

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA15936

<b>Project Name</b>	Dar es Salaam Metropolitan Development Project (P123134)
<b>Region</b>	AFRICA
<b>Country</b>	Tanzania
<b>Sector(s)</b>	Urban Transport (60%), General water, sanitation and flood protection sector (30%), Sub-national government administration (10%)
<b>Theme(s)</b>	City-wide Infrastructure and Service Delivery (40%), Urban services and housing for the poor (30%), Municipal governance and institution building (20%), Urban planning and housing policy (10%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P123134
<b>Borrower(s)</b>	The United Republic of Tanzania
<b>Implementing Agency</b>	Prime Minister's Office – Regional Administration and Local Government (PMO-RALG)
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	12-Dec-2014
<b>Date PID Approved/Disclosed</b>	12-Dec-2014
<b>Estimated Date of Appraisal Completion</b>	15-Dec-2014
<b>Estimated Date of Board Approval</b>	02-Mar-2015
<b>Decision</b>	

## I. Project Context

### Country Context

Tanzania has experienced strong and rapid economic growth, with its annual GDP growth averaging around seven percent in the last decade. It is expected that this growth trajectory will be sustained with the discovery of natural gas deposits. Despite the strong economic growth, Tanzania is one of the poorest countries in Africa with approximately 11.9 million people in 2011/12 (28 percent of the population) still living below the basic needs poverty line. The high economic growth rates over the past decade have not translated well into jobs. This is partly the result of the nature of economic growth, which is driven partially by resource extraction. A weak business environment and a largely unskilled labor force have also limited the growth of labor-intensive industries, which offer more productive jobs.

Tanzania is urbanizing rapidly and its economic development is and will be shaped by its rapid

urbanization and its emerging role as a regional hub. The share of the urban population increased from 18 to 27 percent from 1990-2012 and half of the population is expected to live in major and secondary cities by 2030. Tanzanian cities already account for the majority of the country's physical, financial, academic and technological capital. Economic activities in urban areas contribute approximately half of GDP. Tanzania's dominant primary city - Dar es Salaam - accounts for around 40 percent of the urban population. It is the third fastest growing city in Africa, growing at an average rate of 5.8 percent annually from 2002-2012. Tanzania is also seen as a regional hub due to its strategic location (it provides access to the sea to six landlocked countries); and its access to global markets through its ports: (about \$15 billion - or the equivalent of 60% of Tanzania's GDP - of merchandise transited through the port of Dar es Salaam in 2013).

Urban areas are critical for Tanzania's economy and for job creation - but the benefits of agglomeration economies have not been well captured. The interaction of the factors contributing to agglomeration (clustering of firms and the overall size and diversity of the urban economy) is limited. Rapid urbanization and increased population density have not translated to increases in economic density. Rather, urban sprawl and low density development has prevailed - thus connectivity between people, industries, and markets is poor. This is locking-in energy intensive growth patterns that will impact mobility, efficiency, housing affordability, environmental quality, and service provision. These factors affect the efficiency and competitiveness of Dar es Salaam - and ultimately the enabling environment to create productive jobs.

Improving the competitiveness and efficiency of cities is critical to derive greater agglomeration benefits and create productive jobs. The number of working-age Tanzanians - with an estimated 800,000 entering the market annually - has grown faster than the number of jobs. Most firms face considerable constraints that reduce their productivity and ability to hire - so job seekers are gaining employment in the informal economy. The Tanzania Country Economic Memorandum 2014 noted:

- (i) Cities are driving the growth of non-farm businesses: Urban areas are the primary location of household enterprises - the fastest growing source of employment, growing between 10-15 percent annually. Half of non-farm businesses are in urban areas - a third of these are in Dar es Salaam. These businesses are forming in cities to capitalize on agglomeration factors - taking advantage of the proximity of consumers, suppliers, workers, and supporting infrastructure.
- (ii) To create more jobs, the economy will need to move towards export markets. Cities, especially Dar es Salaam, are the gateways - they need to be efficient with the necessary enabling infrastructure to improve connectivity, mobility, and logistics.

Improving the productivity and efficiency of Dar es Salaam is necessary to help generate businesses and create jobs in the formal and informal sectors. Doing so requires supporting strategies to increase city competitiveness and involves: (i) improving urban infrastructure and services; (ii) improving the local business environment and enhancing private sector development; and (iii) strengthening the institutional and financial systems for planning, land management, and developing the metropolitan area. In particular, the development of special zones for business would encourage agglomeration effects and address congestion costs. This can be achieved both in secondary cities and around Dar es Salaam.

