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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 17-Dec-2023 | Report No: PIDA36696

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Eastern and Southern Africa	P180801	Transport Corridors for Economic Resilience (TRACER)	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
EASTERN AND SOUTHERN AFRICA	04-Dec-2023	20-Feb-2024	Transport
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Ministry of Finance and National Planning	The National Road Agency Fund (NRFA)	

Proposed Development Objective(s)

The PDO of the SOP is to improve efficiency, connectivity and climate resilience of key regional transport and trade corridors in Eastern and Southern Africa.

The PDO of SOP1 is to improve year-round transport and trade connectivity between Zambia and Tanzania and expand economic activity along the Dar es Salaam Corridor.

Components

Resilient transport and trade facilitation along the Dar es Salaam Corridor and preparatory studies for ensuing corridors under the SOP
Corridor-oriented development
Sectoral capacity development and project management
Contingent Emergency Response Component (CERC)

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	270.00
Total Financing	270.00
of which IBRD/IDA	270.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	270.00
IDA Grant	270.00

Environmental and Social Risk Classification

High

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Regional and Country Context

Regional Context

1. **Diversity in the economies and endowments in Eastern and Southern Africa provides considerable potential for significant gains from deeper integration.** While the region has vast agricultural potential, natural resources, good manufacturing and service industry bases, and a relatively inexpensive large labor endowment, intraregional trade is only 23 percent, well below regional aspirations and rates in Europe. The desire to increase regional integration, economic resilience and food security motivated several initiatives by the African Union (AU) and the Regional Economic Communities (RECs), including the African Continental Free Trade Area (AfCFTA) established in 2019 creating the largest free trade area in the world. The importance of such initiatives became more pronounced following the COVID-19 pandemic, Russian invasion of Ukraine, and climate change[1].

2. **Climate-resilient and efficient transport connectivity along the main corridors in Eastern and Southern Africa are essential for economic transformation and economic resilience.** Modernizing transport corridors also remains a priority under the 2012-2040 African Union's Program for Infrastructure Development in Africa (PIDA), currently in its second phase.[2] Eastern and Southern Africa is served by 11 major transport corridors (see map in Annex 9) connecting the countries of the region to one another and to ports on the Atlantic and Indian oceans. Reducing climate-related disruptions and increasing the efficiency of these corridors would not only provide reliable routes for international trade, but would help in economic diversification, job creation and attraction of foreign investment in agriculture, value added mining and manufacturing. The corridors would also foster small and medium enterprises (SMEs) along the corridors contributing to inclusive and sustainable economic development. The availability of multiple climate-resilient corridors also plays an important role in increasing the resilience of communities and economies to changes in corridor physical and operating conditions, and political changes.

3. **Despite the potential of these multimodal corridors, inadequate trade and transport facilitation systems, missing and weak infrastructure links, and inefficient transport and logistics services are major**

[1] These events increased the exposure of the region to food shortage threats. Climate change is expected to increase the vulnerability of the region, which relies heavily on rain-fed farming.

[2] PIDA estimated efficiency gains of at least $172 billion in the African regional transport network, with the potential for larger savings from developing and improving the trade corridors.

impediments to intraregional trade. The cost of transport and logistics associated with trade including at border crossings for landlocked countries in Sub-Saharan Africa could be as high as 60 percent of trade values. Reducing the cost of transport connectivity of the land-linked countries of Zambia, Zimbabwe, Malawi, Botswana, and the Democratic Republic of Congo (DRC) could conservatively result in economic savings estimated at 2 percent of their GDP. Establishing a coordinated regional approach to addressing climate resilience and inefficiencies is therefore necessary for realizing the full potential of these corridors.

4. **The Series of Projects (SoP) aims to address climate resilience and corridor efficiency in a systemic and coordinated manner.** SoP1 focuses on Dar es Salaam Corridor in Zambia, a key regional corridor connecting to the port of Dar es Salaam and is expected to be followed by projects in Zambia and Tanzania, building on agreements between Zambia, Tanzania and other countries and recent and ongoing investments by the countries in this and other corridors (see para 23). Ensuing projects are being developed to strengthen climate resilience and efficiency in roads and railways in the Nacala and Walvis Bay corridors (see map in Annex 9) starting with Zambia. Future projects will also help directly enable economic activities along the corridors and provide ancillary infrastructure for climate resilient connectivity.

