From *Exporta Fácil* to Trade Facilitation

Developing a postal network solution for MSMEs in all countries

Alassane Guiro, 2012

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Foreword

The vision of the Universal Postal Union (UPU) set by the founders was indeed far-sighted and highly relevant to the modern era of Internet connectivity. At the very onset of what was the second multilateral intergovernmental treaty, governments recognized the need for seamless inter-connectivity, international regulations and standards to enable smooth cross-border exchanges of postal items. Today, the changing nature of postal traffic from letter-post items to parcels, driven by e-commerce, is providing Posts with many new challenges and opportunities. The postal service is viewed as a network of networks that can facilitate communication exchanges and the exchange of goods and payments in all dimensions of interactions and transactions between citizens, businesses and governments. For many, the post office is the hub of trade and the heart of the community where social interactions also take place in the course of business.

For many micro, small and medium enterprises (MSMEs) keen to take advantage of the growing e-commerce sector, from freelancers, the self-employed, savvy start-up companies, agribusiness small traders, small home-office entrepreneurs and handicraft sellers to rural women and youth trade groups, the post office is their invaluable trading partner and business agent. MSMEs, estimated at 410 million to 520 million worldwide, constitute over ninety per cent of all businesses. Thanks to technological developments and the changing trading environment, MSMEs are increasingly in a position to become the engine of employment creation, growth, innovation and future prosperity in many nations. They count on the post office when making contractual obligations with their customers, and so are dependent on the quality of postal services for their own expansion and business development. With over 660,000 postal locations worldwide, the postal network of UPU member countries is the largest physical distribution channel in the world and forms an important infrastructure to facilitate trade for MSMEs. The global postal supply chain, including the interfaces between the Post and other trade support networks, such as customs, transport, payments and security, must therefore be efficient and of the highest quality.

This report, prepared by the UPU International Bureau, analyzes how postal infrastructure can facilitate trade for MSMEs using the Exporta Fácil model first pioneered by Brazil in South America. A number of countries that implemented the programme in the region have witnessed a significant growth in exports and jobs. In Brazil, export values through the programme increased from 12 million USD in 2000 to 272 million USD in 2012, with over 80% of businesses benefitting from the programme as first-time exporters. The study also highlights a number of observations and challenges that the programme faced, such as the initial focus only on export at the exclusion of import facilitation and the lack of a postal payment solution to facilitate financial transactions for MSMEs. The study thus brings forward useful lessons, conclusions and recommendations that are important for improving future implementation of similar programmes.

As e-commerce continues to grow and transactions are increasingly performed online, I believe that an important task ahead of us is to further strengthen and streamline the global postal infrastructure and the end-to-end quality of postal services in order to make the postal network more proactive and focussed on the needs of the 21st century. It is clear that the UPU will have a fundamental role to play in strengthening the power of the postal infrastructure to support economic development, social inclusion and poverty reduction by facilitating trade and e-commerce for MSMEs. My mantra since entering office in January 2013 has been Innovation, Integration, and Inclusion. And I see all the pillars of that mantra incorporated in trade and e-commerce facilitation for MSMEs through the postal channel.

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Director General
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Executive summary

This study, commissioned in 2012, is divided into three parts. Part one introduces the Exporta Fácil concept from inception to action. Part two talks about how to achieve integration and network alignment for worldwide trade facilitation for MSMEs through the postal channel. Part three draws conclusions from the study and summarizes the key recommendations.

The Exporta Fácil (easy export) programme, the brainchild of the Brazilian government and its Ministry of Communications, uses the postal network of Empresa Brasileira de Correios e Telégrafos (the Brazilian Post) to give micro, small and medium enterprises (MSMEs) across the country access to international markets, thereby increasing the country’s total exports in terms of value, volumes, diversification of markets, and commercialization of new products. The programme, implemented as a government initiative through a partnership of stakeholders with differing but complementary roles, was to unlock the barriers constraining the internationalization of MSMEs. Inclusiveness, partnering and networking between all the relevant stakeholders is the golden rule and key factor of success in the design and implementation of such a programme. Securing government support, mobilizing resources (funding) for the project, and developing good working relations with Customs are especially critical. In this programme, the postal operator acts as the customs intermediary for MSMEs, certifying export compliance, collecting export taxes, expediting the registration and issuance of an export declaration using a simplified form that is transmitted to customs via IT systems, and shipping the export item via its physical delivery network.

The objectives of the easy export programme are to:

– reduce red tape for exporting to a minimum;
– reduce the overall end-to-end costs of exporting;
– ensure nationwide availability of, and easy access to, simplified and affordable logistics and export consultancy services;
– improve the competitiveness and business development of MSMEs;
– provide options for improved country-to-country (and if possible door-to-door) logistics;
– facilitate access to easy customs registration and secure customs revenue collection and control;
– ensure predictable, reliable and high-quality export logistics services;
– enable interconnection and networking between customs systems and export logistics service suppliers.

Given that the design and implementation of an easy export and import process for MSMEs facilitated by the Posts is influenced by a number of regional and national factors, such as the political and legal environment, the level of national development, the nature of postal market organization, culture and other micro-environmental factors, the study notes that mere imitation of the Exporta Fácil model as implemented in South America may not work in other regions and recommends that each country adapt the programme appropriately, taking into account its own unique conditions and capacity gaps. Most postal operators, especially in developing and least developed countries, are finding it difficult, if not impossible, to bring about the necessary improvements to close the capacity gaps identified in the study due to lack of resources. The MSMEs interviewed during the field study, which covered Brazil, Kenya, Mali and Peru, generally expressed the same concerns and raised a number of issues that require intervention by stakeholders at all levels:

– Lack of fast, on-time delivery services;
– Reliability of postal and non-postal partners;
– Poor responsiveness to customer inquiries;
– Pilfered, lost or damaged items;
– Unclear returned goods and compensation policies;
– End-to-end track and trace;
– Long delays in customs clearance;
– Poor communication and support from service providers across borders;
– Limiting legislation on postal export value and weight.
While the focus in developing the programme in South America was initially export facilitation, the study recommends that it is essential to incorporate import facilitation (Importa Fácil) in the design of future programmes since exports at one point end up as imports at another. For effectiveness, any initiatives to enhance the global postal network trade facilitation process should also incorporate the key challenges facing MSMEs and include methods to authenticate MSMEs to enhance online trust. To be more robust, postal financial services should be in-built in the design of the postal import and export programmes to cater for order payments, tax remittances and trade financing (credit payment processing). It is also important that the postal service can cater for the different stages of MSME development from inception and transformation to maturity. Posts should ensure that they remain the preferred service provider and partner for the mature MSME that has grown to high-level capacity processing and may need trade support tools to remain competitive.

In order to reduce the postal divide in terms of quality of service for exports and imports processed through the postal channel, the study recommends a comprehensive capacity building programme for postal operators that should also address logistics performance. The increasing gap between low performers and high performers could jeopardize the entire universal postal delivery network chain. Postal operators should receive the appropriate assistance needed to increase their internal capacity to facilitate trade for MSMEs by ensuring that the postal network addresses the challenges facing governments and by taking advantage of their business relations at both national and international levels to fund investments.

The study concludes by remarking that a sustainable trade facilitation initiative by the UPU under the POC's guidance and implemented by the IB will require efforts to take on the following challenges:

- **The challenges of total commitment** – Developing and implementing throughout the network an approach that will rally all stakeholders and key actors.
- **The challenges of strategy** – Extending and improving the trade facilitation business model on the basis of the experience gained from the Exporta Fácil and Importa Fácil solutions; formulating and implementing a joint and shared strategy, including a common trademark for easy promotional activities.
- **The challenges of capacity** – Establishing the necessary pillars for sustaining efficiency and growth, including building the capacity of postal operators and the IB.
- **The challenges of cross-border governance** – Achieving operational excellence and customer satisfaction by circumventing irresponsibility and unresponsiveness.

A summary of all the recommendations made by the study can be found on pages 71–75. The study includes an annex on additional activities recommended and the development of tools.
Figure i

Illustration of the Postal Sector

- International
  - CEP & Logistics
  - Regional
  - National
    - e-services
      - Service providers
      - Citizens
        - Customers
        - Nations
  - National Stakeholders
  - Regional Stakeholders
  - Retail
  - International Stakeholders

CEP: Courier, express, parcels; Service providers: DPO’s and others
I. Programme background

At the beginning was the strategic plan for export promotion by the Government of Brazil to boost the country's exports, focusing on micro, small and medium-sized enterprises (MSMEs). The ultimate aim was to increase the country's total exportation by enabling MSMEs in all potential sectors to break through export barriers and hurdles. To that end, a set of enabling programmes focusing on the MSME sector was put in place that included:

- Portal do Exportador (exporter gateway)
- Fala Exportador (Speak, Exporter)
- Encomex (foreign trade meetings)
- Redeagentes (network agents)
- PROGEX (technical barriers to trade)
- PROEX Financing (easy access to credit)
- Exporta Fácil (easy export solution by postal operators)

This initiative was a strategic push by one government for its country's export promotion in the MSME sector (Federal Government of Brazil Easy Export endeavour for Brazil entrepreneur programme, initiated under Ordinance No. 710 of 20 November 2000). It was a stand-alone, one-directional endeavour covering three main needs of the target population, i.e.:

Figure ii

![Brazilian experience diagram](image)
II. Building and releasing the potential of MSMEs

The overall "enabling programme" addresses all of the barriers, internal and external, which constrain MSMEs and hamper the country's exportation. The aim is also to make it possible for enablers to deliver their full support potential, particularly by:

– developing MSME support infrastructure and mechanisms nationwide;
– ensuring coherence and convergence in the roles and actions of key stakeholders;
– ensuring valued networking among all the parties involved.

As regards MSMEs, the main barriers that the MSME support initiatives and programmes should help to overcome are shown in the following graph:

*Figure iii: MSME's export capacity inhibitors*
III. Inclusiveness, partnership and networking

Partnering and networking between all of the sector's stakeholders represents the golden rule and has been the key factor for success. The main stakeholders involved in the process, from system and process design to implementation, are represented in the following graph:

*Figure iv*

Once Exporta Fácil is in place, the four main actors will eventually be the ones mentioned in the figure below. The exporter (MSME) will continue to be assisted by national support agencies and the governmental departments, in particular those responsible for export promotion and MSME business development:

*Figure v*
IV. **Exporta Fácil – export logistics and customs control and clearance**

The objectives of the easy export global process and solution are to:

- reduce red tape for exporting to a minimum;
- reduce the overall end-to-end costs of exporting;
- ensure the nationwide availability of and easy access to simplified and affordable logistics and export consultancy services;
- improve the competitiveness of export MSMEs by lowering transaction costs;
- provide options for improved country-to-county (and if possible door-to-door) logistics;
- facilitate access to easy customs registration and secure customs revenue collection and control;
- ensure predictable, reliable and high-quality export logistics services;
- enable interconnection and networking between customs systems and export logistics service suppliers.

**Simple to operate and easy to access and use**

The easy export process is designed to be simple to operate by all logistics service suppliers and easy to access and use by the target customer segment nationwide.

In Brazil, **Exporta Fácil** is operated in partnership with numerous parties, including the Foreign Trade Ministry, Internal Revenue Authority and Customs. For the postal operator to act as an agreed and valued customs intermediary, its IT systems are connected to those of the Foreign Trade Ministry (SISCOMEX). The postal operator can thus facilitate and expedite the registration and issuing of the simplified export declaration (DSE) for MSMEs. MSMEs need to be registered and assigned a special authorization number by the Ministry in order to access the country's simplified export process.

A similar scheme for the above parties exists in all Latin American countries that have introduced an easy postal logistics solution supporting export by MSMEs. Similarly, all of the postal operators acting as easy export service suppliers have based their services on existing ones, with the possibility of value-added services, such as insured parcels/packets and/or standardized packaging (free of charge or against payment). The postal product range is the following:

*Figure vi: Exporta Fácil postal product range*
Securing customs revenue collection and control is a main requirement of any *Exporta Fácil* process. Authorization is granted to MSMEs by the national revenue and tax authorities, with a view to controlling and securing the following sets of information (including trade statistics requirements and any necessary research or investigation, criminal or not):

- registration/licensing data of the exporting MSME;
- dispatch of customer information (who is the exporter and what is the business concerned);
- receipt of customer information (who is the receiving customer in the country of destination);
- country of destination;
- contents of the parcel (description of goods, including number, units and total price);
- value of the goods being exported;
- compliance with export prohibition regulations (e.g. archaeological heritage and cultural protection in Peru, fraudulent traffic);
- compliance with export documentation, particularly in country of export (e.g. commercial invoices, certificate of origin, phytosanitary certificate, etc.);
- export tax payment certification prior to export by the logistics operator (in Brazil, export and import taxes are to be paid to the Banco do Brasil).

Once this information is secured and all mandatory steps in the simplified export process have been carried out (the logistics service suppliers are important stakeholders in the process), the parcel/packet is cleared through customs (in the case of Brazil, the item's value should not exceed the equivalent amount of 50,000 USD). At the post office, the process for clearing the parcel and issuance of the DSE (simplified export declaration) is as follows:
Reception of parcel from registered SME at post office or pick-up at customer's premises

Is post office connected to Customs IT system?

Send item to appropriate operating centre with connection

Enter information/data requested into Customs IT systems

Edit relevant simplified declarations of export (SDEs)

Wait for Customs clearance (Green, Orange or Red)

Wait for Customs online authorization (green light?)

Nature of “Stop” message

Customs online authorization (green light?)

No

Red

Wait for Customs visit and decision

Orange

Wait for Customs online orders, call or visit

Yes

Execute procedures of parcel processing

Execute relevant stop or inquiry procedure

Items cleared?

Yes

End

No

Item sent to postal export centre for export
V. Analysis of Exporta Fácil operational requirements

The analysis of Exporta Fácil functional and operational requirements is critical to the success of the project in developing countries. Such an analysis shows that there are critical issues that impact on the real value provided to customers, particularly in terms of quality of service and business development. A valid business process analysis of the easy export mechanism points out some operational risks that may emerge from a malfunction in certain environments due to inadequate processes and systems in place, the quality and motivation of human resources, the quality of management and internal leadership, external constraints and events. The risks map includes the following:

- **Decision-making process – Time concerns**: Lengthy delays from the moment of arrival of the parcel at a post office to the decision by Customs to clear it for export can have an impact on the delivery time in the country of destination. The image of the logistics provider and the business of the exporting MSME may be adversely affected.

- **Organizational constraints – Distance implications**: When there are very few postal operations centres connected to the Customs system for data entry, parcels will be conveyed to major facilities far from the point of posting, i.e. the customer. Distance may add to the time needed for decision-making. Any request for additional information that requires the customer's reply will lengthen the item’s processing time.

- **Operational bottlenecks – Security of parcels**: Lengthy delays in the processing of parcels inside the country have an impact on their security in the postal pipeline. This delay may be critical for time-sensitive transactions and postal items, since this is the environment where pilferage is prevalent.

- **IT-fragile environment – Operational disruptions**: The lack of IT capability and infrastructure nationwide, or at least in major cities, is a barrier to the sound development of Exporta Fácil. Building IT capacity to facilitate operational decentralization is crucial to the service performance of MSMEs. The repeated failures of existing IT systems due to poor maintenance or power cuts, which prevent the proper functioning of operational centres, are serious threats to be addressed as part of the project development and implementation scheme.

