1. Name of the Project
Country: United Republic of Tanzania  
Project: Road Sector Support Project  
Loan Agreement: May 31, 2010  
Loan Amount: 7,119 million Yen  
Borrower: The Government of the United Republic of Tanzania

2. Background and Necessity of the Project
(1) Current Status and Issues of the Road Sector in East Africa and Tanzania
As the importance of economic integration in Africa has been pointed out, there is a strong recognition of the need for transport infrastructure development for smooth distribution of goods across borders in the East African Community (EAC) in order to stimulate the economy of the whole region. Although there are five economic corridors set by the EAC, road development is not sufficient in any of the corridors and customs clearance is inefficient at the borders, which results in expensive transportation cost. The United Republic of Tanzania (hereinafter referred to as “Tanzania”) that is the core nation of the EAC is located in the center of east Africa and bordered by eight countries. According to the Government of Tanzania in October 2009, only 5,832.5 kilometers of the total length of 33,012 kilometers of highways and interstate roads across the country is paved. Although the situation has improved recently, there still remain many roads unpaved or in bad conditions, which hinders smooth transportation and distribution of goods. Transport infrastructure development in Tanzania is of extreme importance not only for Tanzania itself but to build the international routes in East Africa.

(2) Development Policies for the Road Sector in East Africa and Tanzania and the Priority of the Project
The Tanzanian national development plan, National Strategy for Growth and Reduction of Poverty (NSGRP), or MKUKUTA in Swahili, formulated in 2005 has three main focuses—“growth and reduction of income poverty”, “improved quality of life and social well-being,” and “governance and accountability”—and the nation is working on the realization of economic growth and poverty reduction. With the recognition that development of social infrastructure is essential for economic growth and increase of production, competitiveness and income require, road sector development is considered as a priority area. Against the backdrop, the Government of Tanzania formulated the National Transport Policy (NTP) in 2003 and the 10-year Transport Sector Investment Programme (TSIP) in 2007. The TSIP places important corridors that promote trade and traffic and contribute to national development as Development Corridors and the Project target road between Tunduru and Namtumbo is part of the Mware Corridor. The Great North Corridor that is one of the nine Road Transport Corridors to enhance integration with neighboring countries includes the road between Iringa and Dodoma. Thus, the development of the two target sections is considered to be prioritized.

(3) Japan and JICA’s Policy and Operations in the Road Sector
Japan hosted the TICAD IV and approved the Yokohama Action Plan (YAP) in May 2008. One of the YAP’s priority issues is “Boosting Economic Growth” and the key areas of assistance includes the infrastructure development that benefits wide areas across national borders. Based on its Country Assistance Program for Tanzania, JICA focuses on assistance in agricultural development, infrastructure development and improvement of governance in order to support the Government of Tanzania to promote various reform and improvements thereby to achieve the MKUKUTA goals.

(4) Other Donors’ Activity
In Tanzania where aid coordination is in place, the transport sector donor group consisting of Japan, African Development Bank (AfDB), World Bank, European Union (EU), Department for International Development (DFID, UK), Norwegian Agency for Development Cooperation (NORAD), and Danish International Development Agency (DANIDA) is formed.

(5) Necessity of the Project
The road condition between Tunduru and Namtumbo is the worst in the Mtwara Corridor, which hinders distribution of goods to Mtwara port. Southern Tanzania where the Mtwara Corridor is located has big industrial potential to produce agricultural products such as rice, maze, cassava, coffee, and cashew nut and resources such as coal and gold. Development of the area not only promotes economic development of Tanzania as a whole but also leads to income increase in the southern area where the poverty rate is high. The road condition between Iringa and Dodoma is also bad enough to make driving in the rainy season difficult. Upgrading of the section means the upgrading of inland road and is expected to stimulate inland transportation. Therefore, the Project will contribute to the enhancement of transportation capacity of the area, which will promote the stimulation of the economy and economic integration with the neighboring areas and countries as well as poverty reduction in the area along the roads. Thus, it is highly needed and relevant for Japan to assist the implementation of this Project.

3. Project Description

(1) Project Objectives
To upgrade the roads between Iringa and Dodoma and assist capacity enhancement of the Tanzania National Roads Agency (TANROADS), thereby to improve the transportation and traffic systems and to contribute to the stimulation of the economy and economic integration with the neighboring areas and countries as well as poverty reduction.

(2) Project Site/Target Area
A section of the road between Iringa in Iringa Region and Dodoma in Dodoma Region (260km) and a section between Tunduru and Namtumbo in Ruvuma Region (193km) in the United Republic of Tanzania.

