

PROJECT: ROAD SECTOR SUPPORT PROJECT I

COUNTRY: TANZANIA

PROJECT APPRAISAL REPORT

Date: September 2009

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Currency Equivalents

August 2009

1UA	=	TZS2047.2000
1USD	=	TZS1318.8767
1UA	=	USD1.55223

Fiscal Year

Tanzania: 01 July-30 June

Weights and Measures

1 metric tonne (t)	=	2,205 lbs.
1 kilogram (kg)	=	2.205 lbs.
1 meter (m)	=	3.281 ft
1 foot (ft)	=	0.305 m
1 hectare (ha) = 0.01 km ²	=	2.471 acres

Acronyms and Abbreviations

AADT	Annual Average Daily Traffic
ACFA	Accelerated Co-financing for Africa
ADB	African Development Bank
ADF	African Development Fund
CBO	Community Based Organization
COMESA	Common Market for Eastern and Southern Africa
CPIA	Country Portfolio Implementation Assessment
DANIDA	Danish International Development Agency
DFID	Department for International Development
DP	Development Partner
EAC	East African Community
EIRR	Economic Internal Rate of Return
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
EU	European Union
FBO	Faith Based Organization
GOT	Government of Tanzania
JAST	Joint Assistance Strategy for Tanzania
JICA	Japanese International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
MCC	Millennium Challenge Corporation
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania
MKUZA	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Zanzibar
MOCT	Ministry of Communications and Transport
MTEF	Medium-Term Expenditure Framework
NEMC	National Environmental Management Council
NGO	Non Governmental Organization

NORAD	Norwegian Agency for Development Co-operation
NSGRP	National Strategy for Growth and Reduction of Poverty
OPEC	Organization of Petroleum Exporting Countries
PAP	Project Affected Person
RAP	Resettlement Action Plan
RE	Revised Edition
RFB	Road Fund Board
RFP	Request for Proposals
SADC	Southern Africa Development Community
SWAp	Sector Wide Approach
SNWC	Selous-Niassa Wildlife Corridor
STI	Sexually Transmitted Infections
TANROADS	Tanzania National Roads Agency
TB	Tuberculosis
TSIP	Transport Sector Investment Program
TZFO	Tanzania Field Office
UA	Unit of Account
VOC	Vehicle Operating Costs
WB	World Bank
WMA	Wildlife Management Area
WWF	World Wildlife Fund

Loan Information

Client's information

BORROWER:

GOVERNMENT OF TANZANIA

EXECUTING AGENCY:

TANZANIA NATIONAL ROADS AGENCY

Financing plan

Source	Amount (UA)	Instrument
ADF	152.00 million	Loan
JICA	49.04 million	Loan
GOT	29.57 million	counterpart funds
TOTAL COST	230.61 million	

ADB's key financing information

ADF loan Currency	UA
Interest type*	Not Applicable
Interest rate spread*	Not Applicable
Service Charge*	0.75%/annum on amount Disbursed and outstanding
Commitment fee*	0.50%/annum on un- disbursed amount
Duration	50 years
Grace Period	10 years
Iringa-Dodoma Road EIRR (Base case)	13.97%
NPV (Base case)	USD22.61 million
Namtumbo-Tunduru Road EIRR (Base case)	15.79%
NPV (Base case)	USD32.58 million

Timeframe - Main Milestones (expected)

Concept Note approval	August, 2009
Project approval	November 2009
Effectiveness	April 2010
Launching	May 2010
Last Disbursement	December 2015
Completion	June 2016

Project Summary

Project Overview: Road Sector Support Project I comprises: (i) civil works for upgrading from gravel to bitumen standards of the Iringa-Dodoma (260km) and Namtumbo-Tunduru (193km) roads; (ii) design review, pre-contract and supervision services of the civil works; (iii) road safety; (iv) HIV/AIDS, STI, TB mitigation; (v) monitoring of ESMP implementation and baseline data collection; (vi) restructuring of the Ministry of Communications and Transport (MOCT) in Zanzibar; and (vii) institutional strengthening of the Tanzania National Roads Agency (TANROADS); (viii) compensation and resettlement; and (ix) audit. The financing requirement for the project amounts to UA230.61 million. The project components are to be financed through an ADF loan of UA152.00 million or 65.9% of the total cost which has leveraged UA49.04 million or 21.3% from JICA for joint financing of the project. Government will cover UA29.57 million or 12.8% in counterpart financing. The project will be implemented over a five year period.

Project Beneficiaries and Participation: The main beneficiaries of the project include the transport industry, export/import operators, freight operators, the business community, and communities in the zones of influence of the two roads. The project impacts will include reduced travel time, transport cost savings, protection of pavements from premature failure, improved road safety and accessibility of communities to social services and markets. During construction, beneficiaries will participate through provision of labour, goods and services for the two roads and related works. TANROADS and the Ministry of Communications and Transport in Zanzibar will benefit from the institutional strengthening and restructuring components respectively.

Project Rationale and Need: The project will support economic and social development programs of the country through efficient and cost-effective movement of passengers and freight transport, improve access to markets and social services for the communities in the zones of influence and therefore contribute to poverty reduction. The two roads proposed for upgrading are part of regional corridors and therefore will improve cross-border trade with the countries neighbouring Tanzania and at the same time enhance tourism and regional integration. The two roads are part of Government's Ten Year Transport Sector Investment Program (TSIP 2002/03-2012/13) which is being implemented in two phases. The TSIP objectives are consistent with those of the National Transport Policy (NTP), the Tanzania Development Vision 2025, the National Strategy for Growth and Reduction of Poverty (NSGRP 2005/06-2009/10) or MKUKUTA/MKUZA under Cluster I and the Joint Assistance Strategy for Tanzania (JAST) and consistent with the Medium-Term Strategy of the Bank (2008-2012).

Two components are in capacity strengthening, namely, (i) institutional strengthening of TANROADS to enhance the entity's management capacity given the large volume of on-going and future road sector operations by providing five experts, one in procurement, three in contract management and one in environmental and/or socio-economic fields, short-term experts and training for staff and provision of hardware and software equipment; and (ii) restructuring of the MOCT to separate operations from policy and regulation and improve the management of the transport sector in Zanzibar through institutional development and training to prepare staff for a commercialized environment.

Bank's Value Added: The Bank has extensive experience in the implementation of road sector projects in Tanzania dating back to 1971. Project design has benefited from the lessons

learnt from previous and on-going Bank projects and the experience of other development partners shared through consultation with the Transport Sector Development Partners Group (TSDPG) in which the Bank is an active member.

Knowledge Management: The project will generate knowledge for not less than 10 young engineers that will work alongside the experts financed through the project, mainly in the procurement, contract management and environmental/social economic fields. The training component of the project will expose the Executing Agency's personnel to best international practice in technical, economic, environmental and social evaluation of projects and enhance management capacity. The project, through the activity of monitoring of ESMP, includes capacity building for district and village authorities on resource conservation and land use management. This will include knowledge gathering on land use management for co-existence between community needs, wildlife and eco-tourism which will be useful in areas of conflict between humans, wildlife and development initiatives.

UNITED REPUBLIC OF TANZANIA

ROAD SECTOR SUPPORT PROJECT I RESULTS BASED-MATRIX

Hierarchy of Objectives	Expected Results	Reach (Target Population)	Performance Indicators Source Method	Indicative Targets Timeframe (Existence of Baseline)	Assumptions / Risks
<p><u>1 - Sector Goal</u> 1.1 To contribute to socio-economic development, poverty reduction and regional integration through an improved transport system that links centres of economic activity.</p>	<p><u>Impact - Long Term Results</u> 1.1 Improved access to economic and social facilities 1.2 Improved standard of living; 1.3 Increased participation in regional and international trade</p>	<p><u>Beneficiaries</u> 1.1 Rural and urban populations; 1.2 Traders & industry in the zone of influence,</p>	<p><u>Indicators</u> 1.1 Road density 1.2 Percentage of paved road on the trunk road network 1.3 Proportion of habited land area within 5 km from all weather road and measure of well being; 1.4 % participation increase in regional and international trade</p> <p><u>Sources / Method:</u> National Statistical Office data, Traffic Dept., TANROADS, Human Development Reports, CSO and UNDP</p>	<p><u>Target</u> 1.1 Paved road density increased from 6.86km /1,000km² in 2009 to 9.98km/ 1,000km² in 2015. 1.2 Percentage of the paved national roads increased from 39% in 2009 to 45% in 2015. 1.3 Human Development Index increase from 0.503 in 2009 to 0.611 in 2015. 1.4 Increase of regional trade by 10% by 2015;</p>	<p><u>Risks</u> 1.1 Failure to implement the National Strategy for Growth and Reduction of Poverty (NSGRP or MKUKUTA) 1.2 Failure to implement the Transport Sector Investment Programme (TSIP) <u>Mitigation Assumptions</u> 1.3 Continued financial support from GOT and development partners to implement the NSGRP/MKUKUTA and TSIP</p>
<p><u>2. Project Purpose (Objective):</u> 2.1 To (i) improve transport services between Iringa and Dodoma and between Namtumbo and Tunduru; (ii) Strengthen the management capacity of TANROADS and MOCT in Zanzibar.</p>	<p><u>Outcome - Medium Term Results</u> 2.1 Reduction in transport costs and travel time on the two roads and maintenance costs; 2.2 Increased movement of people, goods and services; 2.3 Longer service life of road pavements; 2.4 Improved road safety 2.5 Increased incomes from agricultural production; 2.6 Increased revenues from tourism 2.7 Enhanced management capacity of TANROADS and MOCT;</p>	<p><u>Beneficiaries</u> 2.1 General population, agricultural and manufacturing industries within Iringa, Dodoma, Mtwara and Ruvuma regions 2.2 Local communities , local and regional traders and transporters; 2.3 Motorists 2.4 GOT 2.5 Farmers 2.6 GOT and tour operators; 2.7 TANROADS and Zanzibar MOTC;</p>	<p><u>Indicators</u> 2.1 Vehicle operating costs (VOCs) and travel time and Road condition; 2.2 Traffic levels (AADT); 2.3 Extent of overloading 2.4 Fatality from vehicle accidents; 2.5 Farm revenues 2.6 Management capacity of roads operations by TANROADS and transport sector in Zanzibar;</p> <p><u>Source/Method:</u> Districts, National Statistics, TANROADS UNDP reports and data , progress reports, review reports</p>	<p><u>Target</u> 2.1. Reduction of composite VOCs per vehicle km by 45% for the Iringa-Dodoma road from USD0.48 in 2010 to USD0. 29 in 2015 and for Namtumbo-Tunduru by 40% from USD0.61 in 2010 to USD0.36 in 2015; Average travel time reduced by 40% from 6 hrs in 2009 to 3.7 hrs in 2014 for Iringa-Dodoma and by 40% from 5 hrs in 2010 to 3 hrs in 2014 for Namtumbo-Tunduru; and paved national road network in fair and good condition in the four regions increased from 78.4% in 2009 to 81% in 2015; 2.2 Classified Traffic Counts – increase in traffic by 5% per year; 2.3 Overloading reduced to 5% by 2015. 2.4 Reduced fatality rates by 2% per annum for next 10 years from current average of 69/10,000 vehicles. (Road specific baseline to be collected during implementation). 2.5 Increased maize real prices for 100 kg bag by 25% from Tsh.21,591 in 2009 to TZS26,989 in Namtumbo-Tunduru; and by 6% from TZS30,545 to TZS32,378 in Iringa by 2015. 2.6 Tourism increase by 10% by 2015; 2.7 5 experts in place for TANROADS and short-term training commenced by December 2010, and Roads Agency established in Zanzibar by 2015;</p>	<p><u>Risks</u> 2.1 Insufficient maintenance financing 2.2 Damage of pavements due to heavy goods overloading <u>Mitigating Assumptions</u> 2.3 Road user charges are adjusted to cover maintenance requirements. 2.4 Weighbridges have been incorporated in the project</p>

