



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 12-Jun-2019 | Report No: PIDC27311

**BASIC INFORMATION****A. Basic Project Data**

Country Tanzania	Project ID P171189	Parent Project ID (if any)	Project Name Tanzania Urban Development Project (P171189)
Region AFRICA	Estimated Appraisal Date May 04, 2020	Estimated Board Date Sep 01, 2020	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) The United Republic of Tanzania	Implementing Agency President's Office of Regional and Local Governments	

Proposed Development Objective(s)

To strengthen urban management performance and deliver improved basic infrastructure and services in participating urban local government authorities

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	300.00
Total Financing	300.00
of which IBRD/IDA	300.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	300.00
IDA Credit	300.00

Environmental and Social Risk Classification

Concept Review Decision



Substantial

Track I-The review did authorize the preparation to continue

B. Introduction and Context

Country Context

- 1. Tanzania has experienced strong and rapid economic growth, with GDP growth averaging around six percent in the last decade.** Between 2006 and 2016 Tanzania's average GDP growth of 6.5 percent is markedly higher than the SSA average of 4.8 percent but rapid population growth has kept growth in per capita income relatively modest. Rapid population growth blunts the impact of the country's impressive economic growth on per capita incomes (about US\$900 in 2016), putting Tanzania behind such SSA peers as Ethiopia, Rwanda, Zambia, Mozambique, and Ghana.
- 2. Despite its strong economic performance, Tanzania is one of the poorest countries in Africa with approximately 14 million people in 2018 still living below the poverty line.** High economic growth rates over the past decade have not translated 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.
- 3. Tanzania's urban population is growing rapidly, and urban areas are critical to Tanzania's national economic growth and poverty reduction.** By 2050 half of all Tanzanians will be living in urban areas. Urban growth is among the fastest in Sub-Saharan African (SSA) countries with similar urbanization – Tanzania ranked third after Rwanda and Burkina Faso. Tanzanian cities produced more than half of the country's GDP and accounted for around 56 percent of its economic growth from 1990 to 2004. They also account for the majority of the country's physical, financial, human, academic, and technological capital.
- 4. Tanzania's urban system consists of Dar es Salaam, followed by secondary and tertiary cities with high growth rates.** Dar es Salaam accounts for around 40 percent of the urban population and it is the third fastest growing city in Africa, growing at an average rate of 5.8 percent annually from 2002-2012. It is expected to become a mega city by 2030 with a population over 10 million. However, Dar es Salaam is not the only city that is growing fast. Five secondary cities with more than 250,000 people and thirty tertiary cities with less than 250,000 people are growing at an average of 4.1% and many more at higher rates. Geita's average population growth rate in the 2002-2022 period is projected at 12.6%, followed by Lindi at 8.7% and Tunduma at 8.6%, compared to Dar es Salaam's 7.2%. Secondary cities draw sustenance



from the agricultural activity of rural areas, but their prosperity also spills over to small villages and rural hinterlands through the generation of nonfarm employment opportunities, consumption linkages, and remittances.

5. Urban areas are critical for Tanzania’s economy and for job creation, but institutional systems and infrastructure have not kept pace with rapid urbanization. Improving service delivery and management of related infrastructure in rapidly urbanizing contexts requires that the responsible local institutions develop sufficient capacities and systems to take on these roles effectively. The infrastructure investment needs of urban areas are significantly higher than in rural areas, particularly in areas like transport and sanitation. As yet, Tanzania does not have a governmental program which targets these needs effectively. 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. Tanzanian cities are dense with people but not with capital. This is locking in energy intensive growth patterns that will impact mobility, efficiency, housing affordability, environmental quality and service provision. The risk that a poorly managed urbanization process may begin to constrain growth and worsen, rather than improve, social and service delivery outcomes in Tanzania’s secondary cities is beginning to grow.

6. Tanzania is experiencing changes in its climate, with backward and forward linkages to urbanization. The average annual temperature rose by 1°C between 1960 to 2006, and precipitation is becoming increasingly unpredictable.¹ Urban centers around the world have already suffered heatwaves, with potentially devastating consequences, mostly felt by the poor and vulnerable. Smart planning to limit the “heat trap” effect of urban centers can yield significant health benefits. On the other hand, cities are emitters of greenhouse gases, mainly through the transport sector. Urban congestion has also important negative impacts on air quality, recognized by the World Health Organization as is the biggest environmental risk to health, carrying responsibility for about one in every nine deaths annually (WHO, 2016). Reducing congestion, planning for smart mobility and alternate modes of transportation can mitigate those impacts.

