

**Tanzania Urban Local Government Strengthening Program**

Program for Results  
Environmental and Social System Assessment

**Volume 1: Analysis**

**August 22, 2012**

## ACKNOWLEDGEMENTS

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The Environmental and Social System Assessment (ESSA) for the Tanzania Urban Local Government Strengthening Program is one of the first to be prepared under the World Bank's new financing instrument, Program-for-Results (PforR). This has been a new process for the Bank and for the Government of Tanzania that has required in-depth analysis during the preparation of the Program and revisiting how environmental and social issues are assessed, integrated and operationalized into the Program.

The ESSA has benefitted from consultations, inputs and feedback from a wide range of stakeholders. The World Bank would especially like to thank the ULGSP team at PMO-RALG for their dedication to mainstreaming environmental and social management into the Program, and their close collaboration with the Bank team. We would also like to thank the COWI Tanzania team for their technical inputs to the ESSA, including extensive fieldwork, institutional analyses, and drafting the Program Environmental and Social Management Manual.

The World Bank ULGSP team would also like to extend its thanks to the many stakeholders that have been involved in this process, including over 100 staff in ULGAs that participated in field visits and discussions with PMO-RALG, representatives from the National Environmental Management Council and Ministry of Lands, Housing and Human Settlements Development which have participated in several technical discussions, and many other Government agencies, Development Partners, technical experts, and NGOs. Your time dedicated to reviewing documents, your feedback and participation in conversations around analyzing Tanzania's systems for environmental and social management, and your recommendations on improving these systems for Tanzania's growing urban areas have been valuable and appreciated.

## ACRONYMS

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CBG	Capacity Building Grant
CDG	Council Development Grant
CDO	Community Development Officer
CSO	Civil Society Organization
EMA	Environmental Management Act
EMO	Environmental Management Officer
ESIA	Environmental and Social Impact Assessment
ESM	Environmental and Social Management
ESMM	Environmental and Social Management Manual
ESMP	Environmental and Social Management Plan
ESSA	Environmental and Social System Assessment
GoT	Government of Tanzania
IDA	International Development Association
LGA	Local Government Authority
LGDG	Local Government Development Grant
LGSP	Local Government Support Program
MLHHS	Ministry of Lands, Housing and Human Settlements Development
NEMC	National Environmental Management Council
PAF	Performance Assessment Framework
PAPs	Project Affected People
PforR	Program-for-Results
PMO-RALG	Prime Minister's Office - Regional and Local Government
TASAF	Tanzania Social Action Fund
TSCP	Tanzania Strategic Cities Program
UDEM	Urban Development and Environmental Management
UDMP	Urban Development Management Policy
ULGA	Urban Local Government Authority
ULGSP	Urban Local Government Strengthening Program
UPG	Urban Performance Grant
VPO-E	Vice President's Office - Division of Environment

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## 1. ULGSP Program Description

The Local Government Development Grant Program (LGDG) is a core part of the Government of Tanzania (GoT) fiscal decentralization architecture. The Program has been implemented since 2004 with World Bank and other development partner support. Building on the LGDG Program, the government, with support from the World Bank, is introducing a new urban window to strengthen the systems of second-tier urban local governments. This window, called the Urban Local Government Strengthening Program (ULGSP) uses the World Bank Program for Results funding modality (OP/BP 9.00). The Program is expected to run from 2012 until December 2018, with a Program envelope of US\$ 255 million. A full summary of the existing LGDG program and proposed ULGSP can be found in Section 2 of ESSA Volume 2.

The ULGSP will disburse funds to participating Urban Local Government Authorities (ULGAs) on the basis of their performance per a range of indicators, as measured by an independent third party annual assessment. This tool that has been employed by the GoT through the Prime Minister's Office – Regional and Local Governments (PMO-RALG) in the existing LGDG but will have additional indicators specific for the ULGSP. ULGA performance under ULGSP will be assessed in the following results areas: (i) Improved urban planning systems, (ii) Enhanced revenue enhancement (with a particular focus on property taxation); (iii) Increased efficiency in fiduciary systems management (financial management and procurement); (iv) Improved service delivery systems; and (v) Enhanced accountability and oversight mechanisms (including environmental and social management). Specific activities to be supported by the Program are small- to medium-scale urban infrastructure investments and central government capacity enhancement, technical assistance and grant management in support of fiscal decentralization.

The proposed new urban focused window will add an Urban Performance Grant (UPG) to the other existing sector grant windows, and will fully utilize and enhance the key elements of the LGDG system. Namely, similar to current windows, it will determine LGA allocation by a population based formula and it will disburse its funds as a result of LGA performance assessment. In doing so, UPG will leverage institutional strengthening and support local capacity building. UPG funds will be primarily used by ULGAs to meet their infrastructure needs through financing works eligible under the Program's investment menu (Table 1 below in Section 3 **Error! Reference source not found.**). The UPG window will also have an associated set of implementation activities, which will include capacity building needed for ULGAs to be able to respond to the performance incentive mechanism, as well as the independent annual performance assessment which will determine the disbursements for each ULGA in a given year. These implementation activities will be managed by PMO-RALG, which is responsible for decentralization and local government affairs in mainland Tanzania.

The following three overall results are expected from the Program:

- 18 ULGAs, with approximately 25% of the country's urban population, with enhanced institutional structures and better local governance defined in terms of improved urban planning systems, increased own source generation and collection (with a particular focus on property taxation), enhanced fiduciary systems management, improved service delivery systems and enhanced accountability and oversight mechanisms;
- A set of urban municipal infrastructure investments which will be financed by the Program's incentive element; and
- Enhanced central government mechanisms that can support decentralization including on-time disbursement from the central government to ULGAs.

## 2. Environmental and Social System Assessment

### 2.1 ESSA Purpose and Objectives

The ULGSP Environmental and Social Management System Assessment (ESSA) examines Tanzania’s existing environmental and social management system that is the legal, regulatory, and institutional framework guiding LGA grants under the current LGDG program, proposes measures to strengthen the system, and integrates these measures into the overall Program. The ESSA is undertaken to ensure consistency with six “core principles” outlined in paragraph 8 of the World Bank’s OP/BP 9.00 Program-for-Results Financing in order to effectively manage Program risks and promote sustainable development.

Those six principles are:

1. Promote environmental and social sustainability in the Program design; avoid, minimize, or mitigate adverse impacts, and promote informed decision-making relating to the Program’s environmental and social impacts
2. Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the Program
3. Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the Program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards
4. Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards
5. Give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups
6. Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

In Section 5 below, the ESSA analyzes the system for environmental and social management as relevant for ULGSP vis-à-vis each of these principles. The gaps identified through the ESSA and subsequent actions to fill those gaps directly contribute to the Program’s anticipated results to enhance institutional structures and local governance. Well-performing environmental and social management is considered to be an integral part of both.

The current report, the ESSA Analysis, is the first part of a two volume series: Volume 2: Baseline Information presents a detailed description of the Program activities and the baseline conditions for existing environmental and social management systems. This volume draws on the baseline report and presents an analysis of the existing system vis-à-vis the core principles for environmental and social management in OP/BP 9.00, and presents an Integrated Plan for Strengthening Systems that feeds into the overall program action plan.

The ESSA draws from a broad range of inputs, including a legal and regulatory analysis, a desk review of World Bank implementation reports from related projects (including the Local Government Support Project and Tanzania Strategic Cities Project, both implemented by LGAs with PMO-RALG as the counterpart agency), LGDG Annual Performance Assessments, field visits to 13 of the 18 ULGAs to assess environmental conditions and institutional capacity, and meetings with government agencies, Development Partners, and other stakeholders. The Task Team has worked closely with PMO-RALG to

develop the ESSA, and build a viable Action Plan and technical guidance for local governments to identify and mitigate impacts and strengthen their own management system.

The ESSA Analysis presents a synthesis of the strengths, gaps, potential actions, and risks associated with Program systems with respect to the nature, scale and scope. This is structured to examine arrangements for managing the environmental and social effects (i.e., benefits, impacts and risks) of the Program. The Analysis also examines whether the system as written in policies, laws, and regulations compares to how it is applied in practice at the national and local levels. In addition, the analysis examines the efficacy and efficiency of institutional capacity to implement the system as demonstrated by performance to date.

In essence, the analysis examined whether the current system: (i) mitigates adverse impacts; (ii) provides transparency and accountability; and (iii) performs effectively in identifying and addressing environmental and social risks. The overarching objectives are to ensure that the risks and impacts of the Program activities are identified and mitigated, and, importantly, to strengthen the underlying system and build capacity at the local and national levels in order to do so.

## 2.2 ESSA Process

The ESSA is an ongoing process that began with the collection of baseline data (presented in Volume 2) and the measures and actions to strengthen system performance will continue throughout implementation of the Program. The section below outlines the various steps that have been undertaken in the process.

### 2.2.1 Baseline Information Collection

Tanzania's environmental and social management system is described in detail in ESSA Volume 2: Baseline Information, which is composed of a detailed report on the Program area (including socioeconomic, infrastructure, and environmental existing conditions), the potential environmental and social effects (including benefits and negative impacts) of Program activities, and then the relevant system for managing those effects.

Based on recommendations from Program stakeholders, the ESSA assesses the overall Program system on two levels: first, for environmental and social impact management, and second, for resettlement and compensation.

For each of these two areas, the ESSA:

- Reviews the relevant laws, regulatory frameworks, and guidelines and identifies inconsistencies with the social and environmental elements of OP/BP 9.00;
- Reviews and assesses institutional roles, responsibilities, and coordination and describes current capacity and performance to carry out those roles and responsibilities; and
- Considers public participation, social inclusion, and grievance redress.

### 2.2.2 Analysis

ESSA Volume 1 draws from this baseline information presented in Volume 2. The process to conduct the ESSA Analysis adopted here was designed to: (i) analyze the national system for environmental and social management for planning and implementing municipal infrastructure projects under LGDG for consistency with the standards outlined in OP/BP 9.00; (ii) identify where there are procedural and policy gaps with OP/BP 9.00 as well as performance constraints in carrying out environmental and social management processes; and (iii) develop a set of viable actions to strengthen the system and improve

performance. Assessing the environmental and social management system that will be applied to ULGSP investments draws on the contextual and background information in Volume 2 of this series.

The ESSA Analysis was conducted using a Strengths, Weaknesses, Opportunities and Threats (SWOT) approach - the “weaknesses”, or gaps with OP/BP 9.00, are considered on two levels: (i) the system as written in laws, regulation, procedures and applied in practice; and (ii) the capacity of Program institutions to effectively implement the system. This will be described in more detail below in Section 5.

