Report Number: ICRR0022609

1. Project Data

Project ID	Project Name	
P111153	TZ-Strategic Cities Project	
Country	**Practice Area(Lead)**	
Tanzania	Urban, Resilience and Land	
L/C/TF Number(s)	**Closing Date (Original)**	**Total Project Cost (USD)**
IDA-47270,IDA-54600,IDA-59470	31-Dec-2015	340,372,832.17
Bank Approval Date	**Closing Date (Actual)**	
27-May-2010	26-Nov-2020	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	163,000,000.00	0.00
Revised Commitment	342,997,607.69	0.00
Actual	340,372,832.17	0.00

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2. Project Objectives and Components

a. Objectives

The project development objective (PDO) was to "improve the quality of and access to basic urban services in participating Local Government Authorities (LGAs)" (Financing Agreement page 5 and Project Appraisal Document para 15).

The participating LGAs are Arusha Municipal Council, Tanga City Council, Mwanza City Council, Kigoma Municipal Council, Dodoma Municipal Council, Mbeya City Council, and Mtwara Municipal Council, and also include the Capital Development Authority (CDA) in Dodoma.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

30-May-2014

c. Will a split evaluation be undertaken?

No

d. Components

Component 1. **Core urban infrastructure and services** (appraisal cost US$150.6 million, actual cost US$309.78 million). This component would support improvements in core infrastructure and key urban services in the Participating LGAs. It included two subcomponents:

(a) Investment in core urban infrastructure and services for subprojects prioritized by the Participating LGAs: (i) urban roads and drainage, including associated structures such as drainage ditches, culverts/bridges, footpaths and street lighting; (ii) solid waste management including solid waste collection centers, equipment for transportation and disposal, and the development or improvement of disposal sites; and (iii) local infrastructure such as bus and lorry stands;

(b) Technical assistance for construction supervision and support for the implementation and monitoring of Environmental and Social Management Plans (ESMPs) and Resettlement Action Plans (RAPs) linked to individual subprojects, including the payment of compensation costs.

Component 2. **Institutional strengthening** (appraisal cost US$12.7 million, actual cost US$17.82 million). This component would support the strengthening of the fiscal and management capacity of LGAs and CDA for improved operations and maintenance (O&M) and infrastructure development. The intended outcomes for this component included: (a) improved capacity for urban infrastructure development and management including technical design, procurement, financial management, contract management, and environmental and social safeguards; (b) improved asset management and O&M; (c) enhanced cost recovery and management of key urban services including solid waste; (d) improved own source revenues; (e) improved strategic urban planning; and (f) improved capacity of PMO-RALG to provide support to LGAs in the areas of urban infrastructure development and urban management.

Component 3. **Implementation support and preparation of future urban projects** (appraisal cost US$12.2 million, actual cost US$21.74 million). This component would provide (a) support for project implementation; and (b) finance preparation activities for future urban projects and technical assistance to the urban sector.

The two **Additional Financings (AF)** did not change the PDO or components. The scope of the project was expanded under the first AF to new infrastructure investments in urban roads, bus stands, terminals and lorry stations, street lights, drainage and new cells in existing landfills (restructuring Paper page 1). The AF will also enhance the development impact and sustainability of the investments financed by the original project by investing in equipment and operation, and maintenance capacity for existing infrastructure, and deepening local government capacity for urban management. The Restructuring Paper notes that most activities proposed for a scale-up were appraised when the parent operation was prepared but sufficient resources were not available at the time to finance them. These activities were therefore re-appraised for technical and financial due diligence.

The second AF would scale up impact by financing activities of similar nature (proposed under original project and the first AF) and other complementary activities including: (i) the rehabilitation/upgrading/construction of urban roads, sidewalks, foot bridges, bus/lorry stands, street lights and drains, public parks, markets and other community facilities and providing the two remaining cities with sanitary landfills; and (ii) strategic institutional strengthening and capacity building activities for project LGAs, particularly to build foundations for future local economic development, enhance implementation and enforcement of urban plans, and continue to improve solid waste management (SWM) and own source revenue (OSR) generation.

Geographical scope. At appraisal, the project intended to target the following seven urban centers: Mwanza, Arusha, Mbeya, Mtwara, Kigoma, Tanga and Dodoma. In Dodoma, the project would support both the Dodoma Municipal Council and the Capital Development Authority (CDA). These centers were selected on the basis of several criteria including economic contribution, service coverage, urban population growth and strategic location.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost. The actual project cost was US$340.4 million, substantially higher than the appraisal estimate of 175.5 million. This was because the project's scope was expanded, and it received two additional financings.

