

HISTORICAL BACKGROUND OF UTT PROJECTS AND INFRASTRUCTURE DEVELOPMENT PLC

1. Background and Context

1.1 Introduction

The UTT Projects and Infrastructure Development Plc (UTT-PID) is one of the three separate companies which emanated from the restructured Unit Trust of Tanzania (UTT).

The UTT-PID was basically formed after found out that there exist enormous opportunities in the country that need ‘unlocking’ to harness its true potential. One of the sectors which was identified under this tagline of ‘Unlocking Idle Capital’ is the “Real Estate and Infrastructure Development Sector”.

In backdrop of the above spirit, UTT explored the possibility of venturing into progressive business areas which on one side would provide potential opportunities for its continuous growth; while on the other side will be a net contributor to the humanity, leading to empowerment and poverty alleviation in the country.

Currently, it is a known fact that in Tanzania there are so much happenings in real estate and infrastructure sectors - which is a great sign of economic progress. As a result, slowly and steadily these sectors are emerging as the fastest growing sectors not only in Tanzania but across the world.

1.2 Formation of a UTT Project Functional Division

As a part of UTT Organization Restructuring, with effect from 1st January, 2013 an independent strategic business unit/ functional division named ‘UTT Projects’ was formed. The purpose of forming this division was to give exclusive focus to projects & infrastructure development related activities. At the close of financial year 2012/13 (June 30, 2013), UTT-Projects Division was associated with implementation of over 25 projects of varied nature.

At UTT, activities relating to ‘unlocking idle capital projects’ commenced way back in the year 2010. One of the prestigious projects which UTT handled [in association with Tanzania

Federation of Cooperatives] relates to the renovation and extension of ‘Ushirika Building’. UTT under a consortium of three lenders successfully mobilized funds over Tzs. 31 billion to implement this project. To facilitate implementation of Ushirika Project, UTT as Principal Project Manager cum Employer appointed the Contractor, Lead Consultant and other service providers. Currently, the Ushirika Project is in its final phase of implementation.

During inaugural phase, UTT also implemented another equally important project which pertains to survey cum sale of around 5,000 plots at Bukoba Municipality. By this time majority of the plots have been sold and title deeds in favor of the buyer/ owner are being issued. Under Bukoba Project, UTT played the role of financier and co-project manager.

1.3 Incorporation of a Company: UTT-PID

UTT was restructured into three companies registered under the Companies Act 2002, one of the independent company formed is **UTT Projects and Infrastructure Development Plc (UTT-PID)** established under the Certificate of Incorporation no. 100465, which effectively commenced its business activities from 1st July, 2013.

1.4 Mandate of the UTT-PID

The mandate of the UTT Projects and Infrastructure Development Plc. is provided under the Memorandum and Articles of Association (MEMARTS) as follows:

- I. Undertake any type of infrastructural development on behalf of both the public sector and private sector, or on its own behalf;
- II. Erect and construct houses, buildings or works of every description on any land of the Company, or upon any other lands or property and to pull down, rebuild, enlarge, alter and improve existing houses, buildings or works thereon on own account or on behalf of clients;

- III. Let or lease any such premises or parts thereof and to provide such facilities for the occupiers or the tenants thereof as are commonly provided in residential houses and apartments , recreation facilities and/or in business offices;
- IV. Sell, lease, let or otherwise dispose of the lands, houses, buildings and other property of the Company or to convert and appropriate any such lands for any other conveniences and generally to deal with the property of the Company;
- V. Generally to purchase, take on lease in exchange, hire or otherwise acquire, any real and personal property, and any rights or privileges which the Company may think necessary or convenient for the purposes of its business and in particular any land, buildings machinery, plant and stock-in-trade;
- VI. Improve, manage, cultivate, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant rights and privileges in respect of, or otherwise deal with all or any of the properties and rights of the Company;
- VII. Act as funds arrangers on behalf of clients for private sector projects as well as for public sector projects including joint ventures thereof. To provide services such as management consultancies, conduct feasibility studies and any other services that shall be deemed beneficial to the Company;
- VIII. On behalf of clients, appoint and negotiate with the various service providers for the projects under management by the company;
- IX. Act as property managers for properties owned by clients or jointly owned by clients and the company or solely owned by the company;
- X. To act as project managers on behalf of clients' projects;
- XI. Promote any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of this company, or for any other purpose which may seem directly or indirectly calculated to benefit the Company;
- XII. Acquire by purchase or otherwise lands and properties or otherwise acquire rights of occupancy and generally to secure any tenure whatsoever, whether subject or not to any charges or encumbrances, and to hold or to sell, let or alienate, mortgage or otherwise deal with all or any such lands;
- XIII. Apply for, purchase, or otherwise acquire and protect and renew in any part of the world any patents, patent rights, trade marks, designs, licenses, concessions, and the like