<p>3. Resources and Activities: 3.1 Civil works for the upgrading of 260km road between Iringa and Dodoma and 193 km road between Namtumbo and Tunduru. 3.2 Design review, pre-contract and supervision services 3.3 Road safety; 3.4 HIV/AIDS, STI, TB mitigation,; 3.5 Monitoring of ESMP implementation and baseline data collection; 3.6 Restructuring the Zanzibar MOCT; 3.7 Capacity Strengthening of TANROADS 3.8 Compensation and resettlement; 3.9 Audit services</p> <p style="text-align: center;">Inputs: Inputs - millions UA:</p> <table border="0"> <tr><td>Civil Works:</td><td>178.25 million</td></tr> <tr><td>Supervision:</td><td>8.92 million</td></tr> <tr><td>Road safety:</td><td>0.22 million</td></tr> <tr><td>HIV/AIDS, STI, TB, etc.</td><td>0.42 million</td></tr> <tr><td>ESMP and Baseline</td><td>0.37 million</td></tr> <tr><td>Capacity strengthening:</td><td>1.79 million</td></tr> <tr><td>MOCT restructuring</td><td>3.50 million</td></tr> <tr><td>Compensation, etc.</td><td>0.87 million</td></tr> <tr><td><u>Audit Services:</u></td><td><u>0.24 million</u></td></tr> <tr><td>Base Cost</td><td>194.58 million</td></tr> <tr><td>Physical Contingencies</td><td>19.46 million</td></tr> <tr><td><u>Price escalation</u></td><td><u>16.57 million</u></td></tr> <tr><td>Total Project cost</td><td>230.61 million</td></tr> </table> <p>Sources of financing (million UA) ADF Loan: 152.00 million JICA Loan: 49.04 million GOT counterpart: 29.57 million Total 230.61 million</p>	Civil Works:	178.25 million	Supervision:	8.92 million	Road safety:	0.22 million	HIV/AIDS, STI, TB, etc.	0.42 million	ESMP and Baseline	0.37 million	Capacity strengthening:	1.79 million	MOCT restructuring	3.50 million	Compensation, etc.	0.87 million	<u>Audit Services:</u>	<u>0.24 million</u>	Base Cost	194.58 million	Physical Contingencies	19.46 million	<u>Price escalation</u>	<u>16.57 million</u>	Total Project cost	230.61 million	<p>Short Term Outputs: 3.1 Bitumen Standard road between Dodoma and Iringa and between Namtumbo and Tunduru of 6.5m carriageway and 1.5m shoulders on either side. 3.2 monthly and quarterly progress reports; 3.3 Communities awareness of road safety; 3.4. ESMP implemented and all project affected persons (PAP) fully relocated and timely compensated in accordance with the RAPs. Construction workers and local communities sensitized and fully informed about HIV/AIDS, STI and TB; 3.5 Capacity building of local authorities and village environmental committees; 3.6 Study reports for MOCT and 5 experts for TANROADS</p>	<p>Beneficiaries 3.1 Local, Regional and international contractors and consultants; 3.2 Local communities 3.3 Local traders and producers; 3.4 Construction workers and Road users; 3.5 Communities in zone of influence; 3.6 Communities and local authorities in the project zone of influence; 3.7 MOCT, and TANROADS, 3.8 Consultants and contractors</p>	<p>Indicators 3.1 % of civil works and consultancy services completed; 3.2 Length of bitumen road in Iringa, Dodoma, Mtwara and Ruvuma regions; 3.3 Identification of strategic locations for weighbridges; 3.4 Compensation and resettlement completed; 3.5 Number of communities and schools reached by HIV/AIDS, STI and TB and Road Safety prevention and awareness campaigns. 3.6 Number of district councils and village environmental committees trained and sensitized on environmental, wildlife and land use management; 3.7 Employment opportunities for the local population; 3.8 Award, commencement and completion of consultancy services for MOCT restructuring ; 3.9 Recruited experts, training and procured equipment for capacity strengthening <u>Source / Method</u> : Quarterly financial and technical reports, Audit reports, Disbursement Records, Bank Supervision missions and Mid- Term review Consultants Quarterly and Progress Reports Interim and reports</p>	<p>Target 3.1 250km of road completed and opened to traffic by mid-term in 2013; 3.2 453km of road upgraded to bitumen standard by 2014; 3.3 Two weighbridges constructed by 2015; 3.4 Compensation and resettlement completed by 2012. 3.5 HIV/AIDS and road safety awareness activities to reach all construction workers, 29 and 35 villages and towns along Iringa - Dodoma and Namtumbo-Tunduru roads, respectively; 57 primary and secondary schools along the Iringa – Dodoma road and 44 primary and secondary schools along the Namtumbo-Tunduru road reached by the campaigns by 2014; and peer educators identified and trained for each contract and campsite immediately camp is created. 3.6 Village committees and officials of 5 district councils trained on environment and wildlife and land use management; 3.7 At least 3200 local people (of which 10% are women) obtain direct and indirect employment during construction. 3.8 Submission of final reports for the MOCT restructuring; 3.9 5 experts and equipment in place by December 2010 and 20 staff members trained by 2014.</p>	<p>Risks 3.1 Delayed disbursements by GOT; 3.2 Delay in project execution; 3.3 Escalation of project costs;</p> <p>Mitigating Measures 3.4 Provision by GOT in the MTEF; 3.5 Use of advanced contracting and follow-up by TZFO; 3.6 Critical review of documents and provision for price escalation in project costs;</p>
Civil Works:	178.25 million																														
Supervision:	8.92 million																														
Road safety:	0.22 million																														
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Total Project cost	230.61 million																														

*** Targets will be established for some indicators with the undertaking of the baseline survey during project implementation.

Project Timeframe: Road Sector Support Project I (RSSP I)

Activity	2010				2011				2012				2013				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
I. Civil Works																								
1. Compensation, Resettlement																								
2. Bidding/Contract Award																								
3. Works Execution																								
a) Iringa-Dodoma Road																								
b) Namtumbo-Tunduru Road																								
II. Contract Supervision; HIV/AIDS, STI, TB Mitigation; ESMP Monitoring and Baseline data Collection																								
1. Short-list/RFP																								
2. Contract Award																								
3. Mobilization																								
4. Pre-contract Services																								
5. Works Supervision																								
a) Iringa-Dodoma Road																								
b) Namtumbo-Tunduru Road																								
III. Services for Zanzibar MOCT Restructuring;and TANROADS Strengthening																								
1. Short-list/RFP																								
2. Contract Award																								
3. Mobilization																								
4. Services																								
IV. Auditing Services																								
1. Short-list/RFP																								
2. Contract Award																								
3. Mobilization																								
4. Services																								

Defects Liability Period

ROAD SECTOR SUPPORT PROJECT I

REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE ADB GROUP TO THE BOARD OF DIRECTORS ON THE PROPOSED LOAN TO TANZANIA

Management submits the following report and recommendation on a proposed loan of UA152.00 million to the United Republic of Tanzania to jointly finance with JICA Road Sector Support Project I.

I STRATEGIC THRUST AND RATIONALE

1. Project Background

1.1.1 Road Sector Support Project I, comprises civil works for upgrading to bitumen standard of the Iringa-Dodoma road (260km) and Namtumbo-Tunduru road (193km), strengthening of TANROADS management capacity and restructuring of the Ministry of Communications and Transport (MOCT) in Zanzibar. The project includes separate components for design review, pre-contract and supervision; road safety; HIV/AIDS, STI, TB mitigation; monitoring of ESMP implementation and baseline data collection; audit services and compensation and resettlement.

1.1.2 The Iringa-Dodoma road is an important link on three corridors, namely, the North-South Corridor, the SADC Regional Trunk Road Network (RTRN-Route 25) and the Trans-Africa Highway from Cape Town to Cairo, all meant to link the southern African countries to those in eastern and northern Africa. The North-South Corridor was endorsed in April 2009 by SADC, EAC and COMESA as a priority for development to enhance intra-regional trade and promote integration of the three regional economic communities (RECs). The Namtumbo-Tunduru road is designated as Route 122 on the RTRN and is a link on the Mtwara Transport Corridor. This corridor was identified as part of the SADC Regional Spatial Development Initiative (SDI) which is meant to attract private sector investment through *inter alia*, an adequate reliable cost-effective, efficient and seamless transport system. As such the two roads have been identified by the Government of Tanzania as priority for intervention under Phase I of Tanzania's Transport Sector Investment Programme (TSIP) to facilitate economic development and poverty reduction and contribute to the attainment of the objectives of the National Strategy for Growth and Reduction of Poverty (NSGRP). Further, the roads will enhance cross-border trade and tourism, improve competitiveness in international trade and promote regional integration.

1.1.3 Managing the large volume of on-going roads sub-sector operations comprising 61 civil works contracts with a total value of USD1.3 billion and 17 feasibility and detailed engineering design studies with a value of USD17.7 million and those projected under the next phase of the TSIP poses a tremendous challenge to the existing complement of personnel in TANROADS. This project has therefore incorporated a component for strengthening the management capacity of TANROADS through the provision of 5 experts, one in procurement, three in contract management and one in environment and/or social economics. The component also includes short-term experts and training and provision of computer software, hardware and other equipment.

1.1.4 The Transport Master Plan financed by the World Bank (WB) has identified deficiencies in the management of the transport sector in Zanzibar and recommends reforms to separate operations from policy and regulatory functions. The recommendations of the master plan were approved by Cabinet for implementation early September 2009. The objective is for the MOCT to retain policy and regulatory functions and delegate operations to autonomous entities. Under the proposed project, financing is to be extended to the MOCT in Zanzibar to support a restructuring program. The support will comprise development of legislation, new structures and training of staff to orient them to a commercialised environment that will set the management of the transport sub-sectors on a sustainable course.

1.2 Project Linkages with Country Strategy and Objectives

1.2.1 The National Strategy for Growth and Reduction of Poverty (NSGRP) or MKUKUTA (2005/06-2009/10) and the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP) or MKUZA (2005/06-2009/10) which are the second Poverty Reduction Strategy Papers recognize that

poor quality and inadequate levels of transport are a constraint to growth. The strategies under Cluster I on Growth of the Economy and Reduction in Income Poverty identify road infrastructure intervention as one of the eleven key operational targets for promoting sustainable and broad-based growth. The National Transport Policy (NTP) also mirrors the NSGRP objective of supporting socio-economic development through the development of an efficient and cost-effective transportation system that integrates regional and domestic economic centres and contribute to the reduction of poverty through access to markets for agricultural produce.

