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STRATEGY COMMITTEE

05, 06 June, 2024

REPORT ON THE PAPU TOWER

1. Subject: Report on the PAPU Tower	References/Paragraphs <ul style="list-style-type: none">Resolution No.03/PAPU/AC/XLI/2023
2. Decisions Expected <ul style="list-style-type: none">Take note of the PAPU Tower ReportProvide further guidance if deemed necessary.Consider and adopt the draft Resolution on cost variations	

1.0 Background

- 1.1 The decision to construct a PAPU Head Quarters building was taken by the 4th ordinary Plenipotentiary Conference held in Maseru, Lesotho from 21st to 23rd May 1996 through **Resolution No.02/PAPU/CP/IV/96**. This decision was in pursuance of the offer to host the headquarters of PAPU made by the Government of the United Republic of Tanzania in 1980. PAPU is a Specialized Agency of the African Union (formerly OAU) responsible for spearheading the development of postal services in Africa.
- 1.2 The decision to construct the building was taken to ensure that the Union has adequate and befitting accommodation to reflect the true image of the foremost postal sector continental body while also promoting the efficient performance of the General Secretariat of the Union.
- 1.3 In 2013 the Government of the United Republic of Tanzania appointed the Tanzania Communication Regulatory Authority (TCRA) to enter into agreement with PAPU to create a joint venture to construct the Head Office building with 40% and 60% share of ownership respectively.
- 1.4 The Project Contract was signed on 23rd December 2019 and the Contractor commenced work on 22nd January 2020, after the foundation laying ceremony on 18th January 2020. The initial estimated duration of the construction was 900 days with a completion date of 30th July 2022. Due to several delays the project was eventually completed and handed over to the owners on 23rd August 2023.

1.5 The PAPU Tower was officially inaugurated on 2nd September 2024 by the President of the United Republic of Tanzania, Her Excellency, Dr. Samia Suluhu Hassan, in the presence of VVIPs that included Ministers in Charge of the Post in Africa, Ambassadors, Partners and Postal leaders of Designated Operators and Regulatory Authorities from the African continent.

2.0 PAPU Tower Project Objectives

The following are the objectives of the PAPU Tower:

- a. Provision of adequate accommodation for the PAPU General Secretariat;
- b. Creation of an ICT centre to drive digitalisation of Postal Services in Africa;
- c. Training facilities for capacity building and upskilling of postal employees;
- d. Conference facilities for PAPU Organ Meetings (in alignment with the Acts of the Union);
 - i. Plenipotentiary Conferences (4-Year Cycle)
 - ii. Administrative Council Meetings (Annual)
 - iii. Technical and Administrative Council Meetings (Bi-annual)
 - iv. Other local and international Union meetings, workshops and forums
- e. Revenue generation from leased spaces;
- f. Promotion and proper positioning of the Post's visibility in the African society.

3.0 Building Utilisation

The building comprises of a full basement, ground floor, first floor to sixteenth floor and a 16th floor mezzanine (17th floor) with a semi accessed roof top. The total floor space will cover a total area of 22,421 square meters.

The building will host the following organizations and provide other services listed below:

- a. PAPU Head Office,
- b. PAPU ICT Capacity Building Centre
- c. UPU East Africa Regional Office;
- d. TCRA Northern Zonal office,
- e. Tanzania Posts Corporation Post Office,
- f. Commercial Bank branch,
- g. Three commercial restaurants;
 - i) to cater for Conference Delegates on the 2nd floor
 - ii) a VIP restaurant on the 16 and 16th mezzanine floors,
 - iii) Local (Swahili) food court on the 5th floor podium roof
- h. Commercial floors
 - i) Shopping Mall on ground and first floors.
- i. Office spaces leasing from the 5th to 10th floor
- j. Roof top aerial viewing of the Arusha City Centre and its surroundings
- k. State-of-the-art Modern Conference Facility
 - i) Main Conference 400-seater Hall
 - ii) 3rd and 4th floor breakaway meeting rooms