7. Tanzanian cities are increasingly vulnerable to disasters and climate-related hazards. Urban areas have witnessed widespread flooding in recent decades. Dar es Salaam and Mwanza (the two largest cities in the country) are especially impacted by river floods. Arusha, Mbeya, and Mwanza, which have more rugged terrain and steep slopes, are affected by landslides, although to a lesser extent. Coastal municipalities including Tanga and Kigoma are potentially vulnerable to sea level rise and coastal flooding (World Bank 2016). With more frequent and intense rainfall patterns, climate impacts will likely exacerbate floods and droughts and increase the occurrences of diseases like cholera, which could present an undue social and economic burden on cities and households. The ability of cities to adapt, mitigate, and learn from acute shocks and chronic stresses resulting from climate change is therefore critical.

Sectoral and Institutional Context

8. The Bank’s Tanzania country program recognizes the importance of Tanzania’s system of cities in economic growth and job creation and supports a large urban portfolio of over US\$1 billion in improving urban management, planning systems, service delivery, urban mobility, and own source revenue collection. The Tanzania urban program is one of the largest urban programs in the Africa region. The World Bank has long-standing support for the urban sector. For over a decade the Bank has supported urban infrastructure, basic service delivery, and institutional strengthening, through investments and analytical work. The urban portfolio consists of four lending projects and a TF to support 29 local governments to improve management, planning, and service delivery. This includes the Dar es Salaam Metropolitan Development Project (DMDP, USD \$300 million), Tanzania Strategic Cities Project (TSCP, US \$343 million), Urban Local Government Strengthening Program for Results (ULGSP, US\$255 million), Zanzibar Urban Services Project (ZUSP, US\$93

¹ Tanzania Country Environmental Analysis, 2019



million), and Tanzania Urban Resilience Program (TURP, US\$37 million). Initial work on PPPs, financed by DFID, has started to identify opportunities to engage the private sector in municipal infrastructure. This project builds on these initiatives, introducing new considerations for improved urban land administration, sanitation, private finance, and connectivity.

9. The Bank's engagement in the urban sector built on the principles espoused by the *Decentralization by Devolution* reform process that started twenty years ago. However, recent actions with the recentralization of revenue collection and service delivery underscore the importance of adapting the urban program to this changing institutional context. Property tax administration was shifted from ULGAs to the Tanzania Revenue Authority (TRA) in 2016, with billboard revenue following in 2017. Both taxes were a significant and growing source of revenue of ULGAs and were the foundations for discretionary spending. Delivery of services for roads and parking fees – traditionally local government functions – have also returned to the center to TARURA, an executive agency formed in 2017/18 to oversee the maintenance and development for urban and rural roads for local governments.

10. The shift from *Decentralization by Devolution (D by D)* towards centralized cities affects citizen accountability, revenue mobilization, planning, and service delivery. The D by D agenda may have plateaued, with efforts now focused on more centrally driven approaches to try to facilitate swifter service delivery and a focus on accountability for public finances. However, as the model evolves, it will be important to consider the implications in the context of current rapid urban growth, and a country that will be 60 percent urban by 2050. This more centralized delivery model may be a boon for lower capacity urban areas. But capacity is not uniform across cities, with some larger ULGAs demonstrating better performance. In this context, future models might look at the experiences in Latin America with *asymmetric decentralization*, that allows higher capacity sub-national governments to assume different functions, choosing from a menu of the responsibilities they can assume based on abilities and needs.

11. The rapid growth of Tanzania's cities – with villages expanding to small towns, towns to cities, and cities to into metropolitan areas – highlights the need to reevaluate and enhance existing institutional arrangements for urban management. Tanzanian cities have three parallel governance structures with the regional commissioner, the district executive director and municipal governments. All three have overlapping roles, while the municipal level is the only level directly responsible to citizens. As Tanzania's system of cities changes, institutional arrangements should also adjust and keep pace and provide municipalities broader remits for managing cities. The currently used uniform model may not be an ideal fit across all cities.

12. As Tanzania's urban centers evolve to be the future drivers of national growth, strengthening rural-urban linkages by better connecting rural areas to these domestic markets and beyond can accelerate inclusive and pro-growth economic growth in rural areas. Urbanization increases not only the demand for urban services, but also the demand for agricultural products, which in turn can contribute to reducing poverty in rural areas. Secondary cities therefore act as markets for agricultural and rural output, as stimulators of rural nonfarm activities, as places for low-skilled job opportunities, and as facilitators of economies of scale in healthcare services and post-primary education. 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.

