

# PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC8853

<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 (60%), Municipal governance and institution building (20%), Urban planning and housing policy (20%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P123134
<b>Borrower(s)</b>	MINISTRY OF FINANCE
<b>Implementing Agency</b>	Prime Minister Office - Regional Administration and Local Government, Ministry of Lands, Housing and Human Settlements Development (MLHHSD)
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/ Updated</b>	12-Nov-2014
<b>Date PID Approved/ Disclosed</b>	12-Nov-2014
<b>Estimated Date of Appraisal Completion</b>	28-Nov-2014
<b>Estimated Date of Board Approval</b>	02-Mar-2015
<b>Concept Review Decision</b>	Track II - The review did authorize the preparation to continue

## I. Introduction and Context

### Country Context

1. 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. Despite the strong economic growth, Tanzania is one of the poorest countries in Africa with approximately 13 million people (28 percent of the population) still living below the basic needs poverty line.

2. Tanzania has high population growth rate, at around three percent annually and is rapidly urbanizing – over half of the population will live in urban areas by 2030. Going forward, the

country is expected to increasingly become an urban economy, with approximately half of its population living in major and secondary cities by 2030, against one quarter today. Tanzania's primary city - Dar es Salaam accounts for 40% of the urban population (or 4.4 million in 2012).

3. Urban areas are critical to Tanzania's national economic growth, and key for job creation and poverty reduction. Tanzanian cities already account for the majority of the country's physical, financial, academic and technological capital. Currently, it is estimated that economic activities in urban areas contribute to approximately half of the country's GDP. In particular, Dar es Salaam contributes about 40 percent of the national GDP. The Bank's Country Economic Memorandum: Tanzania; Productive Jobs Wanted (Draft 2014) (CEM) highlights the role that more productive jobs can play towards economic development, poverty reduction, social cohesion and stability.

4. Despite urbanization, the benefits of agglomeration economies are not well captured in Tanzania. Rapid urbanization and increased population density have not translated to increases in economic density. Rather, urban sprawl and low density development has prevailed – connectivity between people, industries, and markets is poor.

5. In order to derive greater agglomeration benefits and create jobs, efficient cities are needed. The high economic growth rates experienced over the past decade have not translated into jobs. Firms face considerable constraints that reduce their productivity and ability to hire. Developing efficient and competitive cities will be critical to support the key pillars outlined in the CEM for job creation in Tanzania, noting: (i) cities are driving the growth of non-farm businesses and (ii) to create more jobs, the economy will need to move towards export markets.

6. Dar es Salaam is critical to the national economy and important regionally. Dar accounts for 83 percent of the national government domestic revenues (70 percent of all taxes), collects 33 percent of all own-source revenues by Local Government Authorities, and produces 40 percent of the national GDP. Malawi, Zambia, Burundi, Rwanda, Uganda, and large parts of eastern Democratic Republic of Congo depend on the port and markets of Dar for their import and export needs.

### **Sectoral and Institutional Context**

7. The institutional structure of Dar es Salaam is complex, fragmented, and inefficient for metropolitan governance. Dar es Salaam is a Region composed of a coordinating Dar es Salaam City Council (DCC) and three Municipal Councils: Kinondoni (KMC), Ilala (IMC), and Temeke (TMC). Together, referred to as the Dar es Salaam Local Authorities (DLAs). However, the MCs do not report to the DCC but rather directly to the Prime Minister's Office – Regional Administration and Local Government (PMO-RALG). Several 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, and leaders recognize that major changes are required to improve the metropolitan planning and governance arrangements for the burgeoning region. Dar es Salam is growing in the absence of a vision, strategy or accountable entity to manage the radical transition from a small port city to Africa's next mega city.

8. Planning systems and development controls are weak, and informality has been the driving force shaping the region. There has not been a master plan guiding the city's development for over a decade (the new Master Plan for 2012-2032 is stuck in a protracted approval process with resolution not expected in the near term). Some planning, land management, and revenue

enhancement functions are controlled at the national level - this contributes to the complexity and inefficiency of urban management. As a result, there is a proliferation of poorly serviced informal settlements, sprawl, and encroachment into valuable right of ways. This locks in resource intensive growth patterns that will have irreparable impacts on mobility, efficiency, housing affordability, environmental quality, and service provision.

9. The city's sprawling form, poor transport infrastructure, and increasing use of automobiles make mobility a growing challenge. Dar es Salaam has 2,170 km of roads, of which only 411 km (about 20 percent) are in good condition. There are only four road arteries, and the system lacks adequate connecting roads between them. This affects the region's competitiveness, adds to the high commuting costs for workers, and limits economic opportunities for the poor.

10. 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 and has the best potential to act as a catalyst investment that can transform the city. Capturing the benefits of BRT will require: (i) integrating land-use and transport planning, (ii) ensuring the access through a network of seamless feeder routes, particularly connecting low-income communities, (iii) developing new standards for pedestrian and transit-oriented development, and (iv) having the supporting institutions with a regional mandate for operating public transport systems, parking, and traffic management.