### **Sectoral and institutional Context**

Dar es Salaam (4.6 million population in 2012) is expected to become a mega city by 2030 with a

population over 10 million. Dar es Salaam is the engine of growth for the nation - and if the urbanization process is managed well, tremendous economic, environmental and quality of life benefits could be captured from improved efficiencies. Agglomeration economies also aid in poverty reduction – while Tanzania has seen an overall decline in poverty, Dar es Salaam has observed the highest poverty decline – from 14.1% in 2007 to 4.0% in 2012/13 . But Dar es Salaam has fundamental barriers limiting the quality and potential of its future development. These include a backlog in infrastructure investments with growth outpacing infrastructure development; poor connectivity, the mushrooming of un-serviced informal settlements; sprawling energy intensive settlement patterns; the absence of effective metropolitan planning and governance arrangements; and capacity constraints for management and service delivery. All of these factors impact the business environment, competitiveness, and the enabling environment for job creation.

The institutional structure of Dar es Salaam is complex, fragmented, and this makes metropolitan governance complicated and less effective. Dar es Salaam Region is one of 30 administrative regions in Tanzania with its regional capital as the city of Dar es Salaam. The city consists of three districts – Ilala, Kinondoni and Temeke and is each governed by their own Municipal Councils: Kinondoni (KMC), Ilala (IMC), and Temeke (TMC), in addition to a coordinating Dar es Salaam City Council (DCC) – collectively known as the Dar Local Authorities (DLAs). However, the Municipal Councils (MCs) do not report to the DCC but rather directly to the Prime Minister’s Office – Regional Administration and Local Government (PMO-RALG). Other ministries and agencies of the central government retain control over important functions . The city has outgrown this structure, which was created when the population was around a million. Urban issues and service demands that require a regional approach – such as sanitation, waste collection, addressing sprawl and informality, or flood control etc. – have stagnated in the past decades. Leaders now recognize that major changes are required to improve the metropolitan planning and governance arrangements for the burgeoning region, and the government has started to assess new models that are more appropriate for its rapid development. Implementing this will require time, analysis, and consideration of political economy.

Dar es Salaam Local Authorities are under-performing in own source revenue collection and remain dependent on inter-governmental transfers. The major local revenue sources include property tax, general service and development levies, trade licenses, and fees for a variety of facilities. The DLAs had own source revenues of around 20-30 percent of total revenues while inter-governmental transfers were around 70-80 percent in 2011/2012. Local revenue has increased recently, with the three DLAs increasing total revenues from roughly USD 19 million in 2009/10 to USD 57 million in 2013/14 – this, despite the current antiquate systems in place . There is significant space to improve own-source revenue collection for the DLAs by upgrading the current antiquated systems, improving billing and collection practices, upgrading the valuation roles, and other measures to improve transparency and customer orientation.

The new Local Government Revenue Collection and Information System (LGRCIS) Program operating in the medium-sized cities has promise for Dar es Salaam. Piloted under the Tanzania Strategic Cities Project (TSCP), LGRCIS is helping Tanzania’s medium-sized cities move from inefficient paper-based revenue collection systems to a modern platform, using Geographic Information Systems (GIS), to support the entire chain of revenue collection. The added benefit of LGRCIS is that the GIS platform can be extended for other urban management tasks such as planning, operations and maintenance, land management, and disaster risk management. In the first year of operation in Arusha, and not even at its full potential, local revenue increased by 250

percent. There is significant demand from the DLAs to upgrade their systems to LGRCIS.

Planning systems and development controls are weak. The draft Dar es Salaam Master Plan for 2012-2032 is in a protracted approval process so the version from 1979 (when the population was 900,000) is still valid. Effectively, there has not been a master plan guiding the city's development for over a decade. This also reflects the institutional challenges faced by the city. Further, it complicates the tenure system, as the master plan is an enabling instrument for local development plans, which are a precursor for issuance of land titles. Appropriate practices and guidelines are also lacking to capitalize on infrastructure improvements and enable land value capture for public good.

Dar es Salaam's growth has been shaped by informality – and this has resulted in the proliferation of unplanned areas and sprawl. An estimated 70-80 percent of residents in Dar es Salaam live in unplanned, informal settlements and 80 percent of land in Dares Salaam is 'informal' – meaning it is not planned, and residents lack title (Certificate of Residential Occupancy, CROs). There remain significant capacity, regulatory, and institutional barriers to address the problems of informality. Only 60,000 CROs have been issued since 1992 in Tanzania - though there is an estimated demand for 500,000 CROs in Dar es Salaam alone. Meanwhile, the population of Dar es Salaam has increased by 250,000 people annually on average, and with most new residents residing on land on the periphery, further contributing to sprawl and the proliferation of slums development.