Country Context

5. **Zambia is a land-linked, resource rich, sparsely populated country in Southern Africa.** Surrounded by eight countries, six of Eastern and Southern Africa's regional corridors pass through Zambia. The country's population, spread over a vast geographical area (750,000 km^2), much of it urban, is estimated at about 19.6 million (2022) with a growth rate of 2.7 percent per year. The 2021 poverty rate was estimated at 62 percent, with the incidence of poverty three times higher in rural areas than in urban areas, especially for women. While Zambia has made progress in terms of gender equality, a significant gender divide exists in terms of incomes, with women earning about 20 percent less than men as Zambia ranks 62 out of 146 countries in access to economic opportunities in the Gender Gap Index. The country's Human Development Index places it at 154 out of 191 countries and territories.

6. **Zambia has restored macroeconomic stability after defaulting on its external debt in 2020 and is working to place the economy on a sustainable development path.** A large government infrastructure investment program financed largely by non-concessional borrowing pushed public debt to 150 percent of GDP in 2020. The COVID-19 pandemic tipped the economy into, a contraction of 2.8 percent in 2020, Zambia's first recession since 1998 and per capita income dropped to US$1,030 in 2021. Meanwhile Inflation reached 22 percent in 2021 and the kwacha depreciated by over 50 percent. Since 2021, however, the authorities have cancelled non-performing projects, cut energy subsidies, shifted spending towards human development, tightened monetary policy, and negotiated terms of debt restructuring with official creditors.[3] The government is committed to mobilizing private capital to close Zambia's infrastructure gaps, including in transport, and to increasing the competitiveness of Zambian firms. The economy is rebounding, with GDP expected to grow by 4.3 percent in 2023 and by an average of around 4.8 percent over the medium term.

7. **Zambia's Eighth National Development Plan 2022-2026 (8NDP) recognizes inadequate transport infrastructure and logistics as constraints to realizing economic transformation and job creation.** The

[3] In October 2023, the Government of the Republic of Zambia (GRZ) finalized a memorandum of understanding (MoU) to restructure debt owed to official bilateral creditors in line with debt sustainability thresholds in the World Bank–International Monetary Fund (IMF) Debt Sustainability Analysis. The GRZ is currently negotiating with private creditors to restructure debt on terms comparable to this MOU.

country's economic turnaround depends on successfully catalyzing new growth in manufacturing, tourism, mining, and agriculture; the latter two accounting for about 90 percent of Zambia's exports. While mining will remain the main driver of the GDP growth and exports for years to come especially with the significant increase in global demand for green energy transition minerals, over-reliance on the mining industry has exposed the country to the volatility in international copper prices. A good share of the agricultural productive zones and Tourism Development Areas (TDAs) lack the necessary connectivity. Addressing the impediments to efficient connectivity (see para 3) would enable Zambia to better utilize its strategic location at the crossroads of several key regional transport corridors and would provide an excellent opportunity to ramp up trade and boost productivity and economic growth. Public private partnerships in the road and rail sector are being sought to increase productivity and reduce the pressure on the government budget.

8. **Climate resilient infrastructure is essential to dampen the impact of floods, droughts and extreme temperatures on livelihoods and economic growth.**[4] Zambia ranked 132 out of 185 countries in the 2021 Notre Dame Global Adaptation Initiative (ND-GAIN) index, indicating high exposure and sensitivity and low ability to adapt to the negative impacts of climate change.[5] The country is already experiencing these impacts.[6] The increase in frequency and intensity of these hazards will further threaten agricultural productivity and significantly increase the number of people facing high levels of acute food insecurity. One study estimated that climate impacts could reduce GDP by up to 6 percent by 2050.[7] As the failure of key transport infrastructure has proven to be a main contributor and conduit to the negative impacts of climate change, sound transport adaptation policies within a climate-resilient infrastructure system is essential for mitigating these impacts for Zambia and the region. The location of Zambia at the center of several regional transport corridors endows the country with alternative trade and transport routes increasing the resilience of the economy.