Financing. The original credit was US$163.0 million. The project received two Additional Financings, the first for the amount of US$50 million and the second for the amount of US$130 million. Thus, the total credit was US$343 million. The actual disbursement was US$340.4 million.

Co- financing. The co-financing from the Government of Denmark for the amount of US$12.5 million did not materialize.

Borrower Contribution. None planned.

Dates. The project was approved on May 27, 2010 and became effective on September 8, 2010. It closed on November 26, 2020, after a delay of almost five years (original closing date was December 31, 2015). The project closing date was extended due to the two additional financings, which increased he scope of the project; and also to complete some contracts, which were adversely affected due to the emergence of COVID-19.

Additional Financing (AF). Two AFs were approved:

- **First Additional Financing** of US$50 million was approved by the Board on May 30, 2014 and became effective on October 3, 2014. The PDO indicator "*people with access to an all season road*" was dropped because it was a subset of the indicator "*direct project beneficiaries*". The PDO indicator "*roads in good and fair condition as a share of total classified roads*" was dropped because according to the Restructuring Paper (page 3), Tanzania did not have a standardized definition of roads in "good and fair condition". The ICR notes that this indicator was influenced by other non-project related activities (e.g. inadequate maintenance of the road network outside the project area) and therefore found to be an imprecise measure of project results. A new indicator "*Non-rural roads rehabilitated or constructed to paved standard*" was added.
- **Second Additional Financing** of US$130 million was approved by the Board on February 27, 2017 and became effective on June 20, 2017. The project closing date was extended to May 26, 2020.

Split Rating. The two Additional Financings did not change the PDO or components. As discussed above under components, the scope of the project was expanded. The PDO targets were increased (except for the waste disposed at landfills; it was overachieved in the end). A split evaluation will not be carried out.

3. Relevance of Objectives

Rationale

Country and Sector Context: At appraisal (from 2002 to 2008), Tanzania was experiencing a strong economic growth of 7.0% (PAD para 1). However, the main challenge was to translate economic growth into poverty reduction, with the country registering only a small decline in poverty incidence from 35.7% in 2000 to 33.5% in 2007. Tanzania was experiencing rapid urbanization, the urban population was growing over 5% per annum - more than twice the rate for the population as a whole. The PAD (para 6) noted that the percentage of people living in urban areas was likely to grow from 24% in 2005 to 38% in 2030. However, the cities were constrained by (a) urban infrastructure deficits and proliferation of informal settlements; (b) inadequate fiscal and management capacity for sustained urban development and management.

Alignment with Country Priorities: The project objectives are fully aligned with the Tanzania Development Vision 2025. The Vision 2025 emphasized "economic transformation", i.e., the need for more inclusive growth and poverty reduction, underpinned by the structural transformation of the economy from "a low-productivity agricultural economy to a semi-industrialized one" (PAD para 3). The Vision 2025 underpinned well-functioning and productive urban centers as essential for catalyzing and supporting the transformation of the Tanzanian economy and efforts to translate economic growth into poverty reduction. Tanzanian cities were the engines of economic growth, with industry and services (based in cities) contributing 56.3% of the country's growth from 1990 to 2003 (PAD para 4).

The project was consistent with the Government's second National Five-year Development Plan 2011/12-2015/16, theme of "Nurturing Industrialization for Economic Transformation and Human Development" (ICR page 23).

Alignment with the World Bank Strategy: The PDOs were aligned with the World Bank's Country Assistance Strategy 2012–2015, which recognized the rapid urban population growth and high urbanization rate faced by Tanzania as one of the main development challenges for the country. The project objectives are highly aligned with the current Country Partnership Framework (CPF) for the period FY2018 - 2022, especially the third Focus Area 3 "modernize and improve efficiency of public institutions" and sub-objective 3.1. " Strengthen Public Sector Accountability and Financial Efficiency in Delivering Services".