- **Human resources management and corporate culture**: Organizational context and corporate culture have a decisive impact on Exporta Fácil performance and economic sustainability. Identifying and managing potential internal blockages (with various sources and causes) are critical to success. From the customer’s perspective, the culture of accountability and customer responsiveness are key to business performance. Making the whole organization a knowledge centre for trade facilitation is a prerequisite for long-term success. It was noted in one country visited during the research phase that the entire system risked collapse by the departure of one single person who represented the only repository of know-how and the external stakeholder’s only contact point.

VI. Exporta Fácil – Operation and trademark

Exporta Fácil as a process and registered trademark currently operates under national laws and regulations. The rules for postal operations and product range are covered by the applicable legal provisions of article 22.3 of the UPU Constitution, the Universal Postal Convention and the EMS Standard Agreement and its procedures for implementation, i.e. the rules applicable to the products covered by the easy export solution in place:

- parcels;
- letter post (which includes EMS and small packets of less than 2 kilogrammes);
- EMS.

The trademark is national and belongs to the stakeholder postal operator. In Brazil, the simplified export process (the specific and unique underlying easy export process) can be operated by any logistics service provider, while in Peru only the designated postal operator (DPO) can provide such services within a timeframe decided by the Government, before the process can be opened up to include other postal logistics service providers.
VII. **Exporta Fácil – Country relations management framework**

Corridors for *Exporta Fácil* are opened on a bilateral basis. The legal basis is similar to a "gentlemen's agreement". The *Exporta Fácil* trademark and process are not recognized internationally and do not enforce the special processing of postal items within transit and destination countries that have no bilateral or gentlemen's agreement with the country of origin. A specific added value of *Exporta Fácil* aimed at overcoming border barriers will derive from:

- cross-border cooperation;
- cross-border coordination and monitoring;
- overall cross-border governance of MSME postal trade facilitation (multilateral focus).

VIII. **The regionalization of Exporta Fácil in Latin America**

*a* **Adoption and adaptation of the Brazilian model**

It is the *Exporta Fácil* model and methodology developed by Brazil that has been adopted by other Latin American countries, with some minor adaptations and improvements. These modifications relate to:

- the rate of penetration of the Customs/tax authorities Internet-based networks for registration and authorization as an *Exporta Fácil* user;
- the nationwide reach of the postal electronic network for data capturing and the processing of postal items, including customs clearance and track and trace scanning;
- the exclusivity granted to logistics operators in providing *Exporta Fácil* services (see the case of Peru, where the designated postal operator is granted exclusivity);
- the design and ramifications of postal organizational structures which impact business processes, procedures and customer service across the supply chains (e.g. pick-up, drop-off services, customer-friendly tracking and tracing);
- mapping of country key stakeholders.

*b* **A regional framework for funding and implementation**

*Exporta Fácil* was "regionalized" through the "Initiative for the Integration of the Regional Infrastructure of South America" (IIRSA). The activities under this initiative are funded by the Corporacion Andina de Fomento (CAF), the River Plate Basin Financial Development Fund (Fonplata) and the Inter-American Development Bank (IDB). Positioned as an infrastructure integration project, *Exporta Fácil* has been successfully sold to and agreed by the Ministries of Infrastructure as a regional priority programme that will help to grow trade (with a focus on exportation) and serve as a driver of regional integration in the transport area.

The regional implementation of *Exporta Fácil* (in Peru, Ecuador, Argentina and Uruguay) has been funded by the IDB as part of its "Aid for Trade" activities. For the period 2005–2010, the IIRSA's 31 priority projects included project No. 30 entitled "Exports through postal services for MSMEs" for 1.2 million USD concerning all member countries. Project implementation is coordinated and monitored by the regional restricted union. All field activities, from planning to implementation, are managed by a group of selected regional experts from countries that have already successfully implemented *Exporta Fácil*. Implementation falls within the framework of south-south technical cooperation.

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**Critical success factors for regional deployment of Exporta Fácil in Latin America**

- Committing governments: strategic positioning of the initiative on the regional political agenda of both governmental decision-makers and regional, political and economic institutions.
- Securing funding: securing regional funding to ensure implementation, from feasibility studies to full project implementation.
- Regional coordination mechanisms: since poor coordination and supervision can be costly and may hinder the roll-out of successful projects, a regional coordination framework and a supervision mechanism should be put in place.
- Mapping of stakeholders and improved coordination between development agencies.
- Monitoring and reporting: these tasks are to be performed by the regional coordinator responsible for documenting the implementation of projects and reporting to IIRSA.
IX. Field assessment of *Exporta Fácil* in Latin America

a Research scope and methods

i Trade transactions

For the field research and assessment of *Exporta Fácil* as implemented in Latin America, the flows for the three types of activities involved in trade transactions (physical (goods), electronic (data) and financial (money/payments)) were covered:

*Figure viii*

ii Issue-based consulting approach

To uncover and assess the real issues confronting the main parties involved in designing and implementing *Exporta Fácil*, the approach adopted, given the limited resources for field research, was an adaptation of issue-based consulting. The research focused on the perspectives of both the customer and the service supplier. Issues critical to both parties were thus identified for further actions. Through this "issue-based consulting approach", a number of critical issues were examined in the manner illustrated below:
This research does not represent a survey, since it is not based on a representative sampling of UPU member countries applying or being possible users of Exporta Fácil or any other easy export solution. The desk research done and the investigative process helped to:

- identify and evaluate the difficulties encountered by customers and suppliers and their expectations;
- conduct a fact-based analysis to arrive as far as possible at a fact-based assessment of critical customer and business requirements;
- formulate relevant recommendations for enhancement at national and regional level, as well as across the universal service delivery network in future settings.

b Issues with the Exporta Fácil business model

A quick appraisal of the model developed by Brazil and implemented by Peru reveals a model based primarily on three pillars:

- infrastructure (e.g. nationwide network of postal operators);
- products and services (parcels, packets, EMS, customs intermediation and export consulting services);
- easy accessibility and operations.
Observations
The model at the outset did not include a very important attribute, namely, the community of trade facilitators in all possible destination countries and countries of transit. Development based on bilateral negotiations and gentlemen’s agreements with no framework for law enforcement and accountability across borders does bear serious risks. Such a model may also lead to damaging disadvantages for the MSME customer.

To be effective, Exporta Fácil and any postal trade facilitation process should be based on at least four pillars:

1. Infrastructure (nationwide).
2. Products and services (aligned with the specific nature and needs of MSMEs).
3. Easy access, including (through the nationwide MSME sector) specific strategy for low-cost service.
4. A committed community of trade facilitators working within an orchestrated network and with a network orchestrator. Members of this “community” will be perceived by each participant as increasing his/her own value. It is the community that will ensure resilience if any partner in the network malfunctions or withdraws. The overall network orchestration should include risks and reward management systems.

Recommendations
– The UPU should develop a framework for collective action to ensure order and the necessary solidarity among postal operators beyond national or regional boundaries.
– The Union should have prescriptive and preventive roles in order to prevent and control operational failures and any rift in relations between countries and postal operators.

Issues with Exporta Fácil postal business dimensions
As designed and implemented in Latin America as a postal logistics solution for MSMEs, Exporta Fácil takes into account only two dimensions of the postal business, i.e.:

– the physical dimension;
– the electronic dimension (customs data transmission and track and trace).

Figure x: Exporta Fácil two-dimensional postal business model
The postal financial services have not been clearly identified and aligned to be an integral component of the Exporta Fácil solution package for MSMEs. Banks play the role of financial service suppliers. In Peru, SERPOST is no longer in the financial business of export facilitation for transactions between:
- MSMEs and their customers across borders;
- resident MSMEs and the tax and Customs authorities in the particular countries;
- banks and other financial institutions in the countries that do not have an extended network to reach their customers nationwide.

SERPOST still operates a traditional postal money order service, which is no longer relevant for today’s export transactions. SERPOST does not yet have a strategic plan to develop and position its financial services to cope with trade challenges within the country. In any case, the implementation of such a plan would have suffered from a lack of financial resources. Insufficient IT capacity and capabilities building represents an obstacle to potential development in this area. At present, SERPOST relies on the use of IFS to expand its cash-to-cash money transfer services to citizens and migrants.

The lack of appropriate financial intermediation by SERPOST is affecting the business of some MSMEs, which are required to spend hours completing transactions at the Customs counters in post offices for paying duties to tax authorities. In the past, SERPOST had been commissioned to receive taxes for Customs. Owing to inconsistencies in the presentation of accounts and the transfer of money collected within the timeframe agreed, SERPOST has been relieved of this task. A lack of IT capacity to comply with service standards and customer service requirements is the root cause of this failure.

Recommendations
The Exporta Fácil business model should be improved by incorporating the financial dimension of the postal business, which can be done:
- by working with the model designer (Brazil);
- by ensuring that capacity development issues in countries implementing Exporta Fácil will be resolved as necessary;
- ensuring that the UPU’s aid to development programmes will address capacity development inhibitors and gaps, particularly as they relate to management systems and tools.

Issues with Exporta Fácil implementation model – Leadership

A governmental initiative at the outset, Exporta Fácil is implemented through a partnership of stakeholders with different but complementary roles. In Brazil, the Post enjoys a solid foundation and a favourable reputation. In Peru, the Post has been brought into a process led by a leading stakeholder, PROMPERU, the government agency that promotes international trade and MSMEs and, as such, is the partner that leads and controls the “game”. The valued information that constitutes the different MSME sector databases in Peru is under the control of PROMPERU (and Customs for trade statistics). The one-stop Web portal for information access is under its control and governance.

Although SERPORT acts as the postal logistics services provider, it is unfortunately perceived as a “weak link” in the chain, primarily because enabling enablers to deliver full capacity is not the central concern of Exporta Fácil. Its underlying rationale is to ensure that MSMEs are enabled to export.

For postal operators to deliver full capacity, including through organizational, operational, process re-engineering and commercial alignment (marketing and customer relations management (CRM), in particular) capacity building becomes an important issue. At the strategic level, postal operators replicating Exporta Fácil should adopt a broader approach to their country’s trade facilitation endeavours by:
- ensuring that trade facilitation is properly dealt with in the organization’s strategic business development plans (strategies and projects);
- being viewed by their government as a proactive valued strategic partner for macro- and micro-development challenges and projects.
Observations and recommendations
Postal operators that adopt Exporta Fácil will succeed by their own endeavours and innovative practices, rather than by merely imitating it solely on a reactive basis. To this end, they should:

- depart from a piecemeal approach and ensure coherency and consistency throughout the organization;
- address all performance gaps and develop a comprehensive approach that recognizes the multidimensional nature of MSMEs, giving special attention to them;
- build their capacity and capabilities as logistics service suppliers, customer-responsive enterprises and MSME-sector and trade-knowledge centres.

N.B. – The UPU should address these issues in countries’ technical assistance programmes and regional development plans. Tools to enable postal operators to acquire a solid knowledge of the MSME sector should also be developed and shared. These tools may include:

- simple-to-use market research modules for researching both the formal and informal sectors;
- CRM systems (e.g. as part of the UPU’s shared IT platform);
- key account management tools and training kits;
- distance learning aimed at postal managers and capacity building for national and regional business schools.

e Capacity gaps, performance and inefficiencies

In Peru and many developing countries, implementing a project merely by imitating it and using a piecemeal approach does not remove the structural, organizational, operational and human-related inefficiencies that may hinder performance and credibility in the long term. In a number of countries visited during the field research phase, the following performance gaps noted prevented the postal operator from transforming itself into and positioning itself as a reliable and trusted business partner of MSMEs and a valued partner of government and its policy implementation arms:

Figure xi: Capacity gaps to be overcome
The postal operators confronted with this situation in Kenya, Mali and Peru have all included in their strategic plans the imperative of closing these gaps. In practice, unfortunately, most of them are finding it difficult, if not impossible, to bring about the changes (improvements, innovation and transformation) needed, because of a patent lack of resources, if nothing else. The lack of financial resources is a daunting barrier to overcome. In today’s digital era, this is indeed a towering barrier that is keeping these institutions rigid and slow-moving. All of them are now in the painful process of cost-cutting through redundancy plans, faced with the risk of losing their most qualified and experienced people, who can sell their skills and experience elsewhere. The challenge for these operators is the following: will they be able to break this downward cycle, and if so how?

Figure xii
Critical customer requirements captured during on-site visits and discussions (customers’ views)

The MSME customers interviewed during the field research generally expressed the same concerns. The issues reported are summarized in the following table:

<table>
<thead>
<tr>
<th>Issues reported</th>
<th>Rating</th>
<th>Source</th>
<th>Type of issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of fast on-time delivery services</td>
<td>High</td>
<td>MSME</td>
<td>- Product development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Product portfolio</td>
</tr>
<tr>
<td>Reliability of B2B transactions</td>
<td>High</td>
<td>MSME</td>
<td>- Service standards reliability and accountability for redress actions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Image of the Post</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Communications</td>
</tr>
<tr>
<td>Poor responsiveness to customer inquiries</td>
<td>High</td>
<td>MSME</td>
<td>- Customer service</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Complaint management systems for cross-border transactions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- CRM systems</td>
</tr>
<tr>
<td>Pilfered, lost or damaged items (inappropriate compensation)</td>
<td>High</td>
<td>MSME</td>
<td>- Compensation policies and procedures</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Insurance coverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Security</td>
</tr>
<tr>
<td>Track and trace for economy parcels</td>
<td>Medium</td>
<td>MSME</td>
<td>- IT</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Service attributes</td>
</tr>
<tr>
<td>Track and trace – easy access and use</td>
<td>Medium</td>
<td>MSME</td>
<td>- IPS (web access)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DPO</td>
<td>- IT network</td>
</tr>
<tr>
<td>Damage of goods by Customs</td>
<td>High</td>
<td>MSME</td>
<td>- Customs legislation, inspection procedures and rules for claiming damages</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Security/supply chain security issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Insurance coverage</td>
</tr>
<tr>
<td>Issues reported</td>
<td>Rating</td>
<td>Source</td>
<td>Type of issue</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Long delays for customs clearance</td>
<td>High</td>
<td>MSME</td>
<td>– Customs legislation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>– Customs intermediation by destination postal operator</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>– Supply chain security/ parcel contents certification by postal operator of origin and/or Customs with responsibilities</td>
</tr>
<tr>
<td>Poor trade support communications – detrimental interaction between Posts</td>
<td>High</td>
<td>MSME DPO</td>
<td>– Postal interaction</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>– Customer service standards</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>– Cross-border governance of Exporta Facil</td>
</tr>
<tr>
<td>Maximum weight per parcel</td>
<td>Medium</td>
<td>MSME DPO trade associations</td>
<td>– UPU agreements</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>– Special services to MSME sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>– Multilateralization of Exporta Fácil</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>– Trade facilitation</td>
</tr>
</tbody>
</table>

Other critical customer and related business requirements

Other critical customer and related business requirements were analyzed during the study visits to Brazil, Peru, Mali and Kenya. The graph below summarizes the issues identified that need to be resolved through the postal development programme at local, national, regional and international levels. They need to be addressed in the strategic business plans of postal operators offering or planning to implement an easy export solution (end-to-end) for MSMEs, such as Exporta Fácil in Latin America:
A number of postal operators in many developing countries may continue to struggle with internal inefficiencies if Exporta Fácil is introduced simply as a process and merely an extension of business as usual. These operators should be required to consider all aspects for suitable alignment. Strategy, structure, culture, people, knowledge and customer relations are the key areas that may impact on the long-term sustainability of projects.
Recommendation
Addressing and overcoming internal functional barriers

- To avoid "silo-thinking" or "silo-effect" (lack of integration, poor cross-departmental support, coordination and communication), the UPU’s easy trade facilitation model should recognize, address and overcome the internal functional barriers that can hamper, in the long term, the full benefits of the tools, processes and solutions put in place.

