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Report No: PAD1087

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 207.10 MILLION  
(US\$300.00 MILLION EQUIVALENT)

TO THE UNITED REPUBLIC OF TANZANIA

FOR A

DAR ES SALAAM METROPOLITAN DEVELOPMENT PROJECT

February 6, 2015

Eastern Africa Region, Country Cluster 1  
Social, Urban, Rural and Resilience Global Practice

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective December 31, 2014)

Currency Unit = Tanzania Shillings  
Tsh 1,630 = US\$1  
SDR 0.69 (0. 69022163) = US\$1

FISCAL YEAR  
July 1 – June 30

## ABBREVIATIONS AND ACRONYMS

BRN	Big Results Now
BRT	Bus Rapid Transit
CAG	Controller and Auditor General
CAS	Country Assistance Strategy
CIUP	Community Infrastructure Upgrading Program
CQ	Consultant Qualification
CRO	Certificate of Residential Occupancy
CTCP2	Second Central Transport Corridor Project
DA	Designated Account
DALYs	Disability-Adjusted Life Years
Dar Metro	Dar es Salaam Metropolitan
DART	Dar Bus Rapid Transit System
DART Agency	Dar Rapid Transit Agency
DCC	Dar es Salaam City Council
DL	Disbursement Letter
DLAs	Dar es Salaam Local Authorities
DMDP	Dar es Salaam Metropolitan Development Project
EOI	Expression of Interest
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plans
FB	Fixed Budget
FS	Feasibility Study
GHGs	Greenhouse Gases
GIS	Geographic Information Systems
GoT	Government of Tanzania
HDM	Highway Design and Maintenance
IC	Individual Consultants
ICB	International Competitive Bidding

IDA	International Development Association
IEC	Information, Education and Communication
IMC	Ilala Municipal Council
IPF	Investment Project Financing
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
KMC	Kinondoni Municipal Council
LAAC	Local Authorities Accounts Committee
LCS	Least-Cost Selection
LGRCIS	Local Government Revenue Collection and Information System
LGSP	Urban Local Government Strengthening Program
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
NAO	National Audit Office
NCB	National Competitive Bidding
NDF	Nordic Development Fund
NEMC	National Environmental Management Council
NPV	Net Present Value
PAC	Parliamentary Accounts Committee
PAPs	Project Affected People
PCU	Project Coordination Unit
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
PMU	Procurement Management Unit
PPRA	Public Procurement Regulatory Authority
QCBS	Quality and Cost Based Selection
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SOE	Statements of Expenditures
SOP	Series of Projects
SORT	Systematic Operations Risk-Rating Tool
TMC	Temeke Municipal Council
TOD	Transit-Oriented Development
TOR	Terms of Reference
TSCP	Tanzania Strategic Cities Project
TSHs	Tanzania Shillings
ULGSP	Urban Local Government Strengthening Program
VOC	Vehicle Operating Costs
ZUSP	Zanzibar Urban Services Project

Regional Vice President:	Makhtar Diop
Country Director:	Philippe Dongier
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Practice Manager:	Sameh Naguib Wahba
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Co-Task Team Leader:	Chyi-Yun Huang

**TANZANIA**  
*Dar es Salaam Metropolitan Development Project (P123134)*

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**PAD DATA SHEET***Tanzania**Dar es Salaam Metropolitan Development Project (P123134)***PROJECT APPRAISAL DOCUMENT***AFRICA*

Report No.: PAD1087

<b>Basic Information</b>			
Project ID P123134	EA Category B - Partial Assessment	Team Leader Andre A. Bald	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ X ]		
Project Implementation Start Date 02-Mar-2015	Project Implementation End Date 31-Dec-2020		
Expected Effectiveness Date 01-Jul-2015	Expected Closing Date 31-Dec-2020		
Joint IFC No			
Practice Manager/Manager Sameh Naguib Wahba	Senior Global Practice Director Ede Jorge Ijjasz-Vasquez	Country Director Philippe Dongier	Regional Vice President Makhtar Diop
Borrower: MINISTRY OF FINANCE			
Responsible Agency: Regional Administration and Local Government (PMO-RALG)			
Contact: Telephone No.:	Davis B. Shemangale 255-754851384	Title: Email:	Project Coordinator sdavisben@yahoo.com
Responsible Agency: Nordic Development Fund			
Contact: Telephone No.:	Hannu Eerola 358-106180457	Title: Email:	Country Program Manager <a href="mailto:Hannu.Eerola@ndf.fi">Hannu.Eerola@ndf.fi</a>
<b>Project Financing Data(in USD Million)</b>			
[ ] Loan	[ ] IDA Grant	[ ] Guarantee	
[ X ] Credit	[ ] Grant	[ ] Other	
Total Project Cost:	330.30	Total Bank Financing:	300.00
Financing Gap:	0.00		

<b>Financing Source</b>	<b>Amount</b>
BORROWER/RECIPIENT	25.30
International Development Association (IDA)	300.00
Nordic Development Fund (NDF)	5.00
Total	330.30

### **Expected Disbursements (in USD Million)**

Fiscal Year	2015	2016	2017	2018	2019	2020	2021			
Annual	0.00	10.00	35.00	60.00	85.00	80.00	30.00			
Cumulative	0.00	10.00	45.00	105.00	190.00	270.00	300.00			

### **Institutional Data**

#### **Practice Area / Cross Cutting Solution Area**

Social, Urban, Rural and Resilience Global Practice

#### **Cross Cutting Areas**

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

#### **Sectors / Climate Change**

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Transportation	Urban Transport	60		
Water, sanitation and flood protection	General water, sanitation and flood protection sector	30		
Public Administration, Law, and Justice	Sub-national government administration	10		
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

#### **Themes**

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%



Urban development	City-wide Infrastructure and Service Delivery	40
Urban development	Urban services and housing for the poor	30
Urban development	Municipal governance and institution building	20
Urban development	Urban planning and housing policy	10
Total		100
<b>Proposed Development Objective(s)</b>		
The objective of the Project is to improve urban services and institutional capacity in the Dar es Salaam Metropolitan Area, and to facilitate potential emergency response.		
<b>Components</b>		
<b>Component Name</b>	<b>Cost (USD Millions)</b>	
Component 1: Priority Infrastructure	158.46	
Component 2: Upgrading in Low-Income Communities	106.14	
Component 3: Institutional Strengthening, Capacity Building and Urban Analytics	21.00	
Component 4: Implementation Support and Monitoring and Evaluation	14.40	
<b>Compliance</b>		
<b>Policy</b>		
Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [ X ]
Does the project require any waivers of Bank policies?	Yes [ ]	No [ X ]
Have these been approved by Bank management?	Yes [ ]	No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [ X ]
Does the project meet the Regional criteria for readiness for implementation?	Yes [ X ]	No [ ]
<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			X
Projects in Disputed Areas OP/BP 7.60			X
<b>Legal Covenants</b>			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Metropolitan Governance Action Plan		30-Jun-2016	
<b>Description of Covenant</b>			
The Recipient has completed and adopted the action plan for implementation of improved metropolitan governance system. The action plan should describe measurable targets for implementation within the project period.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
LGRCIS Operational Plan		30-Jun-2016	
<b>Description of Covenant</b>			
The Recipient should complete and adopt the Local Government Revenue Collection and Information System (LGRCIS) operational plan for Dar es Salaam Metropolitan Area and establish interim and final revenue collection targets.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
LGRCIS Fully Operational		30-Jun-2019	
<b>Description of Covenant</b>			
The Recipient should ensure that the LGRCIS is fully operational for the Dar es Salaam Metropolitan Area and achieved the revenue collection targets established in the operational plan.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Corridor Development Strategy for BRT Line 1		30-Jun-2017	
<b>Description of Covenant</b>			
The Recipient has completed and adopted the Corridor Development Strategy for the first line of the BRT (along Morogoro Road) in Dar es Salaam.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Drainage Master Plan		30-Jun-2017	
<b>Description of Covenant</b>			
The Recipient has completed and adopted the Drainage Master Plan for Dar es Salaam.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Accounting System		31-Dec-2015	
<b>Description of Covenant</b>			
PMO-RALG has completed customization of project chart of accounts.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Project electronic filing system		31-Dec-2015	
<b>Description of Covenant</b>			

Dar Local Authorities completed setting up the project electronic filing system in order to better keep procurement documents and reports and identify staff responsible for this task and to train them in data management.

Name	Recurrent	Due Date	Frequency
Integrated procurement system		31-Dec-2015	

**Description of Covenant**

PMO-RALG has set up an integrated procurement system (planning, monitoring and contract management) with the computerized project financial management system.

Name	Recurrent	Due Date	Frequency
Recruitment of junior procurement consultant		31-Mar-2017	

**Description of Covenant**

PMO-RALG to recruit junior procurement consultant to assist and mentor DLAs' staff.

**Conditions**

Source Of Fund	Name	Type
IDA	Project Implementation Manual	Effectiveness

**Description of Condition**

The Recipient has adopted the Project Implementation Manual, in accordance with the provisions of Section 5.01 to the Financing Agreement.

**Team Composition**

**Bank Staff**

Name	Title	Specialization	Unit
Andre A. Bald	Senior Urban Specialist	Task Team Leader	GSURR
Chyi-Yun Huang	Urban Specialist	Co-TTL/Urban Specialist	GSURR
Roderick M. Babijes	Program Assistant	Program Assistant	GSURR
Amy Faust	Consultant	Environment Specialist	GSURR
Jane A. N. Kibbassa	Senior Environmental Specialist	Senior Environmental Specialist	GENDR
Yue Li	Economist	Economist	SARCE
Leah Mukuta	Program Assistant	Program Assistant	AFCE1
Christiaan Johannes Nieuwoudt	Finance Officer	Finance Officer	CTRLA
Mercy Mataro Sabai	Sr Financial Management Specialist	Sr Financial Management Specialist	GGODR
Helen Z. Shahriari	Sr Social Scientist	Sr Social Scientist	GSURR
Mei Wang	Senior Counsel	Senior Counsel	LEGAM
Aissata Z. Zerbo	Procurement Specialist	Procurement Specialist	GGODR

Gisbert Kinyero	Procurement Specialist	Procurement Specialist	GGODR		
Yonas Mchomvu	Senior Transport Specialist	Senior Transport Specialist	GTIDR		
<b>Non Bank Staff</b>					
<b>Name</b>		<b>Title</b>	<b>City</b>		
Chris Banes		Engineer			
Joseph Gadek		Civil Engineer			
Gottfried Roelcke		Urban Specialist			
Munidi Musyangi		Engineer			
<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Tanzania	Dar es Salaam	Dar es Salaam		<b>X</b>	Dar es Salaam Metropolitan area

## I. STRATEGIC CONTEXT

### A. Country Context

1. **Tanzania has experienced strong and rapid economic growth, with its annual Gross Domestic Product (GDP) growth averaging around seven percent in the last decade.** Despite the strong economic performance, 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.

2. **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<sup>1</sup> 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, and technological capital. 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.<sup>2</sup> Tanzania is also a regional hub due to its strategic location (providing access to the sea to six landlocked countries); and its access to global markets through its ports: (about US\$15 billion, equivalent of 60 percent of Tanzania's GDP, of merchandise transited through the port of Dar es Salaam in 2013). Economic activities in urban areas contribute approximately half of GDP.

3. **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.

4. **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:

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<sup>1</sup>These figures may underestimate the magnitude of urbanization. Estimates based on population density show approximately 20 million persons live in areas with a density higher than 150 people per sqkm. This will reach 45 million, or 54 percent of total population by 2030.

<sup>2</sup> From 2002-2012 the population for Dar grew from 2.5 to 4.6 million. In absolute numbers, Dar grew more than all other urban areas combined. Source: *National Bureau of Statistics*.

(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.

**5. 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, and facilitating an improvement in the port-city interface; (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.

## **B. Sectoral and Institutional Context**

**6. 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 percent in 2007 to 4.0 percent in 2012<sup>3</sup>. 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.

**7. The institutional structure of Dar es Salaam is complex, fragmented, and this makes metropolitan governance complicated and less effective.** Dar es Salaam Region<sup>4</sup> 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

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<sup>3</sup> Source: 2011/2012 Household Budget Survey. The high poverty reduction between 2007-11/12 in Dar es Salaam is due to both growth in average consumption and reduced inequality.

<sup>4</sup> The region has a regional administration, headed by the Regional Commissioner, in addition to a city administration, headed by the City Council and the Mayor of Dar es Salaam.

ministries and agencies of the central government retain control over important functions<sup>5</sup>. The city has outgrown this structure, which was created when the population was around a million. Service and tasks 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<sup>6</sup> for the burgeoning region. 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. There is recognition by the government of the short window of time for action.

**8. 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 US\$19 million in 2009/10 to US\$57 million in 2013/14 – this, despite the current antiquate systems in place<sup>7</sup>. There is significant space to improve own-source revenue collection<sup>8</sup> for the DLAs by upgrading the current antiquated systems, improving billing and collection practices, upgrading the valuation rolls, and other measures to improve transparency and customer orientation. Practices and guidelines are also lacking to capitalize on infrastructure improvements and enable land value capture for public good.

**9. The new Local Government Revenue Collection and Information System (LGRICIS) Program operating in the medium-sized cities has promise for Dar es Salaam.** Piloted under the Bank-financed Tanzania Strategic Cities Project (TSCP), LGRICIS 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 LGRICIS 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 LGRICIS.

**10. 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

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<sup>5</sup> Major roads, electricity, water supply and sewerage, regulation of public transport and traffic management, among others are not the responsibility of the DLAs. Urban Planning remains under the control of the Ministry of Lands, Housing and Human Settlements Development (MOLHSD).

<sup>6</sup> Major challenges in the institutional governance reform involve overall metropolitan governance arrangements, consensus among stakeholders, clarity of coordination role of DCC, responsibility of DLAs for cross-jurisdictional issues and provision of services, revenue sharing arrangements between DLAs, provision and adequacy of specific Law(s)/By-laws/Regulations for better management and delivery of services etc.

<sup>7</sup> The current systems are not integrated with EPICOR (the national budgeting software) or across municipalities, lack GIS capabilities, are not centralized, have outdated valuation roles, and are generally not user friendly or customer oriented.

<sup>8</sup> In 2011/12, the three DLAs combined only collected an estimated US\$3.5 million in property tax. In some cases, the valuation roles have not been updated since 2006. Other sources of revenue (billboards, hotel levies, business licenses) are similarly not well captured. The Local Government Revenue Collection and Information System (LGRICIS) is being piloted under the Tanzania Strategic Cities Project.

plans, which are a precursor for issuance of land titles. Growth in the region is starting to spill beyond the boundaries of the three DLAs – and future metropolitan government systems will need to consider the implications of the four neighboring districts.

**11. 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 Dar es 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.

**12. 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, both to meet the needs of the urban traffic flows, but also the access and egress of the regional port traffic, (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 es Salaam. 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.<sup>9</sup> For the majority who travel by bus – average commute time for a 15 km trip exceed 90 minutes.<sup>10</sup> Adding to the challenges, seasonal flooding is aggravating congestion, with small storm events putting the region in gridlock. The volumes handled by the port are conveyed primarily by road, contributing significantly to congestion in the metropolitan area. The predicted growth in the volumes<sup>11</sup> handled is likely to exacerbate these problems.

**13. 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

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<sup>9</sup> Source: Japan International Cooperation Agency – JICA. 2008. “Dar es Salaam Transport Policy and System Development Master Plan”.

<sup>10</sup> This calculation is for one-way, including waiting time, and is equivalent to travel speeds of 10-12km/hr during peak hours. Source: World Bank. 2013. “Tanzania Let’s Think Together”.

<sup>11</sup> The volume handled by the port is predicted to increase to some 35 million tons in 2030, up from 13.1 million tons in 2013. World Bank and East Africa Community (2014) *Building a Consensus for Integrated Corridor Development in the EAC Countries: Pillar 1 Intermodal Strategy and Action Plan*, Washington D.C./ Arusha.



operations, parking, and traffic management; and (vi) enabling land value capture mechanisms and channeling to the appropriate beneficiaries.

**14. Dar es Salaam’s flooding problems are expected to increase with urbanization and climate change<sup>12</sup>.** 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<sup>13</sup>. 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.

**15. 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) the Local Government Support Project 1 and 2, which closed in Fiscal Year (FY) 2013; (ii) the Tanzania Strategic Cities Project (TSCP); (iii) The Urban Local Government Strengthening Program (ULGSP), a Program-for-Results; (iv) the Zanzibar Urban Services Project (ZUSP); and (v) the Second Central Transport Corridor Project (CTCP2).

**16. 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*. An update to the *Dar es Salaam Transport Master Plan*, coordinated with Japan International Cooperation Agency (JICA), is on-going.

### **C. Higher Level Objectives to which the Project Contributes**

**17. The proposed Dar es Salaam Metropolitan Development Project (DMDP) has been identified as one of the pipeline lending projects in the current Country Assistance Strategy (CAS) FY 2012-2015, and is directly aligned with the strategic objectives of the CAS Update (June 3, 2014).** The CAS recognizes the rapid urban population growth and high urbanization rate faced by Tanzania and highlights the management of urbanization and institutional reform as main development challenges for the country. The DMDP will contribute to achieving two of the four CAS objectives, namely, “Build Infrastructure and Deliver Services” and “Promote Accountability and Governance”. In addition, under the two objectives, the DMDP is directly relevant to the following CAS outcomes: (i) increased access to and quality of transport services; (ii) increased

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<sup>12</sup> Initial risk modeling indicates that flood risk will worsen under climate change scenarios, and will especially impact the urban poor. The results of flooding simulations at 5, 10, and 50-year return periods confirm that the most affected are the lowland areas that are found along Dar es Salaam’s river valleys. Overall, simulations estimate that in a 50-year return period over 1.5 million residents could be impacted by floods, in the case of Kinondoni nearly 70 percent of the municipality’s residents. World Bank 2011.

<sup>13</sup>Matari E. R., Chang" a L. B., Chikojo G. E., Hyera T. (2008). *Climate Change scenario development for Second National Communication –Tanzania*. TMA Research Journal, Vol.1, pp. 40 – 54.

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.

**18. The proposed project is aligned with Tanzania’s national strategies.** The five-year National Strategy for Growth and Poverty Reduction and the Tanzania Development Vision 2025 highlight the importance urbanization and the demands for urban infrastructure. In addition, the Government of Tanzania (GoT) launched the Big Results Now (BRN) initiative in 2013 establishing a leadership team to drive, monitor, and evaluate the implementation of development plans. One of BRN’s six priority areas is in transport for Dar es Salaam (the implementation of the central transport corridor), including the BRT.

**19. The project contributes to the twin development goals of the World Bank - ending extreme poverty and boosting shared prosperity.** The project investments, and capacity and institutional strengthening activities aim to make Dar es Salaam a more efficient and competitive metropolitan area. This is the enabling environment needed for inclusive growth and job creation. The draft 2014 Country Economic Memorandum noted: “creating productive jobs is the most sustainable path out of poverty for developing countries.” In addition, the main project investments (roads, drainage, and low-income community upgrading) are focused on low income communities. The infrastructure improvements will serve the dual purpose of improving liveability through better access to basic services, and also improved connectivity of low-income communities to jobs and markets. The targeted upgrading program build upon the past program of infrastructure upgrading in low-income areas, where between 45-70 percent of the sub-ward population could be categorized as low-income households (earning less than TSHs 150,000 or US\$92 equivalent per household per month<sup>14</sup>).

**20. The project contributes to climate change adaptation and mitigation and significant urban resilience.** DMDP initiatives will contribute to reducing the vulnerability of human settlements (especially low-income communities) and infrastructure systems to the impacts of climate change. This is done mainly through: (i) climate change adaptation - conscious project design such as having infrastructure interventions to take into account the anticipated impacts of climate change; and (ii) climate change mitigation - encouraging integrated land use and transport planning, the use of public transport and non-motorized transport, and improving information systems through GIS, thus the better urban form and enabling public transport will prevent additional Greenhouse Gases (GHG) emissions.

## **II. PROJECT DEVELOPMENT OBJECTIVES**

### **A. PDO**

21. The Project Development Objective is to **improve urban services and institutional capacity in the Dar es Salaam Metropolitan Area,<sup>15</sup> and to facilitate potential emergency response<sup>16</sup>.**

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<sup>14</sup> 2011/12 basic needs poverty line is 36,482 TZS per adult per month or the equivalent of US\$1 per capita per day (at 2005 PPPs).

<sup>15</sup> There is currently no official definition of a metropolitan area for Dar es Salaam. For the purposes of this project, within the project period, the current Dar es Salaam region will be considered the metropolitan area. However, it is envisioned that with the changes in metropolitan governance, an appropriate metropolitan area boundary may be defined.

## **B. Project Beneficiaries**

22. The project will directly benefit approximately 1,500,000 residents in the broader Dar es Salaam area through improved urban infrastructure and services. Through improvements in basic infrastructure services and access of low-income community upgrading, approximately 100,000 low income households or 380,000 poor people in 40 communities or sub-wards in 13 wards across the 3 Municipal Councils will benefit. The planning and capacity strengthening interventions (improving metropolitan governance arrangements, integrated transport and land use planning, and modernizing own source revenue and GIS systems) will have metropolitan-wide benefits.

## **C. PDO Level Results Indicators**

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

- (i) Direct project beneficiaries (number), and percentage females (%) (core);
- (ii) People in urban areas provided with access to all-season roads rehabilitated/constructed under the project (number);
- (iii) Land area protected from a 10 year return period flood event as a result of project interventions (ha);
- (iv) Completion (Yes/No), Adoption (Yes/No) and Implementation (Yes/No) of an Action Plan for Improving the Institutional Structure for the Dar es Salaam Metropolitan Area.

## **III. PROJECT DESCRIPTION**

24. DMDP is proposed as the first in a Series of Projects (SOP) in the Dar es Salaam Metropolitan (Dar Metro) region. This programmatic approach will help address the complex issues that require incremental and sustained interventions - while also responding to immediate service provision and capacity building demands. The first phase recognizes the urgent infrastructure demands for basic services, urban mobility, and flooding in Dar Metro region – but also need for support to develop the institutional structure and capacity to manage a future mega-city. The latter will take time, but is critical to ensure the effectiveness and sustainability of investments prepared through the project and for possible future interventions. Thus, engagements beyond this first project in the series will largely depend on the government’s efforts and results achieved towards strengthening the metropolitan governance arrangements and the capacity of the DLAs. Any future Bank investments would be contingent on GoT taking measures acceptable to the Bank to put urban management systems and institutional arrangements in place. The SOP approach is elaborated in Section C.

25. The government’s original request for World Bank support was for investments in roads, drainage, solid waste management, and community upgrading – the list of works totaled roughly US\$650 million. These sectors were assessed during preparation – and project design, sector coverage, and selectivity of the investments for the first project series was based on:

- (i) opportunities to address institutional and capacity bottlenecks;
- (ii) potential for transformation, enabling broader metropolitan impacts;
- (iii) demonstration effect and introduction of new innovations;
- (iv) benefits to the urban poor and vulnerable communities;

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<sup>16</sup> The project will include a contingency component for disaster risk response. The PDO statement “to facilitate potential emergency response” will only be applicable if the contingency component is implemented.

- (v) ‘no regret’ infrastructure, in consideration of current planning environment; and
- (vi) overall readiness and capacity of institutions to deliver.