Previous Bank Experience. The World Bank had financed rehabilitation and construction of essential urban infrastructure through several projects. The Urban Sector Rehabilitation Project (which closed in December 2004) financed essential rehabilitation and expansion of urban infrastructure in ten project towns. The Local Government Support Project supported community urban infrastructure upgrading in Dar es Salaam only. The Urban Development and Environment Management supported Local Government Authorities (LGAs) in financing "strategic large infrastructure investments". This project would not only provide the critical infrastructure in key urban LGAs but also support improvement in fiscal and management capacity for urban development and management.

The degree to which the PDO reflects a solution to a development problem. While there is a clear alignment between the project's development objectives and the country- and World Bank strategies, the relevance of the objectives is pitched at a level that does not adequately reflect a potential solution to a development problem. While acknowledging the difficulty of the operational environment, a shortcoming here was that the objective was not defined such that its achievements would be plausibly traceable to improvements envisioned to arise from "improved the quality of and access to basic urban services". Focusing on "improved quality and access to basic urban services" alone is not outcome focused and does not help in understanding what development results were expected as a consequence of the project, whether those results would increase incomes, economic growth or other factor affecting urban livelihoods. These may be longer term targets but tracking them and identifying them is an important aspect of a successful development operation. Besides, apart from infrastructure development and service delivery, the project also supported institutional strengthening, and promoting accountability and governance.

While there was a clear alignment between the project's development objectives and the country and World Bank strategies, the PDO formulation was pitched at a level that did not adequately reflect a solution to a development problem. Relevance of objectives is therefore rated **Substantial.**

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Improve the quality of and access to basic urban services in participating Local Government Authorities (LGAs).

Rationale

Theory of Change (ToC). The ToC envisioned that project activities such as rehabilitation and expansion of core urban infrastructure services would result in outputs such as construction of roads, bus stations and lorry stands, drains, and landfills. These outputs would support the achievement of the project objective of improving access to basic urban services, i.e., "the extent to which there is improved geographical coverage of urban services", and of improving the quality of services, i.e., "the extent to which there are improvements in the condition of infrastructure" (PAD, Annex 3-Results Framework). The project also included the focus on improved institutional capacity of the participating Local Government Authorities (LGAs) and recovery of operational and maintenance (O&M) cost of urban infrastructure.

The key assumptions that underpinned the achievement of the PDO were: (a) LGAs would have sufficient and capable staff for project implementation; and (b) the learning-by-doing approach during implementation would be effective to train staff.

Outputs

Urban infrastructure and services.

43 km of drains were constructed, exceeding the revised target of 31 km and original target of 15 km.

253.6 km of non - rural roads were rehabilitated or constructed (to paved standard), exceeding the revised target of 220 km and original target of 231km. These roads now provide all-season access to hospitals, jobs, schools and markets. The ICR reports (page 18) that the business owners and patrons along upgraded roads report increased safety associated with streetlights, which has enabled an increase in operating hours of formal and informal businesses as well as reduction in crimes. The reduction in crime is reported by the daladala bus drivers in Kigoma-Ujiji (no specific numbers are provided in the ICR).

Prior to the project, there were no sanitary landfills in Tanzania. The project cities relied on informal, unlined dumpsites and lacked formal collection points and modern solid waste collection equipment. 7 landfills were constructed or improved, achieving the original target of 7; and 17 cells were constructed, exceeding the original target of 15 cells. Solid waste management equipment was purchased for the seven landfills.

277 waste collection points were constructed/ rehabilitated, exceeding the original target of 255.

11 bus stations, terminals or lorry stands were constructed or improved, exceeding the original target of 10.

29 sub-projects included gender-sensitive design features, exceeding the revised target of 17 (no original target was set).

Institutional strengthening.

By project close, all 8 LGAs were covered by General Planning Schemes (urban master plans), which are an important tool for cross-sector coordination, capital investment planning, and neighborhood level zoning (ICR page 18). The ICR also notes that 7 LGAs had up-to-date strategic urban development plans as targeted.

An IT-based Local Government Revenue Collection and Information System (LGRCIS) was developed and, as reported by the ICR (page 80), it was scaled up from 8 LGAs to all 185 LGAs in mainland Tanzania. The

ICR estimates (page 18) that revenue losses due to siphoning of manually recorded revenue collections were substantially reduced due to increased accountability and transparency through project investments in the electronic revenue collection information and asset management systems. LGRCIS automates billing through bar codes on invoices. By project closure, taxpayers in all project cities had access to electronic bills for taxes and fees due, and electronic receipts upon payment. Prior to the project, billing and receipts were manual.

