



ASSESSMENT OF THE MARKET DEMAND OF POSTAL SERVICES IN TANZANIA

**A Presentation by:
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SELF INTRODUCTION

	Period	Profession
1	Currently	Retired officer; but not Tired! Still very strong; Physically, Mentally, Spiritually and Sexually
2	Currently	Freelance Consultant in Management-related fields
3	2006-2010	Capacity Building Expert/Staff and Leadership Development Expert – PO-PSM
5	2000-2005	Chief Executive, Tanzania Public Service College-PO-PSM
6	1995 - 1998	Chief Technical Adviser United Nations Development Programme (UNDP), Lesotho
7	1991- 1995	Principal -Institute of Finance Management (IFM), Dar es Salaam, Tanzania –





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1.0 TERMS OF REFERENCE (ToRs)

Objective of this research was to:

- (i) Establish baseline information on postal services in Tanzania; and
- (ii) Determine the market shares of postal services providers in terms of sales turn over, customer base, and products provided.

Major findings in this study were to include the following:

- A forecast of the demand (market) of postal services in Tanzania in the next five years;
- An assessment of the capacity of Tanzania Postal Corporation (TPC) to provide universal postal services; and,
- Policy recommendation pertaining to postal and courier services in Tanzania.





METHODOLOGY

Secondary Research

- Consultants reviewed relevant official business records from the PPO and CSPs that enabled them determine business trends and market shares of different participants in the postal sector

Primary Research

- (i) Through questionnaires we surveyed and interviewed organizational and residential consumers of postal services;
- (ii) We collected business information from CSPs, on the one hand, and the Regional and District offices of TPC in the sampled areas, on the other.





METHODOLOGY (Cont.)

The overall objective of this Survey was to collect views and statistics on the supply and demand related factors for the postal industry. Information captured included:

- (i) Levels of consumption of postal services;
- (ii) Quantity and type of mail sent and received;
- (iii) Perception on the future of postal services;
- (iv) Relative utilization of PPO versus CSPs;
- (v) Relative use of post versus electronic mail,
- (vi) Satisfaction levels for postal services





Methodology: Sampling Frame

	REGIONS	DISTRICTS
1	Dar es Salaam	Ilala Temeke
2	Mbeya	Mbeya Urban Mbozi
3	Kigoma	Kigoma Urban Kibondo
4	Mara	Musoma Urban Bunda
5	Manyara	Babati Karatu
6	Mjini Magharibi	Mjini Magharibi





Methodology: Residential Sample

District

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Mjini	79	11.0	11.0	11.0
	Magharibi	54	7.5	7.5	18.5
	Mbozi	44	6.1	6.1	24.7
	Mbeya urban	54	7.5	7.5	32.2
	Musoma	53	7.4	7.4	39.6
	Bunda	49	6.8	6.8	46.4
	Temeke	99	13.8	13.8	60.3
	Babati	57	7.9	7.9	68.2
	Kibondo	49	6.8	6.8	75.0
	Kigoma Mjini	42	5.9	5.9	80.9
	Mbulu	69	9.6	9.6	90.5
	Ilala	68	9.5	9.5	100.0
	Total	717	100.0	100.0	



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Methodology: Organisational Sample

District

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Mijini	41	10.2	10.2	10.2
	Magharibi	7	1.7	1.7	11.9
	Mbozi	17	4.2	4.2	16.1
	Mbeya urban	30	7.4	7.4	23.6
	Musoma	33	8.2	8.2	31.8
	Bunda	18	4.5	4.5	36.2
	Temeke	53	13.2	13.2	49.4
	Babati	41	10.2	10.2	59.6
	Kibondo	26	6.5	6.5	66.0
	Kigoma Mjini	31	7.7	7.7	73.7
	mbulu	34	8.4	8.4	82.1
	Ilala	72	17.9	17.9	100.0
	Total	403	100.0	100.0	





FINDINGS

3.1 Legal and Regulatory Frameworks

- The current legal framework governing the postal sector in Tanzania emerged through a series of laws passed in 1993.
- These laws divided the then Tanzanian Posts and Telecommunications Company (TP&TC) into two separate institutions overseen by an independent regulatory institution, the Tanzanian Communications Commission (TCC) and later on Tanzania Communication Regulatory Authority (TCRA).
- **It is our view that the legal and regulatory framework for the postal industry is sound**



ACT		PURPOSE
1	Tanzania Posts Corporation Act, 1993	Created TPC as a government corporation under the Ministry of Communications and Transport and defined the roles of TPC
2	Tanzania Communications Act, 1993	Established the Telecommunications Commission (TCC) to oversee both telecommunications and post
3	Public Corporations (Amendment) Act, 1993	Established the Presidential Parastatal Sector Reform Commission (PSRC)
4	Tanzania Telecommunications Company Incorporation Act, 1993	Defined the structure and workings of the new telecommunications company
5	Tanzania Communications Regulatory Act (2003).	Established the Tanzania Communications Regulatory Authority (TCRA) as hybrid regulatory authority



Legal and Regulatory Frameworks (Cont.)