1.2.2 The Joint Assistance Strategy for Tanzania (JAST 2006-2010) is a Government-led, national Medium-Term Expenditure Framework (MTEF) for managing development co-operation and achieving national development and poverty reduction goals. This was developed based on consultations with a wide cross-section of stakeholders, including development partners. It emphasizes country ownership of development programmes aligned with national priorities and has identified the two roads for Bank intervention. The JAST responds to the objectives of MKUKUTA and MKUZA and is an instrument for channelling resources to support growth and poverty reduction to improve the quality of life and social well-being. MKUKUTA and MKUZA identify road infrastructure as necessary to the attainment of social and economic development objectives which is consistent with the Bank's Medium Term Strategy (2008-2012) that has identified infrastructure as one of the major focus areas for new commitments.

1.2.3 Road transport is the dominant mode of transport in Tanzania and plays a pivotal role in supporting economic and social development programs of the country through efficient and cost-effective movement of passenger and freight transport. The road network also serves as transit for the land locked regional countries of Rwanda, Burundi, Uganda, Zambia and Malawi to the Indian Ocean. The Iringa-Dodoma Road when completed will feed into the Central Corridor which links the Dar-es-Salaam port to Rwanda, Burundi and eastern Democratic Republic of Congo (DRC). It will compliment the future Isaka-Kigali rail which currently is at study stage. Recognising the role of efficient road transport in the socio-economic development of the country, the Government of Tanzania has developed a Ten Year Transport Sector Investment Program (TSIP) to be implemented in two phases duly reflecting the objectives of the Tanzania Development Vision 2025, the National Strategy for Growth and Reduction of Poverty (NSGRP) or MKUKUTA/MKUZA and the Joint Assistance Strategy for Tanzania (JAST).

1.2.4 Given that the Mtwara port will serve the hinterland of Tanzania, Malawi and Zambia across Lake Malawi/Nyasa when the Mtwara Corridor is completed, there will be an increase in the volume of freight passing through the port. Completion of the Namtumbo-Tunduru road together with other sections financed by other development partners will open a new export-import route. The limited capacity of the port requires addressing and the NEPAD IPPF is to be approached to finance a study to review the current operations and identify short, medium to long term improvements required to ensure its capacity to handle the expected volume of freight.

1.3 Rationale for Bank Involvement

1.3.1 With support from development partners including the Bank, Phase I of TSIP is under implementation. The Bank as part of its support to the TSIP is already financing the Singida-Babati-Minjingu road (224km) part of which (Babati-Minjingu) is a link on the North-South Corridor which reinforces the Bank's commitment to development efforts that enhance regional integration. The Namtumbo-Mbamba Bay road extends the Mtwara Corridor to Lake Nyasa/Malawi and is meant to link the Mtwara port in Tanzania to Malawi and onwards to Zambia. The Millennium Challenge Corporation (MCC) has committed financing to extending the road link to Lake Nyasa/Malawi by upgrading the Namtumbo-Mbinga Road (139km). The Bank's support in upgrading the two roads (Iringa-Dodoma and Namtumbo-Tunduru) is therefore logical and is in line with the other DPs

involvement in the sub-sector and aspirations of not only Tanzania but also the SADC, EAC and COMESA communities.

1.3.2 With almost four decades of operational experience in Tanzania, the Bank enjoys comparative advantage in the transport sector in Tanzania. Since commencing 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. Currently there are four ongoing road projects. The design of the proposed project has taken into account the lessons learnt from past and on-going projects financed by the ADF.

1.3.3 Bank assistance in Tanzania has resulted in the construction and rehabilitation of 3,500km of gravel roads, upgrading of 320km to bitumen standards and 383km are currently being upgraded to bitumen standards. 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. The two roads being links on the North-South and Mtwara Corridors, their upgrading is consistent with the NEPAD and Bank strategy for Regional Economic Communities (RECs) on infrastructure projects that remove barriers and obstacles to the movement of persons, goods and support regional co-operation and integration and is in line with the Bank's medium term strategy (2008-2012) and JAST (2006-2010).

1.4 Donor Coordination

1.4.1 The Bank is one of the major development partners in the transport sector. Other major players include the WB, the Danish International Development Agency (DANIDA), the Japanese International Co-operation Agency (JICA), the Nordic Development Fund (NDF), NORAD, EU, MCC, OPEC and the Kuwait Fund. The WB is involved in the rehabilitation of the existing bitumen road network to clear backlog maintenance, upgrading of the Zanzibar Urban Entry Roads and improvement of four airports including the Zanzibar Airport. The EU is channelling its interventions in upgrading, rehabilitation and maintenance through sector budget support. JICA's focus is on upgrading mainly through grant financing sections of the Mtwara Corridor. The NDF has financed a number of studies one of which is the Iringa-Dodoma road from which this proposed intervention has benefited.

	Sector or sub-sector*	Size		
		GDP	Exports	Labor Force
	Transport	[4.2%]	[n/a]	[%]
Players - Public Annual Expenditure (2008/09)				
	Government	Donors	WB	7.8%
UA m	163.78	102.66	DANIDA	4.9%
%	61.5	38.5	JICA	4.3%
			NORAD	3.4%
			EU	3.0%
			ADF	2.8%
Level of Donor Coordination				
	Existence of Thematic Working Groups			[Y]
	Existence of SWAps or Integrated Sector Approaches			[Y]
	ADB's Involvement in overall donors coordination			[Leader]
	ADB's involvement in Transport sector donor co-ordination			[Member]

1.4.2 Overall a Development Partner Group (DPG) is the coordinating body for bilateral and multilateral development partners in the country and the Bank currently leads the Poverty Reduction

and Budget Support (PRBS) Donor Group. The Transport Sector Development Partners Group (TSDPG) led by the EU is a sector sub-group of DPG and provides a platform on which financing and implementation issues in the transport sector are discussed. There is continuous dialogue between Government and DPs to ensure that results and outcomes are achieved in line with the agreed on targets. The Bank's intervention is in line with the rest of the DPs involvement in the sub-sector.

1.4.3 Through effective donor coordination, JICA has accepted to jointly finance the project based on the Accelerated Co-Financing for Africa (ACFA) agreement. JICA has participated in the preparation and appraisal missions of the project and is processing its conditional approval for joint financing. Meetings were held with the main transport sector donors including the WB, EU, DANIDA, and MCC in which this and other donor interventions were discussed in view of TSIP implementation. The importance of aligning support with the recommendations of the TSIP was recognized.

II PROJECT DESCRIPTION

2.1 Project Objectives

2.1.1 The sector goal is to contribute to socio-economic development, poverty reduction and regional integration through an improved transport system that links centres of economic activity. The project objective is to improve transport services between Iringa and Dodoma and between Tunduru and Namtumbo and to support the restructuring of the MOCT in Zanzibar and institutional strengthening of TANROADS.

2.2 Project Components

2.2.1 The project comprises the following components:

I Civil Works: UA210.99 million

Dodoma-Iringa Road (260km) and Namtumbo-Tunduru Road (193km): The component involves upgrading the existing gravel roads to bitumen standard of 6.5m carriageways and 1.5m shoulders on either side. The civil works are to be implemented in six contracts; Lot 1: Iringa-Migori (95.2km); Lot 2: Migori-Fufu Escarpment (93.2km) and Lot 3: Fufu Escarpment-Dodoma(70.9km) for the Dodoma-Iringa road and Lot A: Namtumbo-Kilimesera (60km); Lot B: Kilimesera-Matemanga (67km); Lot C: Matemanga-Tunduru (59km) for the Namtumbo-Tunduru road;

II Consulting Services: UA12.23 million

Consulting firms will provide services for design review, pre-contract and supervision of the civil works; road safety; HIV/AIDS, STI, TB mitigation; monitoring of ESMP implementation, baseline data collection; and financial audit;

III Capacity Enhancement of TANROADS and Restructuring of MOCT: UA6.36 million

The component provides support to strengthen the management capacity of TANROADS and restructuring MOCT in Zanzibar;

IV Compensation and Resettlement; UA1.03 million

The component makes provision for compensation and resettlement of the project affected people in accordance with the Resettlement Action Plans (RAPs);

2.3 Technical Solution Retained and Other Alternatives Explored

2.3.1 Project design considered three alternatives, namely (i) Double Bitumen Surface Treatment (DBST); (ii) Asphalt Concrete (AC); and (iii) engineered gravel upgrade with a 150mm gravel wearing course on compacted sub-grade. The pavement structures retained comprise a Double Bitumen Surface Treatment (DBST) on 150mm cement stabilized base on 150mm granular sub-base

on 2x150mm granular capping layers for the Iringa-Dodoma road and DBST on 150mm crushed stone base on 150/300mm granular sub-base for the Namtumbo-Tunduru road. Two alternatives were rejected, namely; (i) 50mm Asphalt Concrete surfacing on 150mm cemented base on 150mm cemented sub-base for the Iringa-Dodoma road and 150mm crushed stone base on 150mm natural gravel sub-base for the Namtumbo-Tunduru due to the high construction costs and lower EIRRs as compared to DBST; and (ii) 150mm gravel wearing course on compacted sub-grade that was uneconomic and not environmentally sound.

2.4 Project Type

2.4.1 The project is a standalone operation supporting Phase I of the TSIP that identified the two roads as priority. The project also includes MOCT restructuring of the transport sector in Zanzibar and strengthening of TANROADS to enhance management capacity. The modality of operation is typical of this nature of intervention, as opposed to budget support. Besides the EU which is already financing the roads sub-sector through budget support, other DPs' through the TSDPG are exploring the possibility of channelling financing through sector wide approach (SWAp).

2.5 Project Cost and Financing Arrangements

2.5.1 The project cost estimate is UA230.61 million net of taxes, which is, made up of UA181.71 million (78.8%) in foreign exchange cost and UA48.90 million (21.2%) in local cost. Detailed cost estimates are in Annex B2.