The ICR (page 77) reports that due to initial delays in mobilization and then additional delays caused by the COVID-19 pandemic, planned institutional strengthening activities relating to urban planning systems, GIS mainstreaming, and OSR strengthening were dropped under the project but taken up under the ongoing Dar es Salaam Metropolitan Development Project.

Outcomes

Access

The project activities improved access to basic urban services in participating Local Government Authorities (LGAs). The project infrastructure investments benefitted 1,890,687 beneficiaries, exceeding the revised targets of 1,741,000 (AF2) and 1,483,000 (AF1); and original target of 952,806. The ICR notes that 49% of the beneficiaries were females.

At project closure, 1,278,053 people had access to improved public transport services (bus stations, terminals or lorry stands), exceeding the revised target of 1,266,200.

Quality

Based on the interviews with project beneficiaries (no specific numbers were given), drains installed in previously impacted areas are reported to have dramatically reduced the occurrence of flooding. In addition to interviews, it would have been useful for the project team to have collected data on the amount of rainfall and the data on water levels and flooding. Officials from the Dodoma City Council reported that prior to the construction of storm water drains, flooding was a common occurrence in Ilazo and Ipagala wards, often necessitating emergency rescues of households, and that road and electricity infrastructure in the area experienced recurrent damage from flooding. Flooding to these areas have effectively been eliminated as a result of project investments.

At project closure, 85% of waste was being disposed at landfills (as percent of total waste generated in LGAs), exceeding the revised target of 40% (AF1 and AF2) and the original target of 58%. While the ICR reports (para 27) that regular solid waste collection services were being provided at the 277 solid waste collection points financed by the project, it is not clear how 'regular' is defined, and to what extent the collection services have improved (e.g., % coverage, and % of collected waste of the generated amount) in the selected LGAs.

LGAs own-source revenue (from base year) increased substantially by 457%, exceeding the revised targets of 100% (AF2) and 70% (AF1); and the original target of 45%. The ICR notes (page 38) that this was due to the rapid growth of the City and plot sales (which were a major source of revenue).

There was an increase in spending on operations and maintenance (O&M) that would support the quality of services. Overall, municipalities were spending 28% of their total municipal expenditure on operations and maintenance (O&M), exceeding the revised target of 20% and original target of 16% (baseline was 8%).

- 84% of O&M cost for solid waste management were being recovered from direct fees and charges, against the revised target of 25% and original target of 12%.
- 95% of O&M cost for bus stations, terminals or lorry stands were being recovered from direct fees and charges, against the revised target of 80% and original target of 65%.

Rating
Substantial

OVERALL EFFICACY

Rationale
The project achieved the PDO to improve the quality of and access to basic urban services in participating Local Government Authorities (LGAs). The project exceeded all four of its PDO indicator targets. While the increase beyond the targets is notable, this cannot be attributed to the project activities in all the cases, i.e., increase in own-source revenue over base year. Also, it is not clear what project activities led to the increase in O&M spending and cost recovery. Overall, project efficacy is rated **Substantial**.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic Efficiency. At appraisal, the economic rate of return (ERR) was 24.5% for roads, 13.8% for solid waste investments and 18.4% for bus and lorry terminals. The costs and benefits were assessed by comparing the “without” and “with” investment scenarios. Costs include the present value of the investment costs, estimated compensation costs for involuntary removal of people or assets, and operations and maintenance costs. Benefits included the revenues from income generating assets and the quantifiable economic benefits for the main beneficiaries (e.g. users of the infrastructure and services, and property owners benefiting from infrastructure improvements. A 20-year time horizon and 12% discount rate were assumed (PAD page 19). The average ERR was 22%.

The ICR used the appraisal methodology and a sample of interventions were selected. The sample consisted of six road interventions (Mwanza City, Ilemela Municipality, Dodoma City, Mbeya City, Mtwara Mikindani Municipality and Kigoma Ujiji Municipality), one bus terminal and lorry terminal in Tanga, solid waste management in Tanga, landfill in Arusha, Duga water drainage in Tanga, and improvement of OSR in Mwanza, Arusha, Ilemela, Kigoma, Mtwara, Tanga and Mbeya. The *ex-post* ERR was 48% for roads, 12% for solid waste management – Tanga, 32% for Arusha landfill, 13% for bus station and 33% for Duga drainage (ICR para 33). The overall ERR was 40%, higher than the appraisal estimate of 22%. This was mainly because the actual cost was lower by 10% and actual benefits were equal or higher (ICR page 55).