- To that end, the model should take into account the four main barriers to strategy implementation (see Kaplan and Norton, *The Strategy-Focused Organization*, 2001):
  - vision barrier;
  - management barrier;
  - resource barrier;
  - people barrier.

i  
*Exporta Fácil* governance issues – The constraints of a bilateral approach

The critical customer and business requirements identified show the poor governance of *Exporta Fácil*, particularly with regard to cross-border issues. At national level, all key stakeholders are partners in the government’s initiative. However, once the solution has been put in place, in terms of day-to-day operations and interactions, only the postal operator, the trade promotion bodies and Customs continue to team up to “educate” prospective MSMEs trying to enter the export business. There is no collective and coordinated approach for documenting, analyzing and resolving difficulties that arise beyond national borders inside the postal and Customs pipelines. Nor is there any system or platform in place for ensuring joint regional supervision, monitoring, improvements and the sharing of information and knowledge. Coordination and supervision at national and regional levels can add value to *Exporta Fácil*. To this end, valued interaction between the following stakeholders is advisable:

- national customs experts;
- postal operators and selected MSMEs;
- trade promotion bodies;
- trade associations;
- chambers of commerce;
- restricted unions.
Recommendations

a* In parallel with the expansion of *Exporta Fácil* in Latin American countries, an *Exporta Fácil* consultative or coordination body should be set up to ensure:

- coordination, supervision, monitoring, evaluation and impact assessment;
- the establishment of indicators and the collection and processing of data (including data on potentially harmful incidents);
- authoritative cross-border improvements, including any necessary regional legal framework or alignment of customs procedures for enforcing actions;
- establishment of the relevant regional shared platforms and the sharing of knowledge and best practices;
- reporting to IIRSA and governments.

b* At operational and postal level, *Exporta Fácil* should be a topic on the relevant PUASP agenda with a view to achieving capacity building objectives in various countries and postal service areas (with the involvement of Customs, as required).

c* At the national *Exporta Fácil* project design level, the establishment of a national coordination team (Post, Customs, trade promotion body, etc.) should be an integral part of the implementation process. The team's mission, the roles of the coordinators and the modalities for interaction should be clearly defined.

* A contact database for easy access and interaction can be created.
Part 2 – Worldwide trade facilitation for MSMEs: achieving integration and network alignment

I. Focus and methodology

a Export facilitation versus trade facilitation

Is Exporta Fácil an easy export solution that addresses all of the transactional requirements and needs of MSMEs, from production in the country of origin to delivery to the end-customer across national borders? How does Exporta Fácil stand in relation to trade facilitation? Is Exporta Fácil a holistic business solution that spans the entire value-added area across the worldwide universal postal service delivery value chain? Does the related business process enable or force postal operators to improve services and streamline operations?

What are Exporta Fácil’s limitations, if any? What areas need to be improved? Is Exporta Fácil a business solution for aligning the entire postal system to the needs and requirements of potential exporting MSMEs? Do postal suppliers align their tools, processes and systems so as to facilitate trade from the viewpoint of the MSMEs targeted? Should the UPU focus on replicating Exporta Fácil or more globally on trade facilitation? Should Exporta Fácil be the solution adopted as such or should it be part of a global, longer-term solution? What policies and governance issues would need to be addressed if the entire postal network were to be aligned towards trade facilitation worldwide, thus taking advantage of and harnessing the benefits of the single postal territory?

The answers to this non-exhaustive range of questions may enable the UPU to take advantage of Exporta Fácil, by enhancing it and extending an upgraded and integrated version of the solution into unexplored trade facilitation areas that need to be identified. To this end, a third-party screening of Exporta Fácil and the trade requirements of MSMEs from various perspectives is necessary.

b Methodology

A "gap analysis" methodology has been adopted for this second-step research, as described below:

Figure xv: Gap analysis framework
II. The hurdles of a country-specific solution

a Intra-country trade facilitation model

The export facilitation solutions and processes put in place at national level, based on the Brazilian model, are nationally focused. Facilitation is basically intra-country in nature and therefore more or less constructed and carried out using a bilateral approach. As mentioned in Part 1, Section VII, above, the multilateral framework supporting such a national MSME export facilitation process is the one provided by the UPU regulations and conventions which govern the products and services through which goods are dispatched (i.e. packets, parcels and express services processed routinely in the postal pipeline). This explains why beyond national borders, in the most precise sense, there is no such trade facilitation for MSMEs among UPU member countries. Nor is there any across the global universal postal service delivery network.

b Exporting or importing – The limitations of the "disconnect" solution

There seems to be an important link missing in the Exporta Fácil solution as applied in Latin America. Because the easy export process is country-focused at the inception and design stages, the focus was solely on export (export-push supported by a push-based supply chain). The fact that exporting at one end is importing at the other is an aspect that was not originally engineered into the MSME trade facilitation solution because of the initial national focus of the project. Following the success of Exporta Fácil, an Importa Fácil solution was also developed. Once again, however, it involves a country-focused process. In fact, one of Importa Fácil's key objectives is actually to facilitate the importing of goods from foreign countries, which are to be used as inputs for the end-products by local MSMEs. Another objective is to facilitate the entry of previously exported goods (e.g. for repair (after-sales service) or for items returned (see return logistics)). In the case of Brazil or Peru, the underlying motives are export from the country and import into the country. As far as the Importa Fácil process is concerned and designed, the importing of goods exported from Brazil and Peru into the country of destination is not a central concern.

Importa Fácil

In Brazil, Importa Fácil was developed and implemented years after Exporta Fácil. It requires more or less the same authorized registration process in order to benefit from it. As with Exporta Fácil, its central requirements include, among other things, securing transactions and the collection and control of customs revenue. Transactions are controlled through SISCOMEX, the system administered by the Foreign Trade Secretariat (SECEX), Federal Revenue Secretariat and the Central Bank of Brazil. It is the responsibility of the MSME wishing to use the Importa Fácil channel to inform the sender of the goods what information is required and how to proceed. For the online order to be processed using the Importa Fácil delivery mechanism, the receiving MSME customer can directly input the information required, including CNPJ and CPR numbers.

The postal operator acts as a low-cost Customs broker for items up to 30,000 USD (value of goods and cost of insurance included). A simplified import declaration (SID) is issued through a similar process. Duties (import tax of 60% of the value, plus 18% VAT) are to be paid to the Central Bank of Brazil before Customs can provide online instructions for releasing the goods (the postal intermediation fees to be paid separately amount to 150 Reals per transaction). Through the SISCOMEX window, the postal operator, which is not entitled to collect money on behalf of the tax authorities, can see that the payments requested have been made and will be able to proceed with the delivery as required.

For goods valued at more than 30,000 USD, normal customs clearance will be carried out through traditional Customs brokers.

c Minimization of the strategic partnership in the export value chain – the international exporting platform

When Exporta Fácil was launched, it was assumed that all the parties in a supply chain formed part of a functioning model that encompassed all of the issues that should be aligned within and between partner networks at international level in order to deliver the end-to-end solution. Multilateral agreements were therefore accepted to provide the legal and operational basis for a business model based on bilateralism. This may explain why the following core characteristics were not specifically addressed in the strategy when Exporta Fácil was designed and implemented:
country-driven, but network-oriented with ownership of strategies and results by all network actors, and with coordination between partners (domestic and external stakeholders);
– comprehensive in integrating the multi-dimensional nature of the business of moving goods from country to country via a network of associated yet autonomous parties.

**Figure xvi**

**Lesson learned**
Exporting ends up as importing. An export by one country or customer turns into an import at the end of the service delivery chain. There is no such easy export facilitation solution, nor is there any underlying easy breakthrough importation process. Any bottlenecks in the country of destination can hinder the MSME’s business, thereby affecting the perceived performance and business of the first-line postal operator.

**Recommendation**
Tying export and import together (a bundled approach) – For DPOs to be regarded as valued partners in the long term, it is essential to incorporate into the trade facilitation solutions and processes the duality of export and import, which should be bundled and strung together into the end-to-end solution to easy exportation:

a Definition and implementation of country project – For the extended trade facilitation roll-out plans at country level, the UPU should ensure that both Exporta Fácil and Importa Fácil are dealt with in the negotiations with stakeholders. It may be counter-productive to conduct two rounds of negotiations at two different times, presumably with different people involved.

b From restrictive concept to open concept – While it may be advisable to begin implementation with Importa Fácil in its most restrictive mode (availability only to registered MSMEs in the country of import), the open concept (open to all registered MSMEs in the countries of origin of the goods) should be considered sooner than later. The UPU and Brazil should undertake, in the very short term, conceptual development and its modus operandi.

c For both Exporta Fácil and Importa Fácil, the role of the postal operators as financial intermediators for the collection of customs fees and other taxes should be incorporated into the two concepts/models.
III. Aligning the universal postal network to serve MSMEs

a Exporta Fácil versus trade facilitation

What is trade facilitation?

During the country study visits, this simple question was put to all of the stakeholders interviewed. The replies varied according to the role played by the respondents and the objectives that each was responsible for.

For customs authorities, trade facilitation was seen as the simplification, harmonization, standardization and modernization of trade procedures, all aimed at facilitating and expediting the movement of goods, whether for export or import.

For governments, trade facilitation, as far as MSMEs and easy exporting are concerned, was more a matter of capacity building, access to foreign markets, access to funding, a coordination framework, and the availability of affordable and easy-to-use logistics solutions designed to boost exports. Detailed information about governments' challenges can be found in the strategic plans of the ministries responsible for trade, MSMEs, youth and/or women's development, planning, economic development, or by any other name as assigned by the government administration.

For postal operators, the focus was more on logistics solutions for moving goods outside the country through their own or partner networks. However, the way in which Exporta Fácil was designed and introduced (focus on the process) and the way it operates today have led to conceptual boundaries and unaddressed cross-border difficulties that could hurt the businesses of MSMEs outside the country of origin.

For customers, trade facilitation focuses more on a desired result that is continually renewed (for the MSMEs interviewed, it was a matter of "facilitating and securing my business" in trade transactions and throughout the trade supply chain (including the international postal supply chain).

Trade facilitation as an outcome

From the customer's perspective, action implies that the promotion of Exporta Fácil (and Importa Fácil) across the universal postal network requires network constraints and enhancement requirements to be addressed, with the focus on trade facilitation as an outcome. To that end, trade facilitation, more than simply a focus on processes, should be viewed instead as an outcome with end-to-end perspectives. For both postal operators and their MSME customers, there is an urgent need for a consistent and universally accepted approach for the entire international postal supply chain.

Figure xvii: Trade facilitation is an outcome, not a process
Towards integrative trade facilitation focusing on key challenges to MSMEs

Any initiatives to enhance the global postal network trade facilitation process should incorporate key challenges to MSMEs requiring appropriate and collective responses:

Figure xviii

Market exposure

Besides the possibilities for exposure through postal networks, MSMEs do have access to other means of visibility in foreign countries:

– national trade fairs (bringing buyers from foreign markets to home country);
– trade missions and overseas seminars;
– representation of MSMEs through overseas offices of country of origin;
– international trade fairs.

Some of these options are included in the government's support within the Exporta Fácil package. The country trade promotional body (PROMPERU in Peru) is in charge.

Facilitating multi-channel commerce

In general, there are three business models for trade carried out by merchants, including MSMEs. These three models of retail business are:

– classical retail business – All customers without restriction are served domestically and exclusively through physical retail shops. The traditional retailer itself, however, may be supplied via online ordering. This occurs in the MSME B2B market segments where the MSME partner supplier is located in a different country and happens to be a pure online or hybrid retailer;
– Internet/online retailing (exclusively e-commerce and with online orders processed via own or shared fulfilment centres);
– hybrid (classical retailing business with an extension of online shopping options).
**Recommendation**

*Acting as facilitators and integrators of MSMEs’ multi-channel business operations*

For merchants, the market might be local, national, regional and/or international. As regards the channels used, roughly five possibilities exist for which postal operators should provide standard and, if possible, tailored (or customized) business solutions:

- store orders;
- call centres;
- "secured e-mail" orders;
- catalogue/mail order;
- online orders (including orders by mobile).

For all channels, order fulfilment processes should be harnessed by the postal supply chain, at local, national, regional and international levels. As for moving goods, postal operators, individually or collectively (as required) should act as integrators for multi-channel business operations.

As regards the specific secured ordering by e-mail and online channels (including mobile access to offers and ordering), postal operators should help MSMEs to enter the online business. How this can be achieved by "fragile" postal operators in a "fragile" IT environment represents a challenge that needs to be addressed collectively (see section dealing with shared IT business model).

**Supply chain security – visibility, accountability and integrity**

For Customs authorities and MSME businesses, supply chain security is an important concern. Since postal operators are in the business of their customers (end-to-end, from pick-up to delivery), supply chain security should be a key element of their postal intermediation strategy. The following issues should be addressed in the various supply chain security initiatives and strategies, in close cooperation with all relevant stakeholders involved in the process:

- Confirming credentials of MSMEs benefiting from the end-to-end easy trade postal solution. The *Exporta Fácil* procedure requires customers to be registered and granted authorization by the national Customs authority to be eligible. However, the databases relating to credentials are for national use only, with access restricted to selected national stakeholders. The countries of destination are not given access to such information, which could help them to assess the risk and expedite the customs clearance of postal items. In any case, such databases, if made accessible to destination countries, should be retooled to enhance the security of the international supply chain. For example, by including information about specific events, such as fraud and major incidents, non-reliable MSMEs could be denied eligibility.
- Screening, validation and certification of the contents of parcels being conveyed.
- Measures to ensure the security of parcels or packets in transit countries. This is an issue for land-locked countries and for countries rated or listed as "high-risk" countries for various reasons.
- Advance information provided to the destination country about the contents of parcels and their senders (the supply chain tools and the pre-clearance initiatives by the UPU already cover these requirements).
Recommendation

Post to build trust, ensure postal supply chain security and "safe" commerce

The postal supply chain security strategy requires a concerted and unified approach that should be international in scope. From destination countries’ perspective, trade facilitation should be an integral part of safe commerce. Postal supply chain security concerns the postal infrastructure, actors in the supply chain, people within the Posts and customers, postal items shipped and information. Most importantly for destination countries, safe commerce is about people (and businesses involved) and information for timely pro-action.

The UPU should play a major role by bringing together all national initiatives, systems and databases. Transparency is possible through a one-stop-access gate that post should make possible. Post should provide the international platform that will link-up all the national databases identified as crucial to security and reliability. As regards trade efficiency and security issues, post should enable and offer technology solutions that provide secure event management, integrate trading partner requirements, facilitate easy access to and real-time sharing of information, and achieve enhanced visibility, accountability and integrity among supply chain participants.