26. Introduction of Innovation and Knowledge. DMDP will introduce: (i) improvements to metropolitan governance and management; (ii) automation and improvements to municipal planning, own source revenue and urban planning through better data collection and integrating GIS into current systems; (iii) piloting ‘green infrastructure’ with low-impact design such as detention ponds to lower costs and resettlement impacts; (iv) integrating land-use and transport planning to optimize developments – strategies, principles and pilots for the BRT corridor; (v) introducing land value capture mechanisms; and (vi) developing standards for transit-oriented, pedestrian-oriented development, non-motorized transit, and accessibility.

### **A. Project Components**

27. **Component 1: Priority Infrastructure (US\$172.64 million equivalent)**. 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. The component consists of:

28. Component 1a - Priority roads supporting public transit, mobility, and connectivity to low income communities. Construction and improvement of priority sections of local and feeder roads in the urban core areas of the Dar es Salaam Metropolitan Area, including the provision of related maintenance equipment.

29. This sub-component will finance improvements and constructions of priority sections of the existing local and feeder roads in the urban core, totaling approximately 34 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; (v) to spread benefits equitably across municipalities while having metropolitan-wide impacts; and (vi) economic analysis.

30. Component 1b: Flood Control and Storm Water Drainage<sup>17</sup>. Improvement of the primary and secondary drainage system around selected river basins of the Dar es Salaam Metropolitan Area and provision of related maintenance equipment.

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<sup>17</sup>In the early stages of the project identification it was envisaged that solid waste management would be included. Based on initial studies carried out, the cost of the SWM component ranged from US\$100 million to US\$300 million, depending on the geographical extent of the coverage and the attention given to the disposal site(s). Budget constraints and the current institutional arrangements of the DLAs initially preclude the inclusion of a SWM component. Without addressing SWM, drainage investments have been made with the recognition that associated maintenance costs for the drainage infrastructure will be higher than they would be if the drains did not have to act as solid waste receptors as well.

31. This sub-component will support improvement of 31.5 km of the primary and secondary drainage system (bank stabilization, lining, detention (attenuation) ponds and connections to the secondary network etc.) within five river basins of Dar es Salaam, including the Sinza (Kinondoni), Msimbazi (Ilala), Gerenzani Creek (Temeke), Yombo (Ilala and Temeke), and Kizinga (Temeke). The project will introduce the use of detention ponds (i.e. attenuation ponds that are low areas that are allowed to flood 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 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 high priority, low-risk 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.

32. Component 1c: Contingency for Disaster Risk Response. Enhancement of preparedness for, and provision of, rapid response to disaster, emergency and/or catastrophic events, as needed.

33. 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, including public health crisis. This is currently a zero sum sub-component, and funds could be made available by reallocation or additional financing.

34. **Component 2: Upgrading in Low-Income Communities (US\$117.21 million equivalent)**. Upgrading of selected low-income communities in selected Municipal Councils through the improvement of basic services and strengthening said communities' capacity in undertaking such upgrading works, including: (a) roads and road-related infrastructure, including roads, bridges, culverts, footpaths, and traffic lights; (b) environmental related works, including storm water drainage, sanitation, tertiary solid waste management, street lights; and (c) community related amenities, including parks, markets, and bus stands.

35. Approximately 40 low-income community or sub-wards in 13 wards across the three selected municipal councils (including Kinondoni Municipal Council, Ilala Municipal Council, and Temeke Municipal Council), mostly in the urban core, have been identified for upgrading. The upgrading approach draws on experience from the past Bank-financed Community Infrastructure Upgrading Program (CIUP) and aims to improve basic services, enhance connectivity between primary and secondary networks (and to the BRT), and minimize resettlement by adopting flexible design standards. The upgrading plans have been prepared by consultants using community participatory approaches, and have employed socio-economic surveys and, focus group discussions. Sustainability of the investments will be enhanced through: (i) future O&M commitments from LGAs; and (ii) strengthening awareness, oversight and reporting at the community level (established from previous consultations and ICT solutions to increase community oversight and ownership), (iii) information, education and communication (IEC) initiatives including pilot community-based tertiary level solid waste collection efforts with community participation and involvement of NGOs; and (iv) quality assurance of works.

36. DMPD upgrading criteria was developed to identify priority communities, targeting: (i) dense, highly populated (and low-income) areas with poor infrastructure; (ii) opportunities to connect 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 broader issues of land, informality and sprawl. Component 3 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.

**37. Component 3: Institutional Strengthening, Capacity Building, and Urban Analytics (US\$26.0 million equivalent).** 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) improving the integration of transport and land-use planning; (iv) operations and maintenance systems; (v) urban analytics and (vi) urban planning system. This component will be partially funded by the Nordic Development Fund (NDF).

38. These sub-components are further elaborated below (Further details of each sub-component are highlighted in Annex 2.):

(i) Component 3a: Improving Metropolitan Governance Arrangement and Systems: Development and implementation of the Metropolitan Governance Action Plan, including the technical analysis for an effective metropolitan governance and institutional structure, preparation of an action plan for implementation, preparation of relevant legal framework, and provision of related technical and operational support.

(ii) Component 3b: Improving Local Government Revenue Collection Systems and Mainstreaming Geographic Information Systems: Launching and operationalizing of the LGRCIS in the Dar es Salaam Metropolitan Area, including through installation and provision of training, migration of data to the LGRCIS, updating of the valuation roll improvement of billing and collections systems, and provision of hardware and software systems.

(iii) Component 3c: Support for Integrated Transport and Land-use Planning. Provision of integrated planning and technical support to help maximize the benefits of the existing BRT system, develop priority nodes, and provide a demonstration for future BRT corridors, including through the development of a Corridor Development Strategy.

(iv) Component 3d: Strengthening Operations and Maintenance Systems: Strengthening the capacity of the Recipient's relevant agencies and the DLAs to plan, deliver, operate, and maintain public infrastructure and services, including through the development of a Drainage Master Plan and road maintenance system.

(v) Component 3e: Urban Analytics: Carrying out of urban analytical work and provision of technical assistance to address long-term urban challenges and improve the competitiveness of the Recipient's cities, including through the carrying out of feasibility studies and policy analysis on, *inter alia*, metropolitan sprawl and informality, land management, climate change, development of economic opportunities, cultural heritage, and studies for the preparation of future urban project investments.

(vi) Component 3f: Urban Planning Systems: Strengthening the capacity of the DLAs to develop and implement core planning competency at the metropolitan and local levels.

**39. Component 4: Implementation Support and Monitoring & Evaluation (US\$14.40 million equivalent).** Provision of support for Project management and supervision functions, including procurement, accounting, financial management, safeguards, monitoring and evaluation, audit, meetings and workshops, and impact assessments.

## B. Project Financing

40. The total project cost is estimated at US\$330.30 million, comprising an IDA Credit of US\$300 million equivalent, co-financing from the NDF of US\$5 million (excluding US\$1 million of the Bank-executed fund) and an estimated US\$25.30 million contribution from the GoT. All of the GoT's financing will be for Resettlement Action Plan (RAP) costs. The proposed lending instrument is Investment Project Financing (IPF); IPF instrument was selected in view of its flexibility and suitability for financing a broad range of activities. The project is expected to be implemented over a period of five and a half years. Detailed project costs by components are shown in the table below.

### Estimated Project Cost and Financing (US\$ million)

	Project Components	Project cost (USD Million)	IDA Financing (USD Million)	GoT Financing (USD Million)	Other (TF) (USD Million)	Component % of Total Financing
<b>Component 1: Priority Trunk Infrastructure</b>		<b>172.64</b>	<b>158.46</b>	<b>14.20</b>	<b>0.00</b>	<b>52.3%</b>
1a	Priority roads supporting public transit, mobility, and connectivity to low income communities	103.86	94.40	9.47	0.00	
1b	Flood Control & Storm Water Drainage	68.78	64.06	4.73	0.00	
1c	Emergency Response	0.00	0.00	0.00	0.00	
<b>Component 2: Upgrading in Low-Income Communities</b>		<b>117.21</b>	<b>106.14</b>	<b>11.09</b>	<b>0.00</b>	<b>35.5%</b>
2a	Kinondoni MC	18.71	17.31	1.41	0.00	
2b	Ilala MC	28.33	26.33	2.00	0.00	
2c	Temeke MC	70.17	62.50	7.68	0.00	
<b>Component 3: Institutional Strengthening and Capacity Building</b>		<b>26.00</b>	<b>21.00</b>	<b>0.00</b>	<b>5.00</b>	<b>7.9%</b>
3a	Improving Metropolitan Governance Systems	5.00	5.00	0.00	0.00	
3b	Improving Own Source Revenue Collection and Mainstreaming Geographic Information Systems	8.00	8.00	0.00	0.00	
3c	Support for Integrated Transport and Land-use Planning	2.00	0.00	0.00	2.00	
3d	Strengthening Operations and Maintenance Systems	3.00	0.00	0.00	3.00	
3e	Urban Analytics	5.00	5.00	0.00	0.00	
3f	Urban Planning Systems	3.00	3.00	0.00	0.00	
<b>Component 4: Implementation Support and Monitoring and Evaluation</b>		<b>14.40</b>	<b>14.40</b>	<b>0.00</b>	<b>0.00</b>	<b>4.4%</b>

4a	Technical Support to PMO-RALG	7.40	7.40	0.00	0.00	
4b	Technical Support to DLAs	4.50	4.50	0.00	0.00	
4c	Maintenance Training and Equipment	2.50	2.50	0.00	0.00	
<b>Total project costs</b>		<b>330.30</b>	<b>300.00</b>	<b>25.30</b>	<b>5.00</b>	<b>100.0%</b>
<b>Total Financing Required</b>		<b>330.30</b>	<b>300.00</b>	<b>25.30</b>	<b>5.00</b>	<b>100.0%</b>

Note: Construction Supervision Consultancy costs are included in Component 1 and 2 costs.

### C. Series of Project Objective and Phases

41. The overarching development objectives of this Series of Projects (SOP) is *to improve the institutional and management capacity for metropolitan governance and service delivery; and create an enabling environment for economic development and job creation.*

42. A programmatic approach, through a time series of projects, was determined to be the best means to support the borrower’s long-term urban development programs for Dar es Salaam. The government’s original request included interventions in numerous sectors (transport, storm water, upgrading, solid waste, capacity building, etc), with a current estimated value of US\$650 million. A SOP allows sufficient time to strengthen institutional capacity and develop the metropolitan governance systems, carry out policy and technical analysis – as the necessary building blocks – to enable the government to achieve its objectives. Further, it provides the time necessary to implement complex activities – such as introduction of new own source revenue collection systems management – which would be more challenging in a single operation.

43. DMDP is designed as the first in this SOP to support the borrower’s long-term urban development program for Dar es Salaam (until 2025). This programmatic approach will help address the complex institutional issues for Dar Metro that require incremental and sustained interventions to develop the institutional structure and capacity to manage a future mega-city. At the same time, the approach responds to immediate service provision and capacity building demands. DMDP will aid in this process through supporting the preparation and implementation of the institutional reform strategy and program for Dar es Salaam, headed by GoT, and the various technical assistance and capacity building activities under the project. The primary target groups benefiting from the program are the DLAs, and the residents of Dar Metro – with project activities targeting the lower income populations (bottom 40 percent).

44. The second project would scale-up infrastructure, start new interventions in solid waste and PPP, continue with the engagements in institutional strengthening and capacity building, and support own source revenue collection. The SOP program is summarized in the table below:

<b>Program Phases</b>	<b>Phase I</b>	<b>Phase II</b>
<b>Timeframe</b>	<b>2015-2020</b>	<b>2020-2025</b>
<b>Program Objective</b> To improve the institutional and management capacity for metropolitan governance and service delivery; and create an enabling environment for economic development and job creation.	<b>PDO</b> Improve urban services and institutional capacity in the Dar es Salaam Metropolitan area, and to facilitate potential emergency response.	<b>PDO</b> Extend coverage and quality of urban services and enhance institutional capacity and the enabling environment for economic development and job creation.
	<b>Project Focus/Key Components</b> - Priority Infrastructure - Low-income community upgrading	<b>Project Focus/Key Components</b> - Scale up of Priority Infrastructure - Solid Waste Management



	<ul style="list-style-type: none"> <li>- Institutional Strengthening &amp; Capacity Building</li> <li>- Analytical work for metropolitan governance, solid waste management, planning, own source revenue collection</li> <li>- O&amp;M system and capacity</li> </ul>	<ul style="list-style-type: none"> <li>- Economic development, job creation, public private partnership development</li> <li>- Low-income community improvements</li> <li>- Enhanced institutional strengthening &amp; capacity building</li> <li>- Affordable housing</li> <li>- Sustainable urban growth and management</li> </ul>
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45. Financing for the subsequent project would be dependent on the performance of DMDP, and upon confirmation that the program rationale remains valid. The primary focus will be on the achievements in metropolitan governance and institutional reform of the Dar Metro region. Improvements in the institutional and urban management capacity are critical for the sustainability of Bank and government financed investments. The institutional reform agenda would be developed through Component 3, and should address these areas, *inter alia*: (i) institutional and organizational structures; (ii) metropolitan government finance and fiscal capacity; (iii) human resources management and capacity building, (iv) internal management (including project management, planning, procurement and asset management, monitoring and evaluation, information communication system etc.); (v) infrastructure and services delivery, operation and maintenance; and (vi) urban planning and land management. The detailed action plan and targets would be developed in year 1 of the project, and key activities implemented during the remaining project duration.

**IV. IMPLEMENTATION**

**A. Institutional and Implementation Arrangements**

46. 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 and 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.

47. 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 and their capacity is known to be sufficient except in relation to Bank procurement procedures. Therefore, the DLAs will require some additional implementation support from consultants and the PMO-RALG. DART Agency is the most suitable authority to implement the integrated land-use and transit developments plans along the BRT corridor.

48. 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.

## **B. Results Monitoring and Evaluation**

49. Annex 1 provides the detailed Results Framework of the overall project. PMO-RALG will be overall responsible for the coordination and compilation of the project M&E with specific inputs from the relevant agencies including the DLAs and DART Agency.

50. **Project Monitoring Arrangements.** Each implementing entity will prepare quarterly reports for their respective works. These will be reviewed on a quarterly basis by PMO-RALG which will prepare consolidated quarterly progress reports, in accordance with a format outlined in the PIM. The purpose of these progress reports are to provide GoT and the World Bank with timely and updated information on project implementation, covering, *inter alia*: (i) physical progress achieved against agreed implementation and disbursement indicators; (ii) issues and problem areas, including comments on actions to address identified problems; and (iii) work programs and cost estimates for the coming quarter, including revised estimates for the current quarter. A mid-term review of the project will be carried out no later than December 2017 to review overall progress and take necessary actions for restructuring the project, if appropriate.

## **C. Sustainability**

51. All DMDP investments will require adequate funding for maintenance, which are currently in an environment lacking robust maintenance regimes. One key objective of the project is to increase the capacity and efficiency of DLAs to deliver and maintain the infrastructure and services. Towards this, DMDP includes technical support for capital works programming and for developing sector master plans and maintenance systems for roads and drainage. These measures are coupled with the tools and capacity building for increasing own source revenue and improving urban management practices. DMDP also includes technical support for better integrating land-use planning and transport along the BRT corridor, thus optimizing the BRT's utility and its sustainability.

52. There are urgent demands for infrastructure in Dar es Salaam. However, in the absence of suitable institutional arrangements for metropolitan governance – a large investment program could be at risk of not addressing strategic needs and sector priorities, building assets beyond the capability of maintenance systems, or putting too much demand on existing delivery mechanisms. DMDP takes a conservative approach by selecting investments that are low-risk/no regret in terms of known strategic priorities, readiness and capacity of counterparts to deliver, and ensuring proper sequencing (focusing on primary and secondary drainage networks and identifying road investments that are both critical for reducing congestion while also improving connectivity to the BRT). Further, DMDP is designed as a series of projects– future investments would be contingent on GoT taking appropriate measures to put the urban management systems and institutional arrangements in place, necessary to deliver and operate a potentially larger investment program.

## V. KEY RISKS AND MITIGATION MEASURES

### A. Risk Ratings Summary Table (SORT Matrix)

<b>Risk category</b>	<b>Rating</b> (H, S, M or L)
1. Political and governance	S
2. Macroeconomic	S
3. Sector strategies and policies	S
4. Technical design of project or program	S
5. Institutional capacity for implementation and sustainability	S
6. Fiduciary	S
7. Environment and social	S
8. Stakeholders	M
9. Other	L
<b>Overall</b>	<b>S</b>

### B. Risk Assessment

53. The overall risk is assessed as substantial because multiple key risk categories, notably those pertaining to political and governance, macroeconomic, sector strategies and policies, project design, institutional capacity, fiduciary and environment and social, are assessed as substantial. These are further elaborated in Annex 4.

### C. Risk Management / Mitigation

54. To mitigate the political and governance risks, the project will support the GoT to formulate and implement the transformation agenda through financial resources, advocacy, and technical assistance. In addition, continuous strong advocacy from the Bank, the mobilization of a high-level champion in GoT, the formation of a multi-agency steering committee to address the multi-sectoral nature of the challenge and other innovative approaches will be undertaken. Before an improved metropolitan governance arrangement can be implemented, DLA's project implementation capacity, own-source revenue and financial management will be strengthened under the project to ensure effective project implementation.

55. The institutional capacity for implementation and sustainability related risks will be mitigated by: (i) requiring PMO-RALG and the DLAs to enhance their staffing; (ii) providing TA and capacity building to PMO-RALG, and DLAs; (iii) PMO-RALG to reinforce its guidance of the DLAs by conducting capacity building and strengthening coordination (similar to the successful approach used in the TSCP); and (iv) close monitoring of project implementation by the World Bank, with continuous support from the country office and frequent implementation support missions.

56. The risks originating from the project's design will be mitigated by: (i) encouragement and support of active and meaningful dialogue and coordination between PMO-RALG and all participating DLAs to achieve common understanding and maximum buy-in; (ii) limiting initial investments in the drainage sub-sector to interventions that are considered 'no-regret' whatever the details of the eventual drainage master plan; and ensuring credible plans and realistic implementation

by PMO-RALG and the DLAs for adequately functioning secondary and tertiary drains; (iii) designing urban upgrading sub-projects so that subsequent modification/simplification remains possible and ensuring adequate community consultation during design and before construction; and (iv) securing the necessary commitment from other donors/trust funds as early as possible.

57. The substantial risks in fiduciary management as well as environmental and social management will be mitigated by intensive capacity building through the project, requirement to strengthen staffing and working environment, requirement to budget adequately for land acquisition and resettlement, guidance and supervision from PMO-RALG, and enhanced implementation support from the Bank.

## **VI. APPRAISAL SUMMARY**

### **A. Economic Analysis**

58. The project will finance basic infrastructure and capacity building activities that will produce public goods such as greater mobility, lower flooding risks, improved economic environment, and overall economic development. To the extent that these public goods do not result in appropriable gains, no private investor would be interested in financing these undertaking. The World Bank brings value added in: (i) using its convening power to bring together a multi-sector approach to a development challenge for a metropolitan area; (ii) leveraging its long-term engagement in the urban sector; and (iii) in providing technical support in the implementation of much needed infrastructure and capacity building.

59. The project is expected to significantly improve the livelihood of residents of the Dar es Salaam metropolitan area. The benefits will be most visible for those in the low income areas and the selected densely populated parts of the metropolitan. Based on a discount rate of 12 percent, the overall economic impact of selected components of this project is evaluated to amount to US\$153.7 million and is equivalent to a weighted economic internal rate of return of 20.8 percent—using economic cost estimates as weights.

60. The basic approach taken for the economic analysis is an examination of the estimated incremental costs and benefits of the project in the Dar es Salaam Metropolitan area, in comparison to a “without project” baseline. Formal cost benefit analysis is conducted separately for the components on priority roads, storm water drainage system, and low-income communities upgrading, which aim to “improve urban services” in the Dar es Salaam Metropolitan area (PDO of DMDP) and account for about 90 percent of the total project investment cost.

61. The economic costs of each component consist of the incremental economic investment costs, and the incremental economic cost of operation and management (O&M). The economic investment costs are computed as the financial cost minus 18 percent value added tax (VAT) and excluding price contingency and resettlement costs. The O&M costs are estimated at approximately 1 percent of the economic investment cost.

62. The economic benefits take place through different channels for the three components. Upgrading priority roads will generate efficiency gains in transportation services. The main sources of economic benefits include saving in Vehicle Operating Costs (VOC) associated with normal traffic, saving in maintenance costs, generated traffic and saving in travel time. Improving flood

control and storm water drainage system will mitigate flood damage to properties and physical infrastructure, improve health and quality of life, prevent loss of income opportunities, and generate capital gains. A series of low-income community infrastructure upgrading will improve flood resilience, health and sanitation, transportation access, and overall livability of these neighborhoods, complementing the proposed truck infrastructure investment by the project. Over time, the upgrading can create economic multipliers in these communities, in terms of economic and employment activities and property values.

## **B. Technical**

63. **Component 1a.** There are 24 separate road lengths proposed for improvements. Draft bidding documents for all packages for the local roads and community-upgrading roads and the final detailed engineering design reports have been prepared. Standards adopted for the feeder roads will generally accord with Tanzanian norms (generally single 2-lane carriageways of 7m width, footpaths (generally 2m wide), side drains, bus stops, parking areas at stops for local public transport, and dropped curbs where appropriate to facilitate access by the handicapped. The feeder roads and footpaths design and the location and arrangements for bus stops etc., have been preliminarily vetted by the DART Agency and deemed acceptable to the Bank. Further design reviews of these roads will be carried out to reduce resettlement impacts, and DART will have opportunities to review and ensure the final designs are acceptable for the demands as feeder roads for the BRT. Other key feeder roads (3) have been identified and feasibility studies and detailed design of these will be carried out under the project together with the subsequent construction. Resettlement/compensation costs for these roads are understood to be minimal. For procurement and construction, various groups of local roads within one DLA jurisdiction have been packaged together but such packaging has also considered whether roads have any resettlement implications. Thus there are a number of packages which have roads with no resettlement implications permitting early procurement.

64. **Component 1b.** The Detailed Engineering Design Report, Bidding Documents, construction drawings and cost estimates for the drainage improvements have been completed. The engineering design has generally been based on a design return period of 1 in 10 years but an additional 15percent allowance has been added to accommodate increased precipitation intensity as a result of climate change. This means that for the foreseeable future the proposed intervention will have a design return period of approximately 1 in 25 years. The feasibility study (FS) and design consultants for the component considered various options for each of the systems. This includes measures to reduce the magnitude of floods (less peak discharge) in the target areas so that the risk of inundation and potential consequences of floods can be mitigated. The project will introduce the use of detention ponds which could significantly reduce both capital costs and potential resettlement compensation costs. Complementarily, under Component 3, assistance will also be provided to the DLAs to strengthen their drainage operations and maintenance routines in order to protect and better sustain the investments in drainage infrastructure.

65. **Component 2.** For the low-income communities upgrading plans, feasibility studies, detailed engineering design, and bidding documents have been completed for all of the selected sub-wards in the 14 wards of the three municipal councils. Proposed works include a wide range of activities focusing on secondary and tertiary infrastructure elements in the selected upgrading communities. The works are made up of a number of activities, including roads widening and construction/re-construction, drainage, surfacing access lanes and footpaths, water kiosks served by borehole, street-lighting, solid waste improvements and some social infrastructure including markets and bus stands.