13. Supporting urbanization in intermediate and small cities is thus central to improving agricultural output since small cities connect farmers to input and output markets and medium-size cities serve as logistical and transport hubs and host larger consumer markets. Rural-urban migration will continue for many decades since Tanzania is in an early stage of urbanization. This spatial and demographic shift might even accelerate as agro-business grows in the coming



years, transforming agriculture from labor-intensive to capital-intensive and requiring the consolidation of small rural properties. Smaller towns face the largest rural-urban inflows but have the lowest capacity to raise own-source revenue. The majority of the poor depend on agriculture, with few other job options. Because most rural farmers are isolated and poorly connected to markets, there is a clear negative correlation between agricultural productivity and market access, measured by transport costs to the nearest city with a population of 50,000. Improvements in transport connections between rural and urban areas will support trade and rural diversification.

14. Encouraging productive job growth will require addressing backlogs in infrastructure investment, improving urban planning and management systems and strengthening the business environment. Secondary cities account for a large share of the regional jobs and businesses. However, the key conditions to enable better specialization and build up concentration of industries, and hence promote productive job growth in the longer term, are still lacking. Compounding the challenges of low levels of infrastructure and services, urban planning and management are highly inefficient in these cities. Secondary cities in Tanzania, with their relatively small populations (mostly below or around 400,000, with the exception of Mwanza), have a short window of opportunity to catch up on proper planning to help guide future growth with compatible expansions of service networks.

15. Informal land markets are constraining the development of Tanzania's cities. Urban land is a vital economic asset, and asset transactions are viable only where purchasers can rely on enduring extra-legal documentation of ownership. A formal market both offers purchasers the protection of the state and — because transactions are readily observable and recorded — generates the public good of accurate valuation. Currently, only 5 percent of land in Tanzania is registered — compared to 70 to 100 percent in Rwanda, 35 percent in Kenya, or 18 percent in Uganda² — and most transactions occur without review or approval, leading to unregulated land use, and non-adherence to urban planning and building standards. The Tanzania Land Tenure Improvement Project (P164906) aims to strengthen the land administration system and increase tenure security. The proposed project will develop detailed plans for priority areas in cities that can then be regularized under the Land Project.

16. Tanzania has a history of poor planning and enforcement. Under the existing urban projects, plans have been developed but their implementation has been limited and need to be strengthened. Master plans and general planning schemes are required to guide and manage the rapid pace of current and future physical developments within their jurisdictions to prepare for the expected future growth and not having to retrofit post-growth. Plans include land use regulations, such as zoning ordinances and building codes, that are necessary to encourage efficient land use patterns that promote densification, prevent encroachment in hazard lands and into rights of way, and ensure that future service provision is efficient and cost-effective. Development on flood-prone areas such as river valleys and wetlands — including for example, the Msimbazi River Valley in Dar es Salaam — is also widespread in Tanzania. These residents are driven by land and development costs, as well as proximity to jobs, as the only cheap and vacant land close to city centers are found in hazard-prone areas. Continued encroachment in hazard lands can exacerbate the impact of recurrent flooding events on vulnerable households and make it difficult to provide services in those areas.

17. The investments levels — as well as operations, maintenance, and management — in urban infrastructure and services are not keeping pace with the rapid urban growth. Infrastructure demands for ULGAs outstrip current investment resources. The quality and coverage of services for roads, water, and sanitation in Tanzania cities are poor. Of the urban population, access to piped water is at 60 percent in 2012, nearly 65 percent still rely on traditional pit latrines for sanitation and only about 45 percent have access to electricity. Cities are not comprehensively planning for and managing their drainage systems, and are unable to capture, treat, and drain stormwater. Drainage networks in secondary

² World Bank Country Economic Memorandum, 2014



cities are essentially nonexistent. In unplanned areas, most households depend on on-site sanitation, such as pit latrines and septic tanks, which tend to overflow when it rains.

18. Rapid and unplanned growth of Tanzania's cities has contributed to the depletion of green space. The amount of all public parks, recreation areas, greenways, water ways and other protected areas accessible to the public is estimated to be below 1 m² per inhabitant in some African cities (African Green City Index 2011). This is well below World Health Organization and United Nations per capita recommendations of 9m² and 30 m², respectively. In Dar es Salaam, only 2% of the city's total area is classified as public green space, and as little as 0.1% classified as park. Public spaces and green areas in the central areas of the city are becoming scarce and are largely made up of hard surface without green cover or tree canopy. Green open spaces provide many environmental and physical benefits in cities. These include formal and informal sport, leisure and recreational activities, and preservation of natural environments—which are necessary to provide healthy habitats for humans, wildlife, and plants, especially in densely built areas. Green spaces combined with green infrastructure solutions (such as swales, rain gardens, and retention ponds) can assist in addressing flooding vulnerability.

