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OPERATIONS AND TECHNOLOGY COMMITTEE

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DIGITALIZATION AND INNOVATION WORKING GROUP (DIGWG)

21ST March 2025 (Online)

09:00 (GMT)

ACTIVITIES CARRIED OUT IN COLLABORATION WITH AUC & UPU

1. SUBJECT: Activities carried out in collaboration with the UPU & AUC	References/paragraphs PAPU Action Plan 2022-2025
1. Decision expected <ul style="list-style-type: none">• Take note of the activities carried out• Provide guidance where necessary.	

1. INTRODUCTION

Post offices offer tremendous opportunities worldwide to facilitate digital payments between micro, small and medium-sized enterprises (MSMEs) on the one hand, and their customers and suppliers on the other, for national and cross-border transactions, thereby fostering financial inclusion.

Against this backdrop, the Universal Postal Union (UPU) organized a Webinar on 2nd December 2024 to explore the topic: **“Postal networks as facilitators of MSME Payments Digitalization”**. PAPU also participated in the Workshop on Development of “.Post” activities which was held on 13 February 2025 via the IB virtual conferencing platform.

Additionally, within the framework of the AU Digital Transformation Strategy (DTS) the AUC organized a Data Collection Process on AU DTS Platform Exercise for the entire Africa as part of the Monitoring, Learning and Evaluation on the implementation of the DTS on 8th October 2024. As an implementing agency of the AUC DTS, PAPU participated in the exercise.

The AUC also organized the AU's Future Continental Cybersecurity Project Workshop on February 26, 2025 in which PAPU participated.

2. ACTIVITIES CARRIED OUT IN COLLABORATION WITH THE UPU

2.1 Webinar on “Postal Networks as Facilitators of MSME Payments Digitalization”

2.1.1 Role and importance of MSMEs

Globally, **MSMEs account for 90% of businesses, 70% of jobs, 50% of GDP and \$14 billion in global tax revenues**. In high-income economies, they deliver more than 55% of GDP, 45% of manufacturing value-added goods and operate in the following key sectors: accommodation and food services, construction, professional services, local commerce, specialized manufacturing, e-commerce, etc.

Opportunities for the postal service to dismantle development barriers can be found in its expansive network (over 650,000 post offices worldwide), serving more than 97% of rural areas and driving synergies for development.

As such, strategic priorities can be condensed into promoting financial inclusion, accessible and affordable services; focusing on digital transformation; extending market access for MSMEs; building capacity and developing skills; improving existing infrastructure; measuring the real impact of different partnership models and regulatory frameworks; and designing AI-based regulation.

2.1.2 Challenges of payment digitalization in emerging markets

- **Ecosystem challenges:** Regulatory barriers, infrastructural barriers, lack of MSME-friendly products, lack of consumer protection, underdeveloped demand-side dynamics.
- **Challenges in traders' experience:** Lack of support for handling and limited means of redress for grievances: concerns about data confidentiality, psychological barriers leading to a low perceived value of payment digitization, exacerbated by low exposure and low digital literacy.
- **Challenges in the end-customer experience:** Lack of omnichannel access to digital platforms, low access to formal financial services and preference for cash, poor user experience.

2.1.3 Business Models Identified to Deal with the Challenges

Through strategic business models and partnerships, postal networks offer the potential to radically improve MSME access to digital payment services by addressing critical challenges such as financial exclusion, limited infrastructure and the need for scalable and customized solutions.

Postal networks can unlock meaningful opportunities for MSME digitalization by embracing strategic business models that leverage their infrastructure and reputation as a trusted player. Thus, the table below shows three (3) main business models that have been identified for the postal network.

MODEL 1	MODEL 2	MODEL 3
<i>Posts as financial service agents</i>	<i>Posts as digital payment acceptors</i>	<i>Posts as payment facilitators and delivery services for MSMEs</i>
The Post serves as an agent for financial service providers, offering products such as cash-in/cash-out (CICO) services, payments, savings, credit and insurance tailored to MSMEs.	The Post allows MSMEs to accept payments through various digital channels, including POS systems, QR codes and e-wallets.	The Post integrates its logistics capabilities with payment solutions to support the MSME supply chain.

