I. Project Context

Country Context

1. Tanzania's recent economic performance has remained broadly favorable. Real gross domestic product (GDP) growth remained robust at about 7 percent in 2014–2015 and is projected to remain at the same level in FY15–16. Economic expansion has been driven by several fast-growing sectors, including construction, communication, financial services, and mining, supported by public and private consumption and investment. More recently, manufacturing (processed food, beverage, tobacco, basic metals, and construction materials) and retail trade have also expanded more rapidly. By contrast, agriculture, the sector on which about 70 percent of households depend as their primary economic activity, has continued to post slower growth. Inflation, which increased to 6.8 percent in December 2015 due to higher domestic food prices and lagged effects of recent depreciation of the Tanzanian shilling, declined to 5.2 percent in May 2016. At 5.2 percent, inflation remains within the Government's medium-term target and significantly lower than the 19 percent recorded at the end of 2011.

2. Tanzania's medium-term macroeconomic outlook remains favorable, with economic growth projected to remain stable at about 7 percent over the next two years. The attainment of this target is to be facilitated by the implementation of the second Five Year Development Plan (FYDP II),
which focuses on industrialization and human development, coupled with benefits from the positive terms-of-trade impact from lower oil prices and a faster rate of expansion in Tanzania's usual growth sectors. The rate of inflation is expected to stabilize at around 5 percent, assuming no exogenous shocks from commodity price fluctuations or weather conditions, together with consistency in monetary or exchange rate policies. The overall external balance is expected to remain stable with a lower current account deficit based on lower oil import bills and stronger export performance. In the medium term, the current account deficit is expected to improve when the use of onshore and nearshore natural gas will replace liquid fuel as the main source of thermal power generation, thereby reducing costly energy imports.

3. Tanzania is urbanizing rapidly (half of the population is expected to live in major and secondary cities by 2050. The share of the urban population increased from 18 percent to 27 percent over 1990-2012. Tanzanian cities already account for the majority of the country's physical, financial, academic, and technological capital. Economic activities in urban areas contribute approximately half of GDP. Tanzania's dominant primary city, Dar es Salaam, accounts for around 40 percent of the urban population. It is the third fastest growing city in Africa, growing at an average rate of 5.8 percent annually over 2002-2012. Dar es Salaam has a population of about 5 million inhabitants and is expected to become a mega city with more than 10 million people by 2030.

4. Improving the 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 2014 Tanzania Country Economic Memorandum noted that (a) cities are driving the growth of non-farm businesses; (b) to create more jobs, the economy will need to move toward export markets; and (c) improved productivity and efficiency of Dar es Salaam are necessary to help generate businesses and create jobs in the formal and informal sectors. Moreover, a recent World Bank report found that a fragmented disconnected urban form was a material factor; increasing the accessibility costs for employers and job-seekers and thus lowering efficiency. To this end mass transit investments that can significantly improve urban accessibility are an important building block to increasing urban productivity.

**Sectoral and institutional Context**

5. A public transport-oriented national transport policy. The urban transport objective as stated in the Government of Tanzania's (GoT) Draft National Transport Policy (NTP) of 2016 is to establish and increase smooth traffic flow and carrying capacity of the public transport to move passengers quickly, efficiently, and safely at minimum cost in large cities. The policy statement requires the GoT to develop an integrated transport system in cities; discourage the use of private vehicles by promoting the use of high-occupancy public transport; and provide enough space in cities to cater for infrastructure facilities to support public transport. The Draft NTP of 2016 is expected to be formally approved by the Government by June 2017 and at that point will effectively replace the NTP of 2003.