Relationship to CPF

19. The project is aligned with the Bank's Country Partnership Framework (CPF) 2018-2022 as well as the Systematic Country Diagnostic (SCD). Under the first focus area of the CPS of enhancing productivity and accelerating equitable and sustainable growth, harnessing urbanization to promote economic growth and job creation has been identified as a priority area to leverage the World Bank Group's assistance. A key recommendation of the 2017 Tanzania Systematic Country Diagnosis (SCD) is to empower secondary cities as strategic investments in infrastructure and public goods in promising cities (that promote access to markets) can accelerate their potential for economic growth and share prosperity, while limiting the negative externalities of urbanization such as congestion, geographic concentration or poverty. The project also contributes to the Bank Group's twin goals of ending extreme poverty and promoting shared prosperity by improving access to basic infrastructure, especially in unplanned settlements where the urban poor reside. The CPF specifies steps to support urban disaster risk management, and climate change adaptation through targeted technical assistance and risk-informed and climate-smart green solutions.

20. Project design has strong linkages with other programs delivered by other GPs and development partners. The Drainage and Sanitation Development Plans for TSCP cities, currently underway, are being reviewed in collaboration with the Water GP and will help prioritize future investments in drainage, sanitation, and solid waste management.³ Sanitation interventions will complement the watershed management approach under the Tanzania Water Security for Growth (P168238) and build on decentralized sanitation approaches under the Second Tanzania Water Sector Support Project (P150361) and by KfW, GIZ, and AFD.⁴ Interventions aimed at strengthening urban-rural linkages will be informed by the analytical work done by the Agriculture GP and coordinated with the investments prioritized under the Tanzania Roads to Inclusion and Socioeconomic opportunities (P164920) led by the Transport GP. Under the Tanzania Public-Private Partnership Project (P159192), funded by DFID, pre-feasibility studies are ongoing for basic municipal infrastructure such as markets, bus terminals, and solid waste management for TSCP and ULGSP cities. Activities aimed at mainstreaming urban resilience will build on the activities under the Tanzania Urban Resilience Program, also funded by DFID.

³ Inception reports for the Drainage and Sanitation Development Plans have been shared with the Bank on June 10, 2019 and are currently under joint review by the urban and water teams.

⁴ The Bank convened a development partner meeting including DFID, AFD, EU, NDP, DANIDA, KfW, and GIZ on May 21, 2019, to share a brief overview of the Bank's urban program and present the initial concept of the proposed project.



C. Proposed Development Objective(s)

To strengthen urban management performance and deliver improved basic infrastructure and services in participating urban local government authorities

Key Results (From PCN)

- Improved capacity in urban management (e.g. strengthening development control, enforcement of urban plans, performance contracts with service providers, management of urban greening, etc.) in Tanzanian cities
- Improved infrastructure and services in Tanzanian cities

D. Concept Description

21. The Tanzania Urban Development Project will support urban development by strengthening urban management and improving access to basic infrastructure and services in participating urban areas in Tanzania. The theory of change underlying this project is that strengthening urban management will ensure the efficiency and sustainability of prioritized infrastructure and therefore enhance the productivity, livability, and resilience of strategically important cities in Tanzania. Urban management will be strengthened by leveraging ICT to enforce implementation of land use plans and increase own source revenue collection, using performance-based contracts to improve service provision in solid waste management, sanitation, and drainage, and mainstreaming urban resilience. Strengthening urban management functions will require local governments taking on increasing responsibilities for the coordination of planning, implementation of plans, and operations and maintenance; and the national government providing policy and regulatory frameworks, supervision, monitoring, and enforcement. The project will implement basic infrastructure and services in participating urban local government authorities and improve the capacities of these local government institutions to plan, implement and maintain infrastructure and services in the longer term.

22. The selection of urban local government authorities that will participate in the program will depend on several factors. In addition to the urban local government authorities that participate in TSCP (8) and ULGSP (18), PO-RALG requested the inclusion of 17 new entities, bringing the total number of requested local entities to 43 (see Figure 5 in Annex 1). Given the limited IDA envelope of US\$300 million, including all 43 entities will spread resources thin and increase the risks of supervision. Therefore, only a select group of urban local government authorities will be selected for large-scale infrastructure investments under Component 2 while all entities will be supported through the technical assistance activities designed under Component 1. The selection criteria of cities will include: (i) population density; (ii) urban population growth; and (iii) economic potential.⁵

Component 1 – Strengthening Urban Management

23. The project will place a greater emphasis on strengthening the performance of urban institutions and their management capacity for sustainable delivery of urban infrastructure and services. The project will identify key urban management areas that should be strengthened to ensure the efficiency and sustainability of urban infrastructure and service delivery and make it a critical building block and pre-requisite for the infrastructure activities under Component 2.

