additional elements	
<i>Work plan</i>	Detail the work plan for the project
<i>Consultants' obligations</i>	Specify the obligations of consultants involved in the project
<i>Training plans</i>	Capacity building and knowledge transfer components
<i>Contributions</i>	Outline national and partners' contributions, both in cash and in kind.

1.D3 Partnerships in postal reform

1.D3.1 Partnerships under the UN Sustainable Development Goals

In 2015, the 2030 Agenda for Sustainable Development was adopted, setting forth 17 Sustainable Development Goals (SDGs). These goals are universally applicable and serve as a guiding framework for aligning national policies and international cooperation with sustainable development principles.

Postal reform offers a unique opportunity to contribute to many of these goals. Recognizing this, the UPU has undertaken significant effort to align its activities with the SDGs. A 2023 mapping exercise demonstrated that 91% of UPU's work proposals contribute to SDG 17 (Partnerships for the Goals), while strong alignment was also found with:

SDG 9: Industry, Innovation, and Infrastructure;

SDG 10: Reduced Inequalities;

SDG 1: No poverty; and

SDG 8: Decent Work and Economic Growth.

These goals represent core areas where postal services can act as enablers for inclusion, economic opportunity, and resilient infrastructure.

The SDGs provide a relevant framework for collaboration across different sectors and with stakeholders and partners that can provide relevant expertise and resources to the achievement of common goals. It is important for the postal sector to present itself as a reliable partner supporting these goals as it may unlock benefits from these partnerships for the further development of the postal sector.

Postal reform projects that are explicitly aligned with the SDGs are more likely to attract support from development partners, impact investors, and multilateral institutions. By demonstrating how postal transformation can contribute to goals such as those mentioned above but also to others (i.e. Goal 2: Zero Hunger, Goal 5: Gender Equality, Goal 11: Sustainable Cities and Communities, Goal 12: Responsible Consumption and Production, Goal 13: Climate Action, etc), postal operators and governments can increase their chances of obtaining support and unlock new sources of funding.

Figure X. Potential contributions of the postal sector to the UN 17 Sustainable Development Goals



How: For example, extremely disadvantaged segments of the population, especially in rural areas, lack access to credit and are unable to invest their savings. Leveraging their extensive network, postal services can effectively interrupt the cycle of poverty by offering basic financial services and microcredit.

Example: The Brazilian Post has long been involved in the government's "Bolsa família" programme, through which families receive financial aid provided they keep their children in school and follow the vaccination schedule. Other Posts, such as those in Egypt or Tunisia, participate in similar programmes.



How: An efficient postal network facilitates the timely transfer of consumer goods, including food. Also, financially, posts are often the only formal point of service in remote areas, so bringing low-cost remittance channels into rural post offices can help improve food security among the poorest.

Example: In association with the International Fund for Agricultural Development (IFAD), the UPU is working to widen the UPU electronic payment network to more than 300 rural post offices in six West African countries.



How: Posts can play a role in the water supply chain by developing bill-payment systems and disseminating information on the proper use of water. They can make the mail logistics network available for health system (i.e. by distributing essential health supplies like mosquito nets and sprays to combat malaria, or by sending blood samples to facilitate early diagnosis).

Example: The Brazilian Post has been working in tandem with the Brazilian government to disseminate information on the benefits of breastfeeding, which has been shown to reduce susceptibility to diarrhoea, directly linked with access to clean water.



How: Without an address, the most disadvantaged segments of the population cannot have access to basic health and education services. Posts can help with the development of addressing systems and databases.

Example: In certain countries, parents receive a government allowance if their children attend school. In many countries, the Post acts as a payment agency and a monitoring unit to ensure that families receiving the allowance continue to send their children to school. The Tunisian Post participates in a government bursary scheme to support students in financial hardship, while in Venezuela, the Post participates in "Defensores de los Niños", a programme aimed at protecting children from abuse, and at ensuring that all children of school age have access to education. In Uruguay, the Post participates in "Plan Ceibal", which involves distributing laptops to each student.



How: A key factor in achieving this goal is raising awareness among parents that educating girls is as important as educating boys. Post offices can operate as service points and help to drive home this message. Also, compared with other industries, the postal sector employs a significant proportion of women. Many Posts have developed policies to facilitate the incorporation of women into the labour market, for example, introducing flexible hours, the ability to work from home (post office at home), specialized training programmes and day care centres.

Example: Since 2009, the South African Post – almost half of whose 17,000 employees are women – has partnered with the major women's rights organization People Opposing Women Abuse (POWA) and participated in the annual campaign 16 Days of Activism for No Violence Against Women and Children. This partnership underscores the postal sector's commitment to leading by example in implementing policies that combat violence against women both in the workplace and in the broader community.



In many cases, access to safe drinking water and electricity is linked to the ability to make and receive payments rapidly via reliable networks, as well as to the establishment of an addressing system that can allow a payee to be located. Designated operators can be trusted partners in both these regards. Although the inhabitants of disadvantaged neighbourhoods face financial difficulties, they all need to have access to safe drinking water. Postal services can play an important role in providing them with addresses, thereby bringing them into contact with society.



Postal services can be an effective tool for the timely delivery of invoices for energy consumption to inhabitants, facilitating their payment and helping to achieve energy sustainability.



The postal service is a labour-intensive one, making it one of the largest employers in each country. As such, offering employees appropriate working conditions helps maintain an efficient postal service, and contributes to the economic development of the country.



Posts are a component of national infrastructure, with their post office networks and vehicle fleets. An efficient and self-sustaining postal service strengthens national infrastructure.



The postal service can effectively reduce inequalities by enabling communication with all parts of a country and making products available in both urban and rural environments.



The Post provides a basic public service which is key to fostering sustainable cities and communities. Post offices, in addition to serving as business centres, must also become service centres for communities, participating in public policy.



Posts act as facilitators between producers and consumers. When operating efficiently, they can help to ensure responsible consumption by enabling prompt communication between both parties.



Working with the United Nations Environment Programme, the UPU prepared the first two global inventories of greenhouse gases for the postal sector. They showed that postal operators emit the equivalent of at least 54 million tonnes of carbon each year, which represents 0.7% of total annual greenhouse gas emissions.



Australia Post's POLLAST!C satchels use Ocean Bound Plastic recovered from coastal communities in Southeast Asia, reducing marine litter.



Working with the United Nations Environment Programme, the UPU prepared the first two global inventories of greenhouse gases for the postal sector. They showed that postal operators emit the equivalent of at least 54 million tonnes of carbon each year, which represents 0.7% of total annual greenhouse gas emissions.