Body		Roles & Responsibilities
1	The Government	Sets policy and acts as arbiter in some disputes
2	TCRA	Licensing postal operators and overseeing compliance to license conditions and ensuring a level playing field in the sector
3	Consolidated Holding Corporation (CHC)	A government body that approves sale of assets and borrowing by TPC and will recommend to government whether and how TPC is to be privatised.





3.2 Structure of the postal Sector

The postal sector in Tanzania consists of two major categories of postal service providers:

- (i) the PPO, namely TPC and,
- (ii) (ii) different types of CSPs who have been licensed to operate in the postal industry.

Apart from the normal postal services which include basic courier services, the PPO is responsible for the provision of universal postal services (UPS) in Tanzania.

The UPS obligations include providing postal services “at regulated fees”, and providing postal services in all administrative centres and in rural areas.



CATEGORY		RESPONSIBILITIES
1	Public Postal Operator (PPO)	<p>(a) Responsible for the provision of universal postal services (UPS) in the United Republic of Tanzania with exclusive rights to issue postage stamps, installing private and posting letter boxes and use of the word “post office”.</p> <p>(b) Provision of financial services including money order services, postal order services within and outside Tanzania, cash-on-delivery services and provision of postal giro services;</p> <p>(c) Conveyance and delivery of parcels domestic and international parcels</p> <p>(d) Provision of basic courier services</p> <p>(e) Provision of services in the rural areas</p>
2	CSPs	Courier Service Providers
	International	Operates internationally with worldwide and domestic networks
	East Africa	Operator with in East African network
	Domestic	Operating within the country
	Intra-City	Operates only within a city/town boundary.
	Inter-City	Operate within a number cities in the country



Structure of the postal Sector – CSPs (Cont.)

Courier Category	2005	2006	2007	2008	2009	2010
International Couriers	5	5	5	5	5	5
East Africa Couriers	3	3	3	2	3	4
Domestic Couriers	2	5	6	7	7	8
Intra-City Couriers	2	2	3	3	3	3
Inter-City Couriers	26	35	32	37	37	39
Total	38	50	49	54	55	59





Structure of the postal Sector – CSPs (Cont.)

Courier Category	Active	Inactive	Total
International Couriers	5	0	5
East Africa Couriers	1	1	2
Domestic Couriers	13	5	18
Intra-City Couriers	2	0	2
Inter-City Couriers	13	19	32
	34	25	59





Structure of the postal Sector – CSPs (Cont.)

The picture on the ground shows that:

- (i) About twenty-five (25) of fifty-nine (59) registered CSPs are not active;
- (ii) The Courier Service market is dominated by leading international companies such as DHL
- (iii) Some CSPs especially local ones offer courier services as a **sideline** business along with other businesses especially in the clearing and forwarding sector, on the one hand, and transport business, on the other;
- (iv) The majority of such CSPs do not keep separate accounts of their subsidiary courier services;
- (v) The volume of business of many CSPs is very small.





3.3 Network Coverage and Characteristics

- The Tanzanian postal territory is characterized by a significant physical network deficit. There are only **403** permanent post offices compared to **890** for Kenya, physically, a relatively smaller country.
- One postal establishment in Tanzania on the average serves **110,428** people compared to only **43,820** in Kenya.
- Each post office covers an average area of **2,345 sq. km** compared to only **652 Sq. km** for Kenya and **1,477 sq. km** for Africa as a whole.
- The acute shortage of postal outlets in Tanzania is worse in relatively poorer and rural-based districts of Tanzania than in urban areas. For example, in the sampled districts numbers ranged from more than **500,000 people** in Mbozi District compared to only **3,000** in Temeke District.





Network Coverage and Characteristics (Cont.)

- Likewise rural based districts have larger physical areas served by one post office than urban based districts. Partly because of this situation the PPO does not have the capacity to offer universal postal services in many areas.
- The decline in the postal coverage by the PPO is a result of deliberate efforts to scale down and close **uneconomic outlets**. **In other words the demand for the traditional postal goods and services is small especially in rural areas.**





Network Coverage and Characteristics (Cont.)

- However these areas are potentially good markets for non-traditional postal goods and services, hybrid goods resulting from interconnectivity of physical, electronic and financial services.
- It is in this connection that the PPO has plans to provide communication services which will integrate the Post office network into three dimensions: physical (the outlets), financial, and electronic platforms.
- Service outlets for the majority of CSPs are in big cities and towns of Dar es Salaam, Arusha, Moshi, Morogoro, Tanga and Mbeya. They are yet to reach rural areas.





3.4 Human Resources in the Postal Sector

- As of 2009 the PPO had a workforce of about **1,297**. This number was less by **36** employees from the employment figure of 2005. An important observation, here, is the widening gap between the staff required (establishment) and those actually employed. The gap has been widening from **12** in 2005 to **79** in 2008.
- The reduction in the number of employees is a result of the company's deliberate policy of rightsizing the human resource complement to match with to-day's operations and changing technology.