Where opportunities exist – improvement to public green spaces will be included. The designs of component roads through the unplanned settlements/low income communities have attempted to minimize resettlement requirements by adopting flexible design standards in terms of widths and alignments. There are no challenging technical issues, and the works can be satisfactorily implemented by national contractors. Internationally recruited construction supervision consultants are to be engaged for each MC to ensure quality of contract management and works. The CSC packages (one for each MC) will also be responsible for supervision of the local roads and storm drainage components. The challenge lies in the comprehensive packages integrating all of the above elements in one relatively small area, and coordinating connectivity with the trunk investments. All DLAs have past experience in implementing Bank policies and procedures for upgrading activities.

**66. Component 3.** The Bank has been in continuous engagement with the GoT on Dar es Salaam’s metropolitan governance issues. Ongoing dialogues indicate strong support from various levels of GoT on the need for metropolitan governance reform. Further exploration of a workable, suitable governance structure is required. The census-building process on an agreed structure, drawing up of the action plan and actual implementation are expected to be challenging, requiring continuous advocacy and strong political will. On the LGRCIS, PMO-RALG has extensive experience in its implementation from ongoing TSCP work. They are in the process of preparing the detailed implementation plan for associated tasks including survey and data collection to build up the GIS database, migration of data from old system, hardware and software upgrades and training activities. With regards to the development of the integrated BRT corridor development, preliminary preparatory works have begun, including the drafting of Terms of Reference (TORs). Consultations with other relevant stakeholders e.g. PMO-RALG, DLAs, National Housing Council and the community etc. are to be undertaken progressively. A stakeholder workshop is expected to be held to kick-off the work.

**67. Component 4.** PCU within the PMO-RALG and PIUs within each of the three DLAs have been established. Staff has already been appointed and generally there are 13 staff in each PIU covering relevant disciplines. In Temeke, staff is already working in dedicated office space and in Kinondoni and Ilala, the DLAs are in the process of identifying appropriate space. In addition, PMO-RALG and the DLAs, with assistance from the Bank, are in the process of preparing the Terms of Reference (TORs) for firms to provide technical assistance, both international and local, for implementation support. TORs have also been drafted for construction supervision consultants which is a critical early activity. Each DLA will engage a firm to supervise and manage contracts for all physical investments within its jurisdiction. Thus the consulting packages will be large and should attract experienced international firms. Invitations for Expressions of Interest (EOIs) are shortly to be published.

### **C. Financial Management**

**68.** Financial management assessments of the four DLAs (DCC, IMC, TMC and KMC) and PMO-RALG were conducted. The review revealed that financial management arrangements are adequate to manage project financial operations. They meet the World Bank’s minimum requirements under OP/BP10.00 and therefore are adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by the World Bank. All implementing entities have previous experience in implementing World Bank projects. Details of the assessments are included under Annex 3.

69. The project will use the transaction/traditional method of disbursement. The project accounts will be audited by National Audit Office (NAO). Accounting and audits will be conducted in accordance with internationally recognized accounting and auditing principles and practices satisfactory to IDA. Interim Financial Reports (IFRs) will be submitted to IDA within 45 days after the end of every quarter of the project implementation period. The audit reports and related project accounts will be submitted to IDA within 9 months after the end of the fiscal year.

70. Risk mitigation measures proposed include: (i) recruitment of at least two additional internal auditors at DCC to enable the department to carry out its functions smoothly; (ii) customization of project chart of accounts within six months after credit effectiveness; and (iii) preparation of formats of unaudited IFRs, and agreement on the formats and audit ToRs with the Bank.

#### **D. Procurement**

71. Procurement under the proposed project will be carried out in accordance with the World Bank's *Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants* dated January 2011 (revised July 2014) and its "*Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants*" dated January 2011" (revised July 2014) and with the provisions stipulated in the Financing Agreement. Project implementation will be mainstreamed within existing government entities and structures. Procurement activities will be carried out by the respective PIUs of the respective DLAs, while the PCU of PMO-RALG will provide technical assistance support and quality assurance.

72. A capacity assessment of the agencies to implement project procurement was carried out and reviewed the organizational structure for implementing the project, functions, staff skills and experiences, adequacy for implementing the project, and the interaction between the project's staff responsible for the procurement and the relevant government agencies. The assessment revealed that: (i) DLAs staff have no adequate experience in implementing Bank-funded projects – staff experience is limited to procurement of goods through National Competitive Bidding (NCB) and Shopping procedures, with no experience in International Competitive Bidding (ICB) procedures or the selection of large-value consultancy services; (ii) record-keeping is inadequate; (iii) the working environment is inadequate in terms of space for keeping procurement records and working space for the procurement staff; and (iv) a lack of clear procedures and guidelines spelled out in manuals.

73. The mitigation measures proposed include: (i) training procurement staff on World Bank procurement procedures and processes, contract management and procurement data management; (ii) recruitment of a procurement specialist in PMO-RALG; (iii) capacity building to be undertaken by construction supervision consultants; and training on the use of a procurement manual for the project.

74. Procurement arrangements and proposed corrective measures to mitigate the risk are detailed in the procurement arrangement technical annex. Taking into account the mitigation measures, the residual risk for procurement is Moderate.

#### **E. Social (including Safeguards)**

75. *Safeguards triggered and resettlement instruments:* OP 4.12 (Involuntary Resettlement) is triggered since much of the infrastructure works will require some involuntary resettlement, including partial impacts on properties (residences and businesses), full relocation of households, and

livelihoods impacts (e.g. mobile street vendors and hawkers). All proposed subprojects under the local roads, drainage and infrastructure upgrading components were screened for involuntary resettlement.

76. For resettlement instruments the following instruments have been prepared: (i) a Resettlement Policy Framework, (ii) five Resettlement Action Plans for the drainage packages that have advanced designs, and (iii) preliminary RAPs for the roads and upgrading works that are in the design phase, which have been prepared for each municipality (i.e. six preliminary RAPs). These works will be subjected to a design review, which will inform an update of the RAPs for Component 1a and Component 2 as needed. The final RAPs will then be sent to the Bank for review and clearance prior to compensation payments.

77. The Resettlement Policy Framework (RPF) will guide the RAP update and any future investments, given DMDP is taking a phased approach. Moreover, there are a number of subprojects for which the final designs are not fully ready (e.g. upgrading works that will be selected by communities at a later stage). The RPF was the guiding framework for the RAPs already prepared, and will be applied to all future DMDP investments, to ensure that all Project Affected People (PAPs) will be compensated for their losses at replacement cost and provided with rehabilitation measures to assist them to improve or at least maintain their pre-project standards of living. The RPF gives special attention to women and vulnerable groups to ensure that they benefit from the investments and that their special needs are addressed.

78. Overall resettlement impacts are largely due to road widening in order to provide wider carriageways, install roadside drains, and provide pedestrian walkways. Some resettlement will also be required for drainage works, for example to enlarge existing drainage channels. Infrastructure designs considered elements to minimize impacts on resettlement for all types of works.

79. A summary of the total resettlement impacts is presented in Annex 3. Between the three components, approximately 1,497 households would have partial impacts by the civil works (verandas, septic tanks, partial demolition). The number of fully affected households that would require permanent relocation is approximately 535, with the majority of resettled households resulting from the priority roads component. The total amount of compensation is estimated at approximately US\$25 million. The three municipalities are responsible for covering all costs associated with the RAPs, with the exception of utilities relocation and community infrastructure which will be included in subproject Bill of Quantities. The three DLAs have already committed to setting aside a total of US\$5.8 million from their own budgets for compensation costs, which would cover the impacts of drainage works that will be tendered first.

80. *Consultation and disclosure:* Preparation of the RPF and RAPs was done in parallel with the design work, which involved an extensive consultation process with local authorities as well as communities over two years. Consultations revealed that project affected people (PAPs) were concerned about receiving fair compensation at market rates before works were initiated - procedures to address these concerns are included in the RAPs and RPF. The RAPs for drainage works under Component 1b were disclosed in Tanzania and the Bank's InfoShop on December 16, 2014. The remaining RAPs for Component 1a and Component 2 will be disclosed following finalization and clearance during project implementation.



## **F. Environment (including Safeguards)**

81. *Overall Environmental Benefits:* DMDP infrastructure works are expected to improve key aspects of environmental quality in Dar es Salaam, including relieving traffic congestion which will result in improved air quality, as well as reducing flooding and improving sanitation and public safety. The project road works will contribute to lowering greenhouse gas emissions through reduced vehicle idling and planning such as building capacity for transit-oriented developments (TODs). DMDP drainage works and upgrading in low income communities will improve urban resilience to current and future climate variability through both traditional drainage infrastructure as well as piloting green infrastructure investments such as storm water detention ponds that can be preserved and utilized as green space during dry spells.

82. *Categorization and safeguards triggered:* Environmental and social due diligence has found that investments would pose no large-scale or irreversible negative environmental and social impacts, and are consistent with a Category B safeguards classification including when resettlement and cumulative impacts of the project as a whole are considered. Environmental safeguard policies triggered include Environmental Assessment (OP 4.01) and Physical Cultural Resources (OP 4.11). The Environmental and Social Impact Assessment (ESIA) process found that impacts can be mitigated through (i) the application of good engineering and construction management practices, (ii) close supervision and monitoring of contractors' performance, and (iii) close consultation with, and monitoring by, local communities. Subproject-specific ESMPs have been prepared for each bidding package, which include both general and site-specific mitigation measures for the mobilization, construction and operation phases.

83. *Due diligence process and environmental safeguard instruments:* Safeguards due diligence has been carried out through ESIA's for each of the three components including mitigation measures in Environmental and Social Management Plans (ESMPs). These have been prepared for each component and each of the three DLAs, who are responsible for safeguards oversight for projects in their jurisdiction. An overall Environmental and Social Management Framework (ESMF) was also prepared to account for future works, which includes standard Environmental Codes of Practice (ECOPs) that apply to typical impacts of road, drainage and upgrading works. The ESMF adapts the institutional framework and grievance mechanisms designed under other urban projects under implementation in Tanzania, which have been shown to function well. These have been consulted with the DLAs and their inputs taken into account in the design as a first step toward sensitization for safeguards implementation. Funds for institutional strengthening and capacity building for environmental and social management have been included under Component 4.

84. *Consultation and disclosure:* Preparation of the ESIA's and ESMPs has undergone an extensive consultation process with relevant stakeholders, including communities, local authorities, public utilities, the National Environmental Management Council (NEMC), and water basin authorities. Draft safeguards documents were disclosed in the InfoShop and made available in Tanzania in hard copy in the three municipal offices and PMO-RALG, and soft copies on PMO-RALG's website on December 16, 2014. Consultations with relevant authorities and communities have been ongoing throughout project preparation, and summarized in the ESIA's. Workshops with local authorities to review and agree on the mitigation measures, institutional framework, capacity building plan, and grievance procedures were held on October 9, 2014 and November 28, 2014.

**G. Other Safeguards Policies Triggered** *(if required)*

85. No other safeguard policies have been triggered

## Annex 1: Results Framework and Monitoring

### Tanzania: Dar es Salaam Metropolitan Development Project

#### Results Framework and Monitoring Arrangements for DMDP

**Project Development Objectives: To improve urban services and institutional capacity in the Dar es Salaam Metropolitan area, and to facilitate potential emergency response**

	Indicator name	Baseline FY 2015	Target Values						Data Collection and Reporting			Definition/Description (figures aggregated across DLAs <sup>18</sup> unless stated otherwise)
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Frequency	Data Source	Responsible for Data Collection	
<b>PDO Level Results indicators</b>												
1	Direct project beneficiaries (number), and percentage females (%) (core)	0	0	100,000	800,000	1,000,000	1,200,000	1,500,000	Annually	Ward population records	DLAs	Cumulative number of people, and percentage of females, in wards where DMDP subprojects are implemented or where tangible benefits from subprojects (roads and drainage – protected areas from flood) and the BRT line 1 corridor are expected.
2	People in urban areas provided with access to all-season roads rehabilitated/constructed under the project (number)	0	0	0	100,000	500,000	900,000	1,000,000	Annually	Ward population records	PMO-RALG /DLAs	Cumulative number of people in urban area living within a ward through which a road rehabilitated or constructed under DMDP passes.
3	Land area protected from a 10 year return period flood event as a result of project interventions (ha)	0	0	0	200	290	290	290	Annually	Flood maps; Works Depts of DLAs	PMO-RALG DLAs	Measures the cumulative land area protected from a 10 year return period flood event as a result of drains constructed/rehabilitated under the project. This demonstrates the decreased risk from flooding for an increased urban area.

<sup>18</sup> Dar es Salaam Local Authorities, i.e. Temeke Municipal Council, Ilala Municipal Council, and Kinondoni Municipal Council.

4	Completion (Yes/No), Adoption (Yes/No) and Implementation (Yes/No) of an Action Plan for Improving Institutional Structure for the Dar es Salaam Metropolitan Area.	No, No, No	No, No, No	Yes, No, No	Yes, Yes, No	Yes, Yes, No	Yes, Yes, Yes	Yes, Yes, Yes	Annually	Action Plan for Institutional Structure for the Dar es Salaam Metropolitan Area	DLAs/DCC/PMO-RALG	The detailed Action Plan for Improving Institutional Structure for the Dar es Salaam Metropolitan Area should be prepared, agreed by the World Bank and completed by Year 2 of the project. The action plan should include measurable targets to be achieved within the next three years of the project. The action plan is to be adopted officially – defined as an official recognition by GoT through a letter to the WB. Implementation of priority actions as identified in the action plan should be carried out accordingly within the project time period.
<b>Intermediate Result Indicators – Component 1 Priority Infrastructure and Component 2 Upgrading in Low-Income Communities</b>												
1	Urban roads constructed and/or rehabilitated under the project (km)	0	0	0	10	60	90	120	Annually	Project Progress Report	Construction supervision consultant/s /DLAs/PMO -RALG	This will measure cumulative length in kilometers of all newly constructed and/or rehabilitated roads (road-side drains are considered as part of the roads improvements and will not be double counted) under the Project and therefore the improvements in urban accessibility.
2	Major drains constructed and/or rehabilitated under the project (km)	0	0	0	10	12	20	31	Annually	Project Progress Report	Construction supervision consultant/s /DLAs/PMO -RALG	This will measure the cumulative length in kilometers of all newly constructed and/or rehabilitated stand-alone drains under the Project and therefore the improvements in flood control and storm water drainage. Drains to be measured will not include road-side drains.
3	Storm water detention basins constructed under the project (number)	0	0	0	2	3	4	4	Annually	Project Progress Report	Construction supervision consultant/s /DLAs/PMO -RALG	This measures the number of the innovative detention basins being implemented under the project. These features are a pilot intervention, reducing costs and assisting to abate floods.

Intermediate Result Indicators – Component 3 Institutional strengthening and Capacity Building												
4	Completion of The Local Government Revenue Collection and Information System (LGRCIS) operational plan for Dar es Salaam (Yes/No) and for the system to be fully operational. (Yes/No)	No, No	Yes, No	Yes, No	Yes, No	Yes, Yes	Yes, Yes	Yes, Yes	Annually	Institutional Strengthening Strategy	DLAs/PMO-RALG	The LGRCIS operational plan should be completed by year 1 of the project and should be fully operational by the fourth year of the project. The operational plan should contain detailed action plan, timeline and budget allocation for the implementation of the system. The operational plan will be submitted and agreed upon by the Bank. The LGRCIS will be deemed fully operational when all 3 DLAs have: (i) used the LGRCIS to send bills and collect taxes and (ii) sufficient staffing in place to operate LGRCIS with adequate facilities, supplies and budget programmed for the next year's operations.
5	Increase in own-source revenue over previous year (%)	30%	30%	30%	30%	50%	100%	100%	Annually	DLA Financial Reports	DLAs/PMO-RALG	Percentage increase in own-source revenues collected over previous year (average across the three DLAs – Ilemela, Temeke and Kinondoni).
6	Completion and adoption of Corridor Development Strategy for the first line of the BRT (Yes/No)	No	NA	NA	Yes	NA	NA	Yes	Baseline, mid-term (YR3) and at project closure (YR5).	Corridor Development Strategy	DCC/DLAs/PMO-RALG/DART	Ensures the completion and adoption of the integrated planning strategy for the BRT corridor. Adoption is defined as recognition of the strategy by the council management team and incorporation of recommendation into capital works plan.
7	Completion and adoption of the Drainage Master Plan (Yes/No)	No	NA	NA	Yes	NA	NA	Yes	Baseline, mid-term (YR3) and at project closure (YR5).	Drainage Master Plan	DLAs/PMO-RALG	Ensures the completion and adoption of the first ever Drainage Master Plan for Dar es Salaam. Adoption is defined as recognition of the strategy by the council management team and incorporation of recommendation into capital works plan.

## Annex 2: Detailed Project Description

### Tanzania: Dar es Salaam Metropolitan Development Project

#### Background/Context

1. **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.**

- (i) *Local Government Support Project 1 and 2 (closed FY13)* including the Community Infrastructural Upgrading Program (CIUP). An impact evaluation of CIUP showed improved access to basic services and even health and education benefits. CIUP took a low-risk approach to upgrading, which did not include trunk infrastructure - thus some results (such as reduction in flooding or mobility) were more modest.
- (ii) The *Tanzania Strategic Cities Project* targets eight large cities outside of Dar es Salaam, financing investments in urban infrastructure and institutional strengthening (local government revenue collection). TSCP piloted the LGRCIS, which is showing early promise to help transform the way cities collect revenue, while providing the GIS-based tools for urban management in planning, O&M, and land administration.
- (iii) The *Urban Local Government Strengthening Program (ULGSP)* is improving the urban management capacity and service provision in 18 secondary cities using the Bank's new Program-for-Results financing instrument, which links disbursement of funds, through an Urban Performance Grant, to verify development results.
- (iv) The *Zanzibar Urban Services Project (ZUSP)* is supporting urban upgrading, cultural heritage, sanitation, solid waste management and capacity building for local governments.
- (v) *Second Central Transport Corridor Project (CTCP2)* is developing Phase I of the BRT system for Dar es Salaam. The project is in an advanced stage of construction.

2. **The Bank's program of analytical and advisory work will help inform and 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*. An update to the *Dar es Salaam Transport Master Plan*, coordinated with JICA, is on-going.

#### Project Design

3. **Series of Projects.** DMDP is designed as the first in a Series of Projects (SOP) to support the borrower's long-term urban development program for Dar es Salaam (until 2030). This programmatic approach will help address the complex institutional issues for Dar Metro that require incremental and sustained interventions to develop the institutional structure and capacity to manage a future mega-city. At the same time, the approach responds to immediate service provision and capacity building demands. DMDP will aid in this process through supporting the preparation and implementation of the institutional reform strategy and program for Dar es Salaam, headed by GoT, and the various technical assistance and capacity building activities under the project.

4. The overarching development objectives of this Series of Projects (SOP) is *to improve the institutional and management capacity for metropolitan governance and service delivery; and create an enabling environment for economic development and job creation.* This first project in the series

is focused on enabling institutions for metropolitan governance, local capacity, and priority infrastructure. The second project would scale-up infrastructure, continue with the engagements in institutional strengthening and capacity building, and support own source revenue collection and start new interventions in solid waste and economic development (for example through development of PPP, or key industrial sector or nodes). The SOP program is summarized in the table below:

<b>Program Phases</b>	<b>Phase I</b>	<b>Phase II</b>
<b>Timeframe</b>	<b>2015-2020</b>	<b>2020-2025</b>
<b>Program Objective</b>  To improve the institutional and management capacity for metropolitan governance and service delivery; and create an enabling environment for economic development and job creation.	<b>PDO</b> Improve urban services and institutional capacity in the Dar es Salaam Metropolitan area, and to facilitate potential emergency response.	<b>PDO</b> Extend coverage and quality of urban services and enhance institutional capacity.
	<b>Project Focus/Key Components</b> <ul style="list-style-type: none"> <li>- Priority Infrastructure</li> <li>- Low-income community upgrading</li> <li>- Institutional Strengthening &amp; Capacity Building</li> <li>- Analytical work for metropolitan governance, solid waste management, planning, own source revenue collection</li> <li>- O&amp;M system and capacity</li> </ul>	<b>Project Focus/Key Components</b> <ul style="list-style-type: none"> <li>- Scale up of Priority Infrastructure</li> <li>- Solid Waste Management</li> <li>- Economic development, job creation, public private partnership development</li> <li>- Low-income community improvements</li> <li>- Enhanced institutional strengthening &amp; capacity building</li> <li>- Affordable housing</li> <li>- Sustainable urban growth and management</li> </ul>

5. Financing for the subsequent project would be dependent on the performance of DMDP, and upon confirmation that the program rationale remains valid. The primary focus will be on the achievements in metropolitan governance and institutional reform of the Dar Metro region. Improvements in the institutional and urban management capacity are critical for the sustainability of Bank and government financed investments. The institutional reform agenda would be developed through Component 3, and should address these areas, *inter alia*: (i) institutional and organizational structures; (ii) metropolitan government finance and fiscal capacity; (iii) human resources management and capacity building, (iv) internal management (including project management, planning, procurement and asset management, monitoring and evaluation, information communication system etc); (v) infrastructure and services delivery, operation and maintenance; and (vi) urban planning and land management. The detailed action plan and targets would be developed by year 2 of the project, and key activities implemented during the remaining project duration.

6. **Introduction of Innovation and Knowledge.** The project will leverage the investments and potential future projects as a series of investments, to introduce innovations and best practices. DMDP will introduce: (i) improvements to metropolitan governance and management; (ii) automation and improvements to municipal planning, own source revenue and urban planning through better data collection and integrating GIS into current systems; (iii) piloting ‘green infrastructure’ with low-impact design such as detention ponds to lower costs and resettlement impacts; (iv) integrating land-use and transport planning to optimize developments – strategies, principles and pilots for the BRT corridor; (v) introducing land value capture mechanisms; and (vi) developing standards for transit-oriented, pedestrian-oriented development, non-motorized transit, and accessibility.

7. Project design, sector coverage, and selectivity of the investments were based on:

- (i) opportunities to address institutional and capacity bottlenecks;

- (ii) potential for transformation, enabling broader metropolitan impacts;
- (iii) demonstration effect and introduction of new innovations;
- (iv) benefits to the urban poor and vulnerable communities;
- (v) ‘no regret’ infrastructure, in consideration of current planning environment; and
- (vi) overall readiness and capacity of institutions to deliver.

8. The project will be implemented within the four local authorities in Dar Es Salaam (the three municipalities and the city council) and with other institutions such as DART Agency. It will have four components. Priority investments that support the objectives of the project have been identified from longer lists of investments prepared by the DLAs, and assessed by the appointed consultants.

### **Lessons Learnt and Reflected in the Project Design**

9. *A long term engagement is needed for institutional and capacity improvements.* Improving the institutional arrangements for Dar es Salaam is a potentially complex technical exercise with inherent political dynamics. The process will require time for the technical analysis and consensus building. Improving capacity of DLAs (in own source revenue collection and GIS) will also take time, and will benefit from the experiences gained with each budget cycle. Thus, targets for both institutional and capacity building elements of DMDP must be realistic and take advantage of the five year span of the project, and the incentives of further engagements in Dar es Salaam through follow-up investments projects.