conferring any exclusive or non-exclusive or limited right to their use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company; or acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, or grant licenses in respect of, or otherwise turn to account the property, rights or information so acquired, and to expend money in experimenting upon, testing or improving such patents, inventions or rights;

- XIV. Acquire any such shares, stocks, debentures, debenture stock, scripts, bonds, notes, securities, obligations, funds or loans by original subscription, tender, purchase, participation in syndicates, exchange or otherwise, and to guarantee subscription thereof, and to exercise, and enforce all rights and powers conferred by or incidental to ownership thereof, and to vary and transpose from time to time as may be considered expedient any of the Company's investments for the time being;
- XV. Acquire and take over the whole or any part of the business, property and liabilities of any company or person carrying on any business which the Company is authorized to carry on, or possessed of any property or assets suitable for the purpose of the Company;
- XVI. Pay for any property or assets acquired by the Company either in cash or fully or partly paid shares or by the issue of securities or obligations, or partly in one mode and partly in another and generally on such terms as may be determined;
- XVII. Lend money and/or guarantee the performance of the contracts or obligations of any company, firm or person, and the payment and repayment of the capital and principal or, dividends, interest or premium on any stock, shares and security of any company, whether having objects similar to those of the Company or not, and to give all kinds of indemnities, and to make and receive subvention payments;
- XVIII. Receive money on deposit with or without interest thereon;
- XIX. Establish or promote, or join in the establishment or promotion of, any other company whose objects, shall include the taking over of any of the assets and liabilities of the company or the promotion of which shall be calculated to advance its interests.
- XX. Do all such acts and things as are incidental or conducive to the attainment of the above objects. It is hereby declared that the word "company" except where used in reference to

the Company shall be deemed to include any partnership, or other body of persons whether incorporated and whether not existing or hereinafter to be formed;

XXI. It is furthermore expressly declared that the intention is that the objects set forth in each of the foregoing paragraphs of this clause shall be construed in the most liberal way and shall in no way be limited or restricted by reference to any other paragraph or by any inference drawn from the terms of any other paragraph.

1.5 Core Functions of UTT-PID

‘Core Functions’ of UTT Projects & Infrastructure Development Plc, have been derived from the key objectives mentioned in the Memorandum & Articles of Association.

Thus, the core functions of UTT-PID are as follows:

(i) Rendering Consultancy Services

- Development of pre-feasibility Concept Papers
- Preparation of ‘Terms of Reference’, and Business Plans/ Feasibility Studies
- Financial Re-engineering Services
- Project Packaging and other associated services

(ii) Funds Arrangement services

- Preparation of Proposals for Banks/ Financial Institutions
- Identification of a potential financier or a consortium of financiers/ banks
- Negotiation and Finalization of financing arrangements – ready for disbursement
- Assistance in execution of security documents and other associated services
- Monitoring servicing of loan by the client to ensure compliance – this function requires rendering lot of financial re-engineering related services

(iii) Appointment of Service Providers

- Preparation of Tender/Bidding Documents
- Invite quotations/proposals, undertake evaluation of received proposals (technical as well as financial) & short listing
- Undertake financial negotiation with shortlisted vendors

- Finalization and issue of appointment letters *cum* agreements

(iv) Project Management Services

- Oversee day-to-day management of the Project
- Undertake day-to-day supervision of the appointed service providers
- Ensure successful implementation of the project [end-to-end] with an objective of cost containment, and adhering to the defined timelines for completion;
- Implementing projects relating to survey of lands and sale of serviced plots.