Human Resources (Cont.)

- The PPO's rightsizing interventions between 2005 and 2009 have had marginal results in **labour productivity** in terms of postal articles.
- On the other hand **labour productivity** in Shillings has been remarkable, rising from **Shs 11.8 mill** per employee in 2005 to **Shs 14.4 mill** per employee in 2009, an increase of **22%**.





Human Resources (Cont.)

- CSPs employ about **344** staff. In 2009 the number of employees for each CSP ranged from one (Shift Cargo Ltd) to forty (City Delivery Services Limited) with an average of **10.9** staff for each CSP.
- **The labour force of CSPs** increased by about **47%** from 2005 to 2009. This increase is consistent with the increase in the volume of CSPs' business which has been growing from **1.6 mill** postal articles in 2005 to **4.2 mill** articles in 2009, a growth of about **159%**.





3.5 Technology in the Postal Sector

- The PPO in Tanzania has been automating its counter services, including the introduction of domestic track and trace system, domestic electronic money transfer systems as well as data communication networks.
- The development of electronic and financial networks and diversification of products and services is needed in order to make up for the low volumes in the traditional postal markets (particularly the letter post).
- Major courier operators utilize computer technology in their acceptance and delivery services, as well as in tracking and tracing mail consignments.





3.6 Postal and Courier Operations

3.6.1 Customer Base

- The main customer base of the PPO and CSP are **large organisations**. These transactions are between businesses and businesses (B2B), on the one hand, and Business to Private consumers (B2P).
- **80%** of the PPO's business comes from **20%** of its customers. This consists of big organisational consumers, including the Ministry of Finance and Economic Affairs; CRDB; National Examination Council; Haki Elimu (Distribution of Educational Materials); World Vision (Courier Service) and the Tanzania Revenue Authority (TRA).





Customer Base (Cont.)

- This picture is supported by the results of the survey carried out in this study. Only about **30%** of individual consumers send letters these days through the PPO.
- Furthermore, the percentage of individual consumers who send significant numbers of letters in an average week is smaller than that of organisational consumers.
- The survey also revealed that organisational consumers in urban centres send more letters in an average week than organisational consumers in small towns.





Customer Base (Cont.)

- Accordingly large urban centres are the battlegrounds between the PPO and CSPs, on the one hand and among different CSPs, on the other.





3.6.2 Mail Traffic and Trend in the Postal Sector (in Units)

The situation in 2009 was as follows:

- The volume of postal services stood at about **29 Mill.** Postal articles (i.e. letters and parcels). In this market the PPO controlled about **24.5 Mill** postal articles which were well over **85%** of the market. The chart below depicts this picture very well
- The PPO's domination in the mail market is based on its stronger hand in the letter market, with an annual turnover of about 25 mill pieces of mail. This volume is about **87%** of the market.

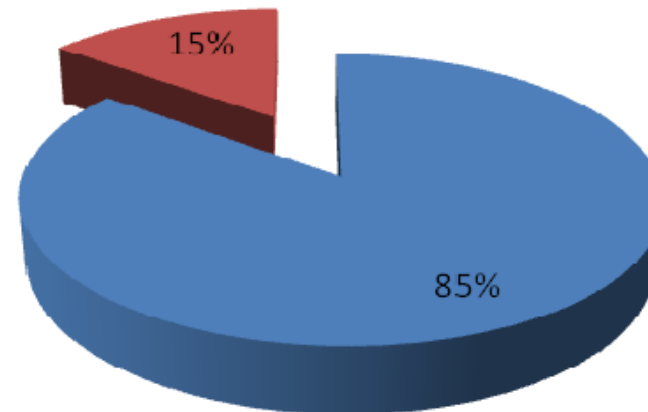




Market Shares in the Mail Business

Percentage

■ PPO ■ CSPs

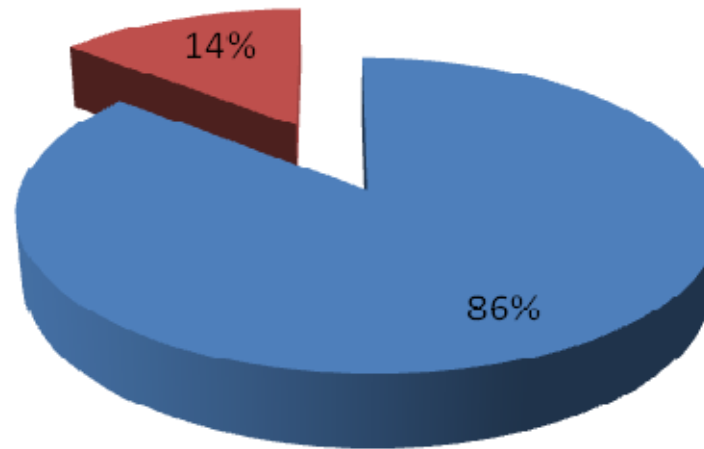




Shares in the letter Market

Percentage

■ The PPO ■ CSPs





Mail Traffic and Trend (Cont.)