B. Sectoral and Institutional Context

9. **The Ministry of Transport and Logistics (MTL) in Zambia is mandated to coordinate the development, policy and regulation of the transport and logistics sector,** while the Ministry of Infrastructure, Housing and Urban Development (MIHUD) oversees policy implementation in road infrastructure development. The Road Development Agency (RDA) is the custodian of all public roads, the National Road Fund Agency (NRFA) administers road funds, and the Road Transport and Safety Agency (RTSA) is responsible for the implementation of government policy on road safety and traffic management.

10. **Transport corridors play a fundamental role in Zambia's economic growth.** As a land-linked country with a vast geographical area and widely distributed natural resources, Zambia relies on these corridors for connecting Zambia's mining sector to ports, its agricultural produce to national and

[4] While total national greenhouse gas (GHG) emissions in Zambia are far below Lower Middle Income (LMI) countries average and have declined on a per capita level by 1.4 percent between 2008 and 2017, better than the LMI average, and the major threats to Zambia from climate change require developing resilient systems, there are economically viable opportunities for reducing emissions.

[5] Think Hazard. Consulted on 26th October 2023. URL: https://thinkhazard.org/en/report/270-zambia

[6] One study showed that the country lost US$5 billion between 1991 and 2011 due to the negative economic impacts of climate-related disasters.

[7] https://sa-tied-archive.wider.unu.edu/article/economic-implications-climate-change-in-zambia#:~:text=The%20analysis%20suggests%20that%20climate,4%25%20for%20the%20same%20period.

international markets, and people to cultural and tourism sites. The corridors are equally important for Zambia's neighbors, particularly DRC, Zimbabwe, Malawi, and Botswana. The Copperbelt region in DRC and Zambia, for example, produced around 2.4 million and 0.9 million tons of copper in 2021/22, respectively, representing 57 percent and over 80 percent of their export values, with further growth in extraction rates planned in both countries. The bulk of Zambia's trade via the Indian and Atlantic oceans is carried by six regional transport corridors:

(a) The *North-South (NS) Corridor connecting DRC, Zambia*, *Zimbabwe and Botswana* to the port of Durban.
(b) The *Dar es Salaam Corridor,* connecting DRC and Zambia to the port of Dar es Salaam in Tanzania.
(c) The *Nacala Corridor, which* connects Lusaka to Malawi and to the Nacala port in Mozambique.
(d) The *Trans-Caprivi Corridor*[8] *,* which connects Walvis Bay port in Namibia with Zambia and in DRC.
(e) The *Lobito Corridor,* connecting Zambia to the Lobito port in Angola.
(f) The *Beira Corridor,* connecting Zambia to the Beira port in Mozambique.

11. **The *Dar es Salaam* rail-road corridor, with its connection to the NS Corridor, continues to be the busiest by traffic volume and most important transport corridor in terms of value of trade and freight carried for Zambia**. The corridor carries most of DRC's copper production as well as that of Zambia through the rail and road networks towards Dar es Salaam in the northeastern direction. The corridor has also been instrumental in carrying fuel imports and agricultural exports of the country. The Government of the Republic of Zambia (GRZ) and the Government of the United Republic of Tanzania (GRT) have signed a few agreements (see para 23) to work collectively to further develop and remove all physical and non-physical barriers along the corridor.

12. **One of the major impediments to efficient transport connectivity is the inadequate condition of long stretches of the corridors.** For example, the current state of the 147 km section between Kazungula and Katima Mulilo on the border with Namibia on the *Trans Caprivi* Corridor inhibits usage of the road and increases occurrence of accidents, transportation costs and time. Similarly, the 203 km section between Mpika and Serenje on the *Dar es Salaam Corridor* and the Lusaka – Luangwa section on the *Nacala Corridor* have been identified as bad links along strategic corridors. All these road sections pass through high climate risk districts and cities.[9]