The Post, as an integral component of national infrastructure, has traditionally supported justice systems as an authenticator for the deposit of postal items (registered mail). An efficient postal service helps strengthen the running of national institutions.

1.D3.2 Stakeholder engagement

Postal reform is a multi-sided process that affects and requires the active participation of a wide range of stakeholders, including multiple government ministries, regulatory authorities, the operators, private sector players, labour unions, users, and development partners. While their interests may diverge, their engagement is essential for designing reforms that are politically viable, socially acceptable, and operationally effective. A reform that is technically and even financially sound but developed without stakeholder consultation is unlikely to achieve lasting results. See further PRP activity 2.1.

Early and structured engagement helps build trust, surface risks, align expectations, and foster a shared vision of sector transformation. This section outlines practical strategies for mapping stakeholders, managing expectations, and establishing mechanisms for meaningful participation throughout the reform cycle.

1.D3.2.1 International organizations

Various international organizations can be approached to provide relevant subject matter expertise, in particular in those areas that extend beyond the scope of the postal sector. The UPU itself provides technical assistance and other support to its member countries in terms of digital transformation, sustainable development, financial inclusion, postal service modernization, operational capacity-building and diversification of products and services.

In the digital age, it is important to adapt partnerships to include relevant stakeholders from the digital economy, including technology providers who offer solutions for digital services, cybersecurity, and e-commerce logistics; financial service providers; and international development agencies or multilateral organizations that can provide funding and technical assistance for digital transformation initiatives. By involving this wider set of stakeholders, the postal sector may become a key sector for a digitally enabled infrastructure that supports financial inclusion, e-commerce, and public service delivery, particularly in rural and underserved regions.

Universal Postal Union

The UPU has a significant part to play in national postal development. This role involves supporting member countries, particularly those with limited institutional capacity or constrained resources, in their efforts to reform and modernize the postal sector. The UPU's roles include:

Political advocacy: Engaging with governments to raise awareness of the strategic importance of postal reform and to secure institutional support for the reform process.

Technical assistance: Providing policy advice, tools, and sector-specific knowledge-based support to address specific technical challenges or improve performance. The UPU's bespoke technical assistance to member states seeking individualized support in the reform of their postal sector reform comes through the Postal Reform Plan (PRP).

Workshops and training: Leading reform-focused workshops on postal sector development as a preliminary stage in the reform process.

In practice, this support takes a variety of forms. Some of the mechanisms of international cooperation coordinated or supported by the UPU include:

- discussions of postal reform issues at technical seminars and workshops;
- the organization and conduct of specific seminars in the host country;
- technical assistance in conducting studies;
- assistance in arranging travel to other postal administrations for the sharing of information
- access to databases for comparative studies;
- access to information on lessons learned from similar works, projects, and studies.

The UPU's involvement is typically phased. Initial support through workshops may evolve into longer-term technical cooperation, through the PRP, showing strong commitment and potential to implement postal reforms.

Postal reform projects that are embedded in broader policy agendas and economic development plans may require coordination with the relevant ministries and public bodies relevant to the concerned sectors. However, the policy content delivered through the PRP falls within the relevant competence of the authorizing department or ministry. The reform objectives that are derived from the broader policy goals (postal reform goals) are postal sector specific – for example they do not prescribe policy actions and recommendations for policy areas that fall (entirely) outside of the scope of the competent Ministry.

As a United Nations specialized agency, the UPU should forge closer links with the main UN institutions but also other relevant bodies to enhance its impact.

Regional unions

Regional unions are key regional actors within the global postal sector. Established under Article 9 of the UPU Constitution, these unions bring together member countries from specific geographic or linguistic regions to pursue postal development goals aligned with the UPU's broader mission but tailored to local contexts. Currently, 19 regional unions operate across the world's most regions, fostering regional integration and collaboration among their members. Their complete list can be found on the UPU website.

Regional unions also contribute significantly to resource mobilization and visibility of the postal sector. In collaboration with the UPU and regional coordinators, they organize seminars, share best practices, and identify funding opportunities tailored to regional priorities. Their ability to mobilize local knowledge and regional partnership makes them well-placed to complement global-level interventions.

However, irrespective of the type of fundraising activity involved, the involvement of the regional union can be essential to ensure coherence, maintain relationship with key financing bodies and development institutions, and position postal reform as a relevant component of national and regional development strategies.

To conclude, together, the UPU and regional union form a multi-level governance ecosystem that reinforces the postal sector's development, combining global vision with regional expertise and outreach. This collaboration is especially crucial for countries facing complex development needs and institutional constraints, ensuring that postal reform efforts are locally grounded yet globally connected.

Regional development banks

Regional development banks are important partners of the UPU and its member countries. When they decide to invest in the postal sector, it often comes with the assumption of a certain level of market liberalization and the postal operator's services. Key areas of collaboration include:

- **High-level relations:** Such relations can help to establish the importance of the postal sector in broader economic development and set the parameters for how the organizations can work together to establish the future direction of the postal sector and any investment in it.
- **Technical collaboration:** The UPU is already working on economic models and has presented papers that demonstrate the value of the postal sector.
- **Urban development:** Regional development banks as well as the World Bank are doing important work on urban development and is implementing various projects around the world to provide people with addresses. Involvement of development banks could support the achievement of positive outcomes of postal reform.
- **Financial inclusion:** Regional development banks and the World Bank have recognized the importance of the postal sector in financial inclusion, given the density of the postal network and its ability to reach people in rural or marginalized areas where there are no financial institutions.

International Telecommunications Union (ITU)

The UPU works closely with the ITU to strengthen the digital dimension of postal development. Recognizing the convergence of communications, digital infrastructure, and service delivery, this partnership has become increasingly strategic. Key areas of cooperation include:

- **Connectivity and infrastructure mapping:** joint initiatives aimed at identifying opportunities to connect post offices and schools to the Internet, particularly in underserved areas;
- **Digital security:** ITU's support to the UPU in developing secure mobile applications, such as digital financial service apps and training for postal and telecommunications partners regarding critical security elements when adopting or developing mobile solutions;
- **Big data and ICT development:** collaboration on the use of big data and digital indicators to improve postal service analytics, performance measurement, and policy design in the digital economy.
- **OpenWallet Forum:** initiative aimed at promoting secure and interoperable digital wallet solutions, supporting financial inclusion and digital payment innovation across postal and governmental ecosystems.

