



## RECOVERY OF OUTSTANDING MANDATORY CONTRIBUTIONS WORKING GROUP

APU/ATC/FAC/ROMC/01/2025 - Doc N°03

5<sup>TH</sup> MAY, 2025

### REPORT ON PAPU TOWER PROJECT MANDATORY EQUITY CASH CONTRIBUTIONS

<p><b>1. Subject</b></p> <ul style="list-style-type: none"><li>• Report on mandatory equity cash contribution to PAPU House Project</li></ul>	<p><b>References/Paragraphs</b></p> <ul style="list-style-type: none"><li>• 10<sup>th</sup> Ordinary Plenipotentiary Conference Resolution <b>No.02/PAPU/PC/X/2021</b></li></ul>
<p><b>2. Decisions Expected</b></p> <ul style="list-style-type: none"><li>• Note the report on the status of Mandatory equity cash contributions to PAPU Tower project</li><li>• Assist with the recovery of the remaining mandatory contributions to PAPU Tower equity cash</li><li>• Note the indebtedness of the Union to the host country for excess cash advanced to enable completion of the the building project</li><li>• Note the funding challenges affecting the smooth execution of ongoing and pending works</li><li>• Provide guidance on the way forward</li></ul>	

## 1.0 INTRODUCTION

The PAPU Tower was completed and handed over to PAPU and TCRA on 23<sup>rd</sup> August 2023. The building was officially inaugurated the same year and is now functional, presently occupied by both partners as well as tenants. There are some pending and ongoing works which are very pertinent for the security and safety of the building.

The occupancy rate of the building is currently at about 66% due to diligent selection and cautious scrutiny of potential tenants in line with the diplomatic status of the building before any onboarding into the premises.

## **2.0 FINANCING OF THE PROJECT**

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 a minimum of its land and existing building all valued at USD 4,186,643.84 and an additional USD 4,000,000.00 as equity cash. The total contribution minimum contribution by PAPU is USD 8,186,643.84.

The Union has so far contributed cash and land valued at USD 8,270,469.59 while the partner TCRA contributed cash amounting to USD 17,173,956.92\*. The Joint Venture Agreement mandates TCRA to recoup all its extra cash contribution to the project before the partners can start sharing the income from the Investment Property in line with the ownership structure.

### **2.1 Total Cost of the Project**

As of 31<sup>st</sup> March 2025, the total cost of the project including VAT stood at **USD 23,578,912.65\***. Out of this amount PAPU is required to contribute USD 14,147,347.59 while TCRA contributes USD 9,431,565.06 in line with the ownership structure. The above total cost is exclusive of ongoing works, pending works and retention moneys due to Contractors.

### **2.2 Excess cash contribution of TCRA**

From 2.1 above, PAPU Partner TCRA has contributed excess cash amounting to **USD 8,783,089.99\*** which must be recovered first before PAPU and TCRA can earn income from the investment property. So far TCRA has recouped **USD 271,731.84\*\*** from the gross revenue generated by the Investment Property amounting to **USD 647,421.11\*\***. The excess cash recouped so far (**3.1%**), is an indication of the long period it will take for the Union to receive its first income from the Investment.

### **2.3 Funding of Ongoing/Pending Works**

In a recent communication, PAPU's partner in the project, TCRA has expressed inability to continue funding the ongoing as well as pending works as additional excess cash to the Joint Venture Partnership. TCRA recommended that the ongoing works be funded from the income generated by the Investment. Much as this is a viable alternative, there

are associated risks considering the low revenue generated by the Investment Property since September 2023 and about sixty six percent (66%) occupancy rate of the building after 18 months of its becoming functional.

The stimated pending works as of 31<sup>st</sup> March 2025 is United States Dollars, one million, three hundred ten thousand, four hundred and sixteen, Cents thirty (USD 1,310,416.30) only. In the absence of further advancement of excess cash to the Union by TCRA, members are invited to guide the General Secretariat on the way forward.

