

THE UNITED REPUBLIC OF TANZANIA

BANK OF TANZANIA



**ENVIRONMENTAL AND SOCIAL
MANAGEMENT FRAMEWORK**

FOR

THE PROPOSED HOUSING FINANCE PROJECT

FINAL REPORT

Consultants:

Emmanuel E. Hanai
Alexander J. Chambi

November 2009

EXECUTIVE SUMMARY

INTRODUCTION

Tanzania, like other African countries, suffers from a severe shortage of good quality housing. The shortage is growing every year, compounded by the lack of long-term housing finance, the lack of a formal residential housing construction sector, difficulties with land rights and rapid population growth and urbanization. The urban transition is well under way in mainland Tanzania. The urban population increased from a low base of 5.7 percent to 22.6 percent over the period 1967–2002, based on census data. The total housing deficit was estimated at 2.2 million units in 2000. At the national level, the annual demand for formal land between 1991 and 2001 was 150,000 plots, while the supply averaged 8,000 surveyed plots annually, indicating an annual shortfall of 95%.

In order to overcome the above challenges, the Government of Tanzania through the Bank of Tanzania (BOT) is in the process of initiating the Housing Finance Project (HFP). The project will include the development of mortgage and housing-microfinance instruments in an effort to cater for different segments of income distribution. Developing access to housing finance will help improve affordability and construction standards, and encourage the private sector to take a greater role in the provision of housing. The project will be funded through an International Development Association (IDA) credit. Since HFP sub-projects will only be identified during project implementation, an Environmental and Social Management Framework (ESMF) is required that prescribes Project arrangements for the preparation, review, approval and implementation of sub-projects in order to adequately address the World Bank and national environmental and social safeguards requirements.

OBJECTIVE OF ESMF

The objective of this ESMF is to ensure that the implementation of the HFP, of which the sub-project sites are unknown at this stage, will be carried out in an environmentally and socially sustainable manner. The ESMF will provide the project implementers with an environmental and social screening process that will enable them to identify, assess and mitigate potential environmental and social impacts of sub-project activities, including through the preparation of a site-specific Environmental Impact Assessment (EIA) where applicable. The screening results will indicate whether additional environmental and/or social assessment will be needed or not. Thus, the ESMF is designed to ensure an

appropriate level of environmental and social management, which could range from the application of simple mitigation measures (through the environmental checklists) to the preparation of an EIA Report (according to Tanzania's Environmental Impact Assessment & Audit Regulations of 2005).

PROJECT DESCRIPTION

The project has three components;

Component I - Development of the Mortgage Market; this component focuses on the creation of the TMRC which would provide the long-term funds necessary for mortgage lending. The IDA credit will provide the facility with its initial funding base, which could then be renewed through follow-on credit, depending on the evolution of the domestic capital market.

Component II - Development of Housing Microfinance; Income levels across most of Tanzania remain low and housing microfinance may be better suited than traditional mortgages to the needs of many borrowers. An initial study would assess the potential to develop this product and examine how such HMFF could help in providing long-term funds to allow loans for up to 5 years or longer to be granted. Regulatory reform and capacity building in relation to this product will also be necessary to foster a safe lending environment.

Component III - Expansion of Affordable Housing; Work will be undertaken to stimulate the private developer market catering for the housing needs of different segments of the income distribution on a scale that is more responsive to the demand. A range of measures will be undertaken, including a baseline housing market study to identify the gaps and constraints facing the housing market, to improve the availability of serviced land for residential development and of construction finance for developers to undertake residential development, and to promote the use of lower-cost construction technologies as a way to make housing more affordable.

Institutional and Implementation Arrangements

The BOT will have overall responsibility for implementing the project. Responsibilities of the BOT will include (i) procurement; (ii) financial management; (iii) monitoring and evaluation; and (iv) reviewing the work and terms of references issued by the three implementing units which are (1) The **Project Coordination Committee** (PCC) will be the main decision making body. It will be chaired by the BOT and will have

representatives from the various government departments involved in the project as well as beneficiaries in the form of representatives from the commercial banking community and microfinance lenders. (2) The **Project Administration Team (PAT)** that will be responsible for the day-to-day running of the project; it will be the main point of contact between the World Bank project team and the BOT. The PAT will process procurement arrangements and payments on behalf of the implementation units. The existing PAT of the Financial Sector Support Project (FSSP) will serve as the PAT for the HFP. (3) The **Implementation Units** will be responsible for delivering each of the three project components. Their main responsibilities will be to assess the training and technical assistance needs and to draft terms of reference for commissioned consultants to deliver the training and capacity building detailed in the programme.

OVERVIEW OF THE WORLD BANK SAFEGUARDS POLICIES

This ESMF has been designed so that all subprojects that will be implemented under HFP comply with the Environmental and Social Safeguard Policies of the World Bank and all the applicable environmental policies, laws and regulations of the United Republic of Tanzania (URT). The project might trigger some of the safeguard policies as a result of the technical advice provided since it may involve involuntary resettlement and/or land acquisition and consequently environment and social safeguards will apply. The project therefore, address issues related to three of the ten safeguard policies namely: Environmental Assessment (OP/BP 4.01), Involuntary Resettlement (OP/BP 4.12) and Physical Cultural Resources (OP/BP 4.11).

OVERVIEW OF TANZANIA'S RELEVANT POLICIES, LEGAL AND ADMINISTRATIVE FRAMEWORKS

Tanzania has a good policy, legal and administrative framework for management of environment and social issues enshrined in the National Constitution, National Environment Management Policy and National Environmental Management Act, the Land Policy and Land Acts as well as supporting local laws and bye-laws. Tanzania is also a signatory to and has ratified all major international conventions related to environmental issues. These policies envisage that by integrating environmental and social considerations in the decision making process it is possible to avoid or minimize impacts associated with project implementation and that may have negative effects to the

environment. Relevant policies and laws to the environmental and social management in relation to the Housing Finance Project have been discussed in the ESMF.

DETERMINATION OF POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS

The environmental and social impacts of the proposed housing finance project cannot be identified and assessed at this appraisal stage of the project. However, the current status of environment and experience with similar types of projects indicate that the proposed housing finance projects are likely to incur environmental and social impacts that would require mitigation measures. The proposed Housing Finance project will provide opportunities for house construction activities in Tanzania mainly in towns and big cities. These projects among other things will involve land acquisition, mobilization of construction activities, site clearing and delivery of construction materials. These undertakings are expected to have significant environmental and social implications that need to be taken into account in this ESMF. Thus HFP should ensure integration of environmental considerations for sustainability of the housing finance project.

In general the main environmental problems described in the national environmental policy and are relevant to the proposed housing finance project include; Land degradation; Environmental pollution; Deterioration of aquatic systems; and Deforestation. These impacts have also been deemed potential basing on the experience of residential housing construction projects of different sizes and designs that are common in the Dar es Salaam city.

INSTITUTIONAL CAPACITY, TRAINING AND TECHNICAL ASSISTANCE REQUIRED TO IMPLEMENT THE ESMF

The government of Tanzania has provided conducive enabling environment to address environmental and social issues in the country. The presence of a National Environmental Policy and a National Environmental Management Act provides the framework for environmental management. However, currently, most Ministries, Departments and local governments are lacking the necessary capacity to comply with the requirements of the policies and Acts. The proposed ESMF insists necessary training and capacity to Project coordination committee and implementing units.

ENVIRONMENTAL AND SOCIAL SCREENING PROCESS OF SUB-PROJECTS

The environmental and social screening process will take place once sub-projects identified prior to implementation process for the entire HFP. This section identifies and illustrates the specific steps to be involved in the environmental and social screening process leading towards the review and approval of the institution's sub projects from environmental and social management aspects. The steps followed incorporate the requirement of both, relevant national laws and World Bank's triggered safeguards policies. The implementing institutions will screen their own sub projects to identify adverse environmental and social impacts using the screening form provided. Then the institution will introduce into the sub project design the required measures to mitigate impacts identified from use of the screening form and checklist before submission of the sub project design to the respective implementing units for review and clearance.

CONCLUSION AND RECOMMENDATIONS

This ESMF requires that the implementation of this project should ensure procedures for environmental and social screening, planning, review and approval prior to implementation of sub-projects to be financed under the Project are followed; furthermore, appropriate roles and responsibilities, for managing and monitoring environmental and social concerns related to sub-projects should also be followed.

ACKNOWLEDGEMENT

This Environmental and Social Management Framework (ESMF) has been prepared by Mr. Emmanuel E. Hanai (Team Leader) and Mr. Alexander J. Chambi. The team appreciates the efforts made by various stakeholders to ensure successful completion of the work. The team acknowledges several individuals and institutions/organizations for their cooperation during the whole period of undertaking this assignment. Much gratitude is extended to the Bank of Tanzania (BOT), particularly Mr.J.M.B. Massawe, Yusto E. Tongola and M.M. Mbawala for their prompt responses toward necessary undertakings in facilitating this work. Much gratitude is also extended to other BOT staff who participated in this assignment by providing meaningful input and comments.

Our sincere thanks are forwarded to other institutions consulted for their views and concerns about this project. These include Ministry of Lands, Housing and Human Settlements Developments (MLHHSD), Local Government Authority, Ilala and Kinondoni Municipal Councils. Their views were very important and they provided significant input into the preparation of this ESMF. We would like also to extend our sincere thanks to Financial Institutions specifically Banks. These include Exim Bank, CRDB Bank and International Commercial Bank of Africa. Their valuable input was very helpful in this assignment. We really appreciate their commitment to respond to our questions and the time taken during consultation.

Finally, the team leader of this work appreciates the expertise and tireless efforts of the team in producing this important report, taking into account the limited timeframe provided. Moreover, the team is very grateful for anyone else who in one way or another provided assistance, input, advice and support that enabled the production of this Environmental and Social Management Framework.

LIST OF ACRONYMS AND ABBREVIATIONS

BOT	-	Bank of Tanzania
HFP	-	Housing Finance Project
IDA	-	International Development Association
NSGRP	-	National Strategy for Growth and Reduction of Poverty
ESMF	-	Environmental and Social Management Framework
RPF	-	Resettlement Policy Framework
EIA	-	Environmental Impact Assessments
NEMC	-	National Environmental Management Council
PDO	-	Project Development Objective
PAT	-	Project Administration Team
GDP	-	Gross Domestic Product
TMRC	-	Tanzania Mortgage Refinance Company
HMFF	-	Housing Microfinance Fund
PCG	-	Partial Credit Guarantee
IFC	-	International Finance Corporation
FSDT	-	Financial Sector Deepening Trust
PCC	-	Project Coordination Committee
FSSP	-	Financial Sector Support Project
MLHSD	-	Ministry of Lands, Housing, and Human Settlements Development
UPC	-	Urban Planning Committee
URT	-	United Republic of Tanzania
HIPC	-	Heavily Indebted Poor Countries
NHC	-	National Housing Cooperation
TBA	-	Tanzania Building Agency
GOT	-	Government of Tanzania
THB	-	Tanzanian Housing Bank
NGOs	-	Non Governmental Organizations
NMB	-	National Microfinance Bank
SACCOs	-	Savings and Credit Co-Operative Societies
EA	-	Environmental Assessment

EMPs	-	Environmental Management Plans
TA	-	Technical Assistance
RAP	-	Resettlement Action Plan
IBRD	-	International Bank for Reconstruction and Development
NEP	-	National Environmental Policy
EMA	-	Environmental Management Act
DoE	-	Division of Environment
REME	-	Regional Environmental Management Expert
EISs	-	Environmental Impact Statements
LGAs	-	Local Government Authorities
PEA	-	Preliminary Environmental Assessment
CI	-	Chief Inspector
SEC	-	Sector Environment Coordinator
EMO	-	Environment Management Officer
ESMP	-	Environmental and Social Management Plan
ESIA	-	Environmental and Social Impact Assessment
EMC	-	Environmental Management Committee
NBS	-	National Bureau of Statistics
FIRST	-	Financial Sector Reform and Strengthening Initiative
MLF	-	Mortgage Liquidity Facility
ESSF	-	Environmental and Social Screening Form
MID	-	Ministry of Infrastructure Development
FINCA	-	Foundation for International Community Assistance
SELFINA	-	Sero Lease and Finance
TANESCO	-	Tanzania Electric Supply Company
DAWASCO	-	Dar es Salaam Water Supply Company

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
ACKNOWLEDGEMENT	vi
LIST OF ACRONYMS AND ABBREVIATIONS	vii
TABLE OF CONTENTS	ix
1.0 INTRODUCTION	1
1.1 Background.....	1
1.2 Objectives of the ESMF	2
1.3 Potential Users of the ESMF	3
2.0 METHODOLOGY	5
3.0 DESCRIPTION OF THE PROJECT	7
3.1 Project Development Objective and Key Indicators	7
3.2 Project Components	7
3.2.1 Component I - Development of the Mortgage Market.....	7
3.2.2 Component II - Development of Housing Microfinance	8
3.2.3 Component III - Expansion of Affordable Housing.....	8
3.3 Target Areas/Geographical Focus	8
3.4 Institutional and Implementation Arrangements.....	9
3.4 Monitoring and evaluation of outcomes/results.....	10
4.0 BASELINE INFORMATION	11
4.1 Physiographic and Climate Issues	11
4.2 Environment.....	11
4.3 Population and Population Dynamics	12
4.4 Recent Macroeconomic Developments	13
4.5 Financial Sector	13
4.6 Housing Market.....	14
4.7 Mortgage Finance	15
4.8 Housing Microfinance	15
5.0 OVERVIEW OF THE WORLD BANK SAFEGUARDS POLICIES	17
6.0 OVERVIEW OF TANZANIA’S RELEVANT POLICIES, LEGAL, REGULATORY AND ADMINISTRATIVE FRAMEWORKS	21
6.1 Policy framework.....	21
6.2 Legal framework	22
6.3 Administrative framework.....	30
6.4 Linkage between National and World Bank Safeguard Policies	32
7.0 DETERMINATION OF POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS	33
8.0 DESCRIPTION OF INSTITUTIONAL CAPACITY, TRAINING AND TECHNICAL ASSISTANCE REQUIRED TO IMPLEMENT THE ESMF	36
8.1 Institutions and roles and responsibilities.....	36
8.2 Existing capacity, gaps and weaknesses in implementation of ESMF.....	37
8.3 Institutional capacity needs for environmental and social management.....	38
8.4 Training needs for implementing units	38
8.5 Project implementers/developers in respective institutions and LGAs.....	41
9.0 ENVIRONMENTAL AND SOCIAL SCREENING PROCESS OF SUB-PROJECTS	42
10.0 ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN FOR THE ENTIRE PROJECT	48
11.0 AN ESMF IMPLEMENTATION BUDGET	50

12.0	STAKEHOLDERS CONSULTED, THEIR VIEWS AND CONCERNS	52
13.0	CONCLUSION AND RECOMMENDATIONS.....	56
14.0	REFERENCES.....	58
15.0	TECHNICAL ANNEXES	60
	Annex I: Summary of World Bank Safeguard Policies	60
	Annex II: Environmental and Social Screening Form.....	64
	Annex III: Environmental Checklist	67
	Annex IV: Procedures for undertaking EIAs	71
	Annex V: ToR for Environmental Expert.....	74
	Annex VI: Housing Finance - Project Matrix.....	75
	Annex VII: Housing Finance - Project Timeline.....	76
	Annex VIII: List of Stakeholders consulted, their view and concerns	77
	Annex IX: Terms of Reference	87

Figures

Figure 3.1: Implementation Framework.....	9
Figure 9.1: Flowchart for Screening, Review and Approval process for EIAs and sub-project.....	46

Tables

Table 4.1: Some Population data in United Republic of Tanzania	12
Table 7.1: Potential Environmental and Social Impacts	34
Table 9.1: Matrix table clarifying roles and responsibilities in the flowchart 9.1....	47
Table 9.2: Classification of project according to WB OP 4.O1.....	47
Table 11.1: Estimated levels of costs for ESMF implementation	51

1.0 INTRODUCTION

1.1 Background

Tanzania, like other African countries, suffers from a severe shortage of good quality housing. The shortage is growing every year, compounded by the lack of long-term housing finance, the lack of a formal residential housing construction sector, difficulties with land rights and rapid population growth and urbanization. The urban transition is well under way in mainland Tanzania. The urban population increased from a low base of 5.7 percent to 22.6 percent over the period 1967–2002, based on census data. The total housing deficit was estimated at 2.2 million units in 2000. At the national level, the annual demand for formal land between 1991 and 2001 was 150,000 plots, while the supply averaged 8,000 surveyed plots annually, indicating an annual shortfall of 95 percent. In addition, long-term financing for housing remains scarce at present, in part because lenders do not have reliable access to sources of long term-finance.

In order to overcome the above challenges, the Government of Tanzania through the Bank of Tanzania (BOT) is in the process of initiating the Housing Finance Project (HFP). The project will include the development of mortgage and housing-microfinance instruments in an effort to cater for different segments of income distribution. Developing access to housing finance will help improve affordability and construction standards, and encourage the private sector to take a greater role in the provision of housing. The project will be funded through an International Development Association (IDA) credit.

The HFP cuts across the urban and financial sectors with benefits for the development of the financial system and the housing sector. The project addresses the area of ‘deepening reforms in the financial sector and implementation of the National Strategy for Growth and Reduction of Poverty (NSGRP). There are also significant externalities arising from improving housing conditions and expanding the formal construction of housing. These are in terms of urban planning where it becomes easier to implement an integrated urban strategy including transport links, sanitation, water and power. Other benefits are linked to increased home ownership, such as a reduction in crime levels and some benefits for health from living in upgraded housing.