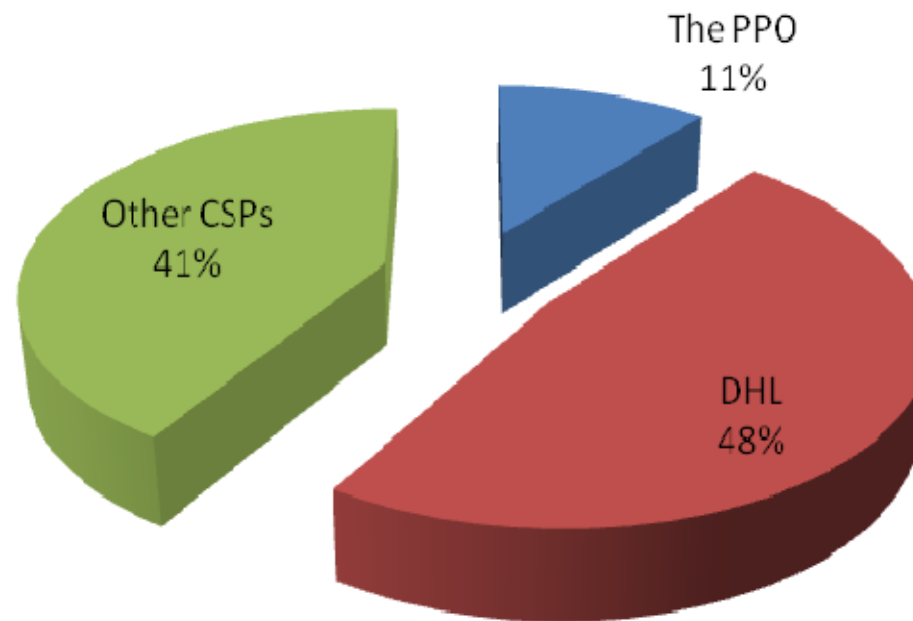
- On the other hand CSPs dominate the parcel market with an annual turnover of 204,994 out of a market of 274,420. This is a market share of **74.7%**. We need to point out here that the biggest player in the parcel market is DHL which controls well over **47.8%** of the parcel market





Mail Traffic and Trend (Cont.)

Shares in the Parcel Market





Trend of Postal Business (Cont.)

- Although the PPO has a big market share in the letter market its future depicts a rather gloomy picture as opposed to that of CSPs whose growth in all product lines is very strong.
- The trend of the PPO's volume of letters (domestic and international), domestic parcels, and international parcels shows a growth rate of **-6.1%**, **-58%** and **23.7%**, respectively between 2005 and 2009, a gloomy picture indeed, except for international parcel business.





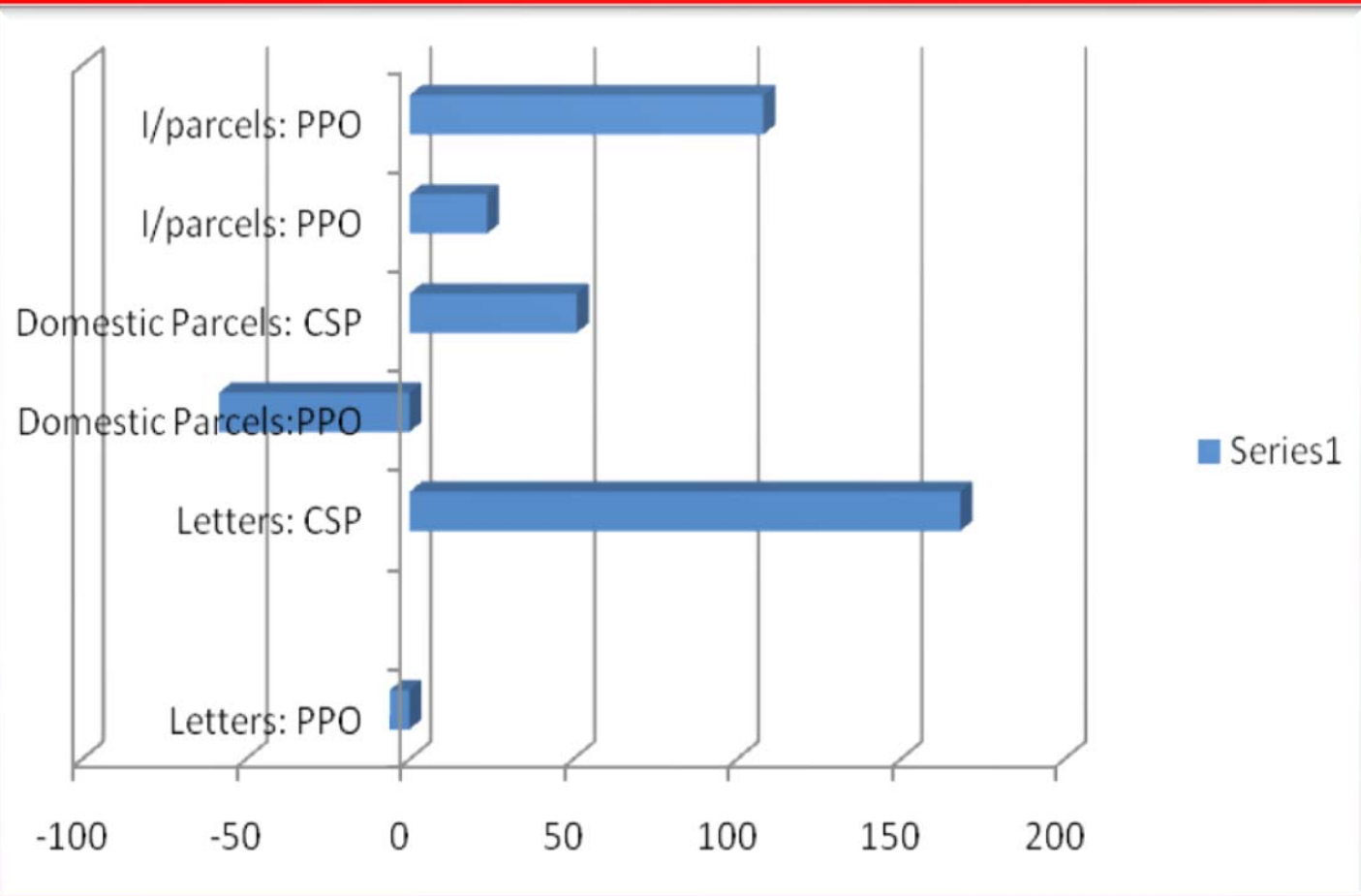
Trend of Postal Business (Cont.)