Prevention throughout, performance measurements, enhancement of postal supply chain security and the strengthening of the relevant cooperative relationships should all form part of the mandate of the Trade Facilitation Cross-border Coordination Team.

b  National and bilateral versus international and multilateral

Whatever the performance of the easy export solution at national level, there is a need to ensure that the universal postal network supports the process. Facilitation should come from the individual countries and should take place at each link of the postal service delivery network worldwide. For this to occur, the following issues, highlighted in figure xix below, need to be addressed by the UPU at the international level and at the multilateral level.

c  An organization-wide business strategy to enable enablers

MSMEs need effective postal operators to service them and deliver worldwide in a sustainable manner. A worldwide initiative by the UPU should be underpinned by four key objectives central to achieving a global vision of stable, efficient and prosperous customers and partners in the end-to-end trade chain. The challenge for the system as a whole is to break through the barriers preventing national postal operators in the targeted trade value chain from properly aligning entities within and between organizations in the universal network. These four key objectives, which will enable the entire system to achieve a durable, distinct and unique competitive edge in the marketplace, are as follows:

– embracing the three dimensions of the postal business for safe and efficient trade without barriers;
– applying a holistic approach for a UPU/MSME easy trade support model;
– implementing a network-wide business and communications strategy driven by customer needs and expectations in the value chain;
– promoting best practices transversally.
IV. Embracing the three dimensions of the postal business (from inception and transformation stages to maturity)

a) Aligning the physical network and postal solutions to MSME trading requirements

Four key areas crucial to the postal network’s ability to support trade by MSMEs, all closely linked to the specific needs of the businesses targeted at different stages of development from inception and transformation to maturity.

i) Inception and transformation

At this stage, the prospective MSME business operator needs to register in order to be granted a licence for operation, and to pay the relevant fees and/or taxes (local and governmental). In developing countries in particular, the transformation from an informal to a formal status is part of governments’ plans to boost the ability of MSMEs to access funds (microfinancing), trade and export.

This process offers opportunities for the postal network to position itself as a valued partner that can act as intermediary between the parties. In cases involving e-government services, postal operators should facilitate access to digital postal gates. In countries like Kenya, where the government tries to provide digital services nationwide (high-speed Internet access via fibre optics, as well as digital villages or ICT access centres), postal operators should take advantage of the many connectivity solutions available to provide customers with digital solutions nationwide.
A key element of postal operators’ strategies (corporate strategic plans) should be to become part of the government's efforts and plans to serve their countries via ICT facilities. To that end, postal operators should take measures to ensure that they are identified and recognized as valued actors and service providers within the government's relevant strategic plans and projects (government and relevant ministries) such as:

- **Strategic plan: Facilitating trade and investment:** (example from Kenya’s Ministry of Trade).
- **Vision 2030:** How ICT can be applied to ensure faster, more transparent and more affordable services for citizens (Kenya).
- **Strategic framework for growth and poverty reduction (Cadre stratégique pour la croissance et la réduction de la pauvreté):** Governmental strategic plan of developing countries in which the postal sector and postal operators in general are missing links.
- **Job-creation measures in the craft sector, in the strategic context of poverty reduction:** promoting crafts; creating and developing markets for craft products.

### Lesson learned

The relevancy of the postal sector: a number of (designated) postal operators point out that their government does not give them enough support for development, particularly in an environment of scarce resources. In view of the opportunities identified by the study in the countries visited, it would appear that it is up to postal operators to demonstrate that they are effective and trusted partners for the delivery of economic development and for the facilitation of their different customers' businesses.

Postal strategy to be incorporated into the challenges, requirements and strategies of governments, MSMEs and major stakeholders: for DPOs to be viewed as valued and trusted partners, it is crucial for them to influence the strategies of their key partners for development, particularly in the MSME sector, and to incorporate these strategies into their own corporate strategy. To that end, they must be solution providers and a source of proposals and innovation in the MSME trade value chain. These initiative and solution proposals are to come from the postal operator.

ii Nurturing and opening up markets for MSMEs

At this stage, the prospective MSME business operator needs to be a one-stop-shopping service provider, requiring the postal operator anywhere in the country to be able to partner with the different administrative services, particularly with Customs. The postal operator through its national network should then undertake to provide the following:

- basic services (parcels, EMS and packets) available across the network;
- Customs intermediation (acting as export facilitator and customs broker at an affordable price);
- pick-up service at customer’s premises;
- packaging services (partnership with packaging services to be established; when postal operator is unable provide this service directly, the MSME customer should be directed to the industry player(s) able to assist (Swiss Post approach can be adopted and modified);
- insurance services (compensation for delivery not in compliance with agreed service standards);
- proactive problem-solving covering the postal delivery value chain to ensure the fast, efficient processing of items up to final delivery. This service requires continuous monitoring of bottlenecks, from posting to delivery; dashboards for proactive management by all operators in the service chain must be put in place, incorporating early warning indicators, as well as efficiency and anticipation indicators;
- proactive management of customer complaints (lost, damaged items or detrimental late delivery): application of the general rules and procedures based on UPU regulations to deal with complaints from business customers will certainly not be conducive to trade in the long term. Such a non-commercial approach may weaken the postal operator's competitive position in the long term;
- support as a valued actor in the national programme to build and reinforce the capacity of MSMEs (capacity building efforts by key national partners in trade supporting trade);
- consultancy services in the areas of logistics and exportation;
- facilitation of financial transactions, including those between MSMEs and their customers (for both imports and exports);
– financial services, such as giro and savings. Should the postal operator be unable to provide these services directly in the short term, a win-win partnership should be established with banking and microfinancing institutions. However, there should be a plan to enable the postal operator to build its financial capacity and capabilities in these areas over the long term;

– web visibility services. It should be recalled that MSMEs, particularly in developing countries, need to be able to understand the market (market knowledge and access) and to be seen by players in the market (market exposure). Should the postal operator be unable to provide MSMEs with a dedicated web platform, it should take advantage of the initiatives by the many partners in the MSME trade chain at national level by providing, for example, a dedicated window or specific postal link to access various national portals (partner network harnessing). The different links provided by postal operators at national level may contribute to the establishment of an MSME export portal by the UPU.

iii Remaining the preferred service supplier and partner for the mature MSME

At this stage, the prospective MSME business operator will need a service supplier with a high-level capacity to process and deliver on the promise worldwide, requiring the postal operator to:

– be able to plan and implement the continuous upgrading of its logistics capacity and capabilities in the main areas of supply chain management. Enhancements can be achieved through internal capacity building and external capacity building on the basis of strategic partnerships in the postal and logistics industries. The UPU should help the postal operators of the developing countries to address these challenges;

– organize its strategies, structures, processes and communications around the needs and expectations of customers, including a specific management approach suitable for business customers; key account management will become an area of competitive differentiation between service providers.

It should be noted that the qualification, motivation and management of human resources are keys to the success of the smooth fluidity of physical and informational flows in logistics chains. Training of postal staff along the supply value chain is critical to operational efficiency and business success.

b Aligning the electronic network and solutions to MSME trading requirements

Making IPS a customer-oriented tool and a key component of MSME trade support tools

IPS is a key component of the logistics tools important to trade facilitation via the postal network, from posting to delivery. Items in the postal pipeline can be tracked throughout the logistics chain. However, during the study visits to countries using Exporta Facil and from discussions with a number of countries, customers and postal staff report the following issues for which improvement is highly desirable:

i Views of postal operations staff and their requirements

An operations-driven tool – IPS is a tool designed for postal operations and operators for integrated international mail management that combines mail processing, operational management and EDI messaging. It is not customer-facing, which also explains why the terminology used may appear technical as used by postal operators familiar with postal jargon. The tool should be more user-friendly and customer focused.

Tedious configuration and maintenance – The configuration of IPS and its updating is a complicated and time-consuming process, which may explain the difficulties encountered in some developing countries, which unfortunately lead to gaps in data capturing, transmission and processing and thus disruptions in tracking and tracing. The setup of IPS involves a long and tedious process. Parameters like segments and routes must be updated when the airlines change their flight schedules. Moreover, operating and maintaining a server in some countries, especially developing countries, can be problematic, owing to problems with power supply, human resource skills and security requirements. While the IPS Light version is an effective solution to these problems, it unfortunately is intended only for low-volume environments.

Query gaps – The IPS data entry gaps at some of the operational links in the chain may occasionally hamper postal operators’ ability to respond quickly to customer information requests. It may happen that the system is queried by postal staff when data are not available, sometimes the result of the operator’s failure to properly enter or update operational data (long delays between the time of an event and the actual time of data entry in IPS).
Alert messages – For postal operators to be able to continuously track bottlenecks in the service delivery chain, it is essential for IPS to offer such tracking capability. To that end, when the normal time for processing an item at any point of the chain is exceeded, systematic alert messages should be sent to the post of origin and to the post where the item is delayed. For example, the list of items for which the delivery time has been exceeded (the actual duration at a specific point compared with the standard delivery time) may be transmitted to the operator responsible for delivery. This message alert will help to avoid or overcome barriers to smooth operations.

ii Views of MSME customers and their trade-related requirements

Track and trace as a fundamental feature of basic trade-support services – All items relating to MSME trade that are placed into the postal stream should be systematically traceable. In some countries, economy parcels are not traceable. MSME customers feel that, in a very sensitive trade area such as theirs, particularly for the B2B segment, track and trace should be a fundamental feature of the basic service (packets, parcels and EMS). As it stands, the customer does not always have a web link for tracking the item. Because IPS does not provide a link for customers to search the system, some postal operators will download IPS data into another local database to give customers access. This process requires additional work, however, and exposes a continuing problem of qualitative and quantitative discrepancies between the IPS database and the local database, thereby hampering the operator’s ability to provide customers with reliable track and trace information.

Difficult relations hampering business development – Not all countries use IPS. Customers can encounter difficulties with some countries, putting their items at risk and jeopardizing their business as a result. Efficient, predictable and accountable tracking is required.

Overcoming language barriers – There is a need to improve access to track and trace and communication between end-to-end customers in different countries with different languages. To do so, a translation capability must be integrated into IPS. Given that IPS is available in five languages, the issue here is to enable the sender to make queries in his language (that of the country of origin) while ensuring that the response transmitted can be in the language of the receiving customer.

Matrix query possibility – IPS currently offers only item-by-item tracking, which can be cumbersome when large volumes need to be tracked. The possibility of a search matrix (bulk query) must therefore be provided.

On-demand multi-customer e-mail tracking information – Because MSMEs need to stay informed and be able to keep their customers informed, they need the capability of transmitting e-mail-based tracking information to multiple designated recipients’ e-mail boxes, particularly for the B2B segment.

iii Enhancing IPS in order to transform it into a proactive management tool

Most of the indicators delivered by IPS are useful operational data or alerts after the event has taken place. This information is accessed on request. To make IPS an effective trade facilitation tool for the MSME, its customers and postal operators, systems should be introduced for automatic escalating alerts and the delivery of early warning indicators to multiple customers, including the IB’s trade facilitation supervisor. An event tracking memory, customer by customer, should also be incorporated. Such add-on features, including a memory capacity enabling both proactive and reactive actions, will make IPS a trade facilitation tool for MSMEs.

As regards trade facilitation through the postal network, this work to enhance IPS and other postal supply chain tools should be led by a trade facilitation coordination team (see I. Strategic priorities)

**Recommendations**

- Benchmarking best practices – For IPS to be more customer-oriented in the MSME business market, the regular benchmarking of best practices in the service industry is needed.
- Customer satisfaction survey – regular third-party customer satisfaction surveys targeting postal operators and their customers are recommended for IPS to be continually enhanced by integrating relevant customer requirements also in MSME trade areas.
- Supply chain tools enhancement – For this purpose, a trade facilitation coordination team should be set up to guide relevant developments relating to the operational and customer requirements to be addressed.
Customs intermediation, interconnectivity and prompt pre-clearance

In countries where Exporta Fácil operates, there is a partnership and interconnectivity between the postal operator and Customs. However, the designed process embedded in Exporta Fácil is primarily aimed at easing and expediting the treatment of items for export within the country at an affordable cost to MSMEs. Once the goods are outside national borders, there are other barriers to the smooth processing of goods, thus creating potentially harmful delays for customers. Two different cases have been reported by MSME customers in Latin America:

**Difficult relations between some countries in the region**

In a few countries in the region, the type of service required by the dispatching customer and/or end customer is not provided (e.g. EMS). Also, quality of service along some of the routes may be insufficient to ensure the prompt processing and delivery of items. Furthermore, the fact that the destination postal operator is not responsive to customer complaints constitutes a barrier to the development of business for both the MSME customer and the postal operator in the country of origin. For MSME trade support to be effective sustainably across the universal postal delivery network, customer responsiveness and accountability is a key issue that the UPU should address multilaterally.

The development and promulgation of an MSME customer service charter should form part of the overall UPU strategy. Such a charter, to be monitored on a regular basis, will help strengthen trust at all links.

**Abnormal retention and/or destruction of goods in some developed countries**

In a few countries of destination, customers report that their goods have been left stranded for unreported reasons and or damaged by customs authorities searching for prohibited articles. Because of prevailing prejudices, items originating in certain countries are put at risk in other countries, thus constituting a non-tariff barrier to trade for MSMEs:

- The search for illicit drugs appears to be one of the reasons for such stringent controls. Building trust is therefore a key challenge in the area of trade facilitation for MSMEs.
- In some cases, the export items are kept too long by the postal operator before presentation to Customs because of the conditions imposed by national customs regulations (the postal operator presenting the items to Customs bears ownership responsibility for the item and is therefore liable for any charges levied). Here again, action by the postal operator of origin may secure the position of the destination postal operator. Trust represents a crucial issue in the UPU’s worldwide trade support programme for MSMEs.

**Recommendation**

Reinforcing trust between customs authorities and postal operators at both ends.

The Exporta Fácil model used in Peru and Brazil helps to promote trust between the national postal operator and customs authorities. The key requirements imposed by Customs are satisfied with regard to:

- who is the sender (pre-registration and authorization granted by Customs are required for the customer to benefit from Exporta Fácil);
- who is the end customer (details about the recipient);
- what is being sent (detailed information describing the goods);
- what is the actual value of the goods (for taxation and statistics purposes);
- the origin of the item, etc.

This information will enable Customs to trace items and conduct prompt and effective investigations, and also help to expedite the processing of goods by Customs and the postal operator in the country of origin.

This same information made available in a timely fashion to Customs and the postal operator in the country of destination within a specific agreed time and in accordance with an agreed procedure (including certification of the item’s contents) may help to expedite customs clearance and reduce the risk borne by the partner postal operator responsible for final delivery.

This is an issue to be dealt with at national and international level, in close cooperation with customs organizations.
c Aligning the financial network and services to MSME trading requirements

Current situation

At different stages of trade transactions by MSMEs, money circulates between the various export actors. This is particularly the case between MSMEs and:

– the tax administration (e.g. government fee for registration and payment of income taxes);
– Customs (customs duties);
– their customers;
– their funding credit institutions.

Funds can flow both ways (upstream and downstream) as shown below in the case relating to Banco de la Nación (BN) in Peru (text box).

Banco de la Nación (BN)

Banco de la Nación plays a key role in Peru in promoting financial inclusion with a social mission. It is also very active in the area of micro-credit to small and medium-sized companies. In Peru's Exporta Fácil programme, Banco de la Nación is the financial arm that facilitates financial transactions. It has its own network in the country, but it does not cover all areas of Peru. The bank has a few agencies located in post offices run by SERPOST, Peru's designated postal operator. SERPOST offers only the traditional postal money order service (no cash-to-account or account-to-account services). Its traditional financial service portfolio covers only the C2C and B2C segments at best. The operator is not in a position to play an intermediary role in financial transactions by MSMEs in the B2B segment.

