

# PROJECT COMPLETION REPORT (PCR)

## A. PROJECT DATA AND KEY DATES

### I. BASIC INFORMATION

|   |  |  |   |   |
|---|--|--|---|---|
| <b>Project Number</b> P-TZ-DB0-012  | <b>Project Name:</b> Shelui-Nzega Road Upgrading Project | <b>Country (ies) :</b><br>Tanzania       | <b>Month and Year of 100% Disbursement :</b><br>2006<br><b>Disb. Rate</b> | <b>Date PCR sent to</b><br>PCR@afdb.org |
| <b>Lending Instrument(s)</b> African Development Fund (ADF) Loan  |  | <b>Sector:</b> Road Transport/highways   | <b>Environmental Classification:</b> Category 2                           |   |
| <b>Original Commitment:</b> UA 24 million   | <b>Amount Cancelled:</b> UA10.2 Million                  | <b>Amount Disbursed:</b> UA 13.8 Million | <b>Percent Disbursed:</b> 57.5%   |   |
| <b>Ministry of Finance, Government of the United Republic of Tanzania</b>   |  |  |   |   |
| <b>Executing Agency(ies)</b> [List the main Ministries, Project Implementation Units, Agencies and civil society organizations responsible for implementing project activities.]: The Ministry of Works was the Executing Agency till the year 2001 and thereafter with the establishment of Tanzania National Road Agency (TANROADS), the project execution responsibilities were transferred to TANROADS. A Project coordinator was designated to monitor the activities during implementation. |  |  |   |   |
| <b>Co-financers and other External Partners</b> [List all other sources and amounts of financing, technical assistance or other resources used in this project]: Government of Tanzania: UA 2.75 million  |  |  |   |   |

### II. KEY DATES

|  |   |                                     |   |
|--|---|-------------------------------------|---|
| <b>Project Concept Note Approved by Ops. Com.</b><br>Not Applicable  | <b>Appraisal Report Approved by Ops. Com.</b><br>Not Applicable | <b>Board Approval:</b> January 1999 |   |
| <b>, Restructuring(s):</b> As part of the road sector reforms, Tanzania National Roads Agency (TANROADS) was established by the Executive Agency Act of 1997 as a semi-autonomous entity, and started operations in July 2000. TANROADS has been delegated the management of the Trunk and regional road network on behalf of the then Ministry of Works; now Ministry of Infrastructure Development (MOID). |   |                                     |   |
|  | <b>Original Date</b>  | <b>Actual Date</b>                  | <b>Difference in months [Actual-Original]</b> |
| <b>EFFECTIVENESS</b>   | 07-mars-00  | 07-mars-00                          | 0   |
| <b>MID-TERM REVIEW</b>   | Not Applicable  |                                     |   |
| <b>CLOSING</b>   | 30-déc-03   | 31-août-06                          | 32  |

### III. RATINGS SUMMARY

| CRITERIA             | SUB-CRITERIA                        | RATING   |
|----------------------|-------------------------------------|----------|
| PROJECT OUTCOME      | Achievement of Outputs              | 4        |
|                      | Achievement of Outcomes             | 4        |
|                      | Timeliness                          | 2        |
|                      | <b>OVERALL PROJECT OUTCOME</b>      | <b>3</b> |
| BANK PERFORMANCE     | Design and Readiness                | 3        |
|                      | Supervision                         | 4        |
|                      | <b>OVERALL BANK PERFORMANCE</b>     | <b>4</b> |
| BORROWER PERFORMANCE | Design and Readiness                | 3        |
|                      | Implementation                      | 3        |
|                      | <b>OVERALL BORROWER PERFORMANCE</b> | <b>3</b> |

### IV. RESPONSIBLE BANK STAFF

| POSITIONS         | AT APPROVAL     | AT COMPLETION    |
|-------------------|-----------------|------------------|
| Regional Director |                 | D.Gaye           |
| Sector Director   | K. Bedoumra     | G. Mbeshherubusa |
| Task Manager      | H. Nyame-Mensah | L. Kiggundu      |
| PCR Team Leader   |                 | T. Opiyo         |
| PCR Team Members  |                 | K.S.H.Rao        |

## B. PROJECT CONTEXT

Summarize the rationale for Bank assistance. State:

- what development challenge the project concerns,
- the borrower's overall strategy for addressing it,
- Bank activities in this country (ies) and sector over the past year and how they performed, and
- ongoing Bank and other externally financed activities that complement, overlap with or relate to this project.

Please cite relevant sources. Comment on the strength and coherence of the rationale.

**[250 words maximum. Any additional narrative about the project's origins and history, if needed, must be placed in Annex 5: Project Narrative]**

- To construct an all weather bitumen standard road between Shelui and Nzega; a crucial link in Central Development Corridor which links most of the Central Tanzania with the port of Dar es Salaam and provide an important transit corridor for the landlocked countries of Burundi, Rwanda and Uganda for enhancing international and intra-regional trade as well regional integration.

- The Government of Tanzania (GOT) identified development of transport infrastructure, mainly road infrastructure, as an essential component in the socio-economic development of the country. By mid 1980's, about two thirds of Tanzanian road network was impassable or unmaintainable and imposed significant cost to the national economy in terms of high vehicle operating cost, increase in travel time and difficulties in evacuation of agriculture products. To redress this situation, GOT with the active assistance of development partners under the auspices of the World Bank, formulated a multi-faceted 10-year Integrated Roads Project (IRP) for rehabilitation of transport infrastructure and was designed to be implemented in two phases. The upgrading of the project road i.e. Shelui-Nzega was accorded high priority in in IRP II. The upgrading of the Shelui-Nzega Road will significantly contribute to the country's road transport activities by enhancing regional integration through development of the Central Corridor which forms part of T Tanzania's commitment to the EAC protocol. Besides providing improved infrastructure, the GOT has also put in place necessary organizations and environment for efficient management of road infrastructure. Two semi-autonomous agencies namely Tanzania National Roads Agency (TANROADS) and Road Fund Board (RFB) have been established under relevant acts of parliament. TANROADS was established on 1st July 2000 with the responsibility to manage, develop and maintain the trunk and regional road network of about 29,500 Km. The RFB is responsible for financing road maintenance activities and the sources of revenue for RFB are road user charges comprising fuel levy, transit charge and overloading charge. The RFB revenues are ring-fenced and are allocated for maintenance & emergency repair of classified roads (at least 90%) and development works (not more than 10%). Currently, the road maintenance activities comprising routine & periodic maintenance and emergency repairs are financed by the RFB and donors. Further, the RFBs able to finance only about 40% of the maintenance needs. Even with these limited resources, both TANROADS and RFB have been performing well in as much as the condition of the trunk and regional road network has improved. The percentage of regional and trunk road in good and condition has increased from 14% in 2002 to 38 % in 2008. The corresponding figures for the share of regional and trunk road s in fair condition are 37% in 2002 and 48% in 2008

Since the commencement of its operations in Tanzania in 1971, the bank has demonstrated a comparative advantage in the road transport sub-sector. The Bank Group's medium-term strategy (1996-1998) for Tanzania was poverty alleviation through targeted interventions in three sectors, namely infrastructure, social sector and structural adjustment process. Since, it commenced operations in 1971, the Bank has, to date, financed fifteen (15) projects including two supplementary loans and three (3) studies for a total amount of about UA317million, of which UA10.85 million has been in grants. Eleven projects and the three studies have been completed satisfactorily. There are four ongoing road

projects: Roads Rehabilitation and Upgrading Project (532km gravel and 154km upgrade), Zanzibar Roads Upgrading Project (87km), Multinational: Arusha-Namanga Road project (104km) and Singida-Babati-Minjingu Road Upgrading Project (224km). Bank assistance in Tanzania has resulted in the construction and rehabilitation of 3,500km of gravel roads, upgrading of 320 km to bitumen standards and 383km are being upgraded to bitumen standard. The interventions have improved the quality of transport services which in turn have facilitated easy access to inputs, markets, health, education and other social services and increased economic activity and improved the living standards of the communities in the respective zones of influence. The interventions have also fostered regional integration and trade between Tanzania and its neighbours

## C. PROJECT OBJECTIVES AND LOGICAL FRAMEWORK

### 1. State the Project Development Objective(s) (as set out in the appraisal report)

The sector goal of the project is to support economic and social recovery programmes taking place in Tanzania through removal of transportation bottlenecks. The specific objective of the project is to improve the road transport services in the project area by reduction of road maintenance and vehicle operating costs, and to promote regional integration, in particular, between Tanzania, Rwanda and Burundi.

