

REVIEW OF THE POSTAL AND COURIER MARKET STRUCTURE

SEPTEMBER 2025

Consultation Paper

ABBREVIATIONS

CA	Communications Authority of Kenya
CLC	Communications Licensing Committee
ICO	International Courier Operator
ICT	Information and Communication Technology
KICA	Kenya Information and Communications Act
FY	Financial Year
NCO	National Courier Operator
PPO	Public Postal Operator
USO	Universal Service Obligation

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BACKGROUND

1. The Communications Authority of Kenya (the Authority), established in 1999 by the Kenya Information and Communications Act, 1998, is the regulatory Authority for the Information and Communication Technology (ICT) sector in Kenya. The Authority therefore facilitates development of broadcasting, cybersecurity, multimedia, telecommunications, electronic commerce (e-commerce), as well as postal and courier services. The Authority facilitates the development of the subsectors through licensing, competition management, frequency and numbering resource management and ICT consumers protection.
2. Under the Authority's 2023-27 Strategic Plan, the first Key Result Area focuses on Promoting Meaningful Connectivity to ICT Services. This objective aims at ensuring efficient ICT markets and fostering competition in the ICT sector through, among other interventions, the expansion of Postal and Courier Licence Categories to accomodate emerging opportunities within the Digital space, such as online vendors/ merchants and online hailing digital transport delivery operators.
3. The Authority has established a Postal and Courier market structure and application requirements, which are instruments in providing market access to the regulated postal and courier industry in Kenya.
4. The current market structure, which was established in 2008. This market structure was considered critical towards simplifying and facilitating market entry by minimizing regulatory requirements and processes while improving the operating environment.
5. The current review is therefore aimed at removing certain market barriers identified over time, in line with the Authority's mission of enabling regulation.

A. CURRENT POSTAL AND COURIER MARKET STRUCTURE

A.1. Current Status

6. The current market structure established in 2008 has three licence categories, namely:

6.1. Public Postal Operator (PPO)

This licence category is responsible for fulfilment of the Universal Service Obligations (USO). PCK is the licensed PPO and has been granted exclusive rights to provide certain critical and basic postal services (reserved services) including as part of fulfilling USO:

- Acceptance and delivery of postal articles weighing up to 350 grams.
- Provision of private letter-boxes and bags.
- Printing and issuance of postage stamps

6.2. International Postal Courier Operators

This licence category authorizes licence holders to carry both national and international letter mail and parcels.

6.3. National Postal Courier Operators

This licence category authorizes licence holders to distribute letter mail and parcels domestically within the Republic of Kenya.

A.2. Licence Fees

Licence Categories	Licence Period (Years)	Licence Application Fee (KES)	Initial Operating Fee (KES)	Annual Operating Fee (KES)
Public Postal Operator	25	5000	500,000	Kshs. 500,000 or 0.4% of Gross Annual turnover of audited accounts whichever is higher
International Operators	15	5000	100,000	Kshs. 100,000 or 0.4% of Gross Annual turnover of audited accounts whichever is higher
National Operators	15	5000	30,000	Kshs. 30,000 or 0.4% of Gross Annual turnover of audited accounts whichever is higher

Table 1: Licence Fees

A.3. Strengths and Weaknesses of the Current Market Structure

Aspect	Strengths	Weaknesses
Public Postal Operator (PCK) responsible for Universal Service Obligation	<ol style="list-style-type: none"> 1. Enables for provision of basic postal services across the country 2. Clear and easy to understand 	<ol style="list-style-type: none"> 1. Heavy burden of meeting USO obligations as a result of reduced demand of reserved services. 2. Lengthy licence term. 3. Its position as a government entity and as a designated universal Service provider for the country. 4. Lack of funding support mechanism 5. Inadequate time and flexibility to engage on a regular basis with the Public Operator due to fact that the License is one combined.
National and International Operators	<ol style="list-style-type: none"> 1. A large number of licensed operators 2. Affordable regulatory fees 3. Promotes competition in the market 4. Facilitative market access 5. Clear and easy to understand 6. Technology neutral 7. Enable provision of postal services across the country 	<ol style="list-style-type: none"> 1. The current market structure does not provide for new technology driven business models such as courier hailing service provider, platforms and motorcycle riders (<i>boda bodas</i>). 2. Ease of entry that attracts briefcase entities. 3. Increase in unlicensed players 4. Does not provide class weights for courier services.

Table 2: Strengths and Weaknesses of the Current Market Structure

B. PROPOSED NEW MARKET STRUCTURE

B.1. Objectives of the Review

The primary objective of reviewing the current postal and courier market structure is to enhance the overall efficiency, accessibility, and competitiveness of the postal and courier sector. It is further meant to respond to the emerging challenges in the sector and fully exploit the opportunities presented by new developments, thereby setting the sector on a growth trajectory.

7. Improve Service Coverage & Sustain USO

The proposed review is to ensure wider coverage and accessibility of postal and courier services, especially in underserved, rural, and remote areas. This is crucial towards promoting inclusivity and socio-economic development, as outlined in the National ICT Policy Guidelines, 2019.

8. Leverage Technology

Rapid technological advancements and digitalization continue to reshape communication and postal service needs. The aim is to reform the traditional postal service and encourage the adoption of new technologies and digital solutions within the sector to improve service delivery standards, enhance operational efficiency, and meet the evolving needs of consumers.

9. Expand License Categories

The aim is to broaden the range of postal and courier licence categories to incorporate emerging market players and innovative service models, thereby

fostering a more inclusive and dynamic market environment, reflective of the dynamic demands of the new postal marketplace. This requires that the market structure provides for licensing of hailing courier service providers

10. Promote Competition

To foster fair competition and enhance market efficiency within the sector by enabling more operators to enter the market, which will certainly lead to improved services and better pricing for consumers. In this regard, it is proposed that in addition to licensing hailing courier service providers, individual courier operators are also considered for licensing as courier service providers

11. Enhance the Regulatory Framework

Strengthen the regulatory framework to address existing challenges, such as unfair competition from unlicensed players and hence enhance customer protection.