Partnerships with other development institutions

The UPU maintains ties also with major development organizations to promote postal development, especially those within the United Nations system. The UPU has signed several memoranda of understanding and forged alliances with various UN bodies, such as the United Nations Conference on Trade and Development (UNCTAD) and Aid for Trade (a WTO-led initiative). This has helped to improve the visibility of the UPU and the postal sector as a whole.

Module 1E Evaluation

The PRP and in particular management stage 6 and the results framework provide the fundamental basis for evaluation of postal sector reform.

Evaluation is a critical component of the PRP, ensuring that postal sector reforms achieve their intended objectives and contribute to the sustainable development of the postal sector.

Any additional information in this module is complementary to provide further guidance on the evaluation of postal sector reform. Together, the PRP, its results framework, and this module, offer policymakers, regulators, and stakeholders a structured framework for assessing the impact and effectiveness of reform initiatives. The approaches, methodologies, and best practices discussed in this module are universally applicable and can serve as a valuable tool for any country assessing postal sector transformation, whether within or outside the UPU's PRP cooperation framework.

1.E1 Postal reform evaluation: definition and principles

Postal reform is a strategic and multi-stage process aimed at revitalizing and modernizing the postal industry to meet evolving needs and anticipate future challenges. The implementation of planned activities and specific projects is followed by an evaluation of their effects on postal stakeholders and their overall ecosystem. Policies, projects, or reforms are typically designed to transform available productive inputs into outputs and outcomes, aiming to improve the sector's overall performance. In today's complex economic landscape, understanding if an impact has occurred and to what extent has become urgent – not only to validate policy decisions but also to optimize budget allocation and ensure financial accountability.

1.E1.1 Evaluating postal reform

Evaluating the processes and outcomes of postal reforms is crucial for ensuring that these initiatives achieve their intended objectives and contribute positively to the sector's evolution. This module outlines the methodologies and frameworks necessary for conducting thorough evaluations of postal reforms. Evaluations not only measure the success and efficiency of implemented changes but also provide critical insights that guide future decision-making processes. By systematically assessing both the impacts and the effectiveness of reform strategies, stakeholders can identify best practices and areas requiring adjustments, thereby fostering continuous improvement in the postal sector.

The first point to unravel relates to the definition and scope of evaluation for the postal sector reform.

Definition: An evaluation is a methodical and objective assessment of an activity, project, program, strategy, policy, topic, sector, or institutional performance.

Goal: The goal of evaluation is to provide credible, evidence-based information, based on robust methodologies, which can be used to incorporate findings, recommendations, and lessons into the decision-making processes of organisations with corrective or monitoring aims. It will assess the effectiveness of postal reform by comparing the actual outcomes to the objectives set out in the deliverables of the PRP project.

More specifically, evaluation serves three main purposes:

Strategic evaluation: evaluation strengthens innovative governance and introduces accountability. It asks the questions whether the right actions are being pursued to achieve pre-defined objectives.

Effectiveness of resource application: ensure the accountable and transparent use of resources in the reform process, both internally and for external stakeholders, while prioritizing effectiveness and efficiency.

Learning benefits: Generate evidence-based insights to support informed decision-making, evaluating the strengths and weaknesses of implemented initiatives, including projects programs, policies, and strategies. These learnings are to be recorded and made available for future postal reform projects (see PRP management activity 5.2). The learning benefits include the sharing of best practices: the UPU manages multiple PRP projects, which are organizational assets of which the learnings should be made available to future PRP projects. All PRP projects may further contribute to standardizing, streamlining and improving procedures and establishing best practices for the benefit of any country undertaking postal sector reform. The UPU IB role in facilitator of project relevant information contributes to better governance, visibility, and transparency through improved information management.

There are certain common fundamental factors that underpin the establishment of a robust evaluation process:

The **PRP results framework** as a structured series of logically chained 'if-then' statements, which theoretically justify the need for setting up the evaluation against a series of clear objectives and goals (see PRP management activities 2.6 and 3.4 and section 4.2 of the PRP (core methodology));

Availability of sufficient and reliable data: Access to both primary and secondary data sources to support a comprehensive and evidence-based assessment;

Adaptability to evolving external context: Consideration of political, social, and economic factors as both enablers and barriers;

Adequate resources: Sufficient human and financial resources allocated to the evaluation.

In the context of postal reform, evaluation requires a robust framework that combines various assessment methods to capture the multifaceted impacts of changes within postal systems. The core framework used in the PRP is the results framework. This framework is also referred to as a summative evaluation.

Results framework as a summative evaluation

The PRP results framework is a summative evaluation: it is performed after the implementation phase and assesses the outcomes against the stated objectives of the reform. This approach measures the extent to which the reforms have achieved their goals and determines the overall impact on the postal sector's efficiency, service quality, and financial sustainability. Summative evaluations often employ both quantitative metrics, such as service delivery speeds, and qualitative data, such as stakeholder satisfaction.

1.E1.2 Evaluation cycle

The PRP evaluation framework is mostly a results framework.

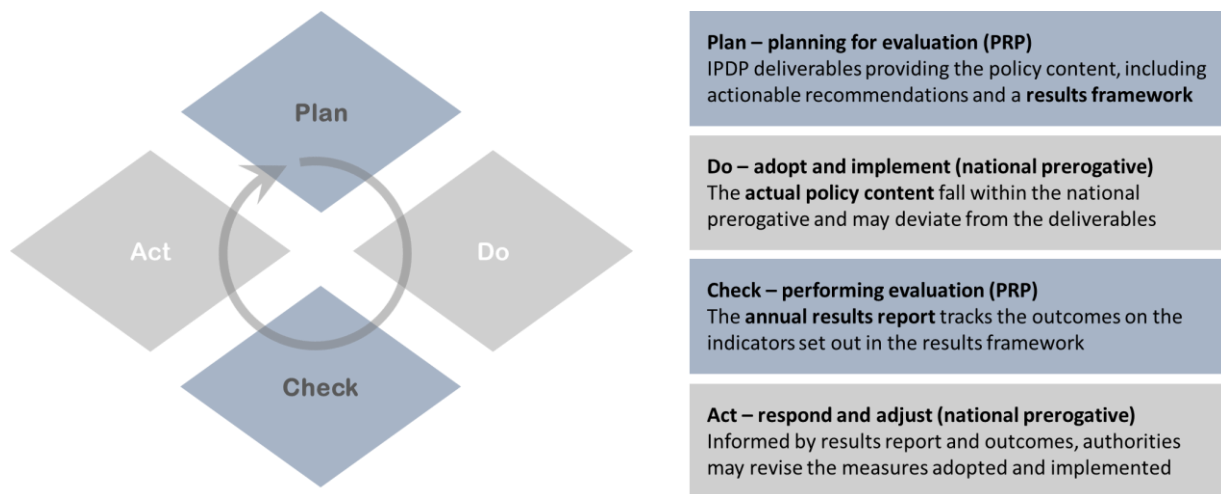
However, the results framework fits perfectly in a larger framework that also incorporates continuous improvement cycles, such as the Plan-Do-Check-Act (PDCA) model, which emphasises iterative testing, learning, and refining of strategies based on systematic feedback and evaluation data. This cyclical approach ensures that postal reform initiatives remain responsive and adaptable to changing conditions and emerging challenges within the global postal landscape.