- On the other hand the growth rate of CSPs' products is highly positive. Between 2005 and 2009, the growth rate was **168.2%**, **51.1%**, and **108%** for letters (both domestic and international), domestic parcels, and international parcels, respectively.
- The PPO must come up with strategies to enable continue its domination in the mail letter business and catch up with CSPs in the parcel market.





Growth rates of the products of the PPO and CSPs: 2005-2009





3.6.3 Postal Traffic and Trend in the Postal Sector (in TShs)

- The aggregate sales volume of the PPO and CSPs in 2009 was worth 30.2 bill. with the PPO scooping about **53 %** of the market while the CSPs had the remaining **47%**.
- The high percentage in the share of CSPs does not tally with its share of **14%** in the unit based volume. This means that CSPs are involved in high value postal items especially high value parcels.
- The postal business grew from Shs 20.5 bill in 2005 to Shs 30.2 bill, a growth rate of **47%**.
- Within this sector, the PPO's sales volume grew from Shs 13.8 bill in 2005 to Shs 15.9 bill in 2009, a growth rate of about **15%** whereas the CSPs' sales volume grew from Shs 6.7 bill in 2005 to more than 14 bill, a growth rate of **112%**



3.7 Financial and other Performance Measures of the PPO

- From 2005 to 2009, the company has been making losses except for 2008 where it made a small net profit of about Shs 16 million.
- Furthermore most indicators of the company's health are negative, implying that the PPO cannot fully offer universal postal services as required by law, unless it is recapitalized.



Financial and other Performance Measures of the PPO (Cont.)

- The main reasons for this situation include the high cost of serving uneconomic areas due to the Operator's universal postal obligations; financial constraints resulting from undercapitalization; the heavy burden inherited from the defunct Tanzania Posts and Telecommunication Corporation (TP&TC); and constraints resulting from CHC's controls as a specified company
- Other factors for this situation are competition from the CSPs, on the one hand, and the telecommunication industry, on the other.





Other Performance Measures of the PPO

Quality of Service of the PPO

- The Regional Development Plan for Africa 2009–2012 recommended the achievement of the world standard of J+5 for 65% of letter post by 2008 in the majority of African countries.
- Recent statistics show that the PPO has been doing quite well. The statistics indicate that for five years now (2005-2009) the PPO has realised and in many cases exceeded the targets set for the delivery of ordinary mail and EMS.





Financial and other Performance Measures of the PPO (Cont.)

- On the other hand a survey by EBL Consultants indicate that both organizational and individual consumers **registered low satisfaction levels** in various aspects of the PPO services including security of mail, speed of delivery, reliability, cost of postal services and proximity of the postal facilities.
- It is highly possible that these rather contradicting results are due to the failure on the part of the PPO to inform and impress upon its customers that its service levels are of high standards. This is a marketing job which needs to be undertaken more aggressively by the PPO.





3.8 Universal Postal Obligations of the PPO

- The PPO is required to offer universal postal services, defined as “the obligation of the state to guarantee provision of a service linked to a need common to all people, at prices within the reach of all the population”.
- In return for the provision of a universal service, the PPO was granted a monopoly over all items weighing less than 500 grams (for letters) and less than 10 kg (for parcels).
- This study has revealed that the PPO has been operating in many uneconomic districts in fulfillment of the universal postal obligations although there is still a big shortage of postal outlets, on the one hand, and capital, on the other. **(See next Slide)**





Universal Postal Obligations (Cont.)