13. **The second major impediment to efficient transport connectivity is the inefficiencies at border crossings, with cumbersome processes and inadequate facilities.** Currently, border clearance documentation and procedures are still largely manual beyond customs, duplicative, and cumbersome with little coordination among agencies. GRZ is pursuing several policies for harmonization of border processes with neighbouring countries for simplification of trade procedures and their consistent application. While investments have been made in modernizing key border posts towards a single window and a one stop border post (OSBP), a system connecting all relevant government border agencies does not yet exist and automation is lacking, resulting in significant delays – several days, even weeks - at the border.[10] For example, trucks could wait as long as 4 days at the border crossing on the Dar es Salaam

[8] Also known as the Walvis Bay-Ndola-Lubumbashi Corridor.
[9] Nordic Development Fund (2018): Development of Climate Resilient Infrastructure Standards and Codes for the Transport Sector in Zambia: Climate Vulnerability Assessment Report, Vol 1, Main Report.
[10] The Zambia Agribusiness and Trade Project-II (ZATP-II) (P179507) provides more details on the border clearance impediments.

Corridor between Tanzania and Zambia at Nakonde,[11] where about 20 percent of all of Zambia's customs consignments are processed. Tedious processes, inadequate border infrastructure and warehousing facilities and insufficiently staffing create a heavy burden on cross-border traders, especially women who represent the majority of informal traders.[12] In addition, women are often negatively impacted by corruption and sexual harassment at the border.

14. **Road safety is also a major concern in Zambia, with 3,654 deaths annually and a fatality rate of 37.9 deaths per 100,000 people.** This is higher than the Sub-Saharan Africa and global averages, with a good portion of accidents occurring along regional corridors. In 2021, there was a 28 percent increase in fatalities compared to the previous year. Vulnerable road users (i.e., pedestrians, cyclists, motorcyclists) make up 66 percent of the fatalities. Despite not meeting the previous target, Zambia committed to reducing road deaths and injuries by at least 50 percent from 2021 to 2030 under the second UN Decade of Actions for Road Safety.

15. **Railways have the potential to play a much larger role given their comparative advantage.** Zambia's railway networks carry about 15 percent of Zambia's freight and a small share of DRC's trade. Zambia has two railway networks: i) The Lusaka-Dar es Salaam railway network, connecting Zambia with Tanzania and operated by the Tanzania-Zambia Railway Authority (TAZARA); and ii) The North-South railway network running from DRC to Zimbabwe through Lusaka, and operated by Zambia Rail Limited (ZRL). ZRL is a state-owned company, while TAZARA (I,860 km) is jointly owned by the Governments of Tanzania and Zambia and has been in operation for over 40 years serving mainly as a freight railway carrying particularly copper consignments. Since 2018, TAZARA has reached an open access agreement with two private operators to help increase line utilization and revenues.[13] Despite the economic, financial and environmental comparative advantages of railways for carrying minerals and other bulk goods and for travelling long distances, transportation of the minerals to smelters and ports is almost exclusively carried out by road due to the inadequacy of railway infrastructure and rolling stock.[14] GRZ introduced a national target for a 30 percent rail modal share for freight and is pursuing private investment and partnerships to develop its railway networks.

16. **Transport efficiency in the region is hampered by climate hazards and the lack of resources allocated for maintenance and reconstruction, resulting in high logistic costs and safety risks**. Heavy rainfall events, floods, erosion and extreme temperature damage rail, road and bridge infrastructure, increasing the needs and costs of maintenance and rehabilitation. Climate change is expected to further raise climate risks for road and bridge infrastructure and in particular for the critically important transport corridors. Only 25 percent of Zambia's core road network is paved, and the paved network receives less than US$2,000/km for maintenance—less than a third of the recommended level of resources. Each year, NRFA collects only 20 percent of the estimated annual resources required, leaving it exposed to national treasury funding fluctuations. While clearly insufficient maintenance contributes to the poor condition of

[11] Nakonde is classified by the Nordic Development Fund as a high climate risk district.
[12] The results from a border profiling survey in Zambia for cross border traders revealed that more women reported physical abuse (25.1%), lack of childcare facilities (23.1%), unsanitary conditions of toilets (20.5%) and other challenges (28.9%) as challenges which particularly affected them. See COMESA (2022). Border Profiling Survey Mwami, Chirundu, Kasumbalesa and Nakonde (Zambia) and Gender Assessment annex for more details.
[13] The China Civil Engineering Construction Corporation (CCECC) is in the process of negotiating a concession with GRZ and GRT to operate TAZARA.
[14] The inadequacy of the railway network has dissuaded mine owners from building connecting tracks (infrastructure) to the main lines.

a road, heavy rains in high climate risk districts exacerbate the situation further damaging the roads and often making them impassable. For example, in 2018/19 and 2019/2020, full access to the Serenje Mpika road was disrupted for a period of one to two weeks.