10. *Performance-based approaches are showing promise in the urban sector in Tanzania.* ULGSP, the first PforR operation in Tanzania, is performing well – and the performance based design is already effecting change for improved urban management. While DMDP is not well suited for the PforR instrument – it will incorporate performance-based measures as incentives for further commitments (via future investments as a series of projects) from the Bank in the Dar Metro area. The institutional reform and capacity building activities of DMDP will have performance targets, linked to future investments as incentives.

11. *The DLAs have the demonstrated capacity for upgrading, and the success of past efforts can be further enhanced through: (i) improving connectivity of services to the primary network; and (ii) with complementary strategies for land management, local planning, and addressing sprawl.* The first Community Infrastructural Upgrading Program (CIUP) under the LGSP adopted a low-risk approach focused on the secondary and tertiary infrastructure network in low-income communities in Dar es Salaam. CIUP improved basic services, and the overall results were positive.<sup>19</sup> Some expected results were more modest, such as decreased flooding events or increased economic activity. The DMDP upgrading approach – with additional emphasis on development and connectivity to the primary infrastructure network – is expected to have more robust impacts. Additionally, technical resources will support analytical work on land administration, shelter, and developing policies for addressing sprawl and settlement at the metropolitan level. The design of Component 3 reflects lessons from global upgrading operations, including the use of: (i) systematic selection criteria for communities; (ii) community involvement in planning and monitoring; (iii) flexible standards to

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<sup>19</sup> An impact evaluation was conducted for the program (baseline in 2006 and end survey in 2012). Coville and Su. Sept 2014. “An Impact Evaluation of the Community Infrastructure Upgrading Program in Dar es Salaam”. The impact evaluation found the interventions increased household size, decreased out-migration, halved diarrhea rates for children under 5, and increased female school enrollment.



minimize resettlement impacts; and (iv) upfront commitments from LGAs for operations and maintenance.

12. *Integrating transport and land-use planning is key to maximizing BRT's potential impacts for urban mobility and more sustainable development patterns.* Global experiences suggest that taking a more holistic, cross-sectoral approach to BRT development - not only as a transport infrastructure, but also a strategic urban development tool - would yield greater benefits and better results in shaping the urban form. DMDP seeks to capitalize on the BRT by: (i) improving the feeder network and connectivity to low-income areas (through both motorized and non-motorized modes); (ii) introducing pilots for integrated corridor and station area developments, grounded by transit and pedestrian oriented design principles; and (iii) developing supporting operational strategies, such as PPP; and (iv) bring together stakeholders and increase awareness and capacity.

13. *Urban infrastructure projects are complex and require strong project management, technical teams, with significant consultant resources.* Urban projects, particularly upgrading, require good coordination among government departments, effective communication strategies, tailored solutions for each investment, and continuous consultations with communities. Sufficient consultant resources are included to support PMO-RALG and the DLAs. PMO-RALG will have a dedicated quality assurance unit, with international experts, to provide oversight and just-in-time support to the DLAs for fiduciary, safeguards, technical supervision, communications, and monitoring and evaluation.

## **Project Components**

14. **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 systems – including bank stabilization, detention ponds, connection to the secondary network etc. around five river basins of Dar es Salaam. The component consists of:

15. Sub-Component 1a - Priority roads supporting public transit, mobility, and connectivity to low income communities. Construction and improvement of priority sections of local and feeder roads in the urban core areas of the Dar es Salaam Metropolitan Region.

16. This sub-component will finance improvements and constructions of priority sections of the existing local and feeder roads in the urban core, *totaling approximately 34 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.

17. The road sub-projects were identified from a long-list of priority investments provided by the DLAs. The selection criteria included: (i) population density, and proximity to low-income communities; (ii) connectivity to BRT 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; (v) to spread benefits equitably across municipalities while having metropolitan-wide impacts; and (vi) economic analysis.

18. Component 1a includes improvements to roads which serve to feed the BRT 1 line along Morogoro Road and which are important for linking and improving access of densely populated,

unplanned communities to the BRT 1 and feeder road system. 24 separate road lengths are proposed for improvements. Other key feeder roads (3) have been identified and feasibility studies and detailed design of these will be carried out under the project together with the subsequent construction. Resettlement/compensation costs for these roads are understood to be minimal.

19. Standards adopted for these feeder roads will generally accord with Tanzanian norms (generally single 2-lane carriageways of 7m width, footpaths (around 2m wide), side drains, bus stops, parking areas at stops for local public transport, and dropped curbs, where appropriate, to facilitate access by the handicapped. Given that the feeder roads need to accommodate heavy traffic and public transport vehicles, standards adopted cannot be substantially reduced. Road reserves are generally about 28m. (However, a design review will be conducted in the first year of project implementation to review the design standards and if possible, further reduce resettlement impacts.) In addition, as many of the roads pass through densely populated, and often unplanned areas, the resulting resettlement and compensation needs are in some cases, significant. The designs of the roads through the unplanned settlements/low income communities have attempted to minimize resettlement requirements by adopting flexible design standards in terms of widths and alignments. The feeder roads and footpaths design and the location and arrangements for bus stops etc. have been preliminarily vetted by the DART Agency and deemed acceptable. Further design reviews of these roads will be carried out to reduce resettlement impacts, and DART will have opportunities to review and ensure the final designs are acceptable for the demands as feeder roads for the BRT.

20. For procurement and construction, various groups of local roads within one DLA jurisdiction have been packaged together but such packaging has also considered whether roads have any resettlement implications. Thus there are a number of packages which have roads with no resettlement implications which will permit early procurement. Table 2 (page 39) summarizes the local feeder roads proposed for improvements.

21. Component 1b: Flood Control and Storm Water Drainage. Improvement of the primary and secondary drainage system around selected river basins of the Dar es Salaam Metropolitan Region, including through bank stabilization, lining, detention ponds, and connections to the secondary network.

22. This sub-component will support improvement (bank stabilization, lining, detention (attenuation) ponds and connections to the secondary network, etc.) of the overall primary and secondary drainage system (an estimated 31.5 km of storm water improvements) within five river basins of Dar es Salaam, namely the Sinza (Kinondoni); Msimbazi (Ilala); Gerezani Creek (Temeke); Yombo (Ilala and Temeke); and Kizinga (Temeke). The engineering design of the drainage system factors in the effects of climate change and allows for extra hydraulic capacity in the project investments.

23. Dar does not currently have a Drainage Master Plan - thus initial investments would be limited to the high priority, low-risk improvements to the primary and secondary network, and some strategic sections secondary network. The project would (through Component 4) support preparation of a Drainage Master Plan to prioritize the secondary and tertiary investments, develop operations and maintenance schemes and budgets, related work for metropolitan urban resilience, and capital works planning.

24. Drainage design has generally been based on a design return period of 1 in 10 years but an additional 15% allowance has been added to accommodate increased precipitation intensity as a

result of climate change. This means that for the foreseeable future the proposed intervention will have a design return period of approximately 1 in 25 years.

25. The feasibility study (FS) and design consultants for the component considered various options for each of the systems. The preferred solution (where land is available) is based on reducing the magnitude of the incoming peak flow to drains by introducing the use of detention ponds (i.e. attenuation ponds that are low areas that are allowed to flood in extreme storm times, which can function as public green spaces/urban agriculture during non-storm events). By reducing the magnitude of floods (less peak discharge) in the target areas, the risk of inundation and potential consequences of floods can be mitigated. Detention ponds make use of their discharge attenuation capabilities and reduce the downstream flood discharge. With this artificially reduced peak discharge the downstream areas will be safer; the needed conveyance capacity reduced and hence both capital costs and potential resettlement compensation costs consequently reduced. This innovative approach has not yet been carried out in Tanzania. Thus, where suitable land is available, detention ponds have been incorporated in the designs. This has been done in the Sinza River system, where two detention ponds are to be incorporated, and in the Gerezani Creek system.

26. The works will include excavation and embankments to the existing depressions that are to form the two ponds proposed; inlet and outlet structures; gravel access roads and protection barriers; trapezoidal channels with banks lined with gabions or concrete; some bridge enlargement works; some protection walls to protect terrain and housing against flooding, and; some lateral drainage works along the river.

27. Given that drainage interventions are predicated on hydraulic modeling of the entire drainage networks and that only small portions of the entire networks are being financed under the project, it will be important as a part of the construction details that the invert elevations of the channel lengths are well established with some type of periodic beacons. This is important for two main reasons: (i) when additional financing becomes available to complete more sections of the entire networks, these can be appropriately “tied into” the sections now being financed – as per the hydraulic modelling setting out the entire network profiles, and (ii) to provide the institutions responsible for the operations and maintenance of the drainage networks with a way of knowing just how much of the bottom of the channels should be excavated (for channels without bottom linings) to provide for the designed hydraulic characteristics of the channels. If that bottom invert level is not known by the O&M agency, it is then a very inefficient (and costly) way of finding the precise invert levels to maintain. These elevation beacons to establish the invert levels will be placed at intervals of at least every 100 meters for the project targeted sections. These intervals might be reduced based on discussions with the O&M units.

28. The FS/design consultants have estimated the reduction in flooded areas and hence properties and persons. Completion of the project will better ensure many areas and numbers of people that currently flood in storm times will become better protected from flooding. The drainage improvements will also reduce traffic congestion and delays which become significantly worse in severe storm times. These factors have been taken into consideration in the economic analysis and in the project Monitoring and Evaluation Framework.

29. The incorporation of the elements of detention ponds to dampen the flooding peaks is an excellent aspect of the designs. However, the concept must be impressed upon the three municipalities vis-a-vis not allowing any settlements to encroach into these areas over time. Scenarios could arise whereby several low rainfall years in a row might create the impression that it

is safe to build within these detention ponds, not understanding that it might be then a 1 in 10 rainfall event that will actually flood these areas. The end result could be the loss of life and property.

30. *Component 1c: Contingency for Disaster Risk Response.* Enhancement of preparedness for and provision of rapid response to disaster emergency and/or catastrophic events as needed.

31. 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, including public health crisis. 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**

32. This component will finance the upgrading of selected low-income communities in selected Municipal Councils (including Kinondoni Municipal Council, Ilala Municipal Council, and Temeke Municipal Council) through the improvement of basic services, including: (a) roads and road-related infrastructure, including roads, bridges, culverts, footpaths, and traffic lights; (b) environmental related works, including storm water drainage, sanitation, tertiary solid waste management, street lights; and (c) community related amenities, including parks, markets, and bus stands; as well as strengthening community level initiatives and capacities related to the upgrading.

33. Approximately 40 low-income community sub-wards in 13 wards across the 3 municipal council jurisdictions have been identified for upgrading. They are located mostly in the urban core. The demand for upgrading is high in the metropolitan areas (long list of sub-wards proposed to be included are shown in table below). DMDP upgrading criteria was developed to identify priority communities, targeting: (i) dense, highly populated (and low-income) areas with poor infrastructure; (ii) opportunities to connect to the primary road and drainage network financed through DMDP; and (iii) investments that would not further encourage sprawl, but densification. This component will build off of experience from the past Bank financed Community Infrastructure Upgrading Program (CIUP).

<b>Municipal Councils</b>	<b>Sub-wards Proposed for Upgrading (Original Long List)</b>	<b>Total Population in Sub-wards</b>	<b>Total Number of Households</b>	<b>Total Area of Sub-wards (ha)</b>
Kinondoni	10 – Pakacha, Sokoni, Kwa Tumbo, Mkunduge, Muhalitani, Kwamtogole, Bwawani, Mwinjuma, Kisiwani, Barafu	87,884	23,871	264.37
Temeke	20 – Relini, Sabasaba, Bustani, Bughdad, Kizinga, Mbagala kuu, Mwanamtoti, Kijichi, Butiama, Makangarawe, Uwazi, Dovy, Machimbo, Kilakala, Kigunga, Bararar ya Mwinyi, Keko Magurumbasi “A”, Keko Magurubasi “B”, Keko Mwanga “A”, Keko Mwanga “B”.	285,853	74,759	1870.21
Ilala	11 - Kigilagila, Kiwalani, Yombo, Minazi Mirefu, Mazizini, Markaz, Mwembe Madafu, Mongo la Ndege, Gongo la Mboti, Guluka Kwa Mtogole a and Ulongoni	219,638	56,139	2367.8
<b>Total</b>		<b>593,375</b>	<b>154,769</b>	<b>4,502</b>

Source: National Population Census 2012.

34. Currently, most of these sub-wards are unplanned, and even those planned are largely un-serviced<sup>20</sup>. For example, these communities have earth roads, poor storm water drainage system and littering and dumping further exacerbates the problem. As a result, they suffer frequent flooding which has further impacts on health, water quality and transport. On another note, other basic services are lacking – lack of piped water with more than 90% of the community depending on wells; no connection to the city sewerage system (60% use pit latrine or septic tank); around 26-40% of the houses are without electricity. 57-65% of the population is renting from private owners. Majority of the population is poor, with around 45-70% of the sub-ward population categorized as low-income households (earning less than TSHs 150,000 per household per month), and reporting irregular earnings in most cases. A large proportion of the residents are self-employed in petty trades such as street vendors, small shops, cooking and selling vegetables and other small business (around 30-50% across the three MCs).

35. The upgrading plans have been prepared using community participatory approaches, 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 communities expressed their needs, made selection of the possible intervention choices based on their aspirations and their affordability. The plans are then compiled in close association with the infrastructure engineers who elaborated the engineering solutions available and the costs in a way that the community could comprehend.

36. The upgrading approach aims to improve basic services (roads, footpaths, drainage, water supply, lighting, etc), improve connectivity between primary and secondary networks, and minimize resettlement by adopting flexible design standards. The main works will include: (i) roads and road related infrastructure (roads, bridges / culverts, footpaths, traffic lights etc.); (ii) environmental related (storm water drainage, solid & liquid waste management, street lights); and (iii) community related (parks, markets and bus stands). Sustainability of the investments will be enhanced through: (i) future O&M commitments from LGAs; and (ii) strengthening awareness, oversight and reporting at the community level (established from previous consultations and ICT solutions to increase community oversight and ownership), (iii) information, education and communication (IEC) initiatives including pilot community-based tertiary level solid waste collection efforts; and (iv) quality assurance of works.

37. Capacity building for ward and sub-ward staff and community groups is critical to ensure ownership of the project and to ensure sustainability in the long term. There is also a need for significant community intermediation to explain the benefits of the new services, the activities involved (including the responsibilities of the various parties) and the costs. Thus the project will support capacity building at the ward and community levels for improved implementation. TA through PIU implementation support are provided to assist community groups organize themselves to more effectively participate in supervision, operation and maintenance of infrastructure and facilities. In addition, Information, Education, Communication (IEC) programs (including hygiene awareness) at the community level will be conducted to promote better sanitation practices including managing tertiary solid waste collection, and operating public toilets and water kiosks. The IEC activities will include the preparation and delivery of public awareness campaigns, small scale initiatives proposed by communities to support sanitation behavior change, and general material to explain benefits from the project, its costs, and the need for improved management, operation and maintenance practices.

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<sup>20</sup> The information presented in this paragraph is gathered through a dedicated household survey conducted on the socio-economic conditions. The percentages are of respondents. A significant percentage of the population surveyed (around 20% - 30%) did not disclose their income.

The IEC campaigns will include competitions calling for innovative activities that could be supported under the project. Support to the communities will be given by the PIUs, the Implementation Support consultants as well as local NGOs that have shown interest. (Costs for these are included under Component 4.)

38. 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 broader issues of land, informality and sprawl. Component 4 will have complementary analytical and planning work to help the government address these related settlement issues, by undertaking analytical studies and proposing strategies on issues such as informality, curbing sprawl, scaling-up upgrading, land management, etc.

### **Component 3: Institutional Strengthening and Capacity Building**

39. Dar es Salaam is the engine of growth for the nation - and if the urbanization process is managed well, tremendous benefits could be captured from the efficiencies of agglomeration economies. Dar es Salaam is not well positioned to capitalize on urbanization. Improving infrastructure is urgent, but developing the institutional arrangements and capacity for improved urban management is equally critical. 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) improving the integration of 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 (NDF). These sub-components are further elaborated below:

40. Component 3a: Improving Metropolitan Governance Arrangement and Systems. The current institutional structure (with three municipalities and a city council) is fragmented, not well coordinated, lacks clear lines of accountability and responsibility, and is not suited for a large and rapidly growing metropolitan area. 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. The government is now considering various options for a new legal framework for an institutional structure for the metropolitan area. Implementing this will require time and must be handled sensitively.

41. DMDDP will support the GoT, DLAs and other relevant stakeholders to develop an institutional reform strategy and program for Dar es Salaam within the first two years of the project; and have the remaining three years for implementation of specific priority tasks. Activities would include further technical analysis for developing an effective metropolitan governance and institutional structure. This involves preparation of an action plan for implementation, legal documents, and transition support for GoT. Specific tasks and outcomes will be detailed in the action plan and the results will be key in determining the viability of a follow-up project.

42. In particular, improvements to metropolitan governance could address these potential areas, *inter alia*: (i) institutional and organizational structures; (ii) metropolitan government finance and fiscal capacity; (iii) human resources management and capacity building, (iv) internal management (including project management, planning, procurement and asset management, monitoring and evaluation, information communication system etc); (v) infrastructure and services delivery, operation and maintenance; and (vi) urban planning and land management.

43. The efforts will build on other ongoing engagements with GoT - such as the recent launch of the Tanzania Urban Review and 5th Economic Update which deepened in-country dialogue about issues of urbanization and jobs. In addition, the organization of the next World Bank Metro Lab, covering metropolitan growth, to be hosted in Dar es Salaam in November 2014 will be another opportunity to improve the dialogue on the reform agenda.

44. Component 3b: Improving Own Source Revenue Collection Systems and Mainstreaming Geographic Information Systems. This sub-component will launch and operationalize the Local Government Revenue Collection Information System (LGRCIS) for Dar es Salaam.

45. The LGRCIS is designed to support enhanced local revenue collection with proper identification of the tax payer, invoicing, receipting, demand note (bill) generation, defaulter identification and facilitating electronic or online payment through a single payment gateway. This will create a more transparent system, with reporting and analysis, by geography, payers, or revenue types. It will also support efficient follow-up and payment mechanisms, aided by Geographical Information System (GIS). LGRCIS is a potentially transformative system that will radically improve the way local governments collect taxes, with gains in transparency, accountability, and a customer focused response. Under the Bank-financed project TSCP, the LGRCIS has been successfully launched and are largely operational in multiple Tanzania secondary cities. Initial impressive results have been achieved – for example in Arusha, an initial analysis in the tax collected revealed around a 200 percent increase before and after the LGRCIS was implemented in 2014.

46. Under DMDP, specific activities will include support for 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 the DLA technical departments – as well as the institutional framework for better sharing spatial data and improving access for the public. In addition, its application would be extended to broader urban planning tasks, such as providing a spatial database on physical and socio-economic characteristics of each land parcel in the city. In addition, better land value capture practices especially along the BRT corridor or near infrastructure improvements would enhance own source revenue improvements.

47. Component 3c: Support for Integrated Transport and Land-use Planning. The first phase BRT line runs along Morogoro Road, one of the major commercial and residential corridors of the city and which serves many low-income communities. With the development of the BRT, an increase in the intensity of activities and developments, and associated land value increases are expected along the Morogoro corridor. The corridor holds significant opportunities for the public and private sectors to invest in urban development to seek more effective use of the land along the corridor. It is important to consider, from this early stage, an integrated approach to land use and transport for the corridor to better guide its development. This will allow maximization of the benefits capitalizing on this BRT line. The potential positive impacts from these are: (i) improved efficiency in land use/ spatial development; (ii) improved urban mobility and connectivity especially for low-income communities; (iii) improved adaptation and mitigation to climate change; and (iv) encouraged greater use of public and green modes of transport. This work will act as a pilot and demonstration to create the strategies, policies, standards, and build up capacity to develop the future BRT corridors as additional BRT lines are opened.

48. This component, through integrated planning and technical support, will help to maximize the benefits of the phase 1 BRT system and assist with developing priority nodes (through both supply and demand driven approach), encourage potential redevelopment opportunities and private sector investments along the corridor and promote appropriate densification and mix of uses (especially locating housing near to transit). The study area is proposed to include around 1 km on either side of the corridor (detailed boundaries to be determined). Activities would introduce transit-oriented design, station area development plans, traffic management strategies, non-motorized transport accessibility study/planning, PPP or other operational strategies. Development of the strategy will employ participatory methods (eg. charettes), and 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.

49. The two key outputs are:

(i) ***Corridor Development Strategy*** – an outcome-based, results oriented strategy with practical recommendations on (i) contextual urban planning/design guidelines, development controls (laying out appropriate land uses, development density, set-backs and height limits, recommend and integrate climate change adaptation and mitigation measures, safeguard right-of-ways, integrate non-motorized transportation modes, introduce pro-poor and gender-oriented designs, and incorporate green space, public, community facilities and amenities), (ii) accessibility (especially for non-motorized transport eg. cycling and walking linkages), and (iii) parking policy and strategies; in addition to (iv) the necessary resources and capacity to implement the strategy. Innovative ways to engage the stakeholders and communities and to gather ideas are proposed, including: holding design charrette(s), design competition, engaging urban planning studios to generate the corridor development proposals and developing a “City Gallery” (which displays the urban planning intentions, development plans and a physical model of the city).

(ii) ***Strategies to Operationalizing TOD/Corridor Development*** - With the objective of better involving and leveraging the private sector to facilitate and enable the implementation of TODs and integrated corridor development, the strategy will source from international best practices, and explore development, financing and implementation options and models such as land value capture/ revenue generation mechanisms, and the feasibility of setting up a Business Improvement District (BID). These financing options and operation models should be adapted to the local context and could be piloted in one or two identified priority BRT nodes. In addition, given sufficient resources, specific transport related facilities (eg. bicycle parking, park-and-ride facilities) and environmental improvements (eg. sidewalk, handicap access etc.) could be made around these key nodes.

50. Component 3d: Strengthening Operations and Maintenance Systems. This sub-component will strengthen the capacity of GoT (including concerned Ministries, Departments and Agencies) and the DLAs to plan, deliver, operate and maintain public infrastructure and services. Identified tasks include developing: (i) a drainage master plan; and (ii) road maintenance management systems for DLAs. Efforts will be made to develop the “District Road Maintenance Management System” (DROMAS) currently being piloted in the Morogoro region of the country. If successful it is intended to roll out the program in all LGAs in the country including the three MCs in Dar es Salaam. Training of local engineers will be carried out on data collection using a GPS and uploading into a GIS program and from there into GIS based inventory and attributes tables in DROMAS. 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.

51. Component 3e: Urban Analytics. Related urban analytical work and technical assistance will be carried out in areas relevant to the long term urban challenges and competitiveness of Tanzania cities to establish sound analytical foundations for future engagements. Most activities are to 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 or support of agro-processing industries, global lessons in developing satellite cities), cultural heritage, or other studies needed to prepare investments for future projects in the series, or later project phases.