The city's sprawling form, poor transport infrastructure and high vehicle population growth make mobility and connectivity a growing challenge. This affects the region's competitiveness, and adding to the high commuting costs for workers, while constraining opportunities for the poor. There is significant need for: (i) additional road capacity, (ii) traffic management, and (iii) public and non-motorized transit. The city has 2,170 km of roads, of which only 20 percent are in good condition. City road density is at 0.84 km/sq km - though a density of 5km/sq km would be more appropriate for a city like Dar. There are only four main arteries, and few paved roads between them. On average, people in Dar es Salaam spend 170 minutes per day commuting. This is equivalent to a loss of approximately 34 percent of average monthly incomes. The road network cannot handle the estimated 180,000 cars on the road – so the situation will deteriorate with the projected 515,000 cars in the region by 2030. For the majority who travel by bus – average commute time for a 15 km trip exceed 90 minutes. Adding to the challenges, seasonal flooding is aggravating congestion, with small storm events putting the region in gridlock.

The first line of the Bank-financed Dar Bus Rapid Transit System (DART) is expected to be operational in 2015. The DART BRT will offer an affordable and efficient mobility alternative to cars. DART has the potential to act as a catalyst investment that can transform the city, provide quality services and access to jobs, improve environmental quality, and help mitigate sprawl through development around public transit. Global experiences shows that capturing the full benefits of BRT will require: (i) integrated land-use and transport planning to develop high-density corridors, including key junctions/flyovers and traffic management measures; (ii) ensuring access through a network of seamless feeder routes; (iii) introducing pedestrian and transit-oriented development; (iv.) involving the private sector; (v) having the support of institutions with a regional mandate for operations, parking, and traffic management; and (vi) enabling land value capture mechanisms and channeling to the appropriate beneficiaries.

Dar es Salaam's flooding problems are expected to increase with urbanization and climate change . The key cause of flooding is the absence of a well-functioning primary network which can provide

an outlet for the secondary and tertiary systems. Much of the city is in low-lying areas, and the undulating topography makes it difficult to move water between the flat areas to the basins. Thus, most of Dar es Salaam is highly vulnerable to flooding even from minor storms. Climate projections for Dar es Salaam indicate mean rainfall could increase during the longer rainy season by up to 6 percent by 2100. In terms of asset exposure, Dar es Salaam is one of the largest coastal cities in Africa at high risk of sea-level rise. Combined with the growing population, encroachment in hazardous areas, and more frequent and intensive storm events – improving the trunk drainage system and planning for resilience is an urgent priority.

The World Bank has worked with the Government of Tanzania for over a decade in the urban sector supporting the broader policies of Decentralization by Devolution. The current urban portfolio covers all 29 of the Urban Local Governments in Tanzania, through: (i) Local Government Support Project 1 and 2 (closed FY13); (ii) Tanzania Strategic Cities Project (TSCP); (iii) The Urban Local Government Strengthening Program (ULGSP); (iv) The Zanzibar Urban Services Project (ZUSP) and (v) Second Central Transport Corridor Project (CTCP2).

Numerous government and Bank financed analytical and advisory work will help address the urbanization challenges. These include the Dar es Salaam Master Plan 2012-2032, the National Program for Regularization and Prevention of Unplanned Settlements 2012-2021, and the Tanzania State of Cities Study. The Bank is producing the Tanzania Urbanization Review, the Spatial Development of African Cities, and the Impacts of Urbanization on the Environment in African Cities.

## II. Proposed Development Objectives

The Project Development Objective is to improve urban services and institutional capacity in the Dar es Salaam Metropolitan Region.

## III. Project Description

### Component Name

Component 1: Priority Infrastructure

### Comments (optional)

This component will finance improvements and constructions of: (i) priority roads – local and feeder roads in the urban core to alleviate congestion hotspots, and support public transit, mobility and connectivity to low-income communities, especially improving accessibility to the BRT system; and (ii) primary and secondary drainage systems – including bank stabilization, detention ponds, connection to the secondary network etc. around five river basins of Dar es Salaam. In addition, a zero-sum sub-component will support, at GoTs request and the Bank's concurrence, activities (assessments, technical assistance, works, and purchase of equipment) resulting from natural or man-made disasters, including public health crisis.

### Component Name

Component 2: Upgrading in Low-Income Communities

### Comments (optional)

This component will finance the upgrading of low-income communities in all three municipal councils, by improving basic services including: (i) roads and road related infrastructure (roads, bridges/culverts, footpaths, traffic lights etc.); (ii) environmental related works (storm water drainage, sanitation, tertiary solid waste collection, street lights); and (iii) community related

amenities (parks, markets and bus stands); as well as strengthening community-level initiatives and capacities related to the upgrading.

**Component Name**

Component 3: Institutional Strengthening, Capacity Building, and Urban Analytics

**Comments (optional)**

This component will support: (i) development of metropolitan governance arrangements and systems; (ii) municipal finances and technical capacity through own source revenue collection and development and integration of GIS; (iii) integrated transport and land-use planning; (iv) operations and maintenance systems; (v) urban analytics; and (vi) strengthening of urban planning systems.

