

## TANGANYIKA LAW SOCIETY

### LAAC PROJECT STATUS REPORT AS OF APRIL 1<sup>st</sup> 2019.

#### **1. Project Summary:**

The construction of Wakili House is approaching to its final stages with a construction deadline set at 26<sup>th</sup> of April 2018. At the moment the contractors are finalizing electrical and AC installations, and window and door glass. In the next 3 weeks major tasks will be:

- i. Connecting of the sewage system from the Building to DAWASA
- ii. Installation of the passenger lift which is now 60% complete
- iii. Installation CCTV, Access Control, Public Address & Video conferencing
- iv. Construction of the fence wall, installation of electric fencing, fence lights and landscaping works (which now 15% complete)

Major risk issues have all been addressed adequately and the management is certain of occupying the new building by end of May. However TLS management will be needed to consider extension of time by atleast 4 weeks at the Contractors costs to allow completion of all the remaining works.

#### **2. Major Deliverables and Timelines:**

- Signing of the Contract: 15<sup>th</sup> March 2017.
- Contractor: M/S Flintstone Engineering in Joint Venture (JV) with Pioneer Builders Ltd
- Contract Sum: TZS 2,910,937,019.00 (*Tanzania Shillings Two Billion Nine Hundred Ten Million Nine Hundred Thirty Seven Thousand Nineteen*)
- Site vacation by TLS: 25<sup>th</sup> April 2017
- Date of contractor's Possession of site 1<sup>st</sup> May 2017
- Date of commencement: 1<sup>st</sup> May 2017
- Original Contract Period: 56 WEEKS
- Initial agreed completion date: 28<sup>th</sup> May 2018
- 1<sup>st</sup> Extension of completion Time 13 WEEKS
- 2<sup>nd</sup> Extension of completion Time 8 WEEKS
- 3<sup>rd</sup> Extension of completion Time 13 WEEKS
- 4<sup>th</sup> Extension of completion Time 12 WEEKS
- Period Elapsed: 90 WEEKS
- Time Extension granted by TLS: 34 WEEKS
- Extended Contract Period: 112 WEEKS
- Period remaining: 3 WEEKS
- Expected Completion date after time extension: April, 26<sup>th</sup>, 2019
- Project Completion: 86% as at April 1<sup>st</sup>, 2019.
- Construction stage: finishing.

#### **3. Project Background:**

The construction of “*Wakili House*” is an idea conceived way back in 2003. In that year TLS applied for an office building from the National Housing Corporation (NHC). Through the assistance of its members, TLS was granted a joint venture with NHC to erect a building on Plot No. 2182/39 and Plot No. 2182/26 at Garden Avenue, Dar es Salaam. However the intended JV could not materialise.

By the time, construction of *Wakili House* was already made the agenda of TLS. Thus in 2006 the TLS Governing Council under the leadership of President Charles Rwechungura purchased a plot at Chato Street, Regent Estate, plot number 391 at a tune of Tanzania Shillings (TZS) One Hundred and Eighty Million (180,000,000/-). The financing came through TLS own funds supplemented by a loan of TZS 70,000,000/- from Exim Bank.

After acquiring the plot, the Governing Council made a decision to construct a state of art facility. A name was proposed for this facility as *Wakili House* with the intention that it would represent all lawyers in the United Republic of Tanzania. However the name would later change because of the dynamic role of the legal profession as a service and as a business. A decision, thereafter, was made by the TLS Governing Council in 2009 to change the name of the intended building from *Wakili House* to *Legal Aid Advocacy Centre (LAAC)*. The driving motive was to reflect the role of the Law Society serving vulnerable and marginalized groups in Tanzania, while at the same time championing human rights advocacy and legal aid policy and law reforms. Since then *Wakili House* and *LAAC building* have been used interchangeably.

Fundraising for the construction of *Wakili House* was first resolved by the Council in 2007. By then it was made voluntary. However in 2009, the General Meeting of TLS made it compulsory for every member of TLS to contribute a fixed amount of TZS 50,000 annually towards the construction of *Wakili House*. In 2013, responding to mounting pressure by TLS members, a business appraisal was done through a consultancy directed by the TLS Governing Council on the viability of the Project. The conclusion was that *Wakili House* construction could not be supported by neither the funds already raised, bank loans or other TLS income streams and therefore construction could not take off immediately. After many years of devotedly contributing towards *Wakili House* construction by TLS members, the construction eventually took off in May 2017.