- A comparison between districts shows big differences between sales volume of large urban based districts and those small rural-based districts.
- For example in 2009 the sales volume of Ilala was **Shs 4.6 bill** against **Shs 8.9 mill** registered in Bunda in the same year. I.E. Bunda's sales volume is only **0.2%** of that of Ilala district.
- Bunda is definitely one of the uneconomic districts being served by the PPO. Shs 8.9 mill is not sufficient to cover salaries and other operational costs of the postal district in Bunda.

(See Table in the next Slide)



		2005	2006	2007	2008	2009
Ilala	Letters-Domestic	1,505,462,500	1,349,118,800	1,531,002,470	3,472,100,400	3,152,049,850
	Letters-International	975,418,000	748,515,200	818,628,430	946,289,400	1,345,184,000
	Parcels-Domestic	85,368,090	34,691,955	35,430,000	62,990,282	50,008,123
	Parcels-International	2,615,910	2,418,045	2,543,785	3,765,718	3,586,877
	Total	2,568,864,500	2,134,744,000	2,387,604,685	4,485,145,800	4,550,828,850
Bunda	Letters-Domestic	4,564,400	4,291,120	3,426,480	5,368,700	7,002,120
	Letters-International	1,141,100	1,072,780	856,629	1,342,100	1,750,530
	Parcels-Domestic	81,200	78,400	76,900	76,800	64,800
	Parcels-International	-	-	-	-	32,800
		5,786,700	5,442,300	4,360,009	6,787,600	8,850,250



Universal Postal Obligations (Cont.)

- The failure of the PPO to offer universal postal services fully is also due to the fact that the guaranteed monopoly of the specified market is not working partly because TCRA has had limited success in enforcing the 500 gram (for letters) and 10 kg (for parcels) monopoly area for the PPO.



4.0 DEMAND FOR POSTAL SERVICES IN TANZANIA

4.1 Demand Factors of Postal Service

A number of factors determine either positively or negatively the demand of postal services in Tanzania. These include:

- a country's economic growth,
- Level of literacy,
- the price of postal services,
- accessibility of postal services (networks),
- urbanization,
- marketing of postal services
- the quality of postal services.
- liberalisation of the postal industry; and
- Competition from the telecommunication industry.





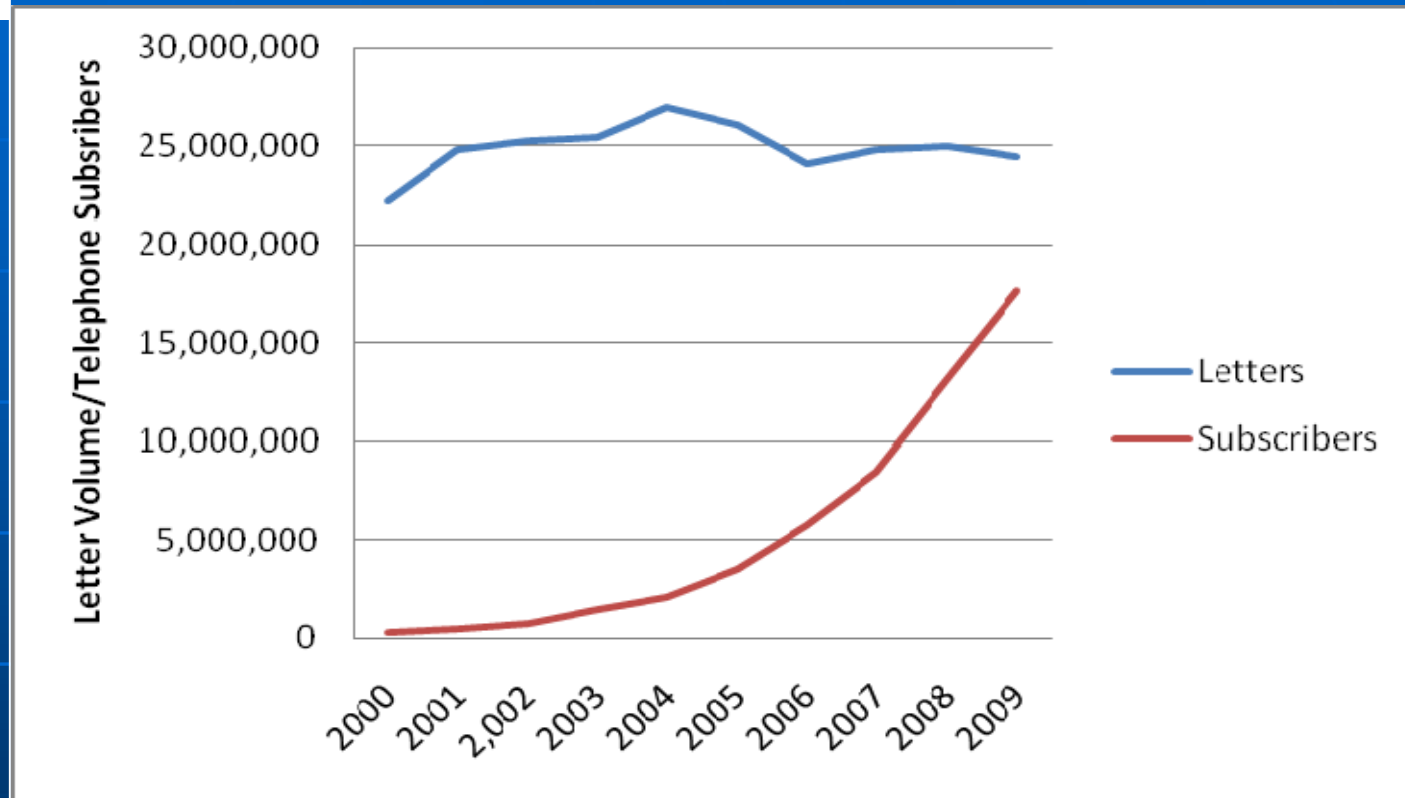
Demand for Postal Services (Cont.)