Banco de la Nación has been invited to attend an exploratory and strategic discussion meeting aimed at:

– understanding BN's current and future roles in the Exporta Fácil value chain (including future strategic positioning);
– identifying BN's interest in postal financial services and in the postal financial network in Peru;
– considering any possible valued partnership between BN and SERPOST for financial services to MSMEs.

Noting the business potential of the physical (country's physical postal network) and financial dimensions of the postal sector (e.g. development of IFS and its future availability in remote areas), BN:

– clearly expressed an interest in the postal financial programme and in IFS (electronic money transfer channel) and its network (network integration);
– identified IFS as a possible e-channel for both upstream and downstream financial transactions via the postal network (partnerships);
– expressed its interest in a joint pilot project with SERPOST and the UPU (interest reconfirmed by an e-mail exchange).

Although Peru cannot be viewed as a frame of reference for developing countries, Kenya and Mali are experiencing the same limitations (postal financial services to businesses). In these countries, as in Peru, the B2B and B2C segments are not properly serviced. It should be recalled that, in both Kenya and Mali, postal giro services were transformed into stand-alone, autonomous businesses separate from the Post (PostBank in Kenya and Banque de l'Habitat in Mali). The absence of the financial branch does affect the postal operators' ability to meet the financial requirements of MSMEs, particularly in an environment where, for various reasons, financial exclusion prevails. It also impacts their medium- and long-term capacity for transformation and smooth development in the changing business environment characterized by scarce financial resources.

The postal network and financial services area need to be aligned in order to meet the specific needs of MSME customers at different stages of development. From inception to maturity, the needs of MSMEs will evolve and the portfolio of postal financial services and solutions should be aligned accordingly.
The postal financial services network should cover the specific needs of other partners in MSME trade in terms of network access, interconnection, inter-penetration and service offerings. Potential strategic partners to be considered and approached will include, but not be limited to:

– governmental bodies;
– micro-credit institutions;
– banks (particularly those with a financial inclusion mission);
– suppliers to MSME businesses (e.g. Importa Fácil approach).

Figure xx

In the area of trade facilitation, if it is to be a valued partner within the constellation of collaborative partners around MSMEs, the postal financial network should be opened up to the networks of other financial service providers, inside and outside countries. Both the organizational and financial networks should be re-engineered to ensure connectivity and on-site availability for upstream and downstream financial transactions across partner networks by converting connectivity into value for customers and profitability.

d Identifying, understanding and overcoming critical barriers to sound development (retooling early stage development through shared cloud computing business models)

In developing countries, some postal operators fail to act as or be seen as trusted financial partners because of faulty products, poor knowledge or inconsistent strategies. Others may fail to provide MSMEs with a needs-driven financial service portfolio because of restrictive national laws and financial sector regulation (this is the case for postal account services). Here again, the lack of know-how or a poor strategy will prevent them from overcoming legal and regulatory barriers. Furthermore, a number of postal operators in developing countries fail to become valued financial service providers because they lack the financial capacity to put in place and maintain the physical computing infrastructure (hardware and necessary business applications) needed to run the business. This deficiency constitutes a major barrier to entry into the financial business of their customers.

Because countries do not have the financial resources to adopt a stand-alone service development approach, the remedy may reside in a strategic partnership that allows the sharing of business solutions. At an early stage in development, one way to break through these barriers may be through a shared cloud computing business model (including systems and solutions). For fast-track development of IT capabilities in a fragile postal environment, such a model should be considered and developed by the UPU. A shared infrastructure can offer benefits by making it possible to:
– overcome the barrier to an adoption capability;
– overcome the infrastructural barrier to business development;
– build the economies of scale plotting the path for market success;
– facilitate quick, easy and dynamic upgrades and scalability;
– enable niche on-demand buying-in based on niche requirements;
– reduce the operating costs of each user;
– improve the cost/value ratio for customers;
– eliminate financial exclusion (including exclusion of postal operators);
– promote financial inclusion in the country;
– enable postal operators seen as smaller businesses to speed up knowledge acquisition and build business capabilities by eliminating dependence on infrastructure (focus on operations and customer management);
– facilitate interconnections across partner business boundaries;
– facilitate the development of new products and their quick adoption across the shared network;
– facilitate strategic negotiations with partners and system suppliers;
– foster the development of an e-enabled financial framework to support electronic transactions in fragile countries;
– enable the rapid enhancement and deployment of new business applications;
– enable the prompt drafting and application of service-level agreements with business partners.

e Convergence and sharing of strategies, resources and processes

Diagnostics

Some of the developing countries compelled to put in place an easy trade solution for MSMEs may not have a sufficient level of traffic to ensure cost-effectiveness, particularly if they need to make a prior investment to improve their capabilities (knowledge, infrastructure, tools and processes).

Recommended approach (sharing of resources)

The integration of these "fragile" actors into dedicated postal logistics chains may be possible through strategic partnerships that enable the sharing of strategies, resources, competencies and processes (including negotiations with carriers). This will be feasible only if the barriers for inter-countries and regional postal integration or strategic partnerships are correctly identified and addressed in the global trade facilitation initiative. This approach should be based on "build-on-trust" and "give-and-take" principles.

Desirable and expected outcomes

It is essential to enable fragile postal operators to discover how much more they can accomplish as part of a strategic alliance than they could ever do on their own. The expected outcome (see the figure below) will be the ability to:

– ensure the optimal allocation of scarce resources;
– achieve greater professionalism;
– ensure cost-sharing and cost-effectiveness;
– build and take advantage of economies of scale;
– make progress through the strengthening of south-south cooperation;
– facilitate access to external funding sources and effective long-term capacity-building;
– increase attractiveness for private partners (PPP for implementation of build-and-transfer contracting options on a case-by-case basis).
Recommended role of the IB and the UPU

The UPU should take steps to ensure a shift in focus from a network utilization strategy to a value creation strategy. The UPU should also ensure that internal barriers within countries do not jeopardize the development of value-driven solutions by negating strategic partnerships between postal operators. In addition to a need for high-speed data networking and systems interconnection and interoperability, the real success of fragile postal operators depends on carefully built linkages with other partners with stronger market capabilities. The local-area barriers to overcome may include:

- the claim of sovereignty;
- a lack of knowledge;
- the national legal framework and the financial regulations governing the management of postal operators;
- postal regulations;
- resistance to change (from outdated governance models, infrastructure, systems, processes and practices, to more efficient ways to serve MSME customers).

Packaging as supply chain enabler

Current situation

For MSMEs, it is important to have packaging adapted to the nature and size of their products. In developing countries, access to packaging solutions at affordable prices is also important. In view of their limited product volumes, it is impossible for individual MSMEs to negotiate prices and benefit from economies of scale. This situation forces some MSMEs to package their goods for postal processing in a way that does not ensure the full benefits of appropriate packaging (whose function is to contain, protect, secure and inform along the supply chain, from customer to customer).

The postal transport function in its various modes entails the effective movement of goods from the point of collection to the point of final delivery. Transport, warehousing, mechanical processing and human handling are generally regarded as activities exposing the goods to be moved to potential risks along the service delivery value chain en route to their final destination. As a component of the logistics process, packaging has a significant role and impact on the efficiency of customer supply chains and postal logistical and operational systems. As regards packaging, customer solutions and services for merchants (particularly MSMEs) should be designed to:

- enhance product protection to reduce, if not eliminate, the risk of physical damage (particularly damage causing loss of value);
- prevent the pilfering of parcels and packets along the supply chain;
- provide a platform for product identification and branding (interaction between logistics and marketing);
- secure all markings, encoded information or micro-devices inserted that need to be read by automatic or hand-held scanners;
- facilitate tracking and proactive communications by reducing time-consuming activities needed to track and locate lost items.

In developing countries, not all postal operators offer or facilitate access to customized packaging solutions. The solutions that do exist are limited to standardized packages to fit all cases. The solution available should fit the problem, not the reverse. In Peru, for example, MSME customers, regardless of their specific packaging requirements, have free access to the following offer:
The way forward

Such standard solutions might not meet specific needs, since some MSMEs in different sectors will increasingly require sector-specific logistics solutions tailored to their needs. It is therefore crucial for postal operators striving to be reliable trade facilitators and MSME trade partners to be able to upgrade their capability to help their customers access personalized packaging services by:

– providing these services directly through the postal logistics business range;
– facilitating access to companies (packaging, labelling and processing system suppliers) that should be brought into the collaborative network and web platforms that make up the postal trade facilitation initiative.

V. Capacity-building programmes for postal operators

a Coping with the development of MSMEs

Current situation

The ultimate aim of a sound capacity-building programme for postal operators is to enable them to facilitate the growth of MSME businesses.
Figure xxii: The challenge to remain a valued supplier of MSMEs moving along their capacity development curve

Recommendation
Expanding and extending the solution

Because of this de facto truncated solution of a country-specific easy export programme, which unfortunately does not break through national borders in a sustainable way, it becomes difficult for the DPO to keep the business of customers that have grown enough to request more than what may appear to be a simple, yet low-range, solution suitable for beginners only. The growing volumes, the pressure from customer response constraints and market requirements will force mature customers to switch to suppliers that can provide end-to-end integrated services with all the attributes needed. In other words, there is a risk that DPOs in some countries may find themselves to be the first-line supplier in the MSME trade facilitation business. This is one of the reasons why the first countries to have implemented Exporta Fácil have seen their share begin to decline, while the market and the MSME export business have continued to grow.

b Narrowing the gaps between low and high performers in logistics and services

Exporta Fácil is designed to enable MSMEs to export products. The postal operator concerned should provide a logistics solution that facilitates the export process. To enable the enablers to deliver full capacity in support of the MSME business in the long term, capacity-building needs to be addressed at both ends. This requirement is particularly important in developing countries.

In response to the issue of policy priorities in trade facilitation and logistics, the World Bank carried out a study entitled “Connecting to Compete 2010 – Trade Logistics in the Global Economy”, which divided countries into the following four broad groups:

- Logistics-friendly (top quintile) – high performers (mostly high-income countries).
- Consistent performers (second quintile) – countries with typically emerging economies and a strong logistics constituency.
- Partial performers (third and fourth quintile) – typically low- or middle-income countries that have not yet consistently addressed all the factors of non-performance.
- Logistics-unfriendly (bottom quintile) – severely constrained logistically (least developed countries).

(Extract from the World Bank study “Connecting to Compete 2010 – Trade Logistics in the Global Economy”)
Although such an analysis of the postal sector has not yet been undertaken, it can be said that the postal sector of UPU member countries is not immune to this broad classification. In the area of trade logistics, there is a need for a "big push" that will enable developing countries’ postal operators to advance simultaneously on a number of fronts. The increasing gap between low performers and high performers could put the entire universal postal delivery network chain at risk. An on-going review and redesign of implementation strategies, reforms plans and technical assistance programmes are required.

c. Overcoming resource barriers in order to consistently fund the development of postal capacity

**Ensuring the relevancy of the postal sector for national governments**

<table>
<thead>
<tr>
<th>Lesson learned from study visits and discussions with CEOs and government officials</th>
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<tbody>
<tr>
<td>Relevancy of the postal sector – A number of postal operators (DPOs in this case) pointed out that their government does not provide enough support for development, particularly in an environment of scarce resources. In view of the opportunities identified in the countries visited, it is apparently up to the DPOs to demonstrate that they are effective and trusted partners for the delivery of economic development and the facilitation of their customers' businesses.</td>
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<tr>
<td>The way forward – The Posts’ strategies should be incorporated into the challenges, requirements and strategies of governments, MSMEs and the major stakeholders. For the DPOs to be regarded as valued and trusted partners, it is crucial for them to influence and integrate into their corporate strategy the strategies of key partners for development, particularly in the MSME sector. For this to happen, they must act as proactive solution providers and be a source of proposals and innovation in the country and in the MSME trade value chain. The initiative and the solution proposals should come from the DPO. The Posts should position themselves in a such a way that they are not regarded as &quot;resource- or time-consuming partners&quot;.</td>
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The postal network's relevancy for countries should be achieved primarily by addressing the challenges facing governments and aligning a communication strategy towards countries' decision-makers, as summarized in the following table:

**Figure xxiii**
Recommendations
Postal operators should receive the appropriate assistance needed to increase their internal capacity in the following areas:
– Strategic mapping (mapping of countries' strategic projects and key stakeholders, and development of aligned business strategies and communications).
– Strategic negotiations with governments and the country's key stakeholders.
– Strategic project development and management involving multi-sectorial stakeholders.

d Building and extending resource capacity

Since most postal operators in developing countries cannot finance their development projects from internal resources, they need to consider all funding sources and mechanisms and develop a consistent strategy for accessing these resources. Viability will not be possible through cost-cutting if it is not combined with the generation of new, reliable resource streams through appropriate investment and capacity-building.

Figure xxiv: Building resource capacity

N.B. – Direct funding from financial institutions has been deliberately omitted. Because these institutions are government-owned, it may be difficult for postal operators to have access to direct funding from them. The indebtedness rate of governmental institutions will be integrated and will therefore have a direct impact on the country's indebtedness, and hence their macro-economic indicators and strategic negotiations with the IMF and the World Bank.
Lesson learned from study visits and discussions with CEOs and government officials

Postal operators can successfully take advantage of their business relations at both national and international levels to fund investments. Senegal has recently done so in the area of financial services to upgrade its operational capacity and its commercial outreach to countries where Senegalese have emigrated (postal banking services: PostFinances).

Senegal Post has also benefited from major governmental funding made possible through the World Bank (upgrade of IT and satellite communications).

Recommendations

The UPU, working with the restricted unions, should endeavour:

- to document all major postal projects financed from government funding, upstream resources accessed through supplier relations (including outsourcing opportunities available) and resources accessed through business partnerships and alliances;
- share information, knowledge and best practices with other postal operators coping with scarce financial resources.

Development of capabilities

In all the countries visited, the following weaknesses in strategy, organizational structures and human resource management were identified:

- a “silo approach” to business issues and solutions;
- MSME sector considerations not included in business strategies (offering of Exporta Fácil, but no strategy for the cross-selling of other postal products/services, such as direct marketing products and service);
- lack of customer focus;
- poor knowledge of market and industry;
- weak commercial relations and database management (poor commercial intelligence);
- little knowledge of actionable outsourcing opportunities available.

Lesson learned

The approach of fragmented excellence within the postal organization is increasingly detrimental to sustainable and transversal progress, particularly in the area of trade facilitation. This approach also has an impact on the two basic pillars of TRUST, namely REPUTATION and CREDIBILITY.
In the area of trade facilitation, the following areas have been identified as those requiring the skills development needed for progress to be made by the postal operators of developing countries:

**Figure xxv**

- **Trade facilitation, building long-term sustainability, & capacity upgrading (capacity building blocks)**
  - Understanding MSME sector and businesses
  - Understanding business environment, distribution structure and channels
  - Understanding service needs/requirements
  - Export legislation and control compliance
  - Customs processes, clearance & solutions
  - Logistics & supply chain management
  - Instruments and channels of foreign commercial payments
  - Barriers to free or smooth flow of goods

- **Marketing (incl. DM & Integrated Marketing Communications)**
  - (incl. promotional tools)
  - Sales, CRM & key account management
  - Product development
  - Branding
  - Strategic pricing
  - Profitability analysis

- **Quality systems and management**
  - Security & revenue protection
  - Customer service
  - Customer responsiveness & complaint management
  - ICT platforms

- **Strategic business planning**
  - Strategic alliances
  - Strategic negotiations
  - Change management (including HR issues)
  - MIS
  - Market & marketing research
  - Customer surveys
  - Competitive analysis
  - Strategic benchmarking

- **Project management**
  - Stakeholder analysis, mapping and management
  - Organizational audit & streamlining
  - Operational audit
  - Performance measurement
  - Gap analysis
  - Business process reengineering

**Recommendations**

Skills should be developed through the use of all available platforms for acquiring and disseminating knowledge, such as:

- national and regional postal business schools;
- the UPU's e-platform for online training;
- universities and business schools;
- study visits, seminars, coaching by expert partners and resource networking.