⁵ Economic potential is defined as the ULGA's growth potential in comparison with the national economy in the areas of: the ULGA's contribution to national economic growth; ULGA's share of exports; identification and assessment of cities infrastructure links to international and national points; the nature of firms within the area (i.e. in terms of international headquarters, national headquarters, branch office); and ULGA's access to finance and credit. This is consistent with the scope of the Local Economic Development Strategies currently underway.



Component 1 will therefore consist of a set of technical assistance activities that would assist PO-RALG and ULGAs in meeting urban management benchmarks. This component will provide finance and support institutional development in participating municipalities to improve urban infrastructure and services delivery. The component will be structured in three sub-components: (i) ICT for Urban Management; (ii) PPPs for Urban Service Delivery; and (iii) Mainstreaming Urban Resilience.

Sub-Component 1A: ICT for Urban Management

24. This sub-component aims to strengthen data collection, sharing, and management for the implementation of general and detailed planning schemes, enforcement and development control, and support own source revenue collection. This sub-component will establish a joint mapping platform to consolidate and integrate various sector maps and plans (electricity, water, sewer, drainage, and road networks) with land use and other master plan layers. This will build on the Local Government Revenue Collection Information System (LGRSIS) piloted under TSCP, where cities on average increased own source revenue collection by 30%, through collecting, uploading, and maintaining more robust data, and further expand the functions under LGRSIS for other urban management tasks such as planning, operations and maintenance, land management, and disaster risk management. It will also benefit from lessons learned from the ongoing TSCP core data collection pilot in Kigoma as well as the digitization consultancy underway under DMDP to produce comprehensive building, road, and water body layers for the city. Under this sub-component, detailed plans⁶ for priority areas will be developed. These areas can then subsequently be regularized through the issuance of Certificates of Rights of Occupancy under the Land Tenure Improvement Project (P164906) currently under preparation.

25. This sub-component will also build on the experience of the World Bank with community mapping to engage youth in the use of disruptive technologies. Under the Zanzibar Mapping Initiative, an integrated spatial data platform was created using rectified drone imagery to digitize building and road layers for the city. This was a collaboration between a private firm and a local university, where students from the State University of Zanzibar were trained in digitization methods and the quality assurance of the final deliverables was the responsibility of the firm. Through resources made available under the DFID-funded Tanzania Urban Resilience Program, this approach will be piloted for a select group of urban local government authorities to demonstrate the value of the exercise including through the use of drone imagery to monitor the enforcement of no-build areas and reduction of informal dumpsites.

Sub-Component 1B: PPPs for Urban Service Delivery

26. This sub-component aims to take an integrated and coordinated approach to the planning, implementation, operations and maintenance of drainage, solid waste management and sanitation investments. It will be informed by the Drainage and Sanitation Development Plans currently underway for TSCP cities – Arusha, Dodoma, Mbeya, Mtwara, Mwanza, Kigoma, and Tanga. This sub-component will support activities aimed at structuring performance-based contracts with service providers in three key areas: (i) stormwater drainage maintenance; (ii) solid waste management (particularly for centralized fee collection and landfill management) and (iii) urban sanitation (whether through sewage networks for some cities and on-site sanitation solutions for others). The maintenance of stormwater drains continues to be an ongoing issue for completed drainage sub-projects. PPPs are expected to be only for operations and maintenance instead of construction activities.

Sub-Component 1C: Mainstreaming Urban Resilience

⁶ These land use plans will entail robust stakeholder engagement and consultations at local levels and should not result in the loss of user rights for project beneficiaries.