6. Public transport is dominant but traditionally not of high quality. The establishment of a bus rapid transit (BRT) system in Dar es Salaam City is an important element toward implementing the NTP. While public transport is currently the main mode of travel in Dar es Salaam, it has been traditionally supplied by a system of loosely regulated minibuses known as Daladalas (over 7,500 minibuses along 213 routes) entrepreneurially operated, competing with each other in congested traffic for passengers and of varying quality. The introduction of the BRT system significantly
increases the quality of public transport available: featuring modern high-capacity buses operating in segregated lanes. Phase 1 of the BRT financed under the Second Central Transport Corridor Project (CTCP2) supported by the World Bank has reduced travel time on the 15.6 km of the Kimara-Kivukoni corridor from over 2 hours to 45-50 minutes and, despite some teething issues, is generally regarded as an important beneficial upgrade to the city.

7. An extensive BRT system has been planned and is being implemented. The six phases of the Dar es Salaam BRT system involve the development of a total of 137 km of BRT corridors to be implemented sequentially from the first to the sixth phases. The conceptual design of the network was completed in 2007. The development of the entire system was incorporated in the Dar es Salaam Urban Transport Master Plan of 2008 guiding developments up to 2030. The design of the second and third phases of the BRT system was supported under the CTCP2 and the infrastructure for the second phase is being supported through funding by the African Development Bank (AfDB) in partnership with the Africa Growing Together Fund. The implementation of the third and fourth BRT phases is to be supported by the Dar es Salaam Urban Transport Improvement Project (DUTP).

8. The BRT system affects accessibility and urban efficiency. The BRT investments are also consistent with a vision to increase urban productivity by focusing on accessibility. Outside the urban core where the majority of the formal jobs are concentrated, Dar es Salaam is a collection of small, fragmented, and disconnected neighborhoods. Due to the limited urban access to the core and limited employment centers, many workers live in informal housing in the central core. Living outside of this core translates into a series of obstacles for most residents, but particularly for the most vulnerable; two trips per day of 15 km each (to the edge of the BRT system) will take more than 4 hours, and a household of the lowest quintile will have to allocate more than 50 percent of its monthly income for travel.

9. The access to opportunities is currently limited to the center of the city and increases significantly with the implementation of the BRT system potentially easing the pressure on the central core and allowing both jobs and housing to concentrate at other high-accessibility locations across the city. With the entire investment in the BRT network, the number of people who will be able to access the center of the city in 60 minutes using public transport is expected to increase from 42 percent to 73 percent; the 31 percentage points correspond to a 73 percent increase in the number of people with access.

10. There is also a longer-term climate imperative. As incomes increase, leading to more private vehicle use, the mass transit investments can also help avoid a lock-in into a high-carbon automobile-oriented city in the medium term. Indeed, the number of cars in Dar es Salaam City has been reported to have doubled between 2002 and 2008 from 19 to 43 cars per 1,000 inhabitants. While some increase in motorization is inevitable with rising incomes, international evidence suggests that the built environment and accessibility significantly influence vehicle ownership and usage. In particular, an investment strategy that prioritizes higher public transport accessibility has been proven to decrease the likelihood of owning vehicles. Ultimately, an accessible compact city oriented about mass transit is more likely to be able to convince residents, who have a choice, to delay buying a vehicle and to use it less.

11. The governance challenge. The governance structure of the Dar es Salaam local government is challenging. There are five municipalities, each led by a Mayor and an apex coordinating body called Dar es Salaam City Council (DCC). Each municipality has its own authority and reports directly to the President's Office, Regional Administration and Local Government (PO-RALG), and therefore the DCC does not have direct authority over the municipality activities. The governance of the transportation sector is equally fragmented with 14...
agencies, each with some responsibilities on the same network. The Dar es Salaam Metropolitan Development Project (DMDP), financed by IDA, is supporting the strengthening of the city governance structure. The Transport Master Plan of 2008 recommended formation of the Dar es Salaam Urban Transport Authority (DUTA) to strengthen the institutional arrangement for a sustainable transportation system in Dar es Salaam City. A recent World Bank report emphasizes the critical importance of having a lead institution such as DUTA for developing an integrated and comprehensive urban transport systems.