Postal reform is essentially a structured planning process. It involves assessing the current situation, and implementing proposed changes designed to produce a new, more desirable situation. By leveraging planning tools, the reform process is managed more effectively, reducing the number of uncontrolled variables.

However, a plan is a course of action to be followed, in which deviations from the original plan are a distinct possibility. Accordingly, evaluations reflecting any such deviations will require adjustments in

the situation deviating from the established model. In practice, this is a cyclical, interactive process, as graphically illustrated in the figure below.

Figure X. Evaluation cycle



This only serves to emphasise the fact that a reform effort does not end with the passage of applicable legislation. One could say that it actually begins at such point, when all previously discussed, agreed-on and formally adopted proposals begin to take shape in the real world of the postal sector. Depending on the magnitude of the reform effort, it can take several years, to make deep-seated changes in the basic building blocks of the postal sector. To prevent the consensus achieved as of the date of the passage of corresponding legislation from breaking down, it is essential to establish a frame of reference for the pursuit of reform efforts. As work continues, there could be a need for further studies, unanticipated technical design work, additional follow-up projects or, in short, countless situations requiring decision-making, monitoring, and management efforts.

Postponing such activities could jeopardise compliance with established deadlines and the attainment of targeted outcomes. It also runs the risk of thwarting the attainment of envisaged benefits for the postal sector and, more importantly, for the general public.

The following main elements will need to be clearly established to ensure the continuity of sector reform work in line with previously instituted guidelines:

Line of authority: Clearly identify those in charge of the implementation process;

Decision-making model: Identify the types of situations requiring decisions, as well as the different decision-making levels involved;

Action plan: Establish procedures for the pursuit of work under normal circumstances and in emergency situations to maintain efficiency and adaptability;

Evaluation reports: Specify the content, frequency, and recipients of progress reports. In the context of the PRP, these reports are provided in the form of the Annual Results Report (see PRP section 3.4 and table 3);

Other mechanisms: Develop capabilities and processes for conducting necessary follow-up studies, analyses and projects underpinning the pursuit of postal reform efforts from a technical and political standpoint.

1.E1.3 Evaluation and Monitoring

Evaluation is not the only method used to measure change against a target goal in public and private sectors, serving as a cornerstone of evidence-based policy-making. It provides essential tools for stakeholders to ensure and enhance the quality, efficiency, and effectiveness of policies and programs

throughout their implementation, ultimately focusing on achieving results. At first glance, monitoring and evaluation may appear synonymous. However, understanding their key differences is crucial to avoid design and process mistakes.

Monitoring involves a systematic collection of data on specific indicators to provide management and key stakeholders with real-time insights into ongoing progress and achievements. It focuses on tracking ongoing operations and work plans to enhance processes and increase efficiency. Typically, monitoring is conducted by the internal manager responsible for overseeing the routine collection of performance data.

Evaluation, in contrast, is a methodical and impartial assessment of an ongoing or completed project, program, or policy, encompassing its design, implementation, and outcomes. Its objective is to determine the relevance and achievement of objectives, efficiency, effectiveness, impact, and sustainability. Unlike monitoring, evaluation is periodic or episodic, requiring advance planning of activities and setting a precise goal by the organization. The focus is on the search for better effectiveness and relevance of strategic activities. The data collection process should follow an ad-hoc procedure integrating existing monitoring information and it is usually conducted collaboratively by external evaluators and internal managers.

Monitoring and evaluation are distinct yet complementary, ensuring continuous improvement and informed decision-making in policy and program implementation (see Figure 5 below). They also occur at different times. While monitoring helps compare inputs with outputs, evaluation plays a critical role in analyzing the transition from outputs to outcomes (see Section 4 for a complete discussion on the process).

Monitoring	Evaluation
Continuous Focus on existing process and efficiency Not independent Internal activity Routine data	Periodic Focus on impact and higher goals and effectiveness Mix of internal and external activities Multiple source of data

In results-based management (PRP principle 8), evaluation plays a crucial role in assessing whether intended results are achieved and in informing future decision-making. The PRP methodology underscores:

Outcome-focused approach to reform projects: evaluation provides a structured and systematic way to assess whether planned results (objectives) have been achieved (outcomes);

Informed decision-making: lessons learned and impact assessments are used for future decision-making in relation to postal sector policy;

Accountability and transparency: the methodology ensures that results are measured and identified, enhancing accountability to the stakeholders and public;

Continued learning: evaluation findings contribute to a culture of continuous improvement in the sector encouraging learning and adaption. Knowledge-sharing through best practices ensure that reform projects can benefit for experiences from reform projects.

1.E2 Evaluation criteria

Before setting specific objectives in the PRP results framework, it is crucial to understand the underlying reasons behind the reform. This understanding should be derived from the Project Charter which defines the postal reform goals and the justification for the project. It is furthermore informed by the analysis conducted in the definition stage (stage 2) where the evidence-base is built out. Data collection and analysis (PRP management activity 2.2) and the performance of the situational analysis (activity

2.3) allow for the development of the postal sector specific objectives in activity 2.4. The objectives are further broken down and specified in terms of their indicators, baselines and targets, which are worked out in stage 3 (delivery). The results framework is completed in PRP management activity 3.4.

Regardless of the defined reform goals, the scope and justifications of a reform project, a well-structured evaluation requires clear criteria and rationales to address key thematic areas. In particular, the formulation of well-defined, relevant questions, which determine both the type of information that needs to be collected and the analytical processes used, is at the core of a high-quality evaluation. Smart, targeted, and well-defined questions ensure that the evaluation project is tailored to the interest at hand, in this case, the postal reform and its implications.

To set up a well-structured evaluation, it is recommended to strike a balance between the breadth of topics covered and their depth. The results framework requires the definition of measurable and specific objectives and associated measurement indicators, avoiding vague or overly broad evaluations. Instead, evaluations should be guided by targeted questions able to unravel meaningful objectives, cross-checking. It is also advisable to fine-tune the theoretical model with external experts and key stakeholders to enhance credibility and analytical rigour.

