



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

FOR OFFICIAL USE ONLY

Report No: PAD3384

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 104.5 MILLION
(US\$150.0 MILLION EQUIVALENT)

TO THE

UNITED REPUBLIC OF TANZANIA

FOR A

BOOSTING INCLUSIVE GROWTH FOR ZANZIBAR: INTEGRATED DEVELOPMENT
PROJECT

MAY 18, 2021

Urban, Disaster Risk Management, Resilience and Land Global Practice
Eastern and Southern Africa Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2021)

Currency Unit = Tanzanian Shilling

TZS 2,298.02 = US\$1

US\$ 1.4360 = SDR 1

FISCAL YEAR

July 1 – June 30

Regional Vice President: Hafez M. H. Ghanem

Country Director: Mara Warwick

Regional Director: Mark Lundell

Practice Manager: Meskerem Brhane

Task Team Leaders: Yohannes Yemane Kesete, Qingyun Shen, Catalina Ochoa

ABBREVIATIONS AND ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
ASA	Advisory Services and Analytics
AUI-U	Area-based Upgrading Investments for Unguja
AUI-P	Area-based Upgrading Investments for Pemba
AWPB	Annual Work Plan and Budget
CAG	Controller and Auditor General
CBA	Cost-Benefit Analysis
CERC	Contingent Emergency Response Component
COVID-19	Coronavirus Disease 2019
CPF	Country Partnership Framework
CSO	Civil Society Organizations
DA	Designated Account
DFID	Department for International Development (United Kingdom)
DFIL	Disbursement and Financial Information Letter
DoMA	Department of Museum and Antiquities
DoURP	Department of Urban and Rural Planning
ESIA	Environmental and Social Impact Assessment
ESHS	Environmental, Social, Health and Safety
ESMAP	Energy Sector Management Assistance Program
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FM	Financial Management
GBV	Gender-based Violence
GDP	Gross Domestic Product
GIS	Geographic Information System
GoT	Government of Tanzania
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HIV	Human Immunodeficiency Virus
ICT	Information and Communication Technology
IFC	International Finance Corporation
IFR	Interim Financial Report
IPSAS	International Public Sector Accounting Standards
IRM	Immediate Response Mechanism
IRR	Internal Rate of Return
ISP	Implementation Support Plan
LAD	Local Area Development
LMIC	Lower-Middle-Income Country
MAIR	Michenzani Area Integrated Redevelopment
M&E	Monitoring and Evaluation
MoLHD	Ministry of Land, Housing and Development (Zanzibar)
MoTH	Ministry of Tourism and Heritage (Zanzibar)
MoICT	Ministry of Infrastructure, Communication and Transport (Zanzibar)

MTR	Mid-Term Review
NGO	Non-Government Organization
NMT	Non-Motorized Transport
NPP	National Procurement Procedures
NSDS	National Spatial Development Strategy
O&M	Operation and Maintenance
OCGS	Office of Chief Government Statistics (Zanzibar)
OP/BP	Operational Policies/ Bank Procedures
OSR	Own Source Revenue
PAP	Project Affected Person
PDO	Project Development Objective
PFM	Project Financial Management
PIM	Project Implementation Manual
PMC	Project Management Consultancy
PMT	Project Management Team
PP	Procurement Plan
POFP	President's Office Finance and Planning (Zanzibar)
PORALGSD	President's Office Regional Administrations, Local Governments and Special Departments (Zanzibar)
PPP	Public-Private Partnership
PPSD	Project Procurement Strategy for Development
PRAMS	Procurement Risk Assessment and Management System
PSC	Project Steering Committee
PTCC	Project Technical Coordination Committee
RAP	Resettlement Action Plan
RGoZ	Revolutionary Government of Zanzibar
RPF	Resettlement Policy Framework
SCD	Systematic Country Diagnosis
SDI	Spatial Data Infrastructure
SEP	Stakeholder Engagement Plan
SESA	Strategic Environmental and Social Assessment
SMEs	Small and Micro Enterprises
SPD	Standard Procurement Documents
STCDA	Stone Town Conservation and Development Authority
STMMP	Stone Town Mobility Management Plan
STCHMP	Stone Town Conservation and Heritage Management Plan
STEP	Systematic Tracking of Exchanges in Procurement
STMMP	Stone Town Mobility Management Plan
STMPSI	Stone Town Mobility and Public Space Improvement
SWM	Solid Waste Management
SWMIITA	Solid Waste Management Improvement Investment and Technical Assistance
ToR	Terms of Reference
TTL	Task Team Leader
TZS	Tanzanian Shillings
UNDB	United Nations Development Business
UNESCO	United Nations Educational, Scientific and Cultural Organization

UNICEF	United Nations Children's Fund
URT	United Republic of Tanzania
WHS	World Heritage Site
WHS	World Heritage Site
ZCCS	Zanzibar Climate Change Strategy
ZLEF	Zanzibar Long-term Engagement Framework
ZMTDS	Zanzibar Medium Term Development Strategy
ZPRP	Zanzibar Poverty Reduction Plan
ZUMC	Zanzibar Urban Municipality Council
ZUSP	Zanzibar Urban Services Project



TABLE OF CONTENTS

DATASHEET	1
I. STRATEGIC CONTEXT	7
A. Country Context.....	7
B. Sectoral and Institutional Context.....	10
C. Relevance to Higher Level Objectives.....	13
II. PROJECT DESCRIPTION.....	15
A. Project Development Objective (PDO).....	15
B. Project Components	15
C. Project Beneficiaries	20
D. Results Chain	20
E. Rationale for Bank Involvement and Role of Partners	21
F. Lessons Learned and Reflected in the Project Design	22
III. IMPLEMENTATION ARRANGEMENTS	23
A. Institutional and Implementation Arrangements	23
B. Results Monitoring and Evaluation Arrangements.....	24
C. Sustainability.....	25
IV. PROJECT APPRAISAL SUMMARY	25
A. Technical, Economic and Financial Analysis	25
B. Fiduciary.....	28
C. Safeguards	29
V. KEY RISKS	32
VI. RESULTS FRAMEWORK AND MONITORING	36
ANNEX 1: Detailed Description of Project Activities	46
ANNEX 2: Implementation Arrangements and Support Plan	53
ANNEX 3: World Bank Group Tanzania COVID-19 Country Program Response Note	71
ANNEX 4: Map of Zanzibar with Locations of Project Interventions.....	74



DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Tanzania	Boosting Inclusive Growth for Zanzibar: Integrated Development Project	
Project ID	Financing Instrument	Environmental Assessment Category
P165128	Investment Project Financing	B-Partial Assessment

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
10-Jun-2021	30-Jun-2026

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The project development objective (PDO) is to increase access to improved living conditions and service delivery in targeted areas in Zanzibar and to enhance institutional capacity of the government.



Components

Component Name	Cost (US\$, millions)
----------------	-----------------------

Component 1: Area-Based Integrated Urban and Infrastructure Development	126.00
---	--------

Component 2: Strengthening Institutions for Urban Management and Encouraging Innovation	13.00
---	-------

Component 3: Project Management, Monitoring and Evaluation	11.00
--	-------

Component 4: Contingent Emergency Response	0.00
--	------

Organizations

Borrower: United Republic of Tanzania

Implementing Agency: President's Office - Finance and Planning, Zanzibar

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	150.00
Total Financing	150.00
of which IBRD/IDA	150.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	150.00
IDA Credit	150.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Tanzania	150.00	0.00	0.00	150.00
National PBA	150.00	0.00	0.00	150.00



Total	150.00	0.00	0.00	0.00	150.00	
Expected Disbursements (in US\$, Millions)						
WB Fiscal Year	2021	2022	2023	2024	2025	2026
Annual	0.00	10.50	29.50	49.00	41.50	19.50
Cumulative	0.00	10.50	40.00	89.00	130.50	150.00

INSTITUTIONAL DATA

Practice Area (Lead)

Urban, Resilience and Land

Contributing Practice Areas

Finance, Competitiveness and Innovation, Transport

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Moderate
7. Environment and Social	● Substantial
8. Stakeholders	● Moderate
9. Other	
10. Overall	● Moderate



COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04	✓	
Forests OP/BP 4.36		✓
Pest Management OP 4.09		✓
Physical Cultural Resources OP/BP 4.11	✓	
Indigenous Peoples OP/BP 4.10		✓
Involuntary Resettlement OP/BP 4.12	✓	
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

Legal Covenants

Sections and Description

Effect Project Technical Committee

Description of Covenant:

In accordance with Section I.A.1(b) of Schedule to the Project Agreement:

RGoZ shall establish by not later than six (6) months after the Effective Date, and thereafter maintain throughout the period of Project implementation, a Project technical committee (“PTC”) headed by the Director (External Finance) of POFP, with membership/representation from MDAs, at Director-level, acceptable to the Association, and under terms of reference acceptable to the Association.

Sections and Description



Recruitment of a Project Management Consulting firm

Description of the Covenant:

In accordance with Section I.A.1(d) of Schedule to the Project Agreement:

RGoZ shall select and engage by not later than eight (8) months after the Effective Date, and thereafter maintain for the first two-years of Project implementation period, the services of a project management consulting firm (“PMC”) with qualification and experience and under terms of reference acceptable to the Association.

Sections and Description

Effect Grievance Redress Mechanism

Description of the Covenant:

In accordance with Section I.E.1 of the Schedule to the Project Agreement:

RGoZ shall establish, by not later than six (6) months after the Effective Date, and thereafter maintain/operate throughout the period of Project implementation, and publicize the availability of, a grievance redress mechanism (“GRM”), in form and substance satisfactory to the Association.

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	The Subsidiary Agreement has been duly executed and delivered between the Government of Tanzania and the Revolutionary Government of Zanzibar (RGoZ), and all conditions precedents to its effectiveness or to the right of the RGoZ to receive the proceeds of this Financing thereunder have been fulfilled.
Disbursement	IBRD/IDA	No withdrawal shall be made under Categories (1) and (2) as defined in the Financing Agreement, until and unless, the Project Implementing Entity has developed and adopted the Project Implementation Manual (PIM) in a manner and substance satisfactory to the Association pursuant to Section I.B of the Schedule to the Project Agreement.
Disbursement	IBRD/IDA	No withdrawal shall be made under Category (3) as defined in the Financing Agreement, until and unless, the Association is satisfied, and has notified GoT and the RGoZ of its satisfaction, that all of the following conditions have been met, namely: (i) GoT and the RGoZ have determined that an Eligible Crisis or Emergency has occurred, have furnished to the Association a request to include certain activities in the Contingent Emergency Response Component (CERC), and the Association has agreed with such determination; (ii) the



		<p>RGoZ has prepared and disclosed all safeguard instruments, acceptable to the Association, required for said activities, and has implemented any actions which are required to be taken under said instruments; (iii) the RGoZ has provided sufficient evidence satisfactory to the Association, that the coordinating authority has adequate staff and resources for the purposes of said activities; and (iv) the RGoZ has adopted a CERC Operations Manual in form, substance and manner acceptable to the Association.</p>
--	--	--



I. STRATEGIC CONTEXT

A. Country Context

Tanzania

1. **Tanzania is a geographically large, diverse, and strategically important lower-middle-income country (LMIC) on the Indian Ocean.** Out of 54 African countries, Tanzania is the 5th largest in terms of population, the 9th largest in terms of the size of economy (by gross domestic product [GDP] in US dollars), and the 13th largest in terms of geographical area. Solid income growth over two decades led the country to reach LMIC status in July 2020.

2. **The graduation from low-income status reflects sustained macroeconomic and political stability as well as the country's rich natural resources endowment and strategic geographic position.** Macroeconomic stability has been crucial to Tanzania's growth: inflation rates have been low—below 5 percent since 2018—and sustainable fiscal and current-account deficits have been financed by a combination of domestic and external sources. Over the past two decades, investment has been a key driver of economic growth: the rise in overall investment translated into a sustained accumulation of capital stock and has consistently accounted for roughly two-thirds of real GDP growth.

3. **Coronavirus Disease 2019 (COVID-19) has negatively impacted Tanzania's macroeconomic performance—decelerating GDP growth in 2020—although Tanzania is one of the few economies in the region that avoided recession.**¹ The global economic slowdown adversely affected Tanzania's export-oriented industries, especially tourism and traditional exports, and has caused a drop in foreign investment. The exception is gold mining which has benefitted from rising prices since the onset of the pandemic. Although the government did not impose a lockdown, the pandemic initially spurred precautionary behaviors that slowed down domestic economic activity.

4. **Tanzania's vulnerability to the global pandemic remains high, and risks are tilted to the downside.** Under a severe outbreak, Tanzania's health care system would become heavily strained, and social distancing would paralyze most manufacturing and services. In early 2020, the Government of Tanzania (GoT) implemented critical measures aimed at containing the spread of COVID-19 and encouraged people to avoid unnecessary movements, practice hand hygiene and social distancing, and identified several public and private hospitals that would serve as isolation centers for people infected with COVID-19. The government reported COVID-19 cases up to April 28, 2020. The availability of official information on COVID-19 infection and mortality rates is important in assessing the effectiveness of national public health response. In February 2021, the Minister of Health, Community Development, Gender, Elderly, and Children restarted efforts to contain the pandemic, urging the general public to take precautionary measures against the spread of infectious diseases, including COVID-19, and urged wearing of masks, avoiding overcrowding in hospitals, and continued education of the population by health professionals.

5. **The poverty rate in Tanzania has been declining gradually.** The national poverty headcount has improved from 34.4 percent of population in 2007 to 28.2 percent in 2012 and further to 26.4 percent in 2018. Despite Tanzania's impressive GDP growth between 2012 and 2018, poverty reduction slowed, and growth has become

¹ World Bank. 2021. Tanzania Economic Update, 15th Edition.



less inclusive. Inequality has also risen during this period. The international poverty headcount (US\$1.90 per day at 2011 purchasing power parity) remained high and unchanged during this period, at 49 percent.

6. **Successful transition to upper middle-income status will require sustaining high growth while offering a more inclusive set of economic opportunities to improve living standards for the majority of Tanzanians.** National aspirations laid out in the Tanzania Development Vision (TDV) 2025 are to transition to a middle-income country with a high level of human capital development, characterized by improvements in the quality of livelihood of the people. Tanzania has made improvements in life expectancy; infant mortality; primary and secondary school enrollment rates; gender equality; and access to health, electricity, water, and sanitation. However, there is still a large agenda ahead to sustain growth over the medium term, improve the inclusiveness of growth to reduce poverty, and strengthen upward economic mobility and economic security for the population. Greater access to reliable infrastructure services can support a more inclusive and resilient growth.

Zanzibar

7. **Zanzibar is a semi-autonomous part within the United Republic of Tanzania (URT).** With a total land area of 2,461 km², the Zanzibar archipelago has an estimated population of 1.7 million (in 2020) mostly residing on the two major islands of Unguja and Pemba. Since last census in 2012, the population growth rate averaged at 2.8 percent². With a median age of 17 years, Zanzibar has a young population, signifying the potential for demographic dividends. The Zanzibar Urban Municipal Council (ZUMC) is the urban core and economic hub of Unguja, with the World Heritage Site (WHS) Stone Town at its heart. Under the Constitution of the URT, Zanzibar has its own executive and legislative bodies the Revolutionary Government of Zanzibar (RGoZ) with the Zanzibar Revolutionary Council, and the House of Representatives of Zanzibar, respectively. The RGoZ is mandated to perform all government functions in Zanzibar except for the Union matters defined in the Constitution.

8. **Zanzibar has enjoyed stable macroeconomic performance over the past decade, with high growth and low inflation.** Real GDP grew by an average of 6.1 percent during the past 10 years, with GDP reaching US\$1.8 billion in 2019. High GDP growth was mostly driven by services, particularly tourism and related services.³ Agriculture was traditionally the backbone of Zanzibar's economy, but tourism has become the main growth driver, contributing to more than a quarter of the GDP and most of the foreign exchange earnings. The sector also provides the highest private sector employment. With a growing population, a high fertility rate, and a lack of adequate job creation, unemployment is increasingly a pressing economic and social problem. While the tourism sector is expected to lead Zanzibar to strong economic growth into the future, the recent COVID-19 pandemic has caused setbacks and disruptions in tourism businesses, signifying the sector's vulnerability as exposed to unexpected global crises and shocks.

9. **The COVID-19 pandemic has had a severe impact on the Zanzibar economy.** The decline was largely driven by a decline in the tourism industry starting March 2020. The RGoZ put in place containment measures with most of the hospitality industry shutting down between March and September 2020. Occupancy rates were close to zero over this period with the number of tourist arrivals declining from 72,487 to 757 (Q2) and from 174,057 to 12,867 (Q3) in 2020 compared to the same quarters in 2019.⁴ A number of direct and indirect jobs

² Zanzibar Planning Commission. 2020. Zanzibar Development Vision 2050. October 2020. Retrieved from <http://planningznz.go.tz/doc/new/ZDV2050.pdf>

³ Bank of Tanzania, Annual Report 2019/20.

⁴ Bank of Tanzania. Economic Bulletin for the Quarter Ending September 2020 Vol. III No. 3



linked to the tourism sector were negatively impacted, which severely affected livelihoods⁵. As about 80 percent of the island's foreign currency is from the tourism sector, the slowdown has put pressure on the RGoZ's fiscal situation. The tourism sector gradually rebounded in the last quarter of 2020, with international visitors to Zanzibar in December 2020 reaching 48,594, roughly 80 percent of those in December 2019 (60,685). Despite this, the total number of international visitors for the calendar year 2020 was only about 50 percent of the previous year (260,644 in 2020 compared to 538,264 in 2019), and receipts from tourism fell by 38 percent⁶. In addition, there is continued uncertainty in the evolution of the pandemic and a close monitoring of its impacts on the economy in Zanzibar is needed.

10. Urban areas have contributed to significantly reduce poverty in Zanzibar in the past years, exemplifying the strong role of urban development in poverty reduction. In 2019/20, around 25.7 percent of the population lived below the Zanzibar basic-needs poverty line, down from 30.4 in 2014/15 and from 34.9 percent in 2009/10.⁷ Disparity in poverty across Zanzibar is evident. In 2019/2020, the rural poverty (33.7 percent) was twice as high as urban poverty (15.5 percent). Nevertheless, the gap between rural and urban poverty has been reduced. The 18 percentage points difference experienced in 2019/20 is lower compared to the 22 percentage points gap in 2014/15. Poverty is lowest in the urban and western parts of Unguja island (Mjini and Magharibi Districts) and the southern part (Kusini) and highest in the four districts of Pemba Island (Wete, Micheweni, Chake Chake and Mkoani). Such a spatial disparity was largely due to higher returns to economic activities in urban areas, which became the main driver of poverty reduction. In addition, the latest poverty assessment of Tanzania also found "greater access to basic services and to productive assets" as a main cause of poverty reduction in Zanzibar.⁸ Densely populated urban areas in Zanzibar have frequent flooding problems. The average annual direct losses from flooding are estimated to be US\$2 million with potential losses of up to US\$13 million for 100 year return period floods.⁹ To ensure speedy recovery, there is a need to address these challenges through comprehensive urban improvement and flood protection investments that will contribute to more resilient and sustainable neighborhoods, while curbing short-term unemployment by implementing labor intensive programs.

11. Apart from the spatial disparity in poverty and development, gender inequality is also striking in Zanzibar. Total average income of men is 2.5 times higher than that of women; unemployment among women was as high as 22.9 percent in 2014, 16.8 percentage points higher than that of men in Zanzibar, and 15.5 percentage points higher than that of women in Mainland Tanzania; women were more likely to be underemployed (working less than 40 hours a week) (13 percent) compared to males (11 percent).¹⁰ Such gender inequalities could perhaps be explained by both economic and social/cultural reasons: women have poorer access to productive jobs than men, fewer assets, and slightly lower education levels. Therefore, empowering women and improving their access to more productive jobs would be critical in Zanzibar, in order to reduce the gender income gaps and lift those poorest women out of poverty.

⁵ Ministry of Financing and Planning. 2020. Summary of Assessments of COVID-19 on Zanzibar Economy, May 2020.

⁶ Zanzibar Office of Chief Government Statistics (OCGS). 2021. Zanzibar Tourism Statistical Release. February 2021. Retrieved from ocgs.go.tz/tourism.php on April 23, 2020.

⁷ Zanzibar OCGS. Household Budget Survey (HBS) 2009/10, HBS 2014/15 and HBS 2019/20

⁸ Ibid.

⁹ Zanzibar Disaster Risk Profile (<https://www.gfdrr.org/en/publication/disaster-risk-profile-zanzibar>, accessed on April 23, 2021)

¹⁰ World Bank. 2020. Tanzania's Path to Poverty Reduction and Pro-Poor Growth.



B. Sectoral and Institutional Context

12. To better support the RGoZ in achieving the development goals laid out in its vision documents, it is critical to comprehensively integrate both short-term and long-term measures that will allow Zanzibar to adapt, recover, and build resilience. The Zanzibar Long-term Engagement Framework (ZLEF)¹¹ that was developed by the World Bank and endorsed by the RGoZ provides the road map. The framework calls for an integrated development approach with multi-sectoral investments and interventions to combat complex challenges and promote sustainable and inclusive growth in Zanzibar. The three pillars under the framework are social inclusion, institution building, and infrastructure investments. The first two mostly focus on improving livelihood while the latter focuses on ensuring sustainable and resilient development for the future. While the proposed interventions in all the sectors need to be complementary with each other, some sectors that have urgent needs have a higher priority given the current impact of COVID-19 on the economy, as explained below.