Administrative efficiency. There were some construction delays due to delays in compensation payment.

Overall, project efficiency was **substantial**.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	22.00	94.00 ☐ Not Applicable
ICR Estimate	✓	40.00	0 ☑ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the PDO to the Government and Bank strategies is rated substantial. The project achievement of the PDO to improve the quality of and access to basic urban services in participating Local Government Authorities (LGAs) is rated substantial. Efficiency is rated substantial. Based on these ratings, the project outcome is **satisfactory**.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

Financial Risk. Inadequate operations and maintenance (O&M) for sub-projects financed under the original credit was noted during implementation. Municipalities' limited funds for operations and maintenance of solid waste equipment and drainage poses a substantial risk to the proper maintenance and operation of the sanitary landfills (which are associated with substantial operating expenses for moving and compacting waste) and stormwater drains (which are prone to blockage from solid waste and sedimentation).

Regarding the Local Government Authorities (LGAs) ability to afford O&M, it is unclear if there will be a revenue sharing arrangement between LGAs and the central government and if so, what the percent split would be. While property tax collection was centralized in 2016, it was delegated back to the LGAs in early 2021. This is a promising development for O&M, however the change is recent and the revenue sharing arrangement between LGAs and the central government is unclear.

Institutional Risk. There is a lack of an institutional arrangement for effective metropolitan governance. While Dar es Salaam and Mwanza have City Councils with coordination powers, these lack legal mandates empowering them to effectively coordinate development actors such as municipal councils which are the land use planning authorities, and centralized roads authorities and state-owned enterprises such as electric and water/sanitation utilities. Institutional risk is substantial.

There is a substantial risk to the implementation of master plans and proper use of infrastructure investments. Although master plans are now in place, they are used by LGAs as guiding documents rather than authoritative. The land uses proposed in master plans are not statutory zoning and tend only to be enforced where detailed neighborhood-level plans are in place (as these contain legally binding zoning).

The ICR notes (para 81) that the cities were struggling to maintain some infrastructure (particularly sidewalks) for its intended use "urban management strategies were not effectively balancing the space needs of informal trading with mobility needs". Some sidewalks constructed under the project had been repurposed as semi-permanent trading spaces for informal vendors, and LGAs were not empowered by central government to seek solutions that balance this demand for public space.

Trends towards recentralization of service delivery may adversely impact sustainability of infrastructure funded by the project. In 2019, reporting lines for town planners and land officers were transferred from President Office - Regional Administration and Local Government (PO-RALG) to the Ministry of Lands, Housing, and Human Settlements Development (MLHHSD). However, the staff from these agencies were un available to serve the needs of the municipalities.

8. Assessment of Bank Performance

a. Quality-at-Entry

The objectives statement was clear, the project design was simple, and the planned investments were to be selected based on community preferences and an multi-criteria. The design incorporated lessons from other Bank projects in Tanzania namely, the Urban Sector Rehabilitation Program (USRP) and Local Government Support Project (LGSP). These included: (a) simple and easily manageable activities, especially in the context of weak capacity for project implementation; (b) instilling ownership at the local level; and (c) applying a "contractual approach" through a municipal contract mechanism (PAD page 10). The PAD specified the risks the Project would face and identified adequate mitigation measures. The overall risk rating was moderate. Feasibility, designs, and safeguards documents for some priority roads and drainage works were prepared by appraisal and procurement initiated soon after effectiveness. The quality at entry was **satisfactory**.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The World Bank undertook 22 implementation support missions during the project's 10 years and 6 months of implementation. Technical missions were carried out to resolve pending issues and to provide hands-on support to the implementing agencies and LGAs. The World Bank team engaged a solid waste management expert for landfill construction, operation and management.

Supervision of social and environmental safeguards was adequate. The ICR notes (para 75) that close follow up was provided to ensure land issues were resolved in compliance with resettlement procedures. The team was also proactive in flagging potential issues and devising action plans to remedy them, as well as taking strong measures to proactively address problems when they arose.