### 2. Describe the major project components and indicate how each will contribute to achieving the Project Development Objectives.

The project had three components; (i) **Civil Works comprising** Upgrading of existing gravel to bitumen surfaced road of 6.5m wide carriageway, and 1.5 m shoulders on each side for the total distance of 108 Km between Shelui and Nzega and 4-km access road to Nzega town; (ii) **Consultant services for the supervision of the civil works**; this included the recruitment of an experienced firm of consultants supervision services of the civil works. The responsibility of the consultant included also the following: assisting the Executing Agency in tendering and tender evaluation process, contract award process for the civil works, administer the construction contract, inspect the works, supervise the necessary quality control testing performed by the contractor, track the progress and the cost, preparation and submission of monthly, quarterly and final completion reports, and maintain close relation with the Executing Agency and relevant ministries, and (iii) **Project audit services** that included an appointment by the Auditor General's Office of a firm of external auditors that provided audit services for the overall project. The purpose of the audit service is to ensure that proceeds of the loan were utilised solely for the purpose for which they were intended. The responsibility of the selected auditor included periodic verification of the project accounts in relation to the works executed and report to the project management.

### 3. Provide brief assessment (up to two sentences) of the project objectives, along the following 3 dimensions: Insert a working score, using the scoring scale provided in Appendix 1

| PROJECT OBJECTIVE DIMENSIONS |  | ASSESSMENT   | SCORE |
|------------------------------|--|--|-------|
| <b>RELEVANT</b>              | a) Relevant to the country's development priorities  | The project was relevant to the country's sector goal of supporting economic and social recovery program through provision of efficient and cost-effective transport system for both national and international traffic within the country and the improvement of quality of road transport services with reduction of vehicle operating costs and road maintenance costs.   | 4     |
| <b>ACHIEVABLE</b>            | b) Objectives could in principle be achieved with the project inputs and in the expected timeframe | The project as implemented has contributed to realization of objectives as envisaged at appraisal. It could, however, have been better if the project had been implemented without delays. The project was completion delayed by 32 month mainly due to difficulties in fulfilment of the loan conditions, loss of survey control points which had to be re-established. In spite of these delays, the total cost of the project at completion was | 3     |

|   |   |  |                      |
|---|---|--|----------------------|
|   |   | 71.4% of the appraisal estimate.   |                      |
| <b>CONSISTENT</b>   | c) Consistent with the Bank's country or regional strategy                          | The project was consistent with the Bank's lending programme and sector priorities of the Bank's Country Strategy Paper (CSP) for Tanzania for the period 1996-98.                   | 4                    |
|   | d) Consistent with the Bank's corporate priorities                                  | The project was consistent with the Bank's corporate priorities of transport development, regional integration, and sustainable economic growth.                                     | 4                    |
| <p><b>4. Lay out the log. frame. If a log. frame does not exist, complete the table below, indicating the overall project development objective, the <u>major</u> components (minimum of two) of the project, the <u>major</u> activities (minimum of two) of each component and their expected outputs, outcomes, and indicators for measuring the achievement of outcomes. Please add additional rows for components, activities, outputs or outcomes if needed. (Log frame attached)</b></p> |   |  |                      |
| <p><b>5. For each dimension of the <u>log. frame</u>, provide a brief assessment (up to two sentences) of the extent to which the log. frame achieved the following. Insert a working score, using the scoring scale provided in Appendix 1. If no log. frame exists, score this section as a 1 (one).</b></p>  |   |  |                      |
| <b>LOG. FRAME DIMENSIONS</b>  |   | <b>ASSESSMENT</b>  | <b>WORKING SCORE</b> |
| <b>LOGICAL</b>  | a) Presents a logical causal chain for achieving the project development objectives | The Appraisal Report presents a project matrix in a logical framework approach that could have been more comprehensive. The development objectives should have been better captured. | 3                    |
| <b>MEASURABLE</b>   | b) Expresses objectives and outcomes in a way that is measurable and quantifiable   | The project matrix expresses the objectives and outcomes in a measurable and quantifiable way.   | 3                    |
| <b>THOROUGH</b>   | c) States the risks and key assumptions   | Partially. Some project implementation related risks (resettlement) were not captured.   | 2                    |

## D. OUTPUTS AND OUTCOMES

### I. ACHIEVEMENT OF OUTPUTS

In the table below, assess the achievement of expected vs. actual outputs for each major activity. Import the expected outputs from the log. frame in Section C. Score the extent to which the expected outputs were achieved. Weight the scores by the activities' approximate share of project costs. The overall output score will be auto-calculated as the sum of the weighted scores. Override the auto-calculated score, if desired, and provide justification.

| MAJOR ACTIVITIES   |  | Working Score | Share of Project Costs (as stated in Appraisal Report) | Weighted Score |
|--|--|---------------|--|----------------|
| Expected Outputs   | Actual Outputs   |               |  |                |
| 1. A 108 Km bitumen surfaced road with 6.5m wide carriageway and 1.5 shoulders on each side, between Shelui and Nzega. | A 112 Km bitumen surfaced road (including 4 Km access road to Nzega Town) with 6.5m wide carriageway and 1.5m shoulders on each side, between Shelui and | 4             | 95,51%   | 3,821          |

|  |   |   |       |       |
|--|---|---|-------|-------|
|  | Nzega, was completed.   |   |       |       |
| <b>2. Undertaking quality supervision on upgrading 108-km of existing road in accordance to the designs.</b> | Quality supervision of road project including supervision of construction 4-Km access road. | 4 | 4,34% | 0,173 |
| <b>3. Produce and submit the required audit reports</b>  | Audit reports were submitted as required.   | 4 | 0,15% | 0,006 |
| <b>OVERALL OUTPUT SCORE</b><br>[Score is calculated as the sum of weighted scores]                           |   |   |       | 4     |
| <b>Insert the new score or re-enter the autocalculated score</b>   |   |   |       | 4     |

## II. ACHIEVEMENT OF OUTCOMES

|  |   |                      |
|--|---|----------------------|
| <b>1. Using available monitoring data, assess the achievement of <u>expected outcomes</u>. Import the expected outcomes from the log. frame in Section C. Score the extent to which the expected outcomes were achieved. The overall outcome score will be auto-calculated as an average of the working scores. Override the auto-calculated score, if desired, and provide justification.</b> |   |                      |
| <b>OUTCOMES</b>  |   | <b>Working Score</b> |
| <b>Expected</b>  | <b>Actual</b>   |                      |
| 1. Reduced vehicle operating costs, travel time and maintenance costs. The expected EIRR at appraisal was 18.2%  | A total net benefit of USD 80.22 million is calculated during the 20-years life of the project, discounted at 12%, comprising: 80% from Vehicle operating cost savings ; 2% from time savings; and 10% from maintenance cost savings. As a result of these project benefits, the actual EIRR at project completion was 34.3%. | 4                    |
| 2. Good quality of the works and conformity with the project design and expected time. Cost effective project. Highly qualified and experienced contractor in place.   | Well supervised 108-km of upgraded road and 4-km of newly constructed access road.  | 4                    |
| 3 Proceeds of the loan are utilised solely for the intended purpose and according to Bank's and GOT.   | All the audit reports submitted   | 3                    |
| <b>OVERALL OUTCOME SCORE</b><br>[Score is calculated as an average of the working scores]  |   | 4                    |
| <b>Insert the new score or re-enter the autocalculated score</b>   |   | 4                    |