Tourism and Inclusive Local Economic Development

13. **Tourism is identified as the potential anchor sector of a service-based economy for Zanzibar to fully realize sustainable and inclusive growth in the ZLEF.** This identification was made based on the observation that Zanzibar has abundant endowments for developing different types of tourism and that a fully developed value chain can spur broad-based growth and job creation. Home to a diverse range of natural attractions and cultural heritage assets, most notably the Stone Town WHS¹² and the pristine beaches along its coastline, Zanzibar's economy has benefited greatly from tourism, which contributes 80 percent of foreign exchange earnings and 27 percent of GDP. Tourism also provides an estimated 20,000 to 40,000 jobs, with additional 60,000 to 100,000 persons benefiting from indirect employment such as food suppliers and traders¹³.

14. **COVID-19 has already had significant impacts on the tourism sector as the number of visitors has dropped sharply since March 2020, when tourism effectively closed down.**¹⁴ Although there has been a gradual return of international visitors since the reopening in June 2020, the total number of international visitors for the calendar year 2020 was only about half of the previous year.¹⁵ With the reopening of the tourism sector, the process of recovery affords an opportunity for Zanzibar to build back with better infrastructure and a tourism ecosystem that is more inclusive and resilient. The package tourism business model¹⁶ that dominates Zanzibar's tourist sector skews value capture in favor of accommodation operators, tour operators, and transport providers with little incentive or opportunity for local communities to benefit through providing goods and services. The impacts of tourism development on boosting local economic development and improving the livability of the local communities are quite limited. There has been virtually no interaction between resort guests (and investors and operators of those resorts) and their surrounding communities. Zanzibar is far behind its regional competitors (such as Seychelles and Mauritius) in terms of yields per tourist visit, and benefits do not reach the local communities

¹¹ World Bank (2019). Transforming Zanzibar: A Multi-Sector Long-Term Engagement Framework for Unlocking Economic Potential and Promoting Inclusive Growth. Presentation made to the Chief Secretary in March 2019.

¹² Listed by United Nations Educational, Scientific and Cultural Organization (UNESCO) in 1991.

¹³ RGoZ. 2015. ZanPlan.

¹⁴ On March 20, 2020, Zanzibar authorities announced a ban on all tourist flights as protective measures against the COVID-19 pandemic. The ban was lifted on June 6, 2020.

¹⁵ Zanzibar Office of Chief Government Statistics (OCGS). 2021. Zanzibar Tourism Statistical Release. February 2021. Retrieved from ocgs.go.tz/tourism.php on April 23, 2020.

¹⁶ Package tourism is defined as a travel experience sold by a travel agent that includes transport, accommodation and excursions at an inclusive price.



due to limited activity choices for tourists outside the resorts. Villagers usually do not have enough connection, information, or training to access job or business opportunities brought by tourism growth. There is a strong need to promote integration between tourism development and local economic development – especially for women who are largely unemployed or underemployed in those areas – and invest in both tourism infrastructure and basic services at emerging tourist destinations.

Climate Vulnerability and Exposure

15. **As a small island and developing region of Tanzania, Zanzibar is quite vulnerable to climate change risks, with exposure to risks associated with floods, droughts, and sea level rises.** Zanzibar has a tropical climate, with relatively high levels of average precipitation and experiences heavy rains from March to May and short rains in November and December. The considerable variability in rainfall levels makes Zanzibar frequently suffer from flash floods and dry spells (droughts), which cause major economic losses and affect many livelihoods. Evidence also showed that women are more concerned about flood risks than men: 62 percent of women residents considered flooding as the most threatening shock to their economic well-beings (compared to only 16 percent among men), which is likely due to the poorer access to services and less mobility of women.¹⁷ According to current trends and projections on climate change in the region, future temperatures are projected with increases of 1.5 to 2°C by the 2050s and 2 to 4°C by the 2090s. On another note, sea level is expected to rise by 0.2 to 1.0 meters over the next century, which will put massive low-lying areas of Zanzibar at high risks - around 20 percent of Unguja and 30 percent of Pemba is below 5 meters above sea level.¹⁸ The islands are also heavily reliant on coastal, marine and terrestrial ecosystem services, which are very vulnerable to climate variability and future climate change. A large share of economic activities and livelihoods in Zanzibar are associated with climate-sensitive activities, notably in agriculture and tourism.

Sustainable Urban Growth and Access to Basic Services

16. **While Zanzibar captures some of the economic benefits from urbanization, it also faces complex urban development challenges that are difficult to tackle with its current capacity and resources.** As population grows rapidly in Zanzibar, peri-urban areas and small towns often expand in an unplanned way that makes service delivery challenging, degrades the environment, increases climate risks, and reduces livability and quality of life. COVID-19 poses additional challenges as many densely populated urban neighborhoods in Zanzibar have very limited access to sanitation services. In Zanzibar Town, it is estimated that approximately 70 percent of buildings are unplanned or unregulated. Most of these buildings are built on farmland or natural habitats at the periphery of urban areas, lacking access to basic services such as water and sanitation. The urban development challenges are attributed to the weak urban institutions and regulations in Zanzibar as well as its constraints in municipal financing. In addition, the lack of widespread use of digital technologies has hindered institutions from efficiently managing urban areas and sharing information with other agencies in a timely fashion. Therefore, improving public financing through mobilizing domestic resources and advancing the use of digital technologies are critical paths for sustainable and efficient management of urban areas.

¹⁷ ARS Progetti. 2020. Context Appraisal Report Annex 1: Results Gathered from Socio-Economic Survey. Submitted to the World Bank and ZUSP PMT as part of the deliverable for Consultancy Services for Planning, Feasibility Study, Detailed Engineering Design and Bidding Document for Integrated Drainage and Resilient Urban Upgrading in Zanzibar Town.

¹⁸ Global Climate Adaptation Partnership for the Department for International Development (DFID) of the United Kingdom. 2012. *The Economics of Climate Change in Zanzibar*. Final Summary Report.



Mobility and Livability

17. **As Zanzibar's urban areas are growing rapidly, mobility challenges are becoming another bottleneck to economic growth and undermining the livability of these areas.** National and local governments are not well suited to cope with current and future demand for transport services and infrastructure. Even though the City of Zanzibar was built from a human-scale walkable Stone Town at its core, sidewalks and other pedestrian infrastructure have been dilapidated in many parts of the city. Rapid increase in motorization coupled with poor public transport supply, roads, and non-motorized transport (NMT) infrastructure is leading to higher congestion, increased travel time, and lower level of service and road safety (especially for NMT). These changes are placing negative impacts, particularly on the mobility of women, who are less likely to own cars/motorcycles and rely more on walking as their main travel mode.¹⁹ Consequently, this is leading to missed economic opportunities, reduced productivity, reduced road safety for residents, and undermined tourist experiences, all of which pose a serious risk to the economic prospects and livability of Zanzibar. If well addressed, mobility challenges can be turned into opportunities to promote sustainable and inclusive growth.

Linkage to previous projects

18. **The World Bank supported the RGoZ on urban development through the Zanzibar Urban Services Project (ZUSP),²⁰** which financed significant investments in basic service delivery and institutional strengthening and yielded positive outcomes. With a total funding of US\$93 million, the ZUSP focused on improved access to basic services to nearly 400,000 beneficiaries, through various infrastructure investments, including the construction of over 20km of surface drains, a new landfill with 650,000 cubic meter capacity, a waste collection system, over 37km of new street lighting, and 340m of a sea wall and seaside promenade. Feedback from the beneficiaries and communities shows that these investments have been well-received and have generated significant impacts in terms of improving access to basic services, promoting livability and sustainability of the built environment, and contributing to poverty reduction in Zanzibar. Despite these infrastructure improvements, a significant backlog in service delivery remains in the face of accelerating urban development. For example, after the construction of major drainage networks in the urban areas under the ZUSP, many neighborhoods are still missing secondary and tertiary connections to these drainage systems which are critical for managing frequent flooding events. With regard to the solid waste management (SWM) services, it is necessary to improve the access to community-level collection points to increase the coverage of services and the cleanliness in local neighborhoods. More importantly, as subproject activities under ZUSP were designed and implemented by sector, there has not been a good integration across the board which sometimes undermines the impacts of the project investments. Learning from the lessons and experiences of the ZUSP, this follow-on project adopts an area-based integrated approach to design and implement upgrading activities with a holistic view to ensure that the interventions can be complementary to each other, thus leading to more impactful and sustainable development outcomes.

¹⁹ DOHWA Engineering. 2019. Household Survey for the Michenzani Green Corridor area. Submitted to the World Bank and ZUSP PMT as part of the deliverable for Consultancy Services for Feasibility Study, Planning, Detailed Engineering Design and Procurement Support for the Michenzani (Ng'ambo) Green Corridor Plan. The survey showed that 31 percent of women rely on walking as the main travel mode, (15 percentage points higher than men).

²⁰ Zanzibar Urban Services Project (P111155) was effective in July 2011 and is planned to close on May 31, 2021.



C. Relevance to Higher Level Objectives

19. **The project is fully aligned with the RGoZ’s development objective to promote “inclusive sustainable growth and development” in Zanzibar**, which is the theme of the newly adopted Zanzibar Medium Term Development Strategy (ZMTDS) 2021-2025. The ZMTDS aspires to transform Zanzibar into an Upper-Middle-Income Economy through sustainable and inclusive development under four pillars: (a) economic transformation; (b) human capital and social services; (c) infrastructural linkages; and (d) good governance and resilience. This notion on sustainable and inclusive growth was also reiterated in the Zanzibar Development Vision 2050 which aspires to a higher overall standard of living for all segments of Zanzibar’s society and stresses that “the national direction for development in the next 30 years must prioritize inclusive and pro-poor policies that target wide-reaching strategic considerations of the economic, social, political and environmental dimensions.”¹¹

20. **The scope of the proposed project corresponds to the findings of the World Bank Group’s Systematic Country Diagnosis (SCD) for Tanzania (2017, Report No. 110894-TZ)**, which identifies urbanization and climate variability and resilience as among the country’s major challenges and emerging opportunities. As a project devoted to addressing challenges in urban development, mobility, and local economic development, proposed activities are fully aligned with the SCD findings and recommendations. In addition, the design of the project paid special attention to the spatial disparity in poverty and growth between urban and rural areas in Zanzibar and proposed interventions accordingly to bridge such gaps. To this end, the proposed project would also contribute to realizing the twin goals of eradicating extreme poverty and promoting shared prosperity in the country.

21. **The project also closely aligns with the two focus areas identified in the World Bank Group Country Partnership Framework (CPF) for Tanzania for FY18-22 (Report No. 121790-TZ).**²¹ Specifically, the project contributes to: a) Focus Area 1 of the CPF, “Enhance productivity and accelerate equitable and sustainable growth”, through achieving Objective 1.5 – Harness urbanization to promote economic growth and job creation; and b) Focus Area 3 of the CPF, “Modernize and improve efficiency of public institutions”, through achieving Objective 3.1 – Strengthen public accountability and financial efficiency in delivering services and Objective 3.2 – Improve the efficiency and competitiveness of public investments to crowd in private investments. The project also complements the World Bank Group’s COVID-19 response in Tanzania, presented in Annex 3.

22. **The design of the project was informed by the proposed World Bank Group COVID-19 Crisis Response Approach.**²² The PDO aligns with the World Bank Group COVID-19 crisis response objective through assisting the RGoZ in addressing “the social and economic impacts of the COVID-19 crisis while maintaining a line of sight to their long-term development vision.” The proposed interventions under the project aim to contribute to all three stages of crisis response—relief, restructuring, and resilience, and through all four thematic pillars listed in the World Bank Group COVID-19 Crisis Response Framework. In particular, the diverse investment and activities under the project are expected to generate concrete impacts on Pillar 2 (Protecting the poor and vulnerable), Pillar 3 (Ensuring sustainable business growth and job creation), and Pillar 4 (Strengthening policies, institutions and investments for rebuilding better). Table 1.1 in Annex 1 presents more details on how the project interventions fit under the World Bank Group COVID-19 response framework.

²¹ World Bank Group. 2017. Tanzania CPF. November 29, 2017.

²² World Bank Group. 2020. “Saving Lives, Scaling-up Impact and Getting Back on Track: World Bank Group COVID-19 Crisis Response Approach Paper”. Draft June 1, 2020



23. **Investments proposed under the project directly contribute to the World Bank commitment on climate financing and strengthening climate resilience through adaptation and mitigation.** A climate risk screening analysis identified flooding and coastal erosion as the two major challenges for Zanzibar in terms of climate change impacts and vulnerabilities. In addition, previous engagement with the client revealed that the weak capacity in budgeting and financing constrained the government’s ability to cope with potential climate shocks and to prepare for future climate-related disasters. Under this circumstance, the project builds in activities and investments that directly support the government in enhancing climate resilience in Zanzibar through both adaptation and mitigation, including but not limited to: (a) improving urban drainage services in densely populated areas to mitigate probability and severity of urban floods; (b) promoting NMT through enhancing the mobility environment for pedestrians in Stone Town and transforming the main arterials in Zanzibar City Center from congested and polluted vehicle-dominated roads into climate-resilient pedestrian-preferred streets; (c) providing technical assistance on climate risk financing and climate-informed capital investment plans for local governments; (d) supporting the government in developing a climate-resilient building code to regulate all buildings and construction practices; and (e) strengthening land management and planning regulations to ensure that coastal management and climate resilience principles are embedded in the master plans and local area plans in Zanzibar to protect natural habitats and reduce exposure to climate risks.

24. **The project also supports the World Bank Group Gender Strategy (FY16-23): Gender Equity, Poverty Reduction and Social Inclusion (Report No. 102114)²³.** All civil works and construction activities financed by the project will train and employ local engineers, technicians, and laborers to the largest extent possible. Women and youth will be given priority in employment wherever appropriate and needed. Meanwhile, to improve the economic outcomes of the residents in the long term, the project will provide skill and career training opportunities and will build supporting community facilities, with a special targeting on women, youth, and other disadvantaged groups such as the elderly and people with disabilities. Given that the current gender income gaps are largely due to lack of access to productive jobs for women, the project will provide training to unemployed or underemployed women through local shehias (villages/wards)²⁴. As tourism jobs are sometimes considered as “inferior” or “not decent” by some women and/or their families in Zanzibar, the project will also carry out community awareness and engagement activities to reduce the social/cultural barriers that prevent women from taking tourism jobs. In the villages near key heritage assets, interventions will include the empowering of women and youth to improve their knowledge and skills in managing and conserving heritage sites for cultural tourism. This knowledge can then prepare them for working as conservation architects, tour guides, or cultural ambassadors, among others, in the future. The project will also foster business scale-up opportunities for women interested in starting their own businesses, including those who are currently petty traders or domestic producers of small-scale crafts and products, by creating incubators, network of sales, or collective market spaces. Besides, project investments for improving mobility, urban infrastructure and basic services will benefit women in urban areas of Zanzibar who currently suffer more than men from flooding risks, security risks (especially at night), inferior mobility options and poor infrastructure services. Progress will be measured using disaggregated data on female beneficiaries with improved access to urban infrastructure and services, public spaces, and economic opportunities.

²³ World Bank Group. 2015. World Bank Group Gender Strategy (FY16-23) : Gender Equality, Poverty Reduction and Inclusive Growth. World Bank, Washington, DC.

²⁴ Shehia is the smallest division of administrative unit in Zanzibar.



II. PROJECT DESCRIPTION

A. Project Development Objective (PDO)

PDO Statement

The PDO is to increase access to improved living conditions and service delivery in targeted areas in Zanzibar and to enhance institutional capacity of the government.

PDO Level Indicators

25. **The selected PDO level indicators include the following:**

- People provided with improved access to basic infrastructure and services, with two supplementary indicators to measure: (a) number of households, and (b) female beneficiaries;
- Number of government institutions equipped with new tools and instruments that help improve their capacity in urban management.

B. Project Components

26. The project adopts an area-based integrated development approach to deliver systematic solutions to achieve the proposed development objectives. The proposed activities are organized into four components, which are summarized below.

Component 1: Area-Based Integrated Urban and Infrastructure Development (US\$126 million equivalent)

27. Component 1 finances investments in infrastructure and basic services as well as various support programmes to improve the livelihoods of local residents in three types of areas in Zanzibar: (a) urban core, (b) fast-growing urban areas, and (c) towns/villages. These areas were selected through a consultative process with various stakeholders in Zanzibar, based on the urgency of needs and the expected impacts on development outcomes. A summary of the stakeholder consultation process and results is provided in the project Stakeholder Engagement Plan (SEP). Maps of Unguja and Pemba islands with the locations of the investment areas are included in Annex 4.

28. Subcomponent 1.1: Urban Core Revitalization and Mobility Improvements (US\$53 million): This subcomponent addresses the key development challenges in Zanzibar Stone Town and city center area, i.e. the dilapidation of infrastructure and poor mobility management. In response, the following interventions are proposed, including: (a) Michenzani Area Integrated Redevelopment (MAIR), to regenerate the main streets in the Michenzani city center area, including street and sidewalk improvements, infrastructure and service upgrading, as well as public space improvements; and (b) Stone Town Mobility and Public Space Improvement (STMPSI), a strategic program of mutually reinforcing mobility and public space improvement investments for Stone Town. The investment will improve livability and economic potential and reverse the gradual deterioration and increasing congestion in and around the heritage site, including the Darajani Market area. The final selection of investment and interventions are based on the recommendations from the Stone Town Safe and Sustainable Mobility Management Plan (STMMP) and the Stone Town Conservation and Heritage Management Plan (STCHMP)



which were developed under the financing of the ZUSP and are expected to be approved by UNESCO by August 2021.

29. Subcomponent 1.2: Upgrading and management of fast-growing urban areas (US\$49 million): This subcomponent delivers area-based upgrading solutions in selected fast-growing urban neighborhoods in Zanzibar that were previously suffering from a large service backlog. Proposed activities include: (a) Area-based Upgrading Investments for Unguja (AUI-U), including physical investments for improving living conditions and urban resilience, such as upgrading of urban roads and drainage system, solar-powered street lighting, renovating and greening of public spaces, improvement of walk paths. These investments will not only improve the access to basic services but will also contribute to the mitigation and adaptation of climate risks as well as reducing gender inequalities, as women are currently disproportionately affected by poor mobility options and unsafe public spaces. Some of the urgently needed drainage improvements that were designed but not implemented under the ZUSP, such as the Mwantenga area drainage connections and part of System C community drainage, will also be financed under this subcomponent. (b) Solid Waste Management Improvement Investment and Technical Assistance (SWMIIITA), which aims to improve SWM service delivery in urban areas of Unguja and Pemba where most solid waste is generated but mismanaged. The SWMIITA will finance the supply of equipment and tools for SWM as well as the construction/rehabilitation of transfer stations and waste collection points in communities to reduce open dumping and increase recycling rate. Besides, it will also provide technical assistance to local governments and local communities, in collaboration with shehias and local non-governmental organizations (NGOs), to increase awareness in good SWM practice among residents and businesses, to promote active engagement of residents, hotels, restaurants, and other businesses in waste sorting and composting activities.

30. Subcomponent 1.3: Integrated Local Area Development (LAD) for towns and villages (US\$24 million): This subcomponent will support infrastructure improvement in selected towns or villages in both Unguja and Pemba, which are currently lagging behind in economic growth and poverty conditions. Activities include: (a) Integrated Investments to facilitate LAD in “gateway” villages of Unguja, namely, settlements where tourists pass through on their way to resort areas, aiming to improve access to basic infrastructure and services for local communities as well as enhance tourism infrastructure and heritage assets. To address the disconnect between the fast growth in the tourism sector and the weak economic gain by local communities, the project will prioritize investments that can improve interaction between resorts and villages, increase market access of local businesses, and promote local economic development. Proposed investments are based on the Local Area Plans of these villages developed by the Department of Urban and Rural Planning (DoURP) of Zanzibar, in consultation with local residents, business owners, Shehas, and other stakeholders. (b) Area-based Upgrading Investments for Pemba (AUI-P), including a mix of multi-sector upgrading investments for improving access to infrastructure and urban services as well as revitalization of key heritage assets in the town councils of Pemba.

31. To ensure that the improvement in physical infrastructure can be translated into drivers for poverty reduction and inclusive growth, most activities proposed under Component 1 may include livelihood support activities targeting specifically the extremely poor and the women’s groups in the target areas. Interventions will include providing hands-on training, internship/ apprentice programs, fostering entrepreneurship and supporting small and micro enterprises (SMEs) through providing financial literacy education and/or better market access, as well as capacity building for community-based tourist zone management. All civil works will explore incorporating labor intensive construction to help curb the expected short-term spike in unemployment due to COVID-19. For



example, the urban upgrading activities have been designed to include labor-intensive works to the extent possible and the involvement of local residents will be one of the requirements detailed in the tender documents. The community will be involved as laborers during construction phase (such as trench excavation, loading and unloading of material, paving the sidewalks, planting trees, working as traffic control or flag persons, etc.) and will receive specific training. It was estimated that the number of temporary job opportunities created would be roughly around 15,000 person-year throughout project implementation. A local community group will be organized by the sheha to supervise the working site as well. In response to the evident gender income gap in Zanzibar which is mainly due to women's lack of access to salaried jobs and high-value-added businesses, there will be a special emphasis on providing women and youth priority to employment opportunities and job/business skills training programs so that they can have stable wage incomes if they are actively seeking employment. Progress will be measured by the number of temporary jobs created throughout the project dedicated to women.