### *2.2.3 Consultation*

The ESSA process includes comprehensive stakeholder consultations and disclosure of the ESSA Report (Volumes 1 and 2) following the guidelines of the World Bank’s Access to Information Policy. A full summary can be found in ESSA Volume 2, Annex 6.4. At present, the ESSA consultation process is embedded in the Program consultation process and includes the following activities:

***Document Dissemination and Public Comment Period:*** Starting in June 2012, the draft ESSA (Volumes 1 and 2) was publicly disclosed and distributed to a range of stakeholders involved with environmental and social management issues in Tanzania. PMO-RALG has disclosed the ESSA and technical documents on their website and the World Bank collected public comments;

***Consultation Event:*** A one-day public consultation event was held on June 20, 2012, where the ESSA was presented and stakeholders were invited to offer inputs on the findings and recommended actions in an interactive format. The ESSA was disclosed and distributed two weeks in advance of the event, and the comment period was extended until mid-July 2012;

***Technical Workshop:*** A workshop for technical staff in ULGAs (including Environmental Management Officers, Community Development Officers, and other staff tasked with environmental and social management) was held on June 21, 2012 to gain inputs on the technical manual for Environmental and Social Management;

***ULGSP Workshop:*** A workshop for officials from all ULGAs was held on July 26, 2012 as part of overall Program Appraisal. Environmental and social management (including system enhancements built into the program and the criteria used to assess ULGA performance) were included in this workshop.

Feedback from stakeholders has been instrumental in designing and revising the program Action Plan, indicators, and technical manual.

### *2.2.4 Develop Measures to Enhance Performance*

To this end, as the Program will assess environmental and social performance and has as one of its aims to strengthen this system in order to enhance performance, the ESSA aims to provide an assessment of the current conditions of this system and proposes measures that are built into the Program in order to strengthen them. While the ESSA process is ongoing through implementation, three key areas for strengthening have thus far been identified, and will be further defined as the ESSA developed and during the consultation process. The following are the areas included in Section 7 as well as built into the Program indicators:

***Defining an Environmental and Social Management System:*** Under ULGSP, ULGAs must demonstrate that they have established a functional system for environmental and social management as a minimum condition to access the UPG. After the first year, ULGAs will be required to demonstrate that all projects are screened for impacts and have mitigation measures, and that all projects have environmental

approvals from the national authorities prior to initiating works, for example. One of the primary issues impacting performance is the lack of a clear framework for environmental and social management at the ULGA level. This area will, for example, include measures to seek agreement with PMO-RALG and other agencies on roles and responsibilities for environmental and social management, coordination, technical tools, ensuring adequate staffing, and consultation processes.

**Technical Guidance and Implementation Capacity:** In order to provide clear guidelines to technical staff in the ULGAs, PMO-RALG has developed an Environmental and Social Management Manual (ESMM), which will be the guiding framework for Environmental and Social Impact Assessment and developing Resettlement Action Plans by ULGAs. This tool provides technical guidance for ULGAs, is consistent with the Tanzanian system and bridges the gaps between the existing system and OP/BP 9.00;

**Addressing Resource Constraints:** This area includes measures to overcome constraints with respect to human and budgetary resources, through both the Program incentive structure as well as capacity building and training. A capacity building and training program will be key to ensure that staff within ULGAs understand their roles, have the capacity to fulfill them, and clearly understand how they will be evaluated through the Annual Performance Assessment.

The measures outlined under each of these areas are addressed and integrated into the overall Program through three mechanisms:

1. **Inputs to the Program design**, which include measures to be undertaken during Program preparation, agreements and areas for further study, development of technical tools, and design of performance indicators;
2. **Inputs to the Program Action Plan**, which are actions agreed with the Government that will be carried out after the Program is effective; and
3. **Inputs to the Program Implementation Support Plan**, which is the structure of the Bank implementation support to be provided to PMO\_RALG and the 18 ULGAs during implementation. This includes: Reviewing implementation progress and achievement of program results; helping to resolve implementation issues and to carry out institutional capacity building; monitoring the performance of Program systems, including the implementation of the Program action plan; and monitoring and evaluating changes in Program risks as well as compliance with the provisions of legal covenants.

### **3. Environmental, Social and Resettlement Management Under ULGSP**

Currently, projects funded by grants under LGDG use the Tanzanian system for environmental, social, and resettlement management. These include:

- Procedures under the Environmental Management Act (2004) for environmental impact assessment;
- Procedures under the Land Act (1999) and subsequent regulations for land acquisition;
- Procedures under the Local Government (District Authorities) Act No. 7, 1982 and Obstacles and Opportunities to Development methodology of participatory planning;
- Laws, regulations, and guidelines specific to subject sectors (e.g. roads, health and agriculture).

Because it is financed with a basket funding arrangement pooled from various Development Partners, there is no one overarching framework document for environmental, social, and resettlement management. However, the World Bank-supported Local Government Support Program, operating since 2004, employed an Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF). This program, classified as a Category B for environmental and social impacts under Bank Safeguard Policy OP/BP 4.01, has a similar structure of infrastructure grants to LGAs with PMO-RALG as the implementing agency, though both rural and urban governments were included and works financed with grants were considerably smaller (e.g. rehabilitation of classrooms, pedestrian bridges, well boreholes). Other urban infrastructure projects such as the Tanzania Strategic Cities Project are also administered by PMO-RALG, and follow the World Bank's Safeguard Policies, so while Safeguards do not apply to ULGSP, there is a track record within the ULGAs and counterpart agency for applying environmental and social management tools.

As mentioned above, each LGA in Tanzania already undergoes an Annual Performance Assessment, administered by an independent firm, which applies a set of minimum conditions in order to qualify for capital grants, as well as a set of performance indicators. Despite LGAs carrying out many of the responsibilities of environmental and social management, these elements are not included in the existing government assessment process nor is there systematic monitoring for performance or rewards for good performance.

Under ULGSP, there is an opportunity to mainstream environmental and social management as a core element of institutional performance. Doing so contributes not only to the overarching sustainability goals of PforR financing, but more importantly to the goals of decentralized decision-making and more effective service delivery at the local level.

### **4. Context and Potential Effects**

The eighteen ULGAs that will receive support under ULGSP vary widely with respect to the physical, socioeconomic, and natural environment. The common link is that each is experiencing rapid population growth, which is resulting in informal settlement patterns that lack infrastructure, as well as congestion and environmental degradation – these fast-growing cities have not had the capacity to invest in basic services for their fast-growing populations resulting in a backlog of infrastructure investments. Being urban areas, each of these can impact negatively on health and quality of life, which the types of investments and support to urban planning under ULGSP and the UPG are intended to mitigate. A detailed description of the baselines for socioeconomic conditions, the built environment, and the natural

environment of the 18 ULGAs is presented in Volume 2. Additionally, details on the institutional framework can be found in Volume 2, Section 2.4.

Support to the eighteen ULGAs under ULGSP will be provided through an Urban Performance Grant (UPG). This financing will be used only for municipal infrastructure investments and capacity building (investment menu provided in Table 1 below). The annual allocation for each full grant cycle will range between US\$35.5 million for the Program start year (FY2014/15) and US\$52.2 million for the following four years. The performance indicators in FY2013/14 will not apply and the US\$9 million will be allocated to ULGAs subject to a minimum conditions assessment (spelled out in Annex 3 of the Program Appraisal Document), which will comprise most of the current LGDG minimum access criteria along with a number of additional conditions pertaining to environmental and social management, financial management and procurement<sup>1</sup>. ULGAs which fulfill these minimum conditions will receive a grant, part of which they can use to build their capacity to respond to the full performance assessment which will take place for the grant cycle in FY2014/15. From FY2014/15 onwards, a full performance assessment of both minimum access conditions and performance indicators will be conducted each year. Only those ULGAs which fully meet the minimum access conditions will be eligible to receive UPG funds. Those ULGAs which do not meet all of the minimum access conditions will not be able to access funds, but will receive capacity building support from PMO-RALG to support accessing the funds in the subsequent years. Annex 1 of the Program Appraisal Document (available in the World Bank InfoShop) provides a detailed description of the UPG cycle. UPG funding will comprise a progressively increasing per capita amount, designed to go up in line with the increasing capacity at ULGAs.

**Table 1: Urban Performance Grant Investment Menu**

Sector	Eligible Expenditures
<b>Council roads and related infrastructure</b>	<ul style="list-style-type: none"> <li>• Road rehabilitation/upgrading: Grading, graveling, brick paving, tarmac, upgrading or rehabilitation for which the ULGA is responsible (maximum 15 km per year)</li> <li>• Road side open storm water drains/ stand-alone storm water drains for flood alleviation or erosion control</li> <li>• Street lights</li> <li>• Culverts</li> <li>• Small Bridges: 6m span or less</li> <li>• Minibus stands and bus stops (e.g. minibus parking areas for approximately 25 vehicles)</li> <li>• Taxi stands</li> <li>• Truck stands</li> <li>• Public car parking</li> <li>• Other road-related infrastructure (street furniture, vending platforms, signage)</li> </ul>
<b>Markets and Trade</b>	<ul style="list-style-type: none"> <li>• Slaughterhouse/abattoir (maximum capacity of 100 head of cattle per day)</li> <li>• Commercial market infrastructure</li> </ul>
<b>Public Space</b>	<ul style="list-style-type: none"> <li>• Public green space</li> </ul>

<sup>1</sup> Annual assessment in FY2013/14 will also conduct a baseline survey of performance indicators. These values will be used only for informational purposes and will not affect disbursement, which will be based solely on minimum access conditions.

	<ul style="list-style-type: none"> <li>• Sports fields and facilities</li> </ul>
<b>Solid waste management</b>	<ul style="list-style-type: none"> <li>• Dumpsite rehabilitation</li> <li>• Community waste collection points</li> <li>• Equipment</li> </ul>
<b>Project preparation and supervision</b>	<ul style="list-style-type: none"> <li>• Expenditures related to preparation of infrastructure projects (design, supervision etc)</li> </ul>
<b>Equipment</b>	<ul style="list-style-type: none"> <li>• Equipment related to enhancement of relevant capacities for urban planning and OSR management, etc.</li> </ul>
<b>Capacity building<sup>2</sup></b> (up to a maximum of 5% of the annual UPG disbursement for each ULGA)	<ul style="list-style-type: none"> <li>• Urban planning</li> <li>• Revenue mobilization</li> <li>• Financial management</li> <li>• Procurement</li> <li>• Accountability/oversight</li> <li>• Infrastructure implementation</li> <li>• Areas of weaknesses identified during the annual UPG assessments</li> <li>• Human resources management</li> </ul>

*The following exclusionary criteria apply to works financed with the UPG, which will be included in the manual's screening criteria and has been agreed with PMO-RALG – these parameters will be communicated to participating ULGAs:*

- Road works outside of existing rights-of-way;
- Works involving relocation of more than 20 households;
- New landfills;
- Activities that would significantly convert natural habitats or significantly alter potentially important biodiversity and/or cultural resource areas.