- iii) 3rd floor has 5 break-away collapsible meeting rooms, adjustable to serve as one large meeting room.
- iv) These rooms can be room or in similar vein two, three, four or five meeting rooms.
- v) VVIP lounge with wash-rooms
- vi) VIP lounge earmarked for Heads of Delegations meeting.
- vii) Interpreters' rooms that accommodate 12 people for 6 different languages
- viii) Modern ICT equipment
 - WiFi Connectivity,
 - individual microphones, and speakers,
 - a huge screen and two side screens and one screen for elevated Stage for the high table
- ix) Press room

4.0 Project Ancillaires

The PAPU Tower which covers 22,421 square metres is provided with numerous facilities including;

- a. 187 Car parking lots (37 in basement and 150 on the exterior area) ;
- b. 3 sets of standby diesel generators (800kVA,400V,50Hz) with 24 hours non-stop functionality;
- c. Water storage tanks;
 - i) Overhead storage tanks with 7,200 litres capacity
 - ii) Underground tank with 210,000 litres capacity
- d. Garbage collection points;
- e. Vertical transportation with-
 - i) Six (6) elevators connecting the floors, one dedicated to cargo, one is fire resistant and can be used for rescue operations when the building catches fire.
 - ii) Two (2) escalators connecting ground and 1st floor, (commercial floors)
 - iii) Two (2) dumb waiter lifts serving the restaurants at the 2nd and 16th floors;
- f. Double entrance gates and one rear exit (emergency entrance) gate.
- g. Flag Area, where the African Union flag, PAPU flag and Members States flags are hoisted
- h. Modern double glazing and pure aluminum cladding finishing
- i. Fire Readiness;
 - i) Fire smoke detectors
 - ii) Fire-fighting overhead sprinklers
 - iii) Fire hose pipes
- j. Security cameras on all floors
- k. Ramps for accessing the building and the Conference stage area for physically challenged people using wheel chairs.

5.0 Project Variations

During the construction of the building, it became inevitable to effect adjustments that are in consonance with the 100-year life span of the building. Other adjustments were necessitated by improvements that will fasten the project revenue inflows and shorten the payback period. Some of the most significant improvements are as follows:

- a. Change of scope of the substructure from partial to full basement due to the outcome of geotechnical soil test results
- b. Introduction of retaining wall on identified flood prone zone
- c. Increased lifts capacity
- d. Change of curtain walling system from single to double glazing to absorb noise from the dual carriage way adjoining road
- e. Change of cladding materials from Aluminum composite Materials to pure Aluminum panels.
- f. Change of fire rated doors from wooden to metal doors
- g. Main lobby partition- from gypsum board to tempered glass installation on progress (100%)
- h. Change of air-condition system from split unit to Variable Refrigerant Flow (VRF) for 11th and 12th floors
- i. Change of Lift core partitions from concrete to L-beams
- j. Increase in the size of the roof top logo
- k. Introduction of rock wool installations to cover under works.
- l. Introduction of Air condition in lift machine rooms to ensure adequate cooling
- m. Construction of waste water pipeline from the building to central sewer line
- n. Change of light switches to ensure availability of occupancy light sensor and greenery of the building.
- o. Relocation of electrical installations to the basement from the ground floor and partitioning of basement power distribution room in compliance with statutory requirements;
- p. Additional requirements for fencing of the expanded premises, paving of the rear access road and other exterior areas of the building;
- q. Installation of additional balustrades to comply with statutory safety requirements;
- r. Additional works for installation of Aviation warning lights;
- s. Increase in quantities of trunking to cover openings for steel up-stand beams in original areas that were not designed for trunking;
- t. Covering the top of aluminum cladding wall and some lower areas at the ground floor to prevent rain water on the walls of the building.