Component 2: Strengthening Institutions for Urban Management and Encouraging Innovation (US\$13 million equivalent)

32. This component focuses on institutional development and capacity building, including municipal finance, Information and communication technology (ICT), urban management, and enhancing the enabling and regulatory environment for development as follows:

33. Sub-component 2.1: Institutional strengthening and use of technology in governance (US\$5 million), including: a) technical assistance on applying information and communication technologies to establish basic spatial data infrastructure (SDI) and institutional arrangements to collect, manage and apply geospatial information across different functions and departments, as well as on-demand technical assistance and capacity building for applying new approaches and technologies for managing climate risks, urban growth, heritage management and COVID-19; b) technical assistance on municipal finance, including budgeting, capital investment planning, asset management, climate risk financing, own-source revenue (OSR) collection, as well as capacity building and training for local government officials in Unguja and Pemba; and c) customized capacity building program for key government institutions, such as the President's Office - Finance and Planning (POFP), the President's Office - Regional Administrations, Local Governments and Special Departments (PORALGSD), Ministry of Information, Communication and Transport (MoICT) and its sectoral agencies such as the Zanzibar Road Transport and Safety Regulatory Authority, Ministry of Lands and Housing Development (MoLHD), Ministry of Tourism and Heritage (MoTH), and municipal and town councils. The capacity building activities will include hiring professional consultants and technical support to the PMT, providing equipment and trainings to government officials of various institutions on areas relevant to the delivery of the project, and developing business plans for sustainable operations in consideration of additional challenges created by COVID-19 when applicable.

34. Subcomponent 2.2: Urban planning, management and regulations (US\$3.5 million), including: (a) development of planning instruments such as integrated master plan for Pemba island, identification of priority investment needs, and a Zanzibar mobility plan (with specific mobility plans for Unguja and Pemba); and (b) technical assistance on establishing a Building Regulatory Framework for Zanzibar, including the development of a building code and regulatory compliance mechanisms, with a focus on climate resilience and energy efficiency.

35. Sub-component 2.3: Feasibility studies and detailed design for future urban upgrading and mobility improvement projects (US\$4.5 million), including: (a) preparatory studies for the scale-up of integrated upgrading



and heritage conservation programs in Unguja and Pemba, including feasibility, costing and prioritization, as well as the preparation of design documents and safeguards instruments needed; (b) preparatory studies and analysis for the delivery of public-private partnerships (PPPs) of selected facilities and services to be prioritized and agreed upon by the government and key stakeholders; and (c) feasibility study and design of selected strategic mobility programs, which may include public transport modernization and rehabilitation/improvement of critical streets/roads.

Component 3: Project Management, Monitoring and Evaluation (US\$11 million equivalent)

36. This component finances the direct costs of the management and operation of this project, including the cost of maintaining the PMT and the engagement of a Project Management Consultancy (PMC), to ensure smooth implementation of all project activities in accordance with the World Bank’s policies and guidelines. The functions that will be financed include project coordination, supervision, financial management (FM), procurement, monitoring and evaluation (M&E), communication, audits, quality assurance and preparation and supervision of implementation of the safeguards instruments, preparation of related surveys, including through the provision of training, operating costs, goods and services for the required purpose.

Component 4: Contingent Emergency Response (US\$0 million)

37. This Contingent Emergency Response Component (CERC) is included under the project for situations of urgent need of assistance, as a project-specific CERC. Given the increasing climate risks in Zanzibar, particularly the risks of flooding, the CERC will allow the RGoZ to request the World Bank to rapidly reallocate project funds to support response and recovery by funding eligible list of activities in the aftermath of a disaster. This component will have no funding allocation initially and will draw resources from other categories with unallocated expenditure in the case of activation. If an Immediate Response Mechanism (IRM) is established, this component will serve as an IRM CERC to allow the reallocation of uncommitted funds from the project portfolio to the IRM Designated Account (DA) to address emergency response and recovery costs, if approved by the World Bank.

38. The table below summarizes the project costing for all the planned activities under the four components.

Table 1: Summary of Project Costing by Component

Activity	Budget (US\$ million)	IDA financing amount (US\$ million)
Component 1: Area-based Urban and Infrastructure Integrated Development	126	126
1.1 Urban Core Revitalization and Mobility Improvements	53	53
1.2 Upgrading and Management of Fast-Growing Urban Areas	49	49
1.3 Integrated Local Area Development for Towns/Villages	24	24
Component 2: Strengthening Institutions for Urban Management and Encouraging Innovation	13	13
2.1 Institutional strengthening and use of technology in governance	5	5
2.2 Urban planning, management and regulations	3.5	3.5
2.3 Feasibility studies and detailed design for future urban upgrading and mobility improvement projects	4.5	4.5



Component 3: Project Management, Monitoring and Evaluation	11	11
Component 4: Contingent Emergency Response	0	0
Total	150	150

Climate co-benefits of project investments

39. As potential threats from climate change increase globally, Zanzibar is especially prone to climate risks such as flooding and heat waves.²⁵ The combined effects of current climate vulnerability and future climate change could be large enough to prevent Zanzibar from achieving its economic growth, development, and poverty reduction goals.²⁶ The project activities, both physical investments and technical assistance, therefore took into consideration the unique context of Zanzibar including its vulnerability and exposure to climate risks. The proposed investments were all designed with the purpose of generating positive and significant climate co-benefits to improve the climate resilience of Zanzibar through both mitigation and adaptation, as detailed below.

- (a) **Under Component 1:** (i) Subcomponent 1.1 finances mobility improvements in Zanzibar City to curb the use of motorized vehicles, promote a modal shift towards NMT and public transport in dense urban areas, reduce emissions and carbon footprint of urban development, as well as increase the urban landscaping and greening around the Michenzani area, all of which will contribute to the mitigation of climate risks and generate positive climate co-benefits; it also finances rehabilitation of key heritage buildings where improvements in building energy efficiency will be included, thus contributing to climate mitigation. (ii) Subcomponent 1.2 finances physical investments to improve access to resilient urban infrastructure services (such as upgrading of urban streets and drainage systems including solar-powered street lighting) and increase the greening of urban public spaces to mitigate the potential climate impacts on the fast-growing urban communities which are now subject to frequent flooding events; It also finances improvements in SWM services, including construction of transfer stations and installation of waste collection points in residential communities as well as at tourism villages, which would significantly reduce greenhouse gas emissions; and (iii) Subcomponent 1.3 also provides valuable climate co-benefits as the proposed investments to improve the local basic infrastructure services will equip the communities with better resilient infrastructure (including renovation of key heritage assets and improvement in eco-friendly tourism infrastructure) for climate adaptation. Moreover, the proposed integrated local area development approach will contribute to climate risk mitigation as it is expected to increase green public spaces and preserve the natural habitats through curbing unplanned growth and investments.
- (b) **Under Component 2:** (i) Subcomponent 2.1 supports a broad range of technical assistance to the government to enhance their technical and financial capacity in response to climate risks, such as institutionalization of climate risk data collection, management and monitoring, as well as the development of a climate-resilient building code including energy efficiency standards; (ii) Subcomponent 2.2 finances the development of planning documents that will serve as strategic documents to improve the overall mitigation and adaptation of climate risks in Zanzibar, including promoting NMT, better management of urban development footprint,

²⁵ Zanzibar Disaster Risk Profile (<https://www.gfdr.org/en/publication/disaster-risk-profile-zanzibar>, accessed on April 23, 2021)

²⁶ Global Climate Adaptation Partnership for the DFID of the United Kingdom. and Global Climate Adaptation Partnership. 2012. *The Economics of Climate Change in Zanzibar*. Final Summary Report.



protection of natural habitats, etc.; and (iii) Subcomponent 2.3 finances the preparatory studies for future investment projects, notably resilient urban infrastructure and the scale-up of sustainable redevelopment of urban neighborhoods through integrated upgrading. All the feasibility studies will take into consideration climate risks and propose climate-resilient interventions.

C. Project Beneficiaries

40. The project is expected to directly benefit at least 230,000 people, of which at least half will be women. These direct beneficiaries include the following subcategories:

- (a) Urban residents in Zanzibar city who benefit from improved access to urban infrastructure and services due to project investments in area-based urban upgrading and regeneration. The total number of these beneficiaries is estimated at 137,000, including 16,000 in Stone Town, 33,000 in Michenzani area, as well as roughly 88,000 in selected upgrading areas in the fast-growing urban areas of Zanzibar City. These beneficiaries include those who would receive temporary jobs during construction phase.
- (b) Rural residents in the selected gateway villages in Unguja and the town councils in Pemba who benefit from improved access to basic services, improved livability, as well as increased job opportunities and income. The total number of these beneficiaries is estimated at 84,000, including 28,000 in Unguja and 56,000 in Pemba. These beneficiaries include those who would receive temporary jobs during construction phase.
- (c) Business operators and owners in Zanzibar who benefit from increased business performance and income due to improved economic infrastructure (such as markets and retail stalls) and increased patronage brought about by the project investments. The total number of these beneficiaries is estimated at 8,000.
- (d) Government officials of the institutions that receive capacity building or other types of technical assistance from the project, with a total number estimated at 1,000.

41. In addition, the entire population of Zanzibar, as well as future visitors/tourists and investors are all indirect beneficiaries of the project as a result of improved livability, urban management, mobility and services.

D. Results Chain

42. The results chain of the project is illustrated in Figure 1 below, depicting a theory of change that brings out significant positive development outcomes to Zanzibar.

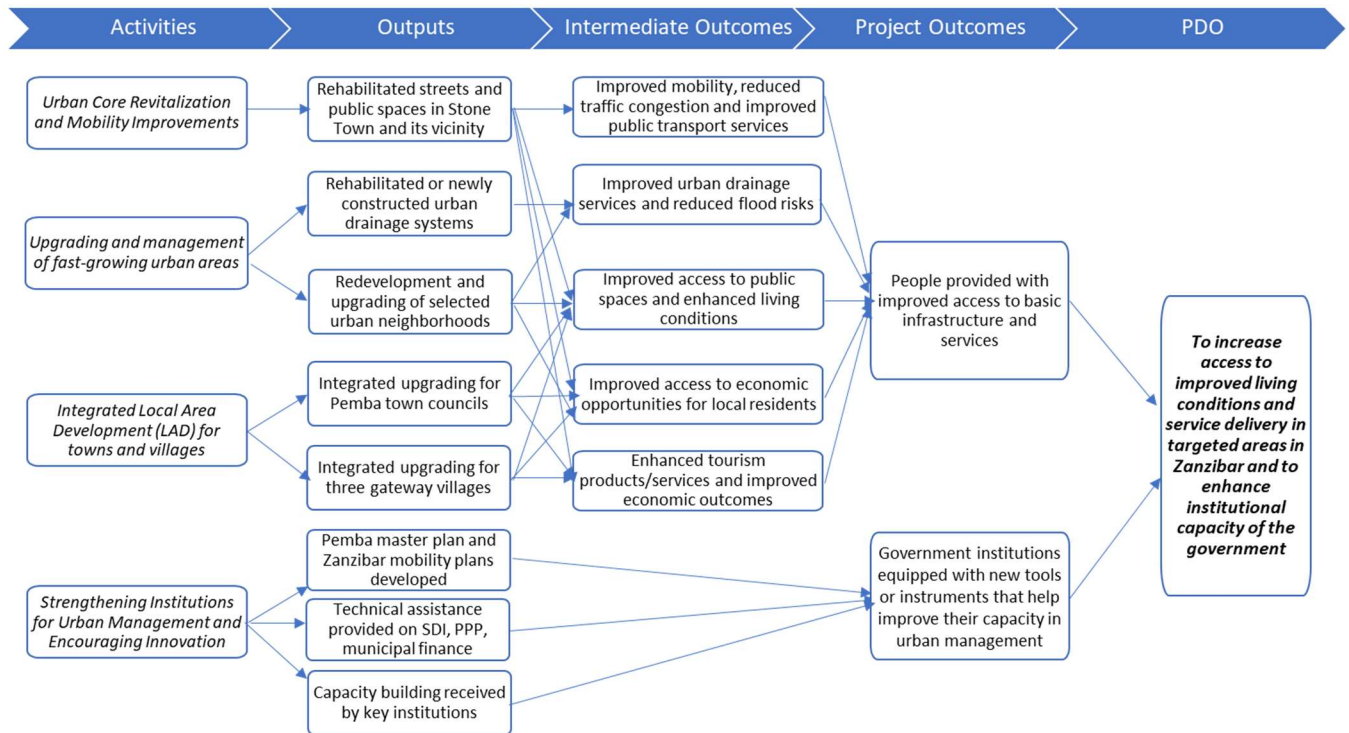


Figure 1: Theory of Change and Results Chain

E. Rationale for Bank Involvement and Role of Partners

43. **Rationale for World Bank Involvement.** As the proposed project will mainly finance public goods with significant impacts on local economic development, public service delivery, and inclusive growth, there is a strong rationale for provision of public sector financing. The public goods to be financed under the project comprise infrastructure subcomponents that generate substantial economic benefits (positive externalities) for the general public, as they will help boost the local economy and promote private sector investment to generate more income, job opportunities, and foreign exchange earnings as well as improve living conditions, and protect the environment and cultural and heritage values in Zanzibar. The support from the World Bank provides strong added value to the RGoZ, bringing hands-on technical assistance, exposure to international best practices, and convening power to facilitate strong coordination among the stakeholders. Further, through the previous years' engagement under the ZUSP, the RGoZ has advanced provision of basic infrastructure and improved public service across Zanzibar. Continuation of the World Bank's support to the RGoZ will support expansion of the results achieved thus far. This will help Zanzibar unleash its development potential and achieve its goals of poverty reduction and socioeconomic transformation under its Vision 2050 and the ZMTDS 2021-2025.

44. **Leveraging multiple partnerships and resources to achieve synergized goals.** To achieve the objectives of the project and to maximize its development impact, the project will leverage multiple partnerships to mobilize technical and financial resources from different actors who share similar objectives in supporting the development agenda in Zanzibar, including: (a) complementing the support from the Omani government and other donors on tourism and heritage preservation in Zanzibar; (b) seeking technical advice from UNESCO and the International



Council on Monuments and Sites on preserving and reviving the Historic Urban Landscape of Stone Town through project investments and policies; (c) leveraging financial and technical support from the Korea-World Bank Group Partnership Facility to provide additional technical assistance on ICT-based urban governance systems; (d) benefiting from technical assistance under the Tanzania Urban Resilience Program funded by the Foreign, Commonwealth and Development Office of the United Kingdom; and (e) building on the previous partnership with the State University of Zanzibar and the Finnish government on digital innovations and geospatial data applications for urban planning and climate risk management activities. In addition, given that Stone Town is a WHS listed by UNESCO, the World Heritage Committee of UNESCO will also play a key role in reviewing and approving studies and designs pertaining to Stone Town and its buffer zone, as required in Section III Article 13 of the UNESCO Convention of 1972.²⁷

F. Lessons Learned and Reflected in the Project Design

45. The design of the project was informed by lessons learned from the preceding engagement under the ZUSP as well as the World Bank's other interventions²⁸ on urban upgrading, mobility, public space, heritage and cultural tourism development of similar objectives and scope. In particular, the following lessons were taken into consideration in the project design.

- (a) **Previous urban infrastructure investments that were planned and implemented have brought about significant benefits to residents.** For example, drainage channels financed under the ZUSP have significantly improved flooding problems. Lessons learned from this project are (i) integrating solid waste collection facilities with such investments would bring significant benefits as it will minimize clogging of the drainage system as such problems are observed where no sufficient solid waste collection services are in place. Another lesson learned is the importance of upgrading, landscaping, and protecting public spaces to avoid encroachment by informal settlements. An area-based upgrading approach has been adopted by the this project to ensure that all the necessary improvements can complement each other so that the development impacts can be maximized. Further, to improve the sustainability of physical assets, community engagement and campaigns will be conducted to inform and encourage residents to value and protect the infrastructure assets in their communities.

- (b) **Tourism has a large potential to drive local economic development but the benefits from growth need to be shared with the local communities to ensure social inclusion and achieve poverty reduction goals.** Local residents should receive trainings and other assistance needed to be prepared to seize the job opportunities after the tourism sector rebounds from impacts of COVID-19. Local business owners, farmers, and service providers would all benefit from a full-bloomed tourism value chain if they are well connected, are informed, and receive support to enhance their product quality and productivity. In response to COVID-19, improved passenger handling, certification and higher hygiene standards for facilities and hotels, as well as transparent and clear information, will be critical to accelerate the recovery of the sector. Small catalytic public

²⁷ UNESCO. 1972. Convention Concerning the Protection of the World Cultural and Natural Heritage. Retrieved from <https://whc.unesco.org/en/conventiontext/> on May 17, 2021.

²⁸ Such projects include the Cusco Transport Improvement Project (P132505) in Peru, the Project for Integrated urban and Tourism Development (P155875) in Albania, and the Sustainable Tourism Development Project (P167055) in Sri Lanka.



investments that improve the basic infrastructure and service conditions will add significant value, triggering further growth and investments from the private sector.

- (c) **In cross-cutting projects, the involvement of the main stakeholders, including different ministries and agencies as well as the local governments and villages, is essential for effective project coordination, timely decision making, and smooth project implementation.** Political buy-in and willingness from high-level government officials to embrace new approaches and instruments is critical for implementing and rolling out project activities, such as the shift from facilitating vehicular traffic to promoting NMT; and breaking sector silos to finance integrated investments for area-based upgrading. Management of mobility and public space in heritage sites requires an inherently multidisciplinary and participatory approach, for which a strong multi-sectoral team in the project implementing agency and stakeholder engagement planning are required from the early stages of project preparation through the entire lifespan of the project.
- (d) **Capacity building of the project implementing agencies is key. Support from consultants within the PMT provides indispensable assistance to civil servants to fill knowledge and skill gaps.** The PMC will be hired for the first two years of the project implementation period to ensure provision of systematic support to the core functions of the PMT, while also building the capacity of the civil servants through on-the-job training. The goal should be strengthening the internal capacity of the client so that they can carry on good practice after the consultants leave and that the project management knowledge and skills will be internalized and institutionalized to be utilized in the future development projects to come.
- (e) **Meaningful consultation and preparation in resettlement of project affected persons (PAPs) is a major requirement for a well-performing project.** All parties involved will coordinate during the resettlement preparation stage to avoid disputes later. Where the cost of resettlement action is relatively high, alternative instruments such as in-kind compensation will be discussed with the government and the PAPs.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

46. **Project Management Team:** The PMT has been established as the project implementing agency under the POFP of Zanzibar, comprising civil servants appointed by the government. The PMT will be headed by a Project Coordinator, assisted by a Deputy Project Coordinator, a Pemba Project Manager, as well as a number of technical experts who will be performing various core functions for project operations or technical advisory roles through project implementation. The roles and responsibilities of each PMT member will be detailed in the Project Implementation Manual (PIM). An advanced draft of the PIM has been prepared by the government and reviewed by the World Bank and will be adopted prior to disbursement. The World Bank will provide assistance to strengthen operational capacity of the team throughout the course of the project. Additional technical staff will be hired within six months after project effectiveness, including four technical coordinators each of which will be in charge of urban upgrading, mobility, tourism and heritage, and municipal finance, respectively, as well as three experts on social and environmental safeguards to strengthen the PMT's capacity on safeguards compliance and to ensure strong engagement with communities, civil society organizations (CSOs) and local residents for



improved operation transparency and accountability. Additionally, for the first two years into project implementation, the PMT will be reinforced by a professional PMC firm to ensure strong implementation. The performance of the PMC will be assessed at the end of two-year contract. Experts from the PMC will become an integral part of the PMT, reporting to the PMT Coordinator, and providing capacity building and concrete 'on the job' training to the civil servants within the PMT. With the assistance from the PMC, the PMT will ensure that the management of all aspects of project implementation are done in accordance with the World Bank guidelines and within government procedures.

47. **Project Steering and Coordination:** For inter-ministerial coordination, the POFP will be the project's leading counterpart. Project oversight will be ensured through a Project Steering Committee (PSC) and a Project Technical Committee (PTC).²⁹ The PSC comprises Principal Secretaries from the POFP of Zanzibar and the four key ministries (PO-RALGSD, MoICT, MoTH and MoLHD) who will oversee overall project progress and ensure that project objectives and timelines are met. The PSC will be responsible for the key decision making on project coordination and steering matters, such as discussing and making decisions on key milestones of subprojects that involve more than one ministry. The PTC comprises Directors from the same key ministries but will attend to all technical details of the project to review, provide guidance, approve deliverables at key milestones of the project, and make recommendations to the PSC for decision, when needed. In addition, each of the four key ministries has also assigned an officer as a focal person to work directly with the PMT on a daily basis to ensure effective and efficient communications, and to help ensure engagement with community planning teams, CSOs, and local residents for transparency and accountability.

48. **Technical Advisory and Implementation Teams:** As mentioned above, the PTC is the technical advisory body of the project, for discussing, reviewing, approving, and making decisions on key project deliverables under four thematic areas: mobility, urban development, tourism and heritage, and municipal finance. The PMT will hire four technical coordinators to lead the technical review of studies, design and works under each of these four areas. In addition, given the technical inputs and specialized knowledge required for all the thematic areas, all three relevant line ministries mentioned above (MoICT, MoTH, and MoLHD) have assigned at least one technical officer who will serve as the focal person and provide selected technical inputs for design and procurement, supervision of works (including safeguards compliance), and quality assurance. Detailed arrangements for each subproject will be entailed in the PIM.

B. Results Monitoring and Evaluation Arrangements

49. **M&E of project results during implementation will follow standard World Bank practice.** The PMT will prepare quarterly reports with data for the Results Framework to be reviewed and discussed with the World Bank. The World Bank and the PMT have agreed on a results framework with indicators and the methodology for data collection. This will be used to track all activities throughout project implementation, verify progress towards achieving targets, identify and resolve problems, and ensure that the required evidence of achievement is available and properly documented.

²⁹ A letter from the RGoZ was received on April 20, 2021 to confirm the establishment of the PSC, PTC and PMT.