The investment menu above explicitly excludes possible high-risk activities. The infrastructure investments that will be supported by the Program will remain at the municipal level and the procedures for preparing projects will include criteria to screen for significant negative impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people. Projects with these types of impacts are excluded from financing with the UPG. Risks and mitigation measures have been identified and agreed upon with the Government and ULGAs. It is confirmed that risk levels are manageable.

A detailed assessment of potential effects of the types of investments eligible for financing in the context of ULGSP can be found in ESSA Volume 2, Section 3. This found that most negative impacts associated with the types of works funded by the UPG are associated with the construction phase, as well as the possibility of land acquisition, resettlement, and livelihood impacts. Potential adverse environmental impacts include air pollution from dust and exhaust; nuisances such as noise, traffic interruptions, and blocking access paths; water and soil pollution from the accidental spillage of fuels or other materials associated with construction works, as well as solid and liquid wastes from construction sites and worker campsites; traffic interruptions and accidents; and accidental damage to infrastructure such as electric, wastewater, and water facilities.

<sup>2</sup>Investments under capacity building element of the UPG menu are bound by the same limitations as the LGDG Core Capacity Building Grant with restrictions including foreign study tours or long-term education.

These types of impacts, however, are generally site-specific and temporary. Experience from implementation of similar types of urban works in Tanzania indicates that short-term construction impacts for the most part can be prevented or mitigated with standard operational procedures and good construction management practices. These procedures will be included in the technical manual, and be a standard part of environmental management plans included in bidding documents for contractors.

While the scope and scale of works under the Program are unexpected to cause significant adverse impacts, during the environmental impact assessment process outlined in the Program technical manual, all investments will be screened for negative impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people. These types of investments are excluded from the Program (as per OP/BP 9.00, and included in the Program Financing Agreement). In addition to screening for significant negative impacts, the following works are ineligible for financing with the UPG, which will be included in the technical manual screening criteria and have been agreed with the GoT:

- Road works outside of existing rights-of-way;
- Works involving relocation of more than 20 households;
- New landfills;
- Activities that would significantly convert natural habitats or significantly alter potentially important biodiversity and/or cultural resource areas.

## 5. System Performance and Capacity Assessment

Drawing on the baseline data presented in detail in ESSA Volume 2, including detailed analysis of the environmental and social effects of the Program and the institutional context, the Analysis presented here is organized by each of the six Core Principles outlined in OP/BP 9.00 and synthesizes the main findings using the aforementioned SWOT (Strengths-Weaknesses-Opportunities-Threats) approach. The SWOT is adapted and applied to the Program and PforR context in the following way:

- **Strengths** of the system, or where it functions effectively and efficiently and is consistent with OP/BP 9.00;
- **Inconsistencies and gaps** (“weaknesses”) between the principles espoused in OP/BP 9.00 and capacity constraints, which is done on two levels: (i) for the system as it is written in the applicable laws and regulations, and (ii) how the system functions in practice;
- **Actions** (“opportunities”) to strengthen the existing system. The ESSA identified two types of actions/opportunities: (i) Actions that lie within the mandate and scope of work of the Program implementing agencies; and (ii) higher order opportunities that lie beyond the scope of the Program and are beyond the purview of the Program implementing agency. The former are used to inform development of performance-enhancing measures. The latter are presented here for Bank and Government consideration as potential actions outside of the Program.
- **Risks** (“threats”) to the proposed actions designed to strengthen the system.

The findings presented in this section have been used to inform the program design, the Program Action Plan agreed with the government, and implementation support provided by the World Bank, which are presented in Section 3 of this ESSA volume.

## Core Principle 1: General Principle of Environmental and Social Management

*OP 9.00:* Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in Program design; (b) avoid, minimize or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program’s environmental and social effects.

*BP 9.00:* Program procedures will:

- Operate within an adequate legal and regulatory framework to guide environmental and social impact assessments at the program level.
- Incorporate recognized elements of environmental and social assessment good practice, including (a) early screening of potential effects; (b) consideration of strategic, technical, and site alternatives (including the “no action” alternative); (c) explicit assessment of potential induced, cumulative, and trans-boundary impacts; (d) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized; (e) clear articulation of institutional responsibilities and resources to support implementation of plans; and (f) responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and responsive grievance redress measures.

### Applicability

Core Principle 1 is considered in terms of environmental and social management (ESM) for urban municipal infrastructure projects implemented at the ULGA level. Because there is no specific framework in place at present (such as an existing Environmental and Social Management Framework), the analysis focuses on the national system and how it is applied in practice at the ULGA level for the types of infrastructure works that will be financed by the Urban Performance Grant (see **Error! Reference source not found.** above). This is particularly relevant given the Program’s objective to build capacity for service delivery at the local level - ESM is considered as a key component of good service delivery (i.e. measures included under the Program’s system-strengthening measures for enhanced accountability and oversight mechanisms).

### System Strengths

The analysis noted that direct environmental and social impacts in urban projects implemented by ULGAs have been adequately managed overall. Supervision reports from related projects and field visits confirmed impacts have been modest and measures are taken to mitigate potential impacts.

During consultations ULGAs, PMO-RALG, and other agencies have expressed support for measures to strengthen the system, and are familiar with programs that have attempted to do so in the past such as the Urban Development and Environmental Management (UDEM) Framework (funded by DANIDA from 2007 – 2009) and, prior to UDEM, the Sustainable Cities program, both of which engaged the ULGAs included in ULGSP on strengthening ESM. These initiatives have had some impacts but have not fully mainstreamed a system of environmental and social management in most ULGAs, but provided an important foundation from which to draw lessons for the current Program.

On a national level, it is important to note that these aspects are strengthened by a new policy recently spearheaded by PMO-RALG and adopted by Tanzania’s Parliament. The Urban Development Management Policy (UDMP) links environmental management and urban development to address

urbanization challenges with respect to specific thematic areas<sup>3</sup> through building the system for ESM. At the local level, some ULGAs have also made effective use of by-laws related to ESM (Moshi and Singida, for example), demonstrating evidence of environment consciousness in some ULGAs and also that, with political will, strong performance is possible.

### Gaps in the System as Written

A gap analysis compared the system in place for environmental and social impact assessment vis-à-vis the key elements of Core Principle 1. It was found that the Environmental Management Act (EMA) and Regulations present a management framework that is largely consistent with OP/BP 9.00. However, several gaps were noted:

**ESIA Content:** While the content of the screening and analysis for Environmental and Social Impact Assessment (ESIA) under EMA are comprehensive with respect to the principles of OP/BP 9.00, there are gaps in the content of ESIA requirements, including: (i) The screening process (presented in a project brief approved by NEMC) does not explicitly take into account: Land acquisition and resettlement, restricted access to resources, and Indigenous Peoples; (ii) Analysis of alternatives is required in the project brief and in the full ESIA for projects requiring one; however, EMA regulations do not explicitly call for an analysis of the “no action” alternative in the ESIA; (iii) While the screening and ESIA process do cover cumulative impacts, there is no explicit requirement to analyze induced impacts.

**Impact Categorization:** There is a difference between the Bank and Tanzanian threshold for “significant” negative impacts. For the Bank, “significant” refers to projects with adverse impacts that are sensitive, diverse, or unprecedented, and where impacts may affect an area broader than the site of physical works. The current system as written in the EMA indicates that the threshold for significant impacts is lower than the Bank’s definition – many categories of projects (e.g. markets, small sanitation works) are included on a list of “Type A” investments and have a blanket requirement for a full ESIA, despite that impacts are generally modest and site-specific and would not be considered “significant” by the Bank’s definition.

**Oversight of Non-EIA Projects:** All projects require a project brief that is submitted for approval by NEMC in order to obtain an environmental certificate (required prior to initiation of works). This is the decision point where projects are granted the certificate (if no ESIA is required), required to do a full ESIA, or asked for a preliminary ESIA if more information is needed to gauge the significance of impacts. For those projects requiring a full ESIA, which, given the low threshold for projects requiring one as outlined in the EMA, would likely be most of the projects financed by the UPG, there are requirements for environmental management plans (including mitigation measures), environmental audits (by NEMC), public participation and disclosure. Those projects not requiring a full ESIA are subject to less requirements and much less oversight – there are no requirements that these projects are audited, that the public is involved nor that documents are disclosed. This is especially relevant in an environment where capacity for oversight at the local level is low.

**Public Participation and Accountability:** For those projects requiring a full ESIA, public availability of the documents is required by EMA. However, the actual process of public review and comment outlined in the law could be onerous and result in ESIA’s being relatively inaccessible (e.g. payment of a fee to access documents). While consultations are required during the preparation of the ESIA between

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<sup>3</sup> The UDMP thematic areas are: demography, urban growth and cross-cutting issues; urban land administration and management; housing provision; technical infrastructure; energy and environmental quality; urban social services delivery; urban food security; urban transportation; urban economy; governance, finance, legal matters, and information.

communities and the project proponent, public hearings are at NEMC's discretion during the ESIA review and approval process.

**Grievance Redress Mechanism:** Under EMA, there is a grievance procedures related to grievances with respect to decisions about granting the EIA certificate. There is no requirement that Environmental and Social Management Plans (ESMPs) include a mechanism for handling grievances, though ESMPs in Development Partner-funded projects do tend to include them. It is unclear under EMA alone on how these mechanisms function in practice in the ULGAs included in the Program. While not formalized under LGDG, there are processes at the local level for handling general grievances and disputes – as this process is very localized, working grievances up a chain of recourse that starts at the street level, it is similarly difficult to assess if this functions well in practice to resolve grievances tied to environmental and social impacts of civil works projects.

### **Gaps in the system as applied in practice**

While the experience varies across ULGAs, programs and projects, the ESSA identified the below gaps in how the system is applied in practice, which can constrain the ability of the ESM process to be a meaningful tool in both urban planning and project management at the ULGA level. Overall, the analysis found that, while impacts do tend to be managed, a systematic process is inconsistent at the local level. While there is a national legal and regulatory framework for ESM, most ULGAs (besides the TSCP implementing LGAs) have not been required to have a definitive role in the ESIA process, mostly relegated to being consulted as a stakeholder in the process but not having a technical role in planning, assessment and oversight.