A robust evaluation framework should focus on five essential criteria: relevance, effectiveness, efficiency, technical requirements, and risks (see table below). Establishing guiding questions within these domains ensures a comprehensive assessment, providing valuable insights for decision-making and policy improvements. A list of possible guiding questions is included in the table below.

Table X. Evaluation criteria

Evaluation criteria	Description
Relevance and fitness of the initiative	<p>The extent to which the objectives of an initiative are consistent with country needs, postal evolution, and global priorities</p> <p>Relevant questions:</p> <ul style="list-style-type: none"> • Has a detailed analysis of relevant problems and needs been considered? • Have the effects on problems/needs, object of the evaluation, hierarchically examined with respect to the more general core issues of the postal reform? • To what extent is the initiative in line with the strategic principles included in the Postal Reform Guide? • Are the planned goals specific, measurable, and realistically achievable? • Is the initiative appropriately responsive to political, legal, economic, institutional, technological, social and environmental challenges of the country of interest? • How well does the initiative reflect the strategic socio-economic developmental priorities of the country? • To what extent does the initiative consider previous experiences as learning models?
Effectiveness	<p>The extent to which the initiative has included definitions and measures for analysing achievement/non-achievement of a goal.</p> <p>Relevant questions:</p> <ul style="list-style-type: none"> • Have the main outputs and outcomes of the initiative been clearly defined? • Does the initiative include a set of possible, not required but plausible outputs and outcomes? • What are the quantifiable results of the initiative? • Have clear guidelines for establishing achievement/non-achievement of target goals and sub-goals been established? • To what extent do different social groups benefit from the initiative? • Are the managerial skills/capabilities adequate to design and monitor such initiative?
Efficiency of resource use	<p>A measure of how resources/inputs (funds, human expertise, time, etc.) are converted into results.</p> <p>Relevant questions:</p> <ul style="list-style-type: none"> • To what extent has a clear plan for resource usage been defined? • Does the intended plan respect a cost-effective strategy? • Does the initiative refer to a clear timeline of activities? • Does the initiative have a clear governance structure?

	<ul style="list-style-type: none"> • Could the same goal(s) established by the initiative be reached by employing fewer resources but maintaining high quality level? • Have resources been allocated strategically to achieve outputs and outcomes?
Technical requirement	<p>The extent to which existing management capabilities can support the achievement of results as a means of action.</p> <p>Relevant questions:</p> <ul style="list-style-type: none"> • Is there an existent monitoring and/or evaluation system, and if so, how effective is it? • Have appropriate means of verification been defined to track progress, performance, and the achievement of indicator values? • Is relevant data and information systematically collected, organised, and disaggregated by previously defined relevant characteristics, if necessary? • Is data regularly analysed to inform management decisions? • Is cooperation with key stakeholders efficient in terms of data sharing and technical support? • Are project management techniques present in the team?
Risks	<p>Assessment of the different sources of risk which may threaten the evaluation</p> <p>Relevant questions:</p> <ul style="list-style-type: none"> • Is the initiative financially sustainable? • Have all potential funding sources been evaluated in the initial assessment? • Are there any social and political risks that could threaten the initiative? • Are all relevant stakeholders sufficiently motivated to commit to the initiative through to the end? • Is there public consensus on the long-term impact of the project? • Do the legal frameworks and political structure pose a risk to the reform? • Does the strategy have a contingency plan in case external factors abruptly change? • Have all potential negative impacts of the reform been thoroughly examined?

1.E3 Defining indicators

To measure the impact of postal reforms, PRP projects define reform goals in stage 1 and develop the results framework in stages 2 (in particular the objectives) and 3 (indicators, baselines and targets). The results against these indicators, referred to as outcomes, are measured in the evaluation stage post-project. The outcomes (results) are reported in the annual results report, which is essentially the updated results framework reporting on the actual outcomes as observed.

The definition of clear, measurable, and realistic indicators and their monitoring ensure that evaluation outcomes contribute to continuous postal sector modernization.

A reliable, evidence-based results framework is a mandatory requirement of all postal reform projects driven by the PRP. In this framework, indicators are crucial in every phase of the evaluation of the reform process, from goals -> objectives -> outcomes -> evaluation assessment (see more in section 4.2 of the PRP). However, indicators are not neutral tools, and their development should reflect the underlying assumptions and strategic objectives of the evaluation and the relevant content of the deliverables. The deliverables need to correspond to the objectives which, in their turn, respond to the reform goals (mindful that reform goals can be broader than the postal sector and describe a higher level aspiration whereas objectives are specific to the postal sector and are measurable). Indicators are the key component to make objectives measurable.

To ensure relevance and accuracy, the first step in defining relevant indicators is to set up an effective and evidence-based data collection system. To ensure the credibility of the evaluation, data collection should adhere to three fundamental criteria:

Reliability: The data collection process should be as much as possible consistent with respect to the chosen measurement methodology and selection of items.

Validity: Data should measure as much as possible actual and realistic performance. Each variable must measure a distinctive behaviour or factor, trying to avoid unnecessary duplication.

Timing: The frequency and accessibility of data collection should be carefully considered to ensure timely and meaningful insights.

Data collection and indicator development require significant time and have a direct influence on the success of the evaluation process. To mitigate risks, testing could be done on a small scale to explore any possible issues with the quality and feasibility of data collection and to identify whether unfamiliar data sources will produce reliable and timely information. Different methodologies can be adopted, ranging from qualitative and less structured methods to quantitative and more structured ones, as represented in the figure below.

Less structured methodologies	More structured methodologies
Semi-structured interviews Structured interviews Focus groups Participatory observation Field Visit	Reporting systems (data from electronic messaging) One time Surveys Panel Surveys Census Lab experiments

The following checklist provides practical tips data collection and indicators development.

- (1) Are the indicators (outputs and outcomes) clearly specified and consistent with the core evaluation questions?
- (2) Are the indicators “SMART” (specific, measurable, attributable, realistic, and targeted)?
- (3) What is the source of data for each of the indicators (e.g. survey, review, administrative data)?
- (4) With what frequency will data be collected? Is a timeline available?
- (5) Who is responsible for collecting the data?
- (6) Are people responsible for collecting data complying with relevant data policy and ethical standards?
- (7) Has a procedure to ensure the quality of data indicators been established?
- (8) Who is responsible for analysis and reporting?
- (9) What resources are needed to collect and/or produce the data?