17. **The Government of Zambia is committed to attracting private capital and private participation to the transport sector.** Along the North-South corridor, the Government of Zambia awarded a Public-Private-Partnership (PPP) concession for the development of the Lusaka-Ndola Road. The 317 km route constitutes the busiest road section in the Zambian road network and carries most of DRC's international trade. In addition to this concession, GRZ is advancing other PPP concessions in the road sector. The World Bank is currently supporting GRZ in identifying the appropriate approaches to PPPs in the road secto[15]r. GRZ is also pursuing PPP opportunities in the rail sector.

18. **Realizing the full potential of the corridor investments requires structural reforms and capacity building in other economic sectors.** Zambia's arable land of 40 million hectares is far from being utilized to its full potential. GRZ recognizes that increasing agriculture and agribusiness are critical for improving incomes and food security, reducing poverty, and creating a more diversified and resilient economy. Amongst the key challenges that face the transformation of the sector and that need to be addressed in addition to the quality of infrastructure and logistics systems is the inadequate enabling environment (notably the investment climate), structural barriers to agricultural productivity, and limited ability to cushion external shocks. Substantial investments in infrastructure will not yield the full benefits unless these structural barriers are removed. World Bank operations under implementation and under preparation are targeting these barriers.[16] Gender inwquality also presents one of the challenges in the agriculture sector, where women's share of employment is 57 percent of men, compared to 46 percent in SADC region.[17] However, women's productivity, measured in yields (kilogram per hectare) is lower due to the different dimensions of gender inequality in the agricultural sector.[18]

19. **Similar to the agriculture sector, the participation of women in the transport sector is also low.** Women participation rates in the transport, warehousing, and communications, and construction is 6 percent and 2.8 percent, respectively.[19] GRZ is committed to addressing issues of informality and unemployment by promoting women's participation in non-traditional sectors such as construction. Barriers for women employment in the logistics sector are believed to be gender stereotypes, inconvenient work hours and other factors. Considering schools offering logistics curricula are interested to attract female candidates, there is an opportunity to create a future pipeline of women in logistics through capacity building and collaboration with universities in the country.

[15] Technical Assistance: Development of PSP options for road infrastructure (P179195).
[16] ZATP-II is addressing access to markets and finance to promote the firm growth in Zambia's agribusiness sector; the Improved Rural Connectivity Project (IRCP; P159330), is addressing rural accessibility challenges; and the Zambia Second Macroeconomic Stability, Growth And Competitiveness DPF (P181011) (currently under preparation) will help remove agricultural market distortions.
[17] UNCTAD (2018). Teaching Material on Trade and Gender. Trade and Gender Linkages: An Analysis of the Southern African Development Community. New York and Geneva.
[18] Including limited access to transport and infrastructure, access to land, credit and inputs, and unequal work burden because of gender norms where women are responsible for most of the housework.
[19] ILOSTAT: International Labor Organization Statistics website. https://www.ilo.org/shinyapps/bulkexplorer32/?lang=en&segment=indicator&id=EAP_2EAP_SEX_AGE_NB_A

C. Relevance to Higher Level Objectives

20. **The proposed program is aligned with the objectives of the World Bank's current Country Partnership Framework (CPF) for Zambia for FY19-FY23[20] and with Zambia's 2022-2026 8NDP.[21]** Supporting the CPF, SoP1 will contribute to achieving objective 3.2 (increasing trade and infrastructure for economic integration and shared natural resources management with the broader region), objective 1.1 on agricukture sector diversification, objective 1.2 on rural communities climate resilience, and 1.3 on increasing access to resilient infrastructure. SoP1 also supports the realization of economic transformation and job creation under the 8NDP by responding to the plan's strategy for the improvement of transport and logistics, including the development of the roads and rail sectors, and trade and logistics facilitation.