(3) Project Components (including procurement method)
① Upgrading (repair, pavement, widening) of the road between Iringa and Dodoma (260km) (international bidding)
② Upgrading (repair, pavement, widening) of the road between Tunduru and Namtumbo (193km) (international bidding)
③ Capacity enhancement of TANROADS (management capacity, training and materials supply
Consulting service (construction supervision, etc.)

The Project is implemented as a joint co-financing project with the African Development Bank (Accelerated Co-financing Facility for Africa (ACFA)) and JICA's loans will go to ① and ②.

(4) Estimated Project Cost (Loan Amount)
33,479 million Yen (Loan Amount : 7,119 million Yen)

(5) Schedule :
The planned implementation schedule of the project is from May 2010 to December 2013 (44 months in total). The use of the facilities will start in December 2013, which is regarded as the completion date of the project.

(6) Project Implementation Structure
1) Borrower: The Government of the United Republic of Tanzania
2) Guarantor: TANROADS

(7) Environmental and Social Consideration/Poverty Reduction/Social Development
1) Environmental and Social Consideration

① Category: A

② Reason for Categorization:  The Project is classified as Category A of the “Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations” (established in April 2002), because it falls into the road sector and has characteristics that are likely to exert environmental impact (involuntary large-scale resettlement of residents).

③ Environmental Permit:  The Environmental and Social Impact Assessment (ESIA) reports concerning the section between Tunduru and Namtumbo and the section between Iringa and Dodoma were approved by the Ministry of Environment in the Vice President’s Office on October 20, 2007, and on December 10, 2009, respectively.

④ Anti-Pollution Measures:  No serious negative impact is foreseen because air and water quality and noise are eased by spraying of water and restricting driving speed and working hours during the construction and by such reduction measures as tree planting and driving speed control after it is provided for use.

⑤ Natural Environment:  Protected forest areas and migration paths of wild animals are located near the project site. Signs, slowdown zones and underground paths for animals are installed and TANROADS monitors the situation.

⑥ Social Environment:  The Project is estimated to require relocation of a total of 612 households for the both target sites. Compensation will be arranged in accordance with the Resettlement Action Plan (RAP) formulated by the TANROADS. Such measures to prevent increase in traffic accidents in accordance with the increase in traffic and spread of HIV/AIDS and other infectious diseases to be caused by the active human mobility are taken. Identification of alternative water sources and water supply are examined to prepare for water shortage during the construction period.

⑦ Other / Monitoring:  Air and water quality, noise, migration of wildlife, and HIV/AIDS
are monitored by the TANROADS.

2) Promotion of Poverty Reduction
The Project is expected to stimulate regional economy along the Mtwarra Corridor and contribute to poverty reduction.

3) Promotion of Social Development (Measure for Infectious Diseases Including HIV/AIDS)
Measures against HIV/AIDS are planned to be taken for construction workers and local residents through the consulting services of the Project.

(8) Collaboration with Other Donors
Co-financed with AfDB

4. Targeted Outcomes

(1) Performance Indicators (Operation and Effect Indicator)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Iringa-Dodoma</th>
<th>Tunduru-Namtumbo</th>
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<tbody>
<tr>
<td></td>
<td>Baseline</td>
<td>Target</td>
</tr>
<tr>
<td>Increase in Annual Average Daily Traffic (%)/year</td>
<td>-</td>
<td>5.0 (2015)</td>
</tr>
<tr>
<td>Travel Time (hr)</td>
<td>6 (2009)</td>
<td>3.7 (2014) (-40%)</td>
</tr>
<tr>
<td>Vehicle Operating Costs (USD/vehicle-km)</td>
<td>0.48 (2010)</td>
<td>0.29 (2015) (-45%)</td>
</tr>
</tbody>
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(2) Internal Rate of Return
Based on the conditions indicated below, the Economic Internal Rate of Return (EIRR) of this project is 15.79% for Tunduru-Namtumbo and 13.97% for Iringa-Dodoma, respectively.
Cost: capital investment cost (excluding tax), routine and periodic maintenance expenses.
Benefit: savings in motorized traffic time (passenger and cargo), vehicle operating costs, non motorized transport traffic travel and operation.
Project Life: 20 years

5. External Factors and Risk Control
None

6. Lessons Learned from Past Projects
It has been pointed out that, in past ex-post evaluations, it is necessary for JICA to request the executing agency to take initiative actively and coordinate and supervise the overall project when JICA co-finances projects with other donors. Information is planned to be shared sufficiently with the executing agency through AfDB under the ACFA framework.

7. Plan for Future Evaluation

(1) Indicators to be Used
   1) Increase in annual average daily traffic (%/year)
   2) Travel time (hr)
   3) Vehicle operating costs (USD/vehicle-km)
   4) Economic Internal Rate of Return (EIRR/%)

(2) Timing
Two years after project completion