Table 2.3: Summary of Project Cost Estimates (UA million net of taxes)

Component	TZS billion			UA million		
	FE	LC	Total	FE	LC	Total
Civil Works: Iringa-Dodoma Road						
Lot 1	63.20	15.81	79.01	30.87	7.72	38.59
Lot 2	51.64	12.91	64.55	25.23	6.30	31.53
Lot 3	55.66	13.91	66.57	27.19	6.80	33.99
Sub-Total	170.50	42.63	213.13	83.29	20.82	104.11
Civil Works: Namtumbo-Tunduru Road						
Lot A	42.36	10.59	52.95	20.69	5.17	25.86
Lot B	38.75	9.69	48.44	18.93	4.73	23.66
Lot C	40.32	10.08	50.40	19.70	4.92	24.62
Sub-Total	121.43	30.36	151.79	59.32	14.82	74.14
Design Review, Pre-contract and Supervision: Iringa-Dodoma Road						
Lot 1	3.16	0.79	3.95	1.54	0.39	1.93
Lot 2	2.58	0.65	3.23	1.26	0.32	1.58
Lot 3	2.78	0.70	3.38	1.36	0.34	1.70
Sub-Total	8.52	2.14	10.66	4.16	1.05	5.21
Design Review, Pre-contract and Supervision: Namtumbo-Tunduru Road						
Lot A	2.12	0.53	2.65	1.03	0.26	1.29
Lot B	1.94	0.48	2.42	0.95	0.24	1.19
Lot C	2.02	0.50	2.52	0.98	0.25	1.23
Sub-Total	6.08	1.51	7.59	2.97	0.74	3.71
Road Safety	0.35	0.10	0.45	0.17	0.05	0.22
HIV/AIDS, STI, TB,mitigation	0.78	0.08	0.86	0.38	0.04	0.42
ESMP Implementation, Baseline	0.68	0.08	0.76	0.33	0.04	0.37
MOCT Restructuring	6.45	0.72	7.17	3.15	0.35	3.50
Capacity Enhancement	3.30	0.37	3.67	1.61	0.18	1.79
Compensation & Resettlement	-	1.78	1.78	-	0.87	0.87
Audit	0.49	-	0.49	0.24	-	0.24
Sub-Total	12.05	3.13	15.18	5.88	1.53	7.41
Base Cost	318.58	79.77	398.35	155.62	38.96	194.58*
Physical Contingency (10%)	31.86	7.98	39.84	15.56	3.90	19.46
Price Contingency (3% FE, 7% LC)	21.56	12.37	33.93	10.53	6.04	16.57
Total (Net of Taxes)	372.01	100.11	472.12	181.71	48.90	230.61

* The Base Cost includes cost of two weighbridges and service ducts

2.5.2 The proposed financing from ADF amounting to UA152.00 million will cover 73% of the foreign exchange cost amounting to UA132.67 million and UA19.33 million or 39.5% of the local cost. JICA will finance the balance of foreign exchange cost amounting to UA49.04 million or 21.3% of project costs. The GOT will finance 12.8% of project costs amounting to UA29.57 million or 60.5% of local costs.

Table 2.4: Sources of Finance (UA million - net of taxes)

SOURCE	Foreign Currency	Local Currency	Total	%
ADF	132.67	19.33	152.00	65.9
JICA	49.04	-	49.04	21.3
GOT	-	29.57	29.57	12.8
Total	181.71	48.90	230.61	100
Percentage	78.8	21.2	100	

Table 2.5: Sources of Finance (UA million-net of taxes) by Category

CATEGORY	ADF	JICA	GOT	TOTAL
Civil Works	133.41	49.04	28.54	210.99
Pre-contract and Supervision	10.74	-	-	10.74
Road Safety	0.26	-	-	0.26
HIV/AIDS, STI, TB mitigation.	0.51	-	-	0.51
ESMP Implementation and Baseline	0.44	-	-	0.44
MOCT Restructuring	4.21	-	-	4.21
Capacity Enhancement	2.15	-	-	2.15
Compensation & Resettlement	-	-	1.03	1.03
Audit	0.28	-	-	0.28
TOTAL	152.00	49.04	29.57	230.61

Table 2.6: Expenditure Schedule by Category (UA million-net of taxes)

CATEGORY	2010	2011	2012	2013	2014	2015	Total
Civil Works	-	59.13	74.72	60.78	13.95	2.41	210.99
Pre-contract an Supervision	0.80	1.68	2.49	2.80	2.14	0.83	10.74
Road Safety	-	0.06	0.08	0.08	0.04	-	0.26
HIV/AIDS, STI, TB mitigation.	-	0.11	0.11	0.10	0.10	0.09	0.51
ESMP Implementation/baseline		0.09	0.09	0.09	0.09	0.08	0.44
MOCT Restructuring	0.42	0.69	0.66	0.81	0.82	0.81	4.21
Capacity Enhancement	0.25	0.40	0.39	0.38	0.37	0.36	2.15
Compensation & Resettlement	0.22	0.43	0.38	-	-	-	1.03
Audit Services	0.03	0.03	0.04	0.06	0.06	0.06	0.28
Total	1.72	62.62	78.96	65.10	17.57	4.64	230.61

2.6. Project's target area and population

2.6.1 The immediate project areas comprise the districts of Dodoma Municipality, Chamwino, Mpwapwa, Iringa Municipality, and Iringa Rural along the Iringa-Dodoma Road, and the districts of Namtumbo and Tunduru along the Namtumbo-Tunduru Road. Overall these districts represent an approximate population of 4.1 million people. The population exceeds 8 million when considering the larger zone of influence covering the 5 regions Dodoma, Iringa, Mbeya, Ruvuma and Mtwara. These areas are rich in agricultural, mineral, and natural resources. Direct project beneficiaries include local and regional business owners and traders, vendors, freight operators, private and public vehicle operators, commuters, passengers, agricultural producers; manufacturers and communities situated within the zones of influence. The two roads are part of larger regional corridors, the North-South corridor (Iringa-Dodoma) and the Mtwara Corridor (Namtumbo-Tunduru) which signify the expanded level of beneficiaries to the neighbouring countries. Within the regional context, freight and passenger operators include those from Malawi, Zambia, Tanzania and Kenya in the case of the Iringa – Dodoma

road; and Mozambique, Malawi and Zambia in the case of the Mtwara corridor, in the longer term as the ports of Mtwara, Mbamba-Bay and Nkhata Bay get developed and the Unity Bridge over the Ruvuma River is completed.

2.6.2 The project is expected to contribute to socio-economic development and increased income levels reflected in improved living standards. These will be as a result of improved transport systems derived from reduced transport costs and travel time; increased movement of people, goods, and services; enhanced regional integration; improved road safety; increased accurate and timely dissemination of information regarding awareness and prevention of HIV/AIDS/STI and TB. Furthermore the district and village governments, and the national authorities responsible for managing the roads sub-sector will benefit from capacity building and institutional strengthening; improved knowledge in natural resources and wildlife conservation and land use management; and capacity building for female contractors in the project regions.

2.7. Participatory Process for Project Identification, Design and Implementation, Including Active Participation of the Private Sector and Civil Society

2.7.1 The project roads were identified following an elaborate consultation process at national and regional levels within the mechanisms of determining priority national development projects. At sector level, the Ministry of Infrastructure Development (MOID) and TANROADS were instrumental in developing the Transport Sector Investment Program (TSIP) in which the two roads form part of the priorities of Phase I. Development of the TSIP underwent extensive consultations with the development partners supporting the roads sub-sector in Tanzania through the TSDPG in which the ADF is an active member.

2.7.2 As part of the ESIA studies, public consultations have been held with various stakeholders at the national, regional and district and local levels and participatory methods, such as public meetings and individual interviews, were employed. In addition to the government officials, consultations were also held with project affected persons (PAPs), respective community members, and NGOs. In compliance with the Environmental Impact Assessment Audit Regulations; GN349 of 2005. Regulation 17 on Public Participation, TANROADS availed the ESIA reports for public review in national papers that have a wide circulation. The public consultations for the Iringa-Dodoma Road revealed several issues: ensuring adequate compensation of households located along the bypass for the Iringa-Dodoma Road; realigning the road at the Nduli Airport; minimizing resettlement in the densely populated portion of Kihesa where the road passes; and the need to determine if the Ruaha River crossing at Mtera Dam can sustain the higher level of traffic to be brought on both during construction and operation. The public consultations for the Namtumbo-Tunduru Road revealed the following issues: increased poaching and logging activities could result from the road construction; the necessity of strengthening the capacities of officers responsible for wildlife protection and conservation at the district and village levels; and ensuring that animal migratory routes and the Selous game reserve would not be disturbed.

2.7.3 Issues raised and recommendations made during the consultations have influenced the design of the roads and the way through which the project will be implemented and monitored. Mitigation measures have taken into consideration all matters of concern raised by the PAPs, affected communities; and stakeholders in so doing instil community ownership and acceptance of both project roads. In particular, the design has taken into consideration the design and traffic management at Mtera dam across Ruaha River; agreement with the Tanzania Airports Authority (TAA) on the road alignment near Nduli airport; and speed calming measures and road signage through the Selous-Niassa Wildlife Corridor (SNWC) in Namtumbo. Additionally, mitigation measures in the ESMPs have been developed to ensure that resettlement and compensation is done in a fair and timely manner based on

the findings in the RAPs; and the project will train village and district environmental officers/ wardens to minimize the occurrence of activities that would jeopardize wildlife.

2.8 Bank Group Experience, Lessons Reflected in Project Design

2.8.1 Based on the Bank's operational experience of managing previous and on-going roads sub-sector interventions in Tanzania and those of other development partners, the following are lessons that have been incorporated in project design: (i) streamlining of loan conditions to avoid delays in start-up activities and commencement of project implementation; (ii) improving road safety by incorporating a component for awareness campaigns for motorists, pedestrians and communities in order to improve road safety; (iii) critical review of the detail design documents to avoid modification of the scope of works during project implementation that would result in cost overruns and execution delays and claims by the contractors; (iv) For some of the on-going projects, contracts have been terminated which has resulted in complete stoppage of activities due to packaging entire road sections into single contracts. In line with the recommendations of the Country Portfolio Performance Review (CPPR 2009), each road section has been sub-divided into three lots to ensure that construction activities continue on performing contracts in case of termination of non-performing ones; (v) in-depth material investigations during detailed design to identify quality road building materials to avoid implementation delays and cost overruns; and (vi) utilization of the Bank's Tanzania Field Office where the Task Manager has been posted.

2.9 Key Performance Indicators

2.9.1 Five outcomes and five outputs have been identified for monitoring in the Results Based Logical Framework Matrix. The output indicators will be measured during the project implementation as sections of the road are opened to traffic and after project completion. The identified outcomes for road upgrading projects include reduction in transport costs and travel time, reduced maintenance costs, increased movement of people, goods and services, improved road safety, increased incomes from agricultural production and enhanced management capacity of MOCT and TANROADS. An independent consultant will be responsible for the collection of base line data at various intervals throughout project implementation as means of ensuring that the intended targets are achieved. In the case of the MOCT restructuring, action plans will be prepared for implementation of the recommendations of the Transport Master Plan. Implementation progress will be triggered by timely appointment of consultants, awarding civil works contracts; and timely compensation and resettlement. Main sources of data will be progress reports and supervision reports.

III PROJECT FEASIBILITY

3.1 Economic Performance

3.1.1 The methodology for the economic analysis is based on cost benefit analysis by comparing the "with" and "without" project scenarios over a period of 20 years, using the Highway Development and Management Model (HDM-4). A discount rate of 12%, a residual value of 10% and upgrading period of 3 years starting August 2011 were adopted. The economic costs consist of (i) capital investment costs and (ii) routine and periodic maintenance expenses. The benefits consist of savings in (i) vehicle operating costs; (ii) motorized traffic travel time for passengers and cargo; and (iii) non motorized transport traffic travel and operation. The traffic and economic analysis results are presented in Annex B7. The summary of the economic analysis is presented in Table 3.1.