21. **SoP1 also contributes directly to regional integration and increased trade sought by the AU and the RECs**. Tanzania will benefit from the increased efficiency of the Dar es Salaam Corridor in line with Objective 1.7 (capture Tanzania's potential as a maritime gateway and regional trade hub) under Focus Area 1 to enhance productivity and accelerate equitable and sustainable growth in the Tanzania FY18-FY23 CPF.

22. **SoP1 meets the criteria for IDA Regional Program Funding** as: (i) The series cover a minimum of two countries (Zambia and Tanzania) starting with SoP1 in Zambia. Tanzania is expected to follow with the country investing its own resources in the SoP1 corridor (see para 23) and with recent investment on a key section by the World Bank; (ii) it contributes to transport connectivity in the region; (iii) the eventual expected full transport efficiency gains will only be achieved with the direct and integrated involvement of the countries sharing the corridors; (iv) the benefits can only be adequately achieved through the implementation of an integrated set of infrastructure, trade and development facilitation activities in Zambia and neighboring countries; (v) the program enhances competition among transport corridors in the region; and (vi) the target corridors are SADC and EAC regional corridors serving Eastern and Southern Africa. The funding from the regional integration IDA for SoP1 is estimated at US$180 million, with a PBA IDA allocation of US$90 million.

23. **Tanzania is fully committed to the development of the regional Dar es Salaam Corridor.** While SoP1 only covers Zambia (with Tanzania expected to follow), Tanzania's commitment is evident through (i) the 2009 bilateral agreement for the establishment of the OSBP at Tanduma (Tanzania)/Nakonde (Zambia), (ii) the 2015 Bilateral Agreement between Tanzania and Zambia on cross border freight road transport, and (iii) the June 2023 Communiqué between the two countries to review and resolve transport challenges along the Dar es Salaam Corridor. Moreover, GRT has used, and continues to use its own resources for developing sections of the corridor[22] and has recently requested US$ 155 million in

[20] Country Partnership Framework for Zambia FY19-FY23; World Bank Group, 2018. Available at: https://elibrary.worldbank.org/doi/epdf/10.1596/31132. SoP1 contributes directly to CPF key focus areas: (1) territorial development especially for the rural poor; and (3) stronger institutions for resilience.

[21] https://www.zambiaembassy.org/document/eighth-national-development-plan-8ndp-2022-2026

[22] GRT received a US$210 million for the first phase of the Southern Africa Trade and Transport Facilitation Program (P120370) which closed in December 2020. The project financed a 138 km of the Mafinga-Igawain section of the Dar es Salaam Corridor. GRT is using its own resources for the following two sections: Construction of the Uyole – Mbeya City Bypass (48.9km) and rehabilitation of the Igawa – Tunduma road section (218 km). Design for both sections was completed in 2021, contractor has been procured and the projects will be implemented under an Engineering, Procurement, Construction and Financing (EPC+F) arrangement.

Additional Financing from the World Bank for increasing the capacity of the Dar es Salaam port, of which 40 percent of the throughput serves Tanzania's neighbors.[23]

24. **SoP1 is consistent with Zambia's updated Nationally Determined Contribution (NDC),[24] the National Adaptation Program of Action (NAPA),[25] and the National Policy on Climate Change (NPCC).**[26] As one of the least contributors to global GHG emissions,[27] Zambia places significant importance and priority on adaptation to climate change impacts to enhance the resilience of its population, ecosystems, infrastructure, productive and health systems. Zambia's updated NDC includes the transport sector in its mitigation and adaptation objectives but does not prescribe specific mitigation and adaptation measures for the transport sector. Zambia's climate policies include, among others, strengthening mechanisms for identifying risks and hazards to facilitate planning, strengthening the resilience of infrastructure, and coping strategies for drought, flooding, and extreme heat that include income diversification and trading other commodities for food and food rationing, and strengthening early warning systems, emergency preparedness, early evacuation and improving drainage systems. SOP1 aims to enhance the climate resilience of the Dar es Salaam road corridor and of other transport corridors in the country and will the support the development of a Green Strategy for the Transport Sector and a strategy and action plan for improving the capacity and efficiency of railways, among other activities that support the development of a climate resilient low-carbon transport sector.