**2. Additional outcomes. Comment on the project's additional outcomes not captured in the log. frame, including cross-cutting issues (e.g., gender).**

Nzega town has become a hub of economic and transport activity after the upgrading of the road. A number of rice milling units have come up in the area and as such the area is now able to export rice to other parts of Tanzania as well as to Uganda. Further, upgrading of a number of trunk roads in this area to bitumen standard namely i) Nzega-Shinyanga (116 km), ii) Tinde-Isaka (45 km), iii) Dodoma-Mamyami-Singida (245 km, except 70 km under upgrading and iv) Singida-Babati-Minjingu (224 km), has significantly enhanced the positive impacts of Shelui-Nzega road in terms of socio-economic development in the area as well as increase in regional trade.

**3. Risks to sustained achievement of outcomes. State the factors that affect, or could affect, the long-run or sustained achievement of project outcomes. Indicate if any new activity or institutional change is recommended to help sustain outcomes. The analysis should draw upon the sensitivity analysis in Annex 3**

The implementation of the project was successfully completed in 2005. However, its sustainability depends on provision of proper maintenance and axle load control. Road Fund Board is the financing agency for road maintenance activities and its revenues are derived from fuel levy, transit charges and overloading fee. Till the year 2006/07, the RFB was able to finance only about 40% of the road maintenance needs. Even though this situation posed a challenge to GOT to keep the road network in serviceable condition, results of the efforts of both TANROADS and RFB have been positive. As a results, the condition of trunk and regional road network in good and fair condition has increased from 51% in 2002 to 86% in 2008. To address the issue of funding gap, the GOT increased the fuel levy in 2007/08 from Tsh 100 to Tsh 200 per litre. There are proposals under consideration to widen the revenue base of RFB. The revised fuel levy has increased the RFB revenue that will be available for maintenance needs to Tsh 224.18 billion or USD 166 million in 2008/09.. As per the recent assessment of RFB, its revenue is likely to increase to USD 213 million in 2012/13 and then to USD 256 million by 2015/16. With this increase in RFB revenue the maintenance funding gap will decrease to 23% in 2008/09 and further to 9% by 2015/16. Assuming similar trend in RFB revenue, the financing gap will be zero by about 2019/20. Thus with the anticipated RF revenues from the increased fuel levy, GOT will be able to ensure sustainability of the project road.

## E. PROJECT DESIGN AND READINESS FOR IMPLEMENTATION

**1. State the extent to which the Bank and the Borrower ensured the project was commensurate with the borrower's capacity to implement by designing the project appropriately and by putting in place the necessary implementation arrangements. Consider both design aspects (inputs) and actual outcomes. Design aspects include: extent to which project design took account lessons learned from previous PCRs in the sector or the country (please cite key PCRs); whether the project was informed by robust analytical work (please cite key documents); how well Bank and Borrower assessed the capacity of the implementing agencies and Project Implementation Unit; and provisions made for technical assistance. Project outcomes include the extent to which the project was completed on time and activities were implemented as designed.**

**[200 words maximum. Any additional narrative about implementation should be included at Annex 5: Project Narrative]**

• At the time of Project Appraisal, the Ministry of Works was the executing agency. However, with establishment of TANROADS in July 2000, the project execution responsibility was transferred to TANROADS in 2001. M/s Norconsult International A/S was the supervision consultant and M/s China Geo-engineering was the contractor. The Supervision Consultant had carried out supervision of road construction works. A civil engineer has been assigned by MOW/TANROADS, with sufficient qualification and experience as the project coordinator for the duration of the implementation of the project.

• As part of the reform process to enhance the efficiency and implementation capacity of the GOT and also to fulfil one of the Bank's loan conditions, TAN Roads was established in July 2000. The responsibility for project implementation was

transferred to TANROADS in 2001. TANROADS is headed by a Chief Executive Officer (CEO) and organized into four functional directorates namely i) Directorate of Finance and Administration, ii) Directorate of Maintenance, iii) Directorate of Development and iv) Directorate of Engineering. Each directorate is headed by a Director reporting directly to the CEO. The Directorate of Development was responsible for project implementation. While the project coordinator was responsible for the overall coordination and served as contact point between the Bank, TANROADS, Supervision Consultant and the Contractor. The Supervision Consultant was responsible for tender administration/ processing and supervision of the day to day activities on site which is common with road works contracts.

• The project outcomes are satisfactory. Although the completion was delayed by about 32 months only minor modifications were made to the original design. However, additional 4-km access road was constructed as a link between the project road and Nzega town. The contract sum rose from 20,723,844,565 to TSH 22,610,465,125 due to Variation Of price, and some TSH 476,881,451 was paid out to the Contractor as compensation for delays due to lack of survey data and interests on delayed payments. Some failures have been noted (i) premature failures in the form of longitudinal cracking were noted on road shoulders where the pavement was on low embankments on sections with poorly drained black cottons soils (Nanga area). In one of this sections (2 km long at Igongo), the pavement is unstable and already developed potholes; (ii) Siting and layout of the intersection of the Nzega access road and the main road is not optimal and may be an accident-prone area in the future. The GOT is facing a number of challenges which include theft and vandalism of road furniture such as road signs and guardrails.

**2. For each dimension of project design and readiness for implementation, provide a brief assessment (up to two sentences). Insert a working score, using the scoring scale provided in Appendix 1.**

| PROJECT DESIGN AND READINESS FOR IMPLEMENTATION DIMENSIONS  |  | ASSESSMENT   | WORKING SCORE        |                 |
|---|--|--|----------------------|-----------------|
| REALISM   | a) Project complexity is matched with country capacity and political commitment.   | The complexity of the project was matched with the designation of a Project Coordinator reporting directly to the Project Engineer.  | 3                    |                 |
| RISK ASSESSMENT AND MITIGATION  | b) Project design includes adequate risk analysis.   | The project design is based on lessons learned from previous projects and mitigation measures.   | 3                    |                 |
| USE OF COUNTRY SYSTEMS  | c) Project procurement, financial management, monitoring and/or other systems are based on those already in use by government and/or other partners. | All procurement, financial management, and monitoring systems used by the project were in line with government procedures as well as with Bank rules and procedures. No PIU was created, implementation under the GOT structure. | 4                    |                 |
| <b>For the following dimensions, provide separate working scores for Bank performance and Borrower performance:</b> |  |  | <b>WORKING SCORE</b> |                 |
|   |  |  | <b>Bank</b>          | <b>Borrower</b> |
| CLARITY   | d) Responsibilities for project implementation are clearly defined.  | Responsibility for project implementation was clearly defined at appraisal.  | 3                    | 3               |
| PROCUREMENT READINESS   | e) Necessary implementation documents (e.g. specifications, design, procurement documents) are ready at appraisal.                                   | The necessary implementation documents in respect of road designs and environmental mitigation measures were ready at appraisal. Procurement rules and procedures were in  | 3                    | 3               |

|                             |   |  |   |   |
|-----------------------------|---|--|---|---|
|                             |   | place at appropriate time.   |   |   |
| <b>MONITORING READINESS</b> | f) Monitoring indicators and monitoring plan are agreed upon. | Monitoring indicators and monitoring plans were agreed upon. However, undermined the timing and subsequently the project implementation. | 3 | 3 |
| <b>BASELINE DATA</b>        | h) Baseline data are available or are being collected.        | Baseline data not available.   | 2 | 2 |