Table 3.1: Summary of the Economic Analysis

EIRR, NPV (Base Case)	(Not Applicable)
Economic Internal Rate of Return (EIRR)	
a) Iringa-Dodoma Road	13.97%
b) Namtumbo-Tunduru Road	15.79%
Net present Value (NPV- USD)	
a) Iringa-Dodoma Road	22.61 million
b) Namtumbo-Tunduru Road	32.58 million
Sensitivity of EIRR of concurrently +10% of cost and -10% in traffic	
a) Iringa-Dodoma Road	11.65%
b) Namtumbo-Tunduru Road	13.17%

3.2 Environmental and Social impacts

Environment

3.2.1 The environmental and social classification of the project is Category 1 according to the Bank's Environmental and Social Assessment Procedures (ESAP), Guidelines, Policies and Safeguards. The key features justifying this category are that the project roads are 260km and 193km long, respectively; they are adjacent to natural conservation areas; significant earth works will be undertaken during construction; and involve significant displacement or resettlement (over 50 households) of people. Full Environmental and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP) reports have been prepared (September 2008 for the Namtumbo-Tunduru road and in June 2009 for the Iringa-Dodoma road), and both updated in August 2009. The ESIA and RAP Summaries were posted on Bank website on 28 July, 2009 and distributed to the Board under Reference ADF/BD/IF/2009/209. More details on the assessment conducted regarding the environment, gender and social issues are provided in Annex B8 of this report.

3.2.2 Among the major adverse impacts of the project are: (i) encroachment into ecologically sensitive and protected areas. These impacts have largely been mitigated through proper design by minimising the length of works in ecologically sensitive areas such as forest reserves; (ii) destruction of the vegetation cover and other flora resources resulting in soil erosion. Mitigation shall include minimizing land clearance and limit destruction of trees within the right-of-way, and develop community nurseries; (iii) fragmentation of habitats and perturbation of wildlife migrations and increased poaching and animal kills. These impacts will be mitigated by the design which has taken into account wildlife reproduction areas and migration corridors, wide aprons to facilitate animal traction, and creation of wildlife management areas (WMA); (iv) interruption of surface water flows and water contamination. The mitigation shall include construction of appropriate drainage infrastructures, ensure safe management of hazardous materials, conserve the vegetation along water bodies and near wetlands, and develop elaborate emergency response measures; and (v) involuntary resettlement and destruction of property and assets. The RAPs have outlined mechanisms for resettlement and compensation of all PAPs. Among the positive impacts of the project will be proper management of the environment through support to the WMA, village environmental committees, access to seedlings by communities and schools, increased patrol against illegal hunting and logging; and installation of proper drainage systems. All the mitigation measures and benefit enhancing mechanisms have been built into the Environmental and Social Management Plan (ESMP) and a budget allocation of approximately USD1.4 million provided in the project.

Climate Change

3.2.3 The Iringa – Dodoma road section traverses through moderate, semi arid and arid climatic areas with an average annual rainfall of 500mm between Nduli and Dodoma and 650mm between Nduli and Iringa. Tunduru is characterized by an average annual rainfall of 943mm, whereas

Namtundo receives an average annual mono-modal rainfall of about 1,200mm between November and May. The environmental sensitivity of these areas could translate into negative climate change impacts of droughts or floods. The average day time temperatures vary from 20 to 25° C, whilst night temperatures are between 15 and 17°C. The area does not lie in the cyclone zone of the Indian Ocean and is not expected to experience high rain falls beyond what is received. The project design, however has taken into consideration climate change resilience measures of road re-enforcement to protect the infrastructure from unforeseen heavy rain falls, including drainage facilities and pavement surfacing type. Road infrastructure in any case is prone to deterioration due to weather conditions. This can only be mitigated and slowed down by regular and timely maintenance works. While green house emissions of carbon dioxide may increase during the operation phase, this is expected to have a minimal impact on climate change. That notwithstanding, however, the project has in-built mitigation measures that requires maintenance of site equipment, machines and vehicles in good condition. In addition, the project has included planting trees which act as carbon sinks. The afforestation program will help diminish greenhouse gas emissions along both project roads.

Gender

3.2.4 Men and women will both be affected by the project. However, it is acknowledged that women will generally bear a more disproportionate burden due to existing socio-cultural traditions and expectations, limited economic opportunities, and the dynamics that dictate gender relations in their communities. The expected negative impacts on women include limited participation of women in project benefits due to cultural barriers such as employment of women at construction camps; increased workload due to resettlement and additional constraints in accessing firewood and water; loss of income generation sources; loss of strategic marketing positioning *vis-à-vis* their client base; rise in tensions and social conflicts; and increased vulnerability to HIV/ AIDS, STIs, and TB.

3.2.5 Mitigation measures have been developed to diminish these negative impacts and have been budgeted for in the ESMP. Among which are ensuring that the project promoters do not reinforce cultural barriers; provide sufficient time and resources to women to facilitate resettlement; offer project employment opportunities to men and women, encourage women to apply and select candidates according to their competencies; ensure that women have access to the same facilities as men to take advantage of business opportunities; provide women with work alternatives to reduce engagement in prostitution; and provide facilities at the work place for both women and men, such as ablution facilities.

3.2.6 The expected positive impacts include increased employment options (direct and indirect); enhanced access to socioeconomic infrastructure (i.e. public health centres, public schools, and dispensaries) for women and girls; a reduction in the time burden devoted by women, boys, and girls to collecting water for their households and schools; end to discrimination in passenger fares on a gender basis; and a diminution in transport costs for agricultural goods produced by female farmer groups, possibly increasing their profit margins and revenues. To further enhance positive benefits for women, the civil works contracts will implement a capacity building and training programs for women contractors and MOID staff, incorporate gender clauses in the contract document, and integrate gender sensitive and gender responsive mechanism in its various other complimentary initiatives.

Social

3.2.7 The project areas, though rich in agriculture and natural resources, have limited sources of cash income due to low employment opportunities and commodity prices owing to lack of all weather roads. Among the direct and immediate economic benefits that will emanate from the project, however, are the creation of job opportunities for approximately 3200 local population who will be employed as unskilled and semi-skilled labour during the construction period in both roads. This will

translate into approximately USD 9.1 million in wages over the 3.5 year period and thereafter in maintenance works. This cash will predominantly circulate in the local economies invariably resulting in other positive impacts which will be enhanced during project implementation. Additional employment opportunities will arise when undertaking maintenance works.

3.2.8 People's wellbeing will improve due to new and more diversified economic opportunities, adequate compensations for losses of property and better access to goods and services. An improved transportation system will enable easy access to expanded local and regional markets for produce which will enhance farm revenues to the benefit of the communities in the project area; and also access to inputs and extension services which will improve quality and quantity of produce. The presence of non-resident workers and travellers; increased/decreased basic prices as a consequence of changes in the costs of transport will create an enabling environment for spin-off development projects and economic activities by government, civil society and private sector and increase the tourism potential of the project areas. Access to tourist attractions (i.e. Selous game reserve) and historical sites (i.e. the Chief Songea graves and caves) will be enhanced, encouraging even greater numbers of visitors from Tanzania and neighbouring countries. The project will diminish both the physical isolation and economic marginalization of the respective communities and contribute significantly to their integration with the other regional economies. In addition, the project has included in its design some complementary initiatives which include an elaborate HIV/AIDS, STI, and TB awareness and prevention activities; water provision for communities and schools; a-forestation; road safety; and environmental education; and road-side amenities (rest areas).

3.2.9 Transport projects of this nature have resulted in exacerbating the spread of HIV/AIDS and STIs among project workers and communities they interface with and road users, especially truck drivers. Furthermore, the project may potentially increase exposure by construction workers to vector-borne diseases, such as malaria, trypanosomiasis and schistosomiasis, and increased incidences of gastro-intestinal infections, such as diarrhoea and cholera, associated with informal settlements, construction camps and open borrow-pits. These will be mitigated through implementation of the HIV/AIDS and STI awareness and prevention programs, environmental management of vector control, especially drainage, fill in borrow-pits and focal insecticide and molluscicide application, and strengthening medical services to ensure rapid diagnosis and treatment for the workers and communities in the project areas. Among the potential negative impacts that may occur due to the project is the decreased standard of living among migrating populations resulting in inappropriate living conditions for non-resident workers and their families and population pressure due to the arrival of migrants attracted by new economic opportunities and unplanned human settlements. These effects will however be mitigated through full implementation of the ESMP, sensitization, replacement and expansion of services (water, sanitation and energy facilities), and the establishment of planned access mechanisms in order to control unorganised settlements.

Involuntary Resettlement

3.2.10 While the existing alignments will be maintained in the two roads, there will, inevitably, be limited re-alignments to improve road geometry and improve different aspects of the road and widening where necessary. These and other requirements will result in some land being acquired both temporarily (during construction) and on a permanent basis. Social dislocation and displacement will occur where the project road will require re-alignment, widening, geometric improvements and detours within the construction corridor. Approximately 1,244 households will have either houses or other types of properties affected. Most of these lie in the urban areas of Dodoma, Iringa and Namtumbo. The major portion of the properties in the rural areas are located where the roads traverse approximately 27 small towns and villages between Dodoma and Iringa, and 6 wards between Namtumbo and Tunduru. Most of the assets, therefore, are traditional houses built with mud, poles and

thatch roofs, although a few are made of burnt and un-burnt bricks and roofed with iron sheets. Among the affected structures are prayer houses (mainly mosques) and several graveyards especially around Dodoma area. Two full RAPs have been prepared for both roads and a budgetary provision of USD 1.55 million has been included in the project as part of the overall cost. Implementation of the RAP will be a condition of the loan to ensure that all PAPs have been fully and adequately compensated in each case before sections are handed to the contractors.

IV IMPLEMENTATION

4.1 Implementation Arrangements

Institutional

4.1.1 Based on the principle of commercialization of road management GOT established the Tanzania National Roads Agency (TANROADS), through the Executive Agency Act (Cap 245 RE 2002) as amended, and the Road Fund Board (RFB) through the Road and Fuel Toll (Cap 220 RE 2002) as amended as two semi-autonomous organizations operating directly under the MOID. TANROADS has been delegated the management of the trunk and regional road networks on behalf of the MOID and the RFB delegated to manage the Road Fund drawing its revenues from road user charges.

4.1.2 At its establishment in 2000, TANROADS's organizational structure comprised four (4) directorates which in April 2009, were restructured into five (5) directorates, namely, Directorate of Procurement and Contracts, Directorate of Projects, Directorate of Planning, Directorate of Maintenance and Directorate of Business Support. This has transformed it into a results-oriented entity and relieved pressure on its operations. Further, the appointment of Boards of Directors with private sector representation to oversee the operations of TANROADS and the RFB on behalf of the MOID has provided an avenue for stakeholder participation in the roads sub-sector. The organizational structures of TANROADS and the RFB are in Annex B3.