27. This sub-component includes activities under the three pillars of the World Bank-executed activities under TURP: (i) risk identification; (ii) risk reduction; and (iii) disaster preparedness and emergency management. Risk identification strengthens the understanding of climate risks and uncertainty in the local context and enhances the linkages and coordination between risk management stakeholders. Key activities in this Pillar are the collection and organization of climate risk data as well as the development of visualization tools and risk models. Socio-economic data include the mapping of people, assets such as houses or critical infrastructure, and urban services and livelihoods. Environmental data and models include the historical data and current monitoring of hydro-meteorological phenomena, geophysical characteristics of the urban environment such as soil types, land use, and river basin profiles, as well as applying the best climate models to identify future impacts of climate change and to design climate change adaptation measured under Component 2C. Risk reduction activities include analysis of non-structural measures, through better land use planning, environmental protection and basin plans, hazard zoning and building codes, and design of risk-reduction works, such as drainage upgrades, ponding schemes, slope stabilization and retrofitting or reinforcement programs. Finally, disaster preparedness and emergency management activities include emergency response plans, emergency communications equipment, training/exercises/drills, emergency operations center support structure, damage assessment support through aerial surveys and mapping post floods, community response plans and early warning system pilots.

Component 2 – Productive, Inclusive and Resilient Cities

28. This component will be structured into three sub-components: (i) Productive Cities; (ii) Inclusive Cities; and (iii) Resilient Cities. Another part of this component will finance investments already identified under the Local Economic Development Strategies and the Drainage and Sanitation Development Plans for TSCP cities, for which feasibility studies, detailed designs, environmental social impact assessments and resettlement action plans will be done as part of project preparation to ensure project readiness after Board approval.

Sub-Component 2A: Productive Cities

29. This subcomponent supports industrial upgrading approaches to make cities work for rural areas. It will strengthen rural-urban connectivity through enhanced market linkages between villages and secondary cities. The nature and location of these investments will be guided by the findings under the Local Economic Development Strategies currently under preparation across all TSCP LGAs. The investments will also draw from priorities indicated in the council strategic plans and master plans, to guide capital investments in areas where clusters of economic activity exist in secondary and tertiary cities (e.g. Keko Furniture Cluster in Dar es Salaam, Makoroboi Artisan Market in Mwanza). Many of these clusters are not well serviced with basic infrastructure networks such as roads and drainage and require parking/loading areas, sheltered open spaces and community facilities. Coordination with service provision networks for water, electricity and sanitation is also required. Many of these existing economic clusters are built on areas that were not intended for development (e.g. open spaces, road reserves, parking areas of bus stands), but the flourishing of these informal activities is an indication that the existing urban form is not serving the space demands of the economy.

30. DFID's Urban Jobs Program supports many of these small-scale economic clusters through the development of entrepreneurial skills, where complementarities with the industrial upgrading approach can be leveraged to provide better economic opportunities in cities. Servicing these clusters will complement and reinforce areas where there is demand for these activities. Roads sub-projects identified under this sub-component will be prioritized using the following criteria: (i) population density and proximity to low-income communities; (ii) connectivity to trunk roads and feeder routes; (iii) contribution to developing compact dense urban areas, versus encouragement of sprawl; (iv) identification as strategic links of the urban road network plan; and (v) economic analysis.



Sub-Component 2B: Inclusive Cities

31. This subcomponent will finance upgrading of selected low-income communities and vulnerable groups, including women. This will be done through the improvement of basic services and strengthening local government authorities’ capacity in undertaking such upgrading works, including: (a) environmental related works, including storm water drainage, sanitation, tertiary solid waste management, plastics management, street lights; and (b) community related amenities, including parks, markets, and bus stands. Investments will be made in low-income community or sub-wards. The upgrading approach draws on experience from the Dar es Salaam Metropolitan Development Project and aims to improve basic services, enhance connectivity between primary and secondary networks, and minimize resettlement by adopting flexible design standards. The upgrading plans will be prepared using community participatory approaches, including socio-economic surveys and focus group discussions aimed at soliciting beneficiary feedback to engage citizens not only in the planning but also in the implementation and monitoring of prioritized works, thereby creating a feedback loop. The project will use the latest data available from the 2018 Household Budget Survey 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 as identified in completed master plans, general planning schemes, and strategic plans; (iii) investments that would not further encourage sprawl, but densification; and (iv) good practices from gender analysis to ensure that urban infrastructure responds to the needs of women.

Sub-Component 2C: Resilient Cities

32. This sub-component uses the activities under sub-component 1C as pre-requisites for investments in urban adaptation and resilience, including for flooding, earthquakes, and sea level rise. Investments in drainage will be informed by the findings from the Drainage and Sanitation Plans for TSCP cities. Drainage investments will consider the incorporation of green and grey investments in flood risk management to help cities improve their resilience to climate change. For ULGAs located in the seismically active Rift Valley (Bukoba, Geita, Mwanza), investments in retrofitting and reconstruction of select critical infrastructure for councils will be financed. Coastal protection investments in response to sea level rise for cities such as Mtwara, Tanga and Lindi, include river restoration, sediment management and erosion control. This component will also finance urban greening measures such as at scale nurse management and tree planting, not only as a means to physically demarcate no-build zones (such as open spaces and hazard areas) and rights of way, but also to protect rivers and lakes from sedimentation, pollution, encroachment, and erosion. This will involve investments in tree nurseries and the use of endemic species.