Senior executives and middle and operational managers of postal operators should be the intended audience, as appropriate.
Understanding and overcoming the downward cycle of disabilities

Overcoming the root causes of disabilities and barriers to the use of knowledge

Because public postal operators for decades have benefited from technical assistance programmes to enhance their capabilities, it appears necessary to understand and overcome the root causes of disabilities and of barriers to the effective use of knowledge. This analysis should be carried out at all stages of project development and management, from the moment of the project’s inception:

Figure xxvi

Key issues for network enhancement – the pillars of TRUST

Closing the knowledge gap – The knowledge gaps that consistently hamper postal innovation and transformation in some countries create, in turn, an asymmetry of development that affects the business relations of postal operators that operate on the basis of trust. Trust is based on two pillars: reputation and credibility at each of the links of the international postal network. Credibility itself stems from sound expertise (capabilities and capacity).

Closing the knowledge translation gap – This gap should be dealt with in the implementation of trade facilitation projects and by postal operators in their strategic development plans. The UPU should also consider these matters in national and regional development plans.
VI. The postal sector as enabling partner in the creation process and formalization of businesses – Post offices as access points for trade registration

a  Current situation

Governments in all countries have taken steps to facilitate the business creation process. Many support structures have been put in place for that purpose, often without much success. To simplify procedures, central offices have been set up in most developing countries to serve as one-stop shops. These offices have the administrative capacity to issue the various necessary documents in the shortest possible timeframe. They can facilitate procedures, particularly for companies of a certain critical size and for business initiatives in a country’s capital. In the context of regional decentralization, local support offices have been set up in regional or provincial capitals and serve as satellite offices to the central office.

However, central offices and their regional satellite offices do not cover enough of the national territory to ensure nearby access. Outside large cities, access can be difficult, if not impossible. Prospective entrepreneurs from outside areas are required to make several costly trips to these larger cities. The distance, delays and administrative red tape can be significant barriers to the creation and formalization of businesses.

The services provided by the central or satellite offices must be preceded by other administrative procedures that are not always easy to follow, whether in the cities or rural areas. Before a company (for example, a micro-business) can be set up and registered, it may be necessary to include copies of the following documents in the file presented at the central office:

– birth certificate;
– police record;
– citizenship certificate;
– residency certificate;
– company statutes (ideally drawn up and registered by a notary).

 Equipped with the necessary expertise, the postal network would be a perfect partner for networks working to facilitate trade. For example, it would be able to assist in obtaining the above documents. Such intermediary activities would fall within the scope of establishing and extending e-government programmes in member countries having a policy in that area.

b  Recommended approach

In developing countries, the Post has an important economic role in providing an infrastructure for social and economic development and, in the specific area of trade, serving as a link between businesses and public administrations, and businesses and customers. As regards the creation of businesses, the Post’s country-wide network can and should be used as an intermediary (for the collection of taxes and other fees, for example) wherever government institutions are not present.
To ensure a concerted approach to facilitating business creation, the UPU, in close cooperation with all the parties involved in the member countries, will define and implement, on a case-by-case basis, a strategy for creating the necessary capacity within Posts (infrastructure, operational processes, information technology, training, service offering, etc.), so that they can serve as effective intermediaries, in keeping with applicable standards. The short- and medium-term actions to be implemented as part of a technical assistance programme will make it possible to cover the needs of the public administration and potential entrepreneurs through the three main flows of postal activity:

- physical flow (circulation of documents among the parties involved);
- information flow (requests for information, exchange of information, and interconnection of information and communication systems);
- monetary flow (collection and transfer of taxes and other fees).

c  **Recommendations**

The process of making the postal network a professional support infrastructure for the business development of MSMEs must include the following actions:

- **Action 1**: Field analysis (organizational and operational audit) of the national Post's situation to diagnose impediments and identify the necessary solutions for the desired improvements, changes and transformation.

- **Action 2**: Work sessions with the parties involved to evaluate the situation and define guidelines for the actions to be taken and processes to be put in place to achieve the objectives.

- **Action 3**: Development of a project and related technical assistance plan for the transformation of the Post into an access point for business creation.

- **Action 4**: Implementation through a national pilot project.
Planning and building IT capacity and capabilities

**Connected IT-enabled networks**

In most UPU member countries, developed and developing, governments have created and are implementing a public sector ICT strategic plan, and are looking at technology as an enabler for public sector innovation and service delivery and as a strategic tool to ensure increased productivity. One example of such an initiative is the Kenyan government’s ICT 2030 vision. The connection of countries to broadband Internet via optical cable networks and the growth of Internet use in businesses and households set the pace for the rapid development of connected networks striving to improve the delivery of public-facing services.

**Managing the risk of disconnect**

As regards the universal postal network, there may be a serious risk of disconnect between the IT-capable links and the IT-less operators. Operators without IT capabilities and capacity may not be viewed as business facilitators and partners in a market where customer service performance is a selection criterion for business partnerships.

The centrality of the customer/citizen and the overwhelming and compelling development of ICT are driving forces for a coordinated approach to IT-embedded solutions that will harness access to and delivery of services within postal networks and across partner networks both inside and beyond national borders.

*Figure xxviii: The role of technology in postal transformation and the risk of disconnect in the postal network*

Overcoming IT disabilities and building capacity through “cloud” computing

To cope with the risk of disconnect, the UPU may consider developing a “shared network” solution with local access points (a central entry point that would give users easy access to such a solution anywhere and anytime). Such a system could be developed and implemented in many areas to bypass the obstacles of under-development and insufficient resources and capacity in individual countries (customs, IT systems, financial services). Such a system would also make it possible for partner developing countries to share the cost of maintenance and speed up the development needed to cope with technological changes. The future challenge would be to keep up with innovation, speed and customer service requirements, as well as the interconnection, interoperability and performance of partner networks. There will always be a risk of disconnect for postal operators unable to cope with these challenges. Transformation is an imperative for future success.
Overcoming IT disabilities and building capacity through "cloud" computing

With the advent of globalization, the liberalization of markets, competition in constellations, modern technology and the need to transact across networks inside and outside borders and business boundaries, fragmented excellence within an organization becomes increasingly detrimental to sustainable progress, particularly in the area of trade facilitation. Uneven development among postal operators (minimum IT development) should be addressed as a matter of priority.

**Funding shared IT capacity development for leapfrog uplift of developing countries**

The development of shared IT infrastructure can be funded by regional and international development banks. This challenge should be addressed by raising these banks' awareness of the postal sector, its value to countries and trade, its strategic role in economic and social development and its ability to contribute fully to financial inclusion and poverty reduction. Within each UPU member country targeted, the fast-track development of the postal sector's IT capacity should be incorporated into the overall challenge of bridging the development gap and economic development through trade.

How is ICT capacity built up? There are different options possible, but not all are accessible to all postal operators:

*Figure xxix*

<table>
<thead>
<tr>
<th>How can operators in fragile environment build ICT capacity and close gaps?</th>
<th>Closing the gap individually</th>
<th>Closing the gap collectively</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building internally (organic growth)</td>
<td>Unrealistic option in view of limited capacity</td>
<td>Option open to UPU/IB</td>
</tr>
</tbody>
</table>
| Building by acquisition (external growth) | • Option not always available in the country  
   • Option not always granted by applicable national laws | -- |
| Building by outsourcing or partnering | • Option not always available in the country  
   • Option not always secured enough  
   • Option not cost-effective in many countries | Option open to UPU/IB |
In view of the constraints facing individual countries, the areas recommended for UPU ICT support services may cover all of the following blocks:

*Figure xxx*

<table>
<thead>
<tr>
<th>Diagnostic</th>
<th>Integrated «3-dimensional» core business applications</th>
<th>Deficit in ICT Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Up-to-date «3-dimensional» core business applications</strong></td>
<td><strong>Integrated «3-dimensional» business platforms</strong></td>
<td><strong>Deficit in ICT Infrastructure</strong></td>
</tr>
<tr>
<td>• Difficult access due to Cost</td>
<td>• Functional Incomaptibilities</td>
<td>• Lack of funding preventing adaptation and innovation</td>
</tr>
<tr>
<td>• Poor maintenance</td>
<td>• Piecemeal approach to solutions designing</td>
<td>• Poor deployment and scalability options</td>
</tr>
<tr>
<td>• Poor deployment</td>
<td>• Weak local expertise</td>
<td>• Critical impact on the delivery of infrastructural services</td>
</tr>
<tr>
<td>• Silo approach preventing integration</td>
<td>• Silo approach preventing integration</td>
<td>• IT deficit preventing end-to-end integration of postal business dimensions and supply chain tools and solutions</td>
</tr>
<tr>
<td>• Weak local expertise capacity</td>
<td>• Weak overall business strategy in today's digital era</td>
<td>• IT deficit preventing leveraging and alignment of the whole postal network (local, national, regional and world levels)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Required action</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Address cost barriers (development, maintenance and management) and</strong></td>
<td><strong>Facilitate quick building &amp; access to and deployment of integrated business solutions and platforms</strong></td>
<td><strong>Addressing infrastructure deficit</strong></td>
</tr>
<tr>
<td><strong>Facilitate access to integrative business applications</strong></td>
<td><strong>Reduce cost to individual operators</strong></td>
<td><strong>Building modern ICT infrastructure for a strong postal network</strong></td>
</tr>
<tr>
<td><strong>Extend local business agility by facilitating access to shared resources and thus enabling operators to focus on core business, i.e.: service design, management and delivery.</strong></td>
<td><strong>Facilitate access to a knowledge pool</strong></td>
<td><strong>Facilitate fast upgradability and scalability</strong></td>
</tr>
<tr>
<td><strong>Bypass local blockage factors</strong></td>
<td><strong>Facilitate interconnection and convergence of platforms</strong></td>
<td><strong>Promote resource and infrastructure sharing options</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The way forward</th>
<th>SaaS (Software as a Service)</th>
<th>PaaS (Platform as a Service)</th>
<th>IaaS (Infrastructure as a Service)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The UPU should consider developing a SaaS delivery model that will make it easy and cost-worthy to postal operators in developing countries to access «3-dimensional» core business applications (pay per use and access through the Web)</strong></td>
<td><strong>The UPU should consider developing a PaaS delivery model to help fragile postal operators focus on creation of business value to their customers and partners in the service delivery chain as well as facilitating networks collaboration.</strong></td>
<td><strong>The UPU should consider developing a IaaS delivery model to help postal operators gain affordable, easy and quick access to scalable IT equipment such as hardware, shared remote servers, storage space for archiving services, back-up systems.</strong></td>
<td></td>
</tr>
<tr>
<td>Examples of this would be integrated banking software, CRM, Web portal development gate, archiving solutions, and or e-commerce softwares</td>
<td>Examples of this would be integrated postal banking (including e-banking and mobile banking), trade facilitation, hybrid mail and e-services platforms</td>
<td>Such an approach will accelerate the strengthening of the whole postal network by making possible fast track technological breakthroughs.</td>
<td></td>
</tr>
</tbody>
</table>
Working through governmental priorities and strategic papers

Taking advantage of the importance of the regional dimension of capacity building to countries in a developing environment

This topic should be included in the agenda of the decision-makers of regional institutions as part of their governmental and multinational policies, strategies, and programmes aimed at ensuring regional integration and development. Working through governmental priorities, strategies and projects may be of crucial importance: the issue should be promoted as a critical capacity development path and linked to the following:

- countries’ strategy papers;
- regional integration strategy papers;
- sector strategies;
- development and donor agencies’ strategies.

Geographical and capacity domains

The approach based on geographical level and capacity domains can be summarized as follows:

Figure xxxi
Recommendations

**Aligning the financial network and services to MSME trading requirements**

Implementation of the UPU's trade facilitation programme should involve the development of postal financial services for MSMEs. The focus should be on a solution for resolving the problem identified by the customer (MSME). The solution must be dynamic and managed through continuous improvement or alignment cycles. To that end, the following activities should be undertaken:

- a thorough SWOT analysis of the country's situation;
- formulation of a strategic business plan for developing financial services.

**Overcoming infrastructural barriers through shared infrastructures/platforms**

Micro-states do not have sufficient resources. The development of their financial capacity could be possible through the sharing of resources and know-how. In view of regional economic integration initiatives, the UPU (or IB) should further explore the possibility of sharing infrastructures. The following activities by the UPU are therefore recommended:

- study the needs, requirements and benefits involved in sharing resources at regional and international level;
- retool postal development programmes on the basis of shared infrastructures.

**Shared infrastructure pricing and access strategy**

To ensure that the shared infrastructure entry costs do not become another barrier for the weakest postal operators, these fees should be paid out of the revenues generated from operations, meaning that there should be:

- a pre-funding strategy established by the UPU to ensure development of the physical computing platform;
- a revenue-based user fee payments agreement.

**Funding**

Funding can be made possible by bundling shared IT capacity development projects with national priorities and funding strategies, and by bringing national, regional, international development banks, as well as regional and international partner organizations, into the process.

Other possible funding sources are:

- the Quality of Service Fund (QSF);
- special contributions to a development fund;
- public-private partnerships.

**Research project: understanding the economics of postal sector “cloud” computing**

The UPU should conduct such a research project, focusing on the following issues:

- economic value (including economies of scale);
- value to countries and postal operators;
- value to customer;
- effects on networks;
- pricing of access;
- emerging business models based on “cloud” computing.

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**Trade facilitation in the area of e-commerce area – enabling MSMEs**

**Options for MSMEs to build capacity for entering the area of e-commerce**

Postal operators, customers, trade associations and governmental officials are all concerned about how MSMEs should be e-commerce-enabled in order to tap into foreign markets. From MSMEs' business perspective, e-commerce is an output of the e-business model in place. E-business should be viewed as a comprehensive business approach that goes beyond just electronic transactions and data transfer. It
requires the alignment of internal processes and systems, marketing and advertising, distribution and cus-
tomer relations management. The many options for MSMEs to trade online are as follows:

<table>
<thead>
<tr>
<th>Options for &quot;internal&quot; capacity development</th>
</tr>
</thead>
</table>
| i Building the entire system from scratch, with full alignment of financial resources and access to appro-
| priate technology. |
| ii Purchasing a ready-made solution available in the market, with customization options if possible. |
| iii Entering into a specific partnership or alliance with a reputable business. |
| iv Renting or accessing space in a network-based e-commerce platform. |

Postal operators should consider, wherever advisable and profitable, bringing their MSME customers online. To do so, they may consider developing their own platform or partnering with a network-based e-commerce platform. The UPU’s .post offers postal operators such possibilities.

"Fragile" countries

Some postal operators act as forerunners to bring their customers onto their online e-business platforms. However, most postal operators do not need to wait until their own e-platforms are completed and operational, and not all postal operators, particularly those in "fragile" countries, would be able to do so without external assistance. Should they wish to be e-commerce platform providers, to break through the IT barriers, they would prefer a joint initiative or a shared platform to be accessed through the UPU.