Specific gaps identified with respect to application of the system in practice are:

**Human Resources:** With 18 ULGAs of varied size included under ULGSP, their capacities widely vary. Some have well-functioning committees for environmental and social management that work as a team and coordinate with other committees involved with project and community planning, as well as promote overall sustainability in their communities. Others have low levels of staff that may be lacking in technical expertise and coordination systems to manage impacts and contribute to general development planning in their districts. Most ULGAs do have some staff involved in ESM. All were assessed to have an Environmental Management Officer (EMO, required under EMA), a Community Development Officer, Environmental Health Officer, planners, engineers and other sector specialists on staff. Despite the presence of such staff, overall capacity for ESM and ESIA tends to be low. This gap is further exacerbated by high staff turnover in LGAs, which results in a loss of institutional memory where staff have undergone training in ESIA. LGAs are also not able to hire their own staff, which instead is handled at the national level.

While EMOs are tasked with EMA implementation, the analysis confirmed that most EMOs are not trained nor qualified to handle tasks such as the ESIA process. Most have backgrounds in natural resources (e.g. forestry, fisheries) rather than a discipline related to environmental and social impact management. The EMO role has been particularly problematic, as prior to 2011 there has been no budget code at the central level for this title – instead, budgeted staff such as natural resource officers have been appointed to the role of EMO. While the role is defined in the EMA, given the lack of a budget code the responsibilities tend to be added on rather than having dedicated staff. However, this recently changed in 2011 – the EMO now has a code, and while this is just starting staff with the appropriate background can be hired (albeit this is still handled at the central level).

An additional constraint is that most ULGAs targeted by the Program have not implemented the types of

investments that can be financed by the UPG, such that there is little precedence nor track record to determine the efficacy of application of the system in practice.

**Coordination:** Field visits and consultations with ULGAs noted a lack of coordination between staff involved with ESM and overall development and project planning. ESM and ESIA are multi-disciplinary processes – as mentioned above, ULGAs generally do have the technical knowledge on staff that would participate in project screening, developing terms of reference for ESIA, and monitoring. However, coordination between these disciplines and committees tends to be lacking. For example, field visits showed that there is little coordination between the engineers that monitor project implementation and staff (such as Community Development Officers) involved with ESM.

**Centralized management:** Despite provisions in the EMA stating that the Minister responsible for Environment can delegate the responsibilities of EMA (including ESIA) to LGAs, the process remains highly centralized. NEMC has developed a training guide for LGAs to have a greater role in the process, but a concerted effort to roll it out has yet to materialize. An EIA certificate from the Vice President's Office with associated specifications from NEMC is required for all projects that LGAs are to undertake, but once a project is identified, environmental and social management is handled by NEMC (e.g. contracting ESIA consultants, the ESIA review process, consultations and auditing implementation).

This break in delegation from the beginning sets projects down a trajectory where, though the direct impacts and risks are generally modest, implementation is not systematically monitored. This was confirmed during field visits and has been one of the principle shortcomings in the implementation of ESMFs under similar Bank projects. Monitoring should technically be the responsibility of NEMC, but given the overwhelmed capacity of NEMC as charged with both reviews and auditing of a large number of projects, smaller ones such as the types of municipal works under ULGSP are often not audited with the desired frequency. Where there is a clearly-defined process for auditing projects outlined in the EMA, LGAs do not have a clear role nor resources to do so.

The analysis also found that the highly centralized nature of ESIA tends to delay the project cycle. Even for projects with minimal impacts require an environmental screening in order to obtain the certificate, the track record shows that there can be long delays in obtaining certificates and approvals. It was observed that in light of these delays, projects have often proceeded with implementation without the legally-required certificate.

**Budget Resources:** Budget has been a common constraint to optimal ESM. There has been pressure from the donor community to include a line item in LGA budgets for environmental management and EMA implementation, which is also included as a PAF indicator, but a Joint Technical Review of the EMA Implementation Support Programme in 2011 showed that funds rarely flow or that they are inadequate for staff to actually carry out EMA requirements. This was confirmed by the field study conducted as part of this analysis, where technical staff had limited resources to conduct their field tasks, lacking vehicles and environmental monitoring equipment as well.

**Performance Incentives:** Many of the issues identified and the lack of effective action to date on all of the aforementioned issues reflect the incentive structure of how development funds are transferred to LGAs through LGDG. As mentioned above and described in more detail in the Program Appraisal Document, LGDG's performance-based council grant system links LGA performance in key areas of local governance with compliance with national policies, legal and regulatory frameworks.

Despite the key role local governments play in environmental and social management and compliance with relevant laws, these elements are not included in LGDG's minimum conditions to access the grant nor in indicators that incentivize good performance. Environment is included as a cross-cutting issue

along with poverty, gender, governance, and HIV/AIDS issues, but the performance indicator is an aggregated of all of these issues together, and only requires that LGAs undertake an analysis of these issues to be included in their development planning process.

The minimum conditions and performance indicators have important implications for where LGAs direct budget resources and staff priorities. Without any performance measurements or sanctions for low performance (that is, if there are no consequences for poor performance), budgetary resources are in most cases not directed in these areas. Other efforts have attempted to address this gap and there is good precedence that ULGSP can draw from, especially since performance assessment of the Program will rely on the existing structures under LGDG.

***Lack of Technical Guidance:*** Adding to the capacity issues in handling the ESIA process is that little technical guidance exists for ULGAs – interviews with NEMC revealed that while the laws and regulations outline the requirements, there is little practical guidance for technical staff. This was also a common report from World Bank monitoring of projects such as LGSP, where Aide Memoires recommended that LGAs be provided with simple guidance specific to the works financed by the project.

### **Actions and Opportunities**

Some Development Partner-supported projects have attempted to bridge some of the gaps discussed above through the preparation of Environmental and Social Management Frameworks in projects with multiple subprojects, and the shortcomings outlined above underpin some of the main challenges that have been found in implementing such tools. In the ULGAs and PMO-RALG, there is recognition of environmental sustainability and the desire for Program interventions to contribute to improved sanitation, reduced pollution and a better quality of life, as well as strengthened institutions. Field studies and consultations carried out as part of this analysis show that at both levels there is a strong willingness to work through the issues described in this report, and a clear recognition of opportunities of the Program to address issues that are compromising efficient and effective application of ESM processes and procedures in urban local governments. The actions and opportunities outlined below are incorporated in more detail in Section **Error! Reference source not found.**

***Defining the System for Environmental and Social Management:*** Based on discussions with Program stakeholders, ULGSP will need to define the Program's system for environmental and social management. This requires making a substantial decision if ESM will remain centralized with NEMC, or if there will be a process of delegating responsibilities to ULGAs – and if so, how this will be done both between ULGAs and the central government as well as within ULGAs. PMO-RALG has begun leading discussions with NEMC and MLHSD to this effect.

Mechanisms will be built into the Program for coordination between staff in ULGAs that are involved with ESM as well as coordination between ULGAs and PMO-RALG. The latter will be done through including ESM reporting as part of the overall Program reporting system.

To incentivize good performance, the Program requires an environmental and social management system to be in place and operational as a minimum access condition to receive the UPG. Additionally, the Annual Performance Assessment includes several Performance Indicators for environmental and social management, including consultation, transparency, handling grievances and resettlement and compensation. Together, these will establish environmental and social management as a core function of ULGAs, and low performance will affect the amount of the Urban Performance Grant.

***Technical Guidance and Implementation Capacity:*** In addition to delegating responsibilities, ULGA staff need tangible guidance on how to apply the ESM at the LGA level. The Program Environmental and

Social Management Manual (ESMM) is the primary tool to implement the ESM system. The technical manual will include measures to address all of the gaps in the system as written that are discussed above, as well as provide a tool for procedural guidance for ULGAs that is specific to the works eligible for financing with the UPG. This will include, for example, requirements for public screening, participation, disclosure, monitoring and evaluation, and reporting.

Preparation of the technical manual is a participatory process, taking into account both the existing system and gap-filling measures, but also gaining inputs from ULGAs through the field visits, interviews, inputs from national authorities, as well as a participatory workshop with technical staff in ULGAs.

The ULGSP capacity building program will include specific training for ULGA staff on the technical manual. As pointed out in meetings with NEMC, ESIA is a multi-disciplinary process, and staff from many backgrounds can undertake the responsibilities with the proper training. There are existing training modules and programs under implementation by NEMC, universities and donors that the technical manual training will draw from.

**Addressing Resource Constraints:** As part of the Minimum Access Condition to have a system in place for ESM, ULGAs will be required to show that core staff are in place with dedicated responsibilities for the different roles of ESM, which will be defined by PMO-RALG as part of the Program design. The Community Development Officer (CDO) will play a coordinating role for ESM, and each ULGA in the Program will be required to have a CDO in place prior to receiving the UPG along with other core staff.

As there is no Program component with a specific budget for ESM, ULGAs will be responsible for budget allocations to ensure that staff are able to carry out their responsibilities. The Program is designed to incentivize attention to ESM through performance incentives (in that low performance will directly affect the amount of the UPG).

**Higher Order Opportunities and Actions:** While NEMC and PMO-RALG have indicated support for some degree of delegation of responsibilities for ESM to ULGAs, this is a higher level of dialogue that needs to take place between these agencies and the Vice President's Office – Division of Environment (where the Minister for Environment sits). Similarly, MLHSD has indicated that legislation and regulations are under way that would devolve some of the central mandates for land valuation and resettlement to zonal offices, and is developing a national Resettlement Policy Framework. The Bank can support these dialogues and initiatives and work with the GoT to incorporate elements into ULGSP or other programs for institutional support for environmental and social management. This would be consistent not only with the aims of the current Program and the EMA, but also with Tanzania's broader decentralization goals and Program-for-Results financing.

Some participating ULGAs have effective by-laws on environmental and social management (e.g. Moshi, Singida) while others are yet to take action on the issue. ULGAs could be encouraged and supported to formulate or review existing by-laws related to environmental and social management to assist in enforcing the Environmental Management Act, land acquisition, and other related issues. Both PMO-RALG and the Bank are in a position to support ULGAs in designing and implementing such by-laws.

## Risks

The risk of not addressing the written and applied gaps and capitalizing on the opportunities in a timely and systematic fashion would be that the procedures in place to manage environmental and social effects will remain inconsistent with the guidance under OP/BP 9.00 and the ULGAs will be unable to access the Urban Performance Grant as the minimum condition to access the Grant will remain unmet.

Any delegation of responsibilities to ULGAs will have to be carefully carried out and have clear agreement with all related GoT institutions and ULGAs, given two considerations: first, that there are already capacity issues in many ULGAs for ESM, and second, that capital budgets and the scope and scale of projects would increase dramatically under ULGSP, requiring even greater capacity to handle the impacts. Additional responsibilities to ULGAs without adequate staff numbers, training, and/or budget resources could result in inadequate management of the ESM process.