As a prerequisite, World Bank-funded projects require an environmental and social impact assessment to identify potential impacts that might be associated with the proposed project. Since HFP sub-projects will only be identified during project implementation, an Environmental and Social Management Framework (ESMF) is required that prescribes Project arrangements for the preparation, review, approval and implementation of sub-projects in order to adequately address the World Bank and national environmental and social safeguards requirements. This ESMF will apply in concurrence with the Resettlement Policy Framework (RPF) which is designed to address social issues related to land acquisition. The RPF has been prepared as a separate document and outlines the principles and procedures to be followed in the event that any of the HFP sub-projects involves land acquisition.

1.2 Objectives of the ESMF

The objective of this ESMF is to ensure that the implementation of the HFP, of which the sub-project sites are unknown at this stage, will be carried out in an environmentally and socially sustainable manner. The ESMF will provide the project implementers with an environmental and social screening process that will enable them to identify, assess and mitigate potential environmental and social impacts of sub-project activities, including through the preparation of a site-specific Environmental Impact Assessment (EIA) where applicable.

The screening results will indicate whether additional environmental and/or social assessment will be needed or not. Thus, the ESMF is designed to ensure an appropriate level of environmental and social management, which could range from the application of simple mitigation measures (through the environmental checklists) to the preparation of an EIA Report (according to Tanzania's Environmental Impact Assessment & Audit Regulations of 2005). More specifically, the objectives of ESMF are:

- To establish clear procedures and methodologies for the environmental and social screening, planning, review, approval and implementation of sub-projects to be financed under the Project;
- To specify appropriate roles and responsibilities, and outline the necessary reporting procedures, for managing and monitoring environmental and social concerns related to sub-projects;
- To determine the training, capacity building and technical assistance needed to successfully implement the provisions of the ESMF;

- To establish the Project funding required to implement the ESMF requirements; and
- To provide practical information resources for implementing the ESMF.

The screening process has been developed because the locations and types of sub-projects to be funded under the HFP are not yet known and therefore potential impacts cannot be accurately identified. However, HFP will indirectly finance civil works and construction work for completely new buildings. Thus, it is expected that most sub-project activities will have short-term, site-specific, confined and reversible negative environmental and social impacts that can be managed through well defined mitigation and monitoring measures.

It will be the responsibility of the BOT to ensure that the requirements of the ESMF are implemented. Where ESMF approvals are required under national legislation, the responsible authority is the National Environmental Management Council (NEMC).

1.3 Potential Users of the ESMF

This framework has been prepared as a reference document for use by key stakeholders who will be involved in the planning, implementation, management and operation of the proposed HFP. As a reference material, the framework would be useful to the following HFP key stakeholders:

- The World Bank as the funder of the proposed HFP;
- BOT as the implementing agency;
- Key ministries in the implementation of HFP;
- Senior central government officials responsible for policymaking and project planning;
- Central government officials responsible for environmental planning and management including NEMC;
- Participating sectors in the implementation of the HFP (Financial intermediaries and property developers);
- Politicians and local traditional leaders;
- Sector Environmental management Coordinators
- District and regional Environmental Management Officers and Committees;
- NGO's and the private sector;

- Planners and engineers for the preparation of plans and designs of the sub-project activities; and
- Engineers and contractors to be involved in implementation of the sub-project activities.

2.0 METHODOLOGY

Several methods were involved in the preparation of this ESMF to meet the requirements. An ESMF is meant to provide a screening process for the potential environmental and social impacts for the planned future project activities and recommend a platform for management plan for addressing the potential positive and negative impacts associated with the project. For the purpose of achieving these targets, the following approaches were used:

Literature Review; This was done through a through review of the project appraisal documents focusing on project description- project development objective and key indicators, project components, project target areas, institutional and implementation arrangements, and monitoring and evaluation of outcomes. Some key baseline information on Tanzania's recent macroeconomic developments, financial sector, housing market, mortgage finance and housing microfinance were reviewed from project documents. The review covered Tanzania's policy, legal, regulatory and administrative frameworks relevant to the proposed HFP. World Bank's ten Safeguard Policies were reviewed to identify the likely policies to be triggered by HFP subprojects.

Bearing in mind that HFP subproject sites were unknown at the time of the preparation of this ESMF, literature review further encompassed the overview of Tanzania's physiographic and climatic issues, the state of the general environment and population and population dynamics just to inform HFP.

Stakeholders Consultations

Consultations with key stakeholders were undertaken to ensure that the implementation of the proposed HFP, particularly with regard to environmental and social issues, takes on board views and concerns across different people and institutions including local and central government entities, financial intermediaries and key ministries, were done mainly through interviews with key informants. Consultations were limited to stakeholders located in Dar es Salaam because of the following reasons:

- Although HFP is intended to cover the whole country, the likely demand for mortgage loans, housing micro-finance and for the expansion of housing supply

will likely be in urban areas. The centre of economic activity being Dar es Salaam it is therefore likely to provide a good representative sample

- In connection to the above reason, the majority including the headquarters of the key stakeholders are located in Dar es Salaam; and
- The limited time to accomplish the study

3.0 DESCRIPTION OF THE PROJECT

3.1 Project Development Objective and Key Indicators

The Project Development Objective (PDO) is to expand the access to affordable housing finance for the purchase, construction or upgrading of residential housing. The objective will be achieved through the creation of a mortgage liquidity facility and a housing microfinance fund (HMFF), and a program of technical assistance and capacity building, addressing issues in the supply of housing, the mortgage market and housing micro-finance. The Project Intermediary Objectives are; (i) to improve access to long-term housing mortgage finance, progressively mobilized through the domestic capital market; (ii) to develop access to medium-term housing micro-finance; and (iii) to expand the supply of affordable housing by private developers.

The project outcome and output indicators are measurable or have correlates that are measurable. The Project Administration Team (PAT) at the BOT will track changes in the total number of housing finance loans provided in the market including mortgage loans and housing microfinance loans, the percentage of mortgage debt outstanding in relation to GDP, and the mortgage interest rate. Intermediate outcome indicators will include (i) number of financial institutions refinanced by the Tanzania Mortgage Refinance Company TMRC, (ii) volume of loans refinanced by the TMRC, (iii) TMRC's spread over cost of funds, (iv) number of credit institutions providing housing microfinance loans, (v) number of credit institutions that have received loans/guarantees from HMFF, (vi) number of housing microfinance loans/guarantees provided by HMFF, and (vii) number of housing units approved for construction.

3.2 Project Components

The project has three components which will be delivered in four phases (refer Annex VI and VII). This approach will allow the necessary preparatory and capacity building work to be done in each phase of the project to ensure success. The three components are detailed below.

3.2.1 Component I - Development of the Mortgage Market

This component focuses on the creation of the TMRC which would provide the long-term funds necessary for mortgage lending. The IDA credit will provide the facility with its initial

funding base, which could then be renewed through follow-on credit, depending on the evolution of the domestic capital market. As domestic capital market conditions permit, initial bond issuance by the facility could be supported by an IDA partial credit guarantee (PCG). Over the longer term, IDA support to the facility would be phased out and TMRC would issue bonds on the domestic market on its own. Alongside TMRC, capacity building would be provided including the IFC mortgage toolkit. The toolkit will provide lenders with a standardized set of documents, manuals and processes for developing a mortgage product line.

3.2.2 Component II - Development of Housing Microfinance

Income levels across most of Tanzania remain low and housing microfinance may be better suited than traditional mortgages to the needs of many borrowers. An initial study would assess the potential to develop this product and examine how such HMFF could help in providing long-term funds to allow loans for up to 5 years or longer to be granted. Regulatory reform and capacity building in relation to this product will also be necessary to foster a safe lending environment. Phase 3 and 4 of this component will be the setting up and implementation of HMFF.

3.2.3 Component III - Expansion of Affordable Housing

Work will be undertaken to stimulate the private developer market catering for the housing needs of different segments of the income distribution on a scale that is more responsive to the demand. A range of measures will be undertaken, including a baseline housing market study to identify the gaps and constraints facing the housing market, to improve the availability of serviced land for residential development and of construction finance for developers to undertake residential development, and to promote the use of lower-cost construction technologies as a way to make housing more affordable.

3.3 Target Areas/Geographical Focus

The project itself will not be region specific, as it is more about creating the institutions and environment for housing finance which would apply across the country. However, the demand for mortgage loans, housing micro-finance and for the expansion of housing supply will likely be in urban areas and other centers of economic activity.

3.4 Institutional and Implementation Arrangements

The BOT will have overall responsibility for implementing the project. Responsibilities of the BOT will include (i) procurement; (ii) financial management; (iii) monitoring and evaluation; and (iv) reviewing the work and terms of references issued by the three implementing units as illustrated in the implementation framework below.

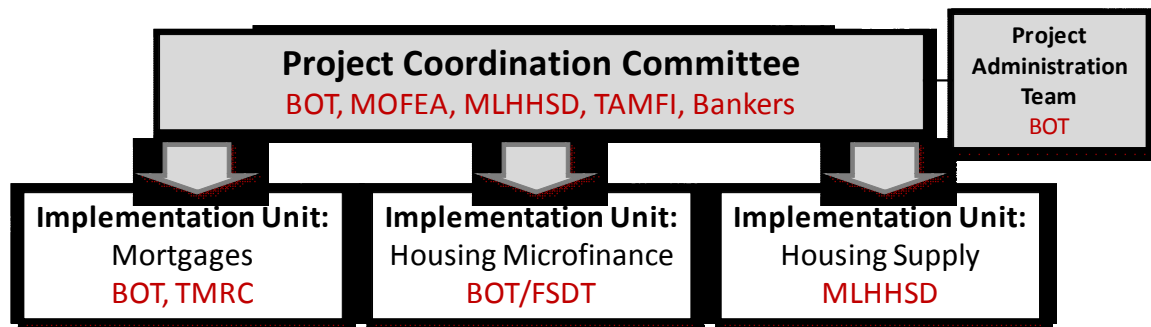


Figure 3.1: Implementation Framework

The **Project Coordination Committee** (PCC) will be the main decision making body. It will be chaired by the BOT and will have representatives from the various government departments involved in the project as well as beneficiaries in the form of representatives from the commercial banking community and microfinance lenders. The PCC will also be the committee which approves terms of references and carries out the procurement arrangements in line with the policies set out further in this document. In addition, the PCC will be in overall charge of the regular monitoring and evaluation of the project and of overseeing financial management.

The **Project Administration Team** (PAT) will be responsible for the day-to-day running of the project; it will be the main point of contact between the World Bank project team and the BOT. The PAT will process procurement arrangements and payments on behalf of the implementation units. The existing PAT of the Financial Sector Support Project (FSSP) will serve as the PAT for the HFP.

The **Implementation Units** will be responsible for delivering each of the three project components. Their main responsibilities will be to assess the training and technical assistance needs and to draft terms of reference for commissioned consultants to deliver

the training and capacity building detailed in the programme. These units will not have direct financial responsibility as this will be handled through the PAT. The unit responsible for the development of the mortgage market will be headed by BOT's Banking Supervision Department. The unit responsible for the development of housing microfinance will be headed by the BOT's Microfinance Department who will be responsible for planning the training, capacity building and regulatory issues. The FSDT may have the role at a later stage in the project as manager of the HMFF. The unit responsible for the expansion of the supply of affordable housing will be led by the Director of Housing in the Ministry of Lands, Housing, and Human Settlements Development (MLHSD).

On a more practical level, HFP will be implemented through a number of government agencies, financial institutions and private developers in Tanzania, all coordinated by, and accountable to, the BOT as the implementing agency.

Essentially, expansion of the supply of affordable housing will involve four major activities, namely, (1) financing; (2) land delivery (including planning, land surveying, payment of compensation, installation of infrastructure and conveyance), (3) issuance of building permit, and (4) construction.

The Planning Authorities for a particular urban area, in consultation with the potential developer, will be responsible for project site selection. Town planning drawings incorporating the proposed project sites will be prepared and submitted to the responsible Urban Planning Committee (UPC) for endorsement and final approval by MLHSD.

3.4 Monitoring and evaluation of outcomes/results

The BOT will maintain comprehensive and robust consultation, monitoring and evaluation systems. The PAT will ensure that the partners in the Implementation Units are fully integrated into the management information processes of the project. The Monitoring and Evaluation System will track the performance indicators, scheduling and implementation data, and expenditure, as shall be agreed within the framework of the annual work plan and budget. The BOT will provide regular implementation reports.

4.0 BASELINE INFORMATION

4.1 Physiographic and Climate Issues

The United Republic of Tanzania is located between 1°S to 12°S and 30°E to 40°E. It constitutes Mainland Tanzania and Zanzibar. It is a vast country with an area of about 945,087 sq. km and comprises a land area of 883,749 sq. km (881,289 sq. km mainland and 2,460 sq. km Zanzibar), plus 59,050 sq. km inland water bodies. It shares borders with eight countries. Its neighbours are Kenya and Uganda in the North, Rwanda, Burundi and Democratic Republic of Congo in the West, Zambia and Malawi in the South West and Mozambique in the South. A range of physical features gives the country almost all climatic conditions and a great diversity of flora and fauna. The climatic zones include the coastal climate, sub-tropical, arid and semi-arid zones, semi-desert, temperate and alpine climates. Rainfall ranges from 400mm in arid areas to 2,000 mm in the highlands (URT, 2007).

4.2 Environment

Environment may be defined as a complex set of physical surroundings of humans being including air, land, water, climate, light, odour, micro-organisms, the biological factors of animals and plants, cultural resources, and the socio-economic factors of aesthetics that include both the natural and the build environment and the way they interact (EMA, 2004) The set of physical geographic and biological conditions in Tanzania varies from one area (locality) to another and this determines the capacity and extent of support to individuals or organisms. Tanzania like most sub Saharan countries is believed to be facing with increasing pressure on environmental resources, in spite of being a nation endowed with rich resources in relation to population size. The 2007 State of the Environment Report identified the main causes which are gaining impetus, including deforestation, soil erosion and water pollution resulting from uncontrolled land use.

In response to environmental problems Tanzania has made considerable progress in achieving sustainable environmental management through putting in place the Environmental Management Act No 20 of 2004 and the National Strategy for Growth and Reduction of Poverty (NSGRP, 2005), in which environmental issues have been mainstreamed. In addition, the National Environmental Policy of 1997, Local Government Reform Programme 2001, National Development Vision 2025 and sector-specific

policies, legislation, programmes and strategies all reflect important environmental management issues.

With regard to urban planning and management of settlement, Tanzania has experienced rapid urbanization, particularly since independence in 1961 (URT, 2007). There is a clear cause and effect relationship between urbanization and environmental degradation. Of particular concern is the limited capacity of authorities, agencies and community groups to address issues of land use management and environmental conservation within the formal and informal settlements.

4.3 Population and Population Dynamics

Based on the 2002 Population and Housing Census, the country was reported to have about 34,569,232 people: 33,584,607 in mainland Tanzania and 984,625 in Zanzibar, with an annual average intercensal growth rate (1988– 2002) of 2.9 (NBS, 2005). It is estimated that by 2005 the country had about 36.2 million people (17.7 million people being male and 18.5 million female). The average household size was estimated at 4.9 overall and 4.9 and 5.3 in mainland Tanzania and Zanzibar respectively. The population density was estimated to be 39 persons per sq. km overall and 38 and 40 persons per sq. km in mainland Tanzania and Zanzibar respectively.

Table 4.1: Some Population data in United Republic of Tanzania

	Year			
	1967	1978	1988	2002
United Republic of Tanzania	12,313,469	17,512,610	23,095,878	34,569,232
Tanzania Mainland	11,958,654	17,036,499	22,455,193	33,584,607
Zanzibar	354,815	476,111	640,685	984,625
(Average Increase Rate %)				
United Republic of Tanzania	-	3.25	2.81	2.92
Tanzania Mainland	-	3.27	2.80	2.92
Zanzibar	-	2.71	3.01	3.12
(Population Density Persons/km²)				
United Republic of Tanzania	14	20	26	39
Tanzania Mainland	14	19	26	38
Zanzibar	149	201	260	400

Source: Population Census, 2002.

4.4 Recent Macroeconomic Developments

Tanzania has sustained robust economic growth of around 7 percent per year since 2000, becoming one of the best performers in Sub-Saharan Africa. Notwithstanding the worsening international environment in the second half of 2008, favourable domestic factors –better rains and continued economic momentum- contributed to the GDP growth of 7.4 percent in 2008. However, the global financial crisis has been leaving its mark on Tanzania since the beginning of 2009. Growth has declined, in particular in sectors such as textiles, tourism and cash crops (cotton and coffee) that support exports and the rural population. Notwithstanding these developments, growth is estimated to reach 5.5 percent by the end of 2009.

One of the country's main challenges is to translate these successes into significant improvements in employment and poverty reduction. Tanzania is one of the poorest countries in the world and poverty reduction has been slow. The 2007 Household Budget Survey shows that the incidence of poverty fell slightly in the last 6 years, from 35.7 percent in 2001 to 33.3 percent in 2007, implying an increase in the total number of the poor, given the high population growth rate.

Sound macroeconomic policies, market-oriented reforms, debt relief and, until recently, a favourable global environment have been the main drivers of Tanzania's steady growth. Government expenditure has been financed by increased government revenue and substantial foreign (grant) aid. Government domestic borrowing was limited, which helped to contain inflationary pressures and avoided crowding out lending to the private sector, which in turn expanded the reach and depth of the financial sector. Debt relief under the HIPC and the Multilateral Debt Relief Initiative has reduced Tanzania's external public debt burden significantly. Monetary policy accommodated the strong growth in financial intermediation during this period. Structural reforms included privatization as well as liberalization of trade and financial markets.