(v) Property Management Services

- Rendering effective and efficient property management services to the properties under its management
- Establishes rental rate by surveying local rental rates; calculating overhead costs, depreciation, taxes, and profit goals
- Attracts tenants by advertising vacancies; obtaining referrals from current tenants; explaining advantages of location and services; showing units
- Undertake “Valuation” related services
- Rendering other associated services relating to property management.

(vii) Other Miscellaneous Services

- UTT-PID would always be eager to render any other tailor-made *cum* need based services, as may be desired by any public or private sector entity.
- Support projects that are socially and economically viable.

1.6 The Organization Structure

The governance and management structure has the Board of Directors which is the supreme organ of UTT-PID appointed by the Minister responsible for of Finance. The Directors serve for a renewable term of three years.

The day-to-day management of UTT-PID is vested to the Chief Executive Officer who heads a team of six departments/Functional Units as follows:

(i) Department of Operations

- Projects Management Services
- Property Management Services
- Project Financing/Appraisal Services

(ii) Department of Finance

- Finance and Accounts
- Planning/Budgeting
- Project Accounting

(iii) Department of Corporate Affairs

- Human Resources & Administration
- Marketing
- Information Communications Technology

(iv) Procurement Management Unit

(v) Legal Unit

(vi) Internal Audit Unit

Brief description of various departments/functional units of the Company have been enumerated as follows:

1.6.1 Department of Operations

This department works towards arranging necessary funding from potential financiers/investors leading to implementation of various projects. This department will also handle various operational requirements of the Project Management department and work as a ‘Coordinator’ with all key stakeholders of any project.

1.6.1.1 Project Management Services

The main role of this division is to render Project Management and infrastructure development related services to all projects managed/ supervised by the Company. One of the key functions of

this department is to ensure that each and every project is completed within the set timelines [as planned] and without any major cost overruns. Although every individual project will have its own challenges, however the core competence of this department will be to devise strategies so as to handle all challenges successfully by mitigating the foreseeable risks. The department of Project Management mainly consist two functional divisions as follows:

- (i) **Construction Projects:** wherein the Company renders its consultancy services in the areas of - Project Management i.e. day to day supervision of construction projects, Quantity Surveyor Services, Architectural Services, Preparation of Business/ Feasibility Plans, Preparation of Terms of Reference [TORs] and other consultancy services;
- (ii) **Land Survey and Sale of Serviced Plots:** This division deals with projects relating to 'Survey *cum* Sale of Serviced Plots'. The projects dealt with are either private or non private depending on the nature of the project ownership. Some of these projects are serviced in terms of infrastructure put in place which are: provision of water and electricity, road openings up to gravel stands. On the other hand there are some projects that are serviced up to the level of road openings - i.e. passable roads to enable the occupiers move freely from one point to the other.

1.6.1.2 Property Management Services Section

The main role of this department is to efficiently manage all properties/buildings under its management by rendering the entire gamut of 'property management related services'. This department ensures flawless services to the building occupants/ tenants by acting as an authorized 'Property Manager' of the earmarked Client. The department of Property Management will have two functional divisions as follows:

- (i) **Estate Management Services:** wherein various properties of third party clients will be managed by rendering property management related services;
- (ii) **Property Valuation Services:** Under this functional division various assignments relating to valuation of land and building shall be undertaken for third party clients.

1.6.1.3 Project Financing/Appraisal Services

This division deals with analyzing feasibility studies submitted for establishment of the viability of projects. The activities under this division focuses on evaluating projects to know which ones are worth financing.

1.6.2 Department of Corporate Affairs

The department of Corporate Affairs handles functions of day-to-day nature such as: general administration, human resource management, information & communication technology services (ICT), and marketing. One of the key objectives of this department is to facilitate business operations of other departments/ functional units and thus contributing in the overall growth of the organization.

1.6.3 Department of Finance

The department of finance is responsible for organizing the UTT-PID financial and accounting affairs including the preparation and presentation of appropriate accounts, and the provision of financial information for all stakeholders at all levels including the Board of Directors and the Government .The main areas covered by the department of finance include but not limited to finance and accounts, planning / budgeting, project accounts.