## Core Principle 2: Natural Habitats and Physical Cultural Resources

*OP 9.00:* Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from program.

*BP 9.00:* As relevant, the program to be supported:

- Includes appropriate measures for early identification and screening of potentially important biodiversity and cultural resource areas.
- Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities.
- Takes into account potential adverse effects on physical cultural property and, as warranted, provides adequate measures to avoid, minimize, or mitigate such effects.

### Applicability

The provisions in Core Principle 2 are considered as part of the ESIA process analyzed under Core Principle 1. The analysis confirmed that although Program investments would neither impact nor convert critical natural habitats, they may generate limited adverse effects on natural habitats. The analysis did identify some ULGAs that have large land areas that retain forests and other natural ecosystems, some of which are on or near aquatic habitats. While not directly related to the Program, several ULGAs face environmental and habitat degradation and informal settlements can convert or degrade natural habitats. While the locations of Program investments are unknown at this time, there is a possibility of limited impacts on physical cultural resources related to land acquisition and construction.

### System Strengths

The procedures in the Environmental Management Act (2004) and the Environmental Impact Assessment and Audit Regulations (2005) for implementing civil works are consistent with Core Principle 2 and the system is deemed to function relatively well for infrastructure works in urban areas.

Specifically, areas where Tanzania's environmental and social management system considers natural habitats includes:

- EMA regulations are straightforward about the objectives of an ESIA to protect natural systems (Part IV) - project screening criteria account for natural habitats, screens for projects in national parks, areas containing endangered flora and fauna, and scenic areas (Second Schedule). If impacts are found, mitigation measures are required in an ESIA;
- ESIA's for urban projects were shown to consider impacts on natural habitats, promote reforestation and re-vegetation in cleared areas as well as adoption of erosion control measures to mitigate impacts on waterways;
- The analysis confirmed that most ULGAs have an Environmental Management Officer on staff, and while generally less equipped to handle the full ESIA process, most EMOs specialize in fields related to natural resource management and their work is often related to conservation and environmental management. Several ULGAs also have Environmental Management Committees.

For physical cultural resources, strengths in the system include:

- The ESIA process considers physical cultural resources, including screening for archaeological, historical and cultural sites. The assessment noted that the track record shows that impacts on cultural sites have been taken into account in project design and implementation and appropriate mitigation measures adopted in other urban infrastructure projects (e.g. TSCP);
- National guidelines adopted by the road sector include assessing impacts on sites of cultural, traditional, religious, and historical importance, the procedures outline that community consultations and communication with the Ministry of Natural Resources and Tourism's Department of Antiquities is required to develop mitigation measures. The roads guidelines include physical cultural resources on the screening checklist;
- The Urban Planning Act provides LGAs with the authority to create a list of important buildings and historic or sacred sites and areas with unique biodiversity and special trees for protective status.

### **Gaps in the system as written**

Overall, the analysis confirmed that there are no significant inconsistencies between OP/BP 9.00 and Tanzania's policies, laws, and regulations related to natural habitats. However, for physical cultural resources, while the Urban Planning Act allows LGAs to preserve specific sites, it also grants power to planning authorities to demolish historical buildings and restrain their demolition, and should a historically or architecturally significant building be located in the road reserve it can be demolished. These provisions are inconsistent with the guidelines of OP/BP 9.00 and would need to be addressed in the technical manual through taking measures to avoid, minimize, or mitigate effects on significant and/or historic sites.

### **Gaps in the system as applied**

No major gaps related specifically to natural habitats or physical cultural resources were identified given the project context. The general gaps in the environmental and social management system apply to this Core Principle as well.

### **Actions and Opportunities**

Similarly, the actions identified for strengthening the system for Core Principle 1 are applicable to Core Principle 2.

### **Risks**

As mentioned under Core Principle 1, a staffing constraint to ESM is that many EMOs have backgrounds in natural resource management. This, however, can be an asset when it comes to consideration of natural habitats and conservation of the natural environment, especially where natural systems in urban areas could particularly be stressed due to rapid population growth and encroachment of natural areas. If EMOs that specialize in natural resources are given a greater role in the ESIA process, it could risk that other initiatives in natural resource management in the ULGAs could suffer.

### Core Principle 3: Public and Worker Safety

*OP 9.00:* Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.

*BP 9.00:*

- Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed.
- Promotes use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; and promotes use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions.
- Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.

#### Applicability

The provisions in Core Principle 3 are considered as part of the ESIA process analysed under Core Principle 1. Complementing that analysis the review found that Core Principle 3 is applicable in terms of public and worker safety during the construction and operation and maintenance phases of the works to be financed by the Program. The analysis also confirmed that Program activities will not involve hazardous or dangerous materials or pesticides. With respect to natural hazards, the analysis confirmed that several ULGSs are susceptible to flooding.

#### System Strengths

By law in Tanzania it is the duty of urban local governments to provide for the health and safety of the public.<sup>4</sup> The Environmental Management Act and regulations contain several provisions for public and worker safety as well, which are consistent with OP/BP 9.00. The ESIA process contains robust procedures for worker safety, requiring plans for accident prevention as well for health and safety of workers and communities at the project brief stage, in the ESIA, and in monitoring by NEMC. These provisions are included in Environmental Management Plans (EMPs) that are part of contracts for civil works.

In addition to EMPs, Tanzania also has a Contractor Registration Board (CRB) that monitors and enforces occupational health and safety regulations. The Rules of Conduct that contractors must adhere to include keeping an accident register, provision of all workers with protective gear, and standards for

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<sup>4</sup> See The Local Government (Urban Authorities) Act, 1982.

construction sites. The Rules of Conduct outline the fines and how contractors can be downgraded for poor performance. CRB is organized into zones, the boundaries for where inspections are carried out.

Field visits to construction sites in Morogoro carried out as part of this analysis indicated that contractors were providing protective equipment to workers. In Moshi, the Municipal Council demonstrated clear knowledge of the CRB and explained that they regularly monitor contractors and issue fines in instances of noncompliance. Consultations with PMO-RALG indicated that the CRB does carry out monitoring of construction sites, and NEMC conducts separate monitoring/audits of projects under implementation which includes checks on safety as well per the EMP.

Although the Program will not involve hazardous materials including pesticides, EMA regulations require that project briefs and ESIA include all materials to be used in the investment activity, products and by-products (including waste generated by the project) and method of disposal.

With respect to natural hazards, ULGAs are to ensure that the sub-projects are not implemented in an area categorized as “hazardous land” without the appropriate ESIA approvals by NEMC. The EMA creates a category of hazard land to include: mangrove swamps, coral reefs, wetlands and offshore islands, land designated or used for dumping of hazardous waste, land within 60m of a river bank, shoreline of an inland lake, beach or coast, land on slopes with a gradient exceeding any angle specified by the Minister of Environment, or land specified by appropriate authority as fragile or of environmental significance.

### **Gaps in the system as written**

Public and worker safety are adequately covered in the EMA regulations and the CRB, and no major inconsistencies between the system and Core Principle 3. The ESSA does recommend that screening criteria include vulnerability of project sites to natural hazards such as flooding, which is not included in EMA project brief screening.

### **Gaps in system as applied in practice**

For worker safety, contractors registered with the CRB are aware of their obligations and the threat of penalties from the CRB should provide an incentive to encourage safer working environments. However, the analysis found that worker safety provisions are not always included in civil works contracts despite explicit requirements in the EMA. While it does appear from consultations and field visits that contractors comply the requirements, the ESM for ULGSP will include requirements that all works contracts include an ESMP, and that all ESMPs include provisions for public and worker safety.

At the ULGA level, Environmental Health Officers are present who are well-placed to address public and worker safety issues, though most do not have experience in this area and concentrate more on issues of public health. Similarly, the engineers that carry out most monitoring at the local level are not tasked with checking public and worker safety issues.

### **Actions and Opportunities**

While public and worker safety are addressed in both the system as written and in practice, the following outlines measures to strengthen the system:

***Defining the System for Environmental and Social Management:*** While the system has strong elements for public and worker safety, it could be strengthened at the ULGA level through awareness-raising of the issues with health, social, environmental and engineering staff to ensure that monitoring procedures

include these criteria, and that a coordination mechanism exists for ULGAs to report to NEMC and/or the CRB where there are issues.

***Technical Guidance and Implementation Capacity:*** The technical manual will include measures on occupational health and safety, hazardous materials, and vulnerability to natural hazards in project screening, mitigation measures and monitoring. The technical manual will require that all works contracts include guidelines for occupational health and safety (in Environmental and Social Management Plan) consistent with EMA and CRB by-laws.

***Higher Order Opportunities and Actions:*** Training for designing early warning systems could be included for LGAs that are prone to natural hazards.

## **Risks**

If the gaps and opportunities identified are not addressed, the risk remains that implementation of the ULGSP sub-projects may not be efficient or effective if the basic competency of the ULGAs technical staff is not strengthened. The system would remain inconsistent with the guiding principles of OP/BP 9.00.

## Core Principle 4: Land Acquisition

*OP 9.00:* Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.

*BP 9.00:* As relevant, the program to be supported:

- Avoids or minimizes land acquisition and related adverse impacts;
- Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy;
- Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access;
- Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment); and
- Restores or replaces public infrastructure and community services that may be adversely affected.

### Applicability

Especially in denser urban areas, the risk of land acquisition and impacts on formal and informal livelihoods from civil works projects, even those that are small scale and on public land, are likely. Based on the experience in similar projects (such as TSCP and LGSP), actual relocation has been minimal. Most impacts have been related to structures (both formal and informal – especially in roads projects), crops, grave relocation, and informal vendors.

Loss of access to natural resources is a low risk, with this being an urban project. However, there is a high risk that crops will be impacted, especially along roadsides. Project with large-scale displacement are ineligible for finance with the UPG – no projects displacing more than 20 households will be financed. Screening procedures and procedures for the preparation of Resettlement Action Plans will be included in the technical manual.

### System Strengths

The analysis identified a number of key strengths in the existing system with respect to the key elements and main considerations of Core Principle 4, including:

***Clear staff roles and responsibilities:*** While the Land Act does not yet have regulations that outline a process for land acquisition, the Ministry of Lands, Housing and Human Settlement Development (MLHSD) does follow a step-by-step process for valuation in all projects requiring land acquisition that involves ULGAs, participation of Project Affect People (PAPs), and a clear approvals process (see ESSA Volume 2, Section 5). At the local level, some ULGAs also have land surveyors and valuation officers, which play a role in this process. If they don't, then for projects they are able to obtain these staff from neighboring Districts. While this system is informally operating, a new Valuation Act that formalizes this process been sent to Cabinet, which also delegates some responsibilities of the Chief Valuer in the MLHSD (who currently approves all land valuation and resettlement exercises) to Zonal Valuers. Additionally, MLHSD is in the process of drafting a national Resettlement Policy Framework, a draft of which was prepared in 2009 and is still under development.