4.5 Financial Sector

Tanzania has made considerable progress in the development of its financial sector but financial markets are still at a comparatively nascent stage. Macroeconomic management and robust growth have facilitated the strong expansion of credit by the commercial banks to the private sector over the last five years. Credit to the private

sector increased from 7.4 percent of GDP in 2003 to 16.2 percent at the end of 2008. In addition, interest rates have declined and the government bond yield curve has lengthened, pointing to a substantial deepening and better functioning of the financial sector. In recent months, long-term government bonds have been oversubscribed by amounts never seen in the market, and the volume of 10-year bonds placed in the market is increasing. However, challenges remain. The stock exchange –launched in March 1998 – is constrained by the limited number of stocks and low liquidity. As for the banking sector, most of its business is concentrated in a handful of large banks that have a nationwide branch network and whose income derives mainly from government securities, trade finance, and foreign-exchange trading.

4.6 Housing Market

The urban transition is well under way in mainland Tanzania. The urban population increased from a low base of 5.7 percent to 22.6 percent over the period 1967–2002, based on census data. The total housing deficit was estimated at 2.2 million units in 2000. Between 1990 and 2001, the average annual demand for plots in Dar es Salaam was 20,000 units while the average annual supply was under 700, leaving 97 percent of the recorded demand unfulfilled. Since most Tanzanians construct their own homes slowly over a number of years, the supply of land is crucial to the production of shelter. At the national level, the annual demand for formal land between 1991 and 2001 was 150,000 plots, while the supply averaged 8,000 surveyed plots annually, indicating an annual shortfall of 95 percent.

The limited amount of housing construction is largely done by the public sector either through the National Housing Cooperation (NHC), the Tanzania Building Agency (TBA) or through the parastatal pension and social security funds. The private or “organized” developer/ builder market is virtually absent in Tanzania. The little private development which does occur tends to be luxury developments aimed at the wealthy, expatriates or the Diaspora. Reasons given for lack of real estate developers are (i) lack of access to finance (ii) lack of technical and managerial capacity in real estate development and (iii) the high cost of using imported materials and putting in basic services and infrastructure.

With few or no housing options in the formal sector, the vast majority of the population—over 70 percent in Dar es Salaam—reside in informal settlements. The typical form of

tenure here is rental. The Government of Tanzania's main housing programme is the 20,000 Plots project. Under the first phase of this project undertaken by the Ministry of Lands, Housing and Human Settlements Development (MLHSD) in the peri-urban areas of Dar es Salaam, large parcels of undeveloped land were surveyed and subdivided, and sold to individual applicants. However, because of difficulties individuals have in accessing housing finance and because the plots are not serviced, this programme has not resulted in the level of new housing which was initially anticipated.

4.7 Mortgage Finance

Since independence in 1964, housing featured heavily as part of Government policy. Initially the policy was of universal state provision of housing in rural and urban areas, but as this proved unaffordable, the policy was changed in 1972 into a slum improvement programme. The Government also encouraged self-construction through the provision of land and subsidized credit finance. It established the Tanzanian Housing Bank (THB) in 1973 for this purpose. THB provided around 14,000 mortgages until its demise in August 1995. Since the collapse of THB, there has been no widespread provision of housing finance in Tanzania.

Since the beginning of the nineties, considerable efforts have been made to improve the financial services sector, most notably through implementation of the financial sector liberalization and reform programme following the adoption of the Banking and Financial Institutions Act of 1991. The Mortgage Financing (Special provisions) Act was passed by the Parliament in October 2008. The Act was widely welcomed by the banking community, as it strengthens the ability of creditors to enforce collateral. The previous legislation had led to a system which could be exploited through the use of delaying tactics and repeated appeals.

It is estimated that mortgage loans outstanding currently amount to around USD 100 million, split between around 2,000 loans, making the average loan size around USD 50,000. This amount is growing relatively rapidly as new entrants come into the market.

4.8 Housing Microfinance

Housing microfinance has yet to grow to any scale in Tanzania. NGOs such as PRIDE, FINCA and Habitat for Humanity are currently preparing pilot schemes, and the

Presidential Trust for Self Reliance offers slightly longer-term micro loans for the purpose of housing improvement. More broadly, Tanzania has a well-established microfinance sector, consisting of a large commercial bank, the National Microfinance Bank (NMB), international NGOs, local NGOs and local savings and credit associations (SACCOs). Among these existing financial institutions and NGOs, there is a significant amount of capital available for microfinance in general. The National Microfinance Law passed in 2005 has made it possible for any (regulated) SACCO and any (registered but not regulated) NGO to transform itself into a regulated microfinance institution, allowing them to diversify their lending products and to mobilize savings. With some NGOs converting to regulated financial institutions--provided they find suitable investors--more product offerings will become available in the medium term, including housing microfinance.

5.0 OVERVIEW OF THE WORLD BANK SAFEGUARDS POLICIES

This ESMF has been designed so that all sub-projects that will be implemented under HFP comply with the Environmental and Social Safeguard Policies of the World Bank and all the applicable environmental policies, laws and regulations of the United Republic of Tanzania (URT). In this chapter, the World Bank's safeguards policies and their applicability are discussed and in the succeeding chapter those of the URT are presented. The World Bank's 10 Safeguard Policies are:

1. Environmental Assessment (OP/BP 4.01)
2. Forests (OP/BP 4.36)
3. Involuntary Resettlement (OP/BP 4.12)
4. Indigenous Peoples (OP/BP 4.10)
5. Safety of Dams (OP/BP 4.37)
6. Pest Management (OP 4.09)
7. Physical Cultural Resources (OP/BP 4.11)
8. Natural Habitats (OP/BP 4.04)
9. Projects in Disputed Areas (OP/BP 7.60)
10. Projects on International Waterways (OP 7.50)

The project might trigger some of safeguard policies as a result of the technical advice provided, since it may involve involuntary resettlement and/or land acquisition and consequently environmental and social safeguards will apply. The project therefore addresses issues related to three of the ten safeguard policies namely:

- Environmental Assessment (OP/BP 4.01);
- Involuntary Resettlement (OP/BP 4.12) and
- Physical Cultural Resources (OP/BP 4.11).

Since the exact locations of the proposed subprojects were not yet site specified at the time of preparation of the ESMF for HFP, and since the geographic coverage of the project is expected to spread at the national level, other bank policies may apply and not all policies selected above may apply simultaneously. Therefore, a complete description of the Bank safeguards and their triggers for applicability is summarized in Annex I to be used as part of the environmental and social screening process presented in chapter 9 of this ESMF.

Environmental Assessment (OP/BP 4.01)

Investments in Component 3 may need Environmental Assessments (EA) and/or Environmental Management Plans (EMPs) before approval. The principle objective of OP/BP 4.01 is to ensure that World Bank-financed projects are environmentally sound and sustainable and that decision-making is improved through appropriate analysis of actions and their likely environmental impacts. The policy is triggered if a project is likely to have potential (adverse) environmental risks and impacts in its area of influence. OP 4.01 covers impacts on the natural environment (air, water and land); human health and safety; physical cultural resources; and the transboundary and global environment.

OP 4.01 further requires that the ESMF report must be disclosed as a separate and stand alone document by the Government of Tanzania and the World Bank as a condition for Bank Appraisal of the HFP. The disclosure should be both in Tanzania where it can be accessed by the general public and the Info shop of the World Bank and the date of disclosure must precede the date for appraisal of the project.

When OP 4.01 is triggered, the Bank classifies the project as category A, B or C, according to the nature and magnitude of potential environmental impacts. . Category "B" projects cause lesser impacts, which are remediable and can be mitigated. Category "C" projects can be expected to have little or no environmental impact. Category A and B projects require a full and partial, respectively, Environmental Impact Assessment (EIA) or equivalent. Category C projects do not require an EIA.

This ESMF stipulates that each investment or sub-project under HFP will use the screening form and checklist contained in annex II and III respectively to identify potential adverse impacts and determine the effective and corresponding mitigation measures in their planned activities.

Involuntary Resettlement (OP/BP 4.12)

The application of this policy will depend on how land will be acquired for sub-project implementation. It is likely that investments in both Component 1 and 2 will involve involuntary resettlement and/or land acquisition or restriction of access to resources which will need to be managed through a Resettlement Policy Framework (RPF). Critical to the Project, the policy covers not only physical relocation, but also any loss of land or

other assets resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; and (iii) loss of income sources or means of livelihood, whether or not the affected people must move to another location.

Although Component 3 might be mainly a technical assistance (TA) that does not directly trigger any policy as a result of the technical advice provided, it may indirectly involve involuntary resettlement and/or land acquisition.

When the policy is triggered, preparation of a Resettlement Action Plan (RAP) is required as a condition of project appraisal. An abbreviated plan may be developed where less than 200 persons are affected by the project or where the impacts are minor (no-one is physically displaced or loses more than 10 percent of their land). Since HFP is at the time of project appraisal according to the World Bank project cycle, involuntary land acquisition or restriction of access to resources will need to be managed through a RPF, while detailed RAPs will be prepared during project implementation. The RPF has been prepared as a separate document that outlines the principles and procedures to be followed in the event that any of the HFP sub-projects involves land acquisition.

For projects subject to the RPF, the disclosure requirements are those required under the OP 4.01. Specifically, RAPs, prepared by the Borrower, should be submitted to the Bank prior to project appraisal. Task Teams must ensure that the Borrower has disclosed the RAP in-country and must send the RAP to the Info Shop prior to appraisal for all category A and IDA-B projects and in a timely manner once received by the Bank for International Bank for Reconstruction and Development (IBRD) projects. If a separate EA is not prepared, the disclosure of RP is not mandatory, but is recommended as a good practice.

Physical Cultural Resources (OP/BP 4.11)

For the purposes of this policy, 'physical cultural resources' are defined as movable or immovable objects, sites, structures, groups of structures, natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Physical cultural resources may be located in urban or rural settings, and may be above ground, underground, or underwater. Their cultural interest may be at local, provincial or national level, or within the international community.

It is in the interests of the World Bank to assist countries to avoid or mitigate adverse impacts of development projects on physical cultural resources. OP 4.11 applies to all projects requiring a Category A or B Environmental Assessment under OP 4.01, applies to projects located in, or in the vicinity of, recognized cultural heritage sites, and projects designed to support the management or conservation of physical cultural resources.

When OP 4.11 is triggered, the borrower assesses the project's potential impacts on physical cultural resources as an integral component of the Environmental Assessment (EA). The process steps for the physical cultural resources component of the EA are the same as for Category A and B projects.

The physical cultural resources component of the EA provides for (a) an assessment of physical cultural resources likely to be affected by the project, (b) documentation of the characteristics and significance of these resources, and (c) an assessment of the nature and extent of potential direct and indirect impacts on these resources.

Where the EA predicts adverse impacts on physical cultural resources, the cultural resources component of the EA includes a management plan which includes: (a) actions to mitigate adverse impacts, (b) provisions for the treatment of physical cultural resources discovered during project implementation and operation (hereafter referred to as "chance finds"), (c) any necessary measures for strengthening institutional capacity to implement the management plan, and (d) a monitoring system to track progress of these activities.

At this stage, HFP would trigger OP 4.11 just in the same way as OP 4.12 depending on how land will be acquired during project implementation.

6.0 OVERVIEW OF TANZANIA'S RELEVANT POLICIES, LEGAL, REGULATORY AND ADMINISTRATIVE FRAMEWORKS

Tanzania has a good policy, legal and administrative framework for management of environmental and social issues enshrined in the National Constitution, National Environment Management Policy and National Environmental Management Act, the Land Policy and Land Acts as well as supporting local laws and by-laws. Tanzania is also a signatory to and has ratified all major international conventions in relation to environmental matters. These policies envisage that by integrating environmental and social considerations in the decision-making process it is possible to avoid or minimize impacts associated with project implementation that may have negative effect on the environment. A few policies and laws that are relevant to the environmental and social management of the HFP are presented below.

6.1 Policy framework

The National Environmental Policy (1997)

The National Environmental Policy seeks to provide a framework for making fundamental changes that are needed to bring environmental and social considerations into the mainstream of decision-making in Tanzania. It seeks to provide policy guidelines and plans to guide the determination of priority actions, and to monitor and regularly review policies, plans and programmes. It further provides for sectoral and cross-sectoral policy analysis in order to achieve compatibility among sectors.

The HFP is required by the NEP to develop lists of priority environmental concerns in their areas and drawing plans for dealing with them. With regard to environmental safeguards for new investments, the NEP emphasizes "EIA as a planning tool to be used to integrate environmental considerations in the decision-making process in order to ensure that unnecessary damage to the environment is avoided". The policy stipulates the establishment of a legal regime requiring EIA to be mandatory for all development projects, including projects such as HFP initiated by the Government of Tanzania.

National Land Policy (1996)

The National Land policy provides guidance and directives on land ownership and tenure rights and the taking of land and other land-based assets. The policy stipulates the

organization and procedures for valuing assets and delivery of compensation. The overall aim is to promote and ensure a secure land tenure system in Tanzania that protects the rights to land for all citizens. The following are the basic land policy tenets:

- All land in Tanzania is public land vested in the President as trustee on behalf of all citizens
- Land has value
- The rights and interests of citizens in relation to land shall not be taken without due process of law
- Full, fair and prompt compensation shall be paid when land is acquired.

It is therefore imperative that the project operations should be aware of the National Land Policy requirements for the protection of land resources and displaced indigenous people.

National Forest Policy, 1996

The National Forest Policy, 1966, identifies four main policy areas (forest land management, forest-based industries and products, ecosystem conservation and management, institutions and human resources) and present policy statements and instruments/directives to be applied to each of these. In accordance with the policy, an Environmental Impact Assessment (EIA) will be required for all investments which change the use of forest land or which may cause damage to the forest environment.

For example, some of the policy strategy statements that are relevant to HFP include the following: To enable sustainable management of forests on public lands, clear ownership of all forests and trees on these lands will be defined and management responsibility promoted. Biodiversity conservation and management as well as watershed management and soil conservation will be included in the management plans for all protected forests. Involvement of forestry management authority, local communities and other stakeholders in conservation will be consulted while establishing project sites.

6.2 Legal framework

The Environmental Management Act No. 20 of 2004

The Environmental Management Act (EMA) (Act No. 20 of 2004) provides the legal and institutional framework for the management of the environment and implementation of the

nation's environmental policy. Institutionally it provides for the continuation of the National Environmental Management Council (NEMC) and creates the National Environmental Advisory Committee. The Act outlines projects that require a full EIA or those that may be subjected to full EIA, after NEMC determination. Some of the sub-projects activities under the HFP will call for full EIAs, under this Act.

The Act also defines institutional responsibilities for environmental management. Accordingly, NEMC is charged with the enforcement, compliance, review, and monitoring of environmental impact assessment and the facilitation of public participation in environmental decision-making and supervision of all matters relating to the environment assigned to the Council. Amongst its functions NEMC (1) reviews EIAs and recommends them (or not) for approval, and (2) carries out the screening of projects for which environmental assessment or monitoring must be conducted. It is noted that under the Act, NEMC may "delegate to any sector Ministry, environmental body, employee or agent of the Council, the exercise of any of the powers or the performance of any of the functions or duties of the Council under the Act" (EMA Para 26). All relevant Ministries are to establish environmental management sections which liaise with NEMC on environmental matters. The Division of Environment (DoE) is responsible for policy and legal formulation and implementation of the policies and laws. DoE is also responsible for ensuring the development and implementation of strategic environmental assessments.

Within each ministry, it is the Environmental Section's responsibility to ensure that environmental concerns are integrated into Ministry developmental planning and project implementation in a way that protects the environment. The Environmental Management Sections of sector ministries are charged with overseeing the preparation of EIAs required for investment in their sectors (NEMA Para 31 (k)). Each sector Ministry is to appoint a Sector Environment Coordinator to coordinate and report on all activities and performance of functions relating to the environment and the Ministry. And, at the Regional level there is a Regional Environmental Management Expert (REME) to advise local authorities on matters relating to the Act.

The NEMC is responsible for the review of projects and deciding on whether they need to undertake EIAs and prepare Environmental Impact Statements (EISs). According to Section 83(2) of the Environmental Management Act No. 20 of 2004 and item 14(ii) of the

First Schedule of the Regulation for EIA, all projects concerning “*major urban construction and civil engineering works on industrial and estate development, construction of multi-storey buildings, motor terminals and markets, require Environmental Assessment*”. Section 224 of the Environmental Management Act No. 20 of 2004, compels the Government to undertake Environmental Assessment for projects funded by the Government. The Council also circulates EISs for written comments from government agencies, gives notification of public meetings for EISs’ reviews, and ensures the availability of related reports and documents to those affected or involved. It is noted that under the law the Minister responsible for the environment can delegate responsibility for approval of EISs to the Director of Environment, LGAs and Sector Ministries. Subsequently, the NEMC is responsible for monitoring the operation of projects and required mitigation measures, especially in cases where holders of EIA Certificates and their projects are guilty of non-compliance. On the other hand for this project in case some of the sub-project activities under the HFP fall under the list of project prescribed for full and mandatory EIA then, EIA studies will have to be conducted before implementation of such sub-project activities. However, as sub-project locations and the extent of project activities are not known at this time, this Environmental and Social Management Framework provides information that can guide decisions about the project in general.