52. Component 3f: Urban Planning Systems. The DLAs have requested support to improve the capacity of their urban planning departments in: (i) implementing the new Master Plan, (ii) developing strategic local area development plans, (iii) utilization of GIS data for evidence based decision making, (iv) enforcement and monitoring, and (v) planning coordination across DLAs and across departments. At the start of the project, a planning needs assessment will be carried out (and considering the forthcoming updates to the metropolitan governance structure) to develop a targeted training program to improve the overall capacity of the DLAs in urban planning and management. Activities may include trainings, tools/equipment, south-south exchanges, embedded experts, stakeholder consultations, follow-up work to complement the forthcoming Master Plan, analysis on institutional arrangements, or commissioning special studies or plans as needed. Special emphasis will be given to enhancing the coordination role of the DCC.

#### **Component 4: Implementation Support and Monitoring & Evaluation**

53. 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, monitoring and evaluation (M&E), audit of project accounts, meetings and workshops, impact assessments, and supervision vehicles. 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. Implementation support of the low-income community upgrading component will also be provided at the community level through PIU implementation support consultants and assistance to community groups and NGOs.

#### **Project Financing**

54. The total project cost is estimated at US\$330.30 million, comprising an IDA Credit of US\$300 million equivalent, co-financing from the NDF of US\$5 million (excluding US\$1 million of bank-executed fund) and an estimated US\$25.30 million contribution from the GoT. All of the GoT's financing will be for Resettlement Action Plan (RAP) costs. The proposed lending instrument is Investment Project Financing (IPF); IPF instrument was selected in view of its flexibility and suitability for financing a broad range of activities. The project is expected to be implemented over a period of five and a half years. Detailed project costs by components are shown in the table below.

**Table 1: Estimated Project Cost and Financing (US\$ million)**

	<b>Project Components</b>	<b>Project cost (USD Million)</b>	<b>IDA Financing (USD Million)</b>	<b>GoT Financing (USD Million)</b>	<b>Other (TF) (USD Million)</b>	<b>Component % of Total Financing</b>
<b>Component 1: Priority Trunk Infrastructure</b>		<b>172.64</b>	<b>158.46</b>	<b>14.20</b>	<b>0.00</b>	<b>52.3%</b>
1a	Priority roads supporting public transit, mobility, and connectivity to low income communities	103.86	94.40	9.47	0.00	
1b	Flood Control & Storm Water Drainage	68.78	64.06	4.73	0.00	
1c	Emergency Response	0.00	0.00	0.00	0.00	
<b>Component 2: Upgrading in Low-Income Communities</b>		<b>117.21</b>	<b>106.14</b>	<b>11.09</b>	<b>0.00</b>	<b>35.5%</b>
2a	Kinondoni MC	18.71	17.31	1.41	0.00	
2b	Ilala MC	28.33	26.33	2.00	0.00	
2c	Temeke MC	70.17	62.50	7.68	0.00	
<b>Component 3: Institutional Strengthening and Capacity Building</b>		<b>26.00</b>	<b>21.00</b>	<b>0.00</b>	<b>5.00</b>	<b>7.9%</b>
3a	Improving Metropolitan Governance Systems	5.00	5.00	0.00	0.00	
3b	Improving Own Source Revenue Collection and Mainstreaming Geographic Information Systems	8.00	8.00	0.00	0.00	
3c	Support for Integrated Transport and Land-use Planning	2.00	0.00	0.00	2.00	
3d	Strengthening Operations and Maintenance Systems	3.00	0.00	0.00	3.00	
3e	Urban Analytics	5.00	5.00	0.00	0.00	
3f	Urban Planning Systems	3.00	3.00	0.00	0.00	
<b>Component 4: Implementation Support and Monitoring and Evaluation</b>		<b>14.40</b>	<b>14.40</b>	<b>0.00</b>	<b>0.00</b>	<b>4.4%</b>
4a	Technical Support to PMO-RALG	7.40	7.40	0.00	0.00	
4b	Technical Support to DLAs	4.50	4.50	0.00	0.00	
4c	Maintenance Training and Equipment	2.50	2.50	0.00	0.00	
<b>Total project costs</b>		<b>330.30</b>	<b>300.00</b>	<b>25.30</b>	<b>5.00</b>	<b>100.0%</b>
<b>Total Financing Required</b>		<b>330.30</b>	<b>300.00</b>	<b>25.30</b>	<b>5.00</b>	<b>100.0%</b>

Note: Construction Supervision Consultancy costs are included in Component 1 and 2 costs

**Table 2: Sub-Component 1a- Priority roads supporting public transit, mobility, and connectivity to low income communities**

Ref	Description	Quant (km)	Works Base Cost (USD)	Land/Reset Costs (USD)	Cons.S/V Costs (7%) (USD)	Total Costs Excl Cont. (USD)
<b>Component 1: 1a-Priority Roads</b>						
	<b><u>Ilala MC</u></b>					
RI1	Ndanda	0.35	395,430	0	27,680	423,110
RI2	Olympio	0.86	930,025	0	0	930,025
RI3	Kiungani	0.70	841,275	0	58,889	900,164
RI6	Maji ya Chumvi-Kilungule	2.85	2,913,313	349,605	203,932	3,466,850
RI4	Omari Londo	0.53	766,753	0	53,673	820,426
RI5	Mbaruk	0.40	499,250	0	34,948	534,198
	<b><i>Sub-total</i></b>	<b>5.69</b>	<b>6,346,046</b>	<b>349,605</b>	<b>379,121</b>	<b>7,074,772</b>
	<b><u>Kinondoni MC</u></b>					
RK1	Makanya	5.1	6,540,770	3,214,232	457,854	10,212,856
RK2	Tandale Kisiwani	0.8	835,860	593,190	58,510	1,487,560
RK3	Sokoni Makumbusho	0.96	986,757	0	69,073	1,055,830
RK4	MMK	1.45	1,775,137	0	124,260	1,899,397
RK5	Nzasa	1.25	1,610,292	0	112,720	1,723,012
RK6	Simu 2000	1.3	1,484,098	206,303	103,887	1,794,288
RK7	Kilimani	1.3	1,765,928	413,079	123,615	2,302,622
RK8	External	2.65	3,550,437	818,259	248,531	4,617,227
RK9	Kisukuru	1.9	2,326,410	0	162,849	2,489,259
RK10	Korogwe-Kilungule	2.88	4,399,420	363,650	307,959	5,071,029
RK11	TANESCO Soko la Samaki	1.58	1,913,088	0	133,916	2,047,004
RK12	Viwandani	1.68	1,990,293	0	139,321	2,129,614
RK13	Kilongawima	1.8	2,199,405	201,865	153,958	2,555,228
	<b><i>Sub-total</i></b>	<b>24.65</b>	<b>31,377,895</b>	<b>5,810,578</b>	<b>2,196,453</b>	<b>39,384,926</b>
	<b><u>Temeke MC</u></b>					
RT1	Chang'ombe	4.63	8,035,832	657,830	562,508	9,256,170
RT2	Temeke-Mbagala	3.5	6,427,975	1,163,086	449,958	8,041,019
RT3	Mchicha	1.58	1,783,327	418,430	124,833	2,326,590
RT 5	Kijichi Tuangoma Bridge	3.00	3,555,883	0	248,912	3,804,795
RT4	Mwanamtoti	1.8	1,960,721	1,066,023	137,250	3,163,994
	<b><i>Sub-total</i></b>	<b>14.51</b>	<b>21,763,738</b>	<b>3,305,369</b>	<b>1,523,462</b>	<b>26,592,569</b>
	<b><u>Other Feeder Roads (Ph 2)</u></b>					
	Shekilango Rd	3.80	4,180,000	0	292,600	4,472,600
	Muhimbili Hospital Rd	1.75	1,925,000	0	134,750	2,059,750
	Magomeni Mapipa to Urafiki Rd	3.40	3,500,000	0	245,000	3,745,000
	Morocco-Kawe Road	7.65	7,650,000	0	535,500	8,185,500
	Makumbusho-Mwanamboka Road	4.15	0	0	0	0
	<b><i>Sub-total</i></b>	<b>20.75</b>	<b>17,255,000</b>	<b>0</b>	<b>1,207,850</b>	<b>18,462,850</b>
	<b>Total Base Costs</b>	<b>65.60</b>	<b>76,742,679</b>	<b>9,465,552</b>	<b>5,306,886</b>	<b>91,515,117</b>

	Physical Contingencies (7.5%)	0.075	5,755,701	0	0	5,755,701
	<i>Sub-total</i>		<b>82,498,380</b>	<b>9,465,552</b>	<b>5,306,886</b>	<b>97,270,818</b>
	Price Contingencies (7.5%)	0.075	6,187,378	0	398,016	6,585,395
	<i>Sub-total</i>		<b>88,685,758</b>	<b>9,465,552</b>	<b>5,704,902</b>	<b>103,856,213</b>
	<b>Grand Total Costs</b>		<b>88,685,758</b>	<b>9,465,552</b>	<b>5,704,902</b>	<b>103,856,213</b>

**Table 3: – Component 1b- Flood Control & Storm Water Drainage**

	Description	Works Base Costs (USD)	Land/Resett. Costs (USD)	Construction Supervision Costs (7%) (USD)	Total Costs (Excl Cont) (USD)
<b>Component 1- 1b-Flood Control &amp; Drainage</b>					
<b>1</b>	<b><u>Sinza River</u></b>				
KI1	Sinza River	20,862,143	2,668,130	1,460,350	24,990,623
-	<i>Sub-total</i>	<b>20,862,143</b>	<b>2,668,130</b>	<b>1,460,350</b>	<b>24,990,623</b>
<b>2</b>	<b><u>Msimbazi River</u></b>				
IL5	Buruguni Kisiwani	1,675,237	93,090	117,267	1,885,594
IL8	Msimbazi/Tenge Liwiti	1,106,888	157,394	77,482	1,341,764
IL10	Bonde La Sungura+Tembo Mgwaza	3,157,740	56,779	221,042	3,435,561
IL11	Mafuriko Drain	839,972	1,400	58,798	900,170
	General & Dayworks	786,876	0	39,344	826,220
	<i>Sub-total</i>	<b>7,566,713</b>	<b>308,663</b>	<b>513,932</b>	<b>8,389,308</b>
<b>3</b>	<b><u>Gerezani Creek</u></b>				
TE2	Serengeti Drain	5,249,716	3,655	367,480	5,620,851
TE3	Temeke Drain	1,411,744	0	98,822	1,510,566
TE9	Koko Drain	1,340,840	324,386	93,859	1,759,085
	Detention Pond	1,485,411	0	103,979	1,589,390
	General & Dayworks	877,374	0	61,416	938,790
	<i>Sub-total</i>	<b>10,365,085</b>	<b>328,041</b>	<b>725,556</b>	<b>11,418,682</b>
<b>4</b>	<b><u>Yombo River</u></b>				
IL3	Kigilagila + Food Security Area	2,819,177	265,058	197,342	3,281,577
IL7	Minazi Mirefu + Kiwilani	550,200	0	38,514	588,714
TE8	Mpogo Drain (Kizinga Basin)	2,591,565	755,669	181,410	3,528,644
	Detention Pond	1,971,756	0	138,023	2,109,779
	General & Dayworks	887,305	0	62,111	949,416
	<i>Sub-total</i>	<b>8,820,003</b>	<b>1,020,727</b>	<b>441,000</b>	<b>10,281,730</b>
<b>5</b>	<b><u>Kizinga River</u></b>				
TE4	Kwa Shego-Uzomboko-Kingugi-Mzinga	3,931,018	395,234	275,171	4,601,423
	General & Dayworks	744,762	0	52,133	796,895
	<i>Sub-total</i>	<b>4,675,780</b>	<b>395,234</b>	<b>233,789</b>	<b>5,304,803</b>
	<b>Grand Total Base Costs</b>	<b>52,289,724</b>	<b>4,720,795</b>	<b>3,374,628</b>	<b>60,385,147</b>
	Physical Contingencies (7.5%)	3,921,729	0	0	3,921,729
	<i>Sub-total</i>	<b>56,211,453</b>	<b>4,720,795</b>	<b>3,374,628</b>	<b>64,306,876</b>
	Price Contingencies (7.5%)	4,215,859	0	253,097	4,468,956
	<i>Sub-total</i>	<b>60,427,312</b>	<b>4,720,795</b>	<b>3,627,725</b>	<b>68,775,832</b>
	<b>Grand Total Costs</b>	<b>60,427,312</b>	<b>4,720,795</b>	<b>3,627,725</b>	<b>68,775,832</b>

**Table 4: Component 2 - Upgrading in Low-Income Communities**

	Number of Wards	Works Base Cost (USD)	Land Resettlement Costs (USD)	Construction Supervision Costs (USD)	Total Costs - excluding Contingency (USD)	Contingency: Price and Physical (15%)	TOTAL
<b>Kinondoni</b>	3	14,060,597	1,401,894	981,912	16,444,403	2,261,823.84	18,706,227
<b>Ilala</b>	3	21,174,536	1,996,613	1,730,019	24,901,168	3,425,038.56	28,326,206
<b>Temeke</b>	8	50,770,035	7,676,376	3,553,902	62,000,313	8,167,629.38	70,167,943
<b>Sub-Total</b>	<b>14</b>	<b>86,005,168</b>	<b>11,074,883</b>	<b>6,265,834</b>	<b>103,345,885</b>	<b>13,854,491.78</b>	<b>117,200,376</b>

**Table 5: Component 3 - Institutional Strengthening and Capacity Building**

Ref	Description	Item Costs (USD)	Financing Plan (USD)		
			World Bank	GOT	Others
<b>3a</b>	<b>Improving Metropolitan Governance</b> - TAs on institutional reform strategy and program - Implementation of specific priority tasks				
	GoT/PMO-RALG/DCC etc.	2,000,000	2,000,000	0	0
	<i>sub-total</i>	<b>2,000,000</b>	<b>2,000,000</b>	<b>0</b>	<b>0</b>
<b>3b</b>	<b>Revenue Collection and GIS (LGRCIS)</b>				
	Data Collection for whole city (PMO-RALG)	2,000,000	2,000,000	0	0
	Kinondoni MC	2,000,000	2,000,000	0	0
	Ilala MC	2,000,000	2,000,000	0	0
	Temeke MC	2,000,000	2,000,000	0	0
	<i>sub-total</i>	<b>8,000,000</b>	<b>8,000,000</b>	<b>0</b>	<b>0</b>
<b>3c</b>	<b>Integrated Transport&amp; Land Use Planning</b>				
	BRT Corridor Dev Strategy (DCC, DLAs, PMO-RALG, DART) - TOD Assessment and baseline surveys (infrastructure support assessment, public policy & regulations, socio-economic assessment (pro-poor) etc.) - Detailed Spatial Development Plan and Urban Design schemes and Guidelines, Development Controls - Transport Studies (bikeway & walkway, parking policy and strategy) - PPP Strategies, implementation and operation model - Stakeholder Capacity Building for Integrated Land use and Transport Planning (improving community participation, developing community of practice and increasing knowledge and execution capacity)	2,000,000	0	0	2,000,000
	<i>sub-total</i>	<b>2,000,000</b>	<b>0</b>	<b>0</b>	<b>2,000,000</b>
<b>3d</b>	<b>Strengthening Operations &amp; Maintenance Systems</b>				
	<i>Road Maint. Management System &amp; O&amp;M Plan</i>				

	Kinondoni MC	700,000	0	0	700,000
	Ilala MC	700,000	0	0	700,000
	Temeke MC	700,000	0	0	700,000
	<i>Drainage Master Plan (for all DLAs)</i>	900,000	0	0	900,000
	<i>sub-total</i>	<b>3,000,000</b>	<b>0</b>	<b>0</b>	<b>3,000,000</b>
<b>3e</b>	<b>Urban Analytics</b>				
	Studies or pilots related to metropolitan sprawl and informality, land management	1,500,000	1,500,000		
	Studies or pilots related to development of economic opportunities (eg. PPP, industrial zone)	1,500,000	1,500,000		
	Other relevant studies/policy analysis	1,000,000	1,000,000		
	Future investments preparation	1,000,000	1,000,000	0	0
	<i>sub-total</i>	<b>5,000,000</b>	<b>5,000,000</b>		
<b>3f</b>	<b>Urban Planning Systems</b>				
	<i>sub-total</i>	<b>5,000,000</b>	<b>5,000,000</b>	<b>0</b>	<b>0</b>
<b>Total Costs (no physical or price contingencies or VAT included)</b>		<b>25,000,000</b>	<b>20,000,000</b>	<b>0</b>	<b>5,000,000</b>

**Table 6: Component 4 – Implementation Support and Monitoring and Evaluation**

	Description	Total Base Costs	Financing Plan (US\$)		
			World Bank	GOT	Others
<b>4a</b>	<b>Technical Support to PMO-RALG</b>				
	TA to DMDP PCU	3,000,000	3,000,000	0	0
	FS/Design for Msimbazi River (Kigogo-to Ocean)	1,500,000	1,500,000	0	0
	FS/Design for 5 Feeder Roads to BRT1	1,300,000	1,300,000	0	0
	Operating Costs (ex salaries) for Project	1,600,000	1,600,000	0	0
	<i>sub-total</i>	<b>7,400,000</b>	<b>7,400,000</b>	<b>0</b>	<b>0</b>
<b>4b</b>	<b>Technical Support to DLAs (Exc Construction Supervision)</b>				
	TA to 3 PIUs (Road and Drainage Engineers, Upgrading Specialists, Monitoring & Evaluation)	4,000,000	4,000,000	0	0
	Operating Costs (ex salaries) for 3 DLAs for Project	1,500,000	1,500,000		
	<i>sub-total</i>	<b>5,500,000</b>	<b>5,500,000</b>	<b>0</b>	<b>0</b>
<b>4c</b>	<b>Maintenance Training &amp; Equipment</b>				
	Training	500,000	500,000	0	0
	Equipment	2,000,000	2,000,000	0	0
	<i>sub-total</i>	<b>2,500,000</b>	<b>2,500,000</b>	<b>0</b>	<b>0</b>
<b>Total Costs (no physical or price contingencies or VAT included)</b>		<b>15,400,000</b>	<b>15,400,000</b>	<b>0</b>	<b>0</b>

### Annex 3: Implementation Arrangements

#### TANZANIA: Dar es Salaam Metropolitan Development Project

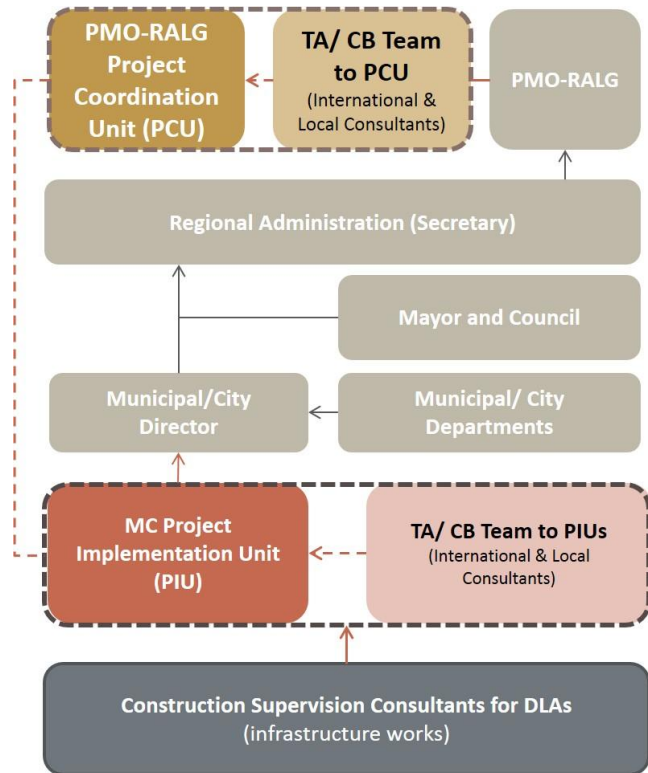
##### A) Project Institutional and Implementation Arrangements

###### *Project administration mechanisms*

1. 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 technical assistance 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.

2. 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 will have a full time Project Implementation Unit (PIU) with dedicated team of officers to carry out these responsibilities. These PIUs have already been established and staffed. In addition, each DLA will have one consultant team to help with construction supervision and program management support (M&E, QA/QC, project reporting, FM, etc.). The consultant will supervise construction of all sub-projects. The benefits of this approach are to reduce transactions, attract the best companies, and value for money. The Bank has worked in the past with the DLAs on similar work – thus their capacity is known to be sufficient for this type of work, though they will require some implementation support through their own consultants and with PMO-RALG’s. An implementation manual for the project will be prepared by PMO-RALG to guide its implementation.

**Figure 1. Implementation Arrangements**



3. 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 such things as periodic environmental clean-ups and tertiary solid waste collection arrangements.

## **Financial Management, Disbursements and Procurement**

### *Overall Financial Management assessment*

4. A financial management assessment was undertaken in order to evaluate the adequacy of the project arrangements in accordance with meeting the Bank's minimum requirements in OP/BP 10.00. The assessment covered various implementing entities in the four DLAs and PMO-RALG. The assessment complied with the Financial Management Manual for World Bank-Financed Investment Operations that became effective on March 1, 2010, as well as with Bank Financial Management Assessment and Risk Rating Principles.

### *Financial Management Arrangements:*

5. The overall financial management arrangements in terms of accounting, reporting, disbursement, and auditing related to the project (DMDP) will be managed and coordinated by PMO-RALG. This includes consolidation of the quarterly IFRs and annual audits to be submitted to the World Bank. The specific arrangements are as follows.

### *Staffing:*

6. To successfully administer the FM responsibilities, PMO-RALG will assign two qualified accountants to manage project funds. Training will be provided to project accountants regarding new developments on the World Bank Financial Management and Disbursement Guidelines during the project implementation.

### *Budgeting arrangements:*

7. Project budget preparation, approval, and monitoring will follow the implementing agencies procedures. Preparation of the AWPB will be participatory and based on the Medium Term Expenditure Framework (MTEF). PMO-RALG management and full council at each DLA will be responsible for budget approval and monitoring of budget execution. Further, the Annual Work Plans and Budget will be submitted to the WB for approval before it is submitted to the ministry and parliament for approval.

### *Internal controls:*

8. All the assessed implementing agencies indicated having adequate internal controls with segregation of accounting functions. The Bank procurement procedures shall be applied to procure services and goods funded by proceeds from credit.

### *Internal Control Environment:*

9. Internal control systems revealed that there are adequate internal controls in place which can be relied upon to manage project funds. Internal control systems and guidelines are documented in the Public Finance Acts 2004 and its regulations. Audit Committees and Parliamentary Accounts Committee (PAC) and Local Authorities Accounts Committee (LAAC) play significant oversight roles through follow-up of external audit reports at MDAs and DLAs. In recent years there have been efforts from PAC & LAAC on follow-up of issues raised by CAG.



*Internal auditing:*

10. PMO Internal Audit department shall be required to perform quarterly internal audit reviews during project implementation and provide a copy of the report to the World Bank. The internal audit departments has more than 5 internal auditors who are qualified and adequate and have past experience to handle the World Bank funded projects such as the TSCP, and ULGSP. Project funds will be used to facilitate the reviews. The Audit Committees will provide an oversight role over financial matters affecting the project. Its major role will include following up on implementation of internal and external audit queries.