***Grievance procedures and dispute resolution*** There is a system where complaints are channeled upward, starting with the Mtaa, Ward Executive Officer, District Commissioner, then to the Region, and up to MLHHS. If still unsatisfied PAPs can seek recourse in courts for grievances in the courts (specifically the Court of Land Arbitration).

***Consultations:*** The valuation process includes a sensitization meeting with PAPs, which must be attended by local leaders as well. The intent is to explain the project, the valuation process, valuation rates, and arrangements for physical inspection of properties. Additionally, the experience with other projects suggests that where PAPs have participated in consultations with the government starting at an early stage of project preparation, resettlement and compensation has had a more positive track record. The TSCP project has had positive results in urban areas that have established RAP committees, which have played a vital mediation role both in the process of land acquisition as well as consultation and grievance redress.

***Coordination between PMO-RALG and ULGAs:*** PMO-RALG currently has a reporting system with ULGAs in the TSCP project where information on resettlement is sent to PMO-RALG on a regular basis – PMO-RALG is then able to use this for reporting on RAP progress and tracking issues. For example PMO-RALG produced an annual report that included a spreadsheet with data by ULGA that included the number of PAPs, number physically resettled, compensation amounts paid, and tracks any ongoing issues.

***Analysis and Guidance*** There is good guidance on resettlement and compensation in Tanzania that goes beyond the Land Act and Regulations – there has been a comprehensive gap analysis between World Bank OP 4.12 and the Tanzanian system, and a sample RPF specific to Tanzania that has all of the elements of Core Principle 4. Similarly, the Resettlement and Compensation guidance for the road sector is comprehensive, consistent with the Core Principle, and incorporates elements of good practice. These examples will be used in developing procedures in the technical manual.

### **Gaps in the system as written**

The process of land acquisition requires significant gap-filling measures to ensure consistency with Core Principle 4, as both the legal framework and implementation practices indicate gaps. While there are substantial policy gaps between OP/BP 9.00 and the Tanzanian system for land acquisition and resettlement, there are no direct conflicts between the Tanzanian land laws and OP/BP 9.00, which indicates that gap-filling measures in the Program will not be contrary to the law.

The main gaps identified in the analysis applicable to the ULGSP include:

***Tenure:*** Tanzanian law has clear procedures for landholders and generally extends eligibility for compensation to recognized or customary land users or occupiers lacking full title, but does not recognize tenants, squatters or encroachers as being entitled to assistance or any allowances for transportation, disturbances, etc.

***Market value:*** Tanzania law does provide for the calculation of compensation on the basis of the market value of the lost land and unexhausted improvements, plus a disturbance, movement, and accommodation allowance, and loss of profits where applicable. However, the depreciated replacement cost approach is used, meaning that PAPs are not awarded the full replacement cost of the lost assets which is inconsistent with OP/BP 9.00. Additionally, market values and valuation procedures tend to be outdated and there is little baseline data for land values, which risks the valuation being at the discretion of the Land Valuation Officer.

**Lost Assets and Livelihood Restoration:** “Replacement assets” under the Land Act in Tanzania are restricted to land and developments on land, and where relevant, loss of profits. OP/BP 9.00 goes beyond physical assets and includes livelihoods and standard of living, seeking to improve them or at least to restore them to pre-displacement levels. While profit losses are included in Tanzanian law, this is more narrowly defined as formal business profits and compensation for crops. While the Land Act does entitle compensation for business losses, there are no legal provisions requiring the government to restore livelihoods or to provide assistance towards the restoration of such livelihoods. Land users such as tenant farmers are not entitled to compensation for land, but are entitled to compensation for crops (the valuation method is outlined in the 2001 Regulations). Other Bank projects (e.g. TASAF, LGSP) have also included valuation methods in entitlement matrices.

**Payment of Compensation:** Legally, compensation for the acquired land is to be paid “promptly,” but does not have to be paid before possession of land is taken.

**Community Infrastructure:** It does not appear that public infrastructure is specifically addressed in the Land Act and Regulations. Because projects under ULGSP are prioritized and implemented by the community, risks that community infrastructure will be impacted is low but it is possible. However, there is guidance for projects that impact community infrastructure given as the World Bank Tanzania RPF template as well as road sector resettlement guidelines, both of which have clear guidance for impacts to community facilities which state that compensation should be in the form of reconstruction of the facility in at least the same or better standard.

**Consultation and Disclosure:** As resettlement in practice is done as part of the ESIA, consultation and disclosure generally follow this process with the addition of a sensitization meeting with PAPs as part of the valuation process. PAPs are also publicly informed toward the end of the process when they can collect their compensation payments. Community Development Officers have a role during this process as well, as do Ward Officers. However, this process is geared only toward the land valuation process, and may not include tenants, informal land users, and other types of resettlement and compensation that are not covered by Tanzanian law.

**Issue-specific:**

- **Grave removal:** Tanzania has clear guidance for grave removal and re-internment. This is well respected, and where there have been issues in other projects (TSCP) they have been quickly rectified;
- **Solid waste management:** Encroachers on landfill buffer zones have been particularly contentious in a few cities (Arusha), which is a precautionary note if ULGAs are planning to start enforcing existing buffers or establish new ones where ULGAs undertake dumpsite rehabilitation. Existing RAPs and resettlement guidelines are silent when it comes to scavengers on dumpsites, which are clearly present from field observations. There appears to be little guidance on this issue in Tanzania;
- **Road reserve:** Settlers and encroachers on the road reserve are by law ineligible for compensation. However, in some cases residents were present in the road reserve before it was established, or weak enforcement has allowed encroachment. OP/BP 9.00 applies whether or not settlements are in the road reserve, and PAPs will be eligible for compensation;
- **Mobile vendors and hawkers** are common along roadsides and in informal markets in the ULGAs, confirmed by field visits – similarly, these are not dealt with in RAPs, though there haven’t been any major documented issues. As most ULGAs are prioritizing roads, this will be considered in the technical manual. There is no guidance to this effect in the RPF template or roads guidelines, and mobile vendors have not been included in most RAPs’ entitlement matrices.

## Gaps in the system as applied in practice

Implementation of the valuation exercise and resettlement process varies with respect to the scope of resettlement, the type of impact, site, and LGA. The main issues noted in the ESSA are:

**Identifying PAPs:** Resettlement is not formally part of the ESIA screening process under Tanzanian law, but in practice the two happen jointly (especially in donor projects) and screening for land acquisition and resettlement happen as part of the ESIA screening. In other urban projects PAPs that should have been covered under a RAP have at times been disregarded because of their tenure status (e.g. landowners have been compensated while their tenants were offered no assistance). This tends to be due to a lack of understanding of the gaps between Bank policy and Tanzanian law. Other projects (such as TSCP) have had issues where the land/resettlement valuation was done before final survey and design work (especially roads), which resulted in delays because the valuation had to be re-done. This has also caused budget issues because additional PAPs required compensation.

**Cash Compensation:** While at times replacement land plots are offered in cases of relocation, most land acquisition and resettlement in Tanzania is handled through cash compensation – this can cause issues with capacity of PAPs to spend the money they receive. People given lump sums for livelihood restoration tend to spend it on things unrelated to livelihood restoration – while there are no requirements in Tanzanian law both the RPF template and road guidelines recommend measures to offer counselling and information to PAPs on how to handle compensation payments. However, it was also noted in the ESSA that there is low capacity to address impacts through alternative means such as livelihood restoration.

**Timing of Compensation:** While the Tanzanian legal structure promotes timely delivery of compensation, the law allows for payment after land or other assets are taken (with a requirement that interest be paid, in addition to compensation, if the period between taking and payment exceeds six months). This practice runs counter to PforR principles because it often causes significant hardship for affected persons; even if the right amount of compensation for the time of taking is eventually paid, it may no longer be sufficient if persons have incurred temporary expenses in the interim period or if asset values have changed.

There is a track record of LGAs paying compensation from own-source revenues. However, compensation funded from ULGA own sources often experience budget shortfalls thus contributing to delays in payments - this point was raised by ULGAs during field visits. Delays in compensation approvals and payments process causes an issue as well, where the monetary value of the property valued may not reflect the actual market value of the same property at the time of payment, also raised as a concern during field visits.

The approvals process for resettlement and compensation is both a strength and a weakness: while there is local involvement, much of the valuation and approvals is handled centrally in Dar es Salaam as MLHHS has no zonal offices and approvals for all land acquisition must happen at MLHHS. This can be a lengthy process, which can result in delayed compensation. At times, this means projects risk moving forward before PAPs are compensated.

**Human Resources:** While valuers are lacking in the public sector, there are many in the private sector that are called upon for the valuation exercise in cases of land acquisition – MLHHS recommended that each LGA does need a valuer. Where valuation officers are present, staff are well aware of the law and the procedures. Procedural issues for Bank-funded projects can stem from a lack of understanding of how to bridge the gaps between the Bank requirements and practices for resettlement. Additionally, there is

human resource constraint in that the pool of trained valuers and land officers in Tanzania is rather small compared to other technical disciplines such as procurement, as reported by MLHHS, though this is increasing with more courses and training. Capacity is growing within MLHHS itself, as valuation is its own unit now with its own department head.

**Budget Resources:** The capacity of ULGAs to pay compensation is a significant issue. After MLHHS issues final approval of the valuation and a payment schedule, this is sent to municipal officials who are responsible for ensuring payment from the LGA's own revenues. However, there have been cases where LGAs are unable to cover the costs from their budget, which can be due, for example, to an LGA simply not having the budget because funds were allocated to other expenditures, or that the cost of valuation was underestimated in the project budget. For ULGSP, using the UPG for compensation in the projects it funds is problematic due to Bank policy in the Africa region which states that funds from the International Development Association (IDA) cannot be used to pay cash compensation without special approval by the Regional Vice President.

**Consultation** There is evidence of lag time in having grievances related to resettlement addressed; Field visits observed that not all members of the public are fully aware of legal requirements related to resettlement and compensation; and, valuation and compensation procedures experience interference from politicians who confuse and mis-guide the PAPs resulting in delays that complicate the completion of the compensation exercise.