4.1.3 TANROADS through the Directorate of Projects will be the implementing agency for the project with the exception of the restructuring of MOCT. TANROADS has in the past satisfactorily supervised similar projects financed by donors including the Bank. Although the large volume of road sub-sector operations currently presents challenges on the entity, the proposed strengthening of its capacity will enable it to successfully coordinate and monitor the execution of the project. The MOCT in Zanzibar will be the executing agency for the restructuring component.

4.1.4 Experienced consulting firms procured in accordance with Bank Rules and Procedures will supervise the civil works contracts and monitor the day to day activities on site. Similarly the restructuring support will be through a consulting firm that will be responsible for institutional development and training during the reforms. A project coordinator with a BSc. in Civil Engineering and over twenty years experience has been designated by TANROADS for the road works. MOCT of Zanzibar has designated a coordinator with the requisite qualifications and experience for the restructuring process. The CVs of the coordinators were reviewed during appraisal and found satisfactory for the tasks. The project coordinator for the road works will monitor the activities on site and serve as the contact person for the parties involved in the civil works component of the project. The coordinator for the MOCT restructuring will monitor the activities of the consultant. Both coordinators will submit monthly reports prepared by the consultants and quarterly reports prepared by TANROADS and MOCT. These reports will include progress achieved and financial performance. Copies of these reports will be reviewed by the Field Office which will advise the Executing Agencies on any pertinent issues prior to onward transmission to Head Office. In addition, the road works and restructuring activities will be

monitored through the Bank's field supervision missions (twice a year), and a mid-term review in the second year of execution.

4.1.5 The civil works will be implemented in three contracts for each road section over 36 months' contract periods for Iringa-Dodoma Road and 30 months' contracts for Namtumbo-Tunduru Road. Implementation of the ESMP for each road will be done by the contractor who will have among the staffing contingent an environmentalist who will be supervised by the Resident Engineer and TANROADS. Implementation of both RAPs will be the responsibility of TANROADS and MOID. TANROADS will sub-contract a service provider to execute the resettlement and compensation in accordance with RAP. Implementation of the Cross Cutting Issues (CCIs) mainly HIV/AIDS and road safety will be sub-contracted to service providers, NGOs, CBOs, etc, respectively. Various sector ministries, agencies and NGOs/CBOs shall be involved in implementation through their participation in the various fora.

Procurement

4.1.6 TANROADS has in its establishment a Procurement and Contracts Directorate headed by a Director reporting directly to the Chief Executive. The Directorate is responsible for procurement across the institution including road sub-sector projects and has experience of procurement for donor funded projects. The strengthened Directorate will be adequately staffed and will have the capacity for procurement for this project. Advance Contracting will be utilized for civil works and consulting services and the General Procurement Notice (GPN) has been published.

4.1.7 *Civil Works:* The civil works will be implemented in three contracts for each road section procured on the basis of International Competitive Bidding (ICB) in accordance with the Bank's "Rules of Procedure for Procurement of Goods and Works". Government has indicated that because of its past experience with limited competition with pre-qualification for civil works, post-qualification will be utilized. An official request for post-qualification has been forwarded to the Bank. Regional preference will be applicable to the civil works contracts.

4.1.8 Consulting services for the following will be procured on the basis of short-lists of qualified consulting firms established through expressions of interest evaluated and approved by the Bank. The selection procedure will be based on Quality and Cost Based Selection (QCBS):

- (i) Design Review, Pre-contract and Supervision Services;
- (ii) HIV/AIDS, STI, TB mitigation;
- (iii) ESMP Implementation Monitoring and Baseline Data Collection;
- (iii) MOCT Restructuring;

4.1.9 Capacity Strengthening and part of MOCT Restructuring: The experts for capacity strengthening will be procured through Fixed Budget Selection (FBS) procedure. The Borrower will shortlist consultants and obtain Bank's no objection prior to a request for proposals. Training of staff will be through renowned service providers approved by the Bank. Procurement of computer hardware, software and other equipment will be through national shopping. Procurement for minor rehabilitation works for MOTC Restructuring will be through Shopping (SH).

4.1.10 Road Safety and Audit Services: The audit services would be procured through a short-list of firms to be submitted for clearance by the Tanzania Audit General Office. The consulting services for road safety will be procured through a short-list approved by the Bank. Prior to call for bids the Bank shall give a 'no objection' to Request for Proposals (RFP). The selection procedure will be based on "Least Cost Selection" (LCS). For road safety, the service providers will as much as possible utilize the services of the existing Departments of Safety and Environment in MOID and TANROADS.

4.1.11 *Goods:* Goods will involve acquisition of equipment for TANRODS that include computer hardware, software, vehicles for use by the experts and equipment for MOCT entities.

4.1.12 *Minor Works:* MOCT restructuring will require rehabilitation of a workshop and repair of equipment required for the training programme for the MOCT maintenance staff to prepare them for a commercial environment.

Financial Management and Disbursement Arrangements

4.1.13 The Director of Management Services and Accounts of TANROADS through the Head of Finance and Accounts will be responsible for financial management and reporting for the project. The day to day financial monitoring will be through the Project Accountant for Donor Projects. The Directorate has experience in financial management of donor funded projects, is well staffed and therefore is capable of managing the finances of the project. Currently work is on-going to incorporate TANROADS's financial management system into the EPICOR system used by Government. The Directorate has developed an Accounts Manual which is in use and will ensure that the accounting and auditing functions are done in a sound and desirable manner. The Finance Division will open separate accounts for each component of the project, and maintain all the financial records. The direct disbursement method will be used for the civil works and consulting services components of the project, and Special Accounts will be used for TANROADS strengthening component and part of the cost for MOCT restructuring. The project will be audited annually in line with the Bank's Guidelines for Financial Reporting and Auditing of Projects.

4.2 Monitoring

4.2.1 Responsibility of monitoring project activities will lie with TANROADS, the Supervision Consultant and the Bank. TANROADS has in the past monitored donor funded projects including the Bank and therefore with the capacity strengthening incorporated into this project the entity will have the capacity for the task. The day to day activities will be monitored by the supervision consultant. Independent consultants will be responsible for monitoring and evaluation of the HIV/AIDS, STI, TB mitigation; and ESMP implementation and baseline data collection. TANROADS through the project coordinator will submit monthly and quarterly reports prepared by the consultants following Bank's format. These reports will include physical, financial, social and environmental indicators that the project has achieved. The reports will also provide updated information on project implementation, highlighting key issues and problem areas, and recommending action plans for resolving identified bottlenecks. The coordinator for MOCT restructuring will prepare similar reports following Bank's format. Copies of these reports will be reviewed by the Tanzania Field Office to advise TANROADS prior to onward transmission to Head Office. In addition, the project will be monitored through the Bank's field supervision missions (twice a year), and a mid-term review in the second year of implementation to identify any major constraints facing the project and provide the required corrective measures.

4.2.2 Based on the ESMP, the mitigation measures will be supervised by the consultant and monitored by the Environmental and Social Officers within TANROADS in collaboration with the Project Coordinator. As required by law, NEMC will monitor all ESMP requirements through reports and audits. The TANROADS Department of Safety and Environmental will participate in the monitoring of the road activities during the operations. The local committees at both district and community levels (District Environment Committees and Local Environment Committees), Ministry of Local Governments, District Land Boards and local leaders, NGOs and CBOs will also monitor specific aspects of the program including RAP. Ownership by stakeholders will be assured through the continuous consultative process that is integrated into the project. Monitoring of the ESMPs and RAPs for both roads will be the prerogative of the MOID, NEMC and the consultant (service provider) who

will be independently recruited under the project. The consultant will collect the baseline data upon which monitorable indicators and processes will be developed. This will include environmental matters, HIV/AIDS and STI and TB prevention campaigns. The other consultant will monitor environmental issues, gender aspects, natural resources and wildlife preservation and road safety issues. District and community level NGOs and CBOs will be involved in monitoring through their participation in district and local committees and by means of collaborating with the consultants (service providers). The Bank's supervision missions and TZFO will also be responsible for monitoring and ascertaining the implementation of the ESMP.

4.2.3 At 85% completion of the project components, the Bank and the Executing Agency will start preparing a Project Completion Report as specified in the General Conditions. This report, the consultant's final project report and the Executing Agency's performance statistics and financial performance will form the basis of post-evaluation of the project.

4.3 Governance

4.3.1 One of the main components of the MKUKUTA/MKUZA 2005/06-2009/10 and the National Vision 2025 is good governance and the rule of law. The Government is committed to putting in place well-functioning systems that are representative, accountable and inclusive, scaling up and following up on the implementation of all components of the National Framework on Good Governance and improving the capacity of all representative bodies as well as strengthening local level governance institutions. The Prevention and Combating of Corruption Bureau (PCCB) set up in 1991 recently launched its new Strategic Plan 2009-2013. On the whole, the Government's governance agenda is comprehensive and well focused and the Tanzania Field Office continues to monitor Government's performance on governance issues as current Chair of the Poverty Reduction and Budget Support donor group. The Bank's OSGE is currently developing a toolkit to assess sector governance and corruption risks and Tanzania is one of the pilot countries where substantive field level information was obtained to strengthen the operational relevance of this toolkit.

4.3.2 At sector level, the TSDPG monitors governance issues in the transport sub-sectors. During donor consultations no malpractices were reported. For this project mechanisms for procurement and financial management will be in accordance with Bank rules and therefore the risk of fraud and corruption has been minimized. Adequate provisions have also been made for auditing of the project on annual basis.

4.4 Sustainability

4.4.1 The Government of Tanzania has accorded high priority to the development and maintenance of transport infrastructure, especially road infrastructure, as a facilitator of economic growth and poverty reduction. This has been amply reflected in the country's various medium to long-term development strategies – Vision 2025 and the National Strategy for Growth and Poverty Reduction (NSGRP 2005-2010). To this end, GOT embarked on a reform process based on the principle of commercialization of road management and established the TANROADS and the RFB as two semi-autonomous organizations.

4.4.2 TANROADS has the responsibility to manage, develop and maintain the trunk and regional road network of about 28,900 Km and the RFB to manage the Road Fund (RF). The sources of revenue for the Road Fund are road user charges comprising the fuel levy and transit charges. The Road Fund revenues are ring-fenced and are allocated to maintenance and emergency repair of classified roads (at least 90%) and development works (not more than 10%).

4.4.3 Currently, road maintenance activities comprising routine and periodic maintenance and emergency repairs are financed by the Road Fund and donors. The RF is able to finance 100% of routine maintenance and about 50% of periodic maintenance. Overall the RF revenues can cover 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 are concerned. The percentage of regional and trunk road in good condition has increased from 14% in 2002 to 38 % in 2008. The corresponding figures for the share of regional and trunk roads in fair condition are 37% in 2002 and 48% in 2008.