#### **4. Commencement of the Construction and Hand-Over of Contract Documents:**

Handle of Project Documents was done in April 2017. The handle over was done in the presence of TLS Council, LAAC Project Committee, TLS Management, Contractors and Project Architect. During the handle over process, the Project Architect presented a brief history of the Legal Aid and Advocacy Centre (LAAC) project stating that preparations for it started in year 2005. The works to be implemented at the current structure are based on designs which evolved from year 2007. What went on in regards to the project up to year 2015 will remain in

the history of the institution. The second half of year 2016 found TLS and the Consultant embark on the process of getting a Building Contractor for executing the works.

Through the Open Competitive Bidding procurement system which was run from August 2016 M/S Flintstone Engineering – Pioneer Builders Ltd (JV) won the award towards the end of December 2016 with a Contract Sum of TZS 2,910,937,019.00 (*Tanzania Shillings Two Billion Nine Hundred Ten Million Nine Hundred Thirty Seven Thousand Nineteen*) with a completion period of 56 weeks.

The following contract documents were given to the Contractor:

- Agreement and Schedule of Conditions of Building Contract
- A copy of priced Bills of Quantities and General Specifications
- A copy of blank (un-priced) Bills of Quantities and General Specifications
- Two sets of Architectural Drawings
- Two sets of Structural Engineering Drawings
- Two sets of Civil Engineering Drawings
- Two sets of Electrical and Mechanical Engineering Drawings

### 5. Building Permit:

Initially, TLS received the Building Permit in March 2016. However, TLS did not manage to start the construction process within the specified period of the Building Permit i.e. within 6 months, due to unavoidable circumstances relating to procurement aspects of the contractor. Therefore, the validity of the permit expired before the kick off the project. The Architect was, therefore, required to lodge for extension application of the validity of the Building Permit to the authorities to enable construction process to proceed within the specified period. The extension was granted with effect from 7<sup>th</sup> Sept 2017.

### 6. Relocation of the Secretariat

Secretariat offices were relocated to a rented structure behind the construction site at Chato Street, Regent Estate in April 2017.

### 7. Demolition of the Old Structure:

Demolition of the old structure was completed by end of May 2017.



Figure 1 Sign board evidencing construction commencement



Figure 2 Demolition of TLS House on plot 391



Figure 3 Site clearing after demolition

### 8. Geotechnical Study:

In pursuance of the Governing Council resolution, the Contractor was assigned an additional work to undertake a Geotechnical study at the construction site so as to get assurance of the plot worthiness in terms of soil and level of water table. The essence of this task was to allow the Project Structural Engineer to confirm suitability of the structural design.



Figure 4 Experts extracting soil samples at Plot 391

Geotechnical study was conducted after the demolition of the house plot no. 391 Chato Street Regent Estate Dar es Salaam in June 2017. Result of the study submitted to TLS indicated that the soil is suitable for proposed construction. However the report further indicated that there is need to strengthen the foundation in terms of the bars used to lay the foundation and pillars of the building. The recommended strengthening have a cost implication (as approved by the Structural Engineer and Quantity Surveyor) as indicated in the costs variation under item 8 below.

#### **9. On Site Meetings:**

As per project agreement and construction procedures, on site meetings do take place once per month. The intent is to make follow ups on the progress of the project. Between May 2017 and April 2<sup>nd</sup>, 2019 twenty three (23) onsite meeting have been conducted successfully. All parties involved have been adequately represented in all onsite meetings including TLS as the client. Among other things, the Site meetings have transacted the following key agendas:

- Conduct joint site inspection
- Verify compliance site preliminaries like availability of power, water, access roads, signboards, permits, material storage facilities, toilets.
- Relevancy and continuance of Performance guarantee and all risks insurance (to cover as much as the allowed time extension)
- Review Construction progress in accordance with the agreed construction schedule
- Standards of workmanship at each stage
- Progress on the construction works in accordance with timelines
- Discuss on procurement plan for the next construction stages
- Site management and Labour force

#### **10. Environmental Impact Assessment (EIA):**

It is a requirement under Section 4 of the Environmental Management Act of 2004 and the Environmental Impact Assessment Regulations of 2005 that construction projects require EIA to be conducted before the construction commences.

At the commencement of the LAAC construction there was an oversight to this requirement. EIA was not conducted. However EIA became a necessity when a bank loan was requested and when DAWASCO was requested to approve use of the DAWASCO sewage system. Also the engagement required an EIA certificate. Upon engaging the Consultant, it was learnt that the assignment cannot proceed unless NEMC are involved and the requisite penalties are complied with. TLS then applied for EIA exercise in February 2018 and eventually the EIA certificate was obtained in November 2018.