*Accounting arrangements:*

*The Accounting System, Chart of Accounts and Classification of expenditure*

11. PMO-RALG will use the existing ‘epicor’ government accounting software to account for project funds. The accounting system is essentially a modified cash accounting system with provision for commitment accounting. The entities use International Public Sector Accounting Standards (IPSAS) to prepare annual financial statements. The chart of accounts is based on MTEF and GFS codes which are applied for revenue and expenditure classification. The chart of accounts allows for proper classification of expenditure by sector, programs and by nature of expenses. However, the chart of accounts does not correctly represent the funding source for funds flowing from development partners. The sources are shown using mainly program/project names. To accurately present and timely record and issue reports on the DMDP project, project management shall create specific project codes (classified per component/activity) in ‘epicor’ accounting system i.e. in the chart of accounts.

*Financial reports:*

12. To monitor project implementation, all the implementing agencies shall prepare and submit the following two reports:

- (i) *Annual Project Financial Statements:* The financial statements should be prepared in accordance with International Public Sector Accounting Standards.
- (ii) *Interim Financial Reports (IFRs):* The contents of the IFR will include (i) financial report narrative summary; (ii) a statement of sources and uses of funds by disbursement component/activity, showing for the period and cumulatively, actual and planned cash receipts and payments; and (iii) designated account activity statements. The IFRs should be prepared on a quarterly basis and submitted to the Bank within 45 days of the end of the reporting period. The IFR should be accompanied by substantive progress report and procurement reports for all components. The format and content of interim financial reports have been agreed upon with World Bank.

*External Auditing arrangements and submission of audited annual financial statements:*

13. All annual project financial statements shall be subject to external audit review. The audit review shall be carried out in accordance with International Standards of Auditing. The audit terms of reference have been agreed with the Bank. The project external audit shall be carried out by National Audit office under supervision of Controller and Auditor General (CAG). At the discretion of the CAG, the audit may be subcontracted to a firm of private auditors, with the final report being issued by the Auditor General. The private firms to be sub-contracted should be among those that are acceptable to IDA. In case the audit is subcontracted to a firm of private auditors, IDA funding may be used to pay the cost of the audit.

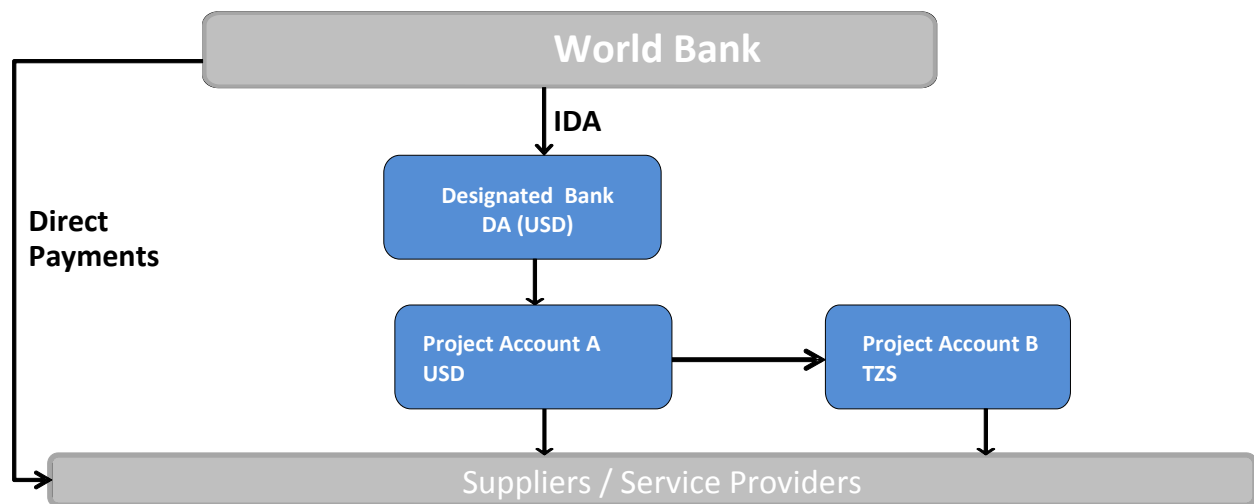
14. The audit report together with the management letter will be submitted to the Bank **not later than nine months** after the end of the financial year. The project is required to disclose the audited financial statements in a manner acceptable to the Bank. Following the Bank’s formal receipt of the audit report from the project, the World Bank will make them available to the public in accordance with *The World Bank Policy on Access to Information*.

**Table 1: Audit Report Opinion**

Audit Report Opinion	Due Date
Project’s annual financial statements audit opinion and management letter. The audited accounts should have adequate disclosures that include the reconciliation of the Designated Account.	By March 31 each year (within nine months after end of the FY which is June 30th of every year during project implementation)

*Flow of funds:*

15. A Designated Account (DA) denominated in US Dollars and to be managed by PMO-RALG will be opened at the Central Bank of Tanzania. Disbursements from the Bank will be deposited into the DA. Two sub-accounts, denominated in US Dollars and Tanzania Shillings, will be opened in a commercial bank to enable payment of eligible project expenditures in foreign currency and local currency. Advances to the DA will be made on a monthly basis against withdrawal applications supported by Statements of Expenditures (SOE) or other documents as specified in the Disbursement Letter (DL). The flow of funds from the credit is presented as follows:



PMO-RALG will submit the signatories to the Designated Account and Project Accounts to the Bank as well as the bank account details between the signing and effectiveness of the project.

*Disbursement arrangements:*

16. The project may use any of the following methods to disburse the credit proceeds: (i) advance method; (ii) direct payment to a third party; (iii) special commitment to pay amounts to a third party in respect of expenditure to be financed out of the grant proceeds, upon the request and under terms and conditions in finance agreement; and (iv) reimbursement procedure where the Bank would reimburse the expenditures eligible for financing that the implementing agency has pre-financed from its own resources.

17. *Transaction disbursement documentation* shall be followed during project implementation. Under the transaction-based procedure, the required supporting documentation will be summary reports, records and the SOE. All SOEs supporting documentation will be kept by the implementing agencies. They shall be available for review by Bank implementation support missions and internal and external auditors.

18. Disbursement of Funds to Service Providers, Contractors and Suppliers: PMO-RALG will make payments to service providers', contractors and suppliers of goods and services for specified eligible activities under the credit. Such payments will be made on the basis of the terms and conditions of each contract.

*Financial Management Action Plan:*

19. The Financial Management Action Plan described below has been developed to mitigate the overall financial management risks.

**Table 2: Financial Management Action Plan**

<b>Issue</b>	<b>Remedial action recommended</b>	<b>Responsible entity</b>	<b>Completion date</b>	<b>Conditions</b>
Accounting system	Customization of project chart of accounts	PMO-RALG	Within six months after credit effectiveness	No
Staffing	Assign two qualified accountants to manage DMDP funds	PMO-RALG	Completed	No
External auditing	Agreement of terms of reference for external auditors.	PMO-RALG and IDA	Completed	No
Reporting	Prepare formats of unaudited interim financial reports (IFRs) that will be used for the project and agree the formats with IDA.	PMO-RALG	Completed	No

*Implementation support plan:*

20. Since the risk of the project is considered to be substantial, two missions will be carried out per year during the implementation period of the project. The mission objective will be to ensure that strong financial management systems are maintained for the project throughout its life.

21. In addition, the Bank FMS will review quarterly IFRs as soon as they are submitted, internal audit reports, the annual audit reports and follow up on issues and recommendations raised by internal and external auditors.

*Conclusion of the assessment:*

22. The conclusion of the assessment is that the financial management arrangements in place meet the World Bank's minimum requirements under OP/BP10.00, and therefore are adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project required by the World Bank.

*Procurement*

23. **General.** Procurement under the proposed project will be carried out in accordance with the World Bank's *Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants* dated January 2011 (revised July 2014) and its *Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants* dated January 2011" (revised July 2014) and with the provisions stipulated in the Financing Agreement. The various items under the different expenditure categories are described in general below. For each contract to be financed by the credit, different procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame would be agreed upon between the Government and the World Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The implementing entities, as well as contractors, suppliers and consultants will observe the highest standard of ethics during procurement and execution of contracts financed under this project. *Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA and Grants* dated October 15, 2006 and revised in January 2011 (the Anti-Corruption Guidelines) shall apply to the project.

24. **Legal Framework:** Public procurement in Tanzania is governed by a new law since December 20, 2013, the Public Procurement Act No. 7 of 2011. The new law was enacted in November, 2011 replacing the Public Procurement Act No. 21 of 2004 and became operational on December 20, 2013 following a notice of its commencement published in the Government Gazette No. 445 dated December 13, 2013 and the publication of the Regulations made under the Act in the Government Gazette No. 446 dated December 20, 2013. Under the new Act, the procurement functions remain decentralized to procuring entities with the Public Procurement Regulatory Authority (PPRA) continuing to provide oversight functions for public procurement.

25. The new Act has strengthened some functions of the PPRA including powers to cancel procurement proceedings after conducting an investigation and reasonably being satisfied that there is a breach of the Act. The new Act has also introduced a 14 day cool-off period during which an intention to award the contract is communicated to all bidders giving them opportunity to submit a complaint if any on the proposed award. Furthermore, the procurement complaint review has been changed to two tier process with PPRA no longer being involved in the review of complaints thus a

substantial reduction in the overall time for handling a complaint. Otherwise, the overall basic principles of the public procurement and general institutional arrangements have remained the same as in the Public Procurement Act No. 21 of 2004. In addition, the new Act has enhanced the definition of fraud and corruption in a broader term by including definitions of coercive practices, collusive practices and obstructive practices that were missing in the Public Procurement Act No. 21 of 2004. Furthermore, the new Public Procurement Act No. 7 2011 gives powers to PPRA to black list and debar a bidder who has been debarred by international organizations such as the World Bank in cases related or unrelated to fraud and corruption for such period as is debarred by the international organization plus a further period of ten years (for fraud and corruption cases) or five years (for non-fraud and corruption cases).

26. The Public Procurement Act No. 11 of 2011 has been reviewed by the World Bank and found to be satisfactory and consistent with Bank Procurement Guidelines, except for the provisions of Clause 54 of the Act, which permits application of national preference in bid evaluation under National Competitive Bidding (NCB). There would be no preference accorded to domestic suppliers and contractors under National Competitive Bidding for goods and works. Furthermore, in accordance with paragraph 1.16 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the credit shall provide that: (a) the bidders, suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Bank; and (b) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.16 (a)(v) of the Procurement Guidelines.

27. **Procurement of Civil Works.** Civil works procured under this project will include: (a) road rehabilitation and drainage works; (b) construction of local markets; (c) social services infrastructure, etc. Procurement will be done under ICB or NCB using the World Bank's Standard Bidding Documents for all ICB and National Standard Bidding documents agreed with or satisfactory to the World Bank for all NCB. Small value works may be procured under shopping procedures. Direct contracting may be used where necessary if agreed in the procurement plan in accordance with the provisions of paragraph 3.7 to 3.8 of the Procurement Guidelines. The prequalification processes for all the contracts for works to be procured using NCB are subject to prior review by the World Bank. The first contract for NCB works per DLA will be subject to prior review by the World Bank.

28. **Procurement of Goods.** Goods procured under this project will include: infrastructure maintenance equipment, computer equipment, vehicles, office furniture, etc. Procurement will be done under ICB or NCB using the World Bank's Standard Bidding Documents for all ICB and National Standard Bidding, or Documents agreed with or satisfactory to the World Bank. Small value goods may be procured under shopping procedures. Direct contracting may be used where necessary if agreed in the procurement plan in accordance with the provisions of paragraph 3.7 to 3.8 of the Procurement Guidelines.

29. **Procurement of non-consulting services:** Non-consulting services to be procured under the project will include maintenance of office equipment, maintenance of vehicles, hiring of venues for workshops and training, etc.

30. **Selection and Employment of Consultants.** Consultancy services would include supervision of infrastructure works, technical assistance, feasibility studies, environmental and social impact studies and technical reviews and evaluations. The selection method will be Quality and Cost

Based Selection (QCBS) method whenever possible. Contracts for specialized assignments estimated to cost less than US\$200,000 equivalent may be contracted through Consultant Qualification (CQ). The following additional methods may be used where appropriate: Quality Based Selection, Selection under a Fixed Budget (FB), and Least-Cost Selection (LCS).

31. Short lists of consultants for services estimated to cost less than the equivalent of US\$ 300,000 per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. However, if foreign firms express interest, they will not be excluded from consideration.

32. Single Source Selection may be employed with prior approval of the World Bank and will be in accordance with paragraphs 3.8 to 3.11 of the Consultant Guidelines. All services of Individual Consultants (IC) will be procured under contracts in accordance with the provisions of paragraphs 5.1 to 5.6 of the Guidelines.

33. **Operating Costs:** Operating costs shall consist of operations and maintenance costs for vehicles, office supplies, communication charges, equipment, utility charges, travel expenses, per diem and travels costs, office rental, training costs, workshops and seminar and associated costs, among others. Operating costs will not include salaries of civil servants.

34. **Training and Workshops:** Training and workshops will be based on capacity needs assessment. Detailed training plans and workshops activities will be developed during project implementation, and included in the project annual plan and budget for World Bank's review and approval.

#### *Procurement Risk Assessment*

35. *Guiding principles of the implementation of procurement:* Government has decided that the project implementation will be mainstreamed within existing government entities and structures. Procurement activities will be carried out by the respective Procurement Management Units (PMU) of PMO-RALG and participating DLAs. Participating DLAs will have primary responsibility for the implementation of procurement activities of their subprojects.

36. A capacity assessment of the agencies to implement project procurement was carried out in October 22, 2014. The assessment reviewed the organizational structure for implementing the project, functions, staff skills and experiences, adequacy for implementing the project, and the interaction between the project's staff responsible for the procurement and the relevant government agencies.

37. The key issues and risks concerning procurement for implementation of the project have been identified and include: (a) Procurement staff have no adequate experience in implementing World Bank-funded projects – staff experience is limited to procurement of goods through NCB and shopping procedures, with no experience in ICB procedures of selection of large-value consultancy contracts; (b) the record keeping is inadequate; (c) the working environment is inadequate in terms of space for procurement records and working space for procurement staff; (d) the qualification of procurement staff is inadequate; (e) there is lack of clear procedures and guidelines spelled out in manuals; (f) government officials likely to be involved in project procurement through tender and evaluation committees may not be familiar with procurement procedures according to World Bank guidelines and rules; and (g) control and regulation mechanism according to the provisions of the

country procurement law and its application procedures could delay the procurement process if mandatory reviews are required.

38. Proposed corrective measures which have been agreed to mitigate the risk are summarized in the following table.

**Table 3: Procurement Risk Mitigation**

<b>Action Plan for Strengthening Procurement Capacity</b>			
<b>Ref.</b>	<b>Tasks</b>	<b>Responsibility</b>	<b>Due date</b>
1	On the job training of identified procurement staff in World Bank procurement procedures	Three DLAs	On-going
2	Training of staff (at least two) in World Bank procurement procedures in specialized institutions like ESAMI. Project officers could be trained after project effectiveness.	Three DLAs	Prior and during implementation
3	Set up the project electronic filing system in order to better keep procurement documents and reports and identify staff responsible for this task. Train staff in data management.	Three DLAs	Six months after effectiveness
4	Prepare a Procurement Operational Manual, in line with World Bank procurement procedures and Public Procurement Act.	PMO-RALG	Completed before effectiveness
5	Set up an integrated procurement system (planning, monitoring and contract management) with the computerized project financial management system.	PMO-RALG	Six months after effectiveness
6	Recruitment of junior procurement consultant to assist and mentor DLAs staff	PMO-RALG	First two years of the project
7	PMO-RALG will be responsible for coordinating and supervising participating DLAs	PMO-RALG	During implementation of project

39. **Prior-Review Thresholds:** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank. However, relevant contracts below prior review thresholds listed below which are deemed complex and/or have significant risk levels will be prior-reviewed. Such contracts will also be identified in the procurement plans. A summary of prior-review and procurement method thresholds for the project are indicated in the table below. All terms of reference for consultants' services, regardless of contract value, shall also be subject to the World Bank's prior review.

**Table 4: Thresholds for Procurement Methods**

<b>Expenditure Category</b>	<b>Contract Value (Threshold) (US\$ 000)</b>	<b>Procurement Method</b>	<b>Contract Subject to Prior Review (US\$ 000)</b>
<b>1. Works</b>	15,000 or more	ICB	ALL
	below 15,000	NCB	First contract per entity

	Below or equal 200	At least three quotations	None
	No threshold	Direct Contracting	ALL
<b>2. Goods</b>	3,000 or more	ICB	ALL
	Below 3,000	NCB	First contracts per entity
	Below or equal to 100	Shopping	None
	No threshold	Direct Contracting	ALL
<b>3.Consultancy</b>	Firms	QCBS,LCS,FBS, QBS	ALL contracts of 500 and more
	Individual	IC (at least 3 CVs)	All contracts of 200 and more
	No threshold	Single Source (SS)	All contracts
<b>4. Training</b>	Annual Plan		All Training
<b>All TORs regardless of the value of the contract are subject to prior review</b>			

40. **Record Keeping.** The implementing entities will be responsible for records keeping and filing of procurement records for ease of retrieval of procurement information. In this respect, each contract shall have its own file and should contain all documents on the procurement process.

41. **Monitoring.** Monitoring and evaluation of procurement performance will be carried out through Bank Supervision and post procurement review missions.

42. **Procurement Plan.** The borrower has developed a Procurement Plan for the first 18 months of the project implementation which provides the basis for the procurement methods. This plan has been agreed between the borrower and the World Bank during negotiations. It will also be available in the project’s database and on the World Bank’s external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

43. **Frequency of Procurement Supervision:** In addition to the prior review supervision to be carried out from the Bank offices, the capacity assessment of the implementing entities recommends one supervision mission every six months to visit the field to carry out post review of procurement actions.

**B) Environmental and Social (including safeguards)**

44. The approach to environmental and social issues for each DMDP component is outlined in Table 5. The investments to be carried out under Components 1a, 1b and 2 will involve small- to medium-scale municipal works. Safeguards instruments focused on those components, with identified institutional strengthening and capacity building activities for environmental and social management included under Component 3. The safeguard policies triggered are OP/BP 4.01 (Environmental Assessment), OP/BP 4.11 (Physical Cultural Resources) and OP/BP 4.12 (Involuntary Resettlement).

45. Environmental and social due diligence has found that investments would pose no large-scale or irreversible negative environmental and social impacts, and are consistent with a Category B



safeguards classification including when resettlement and cumulative impacts of the project as a whole are considered.

**Table 5: Approach to environmental and social issues by component**

<b>DMDP Component</b>	<b>Activities</b>	<b>Approach to environmental safeguards</b>
1a Priority roads	Estimated 41.5 km of road upgrading, including gravel/earth to bitumen standard, and installation of road-side drains, and bridge improvements.	ESIA and preliminary RAP done for works with designs in each DLA, Resettlement Policy Framework (RPF) will guide RAP update. Environmental Codes of Practice included in ESMF.
1b Flood control and stormwater drainage	Estimated 31.5 km of storm water improvements, including bank stabilization, detention ponds, and connections to the secondary drainage network	ESIA and RAPs done for works in each DLA, Environmental Codes of Practice included in ESMF
1c Emergency response	Funds reallocated as necessary to provide assistance to respond to natural or man-made disasters	ESMF will apply to civil works undertaken as part of emergency response.
2 Low income community upgrading	Basic service improvements in approximately 40 sub-wards, including roads, drainage, parks, markets, and street lighting.	Preliminary ESIA and RAP done for works with designs in each DLA. RPF will guide RAP update. Environmental Codes of Practice included in the ESMF for future works
3a Improving Metropolitan Governance Arrangement and Systems	Support for improvements in the metropolitan and institutional governance framework in Dar es Salaam.	Environmental and social management to be included in institutional reforms and capacity building for service delivery
3b Improving Own Source Revenue Collection Systems and Mainstreaming GIS	Launch and operationalize the Local Government Revenue Collection Information System (LGRSIS) for Dar es Salaam	No safeguard implications, but LGRSIS could later be potentially used to enhance environmental management, land use planning, and urban resilience
3c Support for Integrated Transport and Land-use Planning	Pilot study to create the strategies, policies, standards, and capacity to develop future BRT corridors	Environment, climate change, and social issues to be integrated into study to mainstream in policy, planning and urban design standards.
3d Strengthening Operations and Maintenance Systems	Developing (i) a drainage master plan and (ii) road maintenance management systems for DLAs	Component 3d activities support mitigation measures proposed in the Component 1a, 1b, and 2 ESIA's.
3e Urban Analytics	TA to address the long term urban challenges feasibility studies and policy analysis	Topics yet to be determined.

3f	Urban Planning Systems	TA to strengthen capacity of the DLAs to develop and implement core planning competency.	Topics yet to be determined.
4	Implementation support and monitoring and evaluation	Enable the implementing agencies to execute the project.	M&E will include indicators for environmental and social management as well as support for implementation of ESMPs for PMO-RALG and DLAs.

46. The following section outlines the social and environmental impacts, safeguards instruments and procedures, and institutional strengthening measures.

### **Social (including Safeguards)**

47. *Safeguards triggered and resettlement instruments:* OP 4.12 (Involuntary Resettlement) is triggered since some infrastructure works will require involuntary resettlement, including partial impacts on properties (residences and businesses), full relocation of households, and livelihoods impacts (e.g. mobile street vendors and hawkers). All proposed subprojects under the local roads, drainage and infrastructure upgrading components were screened for involuntary resettlement.

48. For resettlement instruments the following instruments have been prepared: (i) a Resettlement Policy Framework (ii) five Resettlement Action Plans for the drainage packages that have advanced designs and will be implemented first, and (iii) preliminary RAPs for the roads and upgrading works that are in the design phase, which have been prepared for each municipality (i.e. six preliminary RAPs). These road works will be subject to a design review, which will inform an update of the RAPs for Component 1a and Component 2 as needed. The final RAPs will then be sent to the Bank for review and clearance prior to implementation.

49. The Resettlement Policy Framework (RPF) will guide the RAP update and any future investments, given DMDP is taking a phased approach. Moreover, there are a number of subprojects for which the final designs are not fully ready (e.g. upgrading works that will be selected by communities at a later stage). The RPF was the guiding framework for the RAPs already prepared, and will be applied to all future DMDP investments, to ensure that all PAPs will be compensated for their losses at replacement cost and provided with rehabilitation measures to assist them to improve or at least maintain their pre-project standards of living. The RPF gives special attention to women and vulnerable groups to ensure that they benefit from the investments and that their special needs are addressed.

50. *Impacts and Risks:* Overall resettlement impacts are largely due to road widening in order to provide wider carriageways, install roadside drains, and provide pedestrian walkways. Some resettlement will also be required for drainage works, for example to enlarge existing drainage channels. Infrastructure designs considered elements to minimize impacts on resettlement for all types of works. For example, the drainage component assessed several design alternatives, which resulted in the selection of storm water retention ponds that both reduced resettlement impacts as well as overall project costs.

51. A summary of the total resettlement impacts is presented in Table 6 below. Between the three components, approximately 1,497 households would have partial impacts by the civil works (verandas, septic tanks, partial demolition). The number of fully affected households that would require permanent relocation is approximately 535, with the majority of resettled households resulting from the priority roads component. The total amount of compensation is estimated at approximately US\$25 million.