Environmental Impact Assessment and Audit Regulations, 2005

The Environmental Impact Assessment and Audit Regulations No.349 of 2005 were made pursuant to Section 82 (1) and 230 (h) and (q) of the Environmental Management Act Cap 191 of 2004., The regulations provide the procedures and requirements for undertaking EIAs for various types of development projects with significant environmental impacts. In addition the Regulations provide a list of projects that qualify for Environmental Assessment procedures in Tanzania. Regulation 46(1) classifies projects into two types: (i) Type A Projects requiring a mandatory EIA; and. (ii) Type B projects requiring a Preliminary Environmental Assessment (PEA).

The First Schedule lists typical examples of Type A and B projects. Some of the HFP sub-projects may fall under the category of projects that require mandatory Environmental Assessment. Item twenty two (i) and (vii) of the First Schedule refers to land development planning, land reclamation, housing and human settlement, and

resettlement/ relocation of people and animals and development of residential and commercial estates on ecologically sensitive areas, including beach fronts as projects that require a mandatory EIA. The steps that must be taken to conduct an EIA are provided in the Fourth Schedule, whilst Regulation 16 directs that the EIA study, in addition to environmental impacts, also must address social, cultural and economic impacts. Regulation 17 stipulates the need for public participation during the EIA process and Part V, Regulations 18 (1), (2) and (3) directs the content and format of the EIS. This ESMF responds to the legal requirement as provided in these Regulations to all sub-projects under HFP.

The Land Act, (No. 6), 1999

The major function of this land act is to promote the fundamentals of the “National Land Policy”, through giving clear classification and tenure of land, land administration procedures, rights and incidents of land occupation, granted rights of occupancy, conversion of interests in land, dispositions affecting land, land leases, mortgaging of land, easements and analogous rights, co-occupation and partitioning and settlement of land disputes. One of the pertinent issues when dealing with land is the right of occupancy. According to the Land Act, 1999, the right of occupancy is given in two categories that separate the rights of citizens and non-citizens to occupy land.

(i) A citizen or a group of two or more formed in association, partnership or corporate body will enjoy the right of being granted the right of occupancy or derivative of a granted right of occupancy.

(ii) A non-citizen, or a group, whether formed into a corporate body under the Companies Ordinance or otherwise, (including corporate bodies whose majority shareholders or owners are non-citizens) may only obtain a right of occupancy or derivative right for purposes of investment prescribed under the Tanzania Investment Act 1997. These sections are regarded as crucial as Housing projects can have either local and foreign shareholders investing or operating Housing projects under the Tanzania Investment Act 1997.

Tanzanian land falls into three categories, namely;

- **Reserved Land** is land set aside for wildlife, forests, marine parks, etc., and the

way these areas are managed is explained in the laws that protect each sector (e.g. Wildlife Conservation Act, National Parks Ordinance, Marine Parks and Reserves Act, etc.). Specific legal regimes govern these lands under the laws which established them.

- **Village Land** includes all land inside the boundaries of registered villages, which the Village Councils and Village Assemblies are given power to manage. The Village Land Act governs the land and gives details of how this is to be done.
- **General Land** is land, which is neither reserved land nor village land and is therefore managed by the Commissioner. The Land Act governs this land

The Land Act of 1999 is the basic law in relation to land other than village or reserved lands, the management of land, settlement of disputes and related matters. Since some of the areas where housing projects may take place are on public land, this Act is relevant to the proposed development. The Act lays down fundamental principles for occupying and using the land. Among them is the principle that any land user shall ensure that land is used productively and that any such use complies with the principles of sustainable development.

The Land Act confirms the National Land Policy directive that all land in Tanzania is public land vested in the President as trustee on behalf of all citizens. The Land Act seeks to achieve the following objectives:

- to ensure that existing rights and recognized longstanding occupation or use of land are clarified and secured by the law;
- to facilitate an equitable distribution of and access to land by all citizens;
- to regulate the amount of land that any one person or corporate body may occupy or use;
- to ensure that land is used productively and that any such use complies with the principles of sustainable development;
- To take into account that land has value and that value is taken into consideration in any transaction affecting that land.
- to pay full, fair and prompt compensation to any person or institution whose right of occupancy or recognized long standing occupation or customary use of land is revoked or otherwise interfered with to their detriment by the state under this Act or is acquired under the Land Acquisition Act; and

- provided that in assessing compensation for land acquired in the manner provided for in this Act, the compensation shall be based on the following:
 - Market value of the real property;
 - Disturbance allowance;
 - Transport allowance;
 - Loss of profits or accommodation;
 - Any other cost, loss or capital expenditure incurred with respect to the development of the subject land;
 - Interest at the market rate; and
 - Provision of an efficient, effective, economical and transparent system of land administration.

Urban Planning Act, 2007

The Urban Planning Act of 2007 provides for the orderly and sustainable development of land in urban areas to preserve and improve amenities and to provide for the grand of consent to develop land and the power of control over the use of land. The fundamental principles of urban planning include protection of the environment of human settlements and ecosystems from pollution, degradation and destruction, in order to ensure sustainable development, and that planning legislation, building regulations standards and other controls are consistent with the capabilities, needs and aspirations of the various sections of the population as well as making serviced land available for shelter and human settlements development in general to all sections, including women, youth, the elderly, disabled and disadvantaged.

The proposed HFP should take into account the protection of the environment and ecosystems in order to make mortgage lending sustainable. Also allocation of land for the development of houses should avoid land allocated to people with special needs, such as the elderly, disabled and disadvantaged.

Land use planning Act, 2007

Land Use Planning Act of 2007 which National Land Use Planning Commission Act, provide procedures for the preparation, administration and enforcement of land use plans. The objectives of land use planning includes: -

- Facilitate the efficient and orderly management of land use

- Promote sustainable land use practices
- Facilitate the establishment of a framework for the prevention of land use conflicts

The people surrounding the project area may find themselves in land conflicts that may be a result of lack of land use planning. Housing Development projects should take into consideration and understand the strategic planning of the other land surrounding the project. The Commission is the principal advisory organ of the Government on all matters related to land use.

Mortgage Finance (Special Provisions) Act, 2008

Mortgage Finance (Special Provisions) Act, 2008 is a supplement to the Land Act hereinafter referred to as the 'principal Act', with a view of providing further provisions for mortgage financing. Part X of the Land Act provides for mortgages, whose some sections are amended in the Mortgage Finance (Special Provisions) Act of 2008. Section 112 subsection (1) of the principal Act makes provisions concerning the grant of power to mortgage whereby an occupier of land under the right of occupancy and lease may, by an instrument in the prescribed form, mortgage his interest in the land or a part thereof to secure the payment of an existing or a future or a contingent debt or other money or money's worth or the fulfillment of a condition.

It is worth noting that the application of this Act under HFP takes on board environmental aspects that may affect the value of the mortgaged property or land as a result of a change in environmental status where the property is located. Any factor that may lead to a change in the value of the property or land due to environmental degradation should be projected in order to ensure the security of mortgaged properties as well as the sustainability of the sub-projects within the HFP. The HFP should ensure the integration of environmental considerations in relation to mortgaged property or land.

Occupation Health and Safety Act, (No. 5), 2003

The Occupation Health and Safety Act, (No. 5), 2003 makes provision for the safety, health and welfare of persons at work. Also it provides for the protection of persons other than at work against hazards to health and safety arising out of or in connection with activities of persons at work. The Act is administered through the Ministry of Labour. Under the Act the Minister responsible for labour shall appoint a Chief Inspector (CI) to perform the functions stipulated in this Act, who may in turn designate any person as an

Inspector to perform all the functions assigned to an Inspector in respect of a housing project. This act shall be enforced in all sub-projects within the housing finance project.

The Water Resources Management Act, 2009

The Water Resources Management Act provides the legal framework for sustainable management and development of water resources. The Act prescribes principles for water resources management, provisions for the prevention and control of water pollution, and participation of stakeholders and the general public in the implementation of water policy. The main objective of this Act is to ensure that national water resources are protected, used, developed, conserved, managed and controlled in ways which take into account a number of fundamentals, including meeting the basic human needs of present and future generations, promoting equitable access to water and the principle that water is essential for life and that safe drinking water is a basic human right, promoting the efficient, sustainable and beneficial use of water in the public interest, and protecting biological diversity, especially aquatic ecosystems, etc.

The HFP is expected to involve the use of water resources during implementation of its sub-projects especially associated with construction activities and delivery of water service to serviced land. This ESMF requires that the HFP as well as its sub-projects to comply with the requirements of water resources management Act.

Contractors Registration Board Act no 17 of 1997

According to this Act, all construction contracts are required to be executed by registered companies and entitled class in respect to the costs of the project.

Other Natural Resources and Social Management Acts

A number of national laws have provisions regarding the consideration of environmental management and conservation with pieces of legislation requiring for EIA/Environmental Planning for investments that may cause adverse environmental impacts on the resource and mitigation measures for individual affected by development endeavours. Some of these Acts include the Water Supply and Sanitation Act, 2009, Wildlife Conservation Act, 1974, Forest Act, 2002. This ESMF recommend that implementation of sub-projects under HFP must ensure the provisions of such laws are followed without neglecting environmental and social considerations.

6.3 Administrative framework

The administrative framework for this project would involve various institutions depending on its implementation arrangements. The implementation arrangements touches a number of institutions and thus every one will play a significant role in terms of administrative issues and decision making. However, the proposed project is about Housing Finance Project where by its sub-projects among other things will involve housing developments and will most likely take place in urban areas. The project therefore falls under the jurisdiction of MOFEAs, and the Bank of Tanzania (BOT) for administrative decisions, Other institutions that are also important to the proposed development include the MLHSDs, Ministry of Infrastructure Development, Housing developers such as TBA, NHC (for housing constructions) and LGAs (Municipal councils) (for decisions about construction permits, preparation of Town planning drawings, etc.). However, for environmental issues it would involve Vice President's Office (VPO) and NEMC. The Municipal Councils (MCs) will therefore be responsible as the local administration institution in terms of administrative decisions requiring local authority intervention. For example availability of building permits, approved site plans, as well as social services for specific areas will be dealt with at the district level or LGAs. This ESMF recommends integration of Environmental and Social Management from the relevant institutions at planning and implementation stages under HFP.

Furthermore, the administrative and institutional arrangements for environmental management in Tanzania that are relevant to various projects including the HFP are stipulated in the Environmental Management Act (EMA) No. 20 of 2004 where NEMC and DOE are key institutions with regard to environmental issues.

The National Environmental Management Council (NEMC)

The National Environmental Management Council (NEMC) is a body corporate vested with overall responsibility for the enforcement, review and monitoring of environmental assessments and compliance with the law and in this regard facilitates public participation in environmental decision making. NEMC is responsible for screening (allocating the appropriate level of the EA) and reviewing large investments and projects of national significance. NEMC constitutes multidisciplinary, multi-sectoral Technical Review Committees to review the adequacy of EIS (including Environmental

Management Plans/Environmental Monitoring Plans) and recommendations to the government for approval and clearance of EIA Certificates for projects. This procedure will apply to sub-projects under HFP that after screening will be required to undergo EIA.

The Division of Environment (DoE)

The office of the Director of the Environment is responsible for coordinating, assessing and monitoring the various environmental management activities in the country being undertaken by other agencies, as well as promoting the integration of environmental considerations into development policies, plans, programmes, strategies and projects and undertaking strategic environmental assessment. Director of the Environment is also responsible for issuing approval (EIA Certificates) for the development project to proceed. The same will apply to HFP sub-projects that, after screening, will be required to undergo EIA.

Sector Environment Section

The National Environment Management Act stipulates the formation of Environmental Sections within each Ministry to oversee all environmental matters within the Ministry, including supervision and monitoring of implementation of project, environment and social management plans, and liaising with the Director of Environment and NEMC. Each Ministry is required to appoint or designate a Sector Environment Coordinator (SEC) charged with these functions. All the beneficiary institutions of the proposed housing finance project are required under this Act to establish the stipulated Environment Sections and Coordinators to undertake the stated functions.

Since operation of environmental issues are not yet decentralized by NEMC, that means all activities regarding screening, EIA reviews, approval and issuing of EIA certificates are all centralized. Therefore all sub-projects under HFP that will be required to undertake EIA would be reviewed by NEMC and recommend for approval and clearance to DoE who responsible for provision of EIA Certificates.

Generally, the above Tanzania's environmental policies, laws, procedures, regulatory and administrative frameworks and legal requirements are relevant to the proposed housing finance project and are integrated into this ESMF as appropriate.

6.4 Linkage between National and World Bank Safeguard Policies

From chapter 5 and 6 above, it is clear that the Government of Tanzania and the World Bank wish to ensure that the HFP is carried out fully in line with Tanzania's environmental and social policies and legislation and the applicable World Bank Safeguard Policies. Tanzania's EA framework considers the term "environment" in its broadest sense, incorporating natural, human, cultural, historical, aesthetic, economic and social heritage components. The Bank shares the general objective of considering natural and social aspects in an integrated way, and this ESMF has been conducted from this perspective. The World Bank's safeguard policy, OP 4.01 Environmental Assessment, requires that all Bank-financed operations are screened for potential environmental and social impacts, a view shared by the Tanzania National EIA Procedures and Guidelines. Both policies emphasize that the required environmental work be carried out on the basis of the screening results. Thus, the proposed screening process under chapter 9 of this framework is consistent with Tanzania legislation and the WB policy on environmental assessment.

In addition, the World Bank Involuntary Resettlement Policy OP 4.12 requires that all projects screened for potential environmental and social impacts be supported by a RPF that identifies involuntary resettlements under the planned project. As regards compensation the Tanzanian laws requires that only the rightful land or property owner (statutory or customary rights of occupancy) should be compensated, while the World Bank OP 4.12 requires that any person (whether the rightful owner or not) who loses or is denied or has restricted access to economic resources - including tenants, encroachers, squatters - should be compensated. As far as this ESMF is concerned, the higher of the two policies i.e. the World Bank's safeguard policy will prevail.

7.0 DETERMINATION OF POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS

The environmental and social impacts of the proposed housing finance project cannot be identified and assessed at this appraisal stage of the project. However, the current status of the environment and the experience of similar types of projects indicate that the proposed HFP sub-projects are likely to incur environmental and social impacts that would require mitigation measures. The proposed Housing Finance Project will provide opportunities for house construction activities in Tanzania mainly, in towns and big cities. The sub-projects among other things will involve land acquisition, mobilization of construction activities, site clearing and delivery of construction materials. These undertakings are expected to have significant environmental and social impacts in which modalities for their considerations or integration is captured within this ESMF. The HFP should ensure integration of environmental and social considerations for its sustainability.

The National Environmental Policy, 1997 describes the current environmental issues and cause for concern for both rural and urban Tanzania. The major challenge for urban areas is in the management of solid and liquid waste - the main problem areas being unplanned settlements, industrial discharges, and domestic effluent from larger institutions. The main constraint is the lack of proper solid waste disposal facilities and waste water treatment facilities. Other environmental challenges for urban areas are the lack of a water supply or chronic shortages of water, and inadequate energy resources. In general the main environmental problems described in the national environmental policy and are relevant to the proposed housing finance project include;

- Land degradation
- Lack of accessible, good quality water for both urban and rural inhabitants
- Environmental pollution
- Loss of wildlife habitats and biodiversity
- Deterioration of aquatic systems; and
- Deforestation

In view of these environmental problems, the implementation of the proposed housing finance project should not exacerbate these problems. However, potential environmental impacts due to the proposed project associated implementation of sub-projects that will involve construction of the buildings, acquisition of land, acquisition of mortgage loans, etc. may include the following:

Potential impacts

Table 7.1: Potential Environmental and Social Impacts

No	Impact	severity	Causes	Mitigation measures	Responsible institutions
1	Land degradation				
	Soil erosion	Medium	-Exposure of soil surface due to loss of vegetation cover due to site clearance -Improper drainage systems -Construction on steep slopes -Mining of construction materials such as sand and gravel	-Carry out EIA (Annex IV)	Developer, TBD
	Pit formation from sand mine	Medium	-Mining of construction materials such as sand and gravel	-Use sand from existing borrow pits -backfill pits -Rehabilitation of borrow pits sites	Developer, TBD
2	Deforestation				
	Loss of vegetation or damage/loss of important biodiversity	Medium	-Site clearing -Acquisition of construction material such as sand and gravel -Demand for construction material from forest products such as timber	-Terracing -excavation to level -control of water flows -Carry out EIA (Annex IV)	Developer, TBD
	Damage to natural habitats/sensitive area;	Medium	-Site clearing -Sand and gravel mining -use of construction material from forest products such as timber	-Carry out EIA (Annex IV)	Developer, TBD
3	Environmental pollution				
	Air pollution	Medium	-Dust arising from construction activities -Movement of trucks in site -Delivering of construction material	-Contractors to moisten the construction area to minimize dust	-Developer, -TBD
	Noise pollution	Low	-Movement of trucks in site	-Use of equipments with low noise	-Developer, -TBD
	Increased waste	Medium	-Remains of construction materials	-Design waste management	-Developer, -TBD

No	Impact	severity	Causes	Mitigation measures	Responsible institutions
	generation Soil pollution	Low	-Domestic wastes -poor waste disposal -poor storage of construction materials such as oils, paints	-Design waste management	-Developer, -TBD
4	Deterioration of aquatic systems				
	Pollution of water resources	Medium	-Waste (solid and liquid) generated during construction and operation phases -Waste water seepage from septic tanks, blocked sewer systems -Eroded material from cleared site -Contamination of water supply sources (well, borehole) by seepage from pit latrines	-Proper design waste management (both solid and liquid wastes)	-Developer, -TBD
5	Social issues				
	Loss of land	Medium	-Demand for land for housing development	-Prepare Resettlement Action Plan as per OP 4.12	-Developer, -TBD
	Damage to cultural property	Medium	-Demand for land for housing development	-Prepare Resettlement Action Plan as per OP 4.12	-Developer, -TBD
	Loss of social networks	Medium	-Relocation of people due to demand for land for housing projects	-Prepare Resettlement Action Plan as per OP 4.12	-Developer, -TBD
	Access to mortgage loans	High	-Establishment of mortgage liquidity facility -Establishment of housing microfinance	-Public awareness	-Developer, -TBD
	Access to good quality housing	High	-Availability of serviced land -Availability of housing developers -Availability of mortgage loans	-Public awareness	-Developer, -TBD

Note: TBD- To be determined when the sub-projects and sites are known

These impacts have also been deemed potential basing on the experience of residential housing construction projects of different sizes and designs that are common in the Dar es Salaam city.