## **Actions and Opportunities**

The analysis identified several actions and opportunities to strengthen the system for land acquisition in the overall ESM system:

**Defining the System for Environmental and Social Management:** Procedures for resettlement and compensation will be part of the ESM system that must be defined as a minimum access condition by each ULGA in order to receive the UPG. This will include procedural guidance, dedicated staff, reporting requirements, and demonstrated funding arrangements for paying compensation. Timely payment of compensation will be included as a Performance Indicator, where ULGAs will be assessed based on if all payments are made before works begin. Other aspects such as consultation and grievance redress will be integrated into other overall Program indicators. Additionally, resettlement will be included in the overall Program reporting requirements between PMO-RALG and ULGAs.

**Technical Guidance and Implementation Capacity:** The gaps in the system as written that are discussed above and the compensation procedures (involving RAP preparation and implementation) will be addressed in the procedures in the technical manual, which will include compensation for formal landholders per Tanzanian law but also assistance for non-title holders. These procedures are currently under development by PMO-RALG with inputs from the Bank and ULGAs (e.g. whether assistance for livelihood restoration will be provided through cash compensation or other means of livelihood restoration).

The procedures in the technical manual will include early screening and identification of PAPs, an entitlement matrix that is consistent with the current land valuation exercise but includes procedures to bridge the eligibility gaps with OP/BP 9.00 outlined above, consultation, and grievance procedures. The sector-specific issues discussed above for the types of projects financed by ULGSP will be included in screening and guidance on how to handle them. As the Program will be several years in duration and values change (especially as cities grow), there will be a procedure to update the entitlement matrix on a regular basis.

Because there are no earmarked funds under the Program for resettlement and compensation, it will be particularly important that there is awareness in the ULGAs of how to estimate the costs of resettlement in the project cycle as well as the time needed to complete the consultation and approvals processes to avoid the potential for projects to begin before compensation has been paid. Timely payment of compensation is included as a performance indicator under the program – in order to strengthen performance, land acquisition will be included in training for municipal officials as well as technical staff.

***Addressing Resource Constraints:*** Training of ULGA staff handling resettlement and compensation is critical because of the gaps between Tanzanian law and OP/BP 9.00 - this has caused issues in other projects and delays when projects had to be re-valued because PAPs (by Bank definition) were missed. Training will include consultations for resettlement, including method of payment, counseling for PAPs, agreement on resettlement and compensation timelines, managing expectations of PAPs, and handling grievances. Training should also be included for relevant staff on ways to enforce encroachment on reserved lands such as the road reserve and dumpsite buffer zones – especially relevant in communities that are growing rapidly and prone to informal/unplanned settlements. Training can also include how to develop and update the entitlement matrix.

***Higher Order Opportunities and Actions:*** While outside the scope of the Program, the Bank could contribute to the PforR agenda by conducting a review of Tanzanian laws and procedures that mention resettlement for consistency with each other in order to identify any further gaps with OP/BP 4.12 on Involuntary Resettlement as well as good practices. The Bank could also support the development of a national Resettlement Policy Framework and implementation of the Valuation Act.

## **Risks**

The risk of not addressing the gaps identified and capitalizing on the Program level opportunities described above, could result in the Program's inability to generate the desired environmental and social effects as expected and it would remain inconsistent with the Core Principles of OP/BP 9.00.

Even with training on how to include resettlement and compensation in project budgets and performance incentives, there is still a risk that, without a specific component in ULGSP that would support resettlement nor Program funds available for paying cash compensation, ULGAs will continue to have issues of delays in paying compensation in a timely manner. This is compounded by the approvals process which tends to be lengthy at times, and is beyond the control of the ULGA.

## Core Principle 5: Indigenous Peoples and Vulnerable Groups

*OP 9.00:* Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.

*BP 9.00:*

- Undertakes free, prior, and informed consultations if Indigenous Peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program.
- Ensures that Indigenous Peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the Indigenous Peoples.
- Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.

### Applicability

Resettlement and environmental degradation tend to disproportionately impact the poor and vulnerable groups, documented in both academic studies on environmental justice in Tanzania as well as operational documents for other Bank projects. While the Program seeks to improve the conditions of the poor and vulnerable groups, if impacts are not well-managed it is possible that assets and livelihoods of vulnerable groups could be negatively impacted.

The analysis confirmed that, at present, there is currently no specific legislation or policy in place in Tanzania on or for Indigenous Peoples. The determination of which ethnic groups in Tanzania are recognized as Indigenous Peoples remains in the initial stage of analysis by the Bank. It is important to note, however, that the Hadzabe<sup>5</sup> and Barabaig ethnic groups were classified as Indigenous Peoples for the Bank's TASAF-III Project, which also developed an Indigenous Peoples Policy Framework. But, to date, the Framework has not been implemented and there is no precedent or track record to assess with regards to the institutional capacity to undertake free, prior, informed consultations with Indigenous Peoples in Tanzania. As part of the ULGSP ESSA, a Tanzanian Social Specialist conducted a screening to determine if either the Hadzabe or Barabaig groups were present in any of the Program ULGAs. This screening, which included a literature review and consultations with national and local experts, found no evidence of either group in the Program area.

With respect to other marginalized and vulnerable groups, the investments under ULGSP do not specifically target such groups as direct beneficiaries (as, for example, in a social protection program). However, when considering the applicability of this Core Principle, the analysis found that it was relevant in terms of ensuring that vulnerable groups are included in the planning process and project prioritization, that vulnerable groups have access to program benefits and that the needs of vulnerable groups are considered with respect to the Programs impacts from civil works. The ESSA analysis of vulnerable groups focused on those defined in the Tanzania Participatory Poverty Assessment: children, persons with disabilities, youths (unemployed, females, youths with unreliable incomes), people living with long

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<sup>5</sup> Hunter-gatherers with a total population numbering less than 1,000

illnesses (e.g. HIV/AIDS), women (widows and those not able to support themselves), drug addicts and alcoholics.

## System Strengths

The ESIA process in Tanzania does take into account social issues in screening, impact assessment, and mitigation measures. Part of NEMC's screening criteria for ESIA is to assess if impacts vary by social group or gender, and if resources are impacted that vulnerable groups depend upon. Additionally, there is currently an initiative within NEMC and supported by donors to better mainstream social issues such as gender and HIV/AIDS in the ESIA process.

Tanzania also has policies specific to vulnerable groups such the National Gender Policy and National Policy on HIV/AIDS, in order to prevent discrimination and promote equity. There is also strong guidance for community participatory planning by PMO-RALG through the "Opportunities and Obstacles to Development Handbook", which promotes inclusion of vulnerable groups throughout the planning process.

Additionally, all ULGAs include a Community Development Officer (CDO) on staff that maintains a close relationship with communities and Ward-level officials. In a screening of core staffing levels in the Program ULGAs, it was found that all 18 ULGAs had a CDO on staff.

## Gaps in the system as written

The analysis identified a number of critical gaps in the system as written, including:

**Identification of Vulnerable Groups:** Vulnerable and marginalized groups are not explicitly included in the screening process for ESIA through EMA nor in the Tanzanian system for land acquisition and resettlement.

**Resettlement:** There are no considerations in Tanzania's Land laws or regulations to consider vulnerability in cases of land acquisition, resettlement and compensation. However, the Tanzania RPF template and road sector guidance do acknowledge that vulnerable people can be overlooked in resettlement processes, and include procedures to fill these gaps. This is especially important because a high proportion of PAPs involved in cases of urban resettlement have some degree of vulnerability, as seen in a review of Resettlement Action Plans for the TSCP project. Relocation can be an impoverishing force, especially since many PAPs are employed in the informal sector (thus lacking a social safety net in Tanzania), and/or depend on natural resources for their livelihoods (even in urban areas, large part of people depend on smallholder agriculture).

**Indigenous Peoples:** As mentioned above, there is no system in place that defines Indigenous Peoples in Tanzania. As the IPPF for TASAF has not yet been implemented, there is no track record for the capacity to undertake free, prior, informed consultations with Indigenous Peoples in Tanzania.

## Gaps in the system as applied in practice

The analysis also identified several gaps in the system as applied in practice, including:

**Resettlement:** This requires further examination, but there are particular issues with respect to gender and vulnerability in the practice of resettlement and compensation. As mentioned above, there are no specific requirements for considering gender and vulnerability in resettlement and compensation process (though

these are considered in the RPF template and road guidelines). In RAPs for other urban projects under TSCP, vulnerability was identified in the PAP census, but it is less clear how vulnerable groups were given special assistance according to their needs in physical relocation or livelihood restoration. Greater evidence needs to be sought on these considerations, which will be done as the ESSA develops so that mechanisms can be built into the technical manual and capacity building.

The experience with follow-up with vulnerable groups and vulnerable PAPs requires further information – it is clear that at least in donor-funded projects with Resettlement Action Plans vulnerability is screened for and taken into consideration; however, there is little information on how vulnerability is considered in the actual practice of compensation and/or relocation where necessary.

**Monitoring:** Monitoring of gender, poverty, and HIV/AIDS in the development planning process (LGDG) is in need of strengthening. In the LGDG Annual Assessment (2011/12), it was also found that no common appraisal method was used to prioritize projects. Some use cost/benefit analysis (less participatory, e.g. Morogoro) and some used priority ranking – which was also confirmed during the field visits. LGAs are required to conduct a poverty analysis, as well as demonstrate that they have mainstreamed cross-cutting issues of gender and HIV/AIDS into their planning process (along with environment). However, in 2011 this analysis wasn't done by most LGAs – LGAs also tended to not analyze socio-economic profiles to include in MTEF plans/budgets. This shows a capacity gap, or perhaps a lack of human or budget resources, to carry out this type of analysis and collection of baseline data in the LGAs.

### **Actions and Opportunities**

The analysis identified the following Program-level opportunities for the PMO-RALG and the Bank to consider further with regards to the proposed ESSA Action Plan presented in Annex 1, as follows:

**Defining the System for Environmental and Social Management:** As mentioned above, during the ESSA, all 18 ULGAs in the Program have been screened for the presence of the Hadzabe and Barbaig groups, using the criteria outlined in OP/BP 4.10 as OP/BP 9.00 does not include criteria for Indigenous Peoples. This screening found that the Hadzabe and the Barabaig are not present in any of the ULGAs.

More broadly, the ESM will include considerations for vulnerable groups and define what staffing requirements are necessary to ensure that these social issues are included in the ESIA process as well as the planning process.

**Technical Guidance and Implementation Capacity:** While there are some criteria for vulnerable groups in the ESIA process, these need to be strengthened. The technical manual will include these criteria, and can support the current undertaking by NEMC to better mainstream gender and HIV/AIDS in the ESIA process.

The results of the screening for Indigenous Peoples and ethnically marginalized groups will also be taken into account in the technical manual as necessary.