C. Sustainability

50. **The project design includes measures to help ensure sustainability in its physical, financial, environmental and operational aspects.** First, all physical investments financed under the project will adopt technically sound design specifications that conform with international quality standards, local regulations, site conditions, and climate risks to ensure the durability and resilience of the assets built. Furthermore, the design of all project-supported infrastructure will be accompanied by a clear plan on operations and maintenance (O&M) arrangements that specifies the budgeting, procedures, and human resources for O&M. Additionally, the proposed institutional strengthening and capacity building activities will provide training and technical assistance to the PMT and other concerned stakeholders of the investments so that they could have adequate capacity to manage and sustain the project facilities. A systematic program for enhancing municipal finance for local governments will be implemented to provide hands-on support and concrete solutions for financial sustainability of capital investments in Zanzibar. Finally, the project design takes social and environmental aspects into consideration, as well. The proposed integrated urban upgrading and regeneration investments under Component 1 are expected to enhance climate resilience and accessible infrastructure of the targeted communities; the proposed mobility improvements in the urban core are expected to promote socially inclusive mobility patterns and sustainable spatial growth; and the proposed tourism and LAD investments in the gateway villages are expected to preserve valuable natural habitats and heritage assets while engaging local communities and encouraging eco-friendly tourism with a low carbon footprint. The project's support for skill training and community-based local economic development program under Subcomponent 1.3 would enhance the social inclusion and economic sustainability of the local areas as well.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

Technical analysis

51. **Feasibility studies and design for works.** A number of technical and feasibility studies to identify, plan and design for physical investments in Component 1 have been prepared in advance under the financing of the ZUSP. Organized by target areas, the project proposes coordinated multi-sectoral interventions to maximize impacts on improving livability and promoting local economic development, as follows.

- (a) Urban regeneration and mobility improvement at the Zanzibar city core: A series of feasibility studies, detailed designs, and studies of the proposed interventions for urban regeneration have been conducted, including: (i) a feasibility study and design for the MAIR, which includes integrated upgrading investments in street transformation, public space improvement, basic service delivery, public transport reconfiguration, as well as social and economic infrastructure upgrading is nearing completion. Site-specific safeguards instruments have also been developed and delivered as part of the consultancy; (ii) a consultancy for the conception of the STMPIS to identify interventions for improving public spaces and mobility management within the Stone Town, including policy and regulatory actions and physical investments was completed under the ZUSP; (iii) a consultancy to develop the STCHMP was also completed under the ZUSP and ready to be submitted for UNESCO review and approval. The STCHMP will provide recommendations on the priorities in preserving and revitalizing key heritage assets in Stone Town.



- (b) Upgrading and management of fast-growing urban areas: Preparation of feasibility study, detailed design and bidding documents for integrated upgrading investments in urban areas in Unguja was completed under the ZUSP. As a continuation to the previous investments and given the urgent needs to address flooding risks in many urban neighborhoods, part of the investment will target improvement of major drainage systems. Based on the feasibility study, a subset of the neighborhoods has been identified and selected as areas for integrated upgrading, and receiving infrastructure investments from a list of possible interventions, including SWM, water points, public space improvement, street lighting, etc. Procurement of works will start immediately after the project becomes effective.

- (c) Integrated LAD in established and emerging towns and villages: Preparatory studies for the LAD have been completed and the Terms of Reference (ToR) for feasibility study and detailed design has been prepared. The LAD in established and emerging towns and villages, including the three town councils and the Micheweni district in Pemba and three tourist gateway villages in Unguja, will be realized through: (i) physical investments to improve access to basic services and restore key heritage assets in the identified places, using an integrated upgrading approach; and (ii) providing hands-on training, with a particular emphasis on the youth and women, internship or apprentice programs, fostering entrepreneurship and supporting SMEs through providing financial literacy education and/or better market access, as well as capacity building for community-based tourist zone management, all tailored to help struggling communities and businesses to recover from the impact of COVID-19. Configuration of actual investments in the three gateway villages will be guided by the three Local Area Plans developed by the DoURP.

52. **Project sequencing.** To ensure timely implementation of all proposed project activities appropriate for the capacity of the implementing agency, a sequencing plan has been prepared for the proposed investments and activities under the project as shown in Annex 1.

53. **Citizen engagement and social inclusion in project planning.** Building on the experiences of the participatory approach for infrastructure design under the ZUSP, the project has scaled up citizen engagement in identifying, designing, implementing and monitoring key project activities. Proposed project interventions promote social inclusion through empowering and benefiting disadvantaged groups such as women, youth, the elderly, people with disabilities, as well as residents of remote areas. The design of all upgrading interventions under the project will apply the principles of “universal access” to ensure that all have equal access to services and equal opportunity of mobility. Various approaches including multi-criterion scoring, focus group discussions and wide-scale community consultations have also been applied to ensure that the investments will be generating the most significant impacts on poverty reduction, living condition improvement, and economic growth potential while preparing communities to avoid and manage risks that the projects may entail. The project will monitor citizen engagement using an indicator that tracks the percentage of activities designed and implemented with effective stakeholder engagement and public participation. A community liaison officer in the PMT will be responsible for gathering all inputs and ensuring that solutions are communicated to the beneficiaries in a timely manner.

54. **Considerations on bridging the gender gap.** As mentioned in the project context, gender inequalities are pervasive in Zanzibar in terms of overall socio-economic well-beings, which for the most part is due to the gender disparities in access to basic services, job opportunities, and income-generating assets, gender inequity in returns in the labor market, as well as cultural reasons that limit women’s ability to obtain productive, waged jobs outside



of their households. Given this context, the project strives to finance activities that would empower women and reduce gender inequalities from mainly two aspects:

- (a) Improving the access to basic services and improving the mobility of women so that their living conditions will be enhanced. This will be realized by the following interventions: (i) transforming congested and polluted dense urban areas into spaces that are friendlier for NMT so that the mobility options, security and road safety of women (most of whom rely on walking as the main travel mode) will be improved under Subcomponent 1.1 and; (ii) improving the access to basic services, creating safe public spaces for women and their children, and protecting women (who are disproportionately affected by floods) from extreme flood events under Subcomponents 1.2 and 1.3. Along with tracking the number of women with improved access to basic services, the project will also measure the perception of improved mobility in Stone Town among female residents.
- (b) Increasing the access to productive jobs and business opportunities for women so that their economic conditions will be improved. This will be realized by the following interventions: i) providing skills training and entrepreneurship training programs to local residents with a dedicated quota (at least 60 percent) for women under Subcomponent 1.3; for those women who are interested in working in tourism-related industries, the project will provide additional support to them through community awareness activities to reduce the cultural stigma associated with such jobs; ii) rehabilitation or establishment of market places, incubators, and community centers, financed under Subcomponents 1.1 and 1.3, to provide spaces reserved for women to sell products such as arts and crafts, clothing, processed food products, etc. so that they have better access to markets and more stable incomes; and iii) all contractors and consultants procured to work on investments financed under the project will be required to hire women wherever feasible and appropriate. To facilitate women's participation in these works, the bidding document of the civil works will require contractor's commitment to proactively recruit from local communities and provide commuting benefits or transport and flexible working hours to female workers in accordance with the prevailing labor laws and regulations. Along with tracking the number of women provided with improved livelihoods, the Project will also measure the percentage of women in the targeted areas with improved economic outcomes.
- (c) Women's engagement and participation in project implementation are envisioned and required for all project activities throughout the lifespan of the project, including but not limited to inputs to the visioning of programs and the prioritization and planning of investments, development of plans and policy documents, capacity building for communities, etc. In all cases, women and other traditionally disadvantaged groups will be invited to participate and express their needs and concerns, not only to make sure that their voices will be heard for project matters but also to promote a healthy and inclusive social dynamic and custom where women are empowered to become an indispensable part of civic life.

Economic and Financial Analysis

55. **The project is expected to bring positive impact on the economic development of Zanzibar and on the quality of life of its population.** A cost benefit analysis (CBA) was conducted to estimate the value-for-money of the project investment, including: (a) economic evaluation of the whole project measuring potential impact on the tourism industry; (b) economic evaluation of the MAIR under Subcomponent 1.1, whose benefits were measured through reduction of road traffic accidents and the prevented injuries; and c) economic evaluation of



the integrated upgrading in fast-growing urban areas under Subcomponent 1.2, whose benefits were measured in the form of avoided damages and losses due to reduced flood risks as well as savings of health costs because of improved living conditions.

56. **Results of the evaluation showed that the project will yield good value for money.** The MAIR interventions under Subcomponent 1.1 showed benefits three times as much its costs, generating an internal rate of return (IRR) as high as 28 percent. The urban upgrading interventions under Subcomponent 1.2 and 1.3 showed an IRR of 14 percent. A sensitivity analysis was also conducted to test how the IRRs of these two subcomponent activities would change under the following three scenarios: (a) an increase in capital investment cost by 20 percent; (b) a reduction in expected benefits by 20 percent; and (c) a combination of both (a) and (b). Results show that the MAIR would yield an IRR of 24 percent, 22 percent and 19 percent under these scenarios, respectively; while the urban upgrading would yield an IRR of 12 percent, 13 percent and 11 percent under these scenarios, respectively, all of which are much higher than the discount rate of 6 percent, confirming the economic viability of the investments. Results of the financial evaluation of the municipal finance improvement activities showed that with just one percentage increase annually in tax revenues collected by Zanzibar Revenue Board, the component will be economically viable. It is also worth noting that the CBA results are at the lower bound because many unquantifiable project benefits were not included, such as: (a) benefits expected for residents with improved quality of life; (b) benefits associated with environment improvement; and (c) benefits associated with a more efficient municipal management, which will extend to the wellbeing of the community.

57. **Value added of World Bank's support.** The support from the World Bank provides strong added value to the client, bringing hands-on technical assistance, exposure to international best practices, and convening power to facilitate among the stakeholders. Given the huge financing requirement of the project and the budgetary constraints of the RGoZ, IDA financing of this project will equip Zanzibar with catalytic investments in not only key infrastructure and services but also innovations and strengthening of institutions, which may otherwise not be possible in the short term. These interventions will help Zanzibar unleash its development potential and achieve its goals of poverty reduction and socioeconomic transformation under its Vision 2050 and the ZMTDS. Further, through the previous engagements under ZUSP, the World Bank team and the RGoZ have built mutual trust and a good working relationship. Continuation of the World Bank's support would also avoid the incurrence of high transaction costs to the RGoZ for handling the project to another development partner.

B. Fiduciary

(i) Financial Management

58. **The World Bank conducted a FM assessment** to determine whether: (a) the PMT has adequate FM arrangements to ensure that project funds will be used for purposes intended, in an efficient and economical way; (b) project financial reports will be prepared in an accurate, reliable and timely manner; and (c) the project assets will be safeguarded. The assessment was carried out in accordance with the World Bank Directive: Financial Management Manual for World Bank Investment Project Financing Operations issued February 4, 2015 and effective from March 1, 2010; and the World Bank Guidance: Financial Management in World Bank Investment Project Financing Operations Issued and Effective November 10, 2017. In conclusion, the FM risk rating for PMT was assessed as "Moderate", which satisfies the World Bank's minimum requirements. The PMT has the necessary experience and capability to manage the proceeds of the loan effectively and efficiently. It was assessed that the FM arrangements are adequate to provide, with reasonable assurance, accurate and timely information on the status of the project as required by the World Bank.



59. **The project will use the report-based disbursement method.** The project accounts will be audited by the Controller and Auditor General (CAG) of the RGoZ. Accounting and audits will be conducted in accordance with sound and internationally recognized accounting and auditing principles and practices satisfactory to the World Bank. Interim Financial Reports (IFRs) will be submitted to the World Bank within 45 days after the end of every quarter of the project implementation period. The audit reports and related project accounts will be submitted to the World Bank within six months after the end of the fiscal year.

(ii) Procurement

60. **Procurement for the project will be carried out in accordance with the “World Bank Procurement Regulations for Borrowers under Investment Project Financing”,** dated July 2016, Revised November 2017 and August 2018 (hereafter referred to as “Procurement Regulations”), Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised July 1, 2016); and the provisions stipulated in the Financing Agreement.

61. **As required by the Procurement Regulations, a Project Procurement Strategy for Development (PPSD) has been developed and finalized,** based on which the draft procurement plan (PP) for at least the first 18 months has been prepared and finalized to set out the market approach and selection methods to be followed by the Recipient in the procurement of goods, works, and non-consulting and consulting services financed by the World Bank. The PP will be updated at least every 12 months, or as required, to reflect the actual project implementation needs. Each update of the PP shall require World Bank approval. All PPs will be publicly disclosed in accordance with the World Bank Access to Information policy 2010.

62. **The POFP will use Systematic Tracking of Exchanges in Procurement (STEP),** the World Bank system, to prepare, clear and update PPs and conduct all procurement transactions. Staff in the PMT will be trained in STEP, as necessary, by the World Bank.

63. **A procurement capacity and risk assessment was carried out by the World Bank for the POFP,** which has reviewed the organizational structure for implementing the project and the adequacy of procurement staff. Based on the current procurement management setup, the procurement risk rating was rated as “Substantial”. Details of the risk assessment and mitigation measures are provided in Annex 2.

C. Safeguards

(i) Environmental Safeguards

64. **The project is rated Environmental Risk Assessment Category B and triggers the following environmental and social safeguard policies: Environmental Assessment (Operational Policies/ Bank Procedures [OP/BP] 4.01); Natural Habitats (OP/BP 4.04); Physical Cultural Resources (OP/BP 4.11); and Involuntary Resettlement (OP/BP 4.12).** Most of the proposed investments under Component 1 are intended to provide environmental improvements and social amenities. However, given the nature of some of the proposed activities, certain negative environmental and/or social impacts are anticipated during construction and operation of the proposed works. Appropriate mitigation measures have been considered in the Environmental and Social Management Framework (ESMF) and actions will be undertaken to address potential environmental and social impacts at investment and activity-specific levels.



65. **Safeguards framework, instruments and compliance.** All investments proposed for financing will need to comply with environmental and social safeguard policies by undergoing the required level of assessment before implementation. Since the total number, specific location, and characteristics of proposed investments are still to be determined, the appropriate instrument, which is the ESMF, has been prepared. The ESMF is an umbrella document, which provides guidance to the project to identify, screen, assess and design mitigation measures for potential environmental and social impacts of project investments. The ESMF has therefore defined appropriate and specific environmental and social instruments to be prepared for each investment, including budget estimates for the proposed mitigation measures. These instruments include an Environmental and Social Impact Assessment (ESIA) or a stand-alone Environmental and Social Management Plan (ESMP) including health and safety aspects of the project activities. The ESMF has been consulted upon with stakeholders, reviewed and approved by the World Bank, and disclosed on June 29, 2020. On the other hand, site-specific environmental and social safeguard instruments, such as the ESIA and the Resettlement Action Plan (RAP), have been prepared, consulted upon, and disclosed for the MAIR first phase of investments on June 29, 2020. The same will be prepared for other proposed activities for urban regeneration, upgrading, and service improvement prior to commencement of works.

66. **Environmental impacts and safeguards.** Potential environmental impacts during construction of proposed investments under the project are likely to include: some soil erosion, noise, temporary loss of vegetation, temporary pollution of water bodies, occupational health and safety risks, traffic accidents, generation of solid waste, etc., all of which will be managed carefully during project implementation. Site-specific ESMPs including Health and Safety Plans will be prepared by contractors and approved by the client prior to commencement of any construction. In the case of the proposed strategic plans and policy support that will produce future investment programs, such as the Pemba master plan and the two island-wide mobility plans, the project will ensure that Strategic Environmental and Social Assessment (SESA) is built into each activity. The ToR will require that plans and policies be screened for direct, cumulative and induced positive and negative impacts and propose mitigation measures.

67. **Capacity of the implementation agency to manage environmental and social safeguards issues.** The project will be coordinated by the PMT. The PMT has identified and assigned interim social and environmental specialists who will work on the project until a full time safeguards coordinator with extensive knowledge of environmental and social risks management including World Bank policies, one environmental specialist and one social specialist with experience in resettlement are hired within three months of project effectiveness. With additional support from the World Bank, the PMT shall be able to manage safeguards risks and deal with safeguards issues effectively and efficiently. Specific safeguards capacity needs for implementing entities other than the PMT, recommended training and required budget have been outlined in the ESMF. Improvements made during the implementation of the previous ZUSP project will also be advanced under this project. These include improvements in construction site safety and Environmental, Social, Health and Safety (ESHS) condition through: (a) updating the ESMP and amending the construction contract to include technical specifications, bill of quantities, and their budget aligned with the updated ESMP; (b) mobilizing an additional ESHS officer by both contractor and supervision consultants; and (c) tightening monitoring and reporting among the contractor, supervision consultant, PMT and the World Bank.

(ii) Social Safeguards

68. **Social impacts and safeguards.** The overall impacts of the project implementation will be positive in terms of improving the living conditions of the local communities and promoting inclusive and sustainable growth. The



proposed infrastructure works within a dense urban setting will have positive impacts for the communities by upgrading the project areas by improving mobility, accessibility and safety of the residents. It will also contribute to improving the livability, job opportunities, and social welfare of women who are traditionally disadvantaged in Zanzibar through various interventions. However, during the infrastructure construction, certain negative social impacts could be envisioned, including involuntary land acquisition, resettlements or temporary relocation of households, full or partial impacts on properties (residences and businesses), and temporary or permanent loss of livelihoods. To mitigate these potential negative impacts and given the government's budgetary limitations, the government requested the World Bank to use project funds to pay for land acquisition and resettlement compensation. Accordingly, the Regional Vice President of the World Bank has approved the use of project funds of up to US\$5 million for such purposes. As some investment sites are unknown at this stage of project preparation, a Resettlement Policy Framework (RPF) outlining provisions to minimize and mitigate risks and negative impacts has been prepared, consulted upon, and disclosed on June 29, 2021. It serves as a guide to develop RAPs for investments once their sites are identified. For investments for which the sites are known (such as the first phase of the MAIR), the RAP has been prepared, consulted upon, and disclosed before the project appraisal as well, to be implemented by the PMT prior to the commencement of construction works.

69. **Issues pertaining to labor influx, gender-based violence (GBV) and protection of the local communities near work areas will be addressed in the site-specific ESMP and ESIA documents.** All the civil works financed under this project will aim to involve primarily residents, especially youth, to help promote employment and reduce the influx of external labor. When it is necessary to use contractors and foreign workers to work under infrastructure subprojects, provisions to minimize or mitigate the negative impacts of the influx of laborers on the local communities will be added in the risk management plans. The PMT and the World Bank will ensure that the ESMP and ESIA are prepared and implemented by Contractors properly as well as strictly following labour laws and regulations when locating and managing worker camps. Specific safeguards measures would include: (a) a comprehensive assessment of labor influx risks during the process of conducting ESIA's; (b) development of the Labor Flow Management Plans in the site-specific ESMPs; (c) requirement to introduce clauses for the management of workers, protection against child labor, prevention of GBV, and so on in all civil works contracts of companies and subcontractors; and (d) Contractors will prepare various tools that include Code of Ethical Conduct, Labour Influx Plan and human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS) awareness trainings programs that will be reviewed by the PMT and cleared by the World Bank before being implemented. Contractor under the supervision of the consulting engineer will ensure that all employees sign the Code of Ethical Conduct and go through trainings on gender, GBV and HIV/AIDS awareness. The PMT will ensure that the contractors provide and reserve enough budget in the bidding documents for the preparation and implementation of these safeguard instruments.

70. **Community awareness, public participation and citizen engagement.** The preparation of the project, including feasibility studies and preparation of safeguards instruments has been carried out in consultations with the sectoral stakeholders within the RGoZ, local municipalities and agencies, shehias, as well as representatives from civil societies. The project particularly strives to engage the disadvantaged groups such as rural residents, women, the elderly, children and youth, as well as people with disabilities to voice their opinions and concerns in order to influence project design. An intensive SEP training was organized for government officials and agents involved in the project to enhance their institutional capacity on community engagement. Stakeholder engagement has been designed into three phases: (a) the needs definition phase to identify and justify the needs for future infrastructural projects and to collect stakeholders' opinions about them; (b) the strategic planning phase to define the vision for the long-term development of the area, and objectives and strategies for the long,



mid and short term based on the outcomes of the assessment; and (c) the implementation arrangements phase to ensure continued participation. Citizen engagement and beneficiary feedback will be monitored on a regular basis through agreed indicator in the results framework that measures the percentage of activities designed and implemented with effective stakeholder engagement and public participation.

(iii) Grievance Redress Mechanisms

71. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to project-level grievance redress mechanisms (GRMs) or the World Bank’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the World Bank’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of the World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

V. KEY RISKS

72. **The overall residual risk to the achievement of the PDO has been assessed as “Moderate”**. The residual risks pertaining to political and governance, macroeconomic, sector strategies and policies, fiduciary, and stakeholders are assessed as “Moderate” whilst technical design, institution capacity and social and environmental risks are assessed as “Substantial”. The assessment of these risks and the proposed mitigation measures as elaborated below and the residual risks will be proactively monitored and updated during project implementation.