Providing reliable services relating to core business skills

In the very short term, and in a very commercial setting, postal operators should facilitate trade by providing services relating to the following core business skills:

- collection;
- warehousing;
- transport;
- tracking;
- cash-on-delivery service;
- end-delivery (flexible delivery solutions);
- customs clearance facilitation;
- return/reverse logistics management.

The services provided to MSME customers and the alignment of internal skills and capacity should encompass the entire postal supply chain (see figure xxxii below).
Connected e-malls

For postal operators with online shopping malls, connection to websites should be addressed to solve the requirements of MSME online businesses to be exposed to foreign countries. The UPU should consider providing a special window to connected e-malls.

Bringing customers without credit cards online

In the medium term, the postal operator should develop, for customers in developing countries who do not have access to online credit card payment, an appropriate nationwide solution for financial intermediation. Such intermediation between online sellers and customers without credit cards will eliminate the risk of non-payment. For that purpose, all solutions currently available should be examined with a view to a shared approach by postal operators interested. The payment methods could include:

– cash-on-delivery;
– bank/giro payments;
– debit cards;
– automated teller machines (ATMs);
– e-banking/e-payments;
– e-cash, e-cheques;
– inter-bank transfers through automated clearing;
– bulk ordering and payment via corporate credit cards;
– postal electronic payment system.

Trade facilitation in the mobile economy

In the medium term, solutions that take advantage of the mobile economy should be developed to facilitate shopping and flexible and convenient delivery on request. Such solutions may require the prompt localization and information of customers. The linking of physical and electronic addresses and mobile communication solutions are crucial to success in this area.
Recommendations

Postal operators: serve as a trusted option for logistics services on the MSME e-platform (first- and last-mile logistics service providers; pick-up and flexible delivery).

UPU: research and document existing practices in developing countries for online purchases and payments.

UPU: connect postal e-malls and set up a dedicated website for worldwide exposure and one-stop-shopping (modalities are to be defined and agreed with postal operators concerned).

UPU: investigate ways to make it possible for fragile countries to become e-commerce enablers.

IB: conduct research project on the growing mobile economy and the challenges and opportunities for the postal sector.

UPU: plan and build member countries’ IT capacity and business capabilities in the growing mobile economy.

Security

Heightened security measures have raised a great deal of concern about the circulation of parcels along some corridors. Inspection measures have a direct impact on parcel delivery times and could therefore adversely affect MSME businesses, particularly in the B2B segment.

The security of parcels is also a major concern for customers (senders and recipients) when pilfering, loss or damage occur in the postal pipeline (countries of origin, transit or delivery).

Rather than look at the root causes of the problem in their particular sphere (accountability), postal operators tend to shift responsibility to others in the postal value chain. Such behaviour further complicates the resolution of customer complaints, for which the compensation system is far from "commercial".

For postal operators, revenue protection is a concern because the lack of security for parcels (caused mainly by human factors) undermines operators’ credibility and affects customer confidence (TRUST), thereby dramatically tarnishing the postal operator’s IMAGE (in the eyes of both the sender and recipient) and again representing a THREAT to postal customer-supplier relations.

Key issues

The provision of logistics services to MSMEs requires the service attributes listed below (the postal operators in many developing countries need to remedy deficiencies in these attributes).

- Responsiveness
- Reliability
- Predictability (made possible through rationalization and accountability)
- Effective relations

The UPU support strategy for postal operators is heavily process- and tools-driven and is aimed at achieving operational efficiency. While efficient processes and tools are essential for push marketing, they are not by themselves end solutions for business growth. They should be viewed only as requirements for a sound business strategy and effectiveness. In many developing countries, postal operators are undermined by poor vision and an ineffectual business strategy (both in design and implementation). Constrained by a revenue loss spiral, the operational support provided by the UPU is put at risk because of this very poor return on investment.

The service gaps referred to in the box above explain why some customers are bypassing the postal network and choosing informal transport options, despite the risks.
Figure xxxiii

**Alternative informal delivery channels**

By-passing customers' gaps - alternative but informal delivery channels

- Receiving customer
  - Pick up by customer
    - Own informal distribution centers
      - Land transport companies of people
        - Chose a transmission channel
          - Sending C2C parcel inside country
          - Sending B2B parcel cross border
            - Customer
  - Delivery
    - Receiving customer
      - Handling by air carrier
        - Chose a transmission option
          - Air carriers
          - Postal
          - Land transport companies of people
            - Chose a transmission channel
              - Sending C2C parcel inside country
              - Sending B2B parcel cross border
                - Customer

Information flow:
- Communication by telephone of arrival time and pick-up conditions

Communication by telephone of arrival time and delivery conditions
I Corridor-based approach and concentric roll-out

The postal operators in question unfortunately continue the odd practice of investing in all directions. They should instead implement a corridor-based approach and concentric roll-out for investment prioritization and quality improvements nationwide.

Figure xxxiv

<table>
<thead>
<tr>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Postal operators</strong>: Take all necessary measures to stop the pilfering and mishandling of parcels. To that end, it is necessary to improve business information systems and human resource management practices.</td>
</tr>
<tr>
<td><strong>Postal operators with scarce resources</strong>: Adopt and implement a corridor-based approach to upgrade and rationalize logistics capacity, improve quality of service and adjust the MSME business strategy. Investments in high-potential business corridors will yield a higher return on investment (ROI). Corridor-based prioritizing will help to achieve a wider spatial improvement by concentric circles.</td>
</tr>
<tr>
<td><strong>Postal operators and IB</strong>: Include a revenue protection strategy and measures based on a UPU-developed approach and methodology in the trade facilitation project carried out.</td>
</tr>
<tr>
<td><strong>UPU</strong>: As an element of MSME trade facilitation, put in place an information system to track all severely dysfunctional events and create a centralized database as part of the postal logistics performance index (PLPI).</td>
</tr>
<tr>
<td><strong>UPU and restricted unions</strong>: Make these requirements the subject of a strong commitment in the MSME trade facilitation agreement to be formulated.</td>
</tr>
</tbody>
</table>
Trade facilitation information system

The processes inherent in both Exporta Facil and Importa Facil make it possible to collect valued information on transactions, trade actors and corridors, and specific events. The integrative trade facilitation process to be implemented by the UPU should include a component covering an information strategy and the UPU trade facilitation information system (TFIS).

The TFIS should provide the UPU with access to trade information (e.g. volume, value, nature of goods exchanged, trade statistics by corridor, etc.) To that end, the postal operators should be able (through capacity building and the acquisition of tools) to collect the information needed and design the mechanisms for tracing information.

With the TFIS, the UPU could add value to its current statistics, making it possible to compute the postal sector's value in the MSME trading area (e.g. by providing information on the postal sector's contribution to GNP).

Recommendations

**UPU/IB**: Develop the UPU trade facilitation information system (TFIS).

**IB**: Build postal operators’ capacity to become valued information partners and relays.

**IB/UPU**: Provide postal operators with easy-to-use market research tools needed to gain an understanding of the MSME sector (formal and informal).

**UPU and restricted unions**: Serve as partners in the information collection strategy.

Establishing a logistics performance index for postal sector trade facilitation

Measuring progress and performance and enabling benchmarking

Efficient postal logistics are necessary for trade facilitation. Postal logistics providers need to be able to measure progress and performance individually and collectively (along the entire postal supply chain). Within the strategy framework of support for MSMEs, a postal sector benchmarking tool should be designed to help countries and their postal operators identify the challenges and opportunities relating to their trade logistics performance. Such a tool would enable operators to remedy performance deficiencies or gaps. A trade facilitation logistics performance Index would also help the UPU measure the progress of capacity development projects in favour of countries in need. A postal logistics performance index (PLPI) could also be emulated by postal operators.

The proposed PLPI should take advantage of other logistics performance indices (LPIs), such as the World Bank LPI, which summarizes the performance of countries in six areas:

- Efficiency of the customs clearance process.
- Quality of trade and transport-related infrastructure.
- Ease of arranging competitively priced shipments.
- Competence and quality of logistics services.
- Ability to track and trace consignments.
- Frequency with which shipments reach the consignee within the scheduled or expected time.

Postal sector PLPI data should be supplemented and cross-analyzed with country data.

Recommendations

**UPU**: Design and establish a postal logistics performance index (PLPI).

**IB/UPU**: Development by a dedicated IB cross-functional team of a strategy and methodology for establishing this PLPI.

**IB**: Submit a proposal (resolution) to Congress for funding and implementing this project as a matter of priority for the POC.
Measuring outputs and outcomes

Trade facilitation as an outcome as described above (see figure xvii) cannot be measured solely on the basis of the number of countries adopting Exporta or Importa Fácil. Nor on the basis of the number of parcels processed by postal operators. For both MSMEs and governments, increases in exports, along with outputs, constitute the real barometer of success. There should thus be a measurement strategy that would assess the impact of trade facilitation by the postal sector. Such a strategy should also prevail for UPU strategic capacity development projects within the postal sector. Outputs such as the number of systems implemented, the number of participants in a project or activity, the number of business corridors opened, should all be balanced, in the end, by outcomes for the countries, customers and actors of the economic sector targeted, the postal operators and the postal sector. Outcomes measurement may help to adjust and fine-tune the strategy.

Figure xxxv

**Knowledge to action and impact model**
Assessing & leveraging barriers to knowledge access, translation and consolidation

**Recommendations**
(strategy and framework for measuring outcomes)

A dedicated IB team should be set up to:

- define the strategy and framework for the measurement of trade facilitation outcomes by the postal sector at national, regional and international level;
- recommend the scope, modalities, process and procedures involved in the collection of information.

Outcomes measurement as a strategic tool for resource allocation:

- benchmarking;
- renewal of aid based on predefined and agreed performance.
VII. Development of IB internal capacity

a  Facilitating trade in a sustainable way

The ability to facilitate trade in a sustainable way requires all key actors and solution providers to build their capacities and capabilities. For the postal chain, the following key actors would need to upgrade these capacities and capabilities continuously:
– national postal solution providers;
– MSMEs;
– UPU International Bureau as the network gateway (in the broader sense).

b  Critical issues to be addressed

For the IB to be a knowledge partner and trusted enabler in trade facilitation, it is essential to build internal capacity and capabilities. Two issues are critical in this connection:
– Upgrading of staff’s knowledge in the area of exporting and trade facilitation.
– Adoption of a matrix management structure and processes with a view to cooperation with measurable result-driven cross-functional teams.

This team should consist of a group of people representing different areas of expertise, working together towards a single goal in the area of MSME trade. At the UPU/IB level, the team members could represent the following areas:
– Markets and marketing
– Operations (product areas, standards and customs)
– Postal economics
– Information technology
– Development cooperation
– Legislation and legal matters
– Financial services
– Human resources

Building a networking IT platform

The IB should also build IT platforms that effectively and efficiently connect key stakeholders, exchange and coordinate information across the entire supply chain, share best practices and facilitate customer one-stop-shopping. The .post top domain could be used to meet these requirements and expectations. These platforms would help postal operators to boost their operational efficiency in their efforts to transform their static supply chains into adaptive supply networks organized around their customers' businesses.

c  Preparing the IB for MSME trade facilitation worldwide

In MSME trade facilitation, the IB must serve as a catalyst, methods and systems provider and coach.

Recommendations

The IB should further define the strategy and framework for the development of its internal capacity. To facilitate and speed up the deployment of the trade facilitation model in member countries, the bulk of the work should be done by IB experts, with the guidance and support of external specialists. In doing so, the IB would be in a position to:
– better promote ownership and buys-in;
– build a knowledge base within the organization;
– make use of this knowledge and business experience inside and outside the organization;
– ensure successful implementation by means of an integrated approach making use of methods and tools that focus on the postal sector’s three dimensions;
– control the costs of development activities in favour of member countries.
Part 3 – Conclusions and summary of recommendations

I. Strategic priorities

a Areas of focus

In view of the issues addressed in Parts 1 and 2, five strategic priority areas have been identified for the UPU and the postal sector to facilitate trade for the MSME sector (see Graph below). Some of the recommendations are not specific to trade facilitation. They deal with building capacity, adopting a holistic and integrative approach to ensure the sustainability of projects, and fast-track development across the entire network.

Figure xxxvi

**Requirements for sustainability – Outcome-based funding and rebalancing strategy**

In consultation with stakeholders, ensure that programmes can continue after the assistance that made their implementation possible has ended. For the UPU’s capacity-building programmes, it is critically important to plan and provide an exit strategy that will help to avoid leaving beneficiaries dependent. For that to happen, the necessary structures, networks, mechanisms and tools should be put in place to ensure the sustainability of projects. Recipient countries and organizations should be able and committed to continuing and enhancing, through their own initiative and means, the dynamics that were a direct result of the technical cooperation programme. Such a scheme makes it possible to redirect financial resources toward other pressing needs.
c Funding strategy

Harnessing and coordinating national, regional and international (UPU) initiatives

Implementation of each of the strategic priorities needs to be ensured on the basis of a consistent funding strategy that will harness three levels.

National – access to governmental funding sources, with the postal sector positioned and valued as a key partner for economic and social development initiatives.

Regional – regional fund-raising mechanisms through joint regional development projects, as already documented in connection with the IIRSA approach in Latin America.

International – UPU multilateral approach to fund its support projects for countries and the MSME sector.

Developing a funding strategy

Securing financial resources for and from strategic partners in the development process

At the end of the day, the UPU should ensure that financial resources will flow to and from each of the strategic partners to fund strategic projects (joint or separate) that will produce the results agreed. To achieve a multiplier effect, national, regional and international funding strategies and plans should be closely linked and managed.

To that end, the IB should develop a funding strategy toolkit and make it available to restricted unions and postal operators.

For each priority area, the following two requirements are crucial for success:
− Capacity building for network alignment needed at national, regional and UPU level.
− IT as a strategic differentiator. Accessing and making efficient use of IT is critical to the success of individual postal operators and the global postal network. A postal community cloud computing business model will help to unlock the universal postal network’s potential and speed up transformation at each link.

Understanding challenges and reshaping the strategic approach to development

Many postal operators are facing budget pressures that inhibit their efforts to ensure quick alignment with markets and business requirements. The UPU’s support strategy today is heavily process- and tool-driven to achieve operational excellence. While this strategy is eagerly needed for push marketing, these tools are not in themselves end solutions. They should be regarded as requirements for a sound business strategy to ensure growth. However, this appears to be a serious deficiency for postal operators in many developing countries.

The aim of a funding strategy is not only to secure money from donors for postal operators in developing countries, but also to:
− receive the assistance needed to ensure financial sustainability and achieve financial independence (to that end, assistance for business growth is critical to success);
− cut costs to facilitate access to strategic and global business solutions by mobilizing resources and sharing the cost of investment in intensive capital projects covering such areas as IT infrastructures and platforms in different business areas.