**Table 6: Summary of total estimated resettlement impacts and costs by component and municipality**

<b>Component and Municipality</b>	<b>Partially affected households</b>	<b>Fully affected households</b>	<b>Total compensation cost (USD)</b>
<b>Component 1a: Priority Roads</b>	<b>136</b>	<b>248</b>	<b>\$ 9,465,551</b>
Ilala	7	10	\$ 349,605
Kinondoni	64	163	\$ 5,810,578
Temeke	65	75	\$ 3,305,368
<b>Component 1b: Stormwater drainage</b>	<b>140</b>	<b>107</b>	<b>\$ 5,013,673</b>
Ilala	20	6	\$ 642,720
Kinondoni	82	86	\$ 2,838,150
Temeke	38	15	\$ 1,532,803
<b>Component 2: Community Upgrading</b>	<b>1,221</b>	<b>180</b>	<b>\$ 11,074,934</b>
Ilala	333	25	\$ 1,996,614
Kinondoni	121	25	\$ 1,401,896
Temeke	767	130	\$ 7,676,425
<b>Grand Total</b>	<b>1,497</b>	<b>535</b>	<b>\$ 25,554,158</b>

52. Road works under Component 1a and Component 2 that involve resettlement will not be initiated for a least 12 months after DMDP is effective. This will allow time for a thorough design review with the potential to further reduce resettlement impacts, as well as provide capacity building for updating and carrying out the RAPs and identifying funding sources for compensation payments.

53. Drainage works under Component 1b are the only works that will initiate the bidding process soon after project effectiveness, therefore the drainage RAPs have been finalized for appraisal and reviewed and cleared by the Bank. Drainage works would involve permanent relocation of a total of 107 households and have partial impacts on about 140 households in the five drainage basins combined, with approximately US\$5 million in total compensation costs.

54. *Payment of Compensation:* Cash compensation was the method preferred by project affected people during RAP consultations. The three municipalities are responsible for ensuring budget for all resettlement and associated compensation costs in the RAPs, with assistance from PMO-RALG to secure funds. Securing sufficient funds has been cited as a significant challenge by the municipalities, which is in part why lower impact projects were selected for the first round of

tendering. Together the municipalities have committed US\$5.8 million for compensation costs in their current budgets, which is sufficient to cover the resettlement costs of the drainage works which will be tendered in first phase of DMDP civil works. This budget allocation was confirmed with the municipalities and PMO-RALG during appraisal.

55. In order to ensure that adequate and timely funds are available for the remaining compensation, local governments plan to secure loans from commercial banks for resettlement costs. These loans would be backed by the central government, which has a firm commitment outlined in a letter describing these arrangements. The letter has been signed by the Permanent Secretary of PMO-RALG, and submitted to the Bank. PMO-RALG will also assist the municipalities to explore other sources of funds from central government sources (such as the Tanzania Roads Fund), and the municipalities would also explore own source revenues as a supplement to loans. DMDP includes activities to increase local government revenue collection, an approach that has been piloted and shown to be successful in the Tanzania Strategic Cities Project. After 2-3 years of implementation DMDP will seek ways to ring-fence some of these gains for resettlement compensation, or payback of the commercial loans.

### **Environment (including Safeguards)**

56. *Overall Environmental Benefits:* DMDP infrastructure works are expected to improve key aspects of environmental quality in Dar es Salaam, including relieving traffic congestion which will result in improved air quality, as well as reducing flooding and improving sanitation and public safety. The project road works will contribute to lowering greenhouse gas emissions through reduced vehicle idling and planning such as building capacity for Transit Oriented Development. DMDP drainage works and upgrading in low income communities will improve urban resilience to current and future climate variability through both traditional drainage infrastructure as well as piloting green infrastructure investments such as storm water detention ponds that can be preserved and utilized as green space during dry spells.

57. *Categorization and safeguards triggered:* Environmental and social due diligence has found that investments would pose no large-scale or irreversible negative environmental and social impacts, and are consistent with a Category B safeguards classification including when resettlement and cumulative impacts of the project as a whole are considered. Environmental safeguard policies triggered include Environmental Assessment (OP 4.01) and Physical Cultural Resources (OP 4.11). The Environmental and Social Impact Assessment (ESIA) process found that impacts can be mitigated through (i) the application of good engineering and construction management practices, (ii) close supervision and monitoring of contractors' performance, and (iii) close consultation with, and monitoring by, local communities. Subproject-specific ESMPs have been prepared for each bidding package, which include both general and site-specific mitigation measures for the mobilization, construction and operation phases.

58. *Due diligence process and environmental safeguard instruments:* Safeguards due diligence has been carried out through ESIA's for each of the three components including mitigation measures in Environmental and Social Management Plans (ESMPs). These have been prepared for each component and each of the three DLAs, who are responsible for safeguards oversight for projects in their jurisdiction. An overall Environmental and Social Management Framework (ESMF) was also prepared to account for future works, which includes standard Environmental Codes of Practice (ECOPs) that apply to typical impacts of road, drainage and upgrading works. The ESMF adapts the institutional framework and grievance mechanisms designed under other urban projects under

implementation in Tanzania, which have been shown to function well. These have been consulted with the DLAs and their inputs taken into account in the design as a first step toward sensitization for safeguards implementation. Funds for institutional strengthening and capacity building for environmental and social management will be included under Component 3.

59. *Impacts and Risks:* The ESIA identified the positive and negative impacts of road, drainage, and upgrading activities during the mobilization, construction and operational phases of sub-projects, and included mitigation measures for the most significant impacts in the ESMPs.

60. In the mobilization phase stakeholder consultations found resettlement and compensation would be the most significant impact. Stakeholders were concerned that compensation would be fair and done in advance of works. These impacts are covered through the RAPs and RPF, which are cross-referenced in the ESIA and ESMF.

61. The most significant risks identified during the construction phase are impacts typical of construction works in urban areas, namely nuisances due to dust, noise and vibration, interruption of public utilities that require relocation from work sites (electricity, water, telecommunications), occupational and community health and safety, flooding from poor drainage, soil erosion due to vegetation removal, and an increased waste. Drainage works in particular will need to ensure that contaminated dredged sediments and existing solid waste in existing drains and canals will require treatment and safe transport and disposal at the Pugu dumpsite. It has been agreed with PMO-RALG that contractors will need to prepare and implement plans to treat and transport waste safely and avoid negative impacts on communities.

62. Negative impacts during the operational phase are largely issues of public safety. For roads under Component 1a and Component 2, this includes the likelihood of increased accidents resulting from higher speeds and more traffic on paved roads, which was highlighted in stakeholder consultations. Road designs include good practices for pedestrian facilities and traffic calming, especially near schools. For community upgrading, works are small scale in nature and no major impacts were noted aside from typical construction impacts. For drainage, there are risks of flooding if drains and detentions ponds are not properly maintained, and DMDP has a strong focus on building capacity for operations and maintenance in Component 3d to mitigate this risk. Additionally, efforts of community engagement around sanitation, including drain maintenance and solid waste management, will be included at the DLA and ward level in those areas with DMDP subprojects. Community sensitization was pointed out as key for mitigating the most significant safety and health risks for all subprojects.

### **Institutional Framework and Capacity for Safeguards**

63. The ESIA and RAP process found that capacity for safeguards implementation is generally low, though preparation of DMDP has included focal points for safeguards, including environmental focal points and municipal valuers who were fully involved in preparation of the RAPs. The study on Institutional Strengthening of Dar es Salaam Local Authorities conducted during project preparation found that councils do have an Urban Development, Natural Resources and Environment department, which as a whole oversee the environmental issues in the Municipality. For resettlement, each DLA does have municipal valuers and community development officers, however there is a lack of experience in carrying out and monitoring ESMPs and RAPs, posing an implementation risk. There is also a risk of budget shortfalls for compensation payments, which could delay sub-projects if payments are not made and sites cleared.

64. Recognizing that the municipalities have limited experience with infrastructure projects of this size and scale, significant resources have been built into DMDP to address environmental and social impacts and resettlement issues.

65. To monitor project implementation, all the implementing agencies shall prepare and submit the following two reports:

66. PMO-RALG will have a top-level quality assurance and project monitoring role, including budget for a full time international resettlement specialist and international environmental specialist, dedicated to supporting the 3 municipalities for the first 3 years.

67. Each municipality will have a dedicated Project Implementation Unit, including focal points for environment, land, and community development issues. The PIU will be responsible for setting up Municipal Resettlement Committees and Municipal Grievance Committees in each municipality, which will include technical specialists as well as ward- and community-level representatives. Each PIU will have a package of project management support (from an international firm) that will include expertise on resettlement and environmental issues, mapped directly to the municipal PIUs. These firms will include a community liaison/communications specialist, who will in part be responsible for addressing issues before they would escalate to the level of the grievance handling committees.

68. Within the PIU, the environmental specialist will review contract bids, coordinate on regulatory compliance issues, conduct monitoring field visits, and consult with local authorities and communities. The social specialist will ensure implementation of the RAPs (including that compensation is paid before works begin), liaise with project affected people, and ensure the RPF is applied to works in later phases, and monitor grievances. These specialists will prepare quarterly monitoring reports to be submitted to PMO-RALG, NEMC and the Bank.

69. A Construction Supervision Consultant (CSC) will be responsible for day-to-day monitoring of construction activities, and reporting to the PIU and PMO-RALG on a quarterly basis. The CSC includes an environmental engineer and land specialist that will monitor adherence to the ESMPs and RAPs, and may choose to contract an independent environmental and social monitoring consultant.

## **Disclosure**

70. Preparation of the RAPs, ESIA's and ESMPs has undergone an extensive consultation process with relevant stakeholders, including communities, local authorities, public utilities, the National Environmental Management Council (NEMC), and water basin authorities. Consultations with relevant authorities and communities have been ongoing throughout project preparation, and summarized in the ESIA's and RAPs. These have been both to obtain views on the potential impacts of the three works components, as well as consult with Project Affected People as part of the resettlement exercise. The RPF includes procedures for the local authorities to carry out public consultations, information disclosure, and grievance redress as projects are implemented.

71. The following safeguards documents have been cleared by the Bank and were disclosed in the InfoShop on December 16, 2014: ESIA's for Component 1a (Priority Roads – no resettlement is involved in the first three roads to be tendered), and ESIA's and RAPs for Component 1b (storm-water drainage). The ESIA's and RAPs were made available in Tanzania in hard copy in the three municipal offices and PMO-RALG, and soft copies on PMO-RALG's website on December 13, 2014 and ESMF and RPF on December 17, 2014. The remaining safeguards documents will be

reviewed, cleared, and disclosed by the Bank when they are finalized during project implementation, which will be required prior to tendering any sub-project bidding packages.

### **Other Safeguards Policies Triggered**

72. No other safeguard policies are triggered.

### **C) Monitoring & Evaluation**

73. Annex 1 provides the detailed Results Framework of the overall project. PMO-RALG will be overall responsible for the coordination and compilation of the project M&E with specific inputs from the relevant agencies including the DLAs and DART Agency.

74. **Project Monitoring Arrangements.** Each implementing entity will prepare quarterly reports for their respective works. These will be reviewed on a quarterly basis by PMO-RALG which will prepare consolidated quarterly progress reports, in accordance with a format outlined in the PIM. The purpose of these reports will be to provide GoT and the World Bank with timely and updated information on implementation of project components, highlighting issues and problems. The progress reports will cover, *inter alia*: (i) physical progress achieved against agreed implementation and disbursement indicators; (ii) issues and problem areas, including comments on actions to address identified problems; and (iii) work programs and cost estimates for the coming quarter, including revised estimates for the current quarter. A mid-term review of the project will be carried out no later than December 2017 to review overall progress and take necessary actions for restructuring the project, if appropriate.

### **D) Role of Partners**

75. The Nordic Development Fund (NDF) has agreed to co-finance component 3c and 3d of the project, focusing on institutional strengthening for urban climate adaptation and mitigation. A sum of EUR 5 million has been approved, with approximately US\$5 million as client-executed funding (direct co-financing to DMDP) and US\$1million as Bank-executed funding (for Bank's oversight, support and execution of the relevant activities). Final approval by the NDF Board has been given on November 25, 2014.

## Annex 4: Key Risks and Mitigation measures

### TANZANIA: Dar es Salaam Metropolitan Development Project

#### Risk Ratings Summary Table (SORT Matrix)

Risk category	Rating (H, S, M or L)
10. Political and governance	S
11. Macroeconomic	S
12. Sector strategies and policies	S
13. Technical design of project or program	S
14. Institutional capacity for implementation and sustainability	S
15. Fiduciary	S
16. Environment and social	S
17. Stakeholders	M
18. Other	L
<b>Overall</b>	<b>S</b>

#### Risk Assessment

1. The overall risk is assessed as substantial because multiple key risk categories, notably those pertaining to political and governance, macroeconomic, sector strategies and policies, project design, institutional capacity, fiduciary and environment and social, are assessed as substantial. These are further elaborated as follow:

(i) Political and governance risks are rated as substantial as one key aim of the project is to catalyze metropolitan governance reform and institutional structure changes necessary for the Dar es Salaam Metropolitan area's economic and spatial growth. This is an ambitious agenda, and largely subjected to factors beyond the project's control. Further, implementation difficulties, deficiencies, and delays could occur, owing to weak governance structure with regard to metropolitan coordination and management. In addition, Tanzania would be holding its next general election in 2015. While significant changes to the policies and principal patterns of governance on which the project concept is based are not expected, there could still be substantial staffing or other changes.

(ii) Sector strategies and policies risks are rated as substantial as the project is attempting to support improvements to the metropolitan governance arrangements and systems. This involves inherent risks given the current dysfunctional metropolitan arrangements, challenges moving this agenda with the upcoming November 2015 elections, and the elements of political will outside the influence of the project.

(iii) The project design implies risks that are rated as substantial. This is due to the project's multi-sectoral scope and need for cross-jurisdictional and inter-agency cooperation. For example, drainage improvements face risks as the project would not be able to adequately address system-wide improvements as well as related solid waste management; or a shortage of funds from donor (Nordic Development Fund) may impact on the implementation of the institutional improvement and capacity building component.



(iv) Weaknesses in institutional capacity are also seen as a substantial risk. The three relevant local authorities show different levels of capacity regarding procurement and contract management, financial management, social & environmental management, and M&E. The main implementation agency (PMO-RALG) may not be able to fully play its guiding, coordinating, and supervising role as needed as a result of being overtaxed with too many other projects.

(v) Likewise, fiduciary risks are rated as substantial. The latest PEFA mentions weak controls for payroll and salaries, low compliance with procurement regulations, weak contract management, weak internal auditing mechanisms, and poor record keeping as shortcomings. However, during the implementation of Bank projects (LGSP since 2005 and TSCP since 2008) there have been no governance and accountability issues of the executing agency (PMO-RALG) and the most recent financial management in-depth supervision review commissioned by the Bank found no incidence of fraud.

(vi) Environmental and social risks are rated as substantial. Environmental risks are low and adverse impacts on air quality, noise level, public health and safety are expected to be temporary and geographically confined to the construction sites. However, social risks are substantial – ability of GoT to secure sufficient financial resources to pay for the resettlement costs, and potential implementation delays might occur where there are land acquisition and resettlement needs. In addition, the Bank’s social and environmental safeguards policies might not be fully complied with, owing to the DLAs’ lack of experience.

## **Risk Management / Mitigation**

2. To mitigate the political and governance risks, the project would support the GoT in the transform agenda through financial resources, advocacy, and technical assistance. In addition, continuous strong advocacy from the Bank, mobilization of a high-level champion in GoT, formation of a multi-agency steering committee to address the multi-sectoral nature of the challenge and other innovative approaches would be undertaken. Before an improved metropolitan governance arrangement could be implemented, DLA’s project implementation capacity, own-source revenue and financial management would be strengthened under the project to ensure effective project implementation. In addition, the PMO-RALG implementation team has been isolated from political changes, and thus unaffected by election results.

3. The institutional capacity for implementation and sustainability related risks will be mitigated by: (i) requiring PMO-RALG and the DLAs to enhance their staffing; (ii) providing TA and capacity building to PMO-RALG, DLAs and DART Agency; (iii) PMO-RALG to reinforce its guidance of the DLAs by conducting capacity building and strengthening coordination (similar to the successful approach used in the TSCP); and (iv) close monitoring of project implementation by the World Bank, with continuous support from the country office and frequent implementation support missions.

4. The risks originating from the project’s design will be mitigated by: (i) encouragement and support of active and meaningful dialogue and coordination between PMO-RALG and all participating DLAs to achieve common understanding and maximum buy-in; (ii) limiting initial investments in the drainage sub-sector to interventions that are considered “must-do” whatever the details of the eventual drainage masterplan; and ensuring credible plans and realistic implementation by PMO-RALG and the DLAs for adequately functioning secondary and tertiary drains; (iii) designing urban upgrading sub-projects so that subsequent modification/simplification remains

possible and ensuring adequate community consultation during design and before construction; and (iv) securing the necessary commitment from other donors/trust funds as early as possible.

5. The substantial risks in fiduciary management as well as environmental and social management will be mitigated by intensive capacity building through the project, requirement to strengthen staffing and working environment, requirement to budget adequately for land acquisition and resettlement, guidance and supervision from PMO-RALG, and enhanced implementation support from the Bank.

## Annex 5: Implementation Support Plan

### TANZANIA: Dar es Salaam Metropolitan Development Project

#### Strategy and Approach for Implementation Support

1. The strategy for implementation support will include the following.
  - A core multi-sector team will be in place to provide support to the GoT in the implementation of the project. This team is largely decentralized and based in the Dar es Salaam office and includes: procurement; financial management; environmental and social safeguards; transport, urban planning and engineering specialists.
  - In the first year of implementation there will be at least three support missions. This will include the initial launch mission and two additional implementation support missions during the first year.
  - At least two implementation support missions will be conducted annually following the first year of implementation.
  - Quarterly progress reports will be submitted to the World Bank. These will be followed-up with meetings/video conferences as necessary with the implementing agencies between official implementation support missions.

#### Implementation Support Plan

2. As this project is implemented within the capital city and is multi-sectoral, the implementation support will be substantial and resources required to provide adequate support are expected to be higher than average.

<i>Time</i>	<i>Focus</i>	<i>Skills Needed</i>	<i>Resource Estimate</i>	<i>Partner Role</i>
<i>First twelve months</i>	<ul style="list-style-type: none"> <li>• Ensure the implementing agencies are adequately staffed</li> <li>• Ensure advanced procurement actions are completed and all procurement plans are adequately implemented</li> <li>• Ensure all first year contracts are fully in place and work progressing according to timelines – in particular the Component 1 feeder roads and local roads contracts; and Component 2 drainage contracts.</li> <li>• Ensure progress according to schedule on Component 3 technical assistance and institutional strengthening activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Team specialists including transport, urban planning and engineering</li> <li>• Procurement</li> <li>• Financial Management</li> <li>• Environmental and Social Safeguards</li> </ul>	BB: TBD	NA

13-68 months	<ul style="list-style-type: none"> <li>• Execution of the feeder and local roads contracts under Component 1</li> <li>• Execution of the drainage contracts under Component 1</li> <li>• Ensure technical assistance and institutional strengthening in Component 2 are underway and effectively monitored;</li> <li>• Ensure effective implementation of safeguards instruments;</li> <li>• Ensure progress according to schedule on Component 3 technical assistance and institutional strengthening activities.</li> <li>• Ensure implementing agencies are effectively monitoring the project progress and impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Core team skills of transport, urban planning and engineering.</li> <li>• M&amp;E Expert to be included in several missions</li> <li>• Procurement</li> <li>• Financial Management</li> <li>• Environmental and Social Safeguards</li> </ul>	BB: TBD	NA
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*Skills Mix Required*

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Task Team Leader	8 per year	2-3 per year	Based in Country Office
Co-TTL/Urban Planner	8 per year	2 per year	Staff Based in Washington
Engineer	8 per year	2 per year	To supervise Components 1 and 2. Specialist based remotely.
Procurement	4 per year	2 per year	Specialist is based in Country Office
Financial Management	4 per year	2 per year	Specialist is based in Country Office
Environmental Safeguards	4 per year	2 per year	Specialist is based in Country Office
Social Safeguards Specialist	4 per year	2 per year	Specialist is based in Country Office

Partners

<i>Name</i>	<i>Institution/Country</i>	<i>Role</i>
Nordic Development Fund	Nordic Development Fund	Co-financier

## Annex 6: Economic and Financial Analysis

### TANZANIA: Dar es Salaam Metropolitan Development Project

#### A. Summary of Economic Analysis

1. The project is expected to significantly improve the livelihood of residents of the Dar es Salaam metropolitan area. The benefits will be most visible for those in the low income areas and the selected densely populated parts of the metropolitan. Based on a discount rate of 12 percent, the overall economic impact of selected components of this project is evaluated to amount to US\$153.7 million and is equivalent to a weighted economic internal rate of return of 20.8 percent—using economic cost estimates as weights.

2. The basic approach taken for the economic analysis is an examination of the estimated incremental costs and benefits of the project in the Dar es Salaam Metropolitan area, in comparison to a “without project” baseline. Formal cost benefit analysis is conducted separately for the components on priority roads, storm water drainage system, and low-income communities, which aim to “improve urban services” in the Dar es Salaam Metropolitan region (PDO of DMDP) and account for about 90 percent of the total project investment cost.

3. The economic costs of each component consist of the incremental economic investment costs, and the incremental economic cost of operation and management (O&M). The economic investment costs are computed as the financial cost minus 18 percent value added tax (VAT) and excluding price contingency and resettlement costs. The O&M costs are estimated at approximately 1 percent of the economic investment cost.

4. The economic benefits take place through different channels for the three components. Upgrading priority roads will generate efficiency gains in transportation services. The main sources of economic benefits include saving in Vehicle Operating Costs (VOC) associated with normal traffic, saving in maintenance costs, generated traffic and saving in travel time. Improving flood control and storm water drainage system will mitigate flood damage to properties and physical infrastructure, improve health and quality of life, prevent loss of income opportunities, and generate capital gains. A series of low-income community infrastructure upgrading will improve flood resilience, health and sanitation, transportation access, and overall livability of these neighborhoods, complementing the proposed truck infrastructure investment by the project. Over time, the upgrading can create economic multipliers in these communities, in terms of economic and employment activities and property values.

**Table 1 Summary of economic analysis**

<b>Components</b>	<b>Economic costs (US\$ million)</b>	<b>NPV (US\$ million)</b>	<b>EIRR (%)</b>
<b>Priority roads</b>	58.9	115.3	32.3
<b>Flood control and storm water drainage</b>	52.2	12.0	15.1
<b>Low-income community upgrading</b>	85.4	26.3	16.5
<b>Total</b>	196.5	153.7	20.8

5. All three components are estimated to be economically feasible. Each component generates a positive net present value at a discount rate of 12 percent (table 1). The equivalent economic internal rates of return (EIRR) are estimated to be 32.2 percent for the component on priority roads, 15.1 percent for the component on flood control and storm water drainage and 16.5 percent for the component on low-income communities upgrading.

6. To assess the sensitivity of the outcome of the economic analysis to adverse changes to key parameters, the following three scenarios are considered:

- Scenario E1: Increase in economic costs by 20 percent vis-à-vis the baseline case.
- Scenario E2: Decrease in economic benefits by 20 percent vis-à-vis the baseline case.
- Scenario E3: Combination of the above two scenarios.