6.0 Challenges Encountered During Building Construction

The following were challenges resulted in the extension of the project completion and partially contributed to increased cost:

- a. Increased scope of works-partial to full basement,
- b. Testing of pile foundations
- c. Lack of cement in the market June 2020 to March 2021 leading to unanticipated delays which also prevented bulk purchases
- d. Unfavorable weather condition during excavation of the basement.
- e. Onset of COVID 19 global pandemic outbreak two months after commencement of the project
- f. Delayed importations of building materials
- g. Delayed demobilization of tower crane which resulted in the loss of more than 30 working days. This activity was needed to clear the cladding activity, complete installations of outdoor units at the podium and giving space to work on the void at ground floor. It was not possible to procure damaged spare parts due to COVID restrictions in China
- h. Understaffing in main contractors' team due to COVID-19 travel restrictions

7.0 PAPU Tower Cost

7.1 Project Cost to Date

The total estimated project cost including consultancy and variations is **TZS 56,886,712,478.94 (USD 23,314,226.43)** VAT inclusive. Part of the VAT component of the project totaling **TZS 6,044,080,613.65 (USD 2,477,082.22)** was settled by the Government of Tanzania considering that PAPU is not subject to any form of taxation due to its Diplomatic Status. The Union duly expressed deep gratitude to the United Republic of Tanzania for her generosity.

7.2 Financing of the Project

The ownership of the project stipulates that the contribution by the partners shall be in the ratio of 60% (PAPU) to 40% (TCRA). The funding arrangement required PAPU to contribute its land and existing building valued at USD 4,186,643.84 and an additional minimum equity cash of USD 4,000,000.00. The TCRA minimum mandatory proportional contribution amounts to USD is USD 5,457,762.27. To date, PAPU has contributed USD 8,270,469.59 while TCRA contributed USD 16,174,130.18. The excess contribution by TCRA (USD 10,716,367.91) will be recovered from the Investment Property earnings before the two partners will commence sharing of earned income in the ratio of 60:40 for PAPU and TCRA respectively.

8.0 Enhancing PAPU Equity Cash Contribution to PAPU Tower

In order to achieve the Union's mandatory equity cash contribution, the 10th Plenipotentiary Conference resolved that all Member States shall contribute mandatory equity cash to ensure that the USD 4 million minimum cash is made available for the building. This resolution was passed after pledges made during the two appeal fund launchings held on 18th January 2020 and 25th June 2021 in Arusha, Tanzania and Victoria Falls, Zimbabwe respectively.

To date, 25 Member States have paid USD 517,641.81 while USD 340,861.44 remains outstanding from 20 Member States as detailed in appendix A. The Union requires this outstanding amount as well as the voluntary contributions pledged by Member States/International Organization, to contribute towards the pending works whose details are contained in paragraph 9 and to replenish the depleted Reserve Fund that was exhausted during the main construction works.

9.0 Inauguration of PAPU Tower

The PAPU Tower was completed and handed over to PAPU and TCRA, as clients, on 23rd August 2023. It was officially inaugurated by Her Excellency, Dr. Samia Suluhu Hassan, President of the United Republic of Tanzania on 2nd September 2023 in the presence of PAPU Plenipotentiaries and other dignitaries. This event took place immediately after the conclusion of the 41st ordinary session of PAPU Administrative Council.

10.0 Essential Additional Works

10.1 Notwithstanding the inauguration of the PAPU Tower, there are some essential works that need to be completed to make the PAPU Tower more conducive for habitation in line with its status and objectives for which it was conceived and approved. These essential works include but are not limited to, segregation of the three floors occupied by PAPU to ensure the retention of its diplomatic status despite the presence of other tenants in the same building, internal works to enhance the building utilities and partitioning of the 4th floor to increase the number of breakaway meeting rooms that will increase income generation as opposed to the use of the remaining spaces at the 4th floor as office spaces.