Not all postal operators will be able to develop all they need on their own by using a single approach. Achieving a quick transformation to match the requirements of the markets they intend to serve has been and remains a difficult challenge.
Innovation and a fast-track transformation throughout the universal postal network, regardless of countries' level of development, may be achieved through the sharing of resources, IT business solutions and infrastructure. Coping with change may be achieved through rationalization within a UPU postal community cloud. Due consideration for initiatives (being discussed, planned or developed) at national and regional levels is absolutely necessary:
Resource sharing (sharing IT platforms) will make it possible:

- for postal operators that do not or cannot offer a full range of financial services to focus on delivering services. The necessary infrastructure can be accessed via a cloud at an affordable price, thus making the operators valued partners for financial inclusion in their own country and in the region;
- for postal operators unable to afford investing on their own in high-tech X-ray security solutions for processing parcels to access a scanning infrastructure shared with a neighbouring country of dispatch;
- for postal operators unable to develop a fully integrated e-commerce platform to build capacity through a cloud solution, etc.
Facing intra-network asymmetric development pace
Closing network performance gaps through innovative infrastructure & network design and operations
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II. Working through economic powerhouses

Recommendation

Working through economic powerhouses

For achieving fast-track development across the universal postal network, it is advisable to identify the powerhouse countries and postal operators that can act as lead development vehicles, playing a key role in promoting development of the postal sector and networks in their respective regions.


III. Summary of recommendations

a. Easy trade multilateralization

<table>
<thead>
<tr>
<th>Issues</th>
<th>Actions recommended</th>
<th>Strategic partners</th>
</tr>
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</table>
| Bundling export and import                    | 1. Ensure end-to-end trade facilitation from export country to import country by ensuring that the whole postal network will act in full compliance with agreed service requirements for MSMEs  
2. Implementation within country should deal simultaneously with both export and import taking advantage of Exporta Fácil and Importa Fácil | POC and all postal operators in the universal postal supply chain |
| Enhancing Brazilian models by adding facilitation of financial transactions | 3. Define requirements and processes for postal operators to ensure financial intermediation between MSMEs and tax authorities in country of export  
4. Identify/develop and make available to postal operators the tools needed to deliver the solution in compliance with service requirements | Brazil (through implementation of MOU), national stakeholders, POC |
| Defining the legal framework for the UPU's easy trade global offer to MSMEs | 5. Define customer service and operational requirements  
6. Define trade-driven and quick-response complaint management and compensation systems  
7. Draft agreement to govern the UPU network trade facilitation solution  
8. Have the agreement approved by Congress, the CA and POC as required | POC, CA, Congress, national stakeholders, Brazil (through an MOU) |
| Brand recognition and international branding  | 9. Develop a unique brand and worldwide branding strategy for the UPU's easy trade offer | UPU |
### Global coordination and governance of trade facilitation

<table>
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<tr>
<th>Issues</th>
<th>Actions recommended</th>
<th>Strategic partners</th>
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</table>
| Easy trade cross-border monitoring and coordination | 1 Define easy trade cross-border monitoring mechanisms to be included in project roll-out plan in countries  
2 Establish a trade coordination team to monitor cross-border issues, address shortcomings and recommend harmonization and network improvements  
3 IB/POC should take a leading role in developing a framework for collective action and ensuring order and the necessary solidarity | Country and regional key partners, POC and all postal operators in the universal postal supply chain |

### Capacity building in countries

<table>
<thead>
<tr>
<th>Issues</th>
<th>Actions recommended</th>
<th>Strategic partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing service performance gaps</td>
<td>1 Tailor technical assistance programmes to enable postal operators to overcome customer gaps and service performance gaps</td>
<td>Country and regional key partners, POC and all postal operators in universal postal supply chain</td>
</tr>
</tbody>
</table>
| Closing knowledge gaps | 2 Identify factors inhibiting the acquisition, consolidation and use of knowledge  
3 Strengthen all links and platforms and centres for disseminating partner knowledge, to intensify and speed up the dissemination of knowledge | IB, restricted unions, postal operators, postal business schools |
| Service portfolio alignment and management | 4 Identify and effect necessary changes to service portfolio, including development/alignment of financial services (e.g. cash-to-account and account-to-account transactions)  
5 Enable post offices to act as access points for registration of MSMEs | IB, Brazil, restricted unions, POC |
| Closing IT gaps (IT as strategic differentiator in the trade area, critical to success) | 6 Assess situation from a national, regional and global perspective, with a view to enabling postal operators to overcome IT barriers | IB/UPU, national and regional stakeholders |
| Facilitating trade both inside the country and outside (cross-border) | 7 Postal operators should be positioned to be trusted, valued partners for trade facilitation inside the country and outside (cross-border export). Inefficiencies inside the country will impact on perceived capacity/capabilities | IB, postal operators |
### c) Capacity building in countries (cont.)

<table>
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<tr>
<th>Issues</th>
<th>Actions recommended</th>
<th>Strategic partners</th>
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<tbody>
<tr>
<td>Promoting the sector's relevance with governments and other stakeholders</td>
<td>8 Enabling postal operators to be trustworthy proactive solution providers in response to government's challenges, as addressed in the countries' strategic papers dealing with economic and social development issues</td>
<td>IB, regional and international institutions</td>
</tr>
<tr>
<td>Building capacity to access public and private funding sources</td>
<td>9 Enable postal operators to access all funding sources available at national and regional level in order to achieve the transformation required</td>
<td>IB, governments, regional institutions, private partners</td>
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### d) Trade performance index (TPI) for the postal sectors

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<tr>
<th>Issues</th>
<th>Actions recommended</th>
<th>Strategic partners</th>
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</table>
| Monitoring and enhancing the multi-faceted dimensions of export performance through the postal network | 1 Establish a dedicated team to define requirements for the TPI, develop methodology and advise on strategy for funding and implementation  
2 Ensure compatibility and connectivity with existing trade performance indexes, with a view to facilitating information sharing and aggregation  
3 Consider partnering for a multilateral and integrative solution in cooperation with the relevant UN organizations | UPU, UN organizations, government agencies, postal/trade community                                           |

### e) Shared IT business model and information capacity building

<table>
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<tr>
<th>Issues</th>
<th>Actions recommended</th>
<th>Strategic partners</th>
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</table>
| A postal community cloud business model                               | 1 Consider developing a postal cloud computing business model to overcome barriers to IT capacity development by postal operators without sufficient resources  
2 Enable postal operators of "fragile" countries to build capacity across all three business areas (for some to enter the account-to-account financial services area) | IB, regional and international institutions, private partners                                               |
| Building trade-related information and knowledge capacity             | 3 Help postal operators applying easy trade solutions (such as Exporta Fácil) to acquire a sound knowledge of the MSME sector in their own country and be a trade information provider  
4 Enhance the IB's information access strategy and management systems in order to manage the collection, processing and sharing of information | IB, regional and international institutions, private partners                                               |
e  Shared IT business model and information capacity building (cont.)

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<tr>
<th>Issues</th>
<th>Actions recommended</th>
<th>Strategic partners</th>
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<tbody>
<tr>
<td></td>
<td>5  Make information access and sharing a part of easy trade projects implemented in countries</td>
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<td></td>
<td>6  Develop and/or make available to postal operators easy-to-use market research tools, model customer satisfaction surveys and CRM solutions</td>
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f  Integrative funding strategy (external funding)

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<th>Issues</th>
<th>Actions recommended</th>
<th>Strategic partners</th>
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</thead>
<tbody>
<tr>
<td>National level</td>
<td>1  Conduct a resource mapping of all relevant governmental or national funding sources and funding streams that support MSME capacity development, infrastructural development and integration, country export and poverty reduction programmes, ICT capacity development and access projects, e-government, etc.</td>
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<td></td>
<td>2  Prepare an inventory of how funds are used in government departments and agencies, criteria for access, performance indicators and measures to assess the use of such funds and intended outcomes of the programmes</td>
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<td></td>
<td>4  Carry out a strategic mapping of all key stakeholders in the process and develop a differentiated communication strategy for preparing value propositions</td>
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<td>Regional level</td>
<td>5  Help postal operators to take on challenges and the projects identified by developing solutions and proposals and positioning them successfully</td>
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<td></td>
<td>6  Documenting, sharing and promoting best practices within the postal community</td>
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<td></td>
<td>7  Develop and make available a funding strategy toolkit (IB responsibility)</td>
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<td></td>
<td>8  In partnership with restricted unions, map out all relevant regional bodies, programmes and funding sources that support e.g. MSME capacity development, infrastructural development and integration, country export and poverty reduction programmes, ICT capacity development and access projects, e-government, etc.</td>
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### Integrative funding strategy (external funding) (cont.)

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<th>Issues</th>
<th>Actions recommended</th>
<th>Strategic partners</th>
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<tbody>
<tr>
<td>9</td>
<td>Carry out a strategic mapping of all key regional stakeholders in the process and develop a differentiated communication strategy for value propositions and political level commitment</td>
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<tr>
<td>10</td>
<td>Help postal operators and restricted unions to take on challenges and address the projects identified by developing joint solutions and proposals and positioning them successfully through viable regional funding mechanisms</td>
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<tr>
<td>11</td>
<td>Document, share and promote best practices in all regions, focusing on both success stories and unsuccessful attempts</td>
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<tr>
<td>International (UPU level)</td>
<td>12 Map out all relevant international bodies, programmes and funding sources that support e.g. MSME capacity development, infrastructural development and integration, country export and poverty reduction programmes, ICT capacity development and access projects, e-government, etc.</td>
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<td></td>
<td>13 Prepare a comprehensive inventory of assistance programmes by IMF, World Bank and regional banks supporting the development of countries’ infrastructures and IT capacity</td>
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<td></td>
<td>14 Trace and document the development funds and initiatives of all industrialized countries (e.g. Norwegian Investment Fund for Developing Countries (Norfund))</td>
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<td></td>
<td>15 Prepare an inventory of access criteria, performance indicators and measures to assess the use of such funds and intended outcomes of the programmes.</td>
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<td></td>
<td>16 Map out all initiatives by countries to develop capacity through the sharing of resources</td>
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<td>17 Explore the possibilities of funding a postal cloud development model through external and internal funding sources (e.g. QSF)</td>
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<td></td>
<td>18 Carry out a strategic mapping of all potential international funding partners in the process and develop differentiated communication strategies for value propositions and the commitment of decision-makers</td>
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<td></td>
<td>19 Provide a platform for improved coordination and networking between development agencies such as WTO, UNECA, UNCTAD, UNIDO, ITC, UNDP, regional economic institutions, regional banks, central banks, key NGOs, etc.</td>
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IV. Capacity assessment and rationalization leading to differentiated deployment funding strategy and project design and implementation

The UPU's easy trade solutions should be deployed following a capacity assessment leading to a differentiated implementation frame.

*Figure xxxx: Capacity assessment and rationalization leading to differentiated funding strategy design and plans*
V. UPU's trade facilitation programmes – Way to the next phases

a Five recommended macro-steps for development and implementation

Figure xxxxi

Key «macro-steps» for development and implementation

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<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Starting point</td>
<td>Ensuring 3D postal intermediation</td>
<td>Strategic positioning and visibility</td>
<td>Multilateralization of easy trade facilitation</td>
<td>Halting network asymmetrical development</td>
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</table>

- Exporta Fácil
- Importa Fácil
- Enhancing Exporta Fácil
- And Importa Fácil
- (adding the financial dimension)

- Inclusion in country’s and region’s strategic challenges and projects (including making post offices peripheral services for registration of SMEs)
- UPU’s easy trade multilateralization
- Developing the required agreement, adding the postal trade facilitation performance index and a global governance mechanism

- IT capacity building through shared investments and solutions

Round 1 (internal working sessions): Internal validation within the IB: ongoing.
Round 2 (working session): Validation with countries visited during the research phase (Brazil, Peru, Kenya and Mali): ongoing.
Round 3 (restricted regional forum): Strategic forum with selected countries and partners in the first region of pilot activities: to follow the call for pilot countries.
Round 4: Pilot implementation in selected countries.
Round 4 (regional open forums).
Round 5 (Congress level): Strategic forum at Congress and resolution for next cycle.

b Validation of the integrated concept and appropriation rounds

All of the ideas, steps and strategies recommended in this paper should be validated by key stakeholders at three levels: national, regional and international (UPU). Five validation and appropriation rounds are recommended:

- Round 1 (internal working sessions): Internal validation within the IB: ongoing.
- Round 2 (working session): Validation with countries visited during the research phase (Brazil, Peru, Kenya and Mali): ongoing.
- Round 3 (restricted regional forum): Strategic forum with selected countries and partners in the first region of pilot activities: to follow the call for pilot countries.
- Round 4: Pilot implementation in selected countries.
- Round 4 (regional open forums).
- Round 5 (Congress level): Strategic forum at Congress and resolution for next cycle.

N.B. – The detailed timetable of activities should be the subject of a separate document. The pilot project in Mali will be prepared as a separate activity.
VI. Concluding remarks

A sustainable trade facilitation initiative by the UPU under the POC’s guidance and implemented by the IB will require efforts to take on the following challenges:

– The challenges of total commitment – Developing and implementing throughout the network an approach that will rally all stakeholders and key actors.

– The challenges of strategy – Extending and improving the trade facilitation business model on the basis of the experience gained from the Exporta Fácil and Importa Fácil solutions; formulating and implementing a joint and shared strategy, including a common trademark for easy promotional activities.

– The challenges of capacity – Establishing the necessary pillars for sustaining efficiency and growth, including building the capacity of postal operators and the IB.

– The challenges of cross-border governance: Achieving operational excellence and customer satisfaction by circumventing irresponsibility and unresponsiveness.
Annex 1 – Trade facilitation – Additional activities recommended and the development of tools

1. Develop and provide postal operators with easy-to-use market research tools to gain a better understanding of the MSME sector (formal and informal).

2. Develop and make available to postal operators a model customer satisfaction survey.

3. Identify, develop and recommend a CRM solution and make it available through the UPU’s cloud business solution.

4. Research the needs, requirements and benefits involved in the sharing of resources at sub-regional, regional and international level.

5. Research the economics of a postal sector cloud computing business model, focusing on the following aspects:
   - Economic value, including economies of scale
   - Value to countries and postal operators
   - Value to customers
   - Network effects
   - Funding model
   - Access pricing issues
   - Working through sub-regional and regional economic powerhouses
   - Priority areas and strategy for promotion (buy-ins) and implementation.

6. Research the growth of the mobile economy and the challenges and opportunities for the postal sector.

7. Investigate easy, affordable ways of enabling fragile countries to be e-commerce enablers.

8. Bring buying customers without credit cards online; research and document methods used in developing countries for buying and paying online (mindful of the limited penetration rate of credit cards).

9. Develop a strategy and complete methodology for establishing a UPU postal logistics performance index (PLPI).

10. Develop a strategy and methodology for creating a UPU trade facilitation information system (TFIS).

11. Build the capacity of postal operators as valued information partners and relays for the IB.

12. Define the strategy, methodology and framework for measuring the outcomes of trade facilitation by the postal sector at national, regional and international level.

13. Prepare a funding strategy toolkit and make it available to restricted unions and postal operators.

14. Research the drivers and impact of asymmetric development within the universal postal network.

15. Research and document, for the sharing of best practices, all the major postal projects funded from government sources, upstream resources accessed through supplier relations (including the outsourcing opportunities available) and resources accessed through business partnerships and alliances.

16. Prepare a model and formulate a technical assistance project to establish national post office access points (Postal Access Points) for creating and registering MSMEs.
17 Breaking through resource limitations: Retool the postal development approach and programmes through the use of shared resources and infrastructures at appropriate levels.

18 Develop and promote a corridor-based approach to upgrade and rationalize logistics capacity, improve quality of service and adjust business strategy to focus more on MSMEs (corridor-based prioritization to help achieve wider spatial improvement by concentric circles).