## F. IMPLEMENTATION

**1. State the major characteristics of project implementation with reference to: adherence to schedules, quality of construction or other work, performance of consultants, effectiveness of Bank supervision, and effectiveness of Borrower oversight. Assess how well the Bank and the Borrower ensured compliance with safeguards. Briefly list what was accomplished at the time of project closing.**

**[200 words maximum. [Any additional narrative about implementation should be included at Annex 5: Project Narrative.]**

As per the appraisal, the civil works program was to commence in May 2000 and to be completed in November 2002. The procurement of civil works contract was delayed due mainly to long time that was required to fulfil loan conditions. The civil works contract was signed on 12th April 2002 with a contract period of 917 days. The works commenced on 14th August 2002 as planned, with the scheduled completion date of 16th February 2005. On account the delays resulting from the incorrect setting out data, delays in payment of certificates and additional works that were instructed (i.e. additional 4 km Nzega town access roads), the project completion date was revised to 10th August 2005. The contractor substantially completed the whole works on 7th July 2005. Thus, as compared to the appraisal implementation schedule, the completion of road upgrading works was delayed by 32 months. However, the quality of construction of the road is in accordance to the design and in good standard. The performance of the Consultant was satisfactory. The performance of the Contractor is also satisfactory.

To accommodate the implementation delays and ensure payments to contractor and consultants, the original date of last disbursement i.e. 30th November 2003 was revised two times; first till 29th November 2005 and then till 31st August 2006.

The Bank performed twelve (12) field missions for project supervision. The missions teams, the Government, the Consultant and the Contractor worked in co-ordination. The field missions were effective in producing quality reports. However, the project completion was delayed by 32 months due to various factors such as long time taken for fulfilment of loan conditions, re-establishment of survey control points, additional works, delay in payments etc. In spite of the delays, the project cost at completion was about 25% less than the appraisal estimate. At completion, the project resulted in good quality road of 108-km between Shelui and Nzega and 4-km access roads for Nzega town.

**2. Comment on the role of other partners (e.g. donors, NGOs, contractors, etc.). Assess the effectiveness of co-financing arrangements and of donor coordination, if applicable.**

Other donors and NGOs did not participate in the project.

**3. Harmonization. State whether the Bank made explicit efforts to harmonize instruments, systems and/or approaches.**

Compliance with Bank rules was ensured for project identification, procurement of supervision consultant, civil works contractor and project implementation.

4. For each dimension of project implementation, assess the extent to which the project achieved the following. Provide a brief assessment (up to two sentences) and insert a working score, using the scoring scale provided in Appendix 1.

| PROJECT IMPLEMENTATION DIMENSIONS             |   | ASSESSMENT   |  | WORKING SCORE |
|---|---|--|--|---------------|
| TIMELINESS                                    | a) Project was completed on time. Draw directly from Section A on Project Data and Key Data. Calculate the ratio of planned time from approval to closing. Score "4" if the ratio is 1.0, score "1" if the ratio is 2.0, score "0" if ratio is greater than 2.0 (i.e. project completion took more than twice as long as planned)]. | Difference in months between original closing date and actual closing date or date of 98% disbursement rate.   | The implementation period was planned to start in May 2000 and end in November 2002 , within 30 months. However, the project commenced in August 2002 and completed in August 2005, with an implementation delay of 32 months. | 2             |
|   |   | 32   |  |               |
| BANK PERFORMANCE                              | b) Bank complied with:  |  |  |               |
|   | Environmental Safeguards  | The Bank prepared the road infrastructure project with consideration of the environmental safeguards. The Tanzanian National Environmental Agency has actively participated during the project implementation processes.   |  | 4             |
|   | Fiduciary Requirements  | The Bank ensured that its fiduciary rules and procedures were adhered to through project implementation in granting its "No Objections" to Government's requests.  |  | 4             |
|   | Project Covenants   | All project covenants were fulfilled.  |  | 4             |
|   | c) Bank provided quality supervision in the form of skills mix provided and practicality of solutions   | The Bank undertook twelve (12) supervision missions during the project implementation period. The skills mix was not always adequate. Missions were composed of experts in the transport sector and also socio-economists. The missions would have benefited from inclusion of environmental and gender experts. Delay in payment of certificates during the period of extending the deadline for last disbursement, the GOT had to increase its contribution to pay the interest on delayed payments. |  | 3             |
| d) Bank provided quality management oversight | The Bank has granted disbursements in line with Government's requests. The Bank's role on overall management of the project is commendable on the basis of proper execution of the project road.  |  | 4  |               |
| BORROWER PERFORMANCE                          | e) Borrower complied with:  |  |  |               |
|   | Environmental Safeguards  | Tanzania has a National Environmental Agency to safeguard environment in the country. The Agency closely monitored the implementation of project. Generally, they are  |  | 4             |

|  |   |  |   |
|--|---|--|---|
|  |   | satisfied with the project   |   |
|  | Fiduciary Requirements  | Government mostly followed the fiduciary requirements of the Bank and its own rules and procedures through out project implementation. | 3 |
|  | Project Covenants   | All covenants were fulfilled by Government   | 4 |
|  | f) Borrower was responsive to Bank supervision findings and recommendations | The Government generally agreed to the Bank's supervision missions findings and recommendations  | 3 |
|  | g) Borrower collected and used monitoring information for decision making   | Generally, the Borrower used monitoring information for decision making.   | 3 |

## G. COMPLETION

**Briefly describe the PCR Process. Describe the Borrower's and co-financers' involvement in producing the document. Highlight any discrepancies concerning the assessments made in this PCR. Describe the team composition and confirm whether an in-sight visit was undertaken. Mention any major collaboration from other development partners. State the extent of field office involvement in producing the report.**

**[100 words maximum]**

The PCR has been prepared in consultation with pertinent Government agencies. These agencies were informed that the PCR would be prepared jointly with the Government and the Bank. The Project Coordinator worked with the mission during the visit.

The Bank PCR team was composed of Messer's T. Opiyo, Infrastructure Specialist, KEFO, K.S.H.Rao, Transport Economist/ Consultant. The mission contacted government agencies mainly; Ministry of Infrastructure Development and TANROADS . The mission visited the project road and resettlement areas, including access roads. For HDM-IV calibration, the current data on vehicle prices, fuel prices and vehicle characteristics available with TANROADS has been collected and used.

## H. LESSONS LEARNED

**Summarize key lessons for the Bank and the Borrower suggested by the project's outcomes [250 words maximum. Any additional narrative about lessons learned, if needed, must be placed in Annex 5: Project Narrative]**

(i) All detailed design and tender documents with time lag of more than one year should be subjected to complete review and revision. All revised documentation should be submitted to the Bank prior to appraisal.  
(ii) For ensuring efficient and timely implementation of future projects, a) the implementing agency i.e. TANROADS needs to be reorganised to have a separate department with responsibility for project implementation, b) the skill level of existing TANROADS staff to be improved through appropriate training, and c) recruitment of additional professional staff in the specialised areas of procurement, socio-economic and environmental assessment, etc  
(iii) The supervision consultant should review the design and re-establish the survey monuments, if required, before the civil works contractor mobilises his team to site.

(iv) There is a need for the services of a consultant for collection of baseline data (just before project start) and project monitoring till the hand-over of the project to the Borrower (immediately after expiry of defects liability period). The Borrower should take-over the responsibilities thereafter.

(v) Adequate contingency sums to cater for extended supervision services fees and variation of price should be allowed for in the supervision services and the works contracts, respectively.