#### **11. Project Costs Variations:**

The project has had some considerable variations from the earlier projected costs. By January 2019, cost variations that have already been recorded since take off of the project amounted to a total of **TZS Five Hundred and Sixty Seven Million Seven Hundred and Seventeen Thousand and Nine Hundred and Fifty five Shillings Only (567,717,955.17)** These are as shown below:

- a) Geotechnical investigation **TZS 16,654,638.00.**
- b) Revised substructure emanating from geotechnical investigation **TZS 89,124,982.00** (exclusive of VAT).
- c) Variation implication on reinforcement steel discrepancy between drawings and bar bending schedule amount to a total of **TZS 46,346.00** (VAT exclusive).
- d) Consultation fee for conducting EIA **TZS 11,298,500.00.**
- e) Costs for registering the EIA Project at NEMC **TZS 10,000,000.**
- f) Costs for settling the NEMC penalty (resulting from breach of EIA Regulations) starting project without EIA Certificate **TZS 3,000,000.**
- g) Variation works including changes in layout plan, change from glass wall to glass block at the spiral staircase, change of bars, introduction of new beams and granite tile to lift shaft wall at a total of **TZS 21,823,498.00/=.**
- h) Variations in the ground floor plan particularly the conversion of ground floor parking to office space **118,596,567.00**
- i) Additional cost with regards to power connection arising due to changed location of the transformer **TZS 29,263,851.97**
- j) Variation on additional cost with regards to CCTV, Access Control, Public Address, Electric Fencing & Videoconferencing amount to a net of **TZS 135,285,749.20**
- k) Variation of Cost Level for Construction of a New Fence Wall and External **121,736,323.00** VAT inclusive.
- l) Construction of the Parking Lot at the adjacent open space. A Landscape Architect has already been engaged and concept designs submitted to Kinondoni Municipal Council for Planning Approval. The Architect Fees for the whole works including concept designs, detail designs, BOQ preparation and supervision of landscaping works stands at **TZS 10,887,500/=** VAT Inclusive.

Following the variations of works which have occurred, the Contract Sum has increased from **2,910,937,019.00** to **3,478,654,974.17**. It is our considered opinion that the variations costs were inevitable. The additional costs were approved by the Quantity Surveyor and are within market prices in accordance with the QS advice.

## **12. Payment progress to the main contractor:**

TLS has paid in full all Certificates which have been issued by the Contractor, and so far ten (10) Certificates have been paid accordingly which make a total amount of **Two Billion Two Hundred and Twenty Six Million and Two hundred and Sixty One Thousand and One Hundred Eighty four Shillings Only (TZS 2,226,261,184.00)**.

### **13. Development of Open Space for Car Parking:**

Following the resolution made by the Governing Council (GC) through its meeting on 09<sup>th</sup> February 2018 which approved the conversion of the ground floor car parking into office space and confirmed through site meeting no. 10, the building remains with limited parking space with a maximum of 12 cars only. This remains a key project risks because the building is used by members and most of the times there might be a need to accommodate 20 cars to 100 cars.

Some efforts, however, have already been made by making a formal application to the Municipal Council to allow TLS use the open space which is behind TLS building as a car parking space. A landscape was employed by TL to produce concepts designs in August 2018, and a formal application was delivered to the Kinondoni Municipal Council with the concept designs in November 2018. As required by the Urban Planning Regulations on the use of Open Spaces, TLS went ahead to engage with the Regent Estate street government and Mikocheni Ward government to obtain their prior approval and this was obtained in March 2019. TLS now awaits the decision of the Municipal Director for Kinondoni on the development of the open space.

If planning consent is obtained, it is expected that the Open space will be develop to a parking lot that would accommodate 25 to 35 cars. But also there will be playground and modern garden. If approved, the works for the next one to two years will involve development of detailed architectural designs, obtaining construction permit from the relevant authorities and commencement of the construction works.

### **14. Interior Designing Works:**

The current construction contract does not extend to interior designing of the building. The construction is at the its final stage which makes it vital to hire an interior designer. Interior designing is key to giving LAAC the image deserving for TLS members. Upon approval by Council for the Interior Designing Works, a call (RfP) was released for eligible firms to apply in February 2018. A number of bids were received but the process stalled to due uncertainty in financing. Management intends to resume the task after the contractors have handled over the building. In that case the terms will then be revised because most of the earlier terms are now obsolete. Equally important more cost effective approach will be employed.