12. Support Economic Development

The aim is to position the postal and courier sub-sector as a critical infrastructure supporting e-government, e-commerce, and e-financial services, enhance/improve last-mile delivery capabilities, and enhance cross-border e-commerce logistics, and the overall digital economy, thus contributing to broader socio-economic growth and development of the country. This can be achieved through widespread postal and courier network that excludes no one, underscoring the need for enhanced universal postal services.

13. Address Sector Challenges

The review will also assist in identifying and mitigating various challenges facing the sector, including any regulatory burdens, security concerns, and infrastructure gaps, to create a more resilient and sustainable postal and courier market in Kenya.

14. Environmental sustainability

Postal, courier, and e-commerce sector reforms need to incorporate initiatives to improve energy efficiency, adopt eco-friendly packaging materials, recycling and invest in green transportation technologies to minimize the environmental impact of postal, courier, and e-commerce sector operations. This again seeks to ensure compliance of the subsector in reducing carbon print of the sector on the environment that is being tracked at the Universal Postal Union (UPU), a UN agency that is responsible for regulating compliance by countries across the world.

15. Response to market dynamics

The market review is aimed at responding to the shifting dynamics within the postal and courier sub-sector, largely influenced by the rapidly evolving ICT ecosystem. Technological advancements, increasing digitization of services, and changing consumer preferences have significantly transformed how postal and courier services are accessed and delivered. Traditional models of service delivery are

being disrupted by digital platforms, e-commerce growth, and heightened demand for real-time, efficient logistics solutions. This review seeks to assess the current market structure, identify emerging trends and challenges, and recommend appropriate policy and regulatory interventions to ensure the sub-sector remains competitive, efficient, and responsive to consumer needs in a digital era.

B.2. Proposed Postal and Courier Market Structure

16. The revised market structure presents the following amendments:

- 16.1. A revision of PCK's Initial Licence fees from KES 500,000 to KES 1,500,000. This is in recognition that the Kshs 500,000 initial fee was established over 20 years ago, and whose value has since been eroded by depreciation over the years, necessitating an increase to compensate for inflation
- 16.2. The reduction of licence term from 15 years to 10 years. This has been necessitated by the need to reduce the number of dormant licences over longer licence term intervals. The dormancy of licences is fueled by the low cost of obtaining licences and the relatively low cost of investment both of which can encourage acquisition of the licences without business prospect assessment.
- 16.3. Introduction of a Courier Hailing Service provider licence targeting companies that leverage technology to manage courier services by linking customers with collection and delivery service providers. This is also in line with the Parliamentary directive mandating the Authority to come up with mechanisms of licensing courier hailing services. Where this is licensed, the individual riders offering services under the hailing service provider network will be deemed covered under the licence held by the licensed hailing service provider. The hailing service licensees shall be expected to vet and undertake KYC on the individual courier riders operating on their hailing service network.
- 16.4. Introduction of an Independent Courier personnel licence to address individual courier service providers who also provide courier services.

17. The revisions of Postal and Courier market structure are captured in table 3 below:

	Licence Category	Licence Period (Years)	Licence Application Fee (KES)	Initial Fee (KES)	Annual Operating Fees (KES)	Universal Service Levy (KES)
1.	Public Postal Operator	15	5,000	1,500,000	500,000	0.5% of Gross Annual turnover of audited accounts
2.	International Courier Operator	10	5,000	100,000	100,000 or 0.4% of Gross Annual turnover of audited accounts	0.5% of Gross Annual turnover of audited accounts

					whichever is higher	
3.	National Courier Operator	10	5,000	30,000	30,000 or 0.4% of Gross Annual turnover of audited accounts whichever is higher	0.5% of Gross Annual turnover of audited accounts
4.	Courier Hailing Service Provider	10	5,000	100,000	100,000 or 0.4% of Gross Annual turnover of audited accounts whichever is higher	0.5% of Gross Annual turnover of audited accounts
5.	Independent Courier Personnel	3	500	3,000	500	Not Applicable

Table 3: New Proposed Market Structure

B.3. Scope of the Licence Categories

18. Public Postal Operator

18.1. Provision of basic postal services as may be prescribed by the Authority from time to time across the country.

18.2. Under this revised market structure, the Public Operator Licensee will be issued with two licences: Public Operator Licence and International Operator Licence.

18.2.1. Under the Public Operator Licence, it is proposed that the Public Postal licensee be exempted from paying the Universal Service Fees given the Universal Postal Service obligation they have, subject to relevant amendment of the KICA, 1998.

18.2.2. Under the International Courier Operator Licence, the public operator licensee will be expected to operate commercially and will also be subject to payment of Universal Service Fees just like other commercial licensees.

19. International Courier Operator

To establish and operate systems in the country for the provision of International inbound & outbound, as well as domestic courier services, as may be prescribed by the Authority from time to time.

20. National Courier Operator

To establish and operate systems in the country for the provision of domestic courier services as may be prescribed by the Authority from time to time.

21. Courier Hailing Service Provider

These licence holders will be licensed to provide dedicated platforms to link businesses or individuals with courier delivery service providers when they need items delivered. This includes web-based applications or any other system that links business or individuals with courier delivery service providers.

22. Independent Courier Personnel

These license holders will be licensed to provide last-mile delivery and document-handling services by road, air, or water. This proposal will formalize and regulate individuals who offer such services often on a freelance or small-scale basis.