## I. PROJECT RATINGS SUMMARY

All working scores are auto-generated by the computer from the relevant section in the PCR.

| CRITERIA  | SUB-CRITERIA  | WORKING SCORE |
|---|---|---------------|
| PROJECT OUTCOME   | Achievement of outputs  | 4             |
|   | Achievement of outcomes   | 4             |
|   | Timeliness  | 2             |
|   | <b>OVERALL PROJECT OUTCOME SCORE</b>  | <b>3</b>      |
| BANK PERFORMANCE  | <b>Design and Readiness</b>   |               |
|   | Project Objectives are relevant to country development priorities.  | 4             |
|   | Project Objectives could in principle be achieved with the project inputs and in the expected time frame.   | 3             |
|   | Project Objectives are consistent with the Bank's country or regional strategy  | 4             |
|   | Project Objectives are consistent with the Bank's corporate priorities  | 4             |
|   | The log frame presents a logical causal chain for achieving the project development objectives.   | 3             |
|   | The log frame expresses objectives and outcomes in a way that is measurable and quantifiable.   | 3             |
|   | The log frame states the risks and key assumptions.   | 2             |
|   | Project complexity is matched with country capacity and political commitment.   | 3             |
|   | Project design includes adequate risk analysis.   | 3             |
|   | Project procurement, financial management, monitoring and/or other systems are based on those already in use by government and/or other partners. | 4             |
|   | Responsibilities for project implementation are clearly defined.  | 3             |
|   | Necessary implementation documents (e.g. specifications, design, procurement documents) are ready at appraisal.                                   | 3             |
|   | Monitoring indicators and monitoring plan are agreed upon.  | 3             |
|   | Baseline data are available or are being collected.   | 2             |
|   | <b>PROJECT DESIGN AND READINESS SUB-SCORE</b>   | <b>3</b>      |
|   | <b>Supervision:</b>   |               |
|   | Bank complied with:   |               |
|   | Environmental Safeguards  | 4             |
|   | Fiduciary Requirements  | 4             |
| Project Covenants   | 4   |               |
| Bank provided quality supervision in the form of skills mix provided and practicality of solutions. | 3   |               |

|   |  |          |
|---|--|----------|
|   | Bank provided quality management oversight.  | 4        |
|   | <b>SUPERVISION SUB-SCORE</b>   | <b>4</b> |
|   | <b>OVERALL BANK PERFORMANCE SCORE</b>  | <b>4</b> |
| <b>BORROWER PERFORMANCE</b>               | <b>Design and Readiness</b>  |          |
|   | Responsibilities for project implementation are clearly defined.   | 3        |
|   | Necessary implementation documents (e.g. specifications, design, procurement documents) are ready at appraisal.  | 3        |
|   | Monitoring indicators and monitoring plan are agreed upon and baseline data are available or are being collected | 3        |
|   | <b>PROJECT DESIGN AND READINESS SCORE</b>  | <b>3</b> |
|   | <b>Implementation</b>  |          |
|   | Borrower complied with:  |          |
|   | Environmental Safeguards   | 4        |
|   | Fiduciary Requirements   | 3        |
|   | Project Covenants  | 4        |
|   | Borrower was responsive to Bank supervision findings and recommendations.  | 3        |
|   | Borrower collected and used of monitoring information for decision-making.                                       | 3        |
|   | <b>IMPLEMENTATION SUB-SCORE</b>  | <b>3</b> |
| <b>OVERALL BORROWER PERFORMANCE SCORE</b> | <b>3</b>   |          |

## J. PROCESSING

| STEP                        | SIGNATURE AND COMMENTS | DATE |
|-----------------------------|------------------------|------|
| Sector Manager Clearance    |                        |      |
| Regional Director Clearance |                        |      |
| Sector Director Approval    |                        |      |

# APPENDIX 1

## Scale for Working Scores and Ratings

| SCORE | EXPLANATION  |
|-------|--|
| 4     | <b>Very Good</b> - Fully achieved with no shortcomings                               |
| 3     | <b>Good</b> - Mostly achieved despite a few shortcomings                             |
| 2     | <b>Fair</b> - Partially achieved. Shortcomings and achievements are roughly balanced |
| 1     | <b>Poor</b> - Very limited achievement with extensive shortcomings                   |
| NA    | Non Applicable   |

**Note: The formulas round up or down for decimal points. Only entire numbers are computed.**

## **Annex 1 - Project Costs and Financing**

### **Project Costs**

The project consisted of i) Construction works for the upgrading of gravel surfaced road to a two lane bitumen standard with 6.5m wide carriageway with 1.5m shoulders on each side for a total length of 108 km between Shelui and Nzega including reconstruction of 5 minor bridges; and ii) Consultancy services for Supervision of the construction works of (i) above and (iii) Project audit services. The total cost of the project at Appraisal was UA 26.75 million of which UA 24.0 million was ADF's contribution, while UA 2.75 million was Government of Tanzania (GOZ) counterpart funding. The cost estimate of the civil works, inclusive of both physical and price contingency, was UA25.17 million while an amount of UA1.54 million or 6% of base cost and UA0.04million were also provided for supervision consultancy and audit services, respectively as presented in the Table below.

The contract for the civil works of upgrading was awarded on 12<sup>th</sup> April 2002 for a contract sum of TSHS 20,723,844,565. The start date for construction was 14<sup>th</sup> August 2002 with scheduled completion date of 16<sup>th</sup> February 2005 (i.e. 917 days). The commencement of civil works was delayed by about 24 months, as compared to appraisal schedule, mainly due to long time taken for fulfilling the loan conditions. However, due to reasons such as incorrect setting out data, delays in effecting payments, additional works, etc, the project completion date was revised to 10<sup>th</sup> August 2005. The contractor substantially completed the whole works on 7<sup>th</sup> July 2005; the final cost of contract being TSHS 22,610,465,125.

The supervision consultancy for the civil works was awarded on 20<sup>th</sup> February 2001 for a contact amount of USD 989,860 but final completion cost stood at USD 1,179,121with final project completion of August 2005.

The total actual project completion cost (net of taxes) of the entire project civil works and consultancy services, as at August 2005, was at UA 15.56million. This is 42% (UA11.19million) lower than the appraisal cost estimate of UA 26.75 million. The ADF has disbursed cumulatively a sum of UA 13.8 million, which represents 88.69% of the total project cost at completion and accounts for 57% of the loan of UA24.00 million. The Government's counterpart contribution was UA1.76 million to the implementation.

**Summary of Project Costs at Appraisal and Actual (UA Million, net of taxes)**

| SOURCE                       | Appraisal estimates<br>Million UA |             | Actual Expenditure<br>Million UA |             | Difference<br>Million UA |               |
|------------------------------|-----------------------------------|-------------|----------------------------------|-------------|--------------------------|---------------|
|                              | Foreign                           | Local       | Foreign                          | Local       | Foreign                  | Local         |
| A. Civil Works               | 14.74                             | 4.35        | 12.526                           | 0.53        | 2.214                    | 3.82          |
| B. Supervision<br>Consultant | 0.9                               | 0.26        | 0.734                            | 0           | 0.166                    | 0.26          |
| Audit                        | 0.04                              | 0.00        | 0.000                            | 0.0325      | 0.4                      | -0.0325       |
| Civil Works GOT              |                                   |             | 0.540                            | 1.12        |                          |               |
| Consultant GOT               |                                   |             | 0.040                            | 0.040       |                          |               |
| Contingent                   |                                   |             | 0.000                            | 0.000       |                          |               |
| -Physical                    | 1.56                              | 0.47        | 0.000                            | 0.00        | 1.56                     | 0.47          |
| -Price                       | 2.91                              | 1.52        | 0.000                            | 0.00        | 2.91                     | 1.52          |
| <b>TOTAL</b>                 | <b>20.15</b>                      | <b>6.60</b> | <b>13.840</b>                    | <b>1.72</b> | <b>7.25</b>              | <b>6.0375</b> |

Source: TANROADS, ADF PCR Mission, September 2009

**Project Financing Plan**

The estimated project cost at appraisal was UA26.75 million (including physical and price contingencies). The ADF loan of UA 24.00 million was to cover 89.72% of the total cost and GOT would contribute the remaining 10.28%, equivalent to UA 2.75 million, as counterpart funding. ADF financing was to cover the entire foreign exchange cost and 58.33% of the local cost, while GOT was to finance 41.67% of the local cost amounting to UA 2.75 million. At project completion, the actual contribution of ADF was UA 13.8 million (88.67%), while GOT provided UA 1.76 million representing 11.33% as counterpart contribution. Overall total project cost was UA15.56 million, which is 42% lower than the appraisal estimate of UA 26.25 million.