An effective data collection and monitoring system is essential for the success of postal reforms, providing the mechanisms through which ongoing performance can be assessed and communicated. This not only ensures transparency and accountability but also facilitates informed decision-making by continuously supplying data on the effectiveness of implemented changes. The framework described below enables stakeholders to track progress against set objectives, identify areas in need of improvement, and adjust strategies dynamically to meet the evolving needs of the postal sector.

Table X. Data collection and reporting methods

<p>Data collection methods (PRP recommended)</p> <p>Establish systematic data collection processes at all levels of postal operations. This includes automated systems to collect operational data, as well as feedback mechanisms to gather qualitative insights from users and employees.</p>	<p>Regular reporting (PRP required)</p> <p>In PRP postal reform evaluation, there is a structured reporting schedule that includes annual results reports. These reports detail the performance (outcomes as observed) for each indicator and compares the outcomes against the objectives on the basis of baselines and targets set for each indicator. This provides a clear picture of the reform's progress</p>
<p>Performance dashboards (PRP optional)</p> <p>Develop and implement interactive dashboards that provide real-time monitoring of critical performance indicators. These dashboards should be accessible to key stakeholders and updated in real-time to reflect the most current data.</p>	<p>Independent audits (PRP optional)</p> <p>Schedule regular independent audits to verify the accuracy of reported data range to evaluate the effectiveness of the reform initiatives. These audits help maintain integrity in the evaluation process and provide external perspective on the reform outcomes</p>

PRP activity 3.4 provides an example of the PRP results framework (see table below).

Table X. Results Framework (Example)

Reform goal	Objective	Indicator	Baseline (n) ³⁹	Target (n+5)	Actual (n+1)	Actual (etc.)
World class infrastructure crisscrosses Africa (Agenda 2063 – goal 10)	Interconnected e-commerce delivery postal delivery network	% of postal items delivered in 5 days	50% (actual)	95%		
		Active licensed postal operators offering intra-African cross-border delivery services	100 (index)	200		
			
	Growth of the postal and delivery sector processing with more e-commerce generated items through its network	E-commerce generated cross-border parcel volumes	100 (index)	200		
		Revenue generated by intra-African cross-border delivery services	100 (index)	250		
A single market for goods and services in order to deepen the economic integration of the African continent (Art. 3 of Agreement establishing the African Continental Free Trade Area)	Improve the infrastructure for efficient and timely movement of goods across borders, incl. the express delivery services that are crucial for intra-African trade	Countries with operational and service level compliant express delivery service	100 (index)	200		
		Number of post offices offering trade facilitation services (easy export solutions)	0 (actual)	2000		

The results framework converts descriptive postal reform objectives into specific indicators for the postal sector which are measurable on the basis of clear and relevant indicators. This results framework gives postal reform managers (policy-makers or policy evaluators) a clear picture of the extent to which the objectives have been met.

Finally, to build purposeful indicators in the postal sector, three aspects are particularly relevant.

- a) **Integrating international standards and best practices:** Considering the global nature of postal services, aligning reform objectives with international standards is critical. This integration ensures that reforms are not only locally effective but also globally competitive and compliant. Engaging with international bodies such as the UPU helps incorporate global best practices and benchmarks into national reform strategies.
- b) **Building support for objectives:** Transparent communication of reform objectives and the reasons behind them helps to build support among stakeholders. Regular updates, stakeholder meetings, and public consultations can foster an environment of trust and collaboration, encouraging active participation in the reform process.
- c) **Adaptive objectives:** Objectives setting is, in principle, a one-time task. It is not recommended to redefine the objectives (and/or targets) after a number of few years to achieve a more favourable assessment. However, due to changing circumstances and to adapt to new challenges and insights, it may be necessary to modify objectives, indicators and/or targets provided that a justification presented together with the modifications to the results framework.

³⁹ Year *n* is current year.

In developing indicators, it should be considered that their utility will be determined by the extent to which they meet the following requirements:

Simplicity: indicators should be clearly understood;

Objectivity: indicators need to be evaluated in a non-subjective manner;

Credibility: indicators need to be measured against objective (and verifiable) sources of information;

Execution: indicators should revert to accessible and feasible sources and means of verification;

Timeliness: indicators need to be verifiable in a timely fashion for decision-making purposes;

Comparability: indicators should provide a good basis for comparative benchmarking.

1.E4 Evaluation techniques and typologies

Evaluation is essential for understanding which policies succeed and which do not. As a critical source of policy-relevant knowledge, policy evaluation guides evidence-informed decision-making. However, beyond establishing robust data collection practices, it is equally important to analyze the outcomes and benefits derived from the data. This ensures that postal sector reforms are rooted in sound evidence, even in the face of the inherently complex policymaking process. Indeed, political decision makers must balance economic, ideological, social, and political considerations, calling for multiple methods to achieve effective public governance. Policy evaluation consists of two main activities:

1. **Results framework:** confirm whether the outcomes have materialized. **The results framework is a mandatory component that is part of the core methodology of the PRP. All PRP driven reform projects must include a results framework, including post project evaluation.**
2. **Impact evaluation:** assess the causal effects of an intervention, such as a program, policy, or project, on specific outcomes. **Impact evaluation, is recommended but not mandatorily required for PRP driven projects.**

1.E4.1 Evaluation technique 1: results framework

The first activity aims to evaluate if and how the data collection system, including the building and updating of indicators, can confirm the effects and outcomes of the reform.

On the basis of the updated results framework of the relevant project, the IB will analyse the extent to which the effects and outcomes of the project can be confirmed. For example, Country X undertook a project in year n with the desired outcome of building a robust digital economy underpinned by the effect of e-commerce delivery services provided in a competitive market in which multiple operators offer a wide range of delivery services that respond to the needs of both buyers and sellers of e-commerce products. In the definition stage of that project, the PRP practitioner must develop more specific and measurable objectives and indicators. Those indicators include goals (objectives) that the national postal and delivery sector should grow by 5% annually in volume and 10% in turnover and the number of licensed market players that provide nationwide end-to-end delivery services should double by year $n + 5$ as a result of the PRP-driven reforms. Considering a baseline of 100 for indicators in year n , the year in which the project was conducted, it is easy to detect change and progress with respect to the fixed objective.

