I. Project Context

Country Context

Tanzania’s five-year National Strategy for Growth and Poverty Reduction and the Tanzania Development Vision 2025 are important national strategies. The Tanzania Development Vision 2025 envisages more inclusive growth and poverty reduction, underpinned by the economy’s transformation from “a low-productivity agricultural economy to a semi-industrialized one.” These documents highlight the importance of harnessing the benefits of urbanization especially through increased investments in infrastructure.

Sectoral and institutional Context

Urban areas are critical to Tanzania’s national economic growth. They account for the majority of
the country’s physical, financial, human, academic, and technological capital. Cities produced more than half of Tanzania’s Gross Domestic Product, and accounted for around 56 percent of the country’s economic growth from 1990 to 2004. The Government of Tanzania (GoT) recognizes the potential of urbanization and of urban areas. To help mobilize this potential, its Decentralization by Devolution (D by D) policy aims to reduce poverty and improve service delivery through decentralizing resources and responsibilities to the local level.

Despite the extensive mandate given to LGAs for delivering urban services, among other functions, there remains a financing gap, of approximately US$ 1 billion, to meet these mandates. Generally, LGAs lack adequate fiscal and institutional capacity to effectively respond to the urbanization challenges.

II. Proposed Development Objectives
A. Current Project Development Objectives – Parent
To improve the quality of and access to basic urban services in Participating LGAs.

B. Proposed Project Development Objectives – Additional Financing (AF)

III. Project Description
Component Name
Component 1 – Core Urban Infrastructure and Services
Comments (optional)
This component supports improvements in core infrastructure and services in Participating LGAs.

Component Name
Component 2 – Institutional strengthening
Comments (optional)
This component supports the strengthening of the fiscal and management capacity of LGAs and CDA in Dodoma. (Funded by DANIDA.)

Component Name
Component 3 – Implementation support and preparation of future urban projects
Comments (optional)
This component (a) provides capacity building for LGAs and PMO-RALG, support for project implementation; and (b) finances preparation activities for future urban projects and TA to the urban sector.

IV. Financing (in USD Million)

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Project Cost:</td>
<td>50.60</td>
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<tr>
<td>Total Bank Financing:</td>
<td>50.00</td>
</tr>
<tr>
<td>Financing Gap:</td>
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<tr>
<td>For Loans/Credits/Others</td>
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<tr>
<td>BORROWER/RECIPIENT</td>
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<tr>
<td>International Development Association (IDA)</td>
<td>50.00</td>
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<tr>
<td>Total</td>
<td>50.60</td>
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V. Implementation
Given the strong track record of the original project, the proposed AF would be implemented using the same institutional arrangements, procurement, financial management and disbursement arrangements as for the original project, as they have been assessed to be satisfactory by the Bank’s fiduciary team. Under the current institutional arrangements, participating LGAs are responsible for implementing subprojects at the local level, including all fiduciary, safeguards and reporting requirements, while PMO-RALG is responsible for the overall management of the project, providing overall coordination and technical support to LGAs and CDA.

VI. Safeguard Policies (including public consultation)

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
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<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>X</td>
<td></td>
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<tr>
<td>Natural Habitats OP/BP 4.04</td>
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<tr>
<td>Forests OP/BP 4.36</td>
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<tr>
<td>Pest Management OP 4.09</td>
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<td>X</td>
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<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
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<td>Indigenous Peoples OP/BP 4.10</td>
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<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
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<td>Safety of Dams OP/BP 4.37</td>
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<td>Projects on International Waterways OP/BP 7.50</td>
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<td>X</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td></td>
<td>X</td>
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</tbody>
</table>

Comments (optional)
The AF will basically involve similar activities as the current project which, include: upgrading / rehabilitation of a number of artery urban roads and drainage and associated structures such as drainage ditches, culverts/bridges, footpaths and street lighting and local infrastructure such as bus and lorry stands aimed to improve movement of people, goods and services in the urban areas. The project also support development of infrastructure to improve solid waste management including solid waste collection centers, equipment for transportation and disposal, and the development or improvement of disposal sites or landfills. There are no known safeguards compliance issues that are unresolved in the original project. Overall safeguard compliance (Environmental Assessment OP/BP 4.01 and Involuntary Resettlement OP/BP 4.12) is rated ‘Satisfactory.’ The additional financing will support the same category and typology of sub-projects as those supported under the original project. The sub-projects to be financed by the AF do not include any new landfills, but only additional cells in the five landfills supported by the original project. As such, an Environmental and Social Management Framework (ESMF) is under preparation to guide the Environmental and Social Impact Assessments (ESIAs) for each investment prepared under the AF.

The implementing agency, the Prime Minister’s Office for Regional Administration and Local Government (PMO-RALG), has been executing the project, including safeguards management, in a satisfactory manner since FY2010/11. In particular, Environmental and Social Management Plans (ESMPs) implementation and monitoring are carried out adequately. PMO-RALG and the project LGAs participated in the safeguards training conducted in Tanzania in February, 2012 by the World Bank Africa Region Safeguard Policy Enhancement Unit (ASPEN).

Substantive improvement in compliance with Occupational Safety and Health Rules has been noted during project implementation. Following the completion of most of the construction works, the
focus of staff training has shifted towards enhancing LGAs safeguards monitoring skills as part of operations and maintenance plan. Therefore, the capacity of the borrower to plan and implement safeguards measures is assessed to be satisfactory.

VII. Contact point

World Bank
Contact: Mehmet Onur Ozlu
Title: Sr Urban Economist
Tel: 458-8728
Email: oozlu@worldbank.org

Borrower/Client/Recipient
Name: The United Republic of Tanzania
Contact: Mr. Laston Msongole
Title: Deputy Permanent Secretary
Tel: 255-656-987-765
Email: lmsongole@yahoo.com

Implementing Agencies
Name: Prime Minister Office - Regional Administration and Local Government
Contact: Mr Davis Shemangale
Title: Project Coordinator
Tel: 255-713-448-835
Email: sdavisben@yahoo.com

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