4.4.4 As per RF assessment, the funds required to keep the road network in an appropriate condition and ensure pass ability is estimated at USD 177 million per year. Prior to 2007/08, road maintenance budget of about USD 60 million per year, could only meet 36% of maintenance needs. Thus, though RF revenues have been increasing by about 10% per year, there was need for a substantial increase in RF revenues to reach optimum road maintenance levels. To bridge the financing gap, there have been efforts to widen the base of RF revenue sources by incorporating vehicle inspection fees and license fees as well as increasing the fuel levy. However, GOT has only managed to increase the fuel levy from TZS100 per litre to TZS200 per litre in 2007/08. This has increased the RF revenue available for maintenance needs to TZS 224.18 billion (USD 166 million) for the 2008/09 financial year. 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 a similar trend in RFB revenues, the financing gap will be zero by about 2019/20. Among other initiatives envisaged to reduce the cost of maintenance, is introduction of performance based maintenance contracts. Thus this and the anticipated RF revenues from the increased fuel levy, GOT will be able to ensure sustainability of the project road.

4.4.5 To protect the road network from premature failure, TANROADS is managing a network of 17 permanent weighbridges and 21 mobile scales to control loads carried by heavy goods vehicles. An additional 16 permanent weighbridges are planned for the network. Overload control has been designated to weighbridge units under TANROADS's regional organizational structures and has effectively reduced the degree and extent of overloading. Being part of regional transport corridors, the two roads will carry a significant number of transit and national long haul heavy vehicle traffic. A weighbridge for each road has therefore been incorporated in the civil works contracts to mitigate the risk of premature pavement failure due to overloading.

4.4.6 A detailed analysis of sustainability of the roads sub-sector is in Annex C2.

4.5 Risk Management

4.5.1 Financial: There is a risk of failure to pay counterpart financing in accordance with the projected GOT contributions due to the impact of the financial crisis. The three-Year Rolling MTEF is reviewed annually by the Development Partners and Government to check consistency with the sector ceilings before finalization of the budget and this serves to minimize the risk. The Bank's Field Office in Tanzania will monitor the MTEF to ensure that the funds for the project are provided.

4.5.2 Cost Overrun: There is a risk of cost overrun that may affect the implementation of the project due to the volatility of oil prices and the increase in the cost of road building materials. In order to mitigate this risk, the unit rates have been based on tender rates of recently awarded contracts taking into account the recommendations of the Bank's Road Unit Cost Study. In addition, the cost estimates have made a provision for price escalation. Advanced Contracting will ensure that the project is implemented according to the schedule that has been agreed to at appraisal and therefore will minimize costs due to delays.

4.5.3 Implementation: Delays in fulfilment of conditions for loan effectiveness can delay project implementation. The team has ensured that conditions for effectiveness are kept to a minimum and are aligned with the implementation schedule. The executing agency's experience coupled with its strengthened staffing will enhance project execution. In addition, the Tanzania Field Office (TZFO) will provide information and follow-up on loan effectiveness requirements and assist with Bank procurement and disbursement to ensure that the project implementation schedule is adhered to. The posting of the Task Manager to the TZFO will provide additional support to the Executing Agency on a daily basis both at pre-implementation and implementation stages of the project and at the same time improve on portfolio performance.

4.5.4 Sustainability: There is a risk that the resources from road user charges accruing to the Road Fund are not sufficient to cover the routine and periodic maintenance needs of the road network which could jeopardize the sustainability of the roads sub-sector and the project roads. With the projected Road Fund revenues, the financing gap will decrease to 9% by 2015/16, and attain a break-even or zero situation before 2019/20 mainly through increased fuel consumption and widening of the revenue base by incorporating license and vehicle inspection fees. The risk is therefore adequately mitigated in the medium to long-term.

4.5.5 Exploitation of Natural Resources: The road corridors traverse through forest reserves and areas of conservation interest and wildlife habitat. There is a risk that the upgraded roads will create opportunities for over-exploitation of forest products and poaching. This will be mitigated by leveraging on-going programs by WWF and KfW on capacity building for local communities in managing designated Wildlife Management Areas (WMA) and strengthening the local authorities in monitoring the implementation of the ESMPs. Specific mitigation measures have been developed for the Selous National Park as elaborated in Annex B8.

4.5.6 Overloading: The two roads are part of regional corridors and therefore will carry cross-border heavy vehicle traffic which in the absence of control will overload and cause rapid deterioration of the pavements and therefore pre-mature failure. As a mitigation measure, the cost estimate for each of the two roads has incorporated a permanent weighbridge at a strategic location.

4.6 Knowledge Building

4.6.1 The project will generate knowledge for not less than 10 young engineers that will work alongside the experts financed through the project, mainly in the procurement, contract management and environmental/social economic fields. The training component of the project will be through renowned service providers of international repute that will expose personnel to best practice in technical, economic, environmental and social evaluation of projects and enhance the management capacity. The project includes capacity building for district and village authorities on resource conservation and land use management. This will include knowledge gathering on land use management for co-existence between community needs, wildlife and eco-tourism which will be useful in areas of conflict between humans, wildlife and development initiatives.

V LEGAL INSTRUMENTS AND AUTHORITY

5.1 Legal Instrument

5.1.1 The ADF loan will be used to finance the upgrading of the Iringa-Dodoma (260km) and Namtumbo-Tunduru (193km) roads from gravel to bitumen standards support the restructuring of the Ministry of Communications and Transport in Zanzibar and capacity strengthening of TANROADS.

5.2 Conditions associated with Bank's Intervention

5.2.1 The ADF loans shall be subject to the following specific and particular conditions:

(A) Conditions Precedent to Entry Into Force:

The entry into force of the loan Agreements shall be subject to the fulfilment by the Borrowers of the conditions set forth in Section 12.01 of the Revised General Conditions Applicable to the African Development Fund Loan Agreements and Guarantee Agreements.

(B) Conditions Precedent to First Disbursement:

The obligations of the ADF to make the first disbursement of the loan shall be conditional upon entry into force of this Loan Agreement as provided above and the Borrower shall have provided evidence, to the satisfaction of the Fund, of:

- (i) TANROADS's approval of the lots' sections and works schedules ("Works Schedules") for both roads;
- (ii) All relevant project-affected persons and properties for the first sections of each of the six lots under the Works Schedules have been fully and adequately compensated in accordance with RAPs for both roads prior to commencement of construction works;
- (iii) Written confirmation that joint financing required for the project has been secured;
- (iv) Having opened two special accounts in financial institutions acceptable to the Bank into which the proceeds of the financing for institutional strengthening of TANROADS and part of the costs for restructuring of MOCT to cover eligible expenditures will be deposited as required;

(C) Conditions Precedent to Further Disbursements

The obligation of the Fund to make further disbursements of the Loan under this Agreement shall be conditional upon the Borrower providing evidence, in a form and substance acceptable to the Fund of:

- (i) Having compensated and relocated/resettled in accordance with the relocation, resettlement and compensation plan, PAPs in subsequent sections prior to the continuation with construction works for both roads;
- (ii) The budgetary appropriation for compensation of PAPs during the relevant budgetary year for both roads;

(D) Undertaking

The Borrower undertakes; (i) to carry out traffic counts on the project road on annual basis as of commencement of the civil works and on the national road network every four years; and (ii) to implement the Environmental and Social Management Plans (ESMPs) for both roads.

5.3 Compliance with Bank Policies

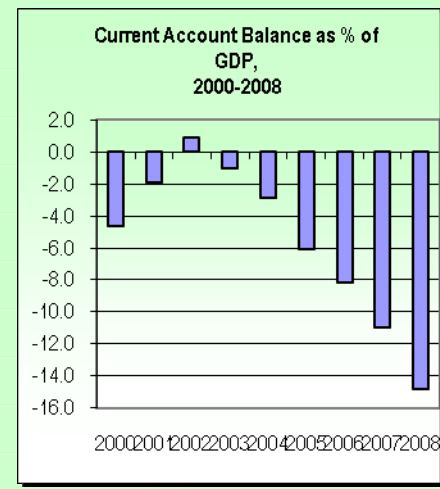
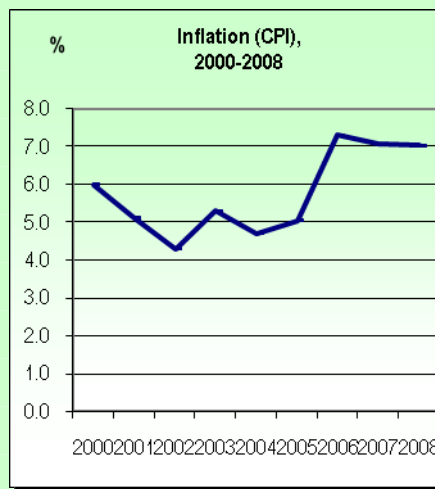
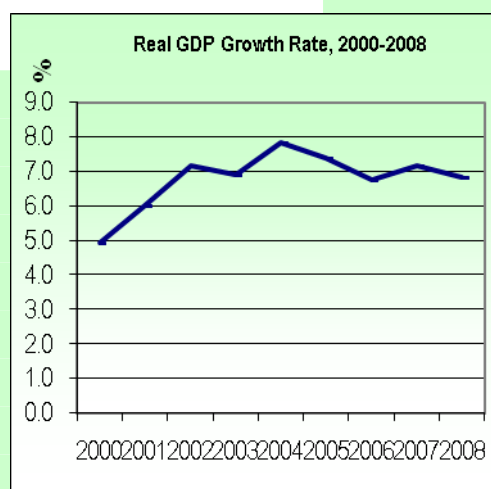
5.3.1 This project complies with all applicable Bank policies and does not require exception from any Bank policies.

VI RECOMMENDATION

6.1 Management recommends that the Board of Directors approve the proposed loan of UA152.00 million to the United Republic of Tanzania to finance jointly with JICA Road Sector Support Project I for the purposes and subject to the conditions stipulated in this report.