### **3.0 REPORT ON EQUITY CASH CONTRIBUTION TO PAPU HOUSE PROJECT**

The request for the mandatory contribution to the PAPU Tower equity cash was initially issued in 2021, with multiple reminders sent from 2022 through to 2025. This payment demand is currently being circulated alongside the request for the settlement of annual and outstanding mandatory contributions, as reflected in the statement of accounts provided to Member States. The contributions fall into two categories: the mandatory contribution resulting from the 10<sup>th</sup> Ordinary Plenipotentiary Conference Resolution and the voluntary contribution based on the pledges made by Member States during the launching of the appeal fund for the project in Arusha, Tanzania and Victoria Falls, Zimbabwe in January 2020 and June 2021 respectively .

#### **3.1 MANDATORY CONTRIBUTIONS**

To date, only twenty (28) Member States paid their Mandatory Equity Cash Contribution to PAPU Tower Project amounting to **USD 591,380.46 (73%)** out of **USD 810,000.00** mandatory contributions expected from Member States.

The details of equity cash contributions by Member States are indicated in the table below

<b>S/N</b>	<b>MEMBER STATE</b>	<b>AMOUNTS PAID IN USD</b>
1.	Algeria	44,789.05
2.	Angola	17,492.05
3.	Botswana	17,127.55
4.	Benin	12,632.05
5.	Burkina Faso	12,632.05
6.	Burundi	10,526.05
7.	Cote D'Ivoire	23,972.05
8.	Egypt	44,677.05
9.	Eswatini	12,622.05
10.	Ethiopia	16,115.05
11.	Ghana	16,317.55

12.	Kenya	22,554.55
13.	Lesotho	12,632.05
14.	Madagascar	13,685.05
15.	Malawi	12,632.00
16.	Mali	12,592.05
17.	Morocco	36,922.05
18.	Mozambique	13,442.05
19.	Namibia	14,778.55
20.	Niger	12,632.05
21.	Nigeria	44,789.05
22.	Senegal	15,506.21
23.	South Africa	44,789.05
24.	Tanzania	19,274.05
25.	Tunisia	37,539.55
26.	Uganda	17,411.00
27.	Zambia	13,280.05
28.	Zimbabwe	18,018.55
	<b>TOTAL</b>	<b>591,380.46</b>

The Working Group is invited to commend the above Member States for their contribution which assisted in making the completion and inauguration of the Project possible.

### 3.2. VOLUNTARY CONTRIBUTIONS

As indicated earlier, two appeal Fund launches took place in January 2020 (Arusha, Tanzania) and in June 2021 (Victoria Falls, Zimbabwe). The launching was done to mobilize the shortfall of USD 1 million that was needed to ensure that PAPU meets up all its equity cash contributions to the Joint Venture Project.

During the launching, Voluntary contributions were pledged by Member States and the African Union Commission. To date Mali, Burkina Faso and Zimbabwe have redeemed their pledges totaling **USD 50,000.00**.

Voluntary contributions were pledged by Member States and the African Union Commission during the two launchings organized to appeal for donations to the project. None of the outstanding pledges were redeemed to date. The expected pledges amounting to **USD 140,000.00**, are from Cameroon, Niger and the African Union Commission.

The details of voluntary contributions and the status of redemption are as follows:

- i. Burkina Faso - 20,000.00 - Paid

ii.	Republic of Mali	-	10,000.00	-	Paid
iii.	Republic of Zimbabwe	-	20,000.00	-	Paid
iv.	Republic of Cameroon	-	10,000.00	-	<b>Pending</b>
v.	Republic of Niger	-	30,000.00	-	<b>Pending</b>
vi.	African Union Commission	-	100,000.00	-	<b>Pending</b>
	<b>Total</b>		<b>190,000.00</b>		

### 3.3. TOTAL CONTRIBUTIONS RECEIVED

The total amount collected from both mandatory and voluntary contribution is **USD 641,380.46** . This amount which is equivalent to **64.14%** of the target **USD 1 million** equity cash is smaller when compared to the total requirement for executing both the pending as well as ongoing works in the building.

### 3.4. MEMBER STATES WITH OUTSTANDING CONTRIBUTIONS

The total outstanding mandatory financial contribution of **USD 218,405.65** as at 22<sup>nd</sup> April 2025, are due from thirteen (13) Member States namely **Cameroon, Chad, Congo Republic, Democratic Republic of Congo, Equatorial Guinea, Eritrea, Gabon, Gambia, Guinea, Liberia, Libya, Sierra Leone, and Sudan.**

The details are shown in the table below.