**Financing Plan – Appraisal versus Actual (UA million)**

| SOURCE       | APPRAISAL<br>Million UA |             | Actual<br>Million UA |             | Difference Million<br>UA |             |
|--------------|-------------------------|-------------|----------------------|-------------|--------------------------|-------------|
|              | Foreign                 | Local       | Foreign              | local       | Foreign                  | Local       |
| ADF          | 20.15                   | 3.85        | 13.26                | 0.56        | 6.89                     | 3.29        |
| GOT          | 0                       | 2.75        | 0.58                 | 1.16        | -0.58                    | 1.59        |
| <b>TOTAL</b> | <b>20.15</b>            | <b>6.60</b> | <b>13.84</b>         | <b>1.72</b> | <b>6.31</b>              | <b>4.88</b> |

Source: TANROADS, ADF PCR Mission, September 2009

The loan was disbursed against two categories of expenditure viz: civil works and consultancy services using the direct payment method against standard documentation. The original deadline for loan disbursement was 30<sup>th</sup> June 2002. However, due to the extension of the original intended completion dates for civil works, the loan disbursement deadline was extended to 31<sup>st</sup> August 2006.

## Annex 2 - Bank Inputs

| List of Bank Mission Members and their Specializations |                           |               |  | Remark                                    |
|--|---------------------------|---------------|--|---|
|  | Mission Type              | Date          | Composition  |   |
| 1  | Identification            |               | ADB Team   |   |
| 2  | Project Appraisal         | 1998          | Transport Engineer Transport Economist, Environmental and Social Expert                    |   |
| 3  | Launching                 | Not available | -  |   |
| 4  | Supervision               | 16/08/00      | Emmanuel Yamoah, Transport Engineer  |   |
| 5  | Supervision               | 08/06/01      | Emmanuel Yamoah, Transport Engineer  |   |
| 6  | Supervision               | 18/11/01      | Emmanuel Yamoah, Transport Engineer  |   |
| 7  | Supervision               | 11/03/02      | Emmanuel Yamoah, Transport Engineer  |   |
| 8  | Supervision               | 13/10/02      | Emmanuel Yamoah, Transport Engineer  |   |
| 9  | Supervision               |               | Emmanuel Yamoah, Transport Engineer  |   |
| 10   | Supervision               | 28/11/03      | Emmanuel Yamoah, Transport Engineer and Evans Ntagwabira, Infrastructure Specialist, TZFO  |   |
| 11   | Supervision               | 01/08/04      | Emmanuel Yamoah, Transport Engineer and Evans Ntagwabira, Infrastructure Specialist, TZFO. |   |
| 12   | Supervision               | 12/01/05      | Emmanuel Yamoah, Transport Engineer and Evans Ntagwabira, Infrastructure Specialist, TZFO. |   |
| 13   | Project Completion Report | 07/09/2009    | KSH Rao, Transport Economist and W Opiyo, Infrastructure Specialist KEFO                   | Combined the PCR with appraisal of RSSP I |

The last date of the supervision mission was 06/12/2005 with a supervision average of 2.15 as shown below.

## PROJECT PERFORMANCE

The last supervision ratings are not available.

## **Annex 3 – Economic Benefits and Costs**

### **Traffic levels**

The traffic on the upgraded road has increased more than expected at the time of project appraisal. While the traffic level projected for the year 2007 was 370 vehicles/ day, the actual traffic during 2007 as per TANROADS traffic count was 500 vehicles/ day; about 30% more than the projections.

The traffic levels on the project road in 2007 are shown in the Table below.

#### **Traffic on Shelui-Nzega Road – 2007 (AADT)**

| <b>Cars</b> | <b>Pickups/<br/>Vans</b> | <b>Light G<br/>Vehicles</b> | <b>Medium<br/>Trucks</b> | <b>Heavy<br/>Trucks</b> | <b>Trailers</b> | <b>Small<br/>Bus</b> | <b>Large<br/>Bus</b> | <b>Total</b> |
|-------------|--------------------------|-----------------------------|--------------------------|-------------------------|-----------------|----------------------|----------------------|--------------|
| 37          | 78                       | 13                          | 120                      | 112                     | 70              | 40                   | 30                   | 500          |
| 7.4%        | 15.6%                    | 2.6%                        | 24.0%                    | 22.4%                   | 14.0%           | 8.0%                 | 6.0%                 | 100%         |

Source: TANROADS and ADF PCR Mission, September 2009

### **Economic Performance**

At Appraisal, the methodology used for the economic evaluation of the project road was conducted on a net incremental benefit basis by comparing "with project" and "without project" scenarios. The World Bank HDM-III model was used to calculate the maintenance costs and VOC predicted over the life cycle of the project road for the "with project" and "without project" scenarios. The pavement deterioration and VOC relationships under the HDM-III model predict future performance and resource consumption for the "with project" and "without project" alternatives. Maintenance strategies physically applicable under the alternatives were included in the comparative analysis.

The EIRR was the main economic indicator used for the Shelui-Nzega Road Upgrading at 12% discount rate. The service life used for the project road was 20 years and a residual value of 10% of the initial investment.

During the PCR, the same assumptions were taken. The project capital cost was estimated to be UA15.56million for the upgrading road works and supervision. The viability of the project has been assessed using the HDM-IV Model and the result of the comparison of quantifiable project benefits and costs showed an EIRR of 34.3%, higher than the appraisal estimate of 18.2%, which is above the opportunity cost of capital in Tanzania. The main reasons for such an increase are: 42% decrease in the capital expenditure of the construction cost and more than expected the increase in traffic after upgrading, when compared with the appraisal estimates. The comparison of the EIRR for the Appraisal and the PCR are summarized in the following table.

|           |          |
|-----------|----------|
| Appraisal | PCR      |
| EIRR (%)  | EIRR (%) |
| 18.2%     | 34.3%    |

Source: TANROADS and ADF PCR Mission, September 2009

The investment in road upgrading works yielded a return above the opportunity cost of capital in Tanzania of 12% and consequently the investment on the road was worthwhile. It follows, therefore, that the Net Present Value (NPV) are positive offering positive result at 12% discount rate, the rate taken to be the opportunity cost of capital. It is concluded that investment in the project road was viable and appropriate.

The upgraded road has brought in a number of positive impacts in the influence zone of Shelui-Nzega road; mainly in and around Nzega town. These positive impacts include: reduction of travel time between Nzega and Shelui from 5 to 2 hours, increased social interaction of the region with other regions, establishment of rice mills, etc. Because of the improved road, the truck transport tariffs for movement of cattle from Nzega area to Dar es Salaam's auction yard has not only decreased but the reliability of movement improved. The price of agriculture inputs has decreased. For example, a 50 kg bag of fertilizer is now available in Nzega area for Tsh 34,000 whereas it used to be Tsh 60,000 per bag before upgrading of the road.