In the example table below, the results framework of Country X shows the actual performance as measured and reported to the IB on an annual basis. These results are compared to the objectives that were set at the beginning of the PRP project. In the example of Country X, the results show that, by year 5, the e-commerce traffic (in volumes) increased by more than the objective that was initially set. The objective is exceeded for each year since the PRP project. The performance Indicators 2 (Revenue) and 3 (Number of licensed delivery operators with nationwide delivery services) both show increases

against their respective baseline values in Year n, but the targets set for these indicators were not met. Note that for Indicator 3, the objective was set for Year 5 and not for the intermediate years. In conclusion, in the example of Country X, despite notably and objectively confirmed progress, not all the benefits and desired outcomes defined at the outset of the PRP project have been (fully) materialized.

Table X. Framework to confirm benefits and outcomes

	Year n *	n +1	n +2	...	n +5
Indicator 1: volume					
Objective	100	105	110	..	125
Actual	100	108	115		139
Indicator 2: revenue					
Objective	100	110	120		150
Actual	100	105	112		134
Indicator 3: number of licensed delivery operators					
Objective	5 (100)				10 (200)
Actual	5 (100)	5 (100)	6 (120)	...	8 (160)

1.E4.2 Evaluation technique 2: impact evaluation

The second activity focuses on evaluating the impacts – an inherently more complex and long-term endeavour. Because it goes beyond the mere observations of the performance against the set targets of the objectives. Impact evaluations aim to understand the causal link between postal reform and the observed outcomes. In other words, what are the contributions of potential other factors that may led to the outcome as measured?

The following is relevant to more advanced evaluation of postal reform projects. The PRP requires the use of the results framework (see 1.E4.1 above), which is a mandatory component of any PRP driven reform project. Impact evaluation techniques as discussed in this section are relevant but not mandatory for an PRP project.

In regard of technique 2 (impact evaluation), different methodologies and techniques have been developed in the field of evaluation. Classic evaluation methodologies assess the effectiveness of implementing a program (in this case, the postal reform) versus the absence of such a program. In other words, they involve the normative assessment that compares the current situation with an optimal scenario. The central (and often more problematic) challenge is the identification of causality, considering the multiple factors that interact simultaneously within the postal sector. In the classic impact evaluation literature, the estimation of a causal effect is subject to the definition of a “counterfactual”, the outcome of firms, individuals, countries, etc.. without their participation in the designed program or treatment (in this case, the implementation or not of the postal reform). Accordingly, a crucial aspect is the adoption of a “before” and “after” approach with the aim of isolating the distinctive contribution of the postal reform (controlling for possible confounding variables).

Since establishing a direct treatment-comparison group is often difficult due to the widespread and interconnected nature of the postal sector, an alternative and more suitable approach is the before-and-after comparison. The latter allows for both retrospective and prospective analysis (i.e. the sector's performance before and after the reform), helping to isolate the distinctive contributions of the PRP project while controlling for confounding variables. Prospective evaluation is conducted before or during the reform process, while retrospective analysis is carried out after the reform has been implemented. While prospective analysis is more interesting as it allows for a more proactive policy adjustments and better stakeholder coordination, the retrospective analysis can also yield some interesting insights, particularly for identifying cases that can serve as examples for other countries.

A first, but useful distinction regards the different modes of evaluation:

Pre-Implementation Evaluation: Determines what should be done before implementing an evaluation framework.

Process Evaluation: Determines if specific program strategies were implemented as planned.

Outcome Evaluation: Focuses on the changes in attitudes, behaviours, and practices that result from program activities.

Impact Evaluation: Focuses on the long-term, sustained changes as a result of program activities, both positive and negative, and intended and unintended.

Impact evaluations, such as the one relative to postal reform, should mainly focus on outcome and impact, to evaluate the pros and cons of disruptive changes. To evaluate postal reform processes, a mix of diverse assessment techniques must be used to ensure a thorough and comprehensive analysis. Each technique plays a crucial role in providing insights into different aspects of the reforms, from quantitative metrics that offer a clear measurement of changes to qualitative data that give depth and context to those numbers.

While impact evaluation represents the best method to provide causal evidence with many benefits, other methodologies complement this scientific approach, providing contextual and descriptive elements that represent crucial information (also for impact evaluation itself).

The table below outlines the main impact assessment techniques used, describing their key features and the specific roles they serve within the overall evaluation strategy. This structured approach enables a comprehensive assessment, ensuring that the reforms are not only effective in meeting their immediate goals but are also sustainable and adaptable to future challenges.

Table X. Main impact assessment techniques

Technique	Description	Role
Impact Evaluation	It aims to find out with a scientific method the changes in specific outcomes that can be directly attributed to postal reform, distinguishing these effects from other factors. This evaluation method typically involves comparing outcomes between groups that are exposed to the intervention and those that are not.	It assesses the effectiveness and efficacy of implemented changes. It helps policymakers and stakeholders understand whether the reform measures have led to desired outcomes, such as improved service delivery, cost efficiency, and customer satisfaction.
Quantitative Descriptive Measures	Provide objective, numerical and comparable data on performance, efficiency, and other measurable factors. Key performance indicators (KPIs) are specific metrics chosen to track the performance and success of an initiative against its intended goals.	Represent the foundation of the evaluation strategy, offering baseline data for trend analysis and measuring direct impacts of reforms. KPIs are critical for decision-making and assessing whether the postal reforms are achieving their strategic objectives.
Qualitative Measures	Collect data through interviews, surveys, and focus groups to understand stakeholders' perceptions and experiences.	Add depth to quantitative data, explaining why certain results are occurring and informing strategy adjustments.
Benchmarking	Use data from other regions or similar initiatives for benchmarking. Compares past and current performance to assess relative success.	Provides a measure of success relative to historical or external standards and helps identify areas of excellence or requiring improvement.
Case Studies	Detailed exploration of specific reform initiatives, relies on both quantitative and qualitative data.	Offer in-depth understanding of the nuances of reforms and provides models for replication or lessons for future projects. They can cover various aspects, from the introduction of new technologies to changes in organizational structures or operational procedures.
Sustainability and Scaling Evaluations	Assesses the long-term viability and potential for scaling reforms, considering environmental, economic, and operational sustainability.	Ensures reforms are sustainable and adaptable for future expansion, assessing long-term impacts and viability.