8.0 DESCRIPTION OF INSTITUTIONAL CAPACITY, TRAINING AND TECHNICAL ASSISTANCE REQUIRED TO IMPLEMENT THE ESMF

8.1 Institutions and roles and responsibilities

The Project Coordination Committee (PCC) will be established in the BOT which will be responsible for: a) decision making, approving terms of references and carrying out the procurement arrangements in line with the policies set out further in this ESMF. b) Coordinating activities across all participating financial institutions, to managing sub-projects for the purpose of maintaining a formative monitoring system throughout the project to assess the quality of implementation, the use of funds, and impacts.

The PCC will also be the committee which approves sub-projects based on review from the screening processes. The approval process will be carried out in line with the conditions set out in this ESMF. The PCC will be responsible for providing training and capacity building. In addition, the PCC will be in overall in charge of the regular monitoring and evaluation of the project and of overseeing financial management. Thus, the PCC will perform a central processing and coordination role between the implementing institutions regarding the activities of the project and sub-projects by receiving, compiling and processing periodic monitoring reports and by issuing the necessary guidelines to ensure that the intended targets are met while environmental and social issues are integrated within. The PCC will then report to the World Bank.

The **Implementation Units** will be responsible for delivering each of the three project components. Their main responsibilities will be to assess the training and technical assistance needs and to draft terms of reference for commissioned consultants to deliver the training and capacity building detailed in the programme. These units will also involve reviewing of screening results and will not have direct financial responsibility as this will be handled through the PAT. The unit responsible for the development of the mortgage market will be headed by BOT's Banking Supervision Department. The unit responsible for the development of housing microfinance will be headed by the BOT's Microfinance Department who will be responsible for planning the training, capacity building and regulatory issues. The FSDT may have the role at a later stage in the project as manager of the HMFF. The unit responsible for the expansion of the supply of affordable housing

will be led by the Director of Housing in the Ministry of Lands, Housing, and Human Settlements Development (MLHHSD).

On a more practical level, HFP will be implemented through a number of government agencies, financial institutions and private developers in Tanzania, all coordinated by, and accountable to, the BOT as the implementing agency. The Planning Authorities for a particular urban area, in consultation with the potential developer, will be responsible for project site selection. Town planning drawings incorporating the proposed project sites will be prepared and submit to the responsible Urban Planning Committee (UPC) for endorsement and final approval by MLHHSD.

8.2 Existing capacity, gaps and weaknesses in implementation of ESMF

The government of Tanzania is providing a conducive enabling environment to address environmental and social issues in the country. The National Environmental Policy and National Environmental Management Act, provide the framework for environmental management. However, most Ministries, Departments and local governments are lacking the necessary capacity to comply with the requirements of the policies and Acts. The same applies under this project where the PCC and implementing units lack the necessary capacity to implement this ESMF. The main gaps and weaknesses in the implementation of ESMF include;

- The project beneficiary institutions such as bankers, MOFEA, BOT, MLHHSD, and others, lack institutional policies and action plans for integrating environmental and social management issues in their development planning and project implementation.
- The implementing units are not aware of the requirements of the acts e.g. EMA, 2004 setting up Sector Environment Sections and appointment/designation of Sector Environment Coordinators.
- Very few staff in the implementing units have been exposed to environmental and social management issues
- Capacity to carry out and coordinate the EIAs is still confined at the national level, using the national procedures and guidelines. Proposals to institutionalize the procedures at various levels have not been tried out and the Councils seek the services for environmental impact assessment and reviews from Consultants and

experts at NEMC. Therefore the implementing units do not have capacity to screen, review and clear their sub-projects under HFP.

These weaknesses on the management of environmental and social issues are a function of the inadequacies in operationalizing this ESMF within HFP. The ESMF would be implemented through the use of administrative and management structures outlined in this project, but the implementing units would be strengthened through the provision of resources and training at relevant levels to build capacity. As stated above, the EMA, 2004, Part III (e) requires all government ministries to set up sections and staff for environmental management. In this regard, there is no harm for the project implementing units to pro-actively implement the proposed environmental and social frameworks to build up the required capacity for compliance to the act.

8.3 Institutional capacity needs for environmental and social management

This preliminary capacity needs assessment for the implementation of safeguard instruments reflect that, In order to implement this ESMF successfully, it is recommended that PCC, BOT and implementing units designate staff (and if possible set up section or committee) for environmental and social management. On the other hand they can hire Environmental Management officer from NEMC or any recognized/registered Environmental Expert or Environmental consultant (refer Annex V) to provide assistance from time to time when needed, while slowly building capacity from experience. The PCC and implementing units in collaboration with Environmental Expert/consultant will build their capacity for screening process, review, approval, monitoring and control of feedback reporting during implementation and operation activities of the HFP sub-projects.

8.4 Training needs for implementing units

Learning from the inadequate capacity outlined above, a comprehensive training needs assessment and development of a training strategy plan should be carried out as an initial implementation activity of this ESMF. It is further recommended that technical assistance from more experienced environmental practitioners (from the National Environment Management Council or Higher training institutions for example) be obtained to "mentor" the implementing units, project coordination committee, BOT, Bankers, MOFEA designated staff and other relevant/responsible project beneficiaries and support them in building experience. It is therefore recommended that training

courses that incorporate aspects proposed in this framework (skills in environmental and social mitigation planning and management) be undertaken for the implementing units.

For the purpose of this EMSF, capacity building should be targeted at the planners, implementers and reviewers of the HFP sub-projects. The first steps should focus on assessing the capacity building needs. Training should be designed according to these needs. More specifically, the following steps to build capacity should be taken:

- Training designed for enhancing the skills on environmental and social issues so that they are able to implement the proposed screening process and mitigation measures.
- The training should take the form of Training of Trainers (TOT) in the areas of environmental and social screening, impact assessment, developing mitigation plans, monitoring and reporting etc.
- Subsequently they would then train other staff as required. The training would take the form of short and long training workshop, to equip these staff with the required skills to implement this ESMF thereby ensuring that development activities under the HFP are environmentally sustainable. This level of training could be provided by more experienced Environmental Experts (refer Annex V) from higher training institutions or public environmental practitioners.

Proposed trainings for implementing units

(a) Environmental and social assessment process

- Screening process
- Identification of impacts
- Design of appropriate environmental management plan (EMP)
- Rationale for using Screening form and Environmental and Social Checklists
- Preparation of terms of reference for carrying out environmental and social impact assessment (ESIA)
- How to incorporate EMP in project designs and in construction contract documents
- How to review/approve an EIA, screening results, and the kind of criteria for use in this regard.
- How to review and approve overall project proposals
- The importance of public consultations in the EIA process

- How to monitor and report project implementation
 - Case studies
- (b) Environmental and social policies, procedures and sector guidelines
- Review and discussion of Tanzania's environmental policies, procedures, and legislation.
 - Review and discussion of the Bank's safeguards policies.
 - Review of ESIA report, ESMF, RPF, and Resettlement Action Plan.
 - How to collaborate with institutions at the local, regional and national levels. E.g. NEMC.
- (c) Selected topics on environmental and social issues
- How to make environmental and social profiles of a specific area
 - Environmental degradation e.g. land degradation (soil erosion)
 - Environmental pollution e.g. waste disposal
 - Management of waste including handling of asbestos materials
 - Flood protection/control
 - Ground and surface water management

Public awareness for relevant stakeholders

The HFP is meant to cater for different segments of income distribution. Developing access to housing finance will help improve affordability and construction standards, and encourage the private sector to take a greater role in the provision of housing. For the purpose of encouraging private sector programs involving training, awareness rising, and workshops regarding the project, opportunities available, how to integrate environmental and social issues in project development, and encourage participation of people in the project, procedures within the project implementing institutions administrative and management systems vested with the responsibility of endorsing/approving HFP sub-projects. Subjects covered could include but not limited to the following:

- Main environmental and social problems and challenges related to the housing projects as well as construction industry;
- Review of environmental and social screening and assessment process
- Review of the Screening Form, the Environmental and Social Management Checklists and the Resettlement Policy Framework

- The role of private developers in the project and how to approve proposed sub-projects within HFP.

In general, the project recognizes the paramount importance of building environmental and social management capacity in the various aspects of project implementation. It is further recommended that technical assistance from more experienced environmental practitioners (from NEMC or other agencies for example) is sought to train and “mentor”, Financial Institutions, Bankers, housing developers implementing units and support them in integrating environmental and social issues in building designs and experience in environmental screening, assessment, mitigation planning, management and eventually review, and approval processes.

8.5 Project implementers/developers in respective institutions and LGAs

Some of the project components are expected to involve LGAs such as land delivery, where Planning Authorities for a particular urban area, in consultation with the potential developer, will be responsible for project site selection, prepare town planning drawings incorporating the proposed project sites and submit to the responsible Urban Planning Committee (UPC) for endorsement and final approval by MLHHS. Therefore at this level local government employees will need to have the basic knowledge and capacity to undergo training in environmental screening and EIA process so that they are able to support ESMF requirements at the planning stage. Thus training in this context will be to;

(i) Enhance their ability to mainstream environmental and social aspects in project planning, design and implementation, and (ii) Enable them to undertake environmental screening and oversee/support the consultative and monitoring processes described above.

The training of these staff (and particularly the Environmental Officers) will also take the form of training-of-trainers in the areas of environmental and social screening, impact assessment, developing mitigation plans, monitoring and reporting, etc. Subsequently, they would then be able to train staff at LGAs. The objective is to equip these technical staff with the necessary skills to implement the ESMF, thereby ensuring that the project activities are environmentally sustainable. Qualified consultants and NEMC staff will provide this level of training.

9.0 ENVIRONMENTAL AND SOCIAL SCREENING PROCESS OF SUB-PROJECTS

The environmental and social screening process will take place once sub-projects identified prior to implementation process for the entire HFP. This section identifies and illustrates the specific steps to be involved in the environmental and social screening process leading towards the review and approval of the institution's sub projects from environmental and social management aspects. The steps followed incorporate the requirement of both, relevant national laws and World Bank's triggered safeguards policies. The implementing institutions will screen their own sub projects to identify adverse environmental and social impacts using the screening form provided. Then the institution will introduce into the sub project design the required measures to mitigate impacts identified from use of the screening form and checklist before submission of the sub project design to the respective implementing units for review and clearance.

The Implementing Units will review and clear the sub-projects by ensuring sub-project designs have identified environmental and social impacts, mitigated these impacts and have monitoring plans and institutional measures to be taken during implementation and operation. The purpose of environmental and social screening process is therefore to;

- determine whether future project activities are likely to have potential negative environmental and social impacts;
- determine appropriate mitigation measures for activities with adverse impacts;
- incorporate mitigation measures into project design;
- review and approve project proposals, and
- Monitor environmental parameters during project implementation.

The steps involved in the environmental and social screening process leading to the review and approval of sub-projects under the proposed HFP are illustrated below;

(i) Screening of sub-project activities and sites

The initial environmental and social screening will be carried out through the use of the Environmental and Social Screening Form Annex II. This form will be completed by the respective implementing units under each project components assisted by the NEMC or any recognised environmental consultant (for the purposes of identifying the potential environmental and social impacts, determining their significance, assigning the

appropriate environmental category, proposing appropriate environmental and social impact mitigation measures, and carrying out Environmental Impact Assessments (EIAs), if necessary. Environmental screening procedure will lead to identifying projects which will or will not require detailed environmental assessments. The principal project activities requiring screening will include the level and type of houses to be constructed and the associated infrastructure such as the water system, access roads, etc.

(ii) Assigning the appropriate Environmental and Social impact categories

The assignment of the appropriate environmental category will be based on the provisions of the World Bank Operational Policy (OP 4.01), on Environmental Assessment described in section 5 above. Tanzania's EIA procedures are consistent with the environmental and social Impact screening categories contained in the safeguard policy WB OP 4.01 on Environmental Assessment mentioned above.

(iii) Carrying out Environmental and Social Work

After screening and assigning environmental and social category, the extent of environmental work is determined, that is, whether (a) the application of mitigation measures outlined in the Environmental and Social Checklist (Annex III) will suffice; or (b) a separate EIA needs to be carried out, using the EIA guidance provided in Annex IV.

(a) Environmental Checklist. The Environmental and Social Checklist (Annex III) will be completed by the implementing units assisted by Environment expert either from NEMC or any recognized registered Environmental expert (Annex V) by outlining appropriate mitigation measures from the checklist to be applied. If there are already existing designs for the sub-project in question, the implementing unit in collaboration with Environmental expert, will assess the designs for impacts on the chosen land site. If the results of assessing the designs indicate potential significant negative impacts, the project implementer/developer will be required to modify the designs to include appropriate mitigation measures. For example, if the environmental screening process identifies potential contamination of water sources due to inappropriate waste disposal as the main impact from the proposed sub-project, the mitigation measure would be, the project implementer/developer to apply for another site, that is far away from the water

source to avoid contamination or incorporate appropriate waste disposal measures into the design that will enable safe disposal without contamination of water source.

The implementation of the mitigations will normally be modified to suit changes or emergencies that may occur on site at the time of project implementation. The checklist therefore should be considered as a tool that must be followed to ensure that the key negative impacts are eliminated or adequately kept under control. In this regard, flexibility should be allowed to optimize the implementation of the mitigations for the best results in relation to environmental and social management.

(b) Environmental Impact Assessment. In some cases, the results of the environmental and social screening process may indicate the need to carry out an EIA. In this case, the more complex environmental procedures (from registration, to preparation of EMPs, to issuing of an EIA certificate) as provided for in the EMA, 2004 and National EIA guidelines, 2005 will need to be followed. The project implementer/developer will have to seek and pay for the services for environmental assessment and reviews from Consultants and experts at NEMC. Such EIA requires inputs from teams of Environmental and Social specialists/consultants. The steps for carrying out an environmental impact assessment are outlined in Annex IV.

For situations where the environmental and social screening process identifies land acquisition needs that would trigger Involuntary Resettlement, then the provisions of the Resettlement Policy Framework (RPF) would apply. This would require that the project chooses an alternative site or maintains the site that triggers Involuntary Resettlement but prepares a Resettlement Action Plan (RAP) consistent with the RPF. The RAP would be a separate document and would be approved by the BOT assisted by MLHSD and the World Bank and any interested Development Partner or Financing Agency.

(iv) Review and approval of the screening activity

Under the guidance of the Environmental Management Officer or Environmental Expert (Annex V), the BOT, and implementing units under each component will review the environmental and social screening results as well as the environmental checklists that were completed in the course of project preparation to ensure that all environmental and social impacts have been identified and successfully addressed. That is, if the screening form has any “Yes” entries, or unjustified “No” entries, the application would need to

adequately explain and demonstrate that the issues raised have been addressed appropriately. The implementing units in collaboration with Environmental Expert or Environmental Management officer must also ensure that the project designs include adequate monitoring and institutional measures to be taken during implementation and operation.

If the Review Committee finds that the submitted design is not consistent with the requirements of the environmental screening form and the environmental checklist, then the project implementer/developer would be requested to re-design (e.g. make additional modifications and/or choose other sites). The project would then be re-screened and re-submitted for review. The review committee would then review for the second time the revised application. If acceptable, it would be recommended for consideration for approval. If it is not acceptable for the second time, it would be sent back to the implementer for more work or be denied clearance altogether. Any proposed sub-projects that do not comply with the requirements of Tanzania's and the WB Safeguard policies will not be cleared for implementation. A summary of the World Bank' safeguard policies are contained in annex I.

If the Review committee is satisfied that the designs/sub-project proposals are environmentally and socially compliant, they will be submitted to the PCC, BOT and World Bank for disclosure. The sub-project documentation must be accompanied by the completed environmental and social screening forms and, where applicable, the RAP. If the application is seen to satisfactorily address all environmental and social issues, the PCC will then clear the project and recommend its approval while informing the BOT. The PCC must involve the EMOs or recognised/registered Environmental Experts (Annex V) or Consultants in the approval process.

In the approval process the following documents must be submitted for considerations;

- a) Environmental and Social Screening results
- b) Environmental checklists
- c) Sub-projects proposal, designs and implementation schedule
- d) Environmental clearance or Certificate for sub-projects that undertook EIA
- e) Environmental and Social Management Plan

Figure 9.1 below is the flowchart for Screening, Review and Approval process for sub-projects and EIAs.