2.1.4 Key takeaways

- **Identify:** identify where and how to expand access to digital payments for MSMEs ready and willing to undergo business transformation;
- **Strengthen:** Strengthen the digital payments ecosystem through the concerted efforts of the private sector and civil society to maximize benefits and minimize risks for MSMEs;
- **Consult:** Consult and engage meaningfully with MSMEs to improve programs and implementation, and to build confidence in digital payment initiatives;
- **Invest:** Invest in the coordination of institutions, leaders and technology.

2.2 Workshop on Development of “.Post” activities

In preparation for the S7 session, the Activity Management Unit organized a workshop on ‘Building a secure and reliable digital space - How “.Post”-backed services strengthen cyber resilience’. The Workshop was encapsulated into two subthemes.

The first sub-theme was “**Creating a secure and reliable environment for the postal sector via .Post**”. The second sub-theme was “**The future of .Post, particularly with regard to new horizons and new opportunities**”.

The proposed changes for the future of .Post, which will be presented during the upcoming Congress in Dubai, are as follows:

- **Development of stand-alone products:** Convert “.Post” into a stand-alone products operating independently while complying with the **Internet Corporation for Assigned Names and Numbers (ICANN)** Registry Agreement;
- **Cybersecurity priority:** Transition the GPP from a cybersecurity-focused entity to better meet the growing demand for cybersecurity solutions in the postal sector;

It was highly recommended that there should be active engagement with UPU members and stakeholders to communicate the benefits of the proposed changes, ensuring buy-in and collaboration throughout the transition process.

3. ACTIVITIES CARRIED OUT IN COLLABORATION WITH THE AUC

3.1 Data collection process on AU DTS Platform

The PAPU General Secretariat honoured invitations from the African Union Commission (AUC) Department of Infrastructure and Energy to:

First and foremost, a test phase to identify any gaps and remedy them before launching the **DTS Platform** into production. For this exercise, access codes to the platform were allocated to participating entities.

Secondly, the operational phase was used to input postal sector data into the DTS platform under the supervision of the Head of Department. Difficulties, shortcomings and constraints were reported to the AU for the necessary technical assistance.

This is a multilingual platform (English, French, Arabic and Portuguese). For the postal sector, the only primary data to be captured is the name of the organization, its hierarchical affiliation with respect to the AU, and the reporting period.

The tool contains five (5) sections, namely:

- Outcome 1: An enabling environment for inclusive Digital Transformation is created;
- Outcome 2: More Africans are brought online;
- Outcome 3: African citizen are empowered
- Outcome 4: An African Digital Ecosystem is sustained;
- Outcome 5: An African Digital Economy enhanced

PAPU will complete the section on **A stronger African digital economy with the following sub-points** to indicate:

- Number of sector-specific digital strategies and implementation plans produced;
- Number of sector strategies developed and implemented for identified critical sectors (breakdown by Member States);

3.2 AU Webinar on the Theme: The AU's Future Continental Cybersecurity Project

3.1.1 Project Brief

In partnership with LuxDev, the AUC organized a webinar on 26th February 2025 to discuss the AU's Future Continental Cybersecurity Project. The Project's main objective is to roll out cybersecurity operations, incident detection and handling, establish and support a Computer Security Incident Response Team/Centre (CSIRC), and an Operations and Security Centre (OSC), and build cyber capacity for organizations, sectors and Member States.

The initiative is also aimed at establishing a continental CSIRC and supporting, as appropriate, efforts to expand the reach of regional CSIRCs, promoting information sharing to better serve cyber-threat intelligence needs and building capacity to respond to such threats globally. Building cybersecurity capacity within the AU/AUC to enhance its resilience in cyberspace.

3.1.2 PAPUs Participation

PAPU participated in the Webinar and was request among other participants to avail their focal persons. Thus, the Head Operations and Technology and the Digital Transformation and Financial Inclusion Officer submitted their names as focal persons for the project.

4. DECISION EXPECTED

The Working Group is requested to:

- Take note of the activities carried out;
- Provide guidance where necessary.