- Of great concern for the postal sector is competition from other communications services such as facsimile, electronic-mail, and data networks, particularly in the **individual consumer market**.
- The demand for postal services in Tanzania is definitely being affected by the explosion of the mobile telephone market, with more than 17 million subscribers in a population of about 43 million.
- Currently the tele-density of Tanzania is about 50% and this expansion has **stagnated the growth** of the domestic postal market especially the letter market.





Demand for Postal Services in Tanzania (Cont.)





Demand for Postal Services (Cont.)

- It has, however, been observed that e-commerce and e-government generate a significant demand for postal services in fulfilment of the very transactions initiated electronically, e.g. delivery of goods purchased over the internet and renewal of motor tax on line.
- Research also suggests that promotion of goods and services on the internet is more successful if complemented by direct mail, rather than used as a single media.
- The challenge for the 21st century postal operator is to open the door and grasp the great opportunities that exist.





Demand for Postal Services (Cont.)

4.2 Empirical Evidence (Based on the survey)

(a) Consumption of Postal Services

- The market for sending letters from individuals is small and declining especially in the rural areas. This observation is supported by the fact that only about 30% of individual consumers send letters these days through the PPO.
- Furthermore, the percentage of individual consumers who send significant numbers of letters in an average week is smaller than that of organisational consumers.





Demand for Postal Services (Cont.)

(b) Perception on the future of Postal Services

- A bigger share of organizational and residential consumers perceives that the volume of letters they are sending to-day are fewer than they were sending two or three years ago.
- On the other hand while a bigger share of residential consumers thinks that the volume of letters to be sent in future will be fewer than what is being sent to-day, organizational consumers perceive that the opposite will be the case.





Demand for Postal Services (Cont.)

(c) Utilization of PPO versus CSPs

- The Majority of residential consumers (74.85) are still using the PPO to send and receive their postal goods. More Residential consumers are using the PPO (60%) than organizational consumers (46%) to send their postal goods.
- Conversely more organizations are using CSPs than residential consumers to send their postal goods.
- The implication here is that the PPO's competition from CSPs is still small and is concentrated mainly in large urban centres and within the category of organisational and business consumers.





Demand for Postal Services (Cont.)

(d) Relative use of Postal Services versus Electronic Services

- The utilisation of ICT to send and receive postal goods is still small in Tanzania. About 17% of organisational/business consumers and 21% individual consumers “always” send their letters by post as opposed to sending them electronically.
- The picture also shows that a higher ratio of individual consumers “always” send their letters electronically (12.8%) than organisational consumers (2.7%)
- This is because ownership of computers connected to the internet is still small.





Demand for Postal Services (Cont.)

4.3 Forecasting the Demand for postal Services

- Due to scarcity of data consultants forecasted the demand for postal services by using a simple trend analysis with the assumption that the future will unfold at about the same rate of change. The trend analysis hinged on historical performance of the PPO and CSPs.
- Two scenarios were examined: (i) the status quo or business as usual scenario i.e. the PPO and CSPs maintain the same levels of investments in the postal business and (ii) more aggressive operational strategies resulting in increased businesses, a scenario in which the PPO undertakes an aggressive and coherent development agenda for the postal and courier sector in Tanzania



includes newspaper packets and mail bags



Demand for Postal Services (Cont.)

Products	Provider	2005	2006	2007	2008	2009	Annual Growth %
Letters	PPO	26,092,853	24,089,347	24,800,344	24,970,793		-1.4
	CSP	1,484,297	1,299,946	1,581,926	3,797,803	3,981,503	42
	Total	27,577,150	25,389,293	26,382,270	28,768,596	3,981,503	
D/parcels	PPO	44,409	134,563	159,106	56,458		9
	CSP	116,422	122,595	187,542	181,261	175,913	13
	Total	160,831	257,158	346,648	237,719	175,913	
I/parcels	PPO	6,612	8,337	10,274	12,968		32
	CSP	19,972	19,536	22,988	23,733	41,566	40
	Total	26,584	27,873	33,262	36,701	41,566	



Consultants



Demand for Postal Services (Cont.)