Table 4. Risks and Mitigation Measures

Risk Category and Key Risks	Summary Mitigation Measures	Residual Risk ²⁹
<p>Political and governance: Moderate</p> <ul style="list-style-type: none"> Restructuring of government institutions involved in the project’s coordination and implementation by the new administration after the Presidential elections in Zanzibar in October 2020 could reduce the efficiency of the project in its early years of implementation. 	<ul style="list-style-type: none"> This risk is being mitigated through a series of internal briefing meetings to bring all key ministries on board and keep the new staff updated with the project. In addition, two inter-ministerial committees, the PSC and PTC that are established for project steering and coordination, will have full oversight of the project. 	<p>Political and governance risks reduced to Moderate, after taking into consideration mitigation measures and government’s demonstrated commitment to have project’s oversight and implementation arrangements fully functional.</p>
<p>Macroeconomic: Substantial</p> <ul style="list-style-type: none"> Tanzania (and Zanzibar)’s macroeconomic performance has 	<ul style="list-style-type: none"> This risk is partially mitigated by the project’s focus on revitalizing the tourism sector and providing employment opportunities during 	<p>Macroeconomic: Moderate, after taking into consideration all</p>



<p>been strong for the last decade. However, the COVID-19 outbreak has led to a significant reduction in revenues from the tourism sector, as well as an increase in expenditure in the health sector and other economic recovery programs, both of which led to a tightened fiscal situation.</p>	<p>project implementation.</p> <ul style="list-style-type: none"> The project is also fully funded by IDA, including allocated project funds of up to US\$5 million to pay for resettlement compensation. The project design will contribute to post-COVID-19 recovery through improved access to basic infrastructure and tourism infrastructure/ services, contributing to domestic job security and creating jobs. 	<p>mitigation measures.</p>
<p>Sector strategies and policies: Substantial</p> <ul style="list-style-type: none"> While the urban sector strategies in Zanzibar have been strengthened with the support of the ZUSP, there are still some gaps in urban development policies and regulations The additional scope to include the transport sector and the complexity of addressing the nexus between urban transport, heritage and spatial development plans would add an additional risk to the project. 	<ul style="list-style-type: none"> These risks will be mitigated by (a) support for developing sector policies and their associated institutional and regulatory frameworks, and (b) corresponding capacity building activities for strengthening the concerned ministries, local agencies, and communities to carry out their respective roles and responsibilities. 	<p>Sector strategies and policies: Moderate, after taking into consideration all mitigation measures.</p>
<p>Technical design of the project: Substantial</p> <ul style="list-style-type: none"> The integrated approach in planning and design of multi-sector activities will add some technical complexity to the project Further, urban regeneration, mobility, and heritage support in and around Stone Town will need technical rigors in its engineering design to meet the UNESCO guidelines. 	<ul style="list-style-type: none"> The proposed mitigation measures would include: (a) early and continued engagements with relevant stakeholders including the key ministries, civil societies, and UNESCO on the design and implementation of urban regeneration, mobility, and preservation activities (b) strengthening the PMT with additional staffing and technical capacity for various thematic working groups, and (c) incorporating lessons learned from the ZUSP implementation into the design of works/infrastructure. 	<p>Sector strategies and policies: Substantial, with the potential to be adjusted to moderate as these mitigation measures (i.e. compliance with relevant UNESCO heritage preservation guidelines, etc) go into effect in Project implementation.</p>
<p>Institutional capacity for implementation and sustainability: Substantial</p> <ul style="list-style-type: none"> Strong and continuous hands-on support is required to strengthen the overall capacity of the newly established PMT The addition of large cross-sectoral planning and investment activities also add further stretches, with a high demand in inter-ministerial coordination. 	<ul style="list-style-type: none"> The proposed mitigation measures are: (a) institutional strengthening support to the PMT and concerned agencies to deliver on their mandate and in coordination with each other, coupled with a PMC in the first two years; (b) continued training opportunities offered by the World Bank or external programs; (c) close monitoring of project implementation by the World Bank, with continuous support from the country office and frequent implementation support missions, and (d) establishing close coordination 	<p>Institutional capacity for implementation and sustainability: Substantial, with the potential to be adjusted to moderate as these mitigation measures go into effect in project implementation.</p>



	<p>mechanism with relevant ministries (PSC and PTC) for effective implementation of the project.</p>	
<p>Fiduciary: Substantial</p> <ul style="list-style-type: none"> • Staff have inadequate experience in managing procurement of complex works, goods, and consulting works • Limited staff capacity to cope with the volume of procurement transactions • Insufficient knowledge and skills/ experience in contract management and disputes and claims management, and • Limited experience regarding managing project FM functions under World Bank financing. 	<ul style="list-style-type: none"> • Recent changes in staffing including assignment of staff with previous experience with World Bank financed projects (i.e. South West Indian Ocean Fisheries Governance and Shared Growth Project P132123). • Capacity-building interventions on both FM and procurement will be supported under the project. • In view of fiduciary risks in the past, it was agreed that a PMC will be hired to provide additional fiduciary support when the volume of procurement and contract management work exceeds the usual amount • Continuous training on World Bank FM policies and disbursement procedures. • Close monitoring and hands-on implementation support from the procurement specialist and FM specialist of the World Bank, both based in the country. 	<p>Fiduciary: Moderate, after taking into consideration the mitigation measures, especially changes in staffing.</p>
<p>Environmental and social: Substantial</p> <ul style="list-style-type: none"> • While the potential environmental and social impacts are assessed to be Category B, infrastructure works within dense urban settings are naturally exposed to substantial environmental and social risks • Inadequate staffing and capacity to manage environmental and social risks • The unfolding COVID-19 pandemic poses a potential risk to project implementation including during community consultations and in project sites. 	<ul style="list-style-type: none"> • The proposed mitigation measures include: (a) early exploration of design alternatives to minimize resettlement impacts; • (b) close engagement with the Zanzibar Environmental Management Authority during the ESIA process in project preparation and risk monitoring under implementation, to mitigate potential environmental impacts; • (c) establishment of strong coordination of environmental and social risk management within the PMT; • (d) technical support to the implementation agency to develop a sound and solid ESMPs and RAPs, with substantial mitigation measures to address risks associated with labor influx, social conflict, GBV and child abuse in the communities, with continuous capacity building for the PMT and relevant stakeholders on the World Bank’s environmental and social safeguards policies; • (e) establishing a robust GRM to address both environmental and social complaints in a timely and effective manner; 	<p>Environmental and social: Substantial, with the potential to be adjusted to moderate as these mitigation measures go into effect in project implementation.</p>



	<ul style="list-style-type: none">• (f) substantial community engagement, communications and awareness raising activities throughout the preparation and implementation phases of the project; and• (g) to ensure that proper COVID-19 prevention precautions are taken, the SEP includes safety protocols for community consultations. The ESMF and the ESIA also include requirement and guidance on precautionary measures that need to be taken to manage the risk of COVID-19.	
<p>Stakeholders: Substantial</p> <ul style="list-style-type: none">• Given the multi-sector nature of the project, lack of strong coordination among various stakeholders and insufficient participation of beneficiaries could pose a risk to the project.• Lack of understanding or ownership of activities could lead to misalignment or inefficient implementation.	<ul style="list-style-type: none">• This risk has been, and will continue to be, mitigated through extensive consultation with and engagement of communities, private sector, and civil society in investment prioritization, planning and infrastructure design process. These consultations are being carried out in a structured way through a SEP that has already been approved and disclosed.• In addition, a multi-stakeholder coordination mechanism at three different levels will be established to ensure close coordination of all stakeholders, i.e. the PSC chaired by the POFP PS, PTC consisting of directors, and community planning teams at Sheha level.	<p>Stakeholders: Moderate, after taking into consideration all mitigation measures. The SEP and consultations have been completed, while most subproject-level consultations are to be held during implementation.</p>



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Tanzania

Boosting Inclusive Growth for Zanzibar: Integrated Development Project

Project Development Objectives(s)

The project development objective (PDO) is to increase access to improved living conditions and service delivery in targeted areas in Zanzibar and to enhance institutional capacity of the government.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
to improve living conditions and service delivery in targeted areas in Zanzibar				
People provided with improved access to basic infrastructure and services (Number)		0.00	75,000.00	230,000.00
People provided with improved access to basic infrastructure and services - female (Number)		0.00	38,000.00	115,000.00
Households provided with improved access to basic infrastructure and services (Number)		0.00	15,000.00	46,000.00
to enhance institutional capacity of the government in Zanzibar				
Number of government institutions equipped with new tools or instruments that help improve their capacity in urban management (Number)		0.00	3.00	6.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Component 1: Area-based Integrated Urban and Infrastructure Development				
Area of neighborhoods receiving improved flood protection (Hectare(Ha))		0.00	42.00	126.00
People provided with improved urban drainage services (Number)		0.00	17,600.00	52,800.00
Female beneficiaries with improved urban drainage services (Number)		0.00	8,800.00	26,400.00
People, including women and youth, provided with improved access to public space (Number)		0.00	20,000.00	60,000.00
Women provided with improved access to public space (Number)		0.00	10,000.00	30,000.00
Length of streets rehabilitated (Meter(m))		0.00	70,000.00	20,000.00
Perception of improved mobility and travel safety in Stone Town among residents for women and youth (Percentage)		0.00		70.00
People, including women and youth, with improved access to economic opportunities due to skill trainings or other assistance offered by the Project (Number)		0.00	700.00	2,000.00
Local women receiving business assistance or skills training to improve their access to economic opportunities (Number)		0.00	350.00	1,000.00
Temporary jobs created throughout the project (person-year) (Number)		0.00	5,000.00	15,000.00
Temporary jobs created throughout the project dedicated to women (person-year) (Number)		0.00	750.00	2,250.00
Component 2: Strengthening Institutions for Urban Management and Encouraging Innovation				
Planning and other regulatory instruments		0.00		3.00



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
developed for improving development control and urban management (Number)				
Application of digital technological solutions to Improve municipal finance or urban management (Yes/No)		No		Yes
Number of tourism-related businesses receiving assistance (Number)		0.00	700.00	2,000.00
Component 3: Project Management, Monitoring and Evaluation				
Percentage of subproject activities designed with effective stakeholder engagement and public participation (Percentage)		0.00		100.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
People provided with improved access to basic infrastructure and services	This indicator measures the number of people who benefit from improved access to basic services due to project investments in integrated area-based upgrading in targeted areas of Zanzibar, including improvement in drainage systems, water supply,	quarterly	project reports, beneficiary survey	consultants' report, third-party survey	PMT, consultants, shehias



	street lighting, mobility and accessibility, public space, markets, etc.				
People provided with improved access to basic infrastructure and services - female	Supplementary to the parent indicator, this indicator tracks the number of female beneficiaries of the project.	quarterly	project reports, beneficiary survey	consultants' report, third-party survey	PMT, consultants, shehias
Households provided with improved access to basic infrastructure and services	Supplementary to the parent indicator, this indicator measures the number of households instead of people.	Quarterly	Project reports, beneficiary survey	consultants' report, third-party survey	PMT, consultants, shehias
Number of government institutions equipped with new tools or instruments that help improve their capacity in urban management	This indicator measures the outcomes of institutional strengthening activities financed by the project which will enhance the capacity of selected government institutions (such as Department of Urban and Rural Planning, Ministry of Tourism and Heritage, Stone Town Conservation and Development Authority, Zanzibar Urban Municipality Council, three Pemba town councils, etc.) in managing urban development and economic growth.	Annually	PMT reports, Consultants' reports	Project reporting, Third-party surveys	PMT



Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Area of neighborhoods receiving improved flood protection	This is a climate indicator, measuring the impact of the project-financed upgrading investments on the urban neighborhoods which are expected to benefit from protection from urban floods.	Monthly, quarterly, and annually	Project reports, consultants' reports	Periodic monitoring and project progress reporting, beneficiary surveys	PMT, consultants, contractors
People provided with improved urban drainage services	This is a climate indicator that measures the number of persons who have access to improved urban drainage services under project financing.	Monthly, quarterly, and annually	Project reports, consultants' reports	Periodic monitoring and project progress reporting, beneficiary surveys	PMT, consultants, contractors
Female beneficiaries with improved urban drainage services	Supplementary to the parent indicator, this indicator measures the number of female beneficiaries who benefit from improved drainage services under project financing.	Monthly, quarterly, and annually	Project reports, consultants' reports	Periodic monitoring and project progress reporting, beneficiary surveys	PMT, consultants, shehias
People, including women and youth, provided with improved access to public space	This indicator measures the number of beneficiaries with improved access to public spaces including	Quarterly and annually	Project reports	Periodic monitoring and project progress reporting	PMT, consultants, contractors



	urban streets, parks, plazas and playgrounds where people can enjoy economic, social, and leisure activities.				
Women provided with improved access to public space	Supplementary to the parent indicator, this indicator measures the number of female beneficiaries with improved access to public spaces.	Quarterly and annually	Project reports	Periodic monitoring and project progress reporting	PMT, consultants, contractors
Length of streets rehabilitated	This indicator is adapted from the Corporate Results Indicator "Road Rehabilitated". Instead of length of roads, the project focuses on rehabilitating "streets" with improved mobility and give priorities to pedestrians, public transport, and/or other non-motorized traffic.	Semi-annually	Consultant reports, M&E reports	Periodic monitoring and project progress reporting	PMT, consultants, contractors
Perception of improved mobility and travel safety in Stone Town among residents for women and youth	This indicator measures the percentage of respondents who perceived that the mobility and travel safety within Stone Town has improved for women and youth after the project investments on mobility improvement programme.	At least twice, before investments and after investments	Survey	Quantitative data collected from survey sampling; qualitative data collected from focus group discussions and interviews	PMT, STCDA, consultants
People, including women and youth, with improved access to economic	This indicator measures the number of residents whose	Quarterly and	Project reports,	Consultants' reports, third-party survey,	PMT, consultants, shehias



opportunities due to skill trainings or other assistance offered by the Project	livelihoods are expected to be improved because of the project investments, including those who are provided with assistance to start /reopen/boost their own businesses after COVID-19, those who have an increased income from their business due to project investments in the public space, market infrastructure, and/or tourism infrastructure, as well as those who receive skills training with enhanced opportunities to be employed.	annually	beneficiary survey	Shehia focus groups and interviews	
Local women receiving business assistance or skills training to improve their access to economic opportunities	Supplementary to the parent indicator, this indicator measures the number of local women receiving business assistance or skills training under the project to improve their access to economic opportunities.	Quarterly and annually	Contractors' roster and remuneration sheets; PMT reports, Consultants' reports	Project reporting, Third-party surveys, Beneficiary surveys	PMT, contractor, consultants, Shehias
Temporary jobs created throughout the project (person-year)	This indicator measures the number of temporary jobs created for skilled and unskilled workers who will be hired from the local	Quarterly and annually	Contractors' paystubs and/or remuneration sheets;	Project reporting, beneficiary surveys	PMT, contractor, consultants, Shehias



	communities by contractors and consultants working under the project, measured in person-years. This indicator aims to capture the impact of the project on improving the livelihood of the urban population through promoting labor-intensive works under the project. Specific terms and clauses will be included in the bidding documents to ensure that the contractors/consultants hired under the project will actively engage with and hire from local communities.		PMT reports, Consultants' reports		
Temporary jobs created throughout the project dedicated to women (person-year)	This sub-indicator specifically captures the women beneficiaries of the project who will be hired as temporary workers under the project.	Quarterly and annually	Contractors' paystubs and/or remuneration sheets; PMT reports, Consultants' reports	Project reporting, beneficiary surveys	PMT, contractor, consultants, Shehias
Planning and other regulatory instruments developed for improving development control and urban management	This indicator measures the number of plans and other regulatory instruments that are developed with a clear road map for	Annually	Project reports	Consultants' reports	PMT, consultants



	implementation to improve urban management, development control and/or climate resilience in Zanzibar. These may include: the master plan for Pemba, Zanzibar mobility plan, and a climate resilient building code for Zanzibar, among others.				
Application of digital technological solutions to Improve municipal finance or urban management	This indicator measures the outcome of the project interventions in promoting the use of digital technological solutions to improve the capacity of the government. Such uses may include the roll-out of a GIS-based property tax collection system, and/or the establishment of a spatial database infrastructure framework, etc.	Annually	Project reports	Project reports, reports from beneficiary agencies	PMT, consultants, beneficiary agencies/institutions
Number of tourism-related businesses receiving assistance	This indicator measures the outcome of the assistance provided under the project for helping the businesses and organizations in the tourism sector in Zanzibar. Such assistance may include: training,	Annually	Commission for Tourism, Consultants' report	Project reporting, third-party surveys	PMT, Commission for Tourism



	certification, information collection and distribution, and technical advice on business planning, etc.				
Percentage of subproject activities designed with effective stakeholder engagement and public participation	This indicator measures whether the subproject activities under the financial support of the project are designed and implemented with effective stakeholder engagement and public participation from the local communities (especially the women and other disadvantaged groups) throughout the project.	Quarterly and annually	Project reports, consultants' reports	Project reports, beneficiary survey	PMT, consultants, shehias



ANNEX 1: Detailed Description of Project Activities

COUNTRY: Tanzania

Boosting Inclusive Growth for Zanzibar: Integrated Development Project

1. The project adopts an area-based integrated development approach to deliver systematic solutions to a given targeted area, through: (a) proposing a multi-sector mix of interventions in different areas to address a set of intertwined development challenges such as mobility, resilience, livability, and livelihood; (b) selecting, prioritizing, and packaging investments and interventions for each targeted area through a collective planning and decision-making process, which is led by technical coordination committees that engage a wide range of stakeholders and beneficiaries; (c) streamlined implementation by a centralized PMT under the POFP, in close coordination with line ministries and beneficiary agencies; and (d) aiming for a number of closely related development outcomes – improved access to basic services, promoted sustainable mobility, enhanced interaction between tourism growth and local economic development, as well as institutional capacity for urban planning, management, and municipal finance.
2. As the financing envelope of the project and the absorptive capacity of the implementing agencies are less than the development needs in these areas, a selective and phased approach is being adopted, namely, the project covers critical priority investments, while laying a foundation for follow-on projects that will boost Zanzibar's economy through infrastructure investment, institution improvement and livelihood support. The proposed activities are organized into four components, as described below.

Component 1: Area-Based Integrated Urban and Infrastructure Development (US\$126 million equivalent)

3. This component finances investments in infrastructure and basic services as well as various support programs to improve living conditions of local residents in three types of areas in Zanzibar: (a) urban core, (b) fast-growing urban areas, and (c) established and emerging towns/villages. These areas were selected through a consultative process with various stakeholders in Zanzibar, based on the urgency of needs and the expected impacts on development outcomes. A summary of the stakeholder consultation process and results is provided in the project SEP. The locations of the selected cities and villages for project interventions are illustrated in the maps in Annex 4.
4. *Subcomponent 1.1: Urban Core Revitalization and Mobility Improvements (US\$53 million)*: This subcomponent finances investments in infrastructure and services to improve the livability of the core of urban development in Zanzibar, namely the neighborhoods of Zanzibar Stone Town and city center area. Given that the major challenges of the urban core are related to the dilapidation of infrastructure and heritage assets and poor mobility management, the investments will respond to these challenges. Proposed activities include:
 - a. MAIR, a mobility improvement program that entails the regeneration of the main streets in the Michenzani area in Zanzibar City Center, including street and sidewalk improvements, infrastructure and service upgrading, as well as public space improvements. The objective of the MAIR is to catalyze a modal shift in mobility, and transform the current vehicle-dominated, congested area at the urban



center of Zanzibar City into a safe, pedestrian-friendly, and livable urban space. The MAIR will be carried out in two phases: the first phase focuses on the street and sidewalk improvement on Mlandege Road, New Mkunazini Street, the back streets of Michenzani Apartment Blocks, and public parks, including infrastructure upgrading, street furniture and landscaping, public transport improvements and traffic management measures in the Michenzani area; the second phase includes the improvements on Karume Road as a non-motorized mobility corridor, Malawi Road, Nyerere Road and Creek Road, as well as the public transport hubs near Darajani and other transport facilities needed.

- b. STMPSTI, a strategic program of mutually reinforcing mobility and public space policies, regulatory actions, and physical investments for the UNESCO WHS of Stone Town. The program will improve livability and economic potential and reverse the gradual deterioration and increasing congestion in and around the heritage site through intensified stakeholder engagement and citizen participation. Physical investments may include: building/rehabilitating a safe and climate-resilient pedestrian network, implementing public transport facilities to improve accessibility to/from Stone Town, investments to alleviate access/egress to the Malindi Port and decrease the rampant congestion of the north of Stone Town, as well as uplifting of key public spaces and parking facilities for all mechanized modes adjacent to Stone Town. Policies and regulatory actions may include: management of public transport, taxis, motorcycles, and tourism vehicles, management of parking spaces, restricted access for selected roads, speed reduction and management, regulation of freight transport, and other measures to promote NMT in and around Stone Town (with a special focus on safety and security of women, children and disadvantaged groups). The final selection of investment and interventions will be based on the recommendations from the STMMP and the STCHMP which were developed under the financing of the ZUSP and are expected to be approved by UNESCO by August 2021.

5. Subcomponent 1.2: Upgrading and management of fast-growing urban areas (US\$49 million): This subcomponent delivers area-based upgrading solutions in selected fast-growing urban neighborhoods in Zanzibar that were previously suffering from a large service backlog. Proposed activities include:
 - a. AUI-U, including physical investments for improving living conditions and urban resilience, such as drainage and retention ponds, solar-powered street lighting, renovating, and greening of public spaces, etc. These investments will not only improve the access to basic services, but also contribute to the mitigation and adaptation of climate risks as well as reducing gender inequalities, as women are currently disproportionately affected by poor mobility options and unsafe public spaces. The actual locations of the interventions have been informed through extensive consultations with government agencies, NGOs, CSOs, and other stakeholders, based on a set of criteria such as population density, service backlog, flood risks, poverty status, among others. Some of the urgently needed drainage improvements that were designed but not implemented under the ZUSP, such as the Mwantenga area drainage connections and part of System C community drainage, will also be financed under this subcomponent.
 - b. SWMIITA, which aims to improve SWM service delivery in urban areas of Zanzibar where most municipal waste was generated but mismanaged. Prioritized activities are being discussed with the RGoZ based on the recommendations of the Zanzibar Solid Waste Management Technical Assistance,



recently developed under the ZUSP. The SWMIITA will finance the construction and rehabilitation of waste collection points in communities to reduce open dumping and increase recycling rate. Besides, it will also provide technical assistance to municipalities and local communities, in collaboration with shehias and local NGOs, to increase awareness in good SWM practice among residents and businesses, to promote active engagement of residents, hotels, restaurants, and other businesses in waste sorting and composting activities.