**Addressing Resource Constraints:** While all ULGAs have a Community Development Officer (CDO), it is unclear if CDOs are trained to provide inputs on identifying, consulting with, and assisting vulnerable groups that are impacted by the types of activities that will be financed with the UPG and/or promoting social inclusion in the development planning process. The Program capacity building plan can include measures for good practices on inclusion of vulnerable groups (for example the measures included in the existing Opportunities and Obstacles to Development handbook).

***Higher Order Opportunities:*** The Bank is currently undertaking analytical work related to Indigenous Peoples in Tanzania as a separate initiative, which will be the basis for the engagement with the government of Tanzania regarding the groups who, based on the World Bank OP 4.10, could be considered indigenous. However, this study is in its initial stages. As the ESSA and technical manual are intended to be living documents, findings from this work will be incorporated once completed.

### **Risks**

Again, the analysis is clear that if the gaps identified and opportunities presented above are not addressed, the Program would be at risk of not generating the desired environmental and social effects and would remain inconsistent with the guiding principles of OP/BP 9.00.

## Core Principle 6: Social Conflict

*OP 9.00:* Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

*BP 9.00:*

Considers conflict risks, including distributional equity and cultural sensitivities.

The ULGSP will not entail social conflict in fragile states, post-conflict areas or areas subject to territorial disputes, nor will the Program cause social conflict or impact distributional equity or associated cultural sensitivities. As such, the ESSA did not consider the Program with regards to Core Principle 6 beyond the initial risk screening exercise that confirmed that this Core principle and key element are not applicable to the ULGSP operation.

It is important to note that distributional equity and cultural sensitivities are covered under the analysis of system with respect to the main considerations of Core Principle 5.

## 6. Environmental and Social Effects Risk

Based on the findings of the ESSA Analysis, the following table aggregates the risks discussed above, and proposed measures to mitigate those risks. These are included in the Program’s integrated risk assessment.

<b>Risk Description</b>	<b>Risk Management</b>
Potential environmental and social impacts of infrastructure projects are not identified, mitigated, and monitored	Environmental and Social Management Manual prepared by PMO-RALG to define system and provide guidance to ULGAs that is consistent with Tanzanian systems and bridges gaps with OP/BP 9.00 principles. Technical staff in ULGAs will be required to have training on the manual. Adoption of manual by ULGAs is a Minimum Access Condition for the Program and several Performance Indicators monitor its implementation. Monitoring will be part of WB supervision.
Resettlement actions do not include all Project Affected People that should be identified per the Bank’s definition of eligibility.	Eligibility criteria for resettlement and compensation consistent with OP/BP 9.00 will be included in the technical manual and included in training for ULGAs.
Environmental and resettlement compensation approvals processes delay project implementation.	Bottlenecks in the approvals process will be further defined during program preparation. PMO-RALG will consult with relevant authorities (MLHHS, NEMC, and ULGAs) to streamline approvals processes while maintaining oversight.
Staffing and skills mix in ULGAs is inadequate to handle environmental and social management of scope and scale of investments.	PMO-RALG will assess capacity needs for environmental and social management in ULGAs and ensure that all ULGAs have adequate staff. ULGAs will appoint focal points for Environmental & Social Impact Assessment and Resettlement & Compensation in each ULGA. A roster will be kept by PMO-RALG. Community Development Officers in all ULGAs will be considered as “core staff” as a minimum access condition to access the UPG.
Inadequate budget allocated to environmental and social management, including compensation payments.	ULGAs will be incentivized to provide adequate resources to environmental and social management as performance is a minimum condition to access the UPG. Training on costing ESIA and resettlement compensation will be included in capacity building program.
Annual Performance Audit does not include technical expertise to assess environmental and social management performance	Terms of Reference for auditors will ensure that adequate skills are present to assess environmental and social management systems.

## 7. Measures to Strengthen System Performance

The Urban Local Government Strengthening Program for Results' (ULGSP) ESSA Analysis presented above identifies clear gaps and opportunities in Tanzania's environmental and social management system with respect to effectively addressing the environmental and social risks associated with the Program in order to identify gaps in the system per the Program for Results Core Principles and to propose measures in order to strengthen the system. This section translates these gaps and opportunities into a viable strategy to strengthen environmental and social management capacity and performance at the national and local level.

The analysis identified three main areas for action in order to ensure that the Program interventions are aligned with the Core Principles of OP/BP 9.00:

***Defining the System for Environmental and Social Management:*** Under ULGSP, ULGAs must demonstrate that they have established a functional system for environmental and social management as a minimum condition to access the UPG. After the first year, ULGAs will be required to demonstrate that all projects are screened for impacts and have mitigation measures, and that all projects have environmental approvals from the national authorities prior to initiating works, for example. One of the primary issues impacting performance is the lack of a clear framework for environmental and social management at the ULGA level. This area will, for example, include measures to seek agreement with PMO-RALG and other agencies on roles and responsibilities for environmental and social management, coordination, technical tools, ensuring adequate staffing, and consultation processes as regard to the implementation of urban projects.

***Technical Guidance and Implementation Capacity:*** In order to provide clear guidelines to technical staff in the ULGAs, PMO-RALG has developed an Environmental and Social Management Manual, which will be the guiding framework for Environmental and Social Impact Assessment and preparing Resettlement Action Plans by ULGAs. This tool will provide technical guidance for ULGAs consistent with the Tanzanian system as well as bridge the gaps between the existing system and OP/BP 9.00;

***Addressing Resource Constraints:*** This area will include measures to overcome constraints with respect to human resources and budgetary resources, through both the Program incentive structure as well as capacity building and training. A capacity building and training program will be key to ensure that staff within ULGAs understand their roles, have the capacity to fulfill them, and clearly understand how they will be evaluated through the Annual Performance Assessment.

The measures outlined under each of these areas are addressed and integrated into the overall Program through three types of mechanisms:

1. ***Inputs to the Program design***, which includes measures to be undertaken during Program preparation, agreements and areas for further study, development of technical tools, and design of performance indicators;
2. ***Inputs to the Program Action Plan***, which are actions agreed with the Government that will be carried out after the Program is effective; and
3. ***Inputs to the Program Implementation Support Plan***, which is the structure of the Bank implementation support to be provided to PMO-RALG and the 18 ULGAs during implementation. This includes: Reviewing implementation progress and achievement of program results; helping to resolve implementation issues and to carry out institutional capacity building; monitoring the performance of the Program system, including the implementation of the Program action plan; and monitoring changes in Program risks as well as compliance with the provisions of legal covenants.

The tables below form an action plan for environmental and social management, which is embedded in the overall Program Action Plan (included in the Program Appraisal Document, available in the World Bank InfoShop). The Action Plan, as well as the ESSA and ESMM, are intended to be living documents that are updated and revisited as necessary as the Program is implemented.

### Area 1: Defining a System for Environmental and Social Management

No.	Measures	Mechanism	Responsible	Timeframe
1.1	Define roles and responsibilities for ESM, resettlement and compensation processes.	Program Design	PMO-RALG	Prior to Appraisal
1.2	Mechanism developed to improve coordination between technical staff in ULGAs.	Program Design	PMO-RALG; ULGAs	Prior to Appraisal
1.3	Mechanism developed for coordination on technical assistance between ULGAs, PMO-RALG, NEMC, MLHSD, Ministry of Works, Ministry of Health and Social Welfare, TANROADS, and MCDG&C	Program Design	PMO-RALG, NEMC, MLHSD, ULGAs	Prior to Effectiveness
1.4	Grievance mechanism developed and integrated into Program design.	Program Design	PMO-RALG; World Bank	Prior to Appraisal
1.5	Define process and criteria for reporting on ESM as part of overall Program reporting and record-keeping.	Program Design	PMO-RALG; World Bank	Prior to Negotiations
1.6	As part of the APA, verify all UPG projects have completed an environmental and social screening checklist per the Program technical manual for Environmental and Social Management. Verify all projects requiring environmental and social management plans have included them in contracts for civil works. Where required, verify Resettlement Action Plan completed for all projects involving resettlement.	Program Action Plan	PMO-RALG	Ongoing, after year 2
1.7	Agreement reached on system for resettlement and compensation, including funding flows, assistance for non-title holders, and ensuring timely payments.	Program Design	PMO-RALG, World Bank (with input from MLHSD)	Prior to Appraisal

## Area 2: Technical Guidance and Implementation Capacity

No.	Measures	Type	Responsible	Timeframe
2.1	Develop an Environmental and Social Management Manual that will function as the guiding framework for ESIA and RAPs by all 18 ULGAs. It will be tailored to the types of works financed by the Urban Performance Grant, consistent with the procedures in EMA, and bridge all gaps between EMA, the Local Government Act, the Land Acquisition Act and OP/BP 9.00 identified in the ESSA.	Program Design	PMO-RALG	Prior to Appraisal
2.2	ULGAs ratify use of Environmental and Social Management Manual.	Program Action Plan	ULGAs	Prior to Effectiveness

## Area 3: Addressing Resource Constraints

No.	Measures	Type	Responsible	Timeframe
3.1	Staffing needs and qualifications determined in order to carry out roles and responsibilities of ESM system.	Program Design	PMO-RALG (consultation with ULGAs and MDAs)	Prior to Appraisal
3.2	Core environmental and social staff in place in ULGAs (for ESM, “core staff” determined to be Community Development Officer)	Program Design	ULGAs (oversight from PMO-RALG)	Prior to Effectiveness
3.3	Develop and implement a comprehensive capacity building program to ensure that ULGAs have the requisite capacity to carry out their functions with respect to the ESM effectively. The capacity building program will replicate use of good practice across ULGAs and promote coordination between urban local governments on ESM and broader sustainability issues. The capacity building program will be required of ESM technical staff and offered to the Municipal Council.	Program Action Plan	PMO-RALG	Ongoing through Year 1

The actions above are embedded in both the Annual Performance Assessment that will be administered to each ULGA, as well as an assessment of PMO-RALG’s performance. As mentioned earlier in Section 1 and described in more detail in ESSA Volume 2, the annual assessment is an existing process for LGDG that, for ULGSP, will maintain the same format but include additional indicators specific to ULGSP. One of the limitations to the existing assessment identified in the ESSA was that environmental and social management are inadequately assessed, a gap that has been considered in the additional indicators specific to ULGSP. The results of the Annual Performance Assessment are then tied to the Program’s Disbursement Linked Indicators, which determine the allocation of the UPG to each ULGA. As environmental and social management are integrated into the overall Program, the complete framework for indicators and verification protocols can be found in Annex 3 of the Program Appraisal Document, publicly available in the World Bank InfoShop.