25. **SoP1 will contribute to the WBG's enhanced mission to create a world free of poverty on a livable planet.** It aims at improving efficiency, connectivity and climate resilience on a major corridor between Zambia, Tanzania and DRC, which will boost the productivity and improve their economic resilience. It is consistent with the World Bank's Green, Resilient, Inclusive Development (GRID) approach,[28] as improved transport connectivity will help create, and improve access to, employment opportunities. SoP1 is also consistent with the upcoming Gender Strategy 2024-30 which aims to expand women's economic opportunities. Furthermore, SoP1 aligns with the World Bank's Climate Change Action Plan (FY21–FY25), which aims to advance the climate change aspects of GRID,[29] and the World Bank's Africa Climate Change Business Plan, which highlights the importance and urgency of ramping up climate-smart development that addresses climate impacts and risks.[30]

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[23] This is under the Dar es Salaam Maritime Gateway Project (IDA-61170) (P150496).

[24] Zambia's Nationally Determined Contribution; 2021. Available at: https://unfccc.int/sites/default/files/NDC/2022-06/Final%20Zambia_Revised%20and%20Updated_NDC_2021_.pdf

[25] Formulation of the National Adaptation Programme of Action on Climate Change - Final Report; Ministry of Tourism, Environment and Natural Resources; September 2007. Available at: https://unfccc.int/resource/docs/napa/zmb01.pdf

[26] National Policy on Climate Change; Ministry of National Development Planning; April 2016. Available at: https://faolex.fao.org/docs/pdf/zam174957.pdf

[27] Despite being one of the lowest GHG emitters, Zambia's NDC pledges to reduce greenhouse gas (GHG) emissions by 25 percent by 2030 against 2010 base year emissions, with limited international support, and by 47 percent with substantial international support.

[28] World Bank Group, *Green, Resilient and Inclusive Development* (Washington, DC: World Bank,2021), Link.

[29] World Bank Group, *World Bank Group Climate Change Action Plan 2021–2025: Supporting Green, Resilient, and Inclusive Development* (Washington, DC: World Bank, 2021), Link.

[30] World Bank Group, 2020. *The Next Generation Africa Climate Business Plan*, Washington, DC. URL: *https://openknowledge.worldbank.org/entities/publication/e44b41cc-9835-5acb-bce5-d5718bccb7bb*

26. **SoP1 also aligns with the World Bank's commitment to enable and mobilize private capital for development and GRZ's strategic priority for mobilizing private capital in the 8NDP.**[31] SoP1 will support the enabling environment in Zambia and help identify potential PPP modalities for delivering sustainable and resilient regional road projects with a particular focus on the Nacala corridor and supporting SMEs.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

27. The PDO of the SoP is to improve efficiency, connectivity and climate resilience of key regional transport and trade corridors in Eastern and Southern Africa. The SoP will follow a consistent approach in terms of PDO and project design to ensure maximum synergy and cross learning for all stakeholders involved.

28. The PDO of SoP1 is to improve year-round transport and trade connectivity between Zambia and Tanzania and expand economic activity along the Dar es Salaam Corridor in Zambia.

Key Results

29. The following PDO level indicators will be used to measure the outcomes specified in the PDO statement:

i) Travel time between Lusaka (Zambia) and Dar es Salaam (Tanzania)
ii) Border clearance time at Nakonde (Zambia border) (for trucks)
iii) Beneficiary SMEs, along the corridor, with increased revenues (disaggregated by gender)
iv) Road fatalities along the Serenje-Mpika road section
v) Population benefiting from the climate resilient Serenje-Mpika road section

D. Project Description

30. The Project will improve transport and trade facilitation along the Dar es Salaam Corridor by rehabilitating the Serenje-Mpika section of the corridor, developing a One Stop Border Post (OSBP) at Nakonde, and converting the corridor into a SMART corridor.[32] The project will further prepare studies for two other key corridors, namely the Nacala Transport Corridor and the Trans-Caprivi Corridor, and will enhance the institutional capacities to manage the regional road-rail corridors. The project also aims at maximizing the social inclusion and socio-economic opportunities along the corridor.