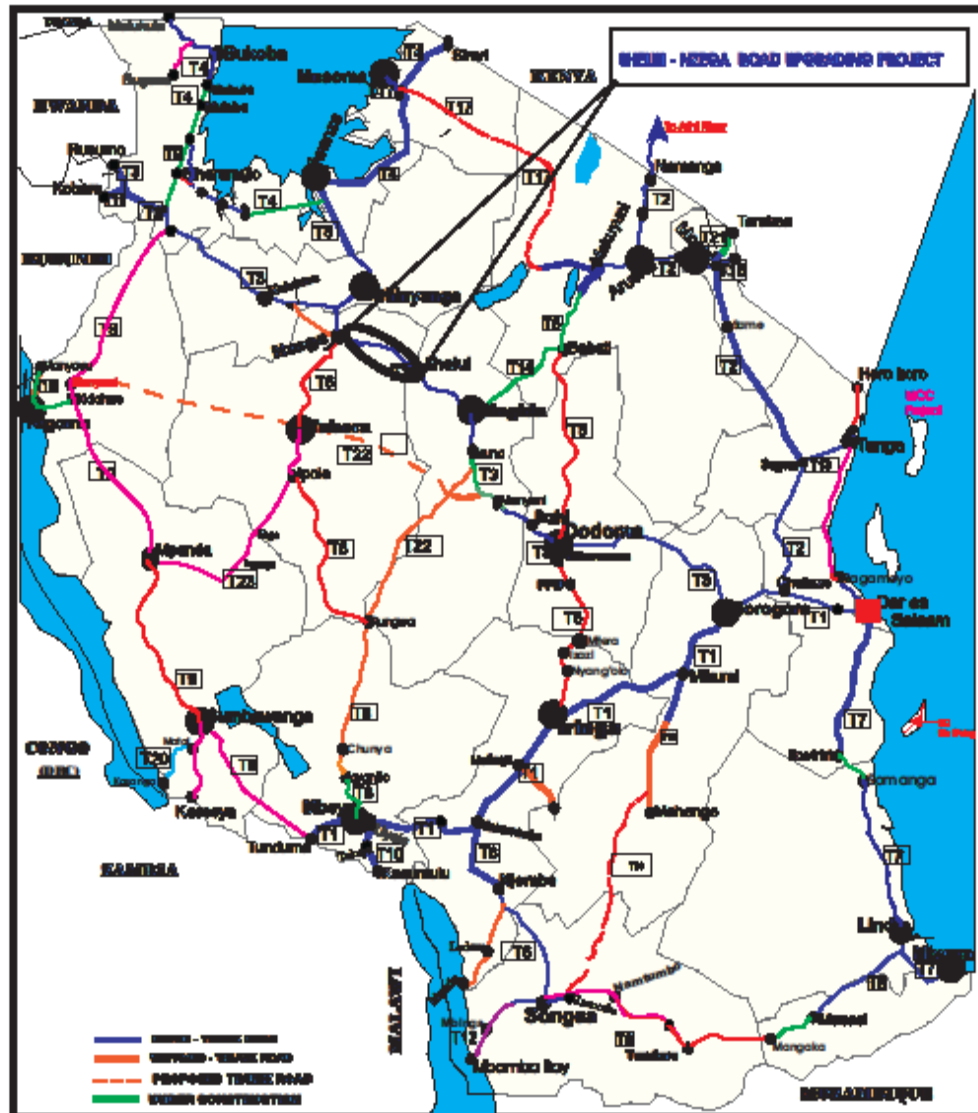
However, some negative impacts are also attributed to the road improvement. For instance incidence of HIV/AIDS has increased in the area as compared to other districts. GOT is taking appropriate measures to mitigate this negative impact. Another factor is increasing illegal deforestation attributable to increasing transport of charcoal to Dar es Salaam as price of one bag of charcoal in Dar es Salaam is Tsh 30-40,000 as compared to Tsh 6-8000/bag in Nzega area. The local government authorities are exploring various ways and means to contain deforestation.

A total net benefit of USD 61.84 million is calculated during the 20-years life of the project, discounted at 12%, comprising: 80% from Vehicle operating cost savings; 10% from time savings; and 10% from maintenance cost savings.

The HDM-4 run for the Upgrading of Mutukula-Mututwe road is shown below.

# Annex 4 - Project Location Map

## PROJECT COMPLETION REPORT SHELUI - NZEGA ROAD UPGRADING PROJECT



The staff of the ADB Group have provided the map for the exclusive use of needs of this report to which is appended the applications and demarcations on this map do not imply any judgement on the part of the ADB Group and its members concerning either the legal status of a territory or the approved or acceptance of its boundaries.

## **Annex 5 - Project Narrative**

### **Characteristics of Implementation**

#### **1. Modifications**

The road has been constructed in accordance with the original designs to a 6.5 m wide paved carriageway, with 1.5 m paved shoulders on each side. The pavement consists of crushed stone base on cement stabilized gravel sub-base, and double surface dressing surfacing. However, the Nzega access road pavement consists of cement stabilized gravel for both the base and sub-base layers. Four new bridges, a number of box culverts, and bus bays were also constructed.

#### **2. Quality and physical operating performance**

The condition of the road at the time of the mission was good. However, premature failures in the form of longitudinal cracking were noted on road shoulders where the pavement was on low embankments on sections with poorly drained black cottons soils (Nanga area). In one of these sections (2 km long at Igongo), the pavement is unstable and already developed potholes. TANROADS is already undertaking investigations to determine the cause and address the situation.

The location and layout of the intersection of the Nzega access road and the main road is not optimal and may be an accident-prone area in the future.

GOT has been allocating funds for routine, recurrent, and periodic maintenance since the road was handed over in 2006. So far, some TSh. 591.643 million has been allocated up to the 2009/10 financial year. In addition, TSh. 415,652,000 was allocated for the emergency repair of a 300m section that was washed away due to the Bulenya dam break in 2006/07.

GOT is facing a number of challenges which include theft and vandalism of road furniture such as road signs and guardrails.

A total delay of nearly 32 months was experienced during the implementation of the project due to fulfillment of the loan conditions, the slow procurement of the contractor and extension of the contract period due to setting out data and delayed payments to the Contractor.

The project costs at completion were lower than at appraisal because the bids ended up being lower. However, there were increases in contract fees for the contractor due to increase in work quantities due to design revisions and underestimation of quantities, additional new works, and due to price escalation which was allowed under the contract but no amount was allocated in the tender sum

Overall the project objectives were fully achieved at cost effective prices as evidenced by the quality of the completed works. This was a consequence of the effective project management measures.

### **3. Performance of Consultants and Contractors**

In view of Section 2 (Quality and physical operating performance) above, the performance of both the Consultant and Contractor can be assessed as satisfactory in terms of output and the quality of works. The overall performance of the Contractor was satisfactory as evidenced by quality of the completed works. The contractor took all the necessary measures to overcome the initial delay caused by insufficient mobilization of equipment, lack of proper management and planning.

The performance of the Supervision Consultant was adequate as evidenced by the quality of the completed works on all the project roads. It should also be noted that the project did not experience any unjustified project cost over-runs.

### **4. Effectiveness of Bank's supervision**

The Bank was effective in expediting the loan proceeds although there were some delays in making payments due to its temporary relocation of the Headquarter from Abidjan to Tunis. The Bank carried out the required supervisions in a well organized manner. The professionalism of the Bank's supervision team and strict adherence to the bank's guidelines had assisted in managing and ensuring project continuity.

### **5. Effectiveness of Borrower's supervision**

The Government fulfilled all the conditions precedent to entry into force for the loan agreement. Though there was a delay, all the conditions prior to first disbursement of the loan, required by the Bank towards the financing of the project road were fulfilled. In fulfilment of the "Other" Conditions of the loan agreement for the project, TANROADS is collecting traffic count data on the project road and on other locations of the road network.