1.6.4 Procurement Management Unit

As defined under PART 1 (Preliminary Provisions) of the Public Procurement Act 2011, Procurement Management Unit (PMU) means a division or department in each Procuring Entity responsible for the execution of the procurement functions.

The Procurement Management Unit will ensure that procurements of all nature are made in strict compliance to the rules, regulations, guidelines devised by the Public Procurement Act 2011 and the Public Procurement Regulations 2013 and other guidelines that are provided from time to time by Public Procurement Regulatory Authority (PPRA).

1.6.5 Legal Unit

This unit acts as a ‘Legal Advisor’ of the Company on all matters of business operations. One of the key functions of Legal Unit is to draft various contracts/ agreements which are in strict compliance to the prevailing laws of the applicable jurisdiction country/ region. The Legal Unit will also handle Board related matters i.e. coordinate to arrange Board Meeting, preparing minutes of the Board Meeting etc.

1.6.6 Internal Audit Unit

This unit will undertake internal audit of all functions/ activities undertaken by the Company. One of the key responsibilities of this unit is to identify errors/ mistakes [if any] and suggest rectification mechanism wherever needed. Another important role of internal audit unit is to identify potential risk areas and devise the applicable risk mitigation strategies.

The organisation structure of the UTT-PID is provided in Appendix A.

2. The Instruments of Focus

2.1 Vision Statement

Vision Statement of the company spells out its goals at the highest level by depicting UTT-PID's visualization of the future for itself and for the lines of businesses it operates. In simple terms, the vision statement is what the UTT-PID Board of Directors and Management ultimately envision the business to be, in terms of its growth, values, employees, and contribution to the society.

VISION STATEMENT

“A trusted development partner in the field of Project Management and Infrastructure Development, committed to customer satisfaction and continuous improvement in its services.”

2.2 Mission Statement

The core purpose of our existence is to engage in project management and infrastructure development related activities, and unlock the idle capital held by various persons and institutions in the country. In so doing, the UTT-PID will fulfill its mandate by facilitating economic emancipation of a majority of Tanzanians through facilitating access to quality economic and social services infrastructure as well as planned human settlements. All in all, unlocking idle capital will add to the country’s productive capital, increase economic growth, and accelerate poverty elimination.

MISSION STATEMENT

“To unlock idle capital by professionally supporting clients in the areas of project management and infrastructure development leading to maximization of returns for the clients and shareholders”

2.3 Core Values

To achieve its outlined Vision and Mission, UTT-PID is committed to and shall uphold the highest ethical practices in conducting its business. UTT-PID recognizes that the objective of all our operations is human development, and will therefore put PEOPLE – both its staff and those on the client side - first in all its dealings to ensure delivery of a real difference in the people’s lives. We shall endeavor to design products that address real challenges and gaps in the market, with the highest professional standards and quality to ensure maximum satisfaction of our

customers. Sustainability of our services will be ensured through cost effectiveness and competitive pricing of our services based on carefully selecting our stakeholders and by adopting a competitive performance based remuneration structure.

These are the values we hold dearly, knowing that “values-aligned” managers and employees will benefit the entire organization and our clientele by demonstrating predictable and favorable decision-making capabilities and behaviors. We are including these values in this plan, not only to serve a “compass” to influence and guide behavior of the UTT-PID, but also to inform the expectations of our clients and stakeholders.

Therefore the Core Values of UTT-PID are as follows:

CORE VALUES

PEOPLE

- We are driven by commitment, competence, teamwork and self-motivation.
- We guarantee staff growth, recognition, and empowerment.
- We reward innovation and discourage complacency.

QUALITY

- We create and deliver products and services of distinct character and value while ensuring cost effectiveness.
- We strive for continual improvement of our products and services.

CUSTOMER SATISFACTION

- We deliver to our customers, unique products and services that meet their requirements/expectations.

PROFITABILITY

- We leverage our core competences to maximize returns on all our investments.

- We adapt quickly to the changing business environment to capture value for our stakeholders.

ETHICAL CONDUCT

- We uphold the highest standards of integrity in our business transactions and manage all our dealings with trust.
- Zero tolerance to “Corruption” is our credo.