7. Under these adverse situations, the project package as a whole remains economically feasible (table 2). The components are more sensitive to the decrease in economic benefits than to the increase in economic costs. The EIRR of the component on flood control and storm water drainage falls below the minimum threshold of 12 percent (11.7 percent) when economic benefits decrease by 20 percent.

**Table 2 Summary of sensitivity analysis**

Components	EIRR (%)			
	Baseline	E1	E2	E3
Priority roads	32.2	27.8	26.8	23.0
Flood control and storm water drainage	15.1	12.3	11.7	9.3
Low-income community upgrading	16.5	13.2	12.5	9.7
<b>Total</b>	20.8	17.3	16.6	13.6

## **B. Methodology for economic analysis**

8. The section contains an analysis of the economic costs and benefits of the selected components of the Dar es Salaam metropolitan development project, namely priority roads, flood control and storm water drainage, and infrastructure upgrading in low-income communities. They are designed to “improve urban services” in the Dar es Salaam Metropolitan area (the PDO of DMDP).

9. In April 2013, the Bank issued a revised operational policy statement on investment project financing (better known as OP 10.00). According to this OP “the Bank assesses the Project’s economic rationale, using approaches and methodologies appropriate for the Project, sector, and country conditions”. The methodology that is used for the preparation of economic benefit-cost analysis of the selected subprojects involves the following five steps:

- assess economic costs (cost estimation),
- assess economic benefits (benefit valuation),
- determine the appropriate discount rate (discounting),
- compare the net present value of discounted economic costs and benefits (economic feasibility analysis), and
- conduct sensitivity analysis.

10. Because the criterion for accepting or rejecting an option is expressed in real terms, all economic costs and benefits were also expressed in real terms. For this reason, price contingencies do

not form part of the economic cost. Resettlement costs and taxes are transfer payments and are therefore also excluded from the economic cost.

11. For priority roads, economic costs and benefits are projected for 2014-2037 (construction to be completed in 2017, followed by a 20-year implementation period). For flood control and storm water drainage, the projection period is 2014-2041 (construction to be completed in 2016, followed by a 25-year implementation period). For upgrading in low-income communities, the projection period is 2014-2034 (construction to be completed in 2016, followed by an 18-year implementation period).

12. As stated in the technical appendix to the Bank's Handbook on Economic Analysis of Investment Operations (1998), it is standard practice to apply a (real) discount rate of 10-12 percent to projects. This rate reflects the opportunity cost of capital committed to the selected option. For the analysis of all components, the discount rate is set at 12 percent. A subproject is deemed economically feasible if the economic net present value (NPV) of the subproject's discounted (net) cash flows is at least zero, or if economic internal rate of return (EIRR) of these cash flows exceeds the discount rate of 12 percent.

13. The methodology was applied to all of the 50 proposed physical infrastructure subprojects: 24 subprojects under priority roads, 12 subprojects under flood control and storm water drainage, and 14 subprojects under low-income communities upgrading. The total cost of these subprojects is equivalent to approximately 90 percent of the total investment financed. It should also be noted that, during implementation of the project, cost estimates may be revised. The first two steps of the methodology (cost estimation and benefit valuation) vary by subproject type and, therefore, the detailed analysis is discussed separately for the three components.

### **C. The component on priority roads**

14. This component covers 24 subprojects and aims to deliver tarmac roads or those of higher grade. Following the project design, the case of upgrading to asphaltic concreted surface or tarmac road is compared with the "without project" case in which no improvement of project roads will take place. Economic costs and benefits are projected for 2014-2037 (construction to be completed in 2017, followed by a 20-year implementation period).

15. The economic costs of this component consist of the incremental economic investment costs, and the incremental economic cost of O&M. The economic investment costs are computed as the financial cost minus 18 percent VAT and excluding price contingency and resettlement costs. The O&M costs are estimated at approximately 1 percent of the economic investment cost.

16. The economic benefits of this component are most notably efficiency gains in transportation services. The analysis follows the Highway Design and Maintenance Model (HDM-4), based on the concept of pavement life cycle analysis and developed by the International Study of Highway Development and Management.<sup>21</sup> In addition to road network as defined by the project, data on vehicle fleet, traffic (both normal traffic and generated traffic), road works, and value of travel time are inputs to the analysis and can be provided upon request.

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<sup>21</sup> For more details of Highway Design and Maintenance Model (HDM-4), please see: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTTRANSPORT/EXTROADSHIGHWAYS/0,,contentMDK:22011461~pagePK:148956~piPK:216618~theSitePK:338661,00.html>

17. The main sources of economic benefits include saving in Vehicle Operating Costs (VOC) associated with normal traffic, saving in maintenance costs, generated traffic and saving in travel time. Vehicle registration and transportation services are growing rapidly in Tanzania, especially in Dar es Salaam. According to the analysis done for this project, the Annual Average Daily Traffic for project roads range between 1,500 and 30,000. As a result, saving in VOC associated with normal traffic is estimated to be the most significant benefit.

**Table 3 Results of economic analysis, priority roads**

Description	Economic costs (US\$ million)	NPV (US\$ million)	EIRR (%)
<b>Ilala MC</b>			
Ndanda	0.5	0.2	17.8
Olympio	0.9	-0.04	11.3
Kiungani	0.8	0.4	17.9
Maji ya Chumvi-Kilungule	2.9	3.1	24.7
Omari Londo	0.8	0.3	17.1
Mbaruk	0.5	0.1	15.1
<b>Kinondoni MC</b>			
Makanya	6.5	24.1	46.8
Tandale Kisiwani	0.8	0.6	20.8
Sokoni Makumbusho	1.0	1.2	25.9
MMK	1.8	0.2	13.8
Nzasa	1.6	2.4	28.5
Simu 2000	1.5	4.0	39.2
Kilimani	1.7	2.2	26.4
External	3.5	6.8	32.7
Kisukuru	2.3	4.6	33.0
Korogwe-Kilungule	4.4	3.8	22.6
TANESCO Soko la Samaki	1.9	4.0	34.1
Viwandani	2.0	4.9	37.1
Kilongawima	2.2	1.9	22.6
<b>Temeke MC</b>			
Chang'ombe	7.9	20.6	38.2
Temeke-Mbagala	6.4	18.1	40.2
Mchicha	1.8	1.8	24.1
Mwanamtoti	1.9	4.3	34.9
Kijichi Tuangoma Bridge	3.5	5.8	30.1
<b>All</b>	<b>58.9</b>	<b>115.3</b>	<b>32.2</b>

Note: List of roads included are those as confirmed during project appraisal and minor adjustments on final list of sub-projects may be done during design review in first year of implementation. However, this is not expected to change the overall EIRR much.



18. The EIRR of 23 of the 24 subprojects exceeds the minimum rate of 12 percent (table 3). The only exception is Olympio road subproject and its EIRR is estimated to be at 11.3 percent. The net present value for the overall component amounts to US\$115.3 million at a discount rate of 12 percent. The weighted average EIRR of all 24 subprojects—using economic cost estimates as weights—is 32.2 percent, well above the minimum rate of 12 percent. This suggests that the proposed package of subprojects is feasible. The estimated high returns by the Highway Design and Maintenance Model (HDM-4) are comparable with the estimated benefits of other transportation projects but can be further reviewed during the implementation of each subproject.

**Table 4 Results of sensitivity analysis, priority roads**

Description	EIRR (%)		
	E1	E2	E3
<b>Ilala MC</b>			
Ndanda	14.8	14.2	11.5
Olympio	8.8	8.3	6.1
Kiungani	14.9	14.3	11.6
Maji ya Chumvi-Kilungule	21.0	20.3	17.1
Omari Londo	14.2	13.6	11.0
Mbaruk	12.3	11.8	9.3
<b>Kinondoni MC</b>			
Makanya	40.9	39.6	34.5
Tandale Kisiwani	17.5	16.8	13.9
Sokoni Makumbusho	22.1	21.3	18.0
MMK	11.2	10.6	8.2
Nzasa	24.5	23.6	20.1
Simu 2000	34.0	33.0	28.5
Kilimani	22.6	21.8	18.4
External	28.3	27.4	23.5
Kisukuru	28.6	27.6	23.7
Korogwe-Kilungule	19.1	18.4	15.4
TANESCO Soko la Samaki	29.5	28.5	24.5
Viwandani	32.2	31.2	26.9
Kilongawima	19.1	18.4	15.4
<b>Temeke MC</b>			
Chang'ombe	33.2	32.1	27.7
Temeke-Mbagala	35.0	33.9	29.3
Mchicha	20.5	19.8	16.6
Mwanamtoti	30.3	29.3	25.2
Kijichi Tuangoma Bridge	26.0	25.1	21.4
<b>All</b>	<b>27.76</b>	<b>26.84</b>	<b>22.97</b>

Note: List of roads included are those as confirmed during project appraisal and minor adjustments on final list of sub-projects may be done during design review in first year of implementation. However, this is not expected to change the overall EIRR much.

19. To assess the sensitivity of the outcome of the economic analysis to adverse changes to key parameters, the following three scenarios are considered:

- Scenario E1: Increase in economic costs by 20 percent vis-à-vis the baseline case.
- Scenario E2: Decrease in economic benefits by 20 percent vis-à-vis the baseline case.
- Scenario E3: Combination of the above two scenarios.

20. Increase in economic costs and decrease in economic benefits have similar effects on the economical feasibility of the subprojects (table 4). The EIRR of 21 subprojects remain above the threshold of 12 percent when costs increase by 20 percent and when benefits decrease by 20 percent. The weighted average EIRR of all 24 remain above the 12 percent threshold in all three scenarios. It suggests that, according to the Highway Design and Maintenance Model (MDM-4), the proposed package of this component is economically feasible even under these adverse situations.

#### **D. The component on flood control and storm water drainage**

21. The component on storm water drainage is estimated to deliver 31.5 km of storm water improvement infrastructure. Completion of the project will enhance flood resilience. Many areas and numbers of people that currently flood in storm times will become better protected from flooding. Loss from storm in terms of property damage, human lives and sickness will be reduced. The reduction could be more substantial given growing infrastructure investment in the city and increased precipitation intensity as a result of climate change. Subsequently, disruption in economic activities will decline and land values of improved areas may significantly increase.

22. In the “without project” case, damages correspond to the values for the 2, 10, 25 and 100(+15 percent) year events are considered. With the project, no damages would occur up to the 25 year event but for events of a recurrence of more than 100 years there are damages. The projection period is 2014-2041 (construction to be completed in 2016, followed by a 25-year implementation period).

23. The economic costs of this component consist of the incremental economic investment costs, and the incremental economic cost of O&M. The economic investment costs are computed as the financial cost minus 18 percent VAT and excluding price contingency and resettlement costs. The O&M costs are estimated at approximately 1 percent of the economic investment cost.

24. One direct and significant mechanism of economic gains is loss reduction related to physical damages to properties and infrastructure. The damage associated with flooded residential property is calculated as an annual percentage of the estimated average house cost of US\$31,500. In the case of the commercial property the average house cost considered is US\$56,000 and in case of public property it is US\$70,000.

25. Other important benefits of this component are saving human lives, reducing medical spending during floods, and lowering risks of sickness in the aftermath of floods. According to Dartmouth Flood Observatory, between 1989 and 2011, 323 people died in direct consequence of floods in Tanzania and over 5.4 million people were affected. These values indicate that there is a rough probability of 0.006 percent that a person affected by a flood will die. Considering the annual probability of occurrence the associated annual expected death cost/benefit is estimated at US\$39,000. Flood and waterborne diseases such as diarrhea, cholera, hepatitis A, and typhoid fever, as well as vector-borne diseases – mainly malaria, dengue fever and schistosomiasis – are widespread

in Dar es Salaam. The savings of medical costs during and after the flood are estimated at about 10 percent of the total value of the property damage saving.

26. The component can also generate significant benefits by reducing interruption of normal economic activities and increasing land values in potential flooding areas. The opportunity costs of floods on economic activities are estimated based on GDP per capita at US\$1,600 and the population affected depends on the return period. It's assumed that any flood event will have an interruption effect of one day. The impact on land price is estimated based on an average land price of US\$50,000 per ha and different degrees of impact for different return periods: 10 percent in the 2 years event, 40 percent in the 10 years event, 50 percent in the 25 years event and 60 percent in the 100 years (+15 percent) event. While reliable historical data is absent, in some of the floodable Dar es Salaam areas that ceased to be floodable due to the construction of a project that reduced flood risk, land price increased much more than the maximum of 60 percent attributed to the 100 years event.

**Table 5 Results of economic analysis, flood control and storm water drainage**

<b>Description</b>	<b>Economic costs (US\$ million)</b>	<b>NPV sss(US\$ million)</b>	<b>EIRR (%)</b>
<b>Part 1 Sinza River</b>			
Sinza River	20.8	4.7	15.0
<b>Part 2 Msimbazi River</b>			
Buruguni Kisiwani	1.9	1.1	19.4
Msimbazi/Tenge Liwiti	1.2	1.0	22.0
Bonde la Sungura+Tembo Mgwana	3.5	-0.6	9.6
Mafuriko Drain	0.9	0.9	24.2
<b>Part 3 Gerenzani Creek</b>			
Serengeti Drain	6.8	2.3	16.4
Temeke Drain	1.8	-0.1	11.0
Koko Drain	1.7	1.1	20.1
<b>Part 4 Yombo River</b>			
Kigilagila + Food Security Area	4.2	0.1	14.4
Minazi Mirefu + Kiwilani	0.8	0.0	11.2
Mpogo Drain (Kizinga Basin)	3.8	1.3	16.3
<b>Part 5 Kizinga River</b>			
Kwa Shego-Uzomboko-Kingugi-Mzinga	4.7	0.4	13.1
<b>All</b>	<b>52.2</b>	<b>12.0</b>	<b>15.1</b>

27. The EIRR of nine of the 12 subprojects exceeds the minimum rate of 12 percent (table 5). The EIRR of the other three subprojects are estimated to be 9.6 percent, 11.0 percent and 11.2 percent. The net present value for the component amounts to US\$12.0 million at a discount rate of 12 percent. The weighted average EIRR of all 12 subprojects—using economic cost estimates as weights—is 15.1 percent, above the minimum rate of 12 percent. This suggests that the proposed package of this component is feasible, but that the economical feasibility of the package may be further increased by a careful review of each subproject during its implementation.

28. To assess the sensitivity of the outcome of the economic analysis to adverse changes to key parameters, the following three scenarios are considered:

- Scenario E1: Increase in economic costs by 20 percent vis-à-vis the baseline case.
- Scenario E2: Decrease in economic benefits by 20 percent vis-à-vis the baseline case.
- Scenario E3: Combination of the above two scenarios.

29. The subprojects are more sensitive to the decrease in economic benefits than to the increase in economic costs (table 6). The EIRR of seven subprojects remain above the threshold of 12 percent when economic costs increase by 20 percent; the EIRR of six subprojects remain above the same threshold when economic benefits decrease by 20 percent. The weighted average EIRR of all 12 subprojects is about 12.3 percent in the first scenario but falls below 12 percent (11.7 percent) in the second scenario.

**Table 6 Results of sensitivity analysis, flood control and storm water drainage**

Description	EIRR (%)		
	E1	E2	E3
<b>Part 1 Sinza River</b>			
Sinza River	12.3	11.7	9.4
<b>Part 2 Msinbazi River</b>			
Buruguni Kisiwani	16.2	15.5	12.8
Msimbazi/Tenge Liwiti	18.4	17.6	14.6
Bonde la Sungura+Tembo Mgwana	7.5	7.0	5.1
Mafuriko Drain	20.4	19.7	16.4
<b>Part 3 Gerenzani Creek</b>			
Serengeti Drain	13.5	12.9	10.5
Temeke Drain	8.7	8.2	6.2
Koko Drain	16.9	16.2	13.4
<b>Part 4 Yombo River</b>			
Kigilagila + Food Security Area	9.8	9.3	7.2
Minazi Mirefu + Kiwilani	8.9	8.5	6.4
Mpogo Drain (Kizinga Basin)	13.5	12.9	10.4
<b>Part 5 Kizinga River</b>			
Kwa Shego-Uzomboko-Kingugi-Mzinga	10.6	10.1	7.9
<b>All</b>	<b>12.3</b>	<b>11.7</b>	<b>9.3</b>

#### **E. The component on upgrading of low-income communities**

30. This component encompasses multiple subprojects for 14 wards of the three Municipal Councils. These subprojects can be usefully grouped into three broad categories: 1) roads and road related (e.g. roads, bridges / culverts, footpaths, traffic lights); 2) drainage, sanitation and security related (e.g. storm water drainage, solid and liquid waste management, street lights); and 3) other community facilities, including parks, markets and sub-ward office.

31. Better local drainage and sanitation infrastructure will complement investment in the storm water drainage system and help materializing expected improvement in flood resilience and health.

Improved community roads and enhanced connectivity with trunk roads, such as the BRT, will further increase transportation efficiency. Because of a focus on preventing sprawling, the selected communities stand at a better chance to reap the benefits of agglomeration economies. By gradually transforming these strategically chosen low-income communities, the component is expected to enhance access to jobs and markets by the poor, to induce new economic activities in the neighborhoods, to improve quality of life and to affect property values.

32. In the “without project” case, no infrastructure improvement proposed by the project will take place. The economic costs and benefits are projected for 2014-2034 (construction to be completed in 2016, followed by an 18-year implementation period).

33. The economic costs of this component consist of the incremental economic investment costs, and the incremental economic cost of O&M. The economic investment costs are computed as the financial cost minus 18 percent VAT and excluding price contingency and resettlement costs. The O&M costs are estimated at approximately 1 percent of the economic investment cost.

34. An impact evaluation of CIUP interventions finds significant decrease in sickness due to flood and waterborne disease (such as diarrhea and ARI).<sup>22</sup> The decrease in the likelihood of sickness is the most significant for children and youth, at about 10 percentage points. Thus, the reduction in the probability of sickness is calculated for this age group. A survey conducted for this project finds that over 75 percent of the population earning about US\$562.5 per year in the project area. The household income is estimated to be about US\$1,125 per year and US\$3 per day. The overall opportunity cost of sickness per person is calculated as doubling the estimated daily household income.

35. The same impact evaluation of CIUP interventions also suggests a higher likelihood that households will open micro-enterprises, and a light increase in investment for dwelling upgrading by households. These effects are statistically significant in some specifications but not in all. However, building on the experiences of CIUP, this project is expected to generate more substantial gains on these two aspects because of a greater connectivity with trunk infrastructure and the strategic focus on preventing sprawling and enhancing agglomeration economies. The economic gains due to better access to jobs and markets are calculated as 8 percent of the estimated annual household income (US\$1,125), multiplied by the number of households and adjusted by the growth potential in the communities. A survey conducted for this project shows that rents are about US\$150 per year for houses without electricity and about US\$225 for houses with electricity. The gains associated with property value are calculated as 8 percent of the estimated annual rental incomes for each type of houses, multiplied by their numbers, and adjusted by the growth potential of residential properties in the communities.

36. The EIRR of 11 of the 14 subprojects exceeds the minimum rate of 12 percent (table 7). The EIRR of the other three subprojects are estimated to be 8.9 percent, 10.2 percent and 11.7 percent. The net present value for the overall component amounts to US\$26.3 million at a discount rate of 12 percent. The weighted average EIRR of all 14 subprojects—using economic cost estimates as weights—is 16.5 percent, above the minimum rate of 12 percent. A reassessment of the net benefits of the CIUP interventions for the ICR found an EIRR of 15 percent. This suggests that the proposed package of this component is feasible, and is expected to deliver a higher return than the CIUP

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<sup>22</sup> Coville and Su, 2014, From ground up: an impact evaluation of the community infrastructure upgrading programme in Dar es Salaam. The World Bank.

interventions. However, the economical feasibility of the package may be further increased by a careful review of each subproject during its implementation.

37. To assess the sensitivity of the outcome of the economic analysis to adverse changes to key parameters, the following three scenarios are considered:

- Scenario E1: Increase in economic costs by 20 percent vis-à-vis the baseline case.
- Scenario E2: Decrease in economic benefits by 20 percent vis-à-vis the baseline case.
- Scenario E3: Combination of the above two scenarios.

38. Higher costs and lower benefits have similar effect on the economical feasibility of this component (table 8). Nine subprojects remain economically feasible when costs increase by 20 percent and when benefits fall by 20 percent. The weighted average EIRR of this component as a whole remains above 12 percent in both scenarios.

**Table 7 Results of economic analysis, low-income community upgrading**

<b>Description</b>	<b>Economic costs (US\$ million)</b>	<b>NPV (US\$ million)</b>	<b>EIRR (%)</b>
<b>Ilala MC</b>			
Kiwalani	8.5	4.8	20.3
Ukonga	8.2	3.8	18.9
Gongo la Mboto	4.4	4.2	25.2
<b>Kinondoni MC</b>			
Tandale	6.5	2.2	17.0
Mburahati	2.3	0.9	17.9
Mwananyamala	5.2	-0.9	9.0
<b>Temeke MC</b>			
Makangarawe	8.4	1.6	15.0
Kilakala	8.7	5.7	21.3
Keko	0.5	0.5	25.5
Mtoni	6.1	1.7	16.1
Mbagala	4.6	-0.1	11.8
Mbagala Kuu	7.0	1.3	14.9
Kijichi	9.6	-1.0	10.2
Yombo Vituka	5.4	1.7	16.6
<b>All</b>	<b>85.4</b>	<b>26.3</b>	<b>16.5</b>

**Table 8 Results of sensitivity analysis, low-income community upgrading**

Description	EIRR (%)		
	E1	E2	E3
<b>Ilala MC</b>			
Kiwalani	16.6	15.9	12.7
Ukonga	15.4	14.7	11.6
Gongo la Mboto	21.1	20.2	16.6
<b>Kinondoni MC</b>			
Tandale	13.7	13.0	10.2
Mburahati	14.5	13.8	10.8
Mwananyamala	6.4	5.9	3.6
<b>Temeke MC</b>			
Makangarawe	11.9	11.3	8.5
Kilakala	17.6	16.8	13.6
Keko	21.3	20.4	16.8
Mtoni	12.9	12.3	9.5
Mbagala	9.0	8.4	5.9
Mbagala Kuu	11.9	11.2	8.5
Kijichi	7.6	7.0	4.6
Yombo Vituka	13.4	12.7	9.8
<b>All</b>	<b>13.2</b>	<b>12.5</b>	<b>9.7</b>

## F. The rationale for public investment

39. The project will finance basic infrastructure and capacity building activities that will produce public goods such as greater mobility, lower flooding risks, improved economic environment, and overall economic development. To the extent that these public goods do not result in appropriable gains, no private investor would be interested in financing this kind of undertaking.

40. The project will not crowd out private suppliers. The population has repeatedly shown in public meetings its support for the improvement and rehabilitation of the priority roads, a better drainage system and community upgrading. However, residents do not have sufficient financial capacity to pay for all components of the project. Even if they had it, translating a willingness to pay into an effective funding mechanism would represent a formidable challenge.

41. The World Bank brings value added in: (i) using its convening power to bring together a multi-sector approach to a development challenge for a metropolitan area; (ii) leveraging its long-term engagement in the urban sector; and (iii) in providing technical support in the implementation of much needed infrastructure and capacity building.