12. Traffic safety is a priority. Tanzania is among the countries with the highest traffic fatalities in Africa. While Africa possesses only 2 percent of the world’s vehicles, it contributes 16 percent to the global deaths. Seven countries in Africa, namely Nigeria, the Democratic Republic of Congo, Ethiopia, Kenya, South Africa, Tanzania, and Uganda, are responsible for 64 percent of all road deaths in the continent. In 2013, there were 4,002 road traffic fatalities as reported by the police, though the World Health Organization estimated the fatality figure to be 16,211. Tanzania has a Road Safety Policy of 2009, but the process of enacting a national law for road safety remains ongoing. The vulnerable road users—pedestrians, cyclists, and drivers of motorized two- and three-wheelers—constitute more than half (64 percent) of road users killed on the roads, with pedestrians alone being 31 percent. It is estimated that traffic accidents cost up to 3.4 percent of the country’s GDP on a yearly basis.

13. Ubungo intersection is a key bottleneck to BRT operations and access to the port. There are three BRT trunk corridors—BRT phase 1 along Morogoro Road, a branch of BRT phase 4 along Sam Nujoma Road, and BRT phase 5 along Nelson Mandela Road—intersecting at Ubungo. Also, the Ubungo intersection is the main gateway to and from Dar es Salaam City to up-country and neighboring countries. It is among eight intersections identified in the Dar es Salaam Transport Master Plan and the freight corridor master plan for grade separation for enhancing mobility in Dar es Salaam City. Other critical intersections with commitments for grade separation include (a) the Tanzania Zambia Railway Authority (TAZARA) intersection where works are ongoing through JICA support and (b) two intersections of the Chang’ombe/Kawawa and Nelson Mandela/Kilwa Road junctions that are being supported by the AfDB as part of the BRT phase 2 trunk corridor.

14. The DUTP is proposed to scale up the improvement of the public transport system in Dar es Salaam City through the establishment of BRT phases 3 and 4, addressing the transportation and safety bottleneck at the Ubungo intersection, and support in the transformation of public transport institutions. One critical feature of the sector transformation will include strengthening of capacity of the Dar Rapid Transit Agency (DART) to delegate and streamline decision-making process and accountability in managing complex BRT operations that requires a 24-hours oversight. The DUTP is a follow-on to the CTCP2 that pioneered the establishment of the first phase of the BRT system in Dar es Salaam City.

II. Proposed Development Objectives
The Project Development Objective (PDO) is to improve transport mobility, accessibility, safety, and quality of service delivery along the selected corridors in Dar es Salaam City.

III. Project Description
Component Name
Component A: Establishment of the third and fourth phases of the Dar es Salaam BRT system
Comments (optional)
The project will support the construction of (a) 23.6 kilometers of the Bus Rapid Transit (BRT)
phase 3 trunk corridor from the Central Business District (CBD) through the Julius Nyerere International Airport to the Gongo la Mboto area along Nyerere and Uhuru Roads and (b) 25.9 km of the BRT phase 4 trunk corridor from Tegeta to the CBD through Ali Hassan Mwinyi Road including a branch line from Mwenge to Ubungo along Sam-Nujoma Road. The project will also support the selection process of the operators of the BRT system, urban planning, and land use integration.

**Component Name**
Component B: Improvement of Ubungo intersection and complementary Road Safety infrastructure for BRT phase 1 system

**Comments (optional)**
The project will support the construction of an interchange at the Ubungo intersection to improve the traffic flow. Apart from the interchange, the Ubungo up-country bus terminal will be improved including a BRT depot to be constructed behind the up-country bus terminal and a new road connecting the Ubungo BRT depot to Sam Nujoma Road to integrate the up-country bus terminal/ BRT depot with the BRT corridor. Additional pedestrian and cyclist infrastructure will be introduced along the BRT phase 1 corridor from Kibo to Kimara, and the traffic management measures will be supported along the Kimara-Mbezi feeder route for safety and congestion reduction. The component will also improve the linkage of Kivukoni BRT terminal with the ferry terminal.