The next table includes examples of advanced impact evaluation techniques, which may represent feasible approaches for certain postal reform projects. **Note: these advanced techniques may be considered and relevant in certain national contexts, they do not form part of the PRP core methodology.**

Table X. Advanced impact evaluation techniques

Technique	Description	Possible Application(s) in the Postal Reform Evaluation
Regression Discontinuity Design (RDD)	The regression discontinuity design (RDD) is a method used to evaluate the impact of programs that have a continuous eligibility index. This method relies on a clearly defined eligibility threshold, also known as a <i>cutoff score</i> , to determine who qualifies for the program and who does not. This method assumes that units just above and below the threshold are comparable, and any discontinuity in the outcome can be attributed to the treatment effect.	RDD can be used to evaluate the impact of a specific postal reform policy implemented at a known cutoff point, such as a new pricing policy for services based on package weights. When new postal tariffs are introduced for specific services based on income levels or geographic areas, RDD can assess the effect on service usage and revenue, focusing on customers just above and below the cut-off point.
Difference-in-Differences (DiD)	The DiD method involves comparing changes in outcomes over time between a treatment group and a comparison group. The treatment group is enrolled in a program, while the comparison group is not. In this case, assignment rules are not randomly assigned, but rather are the result of deliberate choices. This method captures factors that remain constant over time within the treatment group and accounts for time-varying factors by measuring the before-and-after change in outcomes for the comparison group.	DiD can evaluate reforms introduced at different times or in different regions (such as the implementation of a digital tracking system in some postal offices but not others), by comparing outcome changes between the treated and control groups over time. Another possible application is represented by partnerships with e-commerce companies that are rolled out in some regions but not others. DiD can be used to measure changes in package volume, delivery times, and revenue.
Randomised Control Trial (RCT)	An RCT is an experimental design in which participants are randomly assigned to either the treatment group - receiving the intervention, or the control group - not receiving the intervention. This randomization helps ensure that differences in outcomes between the groups can be attributed to the intervention, minimizing bias and confounding variables.	RCTs can assess the impact of a new initiative, such as a customer service training program, by randomly assigning some postal offices to receive the training while others continue with the usual procedures RCTs can be used for testing new postal products or services. For example, the customer response to new services, such as a premium express delivery option, by offering it randomly to a subset of customers and comparing uptake and satisfaction levels with a control group.

While different evaluation methods serve distinct objectives, it is important to recall that one size does not fit all. Depending on the evaluation goals and the available resources, it is also possible to adopt a flexible approach, integrating mixed methods. A mixed-method approach combines quantitative methodologies with in-depth qualitative analyses, providing a more nuanced understanding of reform impacts. This approach can be:

Convergent parallel if quantitative and qualitative data are simultaneously used;

Explanatory sequential, where quantitative analysis is conducted first, and then complemented by qualitative analysis; and

Exploratory sequential, where qualitative analysis is conducted first to identify key insights problem areas, which then inform subsequent quantitative measurement and analysis.

1.E5 Results reports

The final phase of the evaluation process involves reporting the results, a crucial step in providing a comprehensive and structured overview of the entire assessment.

However, evaluating the impact of postal reform initiatives poses unique challenges while also offering valuable lessons for high-level public managers in the postal sector. Although impact evaluations are critical for assessing the effectiveness of reforms, they often encounter obstacles that can complicate the assessment process and influence outcomes.

1.E5.1 Annual results report

The Annual Results Report (APR) is a crucial output of the monitoring process, offering a structured assessment of the performance of actions and activities in terms of their contributions to intended outcomes (objectives) on the basis of the PRP project deliverables. The Annual Results Report builds upon the results framework as approved by the authorizing Government, on which basis the Government commits to ensure the provision of relevant data and information to the objectives and indicators as included in the results framework.

The annual report is country-specific and part of a larger database to be managed by the UPU for which all relevant data is collected on the indicators set for every PRP project.

PRP management activity 4.4 describes the report and all the constituting elements in detail, including the data collection processes that are required for the annual reporting purposes.

As a reminder, the concept of a baseline refers to the situation at the beginning of a project. The simplest form of a baseline is the collection of data for the key outcome indicators. Comparing the measured values of these indicators after a period of time with the baseline data allows an assessment of the progress made in outcomes and ultimately by the project. Without baseline data it is very difficult to find out what changes the project has brought about at the level of outcomes (and impact).

The data collected on the indicators allow to measure change (see baseline) with a given set of standards when comparing the outcomes/ objectives to be achieved with fixed standard values. Over time, all postal reform projects may contribute to the establishment of standards in many areas and these can be used as benchmarks for an individual PRP project. The IB will maintain a repository of all PRP projects and a database/ dashboard to track the performance of all PRP projects on the basis of the indicators established for each PRP project over time. The IB could complement the monitoring system by collecting the same information from other countries, including both countries that have undergone postal reform and those that have not.

1.E5.2 Challenges

One of the primary challenges in evaluating postal reform is the absence of baseline data. Often, evaluation activities do not follow long-term policy cycles, leading to a lack of initial data against which to measure changes. This gap limits the ability to compare pre-and post-reform situations, making it difficult to attribute observed changes solely to the reform measures.

Additionally, the influence of macro events external to postal sector *strictu sensu*, such as natural calamities, economic downturns, or pandemics, can significantly affect the evaluation results. For instance, a natural disaster disrupting postal services can lead to erroneous conclusions about the effectiveness of a newly implemented system. Such external factors are beyond the control of the reform process but can heavily impact service delivery and customer satisfaction, complicating the interpretation of evaluation outcomes.

Another significant challenge is the lack of stakeholder willingness to cooperate. Collecting microdata is often difficult and time-consuming, as organisations and individuals may be reluctant to share sensitive information or may not have the capacity to provide the necessary data. As a result, evaluators may struggle to obtain comprehensive and accurate data, limiting the scope and depth of the analysis.

1.E5.3 Lessons learned

Despite these challenges, several lessons have emerged from the evaluation activities in the postal sector. One key lesson is that evaluation systems provide crucial feedback about the progress and outcomes of projects, programs, and policies. This feedback serves as a learning mechanism in understanding both successes and failures, offering insights that can inform future strategies. Continuous evaluation throughout the project cycle helps identify issues early, allowing for timely interventions and adjustments.

A well-designed evaluation and performance system can also act as an “early warning system”. By monitoring key indicators and comparing them with planned objectives, organisations can early detect deviations from expected performance, ensuring that corrective measures are implemented swiftly.

Moreover, it is essential for performance reports to include explanations for poor outcomes and to identify steps taken or planned to rectify issues. This practice not only fosters a culture of transparency and accountability but also encourages a proactive approach to problem-solving. By acknowledging shortcomings and outlining corrective actions, organisations can instil a culture of change, continuously improving processes and services.

Lastly, the divergence between planned and actual performance often reveals gaps in planning and execution. This divergence can highlight unrealistic expectations, unforeseen challenges, or implementation issues. Recognising these gaps is crucial for refining future planning processes and setting more achievable targets.