6. Subcomponent 1.3: Integrated LAD for towns and villages (US\$24 million): This subcomponent will support infrastructure improvement in selected towns or villages in both Unguja and Pemba, which are currently lagging in economic growth and poverty conditions. The project aims to inject catalytic investments in these areas to promote more equitable and sustainable growth, with a special attention on poverty reduction and social inclusion. Activities include:
 - a. Integrated Investments for LAD in “gateway” villages of Unguja, namely, settlements where tourists pass through on their way to resort areas, aiming to improve access to basic infrastructure and services for local communities as well as tourism infrastructure that would stimulate local economic growth. To address the disconnect between the fast growth in the tourism sector and the weak economic gain by local communities, the project will prioritize investments that can improve the connectivity between resorts and villages, increase market access of local businesses, and enhance interaction between tourist patronage and local communities. Proposed physical investments are based on the Local Area Plans of these villages developed by the DoURP, in consultation with local residents, business owners, shehias, and other stakeholders. The list includes a set of small-scale investments such as rehabilitation of access roads, installation of solar-powered LED street lights, improvement and greening of public space and landscapes, rehabilitation of markets and community facilities and restoration of heritage assets, building of incubators and crafts centers, etc.³⁰ Women who currently have less access to employment and business opportunities related to the tourism sector will receive priorities and special attention in these interventions. Markets, incubators, and community centers will reserve spots for women users and female business owners so that they can increase their access to markets with better income potential.
 - b. AUI-P, a mix of multi-sector upgrading investments for improving access to infrastructure and urban services and promoting local economic development opportunities in the three town councils and the Micheweni District Council of Pemba, which uses a similar planning and prioritization process as intervention in Unguja. A long list of community needs has been selected collaboratively with the town council representatives, based on which a feasibility study will be carried out to inform the final selection of priority investments to be implemented.
7. Most interventions under Component 1 will have livelihood improvement programs targeting specifically the extremely poor and women’s groups. These programs will aim to narrow the gap in economic development and poverty status between urban and rural communities in Zanzibar. Proposed activities include: providing job assistance to unemployed residents (especially women and youth) through hands-on training, internship or apprentice program, fostering entrepreneurship and supporting SMEs through providing financial literacy education and/or better market access, as well as capacity building for community-based tourist zone



management, in response to the evident gender income gap in Zanzibar which is mainly due to women's lack of access to salaried jobs and high-value-added businesses. These programs will give women priority to improve women's job opportunities on the tourist value chain so that they can have stable wage incomes if they are actively seeking employment. Given the current COVID-19 pandemics the programs will be tailored to train and support people and businesses to develop standards, protocols, certification, and training to ensure sustainable tourism in the future.

Component 2: Strengthening Institutions for Urban Management and Encouraging Innovation (US\$13 million equivalent)

8. This component focuses on institutional development and capacity building, including municipal finance, ICT, urban management, and enhancing the enabling and regulatory environment for development as follows:
9. Sub-component 2.1: Institutional strengthening and use of technology in governance (US\$5 million), including: (a) technical assistance on applying information and communication technologies to establish basic SDI and institutional arrangements to collect, manage and apply geospatial information across different functions and departments, as well as on-demand capacity building for applying new approaches and technologies for managing climate risks, urban growth, municipal finance and COVID-19 response and recovery. (b) customized capacity building program for key government institutions, such as the POFP, PORALGSD, MoICT and its sectoral agencies, MoLHD, MoTH, as well as municipal and town councils, including providing equipment and trainings to government officials of various institutions, and developing business plans for sustainable operations under additional challenges created by COVID-19.
10. Subcomponent 2.2: Urban planning, management and regulations (US\$3.5 million), including: a) development of planning instruments such as integrated master plan for Pemba island; identification of priority investment needs; and Zanzibar mobility plan (including specific plans for Unguja and Pemba); and b) technical assistance on establishing a Building Regulatory Framework for Zanzibar, including the development of a building code and regulatory compliance mechanisms, with a focus on climate resilience and energy efficiency.
11. Subcomponent 2.3: Feasibility studies and detailed design for future urban upgrading and mobility improvement projects (US\$4.5 million), including: (a) preparatory studies for the scale-up of integrated upgrading and heritage conservation programs in Unguja and Pemba, including feasibility, costing and prioritization, as well as the preparation of design documents and safeguards instruments needed; (b) preparatory studies and analysis for the delivery of PPPs of selected facilities and services to be prioritized and agreed upon by the government and key stakeholders; and (c) feasibility study and design of selected strategic mobility programs, which may include public transport modernization, critical streets/roads, and a Malindi port area redevelopment program.

Component 3: Project Management, Monitoring and Evaluation (US\$11 million equivalent)

12. This component finances the direct costs of the management and operation of this project to ensure smooth implementation of all project activities in accordance with the World Bank's policies and guidelines. It will support the borrower in the areas of project coordination, supervision, FM, procurement, M&E,



communication, audits, quality assurance and preparation and supervision of implementation of the safeguards instruments, preparation of related surveys, including through the provision of training, operating costs, goods and services for the required purpose.

Component 4: Contingent Emergency Response (US\$0)

13. This CERC is included under the project for situations of urgent need of assistance, as a project-specific CERC. Given the increasing climate risks in Zanzibar, particularly the risks of flooding, the CERC will allow the RGoZ to request the World Bank to rapidly reallocate project funds to support response and recovery by funding eligible list of activities in the aftermath of a disaster. This component will have no funding allocation initially and will draw resources from other categories with unallocated expenditure in the case of activation. If IRM is established, this component will serve as an IRM CERC to allow the reallocation of uncommitted funds from the project portfolio to the IRM DA to address emergency response and recovery costs, if approved by the World Bank.

Alignment with the World Bank Group COVID-19 Crisis Response Framework

14. The design of the project was informed by the World Bank Group COVID-19 Crisis Response Approach.³⁰ The proposed interventions under the project aim to contribute to all three stages of crisis response—relief, restructuring, and resilience, and through all four thematic pillars listed in the World Bank Group COVID-19 Crisis Response Framework (more details on this Framework can be found in Annex 3). In particular, the diverse investments and activities under the project are expected to generate concrete impacts on Pillar 2 (Protecting the poor and vulnerable), Pillar 3 (Ensuring sustainable business growth and job creation), and Pillar 4 (Strengthening policies, institutions and investments for rebuilding better). Table 1.1 below presents how the project interventions under each component fit under the World Bank Group COVID-19 Response Framework.

Table 1.1: Project Interventions in Alignment with the World Bank Group COVID-19 Crisis Response Framework

		The three stages of response		
		Short (Relief)	Medium (Recovery)	Long (Resilient Future)
		Relief Stage	Restructuring Stage	Resilient Recovery Stage
The four thematic pillars of response	Pillar 1: Saving Lives			
	Pillar 2: Protecting the Poor and Vulnerable	Subcomponent 1.3	Subcomponent 1.3	Subcomponent 1.2 Subcomponent 1.3 Subcomponent 2.3
	Pillar 3: Ensuring Sustainable Business Growth and Job Creation		Subcomponent 1.1 Subcomponent 1.3	Subcomponent 1.3
	Pillar 4: Strengthening Policies, Institutions for Rebuilding Better		Subcomponent 2.2	Subcomponent 2.1

³⁰ World Bank Group. 2020. "Saving Lives, Scaling-up Impact and Getting Back on Track: World Bank Group COVID-19 Crisis Response Approach Paper". Draft June 1, 2020.



Project Sequencing Plan

15. To ensure timely implementation of all proposed project activities in accordance with the readiness of each activity and to avoid overwhelming the absorption capacity of the implementing agencies, a sequencing plan has been prepared for the proposed investments and activities under the project, as shown in Table 1.2 below. Civil works; preparatory studies and technical assistance activities; and project management tasks are shown in yellow, green, and orange colors, respectively.



Table 1.2: Project Sequencing Plan for Proposed Activities

Activity	Before Effectiveness	Year 1	Year 2	Year 3	Year 4	Year 5
Component 1: Area-based Integrated Urban and Infrastructure Development						
1.1 Urban Core Revitalization and Mobility Improvements						
1.1.a Michenzani Area Integrated Redevelopment	Feasibility study, part of detailed design, preparation of safeguards documents	Completion of detailed design and preparation of bidding documents, RAP implementation, and procurement of works	Phase I works started	Phase I works completed	Phase II works started	Phase II works completed
1.1.b Stone Town Mobility and Public Space Improvement	Concept plan developed	Preparing feasibility study, detailed designed and bidding documents	Implementation starts with initial policies and activities. Procurements for works starts	Works and other programs ongoing	Works and other programs ongoing	Works and other programs completed
1.2 Upgrading and Management of Fast-Growing Urban Areas						
1.2.a Area-based Integrated Upgrading in Unguja	Feasibility study detailed design, and bidding documents prepared	Procurements for works start immediately after project effectiveness. Works started	Works ongoing	Works ongoing	Works ongoing	Works completed
1.2.b Improving Solid Waste Services in Urban Areas	Zanzibar SWM strategy prepared; priority investment needs identified	Preparing feasibility study, detailed designed and bidding documents for investment	Procurement for equipment and works starts	Works ongoing	Works ongoing	Works completed
1.3 Integrated Local Area Development for Towns/Villages						
1.3.a Integrated Upgrading of Gateway Villages in Unguja	ToRs prepared	Preparing feasibility study detailed designed and bidding documents	Procurement for equipment and works starts	Works ongoing	Works ongoing	Works completed
1.3.b Area-based Integrated Upgrading in Pemba	ToR Prepared, community consultations on investment planning held	Preparing feasibility study detailed designed and bidding documents	Procurement for equipment and works starts	Works ongoing	Works ongoing	Works completed
Component 2: Strengthening Institutions for Urban Management and Encouraging Innovation						
2.1. Institutional Strengthening and Use of Technology in Governance	Capacity Building needs identified	Technical assistance ongoing	Technical assistance ongoing	Technical assistance ongoing	Technical assistance ongoing	All training and capacity building activities completed
2.2 Urban Planning, Management and Regulations	ToR prepared	Procurement for the consultancy starts immediately after project effectiveness	Consultancy complete and informs mobility planning and upgrading investments in Pemba	Mobility Plans developed; building code drafted; Municipal finance TAs ongoing	Mobility Plans developed; building code drafted; Municipal finance TAs ongoing	All planning/regulatory documents finalized and endorsed by the Government
2.3 Feasibility Studies and Detailed Design for Future Urban Upgrading and Mobility Improvement Projects	10 PPPs identified with pre-feasibility studies completed	Recruiting a PPP advisor; Prioritization of selected PPPs	Technical assistance on PPPs ongoing	Strategic projects identified and procurement for preparatory studies starts	Detailed design starts	All studies and designs completed
Component 3 Project management, Monitoring and Evaluation	PSC, PTC, PMT established; PIM prepared	PMT fully staffed and functional; technical coordinators and PMC recruited and onboard; Project implementation starts	Ongoing	Mid-term review	Ongoing	Project closing and final evaluation



ANNEX 2: Implementation Arrangements and Support Plan

COUNTRY: Tanzania

Boosting Inclusive Growth for Zanzibar: Integrated Development Project

A. Project Implementation Arrangements

1. **Project Management Team (PMT):** The PMT has been established as the project implementing agency under the POoFP of Zanzibar, comprising civil servants appointed by the government. The PMT will be headed by a Project Coordinator, assisted by a Deputy Project Coordinator, a Pemba Project Manager, as well as a number of professionals who will be performing various core functions for project operations or technical advisory roles through project implementation. The PMT office will have a main office in Unguja where most PMT members will be stationed and a branch office in Pemba, where the Pemba Project Manager will be stationed. The roles and responsibilities of each PMT member will be detailed in the PIM. The World Bank will provide assistance to the PMT to strengthen the operational capacity of the team throughout the course of the project.
2. Given the cross-sectoral and multi-institutional nature of the project, both the World Bank and RGoZ agreed that measures for strengthening of the implementation arrangements would be needed in response to increased volume of work. These measures include: (a) establishing a PSC and a PTC for effective coordination; (b) hiring four technical coordinators by thematic area under the PMT to work with sectoral focal points from corresponding ministries for preparing terms of reference and managing design consultancies in project preparation and implementation; (c) staffing up the PMT on environmental and social safeguards, M&E, and fiduciary management; and (d) recruiting a professional PMC firm for the first two years into project implementation and provide capacity building to the civil servants at the PMT. The chart below (Figure 2.1) illustrates the structure of institutional arrangements for the proposed project.

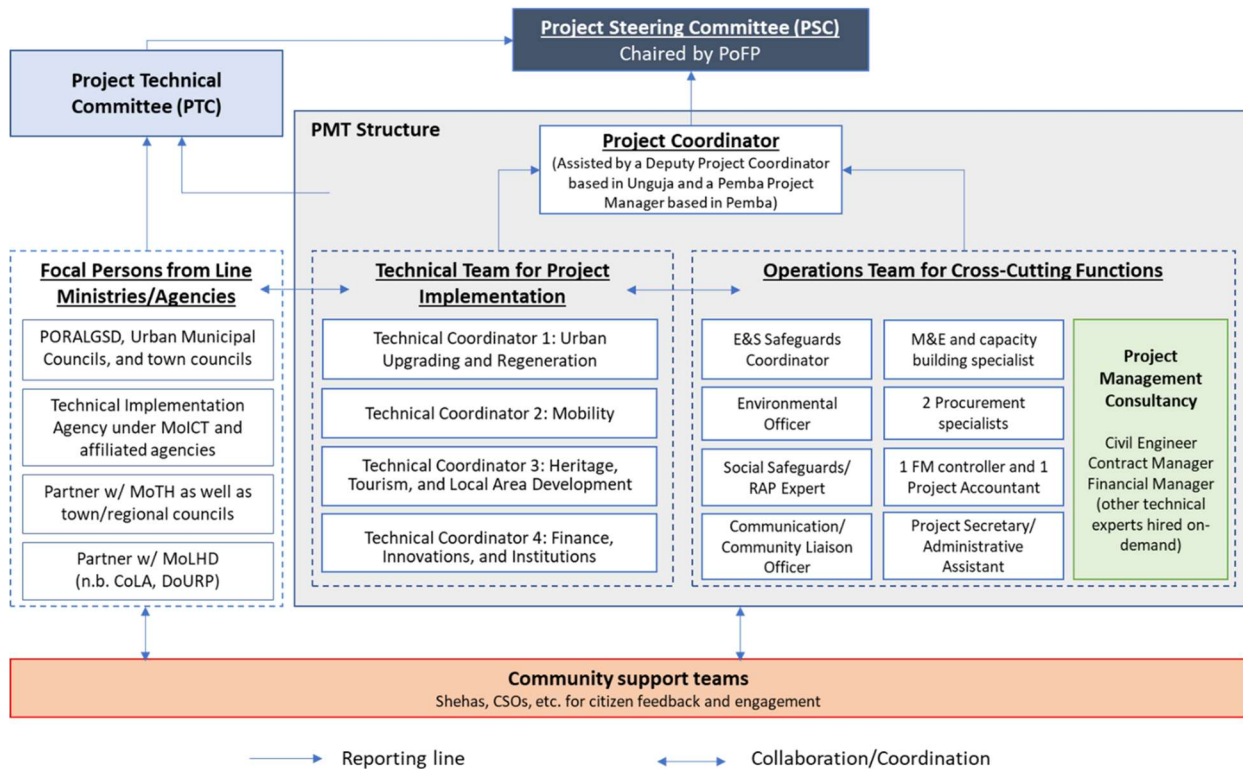


Figure 2.1: Institutional Arrangements

- Project Steering, Coordination and Reporting:** As aforementioned and illustrated in the chart above, given its multi-sectoral nature, the project requires commitment and leadership from senior government officials as well as established procedures and schedules for inter-ministerial coordination. Project oversight will be ensured through a PSC and PTC. The PSC comprises Principal Secretaries from the POFP and the four key ministries (PORALGSD, MoICT, MoTH and MoLHD) who will oversee overall project progress and ensure that project objectives and timelines are met. The PSC will be responsible for the key decision making on project coordination and steering matters, such as discussing and making decisions on key milestones of subprojects that involve more than one ministry. The PTC comprises directors from the same key ministries but will attend to all technical details of the project to review, provide guidance, approve deliverables at key milestones of the project, and make recommendations to the PSC for decision, when needed.
- PMC:** the PMT will be supported and reinforced by a professional PMC for the first two years of project implementation to provide enhanced capacity to support technical, fiduciary, and safeguards areas. The PMC will provide implementation support and specialized advisory services to the PMT and other stakeholders involved in project implementation on a need basis. Experts from the PMC will become an integral part of the PMT, reporting to the PMT Coordinator, and providing capacity building and concrete ‘on the job’ training to the civil servants within the PMT. With the assistance from the PMC, the PMT will ensure that the management of all aspects of the project implementation, including fiduciary, safeguards, and technical, is done in accordance with the World Bank guidelines and within procedures of the governments. The performance of the PMC will be assessed at the end of two-year contract for further consideration.



5. **Technical Advisory and Coordination:** Apart from the PTC which will be the convening body for technical advisory and decision making on technical aspects of the project, four technical coordinators in the PMT will be responsible for the quality control and technical supervision of activities on a daily basis, for the four thematic pillars: (a) municipal finance, innovations, and enabling environment; (b) urban upgrading and regeneration; (c) mobility; and (d) heritage, tourism and LAD. In addition, each of the four key ministries has also assigned at least one technical officer as a focal person to work directly with the PMT on a daily basis to ensure effective and efficient communications, and to help ensure engagement with community planning teams, CSOs, and local residents for transparency and accountability.

B. Procurement Risk Assessment and Arrangements

6. **Guidelines:** Procurement for the project will be carried out in accordance with the “World Bank Procurement Regulations for IPF Borrowers under Investment Project Financing”, dated July 2016, revised November 2017 and August 2018 (hereafter referred to as “Procurement Regulations”), Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised July 1, 2016); and the provisions stipulated in the Financing Agreement.
7. **PPSD and PP:** As required by the Procurement Regulations, a PSD has been developed and finalized during Appraisal. Based on the PSD, a draft PP for the first 18 months has been prepared by the government and reviewed and approved by the World Bank in April 2021, to set out the selection methods to be followed by the Recipient in the procurement of goods, works, non-consulting and consulting services financed by the World Bank. The PP will be updated at least every 12 months, or as required, to reflect the actual project implementation needs. Each update of the PP shall require the World Bank’s approval. All PPs will be publicly disclosed in accordance with the World Bank Access to Information policy. For each contract to be eligible for financing by the credit, different procurement methods, estimated costs, prior review requirements, and time frame will be agreed upon between the government and the World Bank in the up-to-date PP.
8. **STEP:** The World Bank’s system will be used to prepare, clear, and update PPs and conduct all procurement transactions for the project. PMT staff will be trained in STEP, as necessary, by the World Bank.
9. **Procurement Publications:** The POFP will be required to prepare and submit to the World Bank a General Procurement Notice before beginning any procurement activity under the project. The World Bank will arrange for its publication in *United Nations Development Business online (UNDB online)* and on the World Bank’s external website. Specific Procurement Notices for all international competitive procurements and Requests for Expressions of Interest for all consultancies estimated to cost not less than US\$300,000 shall be published in at least one newspaper of national circulation in the borrower’s country, or in the official gazette, or on a widely used website or electronic portal with free national and international access, and in UNDB online and the World Bank’s external website through STEP. Similarly, for all contracts, whether subject to the World Bank’s prior review or post review, the Borrower shall publish a public notice of award of contract (Contract Award Notice) within 10 (ten) Business Days from the Borrower’s Notification of Contract Award to the successful Bidder/Proposer/Consultant.
10. **Procurement Templates:** The World Bank’s Standard Procurement Documents (SPDs) shall be used for procurement of goods, works, and non-consulting services under International Competitive



Procurement. As Zanzibar does not have national bidding documents in line with the new procurement act, documents to be used under National Procurement Procedures (NPP), subject to the exceptions stipulated in the textual part of the PP, will have to be reviewed to the satisfaction of the World Bank, prior to being used. Selection of consultant firms shall use the World Bank’s SPDs, in line with procedures described in the Procurement Regulations.

- 11. **Public procurement in Zanzibar is governed by a new act “Public Procurement and Disposal of Public Assets Act No. 11 of 2016”** that became effective from July 1, 2017, after publication in the Gazette, through legal notice No. 73 dated June 30, 2017. The new act repealed the Public Procurement and Disposal of Public Assets Act, No. 9 of 2005. The associated regulations for the new act have been drafted but not yet been approved. Standard bidding documents in line with the new act have not yet been prepared. The Act will, in principle, be applied for procurements below the defined thresholds involving the NPP. However, procurement documents using the National Procurement Procedures will have to be reviewed to the satisfaction of the World Bank, before being used.
- 12. **Operating costs:** Operating costs shall consist of O&M costs for vehicles, office supplies, communication charges, utility charges, travel expenses, per diem and travels costs, office rental, training costs, workshops and seminars and associated costs, among others. These items will be procured using the Borrower national procurement and administrative procedures acceptable to the World Bank including selection of project implementation support personnel.
- 13. **Training and workshops:** Training and workshops will be based on capacity needs assessment. Detailed training plans and workshops activities will be developed during project implementation and included in the project annual plan and budget for the World Bank’s review and approval.
- 14. **A procurement capacity and risk assessment was carried out by the World Bank for the POFP in April 2021.** The assessment reviewed the organizational structure, functions, staff skills and experiences, adequacy for implementing the project, and the interaction between the project staff responsible for procurement. Procurement staff are qualified. However, training on World Bank procedures will be required to strengthen the PMT’s capacity. Additionally, procurement management is weak.
- 15. **The overall project risk for procurement was assessed as “Substantial” and the residual risk, taking into consideration the mitigation measures, is “Moderate”.** The procurement risks and mitigation measures are detailed in the table below.