31. The overall project cost is US$270 million (100 percent financed by an IDA grant), implemented over six years, and structured around the four components described below.

i. Component 1: Resilient transport and trade facilitation systems along the Dar es Salaam Corridor and preparatory studies for ensuing corridors under the SoP (US$234 million)

[31] Zambia's 8NDP lists three 'outcomes' under this strategic development area, including the development of *industrialized and diversified economy*, *enhanced citizenry participation in the economy* and a *competitive private sector*

[32] Safety, Mobility, Automated, Real-time Traffic Management (SMART) corridor.

ii. Component 2: Corridor-oriented development (US$21 million)

iii. Component 3: Sectoral capacity development and project management (US$15 million)

iv. Component 4: Contingent Emergency Response Component (CERC) – (US$0.0)

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

32. **The environmental risk rating is High**. The high rating is mainly due to RDA's inadequate E&S performance on IRCP. This is the result of (i) lacking enforcement of the Health Safety Management Plan by the contractors and a lack of oversight by the Supervising Consultants; (ii) unfilled OHS/E&S specialist positions within the Consulting Engineers and contractor's organization resulting in selected E&S non-compliance issues at project sites; and (iii) a lack of enforcement using the available range of contractual penalties. The Environmental and Social Risk Classification (ESRC) will be reviewed when RDA and its PIU take positive action and improve their own E&S culture, ensure the Supervising Engineers and Monitoring Consultants on IRCP and TRACER are exercising the full range of their responsibilities to ensure contractor's compliance to the agreed and approved ESCP, E&S and OHS mitigation measures and plans. The PIU should also exercise the appropriate level of contractual remedies to enforce the provisions of the contracts for consultants and contractors under IRCP and the proposed project. Substantial technical capacity support will be required during project implementation to implement the project in a manner which meets the ESF requirements.

33. **The social risk rating has been assessed as High**, primarily due to land acquisition, involuntary resettlement impacts (including physical and economic displacement), and restrictions on land use, risks of SEA/SH due to labor influx, and capacity constraints to manage the social risks. The activities under components 1 and 2 will pose most of the social risks. The potential negative effects will be evaluated once the ESIA report is completed.

34. **The required actions to manage E&S risk management include:** (i) update the ESIA and RAP for the Serenje-Mpika section by an independent and qualified expert(s)[33]; (ii) conduct E&S screening of the OSBP at Nakonde and weighbridge and develop appropriate E&S instruments to manage E&S risks and impacts during project implementation, (iii) the development of Health Safety Management Plans and Contractor' ESMPs (CESMPs) before the implementation; (v) the draft Environmental and Social

[33] The ESIA will require approximately six months to update, clear and disclose. To allow project development and to satisfy the 120 day Pelosi Amendment the previous ESIA (under safeguards) was disclosed in September 2023

Commitment Plan (ESCP) disclosed before appraisal and updated after negotiations; (vi) Labor Management Procedures (LMP) and Stakeholder Engagement Plan (SEP) disclosed before project appraisal and; (vii) an SEA/SH Action Plan and an accountability and response framework consisting of procedures detailing how to respond to SEA/SH allegations disclosed before board approval. The E&S risk classification will be re-assessed during project implementation.

E. Implementation

Institutional and Implementation Arrangements

The Recipient for SoP1 will be the Ministry of Finance and National Planning (MoFNP) and the implementing agency will be NRFA. TRACER will be implemented through a three-tier structure: (i) a Steering Committee (SC) consisting of the Permanent Secretaries to meet bi-annually, or more frequently as needed, to oversee overall project implementation and help ensure satisfactory progress., (ii) Technical Committee (TC) consisting of the focal points from the ministries at Directors levels to oversee implementation and (iii) the Project Implementation Unit to manage the day to day activities of the project, supported by focal points (component managers) from the respective ministries and agencies.

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