		SCENARIO 1: STATUS QUO STRATEGIES	SCENARIO 2: AGGRESSIVE STRATEGIES
PPO	Mail Business	Annual Decline of 1.4%	Annual Increase At least 7%
	Parcel Business (Domestic)	Annual Increase of 9%	Annual Increase f at least 9%
	Parcel Business (International)	Annual Increase of 32%	Annual Increase of at least 32%
CSPs	Mail Business	Annual increase of 42	Annual Increase of at least 42%
	Parcel Business (Domestic)	Annual increase of 13%	Annual Increase of at least 13%
	Parcel Business (International)	Annual increase of 40%	Annual Increase of at least 40%





Demand for postal Services (Cont.)

In the two scenarios the postal sector is projected to grow from about 29 mill articles (i.e. letters and parcels) registered in 2009 to 46,979,232 in 2015 (Scenario I); and 58,730,629 (Scenario II) as summarised in the Table below





2015			
PRODUCTS	POSTAL PROVIDER	SCENARIO I	SCENARIO II
Letters	PPO	23,271,100	35,022,497
	CSP	22,987,332	22,987,332
	Total	46,258,432	58,009,829
Domestic Parcels	PPO	226,444	226,444
	CSP	333,960	333,960
	Total	560,404	560,404
I/parcels	PPO	32,673	32,673
	CSP	127,723	127,723
	Total	160,396	160,396
Total Industry		46,979,232	58,730,629



5.0 RECOMMENDATIONS

5.1 The Government

- In view of the importance of the postal sector in many areas, including that of facilitating trade, commerce and communications, both at home and abroad, the **Government should help the PPO's redress its financial situation by:**
 - (i) **recapitalising the PPO to enable it discharge its statutory roles which include provision of universal public postal services;**
 - (ii) **financing the construction of post office outlets especially in rural areas and provision of equipment such as computers;**
 - (iii) **de-listing the PPO from the controls of CHC to facilitate the commercialisation of its real estates;**





RECOMMENDATIONS (Cont.)

- (iv) providing a mechanism for financing USO and reimbursing the PPO for the costs incurred in carrying out its universal postal obligations;
- (v) Prevision of financial resources to meet the heavy financial burden inherited from the defunct Tanzania Posts and Telecommunication Corporation (TP&TC); and
- (vi) Utilizing more fully the services of the PPO.





RECOMMENDATIONS (Cont.)

5.2 Tanzania Communications Regulatory Authority

- TCRA should increase its efforts in enforcing the law on the “Reserved area” for the PPO. Alternatively it should initiate a process of removing that provision which would make the postal sector 100% competitive.
- Furthermore TCRA should support the Government in drawing up a mechanism for financing USO and reimbursing the PPO for the costs incurred as a result of carrying out its universal postal obligations.
- TCRA should ensure that CSPs keep accounts of their courier businesses separate from other businesses they are undertaking.





RECOMMENDATIONS (Cont.)

5.3 The Public Postal Operator

- The PPO under the dynamic leadership of Mr. Mndeme has recognised that the postal market is undergoing profound changes.
- It is reassuring to note that the PPO has short and long term policies and strategies geared at turning around the PPO into a viable commercial entity capable of offering its services to its customers including the provision of universal postal services.
- We would like to emphasise on core strategic areas to be undertaken by the PPO. These include:





RECOMMENDATIONS (Cont.)

- (i) **The need to embrace** the three dimensions of the current postal industry (the **physical**, **electronic** and **financial** dimensions) in providing the various postal services;

- (ii) **The need to aggressively** mobilise resources from the Government and the donor community by seeking recapitalization from the Government; asking the Government to finance its infrastructure and equipment; actively engaging the Government for the PPO to be delisted; commercialisation of its real estates; seeking to be compensated for carrying out its universal postal obligations; and getting





RECOMMENDATIONS (Cont.)

resources to finance the heavy financial burden inherited from the defunct Tanzania Posts and Telecommunication Corporation (TP&TC);

(iii) Intensifying marketing including the engagement of Government Ministries, Independent departments and Government Agencies to buy its products and services by using its wide network throughout the country;

(iv) Strengthening its human resources in core HRM areas including those of recruitment, training and compensation.





RECOMMENDATIONS (Cont.)

5.4 Courier Service Providers

- Those CSPs doing other businesses alongside the mail business should maintain separate accounts for their mail service business.
- Furthermore CSPs should carry out courier service in a more businesslike manner. We are referring those CSPs which take this business as an insignificant side business and do not invest sufficient resources in these businesses.





MR. CHAIRPERSON & DELEGATES:

**I THANK YOU FOR YOUR
ATTENTION!!**



MSL
Consultants