Table 2.1: Procurement Risks and Mitigation Measures

Risk	Mitigation Measure	Time Frame	Responsibility
Inadequate staff to handle procurement workload	Need for continued services with newly recruited staff with knowledge on World Bank procurement procedures and recruiting other additional procurement staff to support project implementation	Within 3 months of Project Board approval	POFP
Delays from technical teams providing technical specifications and ToRs	Training of technical teams and Tender Board members in	Within 3	



Delays in preparation of evaluation reports and related Tender Board approvals, with some evaluation processes taking over 12 months	preparation of ToRs and carrying out evaluation of bids and proposals	months of project effectiveness	POFP
Lack of training and updating of skills on the World Bank procurement procedures particularly with respect to the World Bank's Procurement Regulations	Training in World Bank Procurement Regulations and STEP	Within 3 months of project effectiveness	POFP
Inadequate contract management	Training in contract management (both procurement and technical staff)	Within 3 months of project effectiveness	POFP
Inadequate records keeping/filing, including inadequate space for procurement records	Provision of more space for staff and improvement of record keeping system	Within 3 months of project Board approval	POFP

16. **Thresholds for Prior Review, Procurement Approaches and Methods.** The PP shall set forth those contracts which shall be subject to the World Bank's prior review. All other contracts shall be subject to post review by the World Bank. A summary of prior-review and procurement approaches and methods thresholds for the project are indicated in the two tables below, based on the procurement assessment.

Table 2.2: Thresholds for Goods, Works and Non-Consulting Services

Category	Prior Review (US\$ millions)	Procurement Approaches and Methods (US\$ millions)		
		Open International	Open National	Request for Quotation (RfQ)
Works	≥ 10	≥ 15	< 15	≤ 0.2
Goods, IT, and non-consulting services	≥ 2	≥ 5	< 5	≤ 0.1

Table 2.3: Thresholds for Consulting Services

Category	Prior Review (US\$ millions)	Short List of National Consultants	
		Consulting Services	Engineering and Construction Supervision
Consultants (Firms)	≥ 1	≤ 0.3	≤ 0.3
Individual Consultants	≥ 0.3	n.a.	n.a.

***Note: General TORs for all contracts shall be cleared by the World Bank**

- (a) Shortlist for consultancy services for contracts estimated to be less than US\$300,000 equivalent per contract may be composed entirely of national consultants
- (b) Consultancy services for contracts estimated to cost US\$300,000 and above equivalent per contract shall be advertised in UNDB online and the World Bank's external website in addition to advertising in national newspapers in accordance with the provisions of paragraph 2.5 of the Consultants Guidelines



17. **Record keeping.** The implementing entity will be responsible for record keeping and filing of procurement records for ease of retrieval of procurement information. In this respect, each contract shall have its own file and should contain all documents on the procurement process.
18. **Monitoring.** M&E of procurement performance will be carried out through the World Bank supervision and post procurement review missions.
19. **Frequency of Procurement Supervision.** In addition to the prior review supervision to be carried out by the World Bank, the capacity assessment of the implementing agencies recommends at least one supervision mission every 12 months to visit the field to carry out post review of procurement actions.

C. Financial Management Risk Assessment and Arrangements

20. **The World Bank conducted FM assessment of the PMT under the POFP of Zanzibar in April 2021.** The objective of the assessment is to determine whether: (a) the PMT has adequate FM arrangements to ensure that project funds will be used for purposes intended, in an efficient and economical way; (b) project financial reports will be prepared in an accurate, reliable and timely manner; and (c) the project assets will be safeguarded. The assessment was carried out in accordance with the World Bank Directive: Financial Management Manual for World Bank Investment Project Financing Operations issued February 4, 2015 and effective from March 1, 2010; and the World Bank Guidance: Financial Management in World Bank Investment Project Financing Operations Issued and Effective November 10, 2017. The table below identifies the key risks that the PMT may face during project implementation leading to failure to achieve project objectives. In view fiduciary risks in the past, the following mitigation measures were agreed with the Borrower to provide a basis for determining how the PMT should address these risks.



Table 2.4: FM Risks and Mitigation Measures

<i>Type of Risk</i>	<i>Description of risk</i>	<i>Risk Rating</i>	<i>Risk Mitigating Measures Risk</i>	<i>Residual Risk Rating</i>
Inherent Risks				
Country Level	Despite the ongoing project financial management (PFM) reforms, key challenges remain in improving revenue forecasting and management; budgeting planning, execution and monitoring; public procurement; accounting; internal controls and internal audit; as well as external audit and oversight.	S	The implementation of ongoing core reforms under the Public Financial Management Reform Project continues to strength PFM systems in Zanzibar; Strengthening the Internal Audit function at both Central and local government administrations.	S
Entity Level	There may be a risk that the relevant financial reports including budget and IFRs will not be prepared and submitted on time.	M	The World Bank plans a detailed training session to the client’s project team on FM and disbursement guidelines. Procurement of Navision to be used to generate quarterly IFRs, and annual financial statements and for project/procurement management Agreement between the World Bank and the POFP of Zanzibar to enhance the PMT that includes increasing the number of accountants and training them accordingly.	M
Project Level	The risk of failure of the project to achieve the intended objectives.	M	Agreement between the World Bank and the POFP of Zanzibar to enhance the PMT that includes increasing the number of staffs from different specialties accountants, and training them accordingly.	M
Overall Inherent Risk		S		M



Control Risks				
Budgeting	No material weaknesses noted in budget arrangements	M	Both the PMT and the POFB are staffed with competent persons in preparation, review, consolidation and implementation of the annual work program and budget	M
Accounting	Failure of the accounting team to deliver quality and timely reports due to increase in number of projects.	S	Regular capacity building training to be undertaken during supervision missions.	M
Internal Control	There may be delays in submission of the quarterly/semi-annual and annual internal and external audit reports.	S	Regular capacity building training of internal auditors and inclusion in the project work plan Continuous implementation of recommendations of the internal audit reports to improve controls.	S
Funds Flow	Delays in submission of IFRs and Withdrawal Application could affect disbursement of funds.	M	Continue using the new system; practice producing all financial reports and use well the onsite support by the service provider to gain knowledge on use of the system	M
Financial Reporting	Risk of delay in submission of quarterly IFRs and annual financial statements	S	Continue using the new system; practice producing all financial reports and use well the onsite support by the service provider to gain knowledge on use of the system	M
Auditing	There may be delays in submission of the annual external audit reports	M	Early appointment of external auditors; early submission of draft financial statement to the National Audit Office of Zanzibar	M
Overall Control Risk		M		M
Overall Risk Rating		M		M

***Note: H – High, S – Substantial, M – Moderate, L – Low**

21. **The overall FM risk rating for the PMT was assessed as “Moderate” which satisfies the World Bank’s minimum requirements.** These risks will be reviewed and measured (reassessed) during each supervision mission and support from the World Bank will be provided in the implementation of the mitigation measures.



22. **FM arrangements:** The FM arrangements need to be adequate to provide, with reasonable assurance, accurate and timely information on the status of the project as required by the World Bank. The project will use the report-based disbursement method. The project accounts will be audited by the CAG of the RGoZ. Accounting and audits will be conducted in accordance with sound and internationally recognized accounting and auditing principles and practices satisfactory to the World Bank. IFRs will be submitted to IDA within 45 days after the end of every quarter of the project implementation period. The audit reports and related project accounts will be submitted to IDA within six months after the end of the fiscal year.
23. **Budgeting:** Preparation of the Annual Work Plans and Budgets (AWPBs) is participatory and based on the Medium-Term Expenditure Framework (MTEF). Budgets are approved before the new financial year begins and monitored during project implementation using unaudited IFRs and quarterly physical progress report. The PMT and the POFP of Zanzibar are both staffed with competent persons to carry out the preparation, review and consolidation of AWPB. The budget arrangements are assessed as adequate.
24. **Accounting:** The project is required to maintain adequate financial records in accordance with accepted international accounting standards and practices and in accordance with the Public Finance Act of the URT, Cap 348 R.E 2020 and its guidelines. The project shall maintain adequate financial records in accordance with accepted international accounting standards and practices as laid out in the Financial Regulations. The regulations describe the accounting system, policies and procedures (namely, the accounting records, supporting documents, computer files, chart of accounts; the accounting processes) from the initiation of a transaction to its inclusion in the financial statements; authorization procedures for transactions; and the financial reporting process used to prepare the financial statements. These arrangements are acceptable to the World Bank.
25. **FM Staffing Arrangements.** The PMT has assigned a qualified accountant who will look after the project. However, there is a need for the staff to attend the World Bank's FM and disbursement procedures training as this can be provided by the World Bank on request. The staffing arrangements will be enhanced to ensure smooth project execution.
26. **Internal controls:** Internal control system of the project is assessed as satisfactory with adequate segregation of duties, accounting and arithmetic controls, approval and authorization and other controls. The weaknesses noted during the assessment mission include usage of the error prone and unreliable Excel worksheet in preparation of reports and unreliable accounting systems. The PMT has acquired a new Navision accounting system that has among other modules the reports and project management one to mitigate this risk. The internal control system is documented and in line with the provisions of the Public Finance Act of the URT, Cap 348 R.E 2020 and the FM Procedures Manual which is deemed acceptable for the proposed project.
27. **Internal Audit:** The POFP of Zanzibar's internal audit function has a staff compliment of five well experienced and adequately qualified staff, with all having a minimum of Bachelor's degrees in accounting/FM. The internal audit uses risk-based audit approach to carry out its work. The audit department prepares the annual audit strategy and work-plan. A manual is in place to guide the work of internal auditors. Even though the POFP has been implementing World Bank-financed projects for more than a decade now, none of the internal auditors has attended a training on the World Bank's FM and



disbursement procedures and it is recommended therefore that all five internal auditors attend the training. There will be a need to continually build capacity of the internal audit function to enable them to carry out full-range internal audit function. The NBAA/IIA CPE seminars that have the contemporary internal themes and Common Wealthy Donor Funded Project Audit trainings are also recommended at this stage.

- 28. **Financial covenants.** Financial covenants are the standard ones as stated in the Financing Agreement Schedule 2, Section II (B) on FM, Financial Reports and Audits and Section 4.09 of the General Conditions and the Disbursement and Financial Information Letter (DFIL).
- 29. **Flow of project funds:** –The project shall have to open and maintain two sets of bank accounts: (a) a DA in US dollars; (b) a Tanzania shilling project account for the purposes of implementing the project, and c) A Tanzania shilling project account for the purposes of payments of compensation to the PAPs. The DA will be opened at the People’s Bank of Zanzibar, and the project account at a commercial bank acceptable to the World Bank. Transfers of IDA credit from the World Bank will be made into the DA. Transfers will be made from the DA to the project account primarily to meet transactions. The DA shall be opened after the Financing Agreement has been signed. The diagram below (Figure 2.2) shows the funds flow arrangements:

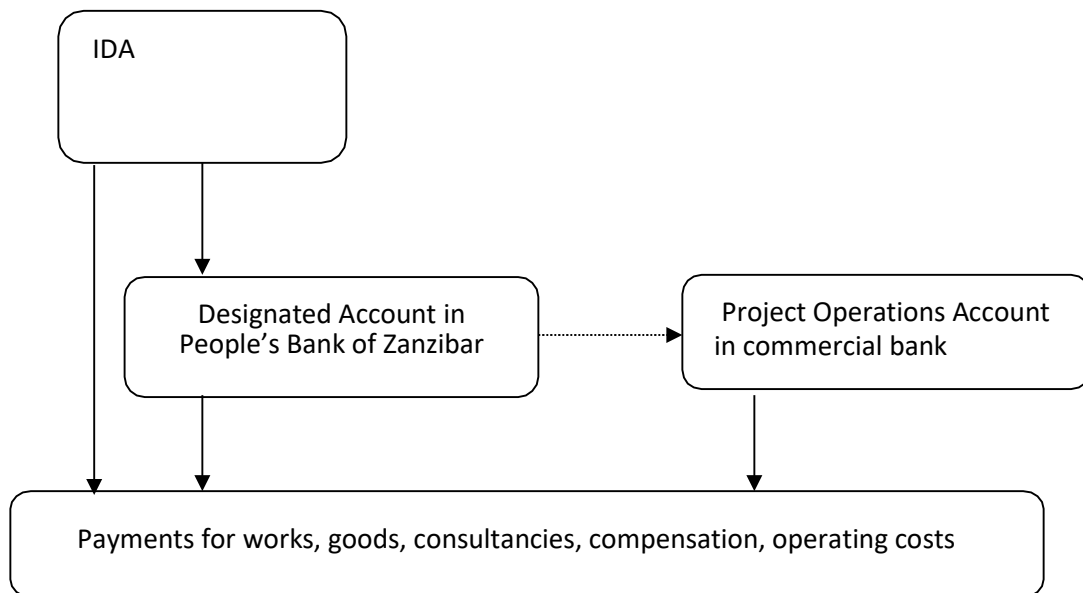


Figure 2.2: Project Funds Flow Arrangements

- 30. **Disbursements:** Disbursements will be made out in accordance with the Disbursement Guidelines for Investment Project Financing dated February 2017. The project will submit applications using the electronic delivery tool, ‘e-Disbursements’, available on the World Bank’s Client Connection website/web-based portal. The Authorized Signatory Letter signed by the RGoZ will include authorization for the designated signatories to receive Secure Identification Credentials from the Bank for the purpose of delivering such applications by electronic means. In addition to making advances to the DA, other disbursement methods (reimbursement, direct payment, and special commitment) will be available for use under the project. Further instructions on the withdrawal of proceeds will be outlined in the DFIL and details on the operation of the DA will be provided in the project’s Administrative, Accounting, and Financial Manual of Procedures (as part of the PIM). In accordance with the project



Financial Agreement, the table below specifies the categories of eligible expenditures to be financed out of the proceeds of the credit, the amounts under each category, and the percentage of expenditures to be financed for eligible expenditures in each category.

Table 2.5: Project Disbursement Amount by Category

Category	Amount of the Financing Allocated (expressed in US\$, millions)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services, Training & Workshops, and Incremental Operating Costs for the Project	[145]	100 percent
(2) Land Acquisition & Resettlements Compensations	[5]	100 percent
(3) Emergency Expenditures for the CER Component	0	100 percent
TOTAL AMOUNT	[150]	

31. **Financial reporting:** The quarterly IFRs will be prepared at the end of each quarter and submitted to the World Bank not later than 45 days after the end of the quarter. The format and content of the IFRs will remain the same as the one currently in use by the PMT. This has already been discussed and agreed with the RGoZ. The IFRs will include Sources and Uses of Funds Statement, Uses of Funds by Project Activity/Component and DA Activity Statement. To support the continued use of report-based disbursement the PMT will be required to submit the following:

- IFR
- DA Activity Statement
- DA and Project bank account statements
- Bank reconciliations for both the DA and project bank account
- Summary Statement of DA Expenditures for Contracts subject to Prior Review
- Summary Statement of DA Expenditures for contracts not subject to Prior Review.

32. The annual financial statements will also be prepared in accordance with International Public-Sector Accounting Standards (IPSAS accruals). The standard format that has already been agreed with the RGoZ shall be used for this project and will be communicated to the project team. A short training shall be conducted together with coaching during project implementation. The Disbursement and Financial Information Letter requires the submission of audited financial statements to the World Bank within six months after the financial year end. These Financial Statements will comprise:

- A Statement of Sources and Uses of Funds / Cash Receipts and Payments
- A Statement of Affairs/ Balance Sheet
- The Accounting Policies Adopted and Explanatory Notes. The explanatory notes should be presented in a systematic manner with items on the Statement of Cash Receipts and Payments being cross referenced to any related information in the notes; and
- A Management Assertion that World Bank funds have been expended in accordance with the intended purposes as specified in the Financing Agreement and Project Agreement.



- 33. **External auditing arrangements:** The Office of the CAG of the RGoZ has the primary responsibility for auditing of all government projects. In some cases, at the discretion of the CAG, the audit may be subcontracted to a firm of private auditors, with the final report being issued by the CAG, based on the tests carried out by the subcontracted firm. The private firms to be sub-contracted should be among those that are acceptable to the World Bank. The ToR for the hiring of the private audit firm will also need to be cleared by the World Bank. In case the audit is subcontracted to a firm of private auditors, IDA funding may be used to pay the cost of the audit.
- 34. The audits are done in accordance with International Standards on Auditing. The external audit ToRs have been agreed with the government. The audit report together with the management letter will be submitted to the World Bank no later than six months after the end of the financial year. The PMT is required to make public disclosure of the audited financial statements in a manner acceptable to the World Bank. Following the World Bank’s formal receipt of the audit report from the PMT, the World Bank will make them available to the public in accordance with the World Bank’s Policy on Access to Information.
- 35. **Governance and anticorruption arrangements:** The use of hotlines to report corruption and other forms of fraudulent activities is proposed given that they are not in use currently. There is also need for the PMT to strengthen the current arrangements of the Integrity Committee which is meant to handle complaints.
- 36. **Financial Management Action Plan:** The action plan below indicates the actions to be taken for the project to strengthen its FM system and the due completion dates.

Table 2.6: Financial Management Action Plan

	Action	Due Date
1	Open a DA and two project accounts and communicate the details of the bank account and signatories to the World Bank.	By project effectiveness
2	Continue with training and using the new Navision accounting system to produce project reports on a timely basis and assist in project and procurement management.	Ongoing
3	Train the accounts and internal audit staff on the more recent World Bank FM and Disbursement Guidelines.	Within three months after project effectiveness.

- 37. **FM Implementation Support Plan (ISP):** Based on the risk assessment of the project, the World Bank FM supervision review will be conducted at least twice per annum. The mission’s objectives will include ensuring that strong FM systems are maintained for the project throughout its life. Reviews will be carried out regularly to ensure that expenditures incurred by the project remain eligible for IDA funding.



Table 2.7: FM Implementation Support Plan

Activity	Frequency
Desk reviews:	
IFR review	Quarterly
Audit report review	Annually
Review of other relevant information such as internal audit reports.	Quarterly
On site Visits:	
Review of overall operation of the FM system	Annually during implementation support missions
Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audit and other reports	Continuous
In depth transaction reviews	As required
Capacity Building:	
FM training	Before project start and thereafter annually
Technical Assistance	Continuous

D. Safeguards

- 38. **The project is rated Environmental Risk Assessment Category B and triggers the following environmental and social safeguard policies: Environmental Assessment (OP/BP 4.01); Natural Habitats (OP/BP 4.04); Physical Cultural Resources (OP/BP 4.11); and Involuntary Resettlement (OP/BP 4.12).** Most of the proposed investments under Component 1 are intended to provide environmental improvements and social amenities. However, given the nature of some of the proposed activities, certain negative environmental and/or social impacts are anticipated during construction and operation of the proposed works. Appropriate mitigation measures have been considered in the ESMF and actions will be undertaken to address potential environmental and social impacts at investment or activity-specific level.
- 39. **Safeguards framework, instruments, and compliance.** All investments proposed for financing will need to comply with environmental and social safeguard policies by undergoing the required level of assessment prior to implementation. Since the total number, specific location and characteristics of proposed investments are still to be determined, the appropriate instrument, which is the ESMF, has been prepared. The ESMF is an umbrella document, which provides guidance to the project to identify, screen, assess and design mitigation measures for potential environmental and social impacts of project investments. The ESMF has therefore defined appropriate and specific environmental and social instruments to be prepared for each investment, including budget estimates for the proposed mitigation measures. These instruments include an ESIA or a stand-alone ESMP including health and safety aspects of the project activities. The ESMF has been prepared, consulted upon, and disclosed prior to appraisal. On the other hand, site-specific environmental and social safeguard instruments, such as the ESIA and the RAP, have been prepared for the first phase of the MAIR as well. The same will be prepared for other proposed activities for urban regeneration, upgrading, and service improvement prior to commencement of works.
- 40. **Environmental impacts and safeguards.** Potential environmental impacts during construction of



proposed investments under the project are likely to include: some soil erosion, noise, temporary loss of vegetation, temporary pollution of water bodies, occupational health and safety risks, traffic accidents, generation of solid waste, etc., all of which will be managed carefully during project implementation. Site-specific ESMPs including Health and Safety Plans will be prepared by contractors and approved by the client prior to commencement of any construction. In the case of the proposed strategic plans and policy support that will produce future investment programs, such as the Pemba master plan and the two island-wide mobility plans, the project will ensure that the SESA is built into each activity. The ToR will require that plans and policies be screened for direct, cumulative and induced positive and negative impacts and propose mitigation measures.