APPENDIX I: Tanzania: Selected Macroeconomic Indicators

Indicators	Unit	2000	2003	2004	2005	2006	2007	2008
National Accounts								
GNI at Current Prices	Million US \$	9,139	10,965	12,003	13,082	13,811	16,181	...
GNI per Capita	US\$	270	300	320	340	350	400	...
GDP at Current Prices	Million US \$	10,185.8	11,659.1	12,825.9	14,142.0	14,331.2	16,825.5	18 345.7
GDP at 2000 Constant prices	Million US \$	9,066.5	11,008.0	11,869.7	12,744.5	13,603.1	14,575.5	15 571.1
Real GDP Growth Rate	%	4.9	6.9	7.8	7.4	6.7	7.1	6.8
Real per Capita GDP Growth Rate	%	2.4	4.2	5.1	4.7	4.1	4.5	4.3
Gross Domestic Investment	% GDP	16.8	19.2	22.6	25.1	27.6	29.6	32.4
Public Investment	% GDP	5.7	7.5	8.5	8.4	7.9	7.8	9.3
Private Investment	% GDP	11.2	11.7	14.0	16.7	19.7	21.8	23.1
Gross National Savings	% GDP	10.8	14.6	18.5	20.5	19.5	18.5	17.1
Prices and Money								
Inflation (CPI)	%	6.0	5.3	4.7	5.0	7.3	7.1	7.0
Exchange Rate (Annual Average)	local currency/US\$	800.4	1,038.4	1,089.3	1,128.9	1,251.9	1,245.0	1,194.3
Monetary Growth (M2)	%	14.8	18.0	13.5	34.8	21.5	20.5	8.6
Money and Quasi Money as % of GDP	%	17.1	23.0	22.6	26.6	28.8	29.7	30.8
Government Finance								
Total Revenue and Grants	% GDP	13.8	16.3	15.0	18.5	18.1	20.6	24.9
Total Expenditure and Net Lending	% GDP	15.2	17.6	19.3	21.7	23.1	25.0	24.9
Overall Deficit (-) / Surplus (+)	% GDP	-1.4	-1.3	-4.3	-3.2	-4.9	-4.0	0.0
External Sector								
Exports Volume Growth (Goods)	%	27.5	18.2	17.8	17.7	2.5	-6.6	6.9
Imports Volume Growth (Goods)	%	-3.0	0.1	9.5	9.0	3.4	19.1	12.6
Terms of Trade Growth	%	-3.8	-17.4	-12.2	-13.1	-10.7	17.7	-10.9
Current Account Balance	Million US \$	-469.6	-118.1	-366.7	-864.3	-1,171.6	-1,838.6	-2,713.3
Current Account Balance	% GDP	-4.6	-1.0	-2.9	-6.1	-8.2	-10.9	-14.8
External Reserves	months of imports	5.7	10.1	9.3	6.4	5.8	6.1	4.5
Debt and Financial Flows								
Debt Service	% exports	23.0	11.4	10.8	8.7	4.4	132.1	1.1
External Debt	% GDP	70.2	52.5	48.5	45.0	45.5	39.7	37.3
Net Total Financial Flows	Million US \$	1,184.4	1,640.3	1,779.4	1,666.8	1,980.2	2,343.3	...
Net Official Development Assistance	Million US \$	1,019.4	1,721.4	1,764.5	1,488.7	1,825.3	2,810.8	...
Net Foreign Direct Investment	Million US \$	216.0	308.2	330.6	567.9	521.7	599.5	...



Source: ADB Statistics Department; IMF: World Economic Outlook, September 2008 and International Financial Statistics, October 2008; ADB Statistics Department: Development Data Platform Database, April 2009. United Nations: OECD, Reporting System Division, January 2009.

Notes: Data Not Available

APPENDIX II: Table of ADF Portfolio in Tanzania

Project	Date Approved	Loan/Grant Amount (UA million)	Amount Disbursed (UA million)	% Disbursed
Agricultural Marketing Systems Dev. Programme	18/09/2002	Loan: 15.90 Grant: 1.00 Total: 16.90	15.68 0.99	98.59 99.05
District Agricultural Sector Investment Project	24/11/2004	Loan: 36.00 Grant: 7.00 Total: 43.00	12.30 4.22	34.16 60.28
Agricultural Sector Dev. Programme-Phase I	05/09/2007	Loan: 40.00	21.08	52.69
Roads Rehabilitation and Upgrading Project*	03/09/2001	Loan: 38.65	15.57	40.28
Zanzibar Roads Upgrading Project	9/06/2004	Loan: 16.22 Grant: 0.71 Total: 16.93	7.41 0.25	45.69 35.59
Singida-Babati-Minjingu Road Upgrading Project	17/11/2007	Loan: 60.00	4.08	6.80
Dar-es-Salaam Water and Sanitation Programme	17/12/2001	Loan: 36.94 Grant: 1.31 Total: 38.25	22.47 1.17	60.83 89.16
Rural Water Supply and Sanitation Programme	13/09/2006	Loan: 45.00 Grant: 10.00 Total: 55.00	26.69 10.00	59.31 100
Moduli Rural Water Supply and Sanitation	27/11/2003	Grant: 15.51	11.93	76.89
Electricity V Project	14/12/2007	Loan: 28.68 Grant: 1.32 Total: 30.00	- -	- -
Zanzibar Water Supply and Sanitation Project	11/11/2008	Loan: 25.00	-	-
SAP for Vocational Ed & Training	09/07/2003	Loan: 14.22 Grant: 1.60 Total: 15.82	6.82 0.50	47.97 31.33
Support for Maternal Mortality Reduction Project	11/10/2006	Loan: 40.00	4.59	11.46
Support to Secondary Education Dev. Plan	05/09/2007	Loan: 20.00	9.75	48.77
Institutional Support for Good Governance	13/12/2004	Grant: 4.80	2.61	54.40
Poverty Reduction Support Loan 111	29/10/2008	Loan: 100.00	100	100

Multinational Projects

Arusha-Namanga Road Project	18/12/2006	Loan: 49.24 Grant: 3.50 Total: 52.29	10.72 -	21.76 -
East Africa Transport and Trade Facilitation	29/11/2006	Grant: 9.20	0.29	0.03
Isaka-Kigali Railway Feasibility Study	20/10/2004	Grant: 9.20	-	-
L Tgyika Int. Support.	09/12/2004	Grant: 4.96	0.18	3.62
Equity Investment in Access Bank of Tanzania	18/12/2006	Loan: 0.60	-	-

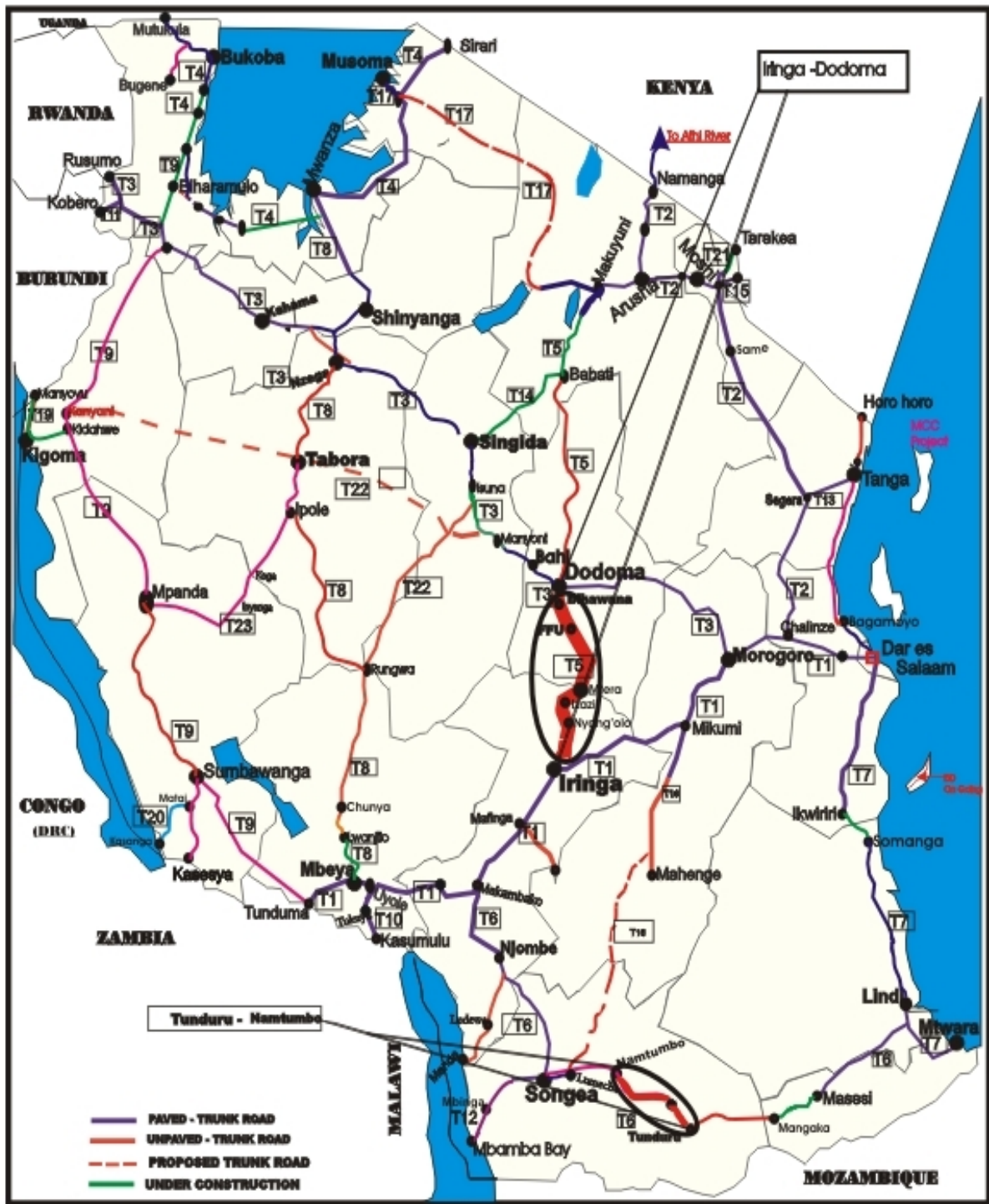
* Government has in principle indicated to cancel the loan balance

**Appendix III:
Key Related Projects Financed by Other Development Partners in Tanzania**

S.#	Project Name & Description	Financier	Loan/Grant Amount (USD million)	Completion Status (%)	Supervision Rating	
					Implementation Progress	Development Objective
1	Upgrading of Taraka-Rombo-Mkuu Road Section (32 Km)	BADEA/GOT	9.6	60	S	S
2	Upgrading of Marangu-Mkuu and Mwika-Kilacha Road Sections (32 Km)	NORAD	19.3	8	S	S
3	Rehabilitation of Mandela (Port Access) Road (16 Km)	EU/GOT	42.2	33	G	G
4	Rehabilitation of Chalinze-Segera-Tanga Phase I: Chalinze-Kitumbi (125 Km)	DANIDA	47.8	15	G	G
5	Upgrading of Ndundu-Somanga Road (60 Km)	KUWAIT/DFID /GOT	6.6	14	G	G
6	Rehabilitation of TANZAM Highway: Iyovi-Kitonga Gorge and Ikokoto-Iringa Road Sections (149 Km)	DANIDA/GOT	111.6	9	G	G
7	Rehabilitation of Regional roads to Engineering gravel (145km)	OPEC/GOT	8.0	42	G	G
8	Rehabilitation Korongwe-Mkumbara Road (172 Km)	WB	57.4	Procurement Stage	P ¹	P ¹
9	Bus Rapid Transit – Dar Es Salaam	WB	98.2	Procurement Stage	S	S
10	Rehabilitation of Tanga-Hororo Road (65 Km)	MCC	54.09	Procurement Stage	G	G
11	Upgrading of Tunduma-Sumbawanga Road (23 Km)	MCC	175.9	Procurement Stage	G	G
13	Upgrading of Namtumbo-Songea-Mbinga-M'Mbabay Road (404.5 Km)	MCC	109.22	Procurement Stage	G	G
14	Construction of Malagarasi Bridge : Design and Build	South Korea	25.0	Procurement Stage	G	G

Key: G - Good; S - Satisfactory; P - Poor; P¹ - Due to Delay in Concluding Procurement

**Appendix IV: Map of the Project Area
TANZANIA ROAD SECTOR SUPPORT PROJECT 1**



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.