11. Dar es Salaam's current flooding problems are expected to increase with population growth and climate change. The key cause of flooding is the absence of a well-functioning primary drainage network, which can provide an outlet for the secondary and tertiary systems. As a low-lying coastal city (affected by tidal influences and increasingly by sea level rise) Dar is highly vulnerable to even minor storm events, and the consequences of not making significant investments in the drainage network are high.

12. The World Bank has worked with the Government of Tanzania for over a decade in the urban sector. The current urban investment portfolio covers all 29 of the Urban Local Governments in Tanzania, through multiple projects including Local Government Support Project, Tanzania Strategic Cities Project, Urban Local Government Strengthening Program, Zanzibar Urban Services Project, and the Second Central Transport Corridor Project. 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. Results from all of these studies will be available in FY15 to help guide the design of the institutional and capacity building components.

### **Relationship to CAS**

13. The proposed Dar es Salaam Metropolitan Development Project has been identified as one of the pipeline lending projects in the current Country Assistance Strategy (CAS) FY 2012-2015, and CAS Update. The CAS recognizes the rapid urbanization faced by Tanzania and highlights this one of the development challenges for the country. DMDP will contribute to achieving two of the four CAS objectives, namely, "Build Infrastructure and Deliver Services" and "Promote Accountability and Governance"; and several CAS outcomes: (i) increased access to and quality of transport services; (ii) increased access to and quality of water and sanitation services; (iii) improved access to and management of urban services; and (iv) improved accountability and efficiency of public management.

14. The proposed project is further aligned with the Tanzania national strategies and contributes to the goals of the World Bank to end extreme poverty and boost shared prosperity. Tanzania's five-year National Strategy for Growth and Poverty Reduction and the Tanzania Development Vision 2025 highlight the importance of harnessing the benefits of urbanization especially through increased investments in infrastructure. In addition, the GoT launched the Big Results Now (BRN) initiative in 2013; one of its six priority areas is in transport for Dar es Salaam (the implementation of the central transport corridor), of which the BRT and Ubungu Junction are an integral part. Further, through the provision of key urban infrastructure serving largely poor communities and capacity building for the DLAs, the project will support GoT's efforts to create a well-functioning and productive Dar es Salaam. This is conducive to inclusive growth and job creation, and in turn reduce poverty, thus contributing to the twin goals of the World Bank.

## II. Proposed Development Objective(s)

### Proposed Development Objective(s) (From PCN)

The Project Development Objective is to improve infrastructure services in the Dar es Salaam Metropolitan Region.

### Key Results (From PCN)

Achievement of the PDO will be monitored through the following proposed key results indicators:

- People in urban areas provided with access (within a 500m range) to all-season roads rehabilitated/constructed under the project (number) (core);
- Land area protected from a 10 year return period flood event (ha);
- Direct project beneficiaries (number), and percentage females (%) (core);

## III. Preliminary Description

### Concept Description

Component 1: Priority Infrastructure. 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 system – including bank stabilization, retention ponds, connection to the secondary network etc. around five river basins of Dar es Salaam.

Component 1a - Priority roads supporting public transit, mobility, and connectivity to low income communities. This sub-component will finance improvements and constructions of priority sections of the existing local and feeder roads in the urban core, totaling 41.5 km, to reduce congestion hotspots, and improve accessibility to the BRT system by low income communities. The portions connecting to the BRT will incorporate transit and pedestrian oriented design principles, and help establish the standards for the BRT's future expansion.

The road sub-projects were identified from a long-list of priority investments provided by the DLAs. Roads were selected based on: (i) population density, and proximity to low-income communities; (ii) connectivity to DART and its feeder routes; (iii) contribution to developing compact dense urban areas, versus encouragement of sprawl; (iv) identification as strategic links of the urban road network plan; and (v) to spread benefits equitably across municipalities while having metropolitan-wide impacts.

Component 1b: Flood Control and Storm Water Drainage. This sub-component will support improvement of 31.5 km of the primary and secondary drainage system (bank stabilization, retention ponds, connection to the secondary network, etc.) around the five river basins of Dar es Salaam, including the Sinza (Kinondoni), Msimbazi (Ilala), Gerenazi Creek (Temeke), Yombo (Ilala and Temeke), and Kizinga (Temeke).

The project will introduce the use of retention ponds (i.e. low area that floods in extreme storm times, which can function as public green spaces during non-storm events). This innovative approach, not yet carried out in Tanzania, will significantly cut capital costs and resettlement requirements. The engineering design factors in the effects of climate change and allows for extra hydraulic capacity in the project investments. Dar es Salaam does not currently have a Drainage Master Plan – thus initial investments would be limited to the obvious improvements to the primary and secondary network, and some strategic sections of the secondary network. The project would (through Component 4) support preparation of a Drainage Master Plan to prioritize future secondary and tertiary investments, develop operations and maintenance schemes and budgets, related work for metropolitan urban resilience, and capital works planning.