Table 1. Investment menu across key areas and with associated urban management functions

Relevant urban management functions/actions	Area for intervention	Investments
Local Economic Development Strategy	Local economic development	Industrial upgrading/servicing of small-scale economic clusters
Detailed planning for priority areas	Settlement	Upgrading of informal settlements Sites and services
Sanitation strategy or (liquid/solid) waste management strategy	Solid Waste Management	Sanitary landfill Waste water/ Fecal sludge treatment plants
Drainage and Sanitation Development Plan	Resilience, Sanitation	Drainage
Urban Greening Management Plan	Urban Greening	Tree planting, urban landscaping



Component 3 – Project Management

33. This component will support project management costs of the implementing agencies, notably the Project Coordination Unit and Project implementation Units (PIUs), for staffing, monitoring and evaluation including an end-project evaluation, safeguards, financial management, procurement and training. This component will also strengthen PO-RALG's systems at the national level so that they can provide quality control of GIS and satellite/drone imagery and monitor the enforcement of land use plans and environmental and safeguards management. Finally, it will build on the experience from the Tanzania Urban Laboratory in drawing in academia and think tanks to engage in research activities and knowledge sharing in activities that can then serve future programming under this project, including green infrastructure, informal economic and unplanned development, municipal finance and governance, resettlement, and resilience.

Component 4 – Contingent Emergency Response Component

34. This component will facilitate access to rapid financing by reallocation of uncommitted project funds in the event of a natural disaster, either by a formal declaration of a national or regional emergency or upon a formal request from the Government of Tanzania. This would help reduce damage to infrastructure, ensure business continuity, and enable early rehabilitation. This component will use the IDA Immediate Response Mechanism (IRM). Specific details around this component (including activation criteria, eligible expenditures, specific implementation arrangements as well as required staffing for the coordinating authority) will be detailed in the IRM Operations Manual.

Citizen engagement

35. To ensure political inclusion and representation, public consultations with non-state actor stakeholders and feedback mechanisms will be central to project interventions. Public consultations will take place for the planning of the priority investments in all participating local entities, and will consider gender participation, as well as the effects of proposed project-supported changes and reforms on beneficiaries through a gender lens. Under Sub-Component 2B: Inclusive Cities, upgrading plans will be prepared using community participatory approaches, including socio-economic surveys and focus group discussions aimed at soliciting beneficiary feedback to engage citizens not only in the planning but also in the implementation and monitoring of prioritized works, thereby creating a feedback loop.

Gender Mainstreaming

36. The FY18-FY22 Tanzania Country Partnership Framework (CPF) notes that gender disparities are still prevalent, cutting into women's well-being, earnings, and standards of living. Women participate in very few decisions related to their health or household purchases. Disparities in education are large; nearly twice as many women as men aged 20-24 years have had no formal education (19 versus 10 percent). Moreover, women also tend to have access to fewer productive assets. For example, women farmers tend to own smaller plots of land and have less access to modern technologies (seeds, tools) and marketing options due to transport limitations. There are also large gender gaps in the profitability of household enterprises due to barriers to credit and lower access to mobile phones or motorized transport. Customary land rights and inheritance practices still limit women's access to land and, hence, their prospects for securing credit for both farm and off-farm activities.

37. The project identifies activities that aim to reduce the gender gap. Under Sub-Component 1A: ICT for Urban Management, activities aimed at leveraging ICT skills for urban management will ensure women are trained and can contribute to community mapping efforts in digitizing building footprints and road layers for select cities. This will help



in closing the digital divide and contribute the developing skills for better economic opportunities. Detailed plans for priority areas that will be developed under this sub-component will lay the foundation for issuing certificates of rights of occupancy under the Tanzania Land Tenure Improvement Project (P164906). This will contribute to women having equal rights to ownership and control over land in those areas. The specific investments under the menu of investments outlined under Component 2 will be defined through a consultation process, which will ensure the participation of women in the discussion and decision-making process. Indicators will be developed as part of the preparation process once the scope of these areas are defined.

2. Overall Risk and Explanation

38. The overall risk rating for the project is Substantial. While the project benefits from the institutional arrangements and implementation experience of DMDP, TSCP, and ULGSP, new features are also being considered for the proposed project and may generate additional risks, including an expanded menu of investments. The key risks and proposed mitigation measures are outlined below.