**Component Name**
Component C: Institutional Strengthening and Reform, ICT innovation, Safety net, and transport studies

**Comments (optional)**
The project will provide incremental support to implementing agencies, support to public transport institutional transformation, and support to designs of the remaining BRT phases. The project will also help the city develop an open data system for the public transport system, support road safety agencies, mapping of gender violence in public transport; and pilot the introduction of social safety nets for reduction of poverty to the urban poor in the public transport system.

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

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**V. Implementation**

15. TANROADS is the overall implementing agency of the project. TANROADS manages the national road network (28,900 km) on behalf of the MoWTC and was established in 2000 and has since then proved itself as a capable organization. All aspects of project management, including procurement, contract management, FM, and social and environmental safeguards, will be fully executed or overseen by TANROADS. The implementation will be fully mainstreamed within TANROADS′ organizational structure. The coordination of the project will be conducted by the Project Manager of the BRT unit reporting to the Director of projects. TANROADS will procure
and manage all civil works and supervision contracts; maintain the Designated Account (DA), and implement the RAP and Environmental and Social Management Plan (ESMP). DART will be responsible for procuring and managing contracts for capacity strengthening to DART, DUTA, ICT innovation, transaction advisory for BRT operations, and monitoring and evaluation (M&E).

16. The inter-agency coordination and oversight will be provided by a Steering Committee that will be co-chaired by the Permanent Secretary (PS) of the MoWTC and the PS of the PO-RALG. Members of the committee will include the City Director; Directors of Ilala, Temeke, Ubungo, Kigamboni, and Kinondoni municipalities; the Chief Executive of TANROADS; the Chief Executive of DART; the Director General of SUMATRA; and the Chief Executive of Tanzania Social Action Fund (TASAF). The Steering Committee will have biannual coordination meetings. TANROADS and DART will also table the presentation of project progress on infrastructure and preparations for operations, respectively, annually to the Regional Roads Board, under the chairmanship of the Regional Commissioner, to ensure continuing political buy-in by Dar es Salaam regional stakeholders.

17. The Chief Executive of TANROADS is the Accounting Officer for the project, assuming overall responsibility for accounting for the project funds. TANROADS will manage the project's DA. Disbursements from the IDA Credit will be made based on quarterly interim financial reports (IFR). Disbursements from the DA will be made based on certified invoices received from the other executing entity, DART. The credit will support TANROADS to cover incremental operating costs.

18. The TANROADS BRT team will be strengthened. A contract management firm will be recruited under the project that will provide key professional staff to support TANROADS regular staff in the implementation of the project. The staff will include a Highway Engineer, Contracts/Claims Specialist, Pavement and Materials Engineer, Structural Engineer, Quantity Surveyor, Architect, Electrical Engineer, Traffic Engineer, Procurement Specialist, Environmental Specialist, Social Specialist, and FM Specialist. The specialists will be mainstreamed to support the implementation of the project through departments within their specialization. The firm will also be responsible for mentoring local counterparts. All these positions will be filled by June 30, 2017.

19. DART will be responsible for managing capacity building for public transport operations; preparation for BRT operations; and provide support to TANROADS in the implementation of the RAP and ESMP for Component A. DART will therefore manage the following:

(a) All the PPP schemes under the project (BRT Bus Operator(s), Fare Collector, Fund Manager, BRT corridor opportunities, and so on)
(b) The DART capacity-strengthening activities
(c) Establishment of DUTA, under close supervision of the PS, PO-RALG
(d) The development of PPPs for land use and transit integration along the BRT corridor by DART, the city council, and municipalities
(e) The piloting of social safety nets in public transport by TASAF
(f) Monitoring and evaluation of the project
(g) Coordination of the implementation of communication activities for the project

20. DART was established by order under the Executive Agencies Act on May 25, 2007, and is currently under the PO-RALG.

VI. **Safeguard Policies (including public consultation)**

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