Component 1c: Emergency Response. This 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, or public health events in the Dar Metro. This is currently a zero sum sub-component, and funds could be made available by reallocation or additional financing.

Component 2: Upgrading in Low-Income Communities. 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, solid & liquid waste management, street lights); and (iii) community related amenities (parks, markets and sub ward office).

Approximately 40 low-income community sub-wards, mostly in the urban core, have been identified for upgrading. The upgrading approach draws on experience from the past Bank-financed CIUP and aims to improve basic services, enhance connectivity between primary and secondary networks, and minimize resettlement by adopting flexible design standards. The community upgrading plans have been prepared using community participatory approach, and employed socio-economic surveys, focus group discussions, amongst other methods and involved multiple key stakeholders including the community, local leaders, municipal councils and non-governmental organizations.

The demand for upgrading is high in Dar es Salaam, therefore, selection factored in: (i) working in dense, highly populated communities with poor infrastructure; (ii) focusing on connectivity to the primary road and drainage network financed through DMDP; and (iii) investments that would not further encourage sprawl, but densification. While in-situ upgrading is one strategy to address the urgent housing needs and conditions of low-income communities, forward thinking and planning is also required to address the larger issues of land, informality and sprawl. Component 4 will have complementary analytical and planning work to help the government address related settlement issues, such as strategies for addressing informality, curbing sprawl, scaling-up upgrading, and land management.

Component 3: Institutional Strengthening, Capacity Building, and Urban Analytics. This component will support: (i) 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; and (v) urban analytics. This component will be partially funded by the Nordic Development Fund (pending approval).

These sub-components are further elaborated below:

Component 3a: Improving Metropolitan Governance Arrangement and Systems. DMDP will support PMO-RALG and the DLAs with further technical analysis of the options, developing an action plan for implementation, and preparing legal documents, and transition support to improve the functions and efficiency of metropolitan governance.

Component 3b: Improving Own Source Revenue Collection Systems and Mainstreaming Geographic Information Systems. This component will launch and operationalize the Local Government Revenue Collection Information System (LGRCIS) for Dar es Salaam. Support includes the installation and training for LGRCIS, migration of data from the old system, update of the valuation role, improve billing and collection systems, and finance the hardware and software. It will provide training and equipment for developing GIS and mainstreaming its use in DLA technical departments – as well as the institutional framework for better sharing spatial data and improving access for the public.

Component 3c: Support for Integrated Transport and Land-use Planning. This component, through integrated planning and technical support, will help maximize the benefits of the phase 1 BRT system, assist with developing priority nodes and serve as demonstration for future BRT corridors. The two key outputs are (i) Corridor Development Strategy and (ii) Strategies to Operationalizing TOD/Corridor Development. Activities would introduce transit-oriented design, station area development plans, traffic management strategies, non-motorized transport accessibility study/planning, PPP or other operational strategies, and culminating in a charette-based Corridor Development Strategy. Stakeholder capacity building activities oriented towards improving community participation, developing community of practice and increasing knowledge and execution capacity of the integrated corridor will be carried out. The sub-component will also provide just in time technical assistance to DART (and related organizations supporting the BRT and planning).

Component 3d: Strengthening Operations and Maintenance Systems. This sub-component will strengthen the capacity of GoT (including Ministries, Departments and Agencies) and the DLAs to plan, deliver, operate and maintain public infrastructure and services. Tasks include developing (i) a drainage master plan and (ii) road maintenance management systems for DLAs. The new GIS systems developed through the LGRCIS will help support this work. New ICT technologies may offer more cost effective means to support O&M, thus innovation pilots will be encouraged.

Component 3e: Urban Analytics. Related technical assistance will be carried out to address the long term urban challenges, and to improve competitiveness of Tanzania cities to establish sound analytical foundations for future engagements. Most activities will be identified through the forthcoming Tanzania Urbanization Review. Activities could include feasibility studies and policy analysis on topics such as metropolitan sprawl and informality, land management, development of

economic opportunities (eg. industrial zone development), cultural heritage, or other studies needed to prepare investments for future projects in the series, or later project phases.

Component 4: Implementation Support and Monitoring & Evaluation. This component will enable the key implementing agencies (PMO-RALG, DLAs and DART) to execute the project. This is expected to include operational costs for the direct project management and supervision functions, including procurement, accounting, financial management, 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.

#### IV. Safeguard Policies that might apply

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

#### V. Financing (in USD Million)

Total Project Cost:	280.00	Total Bank Financing:	240.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
BORROWER/RECIPIENT			40.00
International Development Association (IDA)			240.00
Total			280.00

#### VI. Contact point

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