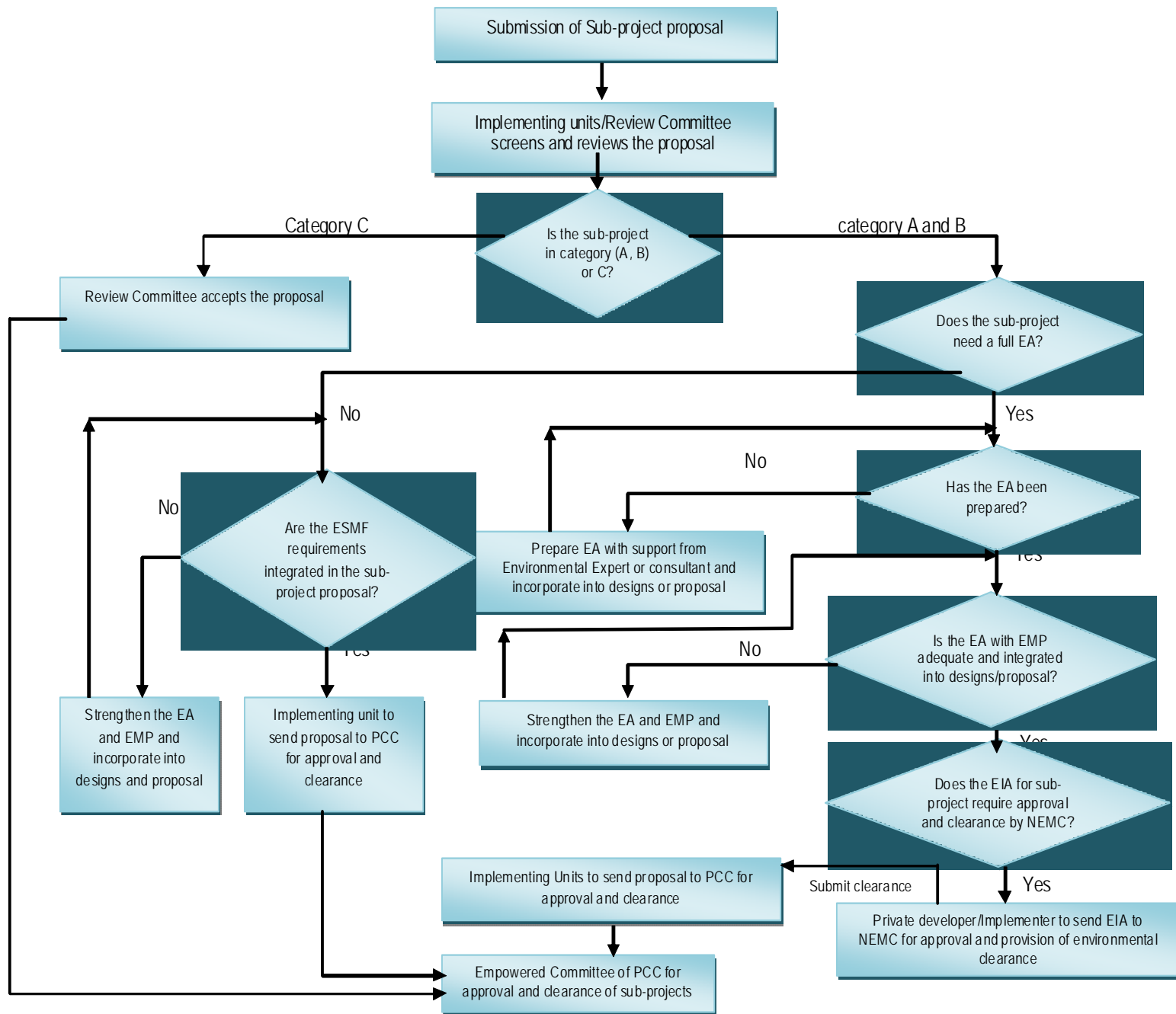


Figure 9.1: Flowchart for Screening, Review and Approval process for EIAs and sub-projects

Table 9.1 below indicates institutions responsible for screening, review and approval processes for EIAs and Sub-projects according to the process flowchart in figure 9.1 above. It describes their roles and constituent members under each responsible unit. Furthermore Table 9.2 illustrates classification of sub-projects according to WB OP 4.01 in which after screening the screening results will determine whether an EIA is required or not depending of category or classification of sub-project.

Table 9.1: Matrix table clarifying roles and responsibilities in the flowchart 9.1

No.	Responsible unit	Roles	Members
1	Developer/Sub-project implementer	Prepare sub-project proposal and submit to implementing unit	Sub-project owners
2	Implementing units	Receive proposals, undertake screening, prepare screening results and arrange for reviews	For Mortgages BOT, TMRC
			For Housing microfinance BOT, FSDT
			For Housing supply MLHSD (refer figure 3.1)
3	Review committee	Review the sub-project proposal <ul style="list-style-type: none"> • Accept the proposal or • Recommend for improvement 	Member from implementing units, Environmental institution, Environmental Experts/Consultants
4	Project Coordination Committee (PCC)	Approve and clear sub-projects	BOT, MOFEA, MLHSD, TAMFI, Bankers (refer figure 3.1)
5	NEMC	Review EIA of sub-projects that required to undertake full EIAs and partial and recommends for Approve	Technical Review Committee formulated by experts from different sectors relevant to the project
6	DOE	Approve and provide EIA certificates based on recommendations from NEMC	Minister of Environment

Table 9.2: Classification of project according to WB OP 4.01

No.	Category	Grade	Remarks
1	Project causes significant impacts which can be mitigated	A	Projects require full EIA
2	Projects cause lesser impacts which are remediable and can be mitigated	B	Projects partial EIA
3	Projects can be expected to have little or no environmental impact	C	Projects do not require an EIA

10.0 ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN FOR THE ENTIRE PROJECT

Given that the Environmental and Social Management Framework (ESMF) is prepared to establish the mechanism to determine and assess future potential adverse environmental and social impacts of sub-projects that are to be identified and cleared. It also requires the implementing institutions to prepare an Environmental and Social Management Plan (ESMP), for each sub-project, that will consist of a set of mitigation, monitoring and institutional measures. The ESMP will be implemented during implementation and operation of the HFP sub-projects to eliminate or reduce adverse environmental and social impacts, to acceptable levels. The ESMP will be part of the sub-project design and must also include the actions needed to implement these measures, including the following;

- Mitigation: Based on the environmental and social impacts from the impact checklist, the ESMP should describe technical details of each mitigation measure, together with the design, description of equipment and operating procedures as appropriate.
- Monitoring: Environmental and social monitoring should take place during the implementation of the sub-projects in order to measure the effectiveness of the mitigation measures. The ESMP should include monitoring objectives that specify the type of monitoring activities that will be linked to the mitigation measures. The monitoring section of the ESMP provides;
 - A specific description and technical details of monitoring measures that include the parameters to be measured, the methods to be used, sampling locations, frequency of measurements, detection limits and definition of thresholds that will signal the need for corrective action.
 - Monitoring and reporting procedures to ensure early detection of conditions that necessitate particular mitigation measures and to furnish information on the progress and results of mitigation.

The ESMP should also provide a specific description of institutional arrangements, i.e. who is responsible for implementing the mitigation measures and carrying out the monitoring processes (for operation, supervision, enforcement, monitoring of implementation, remedial action, financing reporting and capacity building). ESMP should also include an estimate of the costs of the measures recommended so that the

implementing institutions can budget for them. Similarly, the planning process of the sub-project, the mitigation and monitoring actions recommended in the ESMP should be developed in consultation with all the affected groups, to include their concerns and reviews in the design of the ESMP.

11.0 AN ESMF IMPLEMENTATION BUDGET

The ESMF implementation budget refers to all costs that will be incurred to implement the requirements or recommendations of the ESMF. The ESMF requirements ensure that implementation of the projects integrates environmental and social issues for the sustainability of the project as well as the sub-projects. Among other things the ESMF recommends the following key issues, namely; training, capacity building, screening, reviewing and monitoring mechanisms. These issues are clearly described here under;

The staff- who will be involved in the implementation of the project should be trained to enhance their skills on environmental and social issues. Building the capacity of staff from BOT and other implementing institutions such as Ministries, Financial Intermediaries, Departments and local governments will enable them to screen, review and monitor environmental issues in the sub-projects to ensure compliance with requirements of the national policies and Acts as well as World Bank safeguard policies

Based on experience from other related assignments the estimated cost for technical assistance for capacity building would be 100,000 USD.

This ESMF only highlights some needs required for training as well as for capacity building in Environmental and Social Management but it would be necessary to undertake intensive/comprehensive needs assessment for Environmental and Social Management that would enhance successive implementation of ESMF by implementing institutions and other key stakeholder institutions such as Commercial Banks, SACCOS, Municipal Councils, and MLHSD for long term and sustainability of the HFP. The needs assessment would come up with specific needs regarding environmental and social management relevant to these institutions. Based on other needs assessment for Environmental and Social Management conducted the estimated costs would be 50,000 USD.

Furthermore, screening and reviewing processes would also involve some cost implications. Every sub-project would be screened and reviewed by the implementing unit while involving Environmental Experts. The estimated costs for such processes would be 80,000 USD.

Monitoring plan: there will be monitoring during the implementation of the sub-projects in order to measure the effectiveness of the mitigation measures. The monitoring and reporting procedures will ensure early detection of conditions that necessitate particular mitigation measures and will furnish information on the progress and results of mitigation. The monitoring component will involve some cost implications. Based on previous experience from related projects, the estimated costs for monitoring would be 90,000 USD.

Other costs such as cost of undertaking EIAs for sub-projects and implementing sub-projects mitigation measures will be covered by the developer.

Table 11.1: Estimated level of costs for ESMF implementation

No.	ESMF proposed actions	Concerned institutions	Level of cost (USD)
1	Needs assessment	Commercial Banks, Microfinance institutions, SACCOS, Municipal Councils, MLHHSD,	50,000
2	Training/capacity building	Project Coordination Committee, Housing microfinance institutions, Implementing units	100,000
3	Screening and reviewing	Implementing units	80,000
4	Monitoring activities	Project Coordination Committee, BOT, NEMC	90,000

The cost implications for implementing this ESMF are reflected in table 12.1 above. The estimates reflect the level of cost but the actual costs will be determined during the implementation phase, when the specific number of people required for training will be identified and the level of technical assistance required.

12.0 STAKEHOLDERS CONSULTED, THEIR VIEWS AND CONCERNS

A number of stakeholders were consulted to get their views and concern about the project. Consultation were focused to key stakeholders that are relevant to the project for the purpose of involving them in decision making process by taking into consideration their views, concerns and suggestion. However, most of stakeholders support the project and would like it to start as soon as possible especially the commercial Banks, microfinance institutions, civil servants, ministries, local government authorities as well as the public. A summary of views and concerns from various stakeholders are described below while detailed descriptions of each stakeholder are found in Annex VIII.

Financial institutions

Views from financial institutions appreciate that the demand for long-term housing mortgage finance is very high. Currently most of the banks do not provide housing mortgage finance. However some of the banks such as Exim Bank and International Commercial Bank of Africa had already started plans towards provision of housing mortgage finance, the proposed housing finance project will stimulate our program.

Views from commercial institutions revealed that most of banks do consider environmental and social issues partially in loan provision to avoid risk on the business but there is a need to improve capacity in integrating environmental and social issues through training. However, they cautioned that there should be a good enabling environment in order for HFP to work, such as availability of surveyed land (serviced land), low interest rate and proper awareness to the communities on the importance of housing mortgage finance. Stakeholders' consultation within commercial institutions revealed that most of commercial institutions are interested in this project and are looking forward to work with Bank of Tanzania to the success of the proposed housing finance project. It is expected that with proper guidance from BOT, financing Banks will be able handle this project.

Ministries

Key ministries relevant to this project were also consulted. Such ministries include MOFEA, MLHSD and MID (TBA, NHC). Views from ministries also supported the project with expectation that it will help in solving the existing shortage of housing supply.

Existing experience in integrating environmental and social issues in housing development projects in the ministry specifically MID through TBA and NHC they are working in collaboration with NEMC where EIAs are conducted and approved. However this is applicable for larger/big projects, not normal residential houses. The Ministry has experienced expertise on environmental and social issues.

Moreover, it was suggested that, under HFP project EIAs for sub-projects should be conducted and can start even before the loan financing as precondition to the mortgage loans. In addition training and capacity building on environmental and social management should be done to all responsible institutions in order to acquire necessary capacity and skills. It was revealed that, most of the banks do not consider environmental issues but some do consider such as African Development Bank they do consider environmental issues but for some of banks who do not have capacity they use or hire experts. Therefore awareness, training and capacity building should be provided. Furthermore, views and concerns suggested that the project coordination committee needs to have member with different specialties to articulate all relevant issues within the project.

Municipal Councils (LGAs)

Three municipal councils were consulted which are Kinondoni, Temeke and Ilala. Their views revealed that housing demand is very big because the scheme of the government to construct houses does not meet the demand. Therefore this project will help civil servants to access loans for housing construction. However, in doing so Environmental and social issues should be integrated in this project. These municipals do consider environmental issues in their projects through the use of Urban Planning Act of 2007. The Act has some provisions that require certain types of projects to undertake EIAs. The same arrangements or requirements should be adopted for this project in integrating environmental issues especially in land delivery issues.

The main challenge will be provision of social services in newly developed areas such as security issues, schools, water supply, dispensaries/hospitals, etc. in order to attract people to live in those areas. Demand for serviced land is high and the municipals do not have financial capacity to fulfill the demand for serviced land. The municipal councils do incorporate environmental and social issues, from the stage of urban planning, surveying

and provision of title deed. The municipal also consider environmental and social issues before providing building permit.

Furthermore, Land acquisition process is a major challenge. The municipals have few human resources to handle land matters, such as land use planning, preparation of TP Drawings, valuation in case the area involves land acquisition. It was suggested that under HFP Environmental and social issues should be addressed from the planning stage and should be a pre condition for approval of the sub-project.

NGOs

NGOs such as FINCA, SELFINA and other microfinance institutions were also consulted. They also appreciate that the Project will help most of Tanzanians because the demand housing loans is big. But they cautioned that the main problem in Tanzania with regard to loans is the legal system. The legal system does not attract investors who are interested in provision of loans because they afraid of losing their money. In case some one defaults it takes long time (even years) to solve the case in the court. This delays loan returns, money circulation to other lenders, increases running costs (i.e. hire lawyers). Therefore investors are scared of such kind of inefficiencies, bureaucracy and insecurity for their money due to poor legal system.

Regarding environmental issues most of NGOs takes into considerations environmental factors as a condition for provision of loans due to policies set by their donors. Some of them have policies that describe conditions when considering loan provision with a list of issues to be considered including environmental issues. For example Some NGOs such as FINCA do not provide loans to any investment that will cause pollution to environmental or will involve production of hazardous material. Same conditions for environmental and social considerations should also be incorporated in this project.

Individuals

Most people need loans but they lack collaterals and this is the main challenge. The other problem is sustainability of returning the loan because most of people have incomes which are fluctuating. Moreover, people claimed that the interests for the existing loans provided by commercial banks are higher and the loans are short term, only very few people can afford. In addition, procedures for loans are very cumbersome especially

when involves local leaders at local level such as council leaders, (i.e. in getting references from local leaders at street level) it becomes like a political issue. When some one is in opposition part it becomes a problem for him to get these reference letter or recommendations from local level. The whole issue becomes political rather than business as usual.

Land issues are also main problems raised by the public; there is so much bureaucracy in getting land titles and other processes on land issues. This is a major obstacle. Furthermore, it was suggested that land delivery should jointly include other sectors such as TANESCO, DAWASCO, Health sector and Education sector for provision of social services like electricity, water supply, dispensaries/hospitals and schools. Such services attract people to move and construct in such serviced areas. Environmental issues must be integrated during the planning stage this will provide window for provision of space for services such as solid waste management, sewerage system, waste water treatment ponds/systems, etc. The approval process of the Town Planning drawings should consider incorporation of these services.

Some of people revealed their concern that they don't prefer loans because business income fluctuates to an extent that sometimes they may fail to return the loan as required. This project if well implemented it will provide opportunity for many people to get housing loan as there is so big demand for housing loan. Another main challenge is if really the money allocated will reach the target people because big investors can also chip in and draw large quantities of money as long they are capable of returning them as a result normal people will not have chance to access them as planned. Commercial Banks are interested in business and not helping people so the challenge will be how the government will control them to provide loans in the way they can help normal people to construct their houses.

Generally environmental issues are not very much considered in provision of loans but this project should be strict in considering these issues. Detailed description of views and concerns from various stakeholders is found in Annex VIII.

13.0 CONCLUSION AND RECOMMENDATIONS

This Environmental and Social Management Framework (ESMF) has been prepared to establish the mechanism to determine and assess future potential adverse environmental and social impacts of sub-projects that are to be identified and cleared under HFP. However, this ESMF is meant to ensure that the implementation of the HFP, of which the sub-project sites are unknown at this stage, will be carried out in an environmentally and socially sustainable manner. The ESMF provides the project implementers with an environmental and social screening process that will enable them to identify, assess and mitigate potential environmental and social impacts of sub-project activities, including the preparation of site-specific Environmental Impact Assessments (EIA) where applicable, in accordance with the EMA, 2004 as well as World Bank safeguard policies particularly Environmental Assessment (OP/BP 4.01).

Consequently, specific information on the number of sub-projects, site location of sub-projects, land requirements, geo-physical land features, nature, type and use of equipments, etc. are not available at this stage. Therefore, exact details and the intensity of social and environmental impacts and their effective mitigation cannot be determined. However, the framework among other things mentions the world banks safeguard policies that are triggered by the proposed housing finance project, identifies potential environmental concerns/impacts, environmental and social management plan, institutional responsibilities, capacity building, training needs, and technical assistance required. In view of all these the ESMF therefore recommends the following;

- Capacity Building; The ESMF recognizes existing gaps and weaknesses for implementing ESMF under this project and realizes the importance of strengthening the capacity of key implementing institutions. However, currently, most Ministries, Departments and local governments are lacking the necessary capacity to able to comply with requirements of national policies and Acts as well as World Bank safeguard policies. This will provide a conducive enabling environment to address environmental and social issues in the country under this project and implementation of ESMF.