39. Sector Strategies and Policies (Moderate). Managing the shift from decentralization by devolution (D by D) towards recentralization of revenue collection and service delivery will affect citizen accountability, revenue mobilization, planning, and service delivery. This more centralized delivery model may work for lower capacity urban areas. But capacity is not uniform across cities, with some larger ULGAs demonstrating better performance. Delivery of services for roads – traditionally a local government function – has also returned to the center to TARURA, formed in 2017/18 to oversee the maintenance and development for roads and water for local governments. Although data collection and ICT tools developed under sub-component 1A can be used for revenue collection purposes, greater emphasis will be placed in the enforcement and monitoring of land use plans.

40. Technical Design of Project or Program (Moderate). Given the delays faced in the release of funds from the Ministry of Finance and Planning to the participating ULGAs under ULPGS, project preparation will ensure that the flow of funds is the same as in DMDP and TSCP, to prevent delays in the release of funds and to incentivize progress in strengthening urban management functions.

41. Institutional Capacity for Implementation and Sustainability (Substantial). The main implementing agency – PO-RALG, has demonstrated its capacity to manage similar projects through the implementation of TSCP (parent, AF1 and AF2), as well as the current DMDP, ULGSP and earlier Local Government Support Project (LGSP, which closed in June 2012). However, targeted technical assistance, retooling, training and consultancy services will be provided under Component 1 to address identified capacity gaps in the PO-RALG Project Team. LGAs will have primary responsibility for the implementation of infrastructure subprojects and institutional strengthening activities. Each Participating ULGA will have an established project team, drawing from its existing staff (in most cases). The teams have skills in the areas of: (i) procurement; (ii) financial management; (iii) engineering/technical supervision; (iv) M&E; (v) environmental and social safeguards; and (vi) human resource management and development. During preparation, a capacity assessment of participating cities will be carried out in terms of the staffing and skills in place to ensure that there is sufficient capacity to implement the scaled-up activities. The capacity assessment found that overall, the project teams are well staffed. It will be included as a Legal Covenant that all participating cities project teams will be fully staffed with the requisite skills by effectiveness. In addition, continued targeted technical assistance, training and consultancy services will be provided to address critical capacity gaps or improve technical skills.

42. Fiduciary Risks (Substantial). Financial management and procurement under DMDP and TSCP have been satisfactory overall. The last implementation support missions under DMDP and TSCP have found that there are adequate



financial management arrangements in place in terms of sufficient accounting staff, auditing and timely reporting of project fund utilization. The FM risk rating of the project remains substantial, taking into consideration the overall weak internal environment at country level, complexity of the project, and its decentralized implementation modality across participating LGAs. Financial management and disbursement arrangements currently in place under DMDP and TSCP will continue to support this project. On procurement, there are no new or significant risks with expected procurement related to the AF2 activities. Given the strong track record under TSCP, the proposed project will be implemented using the same procurement arrangement as they have been assessed to be satisfactory by the WB’s procurement team.

43. Stakeholders (Substantial). Urbanization is inherently multisectoral and thus calls for strong coordination, both horizontally and vertically. At the national level, an integrated technical steering committee will be introduced and be tasked to discuss and resolve issues at the strategic level that require higher-level coordination, including issues related to relocation of utilities, compensation, and safeguards. In the absence of such a platform for coordination, it has been challenging for PO-RALG to provide strategic guidance to the various programs/projects in the urban sector. There is much room for removing overlap, facilitating more cross-learning and information sharing and creating bigger synergies or impacts. This project will therefore establish a steering committee composed of line ministries (Ministry of Lands, Ministry of Environment, Ministry of Water, Ministry of Transport) that can provide strategic guidance on issues related to urbanization.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

Most of the proposed project investments will be implemented in urban and built-up areas and will involve construction activities, which will entail: civil works, land acquisition, transportation and handling of construction materials, excavation and clearance of vegetation, manual labor etc. These activities could lead to site specific environmental and social impacts, which will need to be mitigated during project implementation. Since the designs and specific locations of the proposed physical works or facilities to be financed under the project are not determined at this stage, the project will prepare an Environmental and Social Management Framework (ESMF). The ESMF will provide guidance on screening of potential environmental and social impacts and recommend appropriate instruments to be prepared to minimize or avoid negative impacts. The project will also prepare a Resettlement Policy Framework (RPF), which will guide the project to address issues related to land acquisition and involuntary resettlement.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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