41. **Social impacts and safeguards.** The overall impacts of the project implementation will be positive in terms of improving the living conditions of the local communities and promoting inclusive and sustainable growth. The proposed infrastructure works within a dense urban setting will have positive impacts to the communities by upgrading the project areas by improving mobility, accessibility, and safety of the residents. It will also contribute to improving the livability, job opportunities, and social welfare of women who are traditionally disadvantaged in Zanzibar through various interventions. However, during the infrastructure construction, certain negative social impacts could be envisioned, including involuntary land acquisition, resettlements, or temporary relocation of households, full or partial impacts on properties (residences and businesses), and temporary or permanent loss of livelihoods. As some investment sites are unknown at this stage of project preparation, an RPF outlining provisions to minimize and mitigate risks and negative impacts have been prepared, consulted upon, and disclosed before project appraisal. It serves as a guide to develop RAPs for investments once their sites are identified; for investments for which the sites are known (such as the first phase of the MAIR), the RAP has also been prepared, consulted upon, and disclosed before the project appraisal, to be implemented by the PMT prior to the commencement of construction works.
42. **Issues pertaining to labor influx, GBV and protection of the local communities near work areas will be addressed in the site-specific ESMP and ESIA documents.** All the civil works financed under this project will aim to involve primarily residents, especially youth, to help promote employment and reduce the influx of external labor. When it is necessary to use contractors and foreign workers to work under infrastructure subprojects, provisions to minimize or mitigate the negative impacts of the influx of laborers on the local communities will be added in the risk management plans. The PMT and the World Bank will ensure that the ESMP and ESIA are prepared and implemented by contractors properly as well as strictly following labour laws and regulations when locating and managing worker camps. Specific safeguards measures will include: (a) a comprehensive assessment of labor influx risks during the process of conducting ESIA's; (b) development of the Labor Flow Management Plans in the site-specific ESMPs; (c) requirement to introduce clauses for the management of workers, protection against child labor, prevention of GBV, and so on in all civil works contracts of companies and subcontractors; and (d) contractors will prepare various tools that include Code of Ethical Conduct, Labour Influx Plan and HIV/AIDS Awareness trainings programs that will be reviewed by the PMT and cleared by the World Bank before being implemented. contractor under the supervision of the Consulting engineer will ensure that all employees sign the Code of Ethical Conduct and go through trainings on gender, GBV and HIV/AIDS awareness. The PMT will ensure that the contractors provide and reserve enough budget in the bidding documents for the preparation and implementation of these safeguard instruments.
43. **Capacity of the implementation agency to manage environmental and social safeguards issues.** The project will be coordinated by the PMT with technical assistance from the PMC. The PMT has identified



and assigned interim social and environmental specialists who will work on the project until a full-time safeguards coordinator with extensive knowledge of environmental and social risks management including World Bank policies, one environmental specialist and one social specialist with experience in resettlement are hired within three months of project effectiveness. With additional support from the World Bank's safeguards team, the PMT shall be able to manage safeguards risks and deal with safeguards issues effectively and efficiently. Specific safeguards capacity needs for implementing entities other than the PMT, recommended training and required budget have been outlined in the ESMF. Improvements made during the implementation of the previous ZUSP will also be advanced under this project. These include improvements in construction site safety and (ESHS condition through: (a) updating the ESMP and amending the construction contract to include technical specifications, bill of quantities, and their budget aligned with the updated ESMP; (b) mobilizing additional ESHS officer by both contractor and supervision consultants; and (c) tightening monitoring and reporting among the contractor, supervision consultant, PMT, and the World Bank.

44. **Community awareness, public participation, and citizen engagement.** Strong citizen engagement throughout the project ensures buy-in from the local communities so that all the project activities will be designed to meet the priority needs of the residents with a good fit-for-purpose. The designs for newly identified activities will also take into consideration local socio-cultural issues for the sustainability of the project. The preparation of the project, including feasibility studies and preparation of safeguards instruments will be carried out in consultations with the sectoral stakeholders within the RGoZ, local municipalities and agencies, shehias, as well as representatives from civil societies. The project will particularly strive to engage the disadvantaged groups such as people in extreme poverty, women, the elderly, children, and youth, as well as people with disabilities to voice their opinions and concerns in order to influence project design. An intensive SEP training was organized for government officials and agents involved in the project to enhance their institutional capacity on community engagement. Stakeholders engagement has been designed into three phases: (a) the *needs definition phase* aims to identify and justify the needs for future infrastructural projects and to collect stakeholders' opinions about them; (b) the *strategic planning phase* aims to define the vision for the long-term development of the area, and objectives and strategies for the long, mid and short term based on the outcomes of the assessment; and (c) the *implementation arrangements phase* to ensure continued participation. All these stakeholders will remain engaged in the planning and implementation of all project investments throughout the lifespan and after completion of the project. Citizen engagement and beneficiary feedback will be monitored on a regular basis through agreed indicators in the results framework.
45. **GRM.** A project GRM will be in place not later than six (6) months after project effectiveness to manage project-related grievances from the PAPs and other stakeholders and to address them appropriately. PMT safeguards staff will be trained to properly recognize, report, and follow up on any issues or grievances related to gender and GBV. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level GRM or the World Bank's GRS. The GRS ensures that complaints received are promptly reviewed to address project-related concerns. Project affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of the World Bank's non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and World Bank Management has been given an opportunity to respond.



E. Project Implementation Support Plan

46. The ISP is based on the concept of having two full implementation support missions per year which will include site visits. For the first year of project implementation, the COVID-19 pandemic might post some challenges for in-person missions and adjustment will be made to provide implementation support through video conference. In addition to the regular missions, the World Bank will carry out ad hoc meetings with the client as needed on an ongoing basis. A mid-term review (MTR) of the project will be conducted by the 36th months after project effectiveness, to carry out an in-depth review of the project performance, and if necessary, adjust the project to ensure that the PDOs are on track.

47. Specific elements of the ISP will include the following:

- Providing technical assistance and project management advisory service to the PMT to ensure that the delivery of the consultancies, works, and other project activities will be of good quality and in a timely manner.
- Facilitating project coordination between different stakeholders, including follow-ups on public participation and citizen engagement.
- Providing implementation support on fiduciary issues through regular checks on the PMT’s performance in managing contracts, procurement, and financial matters, as well as on completing the agreed implementation plans.
- Monitoring adherence of safeguards instruments by including the Safeguards Specialists in semiannual missions. These specialists will also assure knowledge transfer to the project Safeguards Specialists.
- Developing a comprehensive communications strategy and implementation of responsive feedback mechanisms (spot checks, dedicated safeguards compliance support, and so on) for quality assurance and M&E.

48. The schedule of the ISP and resource requirements are listed in the two tables below.

Table 2.8: Schedule of Project Implementation Support Plan

Time	Focus	Skills Needed
Years 1 & 2	Start-up phase: <ul style="list-style-type: none"> - Setting up project steering committee, technical coordination committee, staffing of the PMT and technical teams - Developing Project Operation Manuals, including a communication and citizen engagement strategy - Setting up M&E and grievance mechanisms 	<ul style="list-style-type: none"> - Task Team Leader (TTL) - Co-Task Team Leaders (Co-TTLs) - Operations Officer - Procurement Specialist - FM Specialist - Environmental and Social Safeguards Specialists - Technical specialists - Technical consultants - Economist - Administrative support



	<ul style="list-style-type: none"> - Quality assurance of feasibility studies and detailed designs of pre-identified infrastructure investments in Unguja - Implementation support on the construction of pre-identified infrastructure investments in Unguja - Guidance on preparing feasibility studies for investments in Pemba and the STMPSI - Guidance on preparing island-wide mobility plans, Pemba master plan, and the Local Area Development Plans - Technical, fiduciary and safeguards training, capacity building activities - Project management, supervision, and coordination - Other Implementation support and routine M&E tasks 	
Year 3	<p>Mid-term review: Project performance review, compliance to legal agreement and safeguards, audits, and assessments, etc.</p>	<ul style="list-style-type: none"> - TTL - Co-TTLs - Procurement Specialist - FM Specialist - Environmental and Social Safeguards Specialists - Technical specialists - Technical consultants - Economist - Administrative support
Years 4-5	<p>Implementation Support</p> <ul style="list-style-type: none"> - Construction of infrastructure works - Completion of technical assistance and capacity building activities - Project management, supervision, and coordination - Implementation support and monitoring 	<ul style="list-style-type: none"> - TTL - Co-TTLs - Procurement Specialist - FM Specialist - Environmental and Social Safeguards Specialists - Technical specialists - Technical consultants - Economist - Administrative support
Closing	<p>Project Evaluation and Implementation Completion report</p>	<ul style="list-style-type: none"> - TTL - ICR author - Economist - M&E specialist

*Table 2.9: World Bank Support: Skills Mix Required*

Skills Needed	Number of Staff Weeks/year	Total Trips throughout the project lifespan	Comments
<i>Task Team Leader</i>	12 weeks	14	<i>Based in Dar es Salaam</i>
<i>Co-Task Team Leader (Urban)</i>	8 weeks	10	<i>Based in HQ</i>
<i>Co-Task Team Leader (Transport)</i>	8 weeks	10	<i>Based in Dar es Salaam</i>
<i>Procurement Specialist</i>	6 weeks	12	<i>Based in Dar es Salaam</i>
<i>FM Specialist</i>	4 weeks	12	<i>Based in Dar es Salaam</i>
<i>Environmental Safeguards Specialist</i>	8 weeks	12	<i>Based in Dar es Salaam</i>
<i>Social Safeguards Specialist</i>	8 Weeks	12	<i>Based in Dar es Salaam</i>
<i>Urban Specialist (Civil Engineer)</i>	6 weeks	10	<i>Based in Dar es Salaam</i>
<i>Operations Officer (Finance and Innovations)</i>	6 weeks	6 – 8 (cost shared with other Urban projects)	<i>Based in HQ</i>
<i>Tourism Specialist</i>	4 weeks	6 - 8 (cost shared with Tourism ASA)	<i>Based in HQ</i>
<i>Urban Design/Planning Consultant</i>	4 weeks	6 – 8 (cost shared with other urban projects)	<i>Based in the Netherlands</i>
<i>Civil Engineer Consultant</i>	4 weeks	6 – 8 (cost shared with other Urban projects)	<i>Based in Vietnam</i>
<i>Urban Transport Consultant</i>	4 weeks	6 – 8 (cost shared with other Transport projects)	<i>Based in HQ</i>
<i>Local Consultant/Economist</i>	6 weeks	10	<i>Based in Dar es Salaam</i>
<i>SWM Consultant</i>	4 weeks	4	<i>Based in Germany</i>
<i>Cultural Heritage Consultant</i>	4 weeks	2	<i>Based in France</i>
<i>PPP Specialist</i>	2 weeks	6 (cost shared with PPP project)	<i>Based in Dar es Salaam</i>
<i>Administrative assistants (2)</i>	6 weeks	0	<i>Based in HQ and Dar es Salaam, respectively</i>
<i>Legal Counsel</i>	2 weeks	1	<i>Based in HQ</i>



ANNEX 3: World Bank Group Tanzania COVID-19 Country Program Response Note

COUNTRY: Tanzania

Boosting Inclusive Growth for Zanzibar: Integrated Development Project

- 1. Health impact.** A full assessment of the COVID-19 health situation in Tanzania has proven to be difficult. Tanzania reported its first COVID-19 case on March 16, 2020, and as of April 29, 2020, the last date on which data was published, recorded a total of 509 cases with 21 deaths. Tanzania, as almost all countries in Africa, appears to have lower morbidity and mortality than the global trend, including Europe and North America. Anecdotal evidence indicates COVID-19 cases and deaths persist, but the numbers continue to be low despite lifting of most restrictions. The government has been advised by the World Health Organization, UNICEF, and various development partners—including the World Bank—to continue tracking and ensure timely reporting of COVID-19-related information on new infections and deaths, to ensure interventions are adapted to the epidemiological trends.
- 2. Economic impact.** Tanzania’s solid macroeconomic performance over the past six years is being put to the test by the COVID-19 pandemic. COVID-19 has slowed the Tanzanian economy, particularly in tourism and other externally linked sectors including transport and manufacturing. Additionally, leading indicators of private consumption and private investment (e.g., domestic credit growth, tax revenues, import of capital goods) show a deceleration. According to World Bank estimates, growth is projected to decelerate from an estimated 5.8 percent in 2019 to 2.5 percent in 2020, with an expected rebound near 6 percent over the medium term. Declining economic activity has held inflation in check, at 3.1 percent year-on-year in October 2020, and is projected to remain stable. A major decline in imports plus buoyant exports of gold and traditional products offset the decline in exports of manufactured goods and services (tourism), with the current account on balance declining to 1 percent of GDP in September 2020 from 2.8 percent a year earlier. Official gross reserves have declined but remain adequate to cover six months of projected imports of goods and services, and the Tanzanian shilling has remained relatively stable against the currencies of major trading partners.
- 3. Distributional impact.** The poverty impact of COVID-19 is considerable, albeit less severe than in other countries. Cell phone location data suggests that in Tanzania reductions in people’s mobility were more moderate than in other Sub-Saharan African countries. However, 14 percent of businesses had laid off workers, and around 8 percent of workers have lost their job, according to a recent enterprise phone survey. With one quarter of the poor relying on the non-farm sector for their income, poverty is likely to increase by 1–2 percent in 2020.
- 4. Government response.** Tanzania’s COVID-19 response at the onset of the crisis was reasonably robust. The country implemented critical mitigation measures to limit the spread of the virus without national lockdown and enhanced its preparedness/containment capacity. The GoT established three coordination committees to oversee the response at the country level. It also initiated detection and surveillance at points of entry, including at airports and border crossings; closed schools and airports; suspended public meetings, sporting, and social events and international passenger flights; encouraged people to avoid unnecessary movements, practice hand hygiene and social distancing; and designated public and private hospitals to serve as COVID-19 treatment centers. In addition, the GoT operationalized contact tracing, quarantining of contacts in designated places, and strengthened laboratory capacity to collect samples and test for COVID-19. A National Response Plan for COVID-19 was developed, aligned with the WHO’s COVID-19 Global Strategic Preparedness and Response Plan. It mobilized support from development partners, primarily grant financing of US\$68 million. The restrictive measures were eased from May 2020 as the government claimed a drastic drop in COVID-19 infections.



5. **Participation in the DSSI.** A preliminary Debt Sustainability Analysis update (April 2020) indicates that Tanzania remains at low risk of debt distress. Official bilateral and multilateral creditors continue to be the major financiers. Tanzania is participating in the COVID-19 Debt Service Suspension Initiative (DSSI) of the G20, which should free about US\$148.9 million (0.2 percent of 2019 GDP).
6. **World Bank Group Response.** The government has not sought financing from the World Bank Group's COVID-19 Multi-phase Programmatic Approach (MPA). World Bank COVID-19 support has primarily been through: (a) the US\$3.79 million COVID-19 Pandemic Emergency Financing Facility Project (P174366), to strengthen capacity for laboratory diagnosis and management of COVID-19 cases, financed under the Pandemic Emergency Financing Facility and (b) the Strengthening Primary Health Care for Results Program (P152736). The World Bank is a contributor to the Health Basket Fund which has provided US\$6.5 million to support provision of personal protective equipment (PPE) to primary health care facilities nationwide. In addition, the Tanzania Urban Resilience Program (P159779) has supported promoting risk awareness in urban areas through an Information, Education and Communication package, including animated videos and posters carrying messages on COVID-19. The World Bank Group, in coordination with participating development partners, agreed to temporarily suspend the health and education conditionalities linked to the payment of cash transfers for poor households beyond supporting, on an exceptional basis, a double payment for Productive Social Safety Net Project (P165648) beneficiaries, to provide them with an extra buffer during a time of crisis. In addition, the World Bank has provided analytical input to support the GoT's pandemic response, including a note outlining the impact of COVID-19 from a social protection perspective, with policy options designed to protect poor and vulnerable households.
7. **All projects' Implementation Status and Results Reports (ISRs) include a consideration of impacts of COVID-19,** and all pipelined operations, additional financing, and restructurings are being screened for potential COVID-19 response focus. At the same time, the World Bank is leveraging its Advisory Services and Analytics (ASA) portfolio to strengthen the evidence base to inform COVID-19 sensitivity in development programming, including the forthcoming Performance and Learning Review for the Tanzania CPF in FY22.
8. **Vaccination.** Tanzania is eligible for the COVAX Facility, a global effort aimed at delivering COVID-19 vaccines to low- and middle-income countries. The GoT is yet to apply for accessing this Facility which is advised by the technical agencies (WHO and UNICEF) who also call for the adoption of international standard responses, including COVID-19 vaccine deployment targeting high risk groups (including frontline health care workers; and people above the age of 65 and those with comorbidities). The GoT has established a Technical Committee to assess the effectiveness of available vaccines with the view to recommending the most viable option.
9. **Use of IDA19 resources.** Tanzania's indicative IDA19 national allocation is around US\$2 billion. The World Bank will ensure that projects financed under Tanzania's IDA19 country allocation are well aligned with both the objectives of the CPF (FY18/19–22/23) and key IDA19 priorities, including a strong focus on human capital and infrastructure that directly benefits the poorest. Tanzania could avail itself of financing available under the COVID-19 MPA for COVID-19 vaccination, however, at present has not yet indicated interest in MPA financing for vaccination.
10. **Development partners.** A range of donors are supporting the government's response plan. Donor financing includes the IMF (US\$14.3 million under Catastrophe Containment and Relief Trust), the Arab Bank for Economic Development in Africa (US\$1.7 million), the European Union (US\$44.2 million), Republic of Korea (US\$0.5 million), and the Global Fund for AIDS, Tuberculosis and Malaria (US\$6.2 million), along with others (US\$1.5 million).



Table 3.1: Tanzania: FY21 indicative lending and restructuring program (as of February 25, 2021)

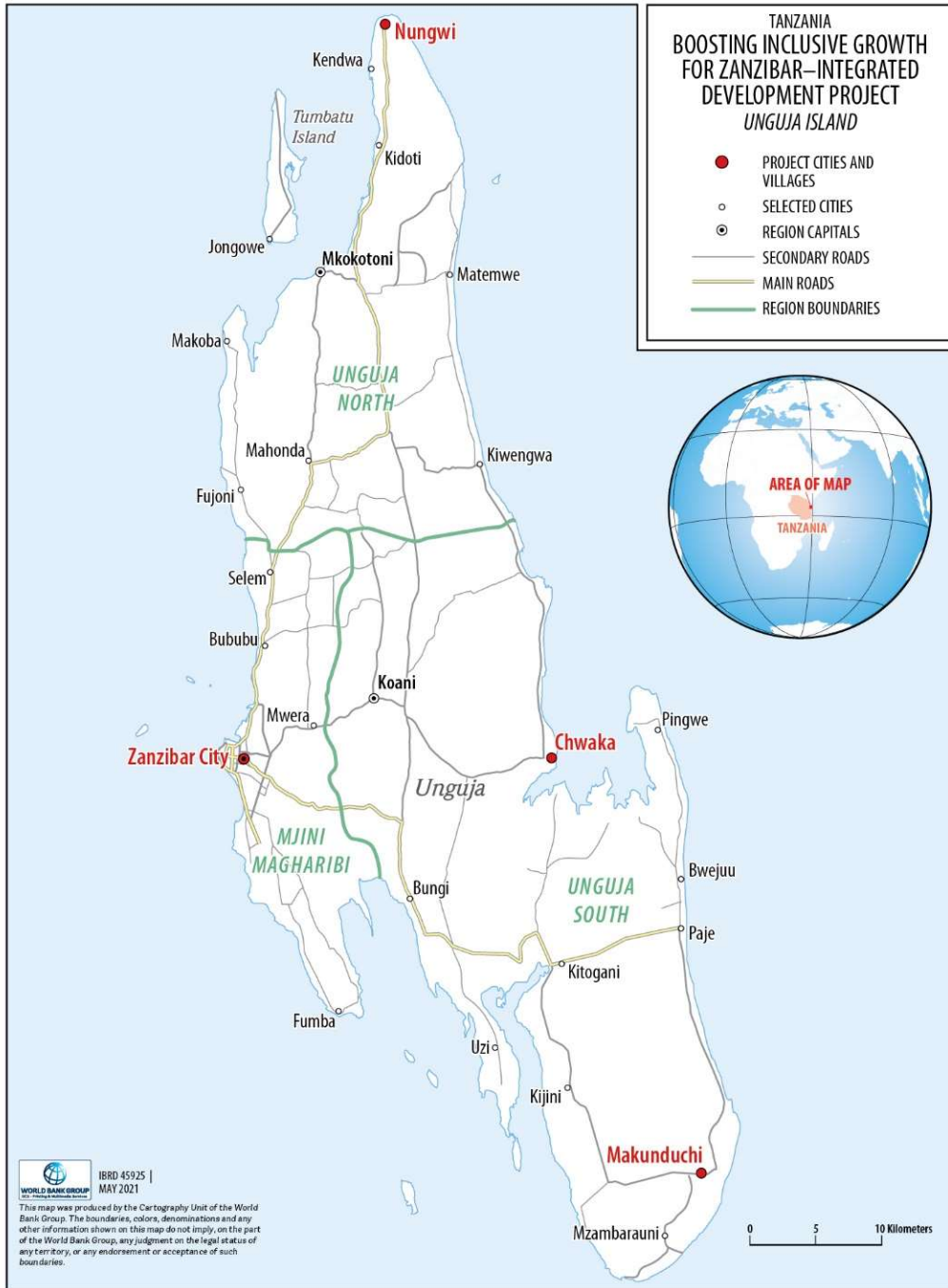
CPF Focus	Relief	Restructuring	Resilient Recovery
Enhance productivity and accelerate equitable and sustainable growth			
Boost human capital and social inclusion	US\$3.79 million Tanzania COVID-19 Pandemic Emergency Financing Facility Project (P174366)		
Modernize and improve the efficiency of public institutions			



ANNEX 4: Map of Zanzibar with Locations of Project Interventions

COUNTRY: Tanzania

Boosting Inclusive Growth for Zanzibar: Integrated Development Project



Map number: TAN45924, cleared on May 4, 2021



Map number: TAN45925, cleared on May 4, 2021