- Training needs; Staff who will be appointed to the Project Coordination Committee (PCC) in the BOT, Implementing units and other institutions which will be responsible for coordinating activities across all participating financial institutions, for managing sub-projects for the purpose of maintaining a formative monitoring system throughout the project to assess the quality of implementation, use of funds, and impacts should have the necessary skills in Environmental and Social Management. Therefore they should undertake training in environmental management. Training topics may include an overview of environmental issues within the HFP, introduction to EIA processes and methods, impact analysis, EIA review, the role of the public and stakeholders, EIA experience in Tanzania, and case studies. Other training needs are explained in chapter 8.
- The implementation of HFP sub-projects should strongly integrate environmental and social issues in relation to the sub-project as outlined in this ESMF. Furthermore the implementation of the housing finance project as well as its sub-projects must comply with the World Bank Policies as well as Tanzania Policies and Laws as defined in chapter 5 and 6.
- Adherence to ESMF requirements; The ESMF requires this project to ensure that procedures are followed in relation to environmental and social screening, review and approval prior to implementation of sub-projects to be financed under the HFP. Furthermore, appropriate roles and responsibilities, for managing and monitoring environmental and social concerns related to sub-projects should also be followed.

14.0 REFERENCES

NBS (2005), Environmental Statistics of Mainland Tanzania, National Bureau of Statistics

URT, (1996) National Land Policy, Ministry of Lands and Human Settlement. Dar es Salaam.

URT, (2003) The Occupational Health and Safety Act, (No. 5). Ministry of Labour and Youth Development. Dar es Salaam.

URT, (1997) National Environmental Policy, Vice President's Office. Dar es Salaam.

URT, (1996) National Forest Policy, Ministry of Natural Resources and Tourism, Dar es Salaam.

URT (2004). The Environmental Management Act, No. 20 of 2004. Government Printer. Dar es Salaam.

URT, (1999). Land Act, (No. 6), Ministry of Lands Housing and Human Settlement. Dar es Salaam.

URT (2005) The Environmental Impact Assessment and Audit Regulations, Vice President's Office. Dar es Salaam.

URT (2007) Urban Planning Act, Ministry of Lands Housing and Human Settlement. Dar es Salaam.

URT (2007) Land use planning Act, Ministry of Lands Housing and Human Settlement. Dar es Salaam.

URT (2008) Mortgage Finance (Special Provisions) Act, Ministry of Finance and Economic Affairs

URT (2009) The Water Resources Management Act, Ministry of Water and Irrigation Dar es Salaam, Tanzania

URT (2007) State of Environment in Tanzania, Vice President's office, Division of Environment

URT (2005) National Strategy for Growth and Reduction of Poverty (NSGRP), Vice President's Office. Dar es Salaam.

URT (2000), The Tanzania Development Vision (2025)

URT, (1997) Contractors Registration Board Act no 17. Ministry of Works. Dar es Salaam.

WB (2006) World Bank Safeguard Policies

WB/BOT (2009) Project Appraisal Document

Terms of Reference for Preparation of Environmental and Social Framework for
Proposed Housing Finance Project in Tanzania

15.0 TECHNICAL ANNEXES

Annex I: Summary of World Bank Safeguard Policies

Name of the Policy	Objectives of the Policy	Triggers and Applicability to HFP
Environmental Assessment (OP/BP 4.01)	To ensure that Bank-financed projects are environmentally sound and sustainable, and that decision-making is improved through appropriate analysis of actions and their likely environmental impacts	This policy is triggered if a project is likely to have potential (adverse) environmental risks and impacts in its area of influence. Depending on the project, and the nature of impacts a range of instruments can be used: EIA, environmental audit, hazard or risk assessment and environmental management plan (EMP). When the project is likely to have sectoral or regional impacts, sectoral or regional EA is required. The Borrower is responsible for carrying out the EA. <i>Under HFP, BOT has prepared this ESMF and will comply with national EIA regulations which outline the environmental screening process to be applied to sub-projects implementation.</i>
Forests (OP/BP 4.36)	To assist borrowers to harness the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development and protect the vital local and global environmental services and value of forests. Among many other procedures, the Bank uses environmental assessments, poverty assessments, social analyses, Public Expenditure Reviews and other economic and sector work to identify the economic, environmental and social significance of forests in borrowing countries.	The policy is triggered whenever any Bank-financed investment project (i) has the potential to have impacts on the health and quality of forests or the rights and welfare of people and their level of dependence upon or interaction with forests; or (ii) aims to bring about changes in the management, protection or utilization of natural forests or plantations. <i>Under HF, it is very unlikely that the policy will be triggered because most sub-projects will be implemented in urban areas. Any sub-project that would trigger the policy will not be funded.</i>
Involuntary Resettlement (OP/BP 4.12)	(1). Avoid or minimize involuntary resettlement where feasible, exploring all viable alternative project designs; (2). Assist displaced persons in improving their former living standards, income-earning capacity, and production levels, or at least in restoring them; and (3). Encourage community	The policy is triggered whenever there is any loss of land or other assets resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; (iii) loss of income sources or means of livelihood, whether or not the affected people must move to another location. It also applies to

	<p>participation in planning and implementing resettlement; and (4). Provide assistance to affected people regardless of the legality of land tenure.</p>	<p>the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.</p> <p><i>Under HFP, a Resettlement Policy Framework (RPF) has been prepared which will provide guidance for sub-projects implementation that might involve land acquisition and restricted access to resources and assets.</i></p>
Indigenous Peoples (OP/BP 4.10)	<p>(1). Ensure that the development process fully respects the dignity, human rights, economies and cultures of Indigenous Peoples; (2). Ensure that adverse effects during the development process are avoided, or if not feasible ensure that these are minimized, mitigated or compensated; and (3). Ensure that indigenous peoples receive culturally appropriate and gender and intergenerational inclusive social and economic benefits.</p>	<p>The policy is triggered when the project affects the Indigenous Peoples.</p> <p><i>This policy has some chance of being triggered, thus, HFP will not fund sub-projects with potential negative impacts on indigenous peoples.</i></p>
Safety of Dams (OP/BP 4.37)	<p>(1). To ensure that experienced and competent professionals design and supervise construction of new dams, hence, the Borrower adopts and implements dam safety measures for the dam and associated works (2). To ensure that any existing dam that can influence the performance of the project is identified, a dam safety assessment is carried out, and necessary additional dam safety measures and remedial work are implemented.</p>	<p>Actions are triggered when the Bank finances: (i). A project involving construction of a large dam (15 m or higher) or a high hazard dam (see note); (ii). A project which is dependent upon an existing dam.</p> <p>For small dams, generic dam safety measures designed by qualified engineers are usually adequate.</p> <p><i>HFP will not be funding sub-projects for construction or rehabilitation of dams.</i></p>
Pest Management (OP 4.09)	<p>(1). Promote the use of biological or environmental control and reduce reliance on synthetic chemical pesticides. (2). Strengthen the capacity of the country's regulatory framework and institutions to promote and support safe, effective and environmentally sound pest management.</p>	<p>(1). Procurement of pesticides or pesticide application equipment is envisaged (either directly through the project, or indirectly through on-lending, co-financing, or government counterpart funding). (2). The project may affect pest management in a way that harm could be done, even though the project is not envisaged to procure pesticides. This includes projects that may (i) lead to substantially increased pesticide use and subsequent increase in health and environmental risk, (ii) maintain or expand present pest management</p>

		practices that are unsustainable, not based on an IPM approach, and /or pose significant health or environmental risks. <i>No sub-projects involving an increased use of pesticides will be funded under HFP.</i>
Physical Resources (OP/BP 4.11)	Cultural (OP/BP 4.11)	<p>The Bank assists countries to avoid or mitigate adverse impacts of development projects on physical cultural resources.</p> <p>'physical cultural resources' are defined as movable or immovable objects, sites, structures, groups of structures, natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Physical cultural resources may be located in urban or rural settings, and may be above ground, underground, or underwater. Their cultural interest may be at the local, provincial or national level, or within the international community.</p>
		<p>This policy applies to all projects requiring a Category A or B Environmental Assessment under OP 4.01, projects located in, or in the vicinity of, recognized cultural heritage sites, and projects designed to support the management or conservation of physical cultural resources.</p> <p><i>HFP is likely to trigger this policy, thus, the requirements of OP 4.01 will apply. Core requirements include: investigation and an inventory of cultural resources potentially affected and inclusion of mitigation measures when there are adverse impacts on physical cultural resources.</i></p>
Natural (OP/BP 4.04)	Habitats	<p>The conservation of natural habitats is essential to safeguard their unique biodiversity and to maintain environmental services and products for human society and for long-term sustainable development. Therefore support covers the protection, management, and restoration of natural habitats.</p> <p>This kind of support expects the Borrowers to apply a precautionary approach to natural resource management to ensure opportunities for environmentally sustainable development.</p>
		<p>The policy is triggered by any project (including any sub-project under a sector investment or financial intermediary loan) with the potential to cause significant conversion (loss) or degradation of natural habitats, whether directly (through construction) or indirectly (through human activities induced by the project).</p> <p><i>Under HFP, sub-projects that would have negative impacts on natural habitats would not be funded.</i></p>
Projects in Disputed Areas (OP/BP 7.60)		<p>To ensure that projects in disputed areas are dealt with at the earliest possible stage: (a) so as not to affect relations between the Bank and its member countries; (b) so as not to affect relations between the Borrower and neighboring countries; (c) So as not to prejudice the position of either the Bank or the countries concerned.</p>
		<p>The policy is triggered if the proposed project will be in a "disputed area."</p> <p><i>Although Tanzania is a peaceful country, HFP will not fund any sub-projects located in potentially disputed areas.</i></p>
Projects on International Waterways (OP 7.50)		<p>To ensure that Bank-financed projects affecting international waterways would not affect: (i) relations between the Bank and its</p>
		<p>This policy applies to the following types of projects: (a). Hydroelectric, irrigation, flood control, navigation, drainage, water</p>

	<p>Borrowers and between states (whether members of the Bank or not), and (ii) the efficient utilization and protection of international waterways.</p> <p>This policy covers the following types of international waterways: (a). Any river, canal, lake or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states, whether Bank members or not; (b). Any tributary or other body of surface water that is a component of any waterway described under (a); and (c) Any bay, gulf strait, or channel bounded by two or more states, or if within one state recognized as a necessary channel of communication between the open sea and other states, and any river flowing into such waters</p>	<p>and sewerage, industrial and similar projects that involve the use or potential pollution of international waterways; and (b). Detailed design and engineering studies of projects under (a) above, including those to be carried out by the Bank as executing agency or in any other capacity.</p> <p><i>HFP will not fund any subproject that will have an impact on international waterways.</i></p>
--	---	--

Annex II: Environmental and Social Screening Form

Introduction

This Environmental and Social Screening Form (ESSF) has been designed to assist in the evaluation of sub-project development in the housing finance project. The form will assist the project implementers and reviewers to identify environmental and social impacts and their mitigation measures, if any. It will also assist in the determination of requirements for further environmental work (such as EIA), and social work if necessary.

The form helps to determine the characteristics of the prevailing local biophysical and social environment with the aim of assessing the potential impacts of the project activities on the environment. The ESSF will also assist in identifying potential socio-economic impacts that will require mitigation measures.

GUIDELINES FOR SCREENING

The evaluator should undertake the assignment after;

- Gaining adequate knowledge of baseline information of the area
- Gaining knowledge of proposed project activities for the area
- Having been briefed/trained in environmental and social screening.

The form is to be completed with the consensus of at least three people, knowledgeable of the screening processes (such as the Environmental Management Officers)

Name of project:

Name of Institution:

Contact details of the person who is responsible for filling out this form

Name:

Title;

Telephone Number:

Fax number:

E-Mail address:

Date:

Signature:

1. Sub-Project Description

Please provide information on the type and scale of the project (project area, area of construction (buildings, access roads, landscape), waste generated (solid, liquid and air).

2. The Natural Environment

a) Describe the vegetation/trees in/adjacent to the sub-project area.

.....
.....

b) Estimate and indicate where vegetation/trees might need to be cleared

.....
.....

c) Are there any environmentally sensitive areas or threatened species (specify below) that could be adversely affected by the project?

Yes No

i. Natural Forests Yes No

ii. National Parks Yes No

- iii. Rivers Yes No
- iv. Lakes Yes No
- v. Wetlands (swamps, seasonally inundated areas)
YesNo
- vi. Habitats of endangered species for which protection is required under Tanzania laws
and/or
international agreements
Yes No
- vii. Others (describe). Yes No

3. River Ecology

Is there a possibility that, due to the installation of structures, such as houses and water system, the river ecology will be adversely affected? Attention should be paid to water quality and quantity, the nature, productivity and use of aquatic habitats and variations of these over time.

Yes.....No.....

4. Protected Areas

Does the sub-project area (or components of the sub-project) occur within/adjacent to any protected areas designated by government (national park, natural reserve, world heritage site etc.)?

Yes.....No.....

If the sub-project is outside, but close to, any protected area, is it likely to adversely affect the ecology within the protected areas (e.g. interference with the migration routes of mammals or birds)?

Yes.....No.....

5. Geology and Soils

Based upon visual inspection or available literature, are there areas of possible geologic or soil instability (erosion prone, landslide prone, subsidence prone)?

Yes.....No.....

Based on visual inspection or available literature, are there areas that are at risk of a large-scale increase in soil leaching and/or erosion?

Yes.....No.....

6. Landscape/aesthetics

Is there a possibility that the sub-project will adversely affect the aesthetic attractiveness of the local landscape?

Yes.....No.....

7. Invasive Plant species along feeder roads routes

Is the sub project likely to result in the spread of invasive plant species (along feeder roads)?

Yes.....No.....

8. Historical, Archaeological or cultural heritage sites

Based on and local knowledge available source, and after consultation with local authorities and/or observations, could the sub-project alter any historical, archaeological or cultural heritage sites or require excavation near these sites?

Yes.....No.....

9. Resettlement and/or Land Acquisition

Will involuntary resettlement, land acquisition, or loss of access to land as defined by World Bank OP 4.12 be caused by sub-project implementation?

Yes.....No.....

10. Loss of Crops, Fruit trees and Household Infrastructure

Will the sub-project result in the permanent or temporary loss of crops, fruit trees and household infrastructure?

Yes.....No.....

11. Noise pollution during construction and Operations

Will the operating noise level exceed the allowable decibel level for the zone?

Yes.....No.....

12. Will the project have adverse impacts on natural habitats that will not have acceptable mitigation measures according to OP 4.04 Natural Habitats?

Yes.....No.....

13. Public Consultation Process

Briefly describe the sub project consultation process in terms of when consultations took place, where they took place, who participated and what criteria were used to select participants in this process, what were the contributions from the participants, was it recorded and were the contributions from participants included in decision making, (use separate sheet if necessary).

.....
.....

14. Did the consultation and participatory process described in 13 above involve the following social/ vulnerable groups?

Women: Yes.....No.....

The elderly: Yes.....No.....

Widows/widowers: yes.....No.....

Orphans: Yes.....No.....

15. Will the groups (in 14 above) have access to and benefit from this sub-project?

Yes.....No.....