Staff turnover on the World Bank team was high - the project had six Task Team Leaders (TTLs) and three co-TTLs between 2010 to 2020. The ICR (para 72) notes that the TTL changes did not disrupt project implementation as the transition was smooth with proper documentation. The quality of supervision was **satisfactory**.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The project design included overall adequate outcome and intermediate indicators to measure the achievement of the PDO. The PDO, however, did not reflect all the depth of project interventions that related to institutional and sustainability aspects. The target values and definition of outcome and intermediate outcome indicators were specified in Annex 3 of the PAD. It lacked relevant indicators to measure reduction of flooding.

The Prime Minister's Office - Regional Administration and Local Government (PMO-RALG) was assigned the responsibility for monitoring and evaluation system, in coordination with the participating LGAs. The PMO-RALG was also responsible for compiling data and executing surveys and regular evaluations as necessary to monitor progress on project outcome indicators, with quarterly report updates on these indicators (PAD para 39).

b. M&E Implementation

During the project implementation, each LGA's PIU and the PO-RALG PCU maintained two M&E officers responsible for M&E. The results framework was revised during additional financing to update indicators to reflect the additional subprojects and new activities. The indicator relating to property valuations was dropped as it was no longer relevant due to shift in responsibilities for valuation, billing and collection of property tax from the Local Governments to the Tanzania Revenue Authority (TRA), in July 2016.

The indicators on roads in good and fair condition as a share of total classified roads in target area (km, %) and people with access to an all season road (number, % of targeted population) were dropped, as these indicators were determined to be influenced by other non-project related activities (e.g. inadequate maintenance of the road network outside the project area) and therefore found to be an imprecise measure of project results. The following new indicators were added: non-rural roads rehabilitated or constructed to paved standard, amount spent on O&M as total municipal expenditure and People with access to improved public transport services.

There were some weaknesses during early implementation. These included: (i) poor data quality and data gaps; (ii) inadequate information sharing; (iii) weak technical capacity in LGAs; and (iv) poor understanding of M&E function. M&E capacity improved through training, better coordination, sensitization and awareness and development of an online M&E platform.

c. M&E Utilization

The ICR reports (para 58) that the data collected from M&E was used to inform project management and decision-making, especially monitoring the progress of infrastructure works, solid waste management and community facilities.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as Environmental Category "B" and three safeguards policies were triggered: Environmental Assessment (OP/BP 4.01), Physical Cultural Resources (OP/BP 4.11), and Involuntary Resettlement (OP/BP 4.12).

Environmental Assessment OP/BP 4.01. At appraisal, the government carried out an Environmental and Social Impact Assessment (ESIA) for all sub-projects and also prepared Environmental and Social Management Plans (ESMPs). The PAD stated (para 69) that most of the proposed roads were in developed areas and the potential environmental impacts would be managed through a generic ESMP, which would cover associated structures such as drainage, footpaths and street lights. However site-specific ESMPs were prepared for the solid waste disposal sites, which included recommendations for designs to address key aspects such as ground water and soil types, drainage and surrounding land uses.

The Environmental and Social Impact Assessment (ESIAs) including ESMPs and Resettlement Action Plans (RAPs) for each city were disclosed in the World Bank's InfoShop on February 2, 2010 and in-country on May 5, 2010.

The ICR reports (para 61) that the Project had diverse challenges related to regular monitoring and reporting of safeguards issues but provides no details. The ICR notes that LGAs and contractors generally complied with Environmental and Social Management Plans (ESMPs).

The ICR reports (para 61) that the compliance with environmental safeguards was moderately satisfactory.

Physical Cultural Resources OP/BP 4.11. The upgrading of the Mikindani road in Mtwara which passes by Livingstone's abode, which is considered as a heritage site - triggered OP/BP 4.11. **The ICR does not report on compliance with this safeguards policy.** According to the email from TTL (dated August 10, 2021), **"***In Mtwara Mikindani there were no road infrastructure constructed within or along the heritage site. Small improvement was done on existing commuter bus stand (also known as daladala) at Mikindani along the Lindi – Mtwara existing trunk road. Also, the Livingstone rest house was provided with paving blocks along their walkways (for community passageway) without impacting physical cultural aspect. Thus, physical cultural element of the safeguards remained satisfactory throughout project implementation".*

Involuntary Resettlement OP/BP 4.12. The project investments were not expected to result in large scale displacement of people and loss of assets (PAD para 66). An abbreviated Resettlement Action Plan (RAP) was prepared.