10.2 Additional works at the PAPU Tower

The ongoing as well as pending works are as follows:

S/N	Description	Amount in USD
(a)	Installation of Kitchen Electrical, Plumbing and Firefighting and Gas system	124,463.65
(b)	Installation of Kitchen heating, ventilation and Air conditioning system	106,325.49
(c)	Additional Kitchen civil works	68,189.52
(d)	Construction of garbage collection shed	14,922.34
(e)	Installation of important signages in the building	82,682.60
(f)	Procurement and installation of hot water circulation pumps	17,473.08
(g)	Supply and installation of security scanners	34,618.34
(h)	Installation of additional Network Video Recorder and Cameras, and Access Boom Barriers Control for Basement parking	106,606.42
(i)	Conference Hall internet bandwidth facilities	910.42
(j)	Installation of full glazed canopy at the front of the building;	56,040.92
(k)	Roof top podium cladding;	19,805.89
(l)	Modification of washroom doors to improve hygiene;	10,740.27
(m)	Parking Lots and Drive ways demarcation;	6,158.69
(n)	Installation of gabions at the river bank;	23,519.67
(o)	Installation of fire extinguishers in Lift Machine room and ICT rooms;	32,568.00
(p)	Installation of sliding gates at the entrance and exit of the premises	17,672.77
(q)	Installation of storm water drainage at the entrance and exit ramps of the Basement	6,442.62
(r)	Installation of iron grills for protection of Water Tanks at the roof top;	TBA

(s)	Partitioning of additional meeting rooms at the 4th floor;	TBA
(t)	Building of additional toilets at the 3 rd floor	TBA
	Total excluding three pending approvals	729,140.69

**Exchange rate of USD = TZS 2,600*

9.0. RECOMMENDATIONS

The Committee is hereby requested to:

- Take note of the Report;
- Provide further guidance if deemed necessary
- Consider and adopt the Draft Resolution on Additional Variations.

Appendix A

MEMBER STATES WITH OUTSTANDING MANDATORY EQUITY CASH CONTRIBUTION TO PAPU TOWER					
No.	Member State	Percentage point for proportional share	Equal Share (50%)	Pro Rata Share	Total Amount Payable
1	Benin	0.68	9,878.05	2,754.00	12,632.05
2	Cameroon	2.87	9,878.05	11,623.50	21,501.55
3	Central Africa	0.68	9,878.05	2,754.00	12,632.05
4	Chad	0.68	9,878.05	2,754.00	12,632.05
5	Comoros	0.16	9,878.05	648.00	10,526.05
6	Congo Republic	0.68	9,878.05	2,754.00	12,632.05
7	Dem. Rep. of Congo	2.48	9,878.05	10,044.00	19,922.05
8	Equatorial Guinea	0.68	9,878.05	2,754.00	12,632.05
9	Eritrea	0.16	9,878.05	648.00	10,526.05
10	Gabon	1.44	9,878.05	5,832.00	15,710.05
11	Gambia	0.16	9,878.05	648.00	10,526.05
12	Ghana	1.59	9,878.05	6,439.50	16,317.55
13	Guinea	0.97	9,878.05	3,928.50	13,806.55
14	Liberia	0.16	9,878.05	648.00	10,526.05
15	Libya	8.62	9,878.05	34,911.00	44,789.05
16	Nigeria	8.62	9,878.05	34,911.00	44,789.05
17	Sierra Leone	0.16	9,878.05	648.00	10,526.05
18	Somalia	0.68	9,878.05	2,754.00	12,632.05
19	Sudan	3.16	9,878.05	12,798.00	22,676.05
20	Togo	0.68	9,878.05	648.00	10,526.05
	Total		197,561.00	140,899.50	338,460.50

Appendix B

OUTSTANDING VOLUNTARY CONTRIBUTION TO PAPU HOUSE			
S/N	Member State / Organization	Amount pledged (USD)	Amount outstanding (USD)
1	Cameroon	10,000.00	10,000.00
2	Niger	30,000.00	30,000.00
3	African Union Commission	100,000.00	100,000.00
	Total outstanding voluntary contributions	140,000.00	140,000.00