Annex III: Environmental Checklist

Potential Negative Environmental and Social Impacts	Tick if relevant	Mitigation Measure	Tick if relevant	Responsible Person
Before construction				
Possible land acquisition		Prepare Resettlement Action Plan as per OP 4.12		
Possible damage to cultural property		Carry out EIA (Annex IV)		
Possible damage to natural habitats/sensitive or protected area; damage/loss of important biodiversity		Carry out EIA (Annex IV)		
Landslides and soil erosion on hillsides		Terracing; excavation to level; control of water flows		
Water stagnation and flooding on depressed/flat land		Proper placement of the building within a site, taking into consideration the topography and terrain to allow natural water flows.		
Destruction of vegetation during excavation; may cause loss of biodiversity, flora and fauna		Construction contracts to include provisions for limiting vegetative removal and for restoration /landscaping and re-vegetation of the construction area after completion of works.		
Soil erosion, deposition of fine materials (sand, silts, cement dust) in downstream water courses during demolition and construction, particularly in the rainy season		Construction contracts will require re-vegetate as soon as possible; contractors to be limited regarding activities that can be carried out in the rainy season; contractors will be required to treat excavated areas below flood water levels as required under the design contract (use of stone gabions, before the start of each rainy season. Controlled storage of demolished materials and products (on stabilized area) and rehabilitation of sites after use		
Traffic disruption		Best engineering practices		

		to be employed to ensure traffic disruptions are kept to a minimum		
Noise disturbance		Keep noise at minimum levels		
Nuisance on public health due to unsafe disposal of wastes		Dispose safely in sealed plastic containers for burial in municipal landfills		
Dust impacts		In extreme cases, particularly near clinics, schools, contractors will be required to moisten the construction area to minimize dust		
Pit formation from sand mine		Use sand from existing borrow pits; backfill pits		
During construction				
Noise		Use of ear protectors		
Create dust to nearby houses during construction		Control fugitive dust generated from construction works by spraying water or other means		
Pressures on existing water sources		Liaise with local utilities to ensure adequate water supply		
Soil and water pollution due to large number of laborers on the construction site and related wastes		Build latrines and ensure adequate waste water disposal; ensure safe storage of construction materials such as oils, paints		
Creation of stagnant pools of water in left borrow pits		Rehabilitation of borrow pits sites		
After construction				
Soil and water pollution due to remainder of construction wastes, tools, equipment, and temporary infrastructure		Contractors to clear construction site of temporary infrastructures and restore vegetation of the site		
Increased sediments into streams, ponds and rivers due to erosion from inadequate backfilling and resurfacing		Prevention of erosion by re-vegetation, dry construction and physical stabilization; use of debris in construction of foundation/compaction of fill-in pits found in the area.		
Erosion along banks of storm water drainage		Stabilize sections of bank susceptible to erosion;		

channel causing siltation of channel, loss of land and damage to physical infrastructure		plant shrubs and trees on uphill side of ditch to slow water runoff		
Soil and water pollution due to seepage from septic tanks/blockage of sewer		Ensure regular emptying/unblocking, maintenance and monitoring; conduct hygiene education campaign to raise awareness of the health risks of exposed sewage; establish and support affordable pump out services		
Contamination of water supply sources (well, borehole) by seepage from pit latrines		Do not construct latrines within a minimum of 30m of the hand dug well, borehole and springs, 60m is preferable		
Latrines overflowing and creating health risks through people and animals coming in contact with human wastes		Conduct hygiene education campaign to raise awareness of the health risks of exposed human waste and promote the support and use of municipal or private sector cleaning services		
Open defecation		Conduct hygiene education campaign to raise awareness of the health risks of open defecation, and promote the use of latrines		
Haphazard disposal of solid waste		Provide adequate number of waste collection bins at appropriate places within the buildings for sanitary disposal; construct on site collection points and liaise with municipal for regular disposal; Conduct hygiene education campaign to raise awareness of health risks of indiscriminate dumping of waste		
Health hazards due to improper sanitation and unavailability of water		Use of easy-to clean surfaces, good housekeeping, adequate supply of water-storage tanks/reservoir, boreholes, water		

		conservation measures, rain water harvesting. Availability of adequate resources/funds to meet running costs and regular maintenance		
High running cost for energy needs		Energy savings measures: use of low energy consuming fluorescent, proper use of daylight, proper ventilation, provide and maintain stand-by generators		
Any other relevant impact • • • •				

Annex IV: Procedures for undertaking EIAs

In cases where the environmental and social screening process would recommend that an EIA be carried out, the implementers should refer to Tanzania's EIA procedure, keeping in mind the requirements of the World Bank's safeguard policies. The main steps in carrying out EIA are outlined below:

Carrying out an Environmental Impact Assessment

- **Impact Assessment:** Based on the screening and scoping results, the EIA shall identify and assess positive and negative impacts likely to result from the proposed sub-project activities. This uses a variety of methods, including checklists, impact matrices, overlays and network analysis. Opportunities for environmental enhancement should be explored. The extent and quality of available data, key gaps in data, and uncertainties associated with predictions shall be identified or estimated.
- **Analysis of alternatives:** This is an important aspect of the EIA - enhancing the design of a project through consideration of alternatives, as opposed to the more defensive task of reducing the adverse impacts of a given design. This provides a detailed review of alternative approaches and prioritizes them into a feasible approach. For each alternative, the environmental costs and benefits should be quantified to the extent possible. The 'no project alternative' should always be included, with a discussion of it being adopted - that is, what would the future look like without the proposed sub-project? The 'no project alternative' is always feasible and gives a "base case" against which the performance of other alternatives can be compared in terms of environmental, social and economic impacts.
- **Predictions:** The principal function of EIA is to provide predictive information on the potential implications of the planned sub-projects. Prediction should determine the cause and effect relationship of direct and indirect impacts based on data and information from a wide number of sources on the physical, social, biological, institutional, economic and cultural issues. The quality and availability of data and the analytical techniques and assumptions frequently limit the reliability of prediction. In this context, open dialogue with key stakeholders and the public is vital.
- **Evaluation of significance:** This determines the significance of the impacts at the different phases of the sub-project and its area of influence. Within a specified time and space, a significant impact is the predicted or measured change in an environmental attribute that should be considered in sub-project design, depending on the reliability and accuracy of the prediction and the magnitude of the change.
- **Mitigation:** This identifies measures to be taken to avoid and/or to reduce adverse impacts. It also assesses how to plan and manage environmental enhancement. The identified measures need to be undertaken early enough to embed ideas thoroughly into the basic design of a proposed sub-project and to show how future monitoring and evaluation would be carried out. These measures are drawn together into a coherent Environmental and Social Management Plan (ESMP), including a monitoring plan.
- **Public consultation:** Consultation throughout EIA preparation is required, particularly for sub-projects that might involve land acquisition and thus negatively

affecting people's livelihoods. Public consultation should be undertaken during screening, scoping and the preparation of terms of reference, of the EIA report, review of the EIA report by NEMC and other stakeholders.

All the information gathered during the Environmental Impact Assessment is compiled in the format given in the NEMC Reporting Procedure and Guidelines and submitted to NEMC for review and clearance. In all cases, the documentation should be kept as brief and simple as possible.

The EIA regulation under regulation 18.-(1) requires that the developer or proponent shall submit to NEMC, an environmental impact statement incorporating but not limited to the following information-

- (a) The project and the activities that it is likely to generate;
- (b) The proposed location of the project and reasons for rejecting alternative locations;
- (c) A concise description of the national environmental legislative and regulatory framework, baseline information, and any other relevant information related to the project;
- (d) The objectives of the project;
- (e) The technology, procedures and processes to be used, in the implementation of the project;
- (f) The materials to be used in the construction and implementation of the project;
- (g) The products, by products and waste generated by the project;
- (h) A description of the potentially affected environment including specific information necessary for identifying and assessing the environmental effects of the project;
- (i) The environmental effects of the project including the social and cultural effects and the direct, indirect, cumulative, irreversible, short term and long term effects anticipated;
- (j) Alternative technologies and processes available and reasons for preferring the chosen technology and processes;
- (k) Analysis of alternatives including project site, design and technologies and reasons for preferring the proposed site, design and technologies;
- (l) An environmental management plan proposing the measures for eliminating, minimizing or mitigating adverse impacts on the environment; including the cost, timeframe and responsibility to implement the measures;
- (m) Provision of an action plan for the prevention and management of foreseeable accidents and hazardous activities in the cause of carrying out activities or major industrial and other development projects;
- (n) The measures to prevent health hazards and to ensure security in the working environment for the employees and for management of emergencies;
- (o) An identification of gaps in knowledge and uncertainties which were encountered in compiling the information;
- (p) An economic and social analysis of the project;
- (q) Positive impacts and how to enhance them; and
- (r) Such matters as the Council may require.

Moreover, under section (2) it requires that, without prejudice to the generality of sub-regulation (1), the environmental impact statement shall closely be styled and contain the following information:

- (a) Format of the environmental impact statement:
 - (i) Executive summary;
 - (ii) Acknowledgement;
 - (iii) Acronyms;
 - (iv) Introduction;
 - (v) Project background and description;
 - (vi) Policy, administrative and legal framework;
 - (vii) Baseline or existing conditions;
 - (viii) Assessment of impacts and identification of alternatives;
 - (ix) Impacts management or environmental mitigation measures;
 - (x) Environmental and social management plan;
 - (xi) Environmental and social monitoring plan;
 - (xii) Resource evaluation or cost benefit analysis;
 - (xiii) Decommissioning;
 - (xiv) Summary and conclusions
 - (xv) References;
 - (xvi) Appendices;

The EIA report should be short and clear, so that project participants can understand it. It should state clearly the main environmental issues, both positive and negative, likely impacts, potentially affected persons, mitigation and monitoring measures, and cost estimates and institutional arrangements for the implementation of mitigation and monitoring measures.

The EIA report should include an Environmental and Social Management Plan (ESMP). This ESMP should be a practical, action-oriented plan specifying measures to be taken to address the negative environmental impacts. It should also specify the actions, resources and responsibilities required to implement the agreed actions and details on key social and environmental management, monitoring, and monitoring indicators. Further, the ESMP should ensure that the costs of implementing the recommendations of the EIA report are budgeted into the total infrastructure project costs. Responsibility for the preparation of the ESMP will be with the Sector Environment Coordinators, under the guidance of the District/Municipal Environmental Officer and, to the extent necessary, in consultation with NEMC.

The ESMP should be formulated in such a way that it is easy to use. The ESMP should cover the following aspects: Summary of environmental and social impacts, description of the mitigation measures, description of the mitigation measures, description of the impacts of the mitigation measures, description of the monitoring plan and monitoring indicators, institutional arrangements and capacity building needs to ensure effective implementation of these measures, implementation schedule and reporting procedures and cost estimates. The NEMC/Environmental Officer will assist with the details required for the preparation of the ESMP.

Annex V: ToR for Environmental Expert

Minimum qualification for Environmental Expert and Environmental Management Officer

According to EIA and Audit regulation of 2005 a person shall be considered as an Environmental Expert if;

- Possesses at least a first degree in a relevant discipline or its equivalent from a recognized university or institution
- Has not been convicted of a professional or disciplinary offence

However in addition to the above an Environmental Expert should

- Has relevant experience in undertaking EIAs
- Has been registered and recognized by the National Environment Management Council (NEMC)

Annex VI: Housing Finance - Project Matrix

	Phase I	Phase II	Phase III	Phase IV
Mortgage Market Development	<ul style="list-style-type: none"> • Creation of Working Group • Kick Start lending directly to Mortgage Lenders • Roll out of IFC Mortgage Toolkit to lenders • Review of prudential regulation for mortgage lending • Review proposal for legal structure and ownership 	<ul style="list-style-type: none"> • Establishment of Liquidity Facility and start of refinancing operations • Preparation for a Corporate Bond Issue • Implementation of new prudential standards for mortgage lending 	<ul style="list-style-type: none"> • First Bond Issuance by Mortgage Liquidity Facility supported by partial credit guarantee from MoFEA, BoT or World Bank 	<ul style="list-style-type: none"> • Issuance of 'stand-alone' corporate bond by Mortgage Liquidity Facility • Consider ways of helping mortgage lenders go down-market e.g. setting up of employer mortgages schemes for police, nurses, teachers
Housing Micro-finance	<ul style="list-style-type: none"> • Comprehensive assessment of prospects and obstacles to development Housing Micro-finance 	<ul style="list-style-type: none"> • Development of regulatory framework for Housing Micro-finance • Preparation of a Housing microfinance pilot scheme • Roll out of IFC Housing Micro-finance Toolkit to lenders 	<ul style="list-style-type: none"> • Development of a refinancing or guarantee window at the Liquidity Facility for housing Micro-finance • Roll out of a housing microfinance pilot scheme 	<ul style="list-style-type: none"> • Start of operations to provide guarantee or refinancing for Housing Micro-finance.
Expansion of Affordable Housing Supply	<ul style="list-style-type: none"> • Assessment of housing and land policy³ identification of Housing Supply Constraints 	<ul style="list-style-type: none"> • Review roles of NHC and TBA • Building Code and Planning Regulation reform • Roll out of IFC Construction lending Toolkit • Design of Capacity building program 	<ul style="list-style-type: none"> • Design of affordable housing pilot scheme with a private developer/lender • Capacity building on housing policy/urban policy for Local and Central Government 	<ul style="list-style-type: none"> • Roll out of affordable housing pilot scheme with a private developer/lender

Annex VII: Housing Finance - Project Timeline

		2009	2010	2011	2012	2013	2014
Phasing	<p>The diagram shows a horizontal timeline from 2009 to 2014. Three blue ovals labeled 'Phase I', 'Phase II', and 'Phase III' are connected by arrows pointing to the right. Phase I starts in 2010 and ends in 2011. Phase II starts in 2011 and ends in 2012. Phase III starts in 2012 and ends in 2013. There are also light blue bars above each phase oval, indicating the duration of each phase.</p>						
Description			I – Direct provision of long term funds to lenders to enable build up of portfolios. Diagnostic work for Housing Microfinance and Housing supply components	II – Setting up of Mortgage Liquidity Facility and start of refinancing operations. Roll out of capacity building and regulatory TA for housing microfinance and housing supply	III – Tapping of capital markets by liquidity facility with credit enhancement. Expand refinancing activities to housing microfinance. Continued scaling up of housing and mortgage market	IV – Facility to operate as private entity with ability to raise funds on its own in capital markets. Push towards more affordable solutions for lower income groups	

Note: Project Preparation Advance will allow some work to be carried out in last quarter of 2009 prior to project effectiveness.

Annex VIII: List of Stakeholders consulted, their view and concerns

Name	Title and Institution	Views
Hamad Husain	Risk Manager Exim Bank	<p>Demand for loan-term housing mortgage finance is very high.</p> <p>Currently Exim Bank does not provide housing mortgage finance. However the bank is working towards providing housing mortgage finance, the proposed housing finance project will stimulate our program</p> <p>The bank do consider environmental and social issues in loan provided for housing to avoid risk on the business</p> <p>There is need to improve capacity in integrating environmental and social issues through training</p> <p>Exim Bank is looking forward to working with Bank of Tanzania to the success of the proposed housing finance project. The bank is interested in this project.</p> <p>there should be a good enabling environment in order for HFP to work, such as</p> <ul style="list-style-type: none"> -surveyed land (serviced land) -low interest rate -proper awareness to the communities on the importance of housing mortgage finance <p>Training is a process, with proper guidance from BOT financing Banks will be able handle this housing mortgage finance</p>
Anderson mulablwa Obad Paul	Director of Credit CRDB Bank Credit Manager CRDB Bank	<p>Demand for housing mortgage finance is high. The bank do not provide housing mortgage finance</p> <p>With regard to the environmental and social issues, CRDB bank do consider key issues such as location of the proposed house development, title deed, building permit and the design of the house.</p> <p>The proposed housing finance project will save both the financial institutions and public, because it is long term finance.</p> <p>CRDB is looking forward to participating in the proposed housing finance project</p> <p>Currently there is a limitation in the deposit. Most of deposit is of short term therefore it is not easy for the bank to provide long term loan</p> <p>Challenges that may face the proposed housing finance</p>

		<p>project includes:</p> <ul style="list-style-type: none"> -limited surveyed land -implementation of mortgage finance Act -to fulfill the demand for housing finance. BOT need to be prepared to handle the high demand from financial institutions
Charles Mafuru	<p>Assistance Director Housing Division</p> <p>Ministry of Lands Housing and Human Settlements Development,</p>	<p>The role ministry of lands housing and human settlement development is preparation and enforcement of policies</p> <p>Preparation of serviced land is responsibilities of Municipal Councils</p> <p>With regards to integrating environmental and social issues in housing development the ministry is working in collaboration with NEMC. However this is applicable for larger or big projects, not normal residential houses</p> <p>The Ministry has experienced expertise on environmental and social issues</p>
Lawrence Malangwa	Ag, Director Ilala Municipal Council	<p>Demand for serviced, land is high,</p> <p>The municipal do not have financial capacity to fulfill the demand for serviced land</p> <p>The cost of compensation is not relating to the land market, therefore there is a problem with land acquisition.</p> <p>Land for housing in urban area and cities is available</p> <p>The municipal Council does incorporate environmental and social issues, from the stage of urban planning, surveying and provision of title deed. The municipal also consider environmental and social issues before providing building permit.</p>
Mr. Finhard Chidaga	Principal Valuer	<p>There is high demand for surveyed plot, and land is available, however the municipal do not have enough fund to meet the demand</p> <p>Land acquisition process is a major challenge; people always don't accept the government rate.</p>
Nuru Teddy	<p>Municipal Town Planner</p> <p>Kinondoni Municipal Council</p>	<p>The municipal has few human resources to handle land matters, such as land use planning, preparation of TP Drawings, valuation in case the area involves land acquisition.</p> <p>Environmental and social issues are addresses during plan preparation</p>
J.M.B Masawe	Director Strategic	-BOT will coordinate the projects for a while but later will consent to the separate entity i.e. Mortgage Refinance

M.M Mbawala	<p>Planning and Performance Review</p> <p>Assistant Director Strategic Planning and Performance Review</p> <p>Bank of Tanzania</p>	<p>Company which will be formed by interested shareholder stakeholders.</p> <p>-BOT will set procedures for providing loans to other banks and prepare conditions to control the banks.</p> <p>-There is a need for training of personnel who will be involved the clearing process and for those who will handle proposals.</p> <p>-Land registry needs to be modernized</p> <p>-there is a need for credit reference system that will have database for all lenders</p>
Mr. Frede Rugiga	<p>Principal Environmental Officer</p> <p>National Environment Management Council</p>	<p>-EIAs for sub-projects can start even before the loan financing</p> <p>-Training and capacity building should be done to all responsible institutions</p> <p>-Other financial institutions such as African Development Bank they do consider environmental issues but for those who do not have capacity they use or hire experts</p> <p>-Therefore awareness, training and capacity building should be provided</p> <p>-Also the project coordination committee need to have member with different specialties to articulate all relevant issues within the project</p>
S.V. Ramani	<p>Chief Executive Officer</p> <p>International Commercial Bank</p>	<p>-There is a lot of demand for loans</p> <p>-The houses are not modern and the quality of houses is poor</p> <p>-Most of people don't want to take approvals to the municipals</p> <p>-Approvals given they should consider nature of the area to accommodate certain type and size of structures i.e. population, vehicles etc.</p> <p>-approvals for town planning should integrate environmental considerations</p>
Eng. Charles S. Makungu	<p>Director of Real