**Component Name**

Component 4: Implementation Support and Monitoring & Evaluation.

**Comments (optional)**

This component will enable the key implementing agencies (PMO-RALG, DLAs and DART Agency) to execute the project. It will include operational costs for the direct project management and supervision functions, including procurement, accounting, financial management, safeguards, monitoring and evaluation (M&E), audit of project accounts, meetings and workshops, and impact assessments. Resources for further project preparation are included. In addition, funds are allocated for critical maintenance equipment required for long term sustainability of priority infrastructure as well as for the organizing and implementing of IEC initiatives at ward, sub-ward and community level.

**IV. Financing (in USD Million)**

Total Project Cost:	330.30	Total Bank Financing:	300.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			25.30
International Development Association (IDA)			300.00
Nordic Development Fund (NDF)			5.00
Total			330.30

**V. Implementation**

The overall project implementation agency and coordination function will be undertaken by PMO-RALG. It will also have responsibilities for M&E, quality assurance, fiduciary support, safeguards oversight. Sub-projects will be implemented by the DLAs and DART Agency (for some of the TA and institutional strengthening activities). A dedicated Project Coordination Unit (PCU) will be set up in PMO-RALG for this project. This arrangement with PMO-RALG is working well in other Bank urban operations (TSCP, ULGSP etc.). This project will include dedicated quality assurance and technical support consultants with PMO-RALG (with international experience) for top-level support to ensure safeguards and works are carried out to high standards and on schedule. A Project Implementation Manual (PIM) will be prepared by PMO-RALG to guide its implementation.

The DLAs will be responsible to implement the work, including sub-projects procurement, contract management, safeguards, resettlement, M&E, and project reporting to PMO-RALG. Each DLA has established a full time Project Implementation Unit (PIU) staffed with dedicated team of officers to carry out these responsibilities. The Bank has worked in the past with the DLAs on similar work –

thus their capacity is known to be sufficient, though they will require some implementation support through their own consultants and with PMO-RALG's. DART Agency is the most suitable authority to implement the integrated land-use and transit developments plans along the BRT corridor.

Communities have been involved in all phases of the project. Intensive community consultations were a cornerstone of project preparation, and the communities will also be involved during the subsequent implementation and monitoring and evaluation stages. In addition IEC campaigns are to be carried out and community groups motivated to get involved in periodic environmental clean-ups and tertiary solid waste collection arrangements. The IEC initiatives will be driven by the respective PIUs assisted by their implementation support consultants together with NGO involvement.

## VI. Safeguard Policies (including public consultation)

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	<b>x</b>	
Natural Habitats OP/BP 4.04		<b>x</b>
Forests OP/BP 4.36		<b>x</b>
Pest Management OP 4.09		<b>x</b>
Physical Cultural Resources OP/BP 4.11	<b>x</b>	
Indigenous Peoples OP/BP 4.10		<b>x</b>
Involuntary Resettlement OP/BP 4.12	<b>x</b>	
Safety of Dams OP/BP 4.37		<b>x</b>
Projects on International Waterways OP/BP 7.50		<b>x</b>
Projects in Disputed Areas OP/BP 7.60		<b>x</b>

### Comments (optional)

The long term impacts of the project activities are expected to be positive and result in improvements to environmental quality in Dar es Salaam including relieving traffic congestion and air quality, job creation and increased incomes, improved drainage resulting in reduced health risks and infrastructure sustainability, and improved access to community facilities. The ESIA's found that most impacts would result from the construction phase, however the mitigation measures during the operation phase will be particularly critical in terms of public safety for drainage infrastructure, to avoid negative impacts of improper management including management of detention ponds and ensuring that drainage infrastructure is maintained to avoid future flooding. Future encroachment by informal settlements on road and drainage infrastructure is a particular risk for both public safety and resettlement costs in the case of future investments.

## VII. Contact point

### World Bank

Contact: Andre A. Bald  
 Title: Sr Urban Spec.  
 Tel: 5355+3250  
 Email: abald@worldbank.org

### Borrower/Client/Recipient

Name: The United Republic of Tanzania  
 Contact: Dr. Servacius B. Likwelile  
 Title: Permanent Secretary

Tel: 255-222-112-856  
Email: sblikwelile@mof.go.tz

**Implementing Agencies**

Name: Prime Minister's Office – Regional Administration and Local Government (PMO-RALG)  
Contact: Emmanuel Ndyamukama  
Title: Project Coordinator  
Tel: 255-754770592  
Email: emmandya@yahoo.com

**VIII. For more information contact:**

The InfoShop  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 458-4500  
Fax: (202) 522-1500  
Web: <http://www.worldbank.org/infoshop>