The initial project implementation stages of the project including signing of works and supervision contracts and start up of civil works were undertaken by the Ministry of Works (MOW). Following the establishment of TANROADS, the responsibilities of the Executing Agency (EA) were taken over by TANROADS. Its responsibilities included oversight of physical implementation of the works, monitoring of project finances and application for project's financial disbursement and reporting to the Ministry of Finance and ADB. The Borrower's performance to fulfill the loan conditions was satisfactory, which is evidenced by the enactment of Road Fund (RF) Act increase RF's current revenue base as well as to ensure timely cash flow, reorganization of MOW and establishment of TANROADS and the timely disbursement of counterpart funding. The Borrower's supervision effectiveness is considered to be satisfactory.

### **6. Compliance Assurance strategy adopted by Bank.**

Compliance assurance has been carried out through the supervision missions, disbursement and annual audits. Technical compliances have been duly executed by the consultants through the quarterly progress reports in

accordance with the Bank's requirements. Annual Audit Reports including the final project audit report for the year ending June 2005 were submitted to the Bank.

## **7. Accomplishment at time of project closing**

The project was substantially completed whole works on 7<sup>th</sup> July 2005, with a slippage of 32 months on the completion time, as compared to appraisal schedule, due to significant delay in fulfilment of loan conditions, slow and insufficient mobilization.

Overall the project objectives were fully achieved at cost effective prices as evidenced by the quality of the completed works. This was a consequence of the effective project management measures.

## **Annex 6 - Supporting Documents**

- 1 – Project Completion Report, Shelui-Nzega Road Upgrading Project, Tanzania National Roads Agency (TANROADS), Tanzania, February 2006.
  
- 2 – Various reports/documents collected from TANROADS and Road Fund Board (RFB).
  
- 3 - Various Project Quarterly Progress Reports and Audit Reports
  
- 4 – Project Appraisal Report Shelui-Nzega Road Upgrading Project
  
- 5 - Various Aide Memoire of Supervision Missions and Project Correspondences.



## **Annex 8 - Socio Economic Context**

Tanzania is located in the Eastern part of Africa between longitude 290 and 410 East and between Latitude 10 and 120 South. It is the biggest country in East Africa covering a total area of 945,000 square kilometers. Tanzania is a union between Tanganyika (Tanzania mainland) and Zanzibar. Politically, the country follows a system of multi party democracy, with main elections held after 5 years, and presidency restricted by constitution to two terms. All state authorities in the United Republic are exercised and controlled by the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar. Each Central Government has three organs: The Executive; Judiciary; and The Legislature that have powers over the conduct of public affairs. In addition, Local Government Authorities assist each central government. The Government of the United Republic of Tanzania has authority over all Union Matters in the United Republic and over all other matters concerning Mainland Tanzania. The Revolutionary Government of Zanzibar has authority in Tanzania Zanzibar over all non-Union matters. Tanzania remains one of the most peaceful and politically stable countries in the Great Lakes Zone.

According to the Tanzania Population and Housing Census of 2002, the country's population was 34.5 million people of whom about 50.6% were children. Based on the official population projections by the National Bureau of Statistics, Tanzania was estimated to have about 42 million people in 2009, with female population accounting for 51% of the total. The projections are based on population growth rate of about 2.9% per year, with estimated total fertility rate (births per woman) of about 5.6%. Tanzania's population is mainly rural (74%) with very slight variation between sexes where 36 % of the rural population and 13% of urban population are male, while 38% of the rural and 13% of the urban population are female.

Tanzania has experienced stable economic growth since year 2000, but it is still one of the poorest countries in the world, with annual per capita income of approximately USD 400. The rate of economic growth per annum has risen strongly over the last decade from 4.1% in 1998 to 7.4% in 2008, which is historically high for Tanzania and comparable to the fastest growing economies in sub-Saharan Africa. Between 2001 and 2009 Tanzania's economy grew at an annual average rate of about 6.9%, though in 2009 growth was slightly dampened to 6% due to the adverse effects of global financial crisis.

Available data on national income accounts indicates continuing but modest structural change for the Tanzanian economy. The services sector has become a dynamic component of the national economy with annual growth rates of 7.5% since 2000. Communications is the fastest growing services sub-sector, averaging 14% per annum over this

| <b>Current Socioeconomic indicators for Tanzania</b> |          |
|--|----------|
| Population (Official Projections, 2009)-<br>Millions | 42       |
| Population Growth                                    | 2.9<br>% |
| Surface area – square kilometers<br>(Thousands)      | 945      |
| Life expectancy at birth (years)                     | 55       |
| Fertility Rate, total (births per woman)             | 5.6      |
| GDP – US\$ Billion (2007)                            | 16.2     |
| GDP Per Capita - US\$ (2007)                         | 400      |
| GDP – PPP US\$ Billion                               | 48.8     |
| HIV prevalence (% of population aged 15-<br>49)      | 5.7      |
| Maternal Mortality (per 100,000 live births)         | 578      |
| Under –Five Mortality (per 1,000 live births)        | 112      |
| Infant mortality (per 1,000 live births)             | 68       |
| Births attended by skilled personnel (%)             | 63       |
| Primary School net enrolment rate                    | 97.2     |
| Sources: UNDP Human Development Report,<br>2009;     |          |
| Tanzania MDG Progress Report, 2009                   |          |
| National Bureau of Statistics                        |          |

period. Services sector now accounts for about 48% of total GDP. The manufacturing sector has also grown strongly – at around 8% per annum since 2003 – and accounted for 9.2% of total GDP in 2009. Agriculture, which, up to early 1990s, used to account for about half of Tanzania's GDP and about three quarters of exports, currently accounts for only a quarter of GDP, and since 2000, the sector has recorded an annual average growth of only about 4.4%. However, according to the recent Integrated Labour Force Survey, agriculture sector is still the largest employer in Tanzania, with more than 70% of the total labour force engaged in the sector.

The external position of the Tanzanian economy has remained strong despite challenges posed by the global financial crisis. The level of reserves by the beginning of 2010 was enough to cover about 5.6 months of import of goods and services. Tanzania's inflation went up from annual average of 7% in 2007 hitting double digit level at 10.3% in 2008, and up again to annual average of 12.1% in 2009. The relatively high inflation in 2009 is mainly explained by food inflation associated with low food production due to erratic rains. Inflation is expected to revert to single digit in 2010.

Despite sustained economic growth over the past decade, the level of poverty in Tanzania has remained stubbornly high. According to the recent Household Budget Survey of 2006/07, the basic needs poverty ratio was 33%, representing only a modest decline from 36% in 2000/01. Poverty remains a rural phenomenon, and based on the findings of the two household budget surveys, poverty declined much slower in rural areas (by 1.2% points) compared to the decline (of 1.6% points) in urban between 2001 and 2007.

In terms of business environment, Tanzania ranks relatively low, occupying 134th position out of 183 economies in the 2010 World Bank's Doing Business Report (a slip from 127 out of 181 in the previous year). The ranking is disappointing, especially considering the fact that Tanzania is ranked among the world's top reformers by the World Bank. The Corruption Perceptions Index published by Transparency International in 2009 shows that the index had remained at 3.0 in 2009. In 2008, a number of high-profile cases of corruption that were disclosed in 2008, including misappropriations at the Bank of Tanzania (BOT), corruption in the management of natural resources, notably forestry, and mismanagement of major infrastructure contracts, such as the Richmond emergency power generation deal

According to the 2009 Global Competitiveness Report (GCR) Tanzania improved its performance, moving up by 13 ranks to 100th place, reflecting efforts in recent years to improve the country's productive potential. Tanzania has a number of strengths to build on such as well functioning public institutions and a security situation that is good by regional standards. The GCR shows that Tanzania has weaknesses in a number of areas, which require attention to move the country to a higher competitiveness level. These include underdeveloped infrastructure, low educational enrolment rates at the secondary and university levels and low uptake of technological adoption.