The ICR notes that LGAs and contractors generally complied with the RAPs. Compensation was delayed (sometimes by over nine months) because LGAs lacked funds - resulting in delays in RAP implementation. Also, the changes in design of drainage system resulted in changes to affected people. **The ICR reports (para 61) that the compliance with social safeguards was moderately satisfactory.**

The ICR reports (para 62) that the compliance with occupation health and safety (OHS) measures was adequate. There was one fatal accident in 2019 involving road construction in Dodoma. Following the fatality, immediate corrective actions were undertaken to ensure (i) the contractor paid insurance to the victim's family; (ii) protection of all work sites; and (iii) hiring of an OHS expert by supervising consultant to strengthen OHS capacity.

b. Fiduciary Compliance

Financial Management. The ICR notes (para 65) that the project complied with the World Bank's financial management procedures. There were some weaknesses in internal audit arrangement and advance payments. These were addressed through capacity building and handholding by the World Bank Financial Management Specialists and consultants.

Financial management was rated satisfactory during project implementation. The audit reports were unqualified. The implementing agency had adequate financial management capacity with a qualified full-time financial manager and an accountant. The quarterly interim financial reports (IFRs) and annual audit reports were submitted within the stipulated timelines.

Procurement. The ICR notes (para 68) that the procurement capacity was adequate at national level but was low in the participating Local Government Authorities (LGAs) partly due to the huge staff turnover. Contract management weaknesses affected procurement performance. In some cases, the LGAs/ PCU took corrective action on contracts that were flagged as being at risk.

At project closure, three packages (two for solid waste management equipment and one for GIS electronic equipment) amounting to nearly US$3 million were not delivered as per contract terms due to COVID-19 pandemic. These contracts were terminated as per contract terms (ICR para 67).

c. Unintended impacts (Positive or Negative)

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d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The following lessons are adapted from the ICR:

Long-term transformative impact and sustainability of urban development projects in rapidly growing cities relies on the government’s ability to plan and enforce land use regulations and to secure public land for future infrastructure. Interventions such as demarcation of infrastructure rights of way, identification and protection of environmentally sensitive and hazardous lands, assembly of land would be needed for future infrastructure and services (through acquisition or land readjustment), and drastically increasing coverage of neighborhood-level land use plans may be complicated from a political or social safeguards management point of view.

Enhancing own source revenue (OSR) collection in local governments requires a deep and robust understanding of the policy environment, current practices, and incentive structures surrounding Local Government Authority (LGA) OSR generation. System development and upgrading is an important entry point that can achieve immediately impressive results, as was the case for Local Government Revenue Collection Information System (LGRCIS), but anchoring system improvements in a comprehensive institutional strengthening program that includes development and operationalization of revenue enhancement strategies through training, hands on support for data collection, continual M&E, and ongoing technical assistance is necessary for cementing and deepening system benefits.

To ensure sustainability of project investments, business plans and operation and maintenance (O&M) arrangements of economic infrastructure needs to be prepared upfront. The project experience shows that while most infrastructure became operational right after completion, some economic infrastructure such as the two lorry terminals were not put into operation due to the absence of business plans and associated O&M arrangements.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is well-written, candid, and complies with the OPCS guidelines. The ICR provides a set of observations that are aligned to the project development objective. It offers several useful and specific lessons drawn from the project experience. While the report presents a theory of change and related assumptions, the efficacy section of the main text does not sufficiently explain the linkages between the project activities and selected outcomes, in particular, for example, which activities led to the increase in O&M spending. Annex 6-Supporting Documents is extremely useful. It provides much more substantive and candid reporting on the component 2- institutional strengthening activities than the main text; with regard to the infrastructure support, it is however largely based on assumptions, without data analysis, even if selectively. For example, "new standalone drains resulted in reduced water borne diseases and improved health conditions, improved environment (erosion control) and provided a safer living environment", or "stakeholders noted improved health with reduction in waterborne disease, declined malaria cases, reduction in pollutants and reduced medical costs through environmental management". For the 10-year investment operation of US$340 million in infrastructure in the selected LGAs, the development impact could have been better measured. The ICR has some inconsistency in reporting on the outputs, e.g., it says in the main text (page 18) that all 8 LGAs were covered by urban master plans, while in Annex 6 it says that seven out of eight LGAs were covered by an approved master plan, referred to in Tanzania as a General Planning Scheme (GPS). It also has a minor omission in the data presentation: incomplete project cost by components table in Annex 3. Overall, the quality of ICR is **Substantial**.

a. Quality of ICR Rating

Substantial