#### MEMBER STATES WITH OUTSTANDING PAPU TOWER CONTRIBUTIONS

	MEMBER STATE	UNPAID AMOUNT IN USD
1	Cameroon	21,501.55
2	Chad	12,632.05
3	Congo Republic	12,632.05
4	Dem Rep of Congo	19,922.05
5	Equatorial Guinea	12,632.05
6	Eritrea	10,526.05
7	Gabon	15,710.05
8	Gambia	10,526.05
9	Guinea	13,806.55
10	Liberia	10,526.05
11	Libya	44,789.05

12	Sierra Leone	10,526.05
13	Sudan	22,676.05
	<b>TOTAL</b>	<b>218,405.65</b>

#### 4.0 ONGOING AND PENDING WORKS AT PAPU TOWER

Despite the completion and habitation of the building there are ongoing and pending works which must be executed to ensure conducive and safe environment for both the inhabitants and visitors to the building. The pending critical works are as follows:

##### 4.1 Ongoing Works

- i) Supply and installation of security scanners (2 baggage and 1 walk-through scanners)
- ii) Supply and installation of the additional Network Video Recorder and Cameras, Basement Access Control (Card Readers for Boom Barriers).
- iii) Installation of Glass Canopy at the Entrance of the building
- iv) Roofing top part of Podium Cladding.

##### 4.2 Pending Works

- i) Installation of flood façade lights
- ii) Additional Street solar lights for the building
- iii) Installation of River Bank Stone Gabions
- iv) Capitalization of PAPU Tower assets
- v) Supply and installation of automatic fire extinguishers for lift machine rooms & ICT rooms
- vi) Installation of ICT and sound system at 4<sup>th</sup> floor Conference Break out rooms

#### 5.0 RECOMMENDATIONS

The Report is tabled with the recommendations that the Working Group

- i) Appeals to Member States with outstanding equity cash contributions to settle them urgently so that the pending construction works continues without disruption.
- ii) Urges the Member States with Outstanding equity cash contributions to comply with the 10<sup>th</sup> Ordinary Plenipotentiary Conference Resolution No. 02/PAPU/PC/X/2021 **(Annex A)**.
- iii) Request members of the Working Group to provide guidance on the possibility of funding the ongoing/pending works of PAPU Tower through mandatory contributions.

*\*Average Exchange rate of TZS 2,475/USD*

*\*\*Current Exchange rate of TZS 2,685/USD*

## **Resolution No.02/PAPU/PC/X/2021**

### **On contribution of equity cash towards PAPU House building Project**

The Plenipotentiary Conference of the Pan African Postal Union (PAPU), meeting during its 10<sup>th</sup> Ordinary Session from 24<sup>th</sup> to 25<sup>th</sup> June 2021 in Victoria Falls, Zimbabwe;

**Considering Resolution No.11/PAPU/AC/XXXVII/2018** of the 37<sup>th</sup> Ordinary Session of the PAPU Council authorizing the contribution of USD 4 million as total equity cash to PAPU House project;

**Recognizing** that the PAPU House appeal fund that was launched during the 40<sup>th</sup> anniversary celebration of the Union generated USD 140,000.00 out of the remaining USD 1 million required to attain the desired minimum equity cash requirement;

**Aware** that the ideal project financing plan requires 56% equity cash contribution from the partners and 44% borrowing at an interest rate of about 13% per annum repayable within 15 years;

**Having reviewed** the project potentials and its concomitant advantages towards ameliorating the financial health of the Union;

### **RESOLVES AS FOLLOWS:**

- 1) To further mandate the Secretary General to solicit for voluntary contributions from generous Member States, Associates, Partners, friendly countries and Donor Agencies/Organizations, and report back to the next Ordinary Session of the Administrative Council;
- 2) To mandate the Secretary General to distribute any remaining equity cash as mandatory financial contributions to all Member States in line with the approved scale of assessment, after 30<sup>th</sup> September 2021;

***Done in Victoria Falls, Zimbabwe on 25<sup>th</sup> June, 2021***