### **15. Business Planning:**

The governing also approved the business planning for the Wakili House in February 2018. The business planning process was also delayed due to uncertainty in funding. The process has been resumed since February 2019 and it is expected to be completed by June 2019. Having a

Business Plan will help to get a bank loan shall the need arise and determine suitors for renting office space, market competitiveness versus rentable office space in the vicinity. The business plan shall also ensure marketing viability and financial feasibility of the Wakili House/LAAC project; ensure ongoing return on Investment; ensure provision for existing and future office space, parking growth as well as synergy of other institutional needs and to encourage collaborative development and redevelopment of adjacent lands and open spaces to minimize financial risks.

#### **16. Bank Loan and Once To Go LAAC Contribution:**

In April 2018, the TLS AGM resolved that Tanganyika Law Society should not secure loan from CRDB Bank for being expensive and burden to the members. In the alternative, the AGM resolved that further that the governing council should find means of raising funds to complete the construction of WAKILI HOUSE without delay through membership contribution. The Governing Council being cautious of the imminent risks of default to the contractual obligation took up the following measures, among others;

- i. Made a resolution that member with two (2) years of practice and bellow they were asked to pay 200,000 and for those with three (3) years and above they were asked to pay 400,000 immediately as a once to go LAAC Contribution.
- ii. And secondly engage with the DATF Trustees for a possible loan to aid continuity of the construction without default.

The DATF LOAN was obtained at a tune of TZS 400M and shielded the project for several months between May to October 2018. However due to slow pace of members contribution to the Once to Go LAAC, an Executive decision was made that tied Once to go LAAC contribution with the renewal of Practice Certificates. This measure help much amount collected help to clear all ten (10) Certificates from the contractor , TLS has paid in fully a total of TZS Two Billion Two Hundred and Twenty Six Million and Two hundred and Sixty One Thousand and One Hundred Eighty four Shillings Only 2,226,261,184.00/=.

#### **17. Deceased Advocates Trust Fund (DATF) Loan:**

As said earlier, the governing council made a decision to obtain a loan from DATF in May 2018. A request was then sent to DATF for a free interest loan of 600 million payable in two years. After a thorough discussion with the DATF Trustees a loan was obtained at a tune of TZS 400M in May 2015 with a repayment period up to December 2019, at the interest of 10% per annum.

#### **18. Transfer Of LAAC Building Into Trusteeship**

At the 2017 HAGM and 2018 AGM TLS members resolved that TLS properties should be transferred to a Trust. Thus the Governing Council made a decision that a consultant should be procured for task. Council Member Jeremiah Mtobesya volunteered to undertake the task at a

minimal fee. The assignment begun in October 2018 and Trust constitutive documents were approved by the Governing Council in January 2019. For the purposes of registration of the Trust, the Governing Council appointed five Trustees namely:

- i. Fatma Karume
- ii. Dr Rugemeleza Nshala
- iii. Nicholaus Duhia
- iv. Godluck Walter
- v. Aisha Sinda

The registration process has begun but it is yet to be completed. The Council intends to table the agenda at the AGM and allow the AGM to appoint/ elect trustees or confirm the interim trustees.

#### **19. Future Investment through LAAC Building and Land Acquisition in the Chapters:**

The Governing Council made a decision in December 2017 that TLS Management should now focus on acquiring properties in the Chapters so as to ensure institutional sustainability. This decision was made in a joint meeting with Chapter leaders. This investment effort will be supported through income raised from the LAAC Project. From this decision all chapter embarked on applying for land through municipal councils and city councils. There are positive developments in Mtwara, Arusha, Mwanza and Mbeya. In Dodoma, TLS through the effort of the Convenor has already purchased a plot in a very prime area near Bank of Tanzania and Treasury with a size of 5000sq metres. The plot has costed TLS TZS 11M and has been paid through LAAC funds. Efforts are underway to obtain a large plot in Arusha that can accommodate construction of a modern conference hall in the future. TLS has also been allocated land in Mbeya but payments are yet to be made.

#### **20. Recognition of Members who have Contributed For LAAC Project Since 2007:**

The Governing Council through its EXCOM, made a decision that all Plaque for all TLS members who have contributed for the LAAC Project since 2007 be prepared and engrave on the wall at the entrance of the LAAC building in recognition of their tireless effort in this project. Further, a decision has also been made those key conference halls, board rooms and other strategic rooms be named after the Presidents who have worked tirelessly in ensuring that this project becomes a success starting from Charles Rwechungura.

#### **21. Continued Fundraising Initiatives:**

In order to make TLS financially sustainable, TLS Governing Council proposes to members that LAAC contribution should continue to new members being admitted to the Bar at minimal amount of TZS 200,000/= payable in two years at a rate of TZS 100,000 annually. This will be

managed by the Wakili House Trust Fund and will be used to acquire and develop properties in the chapters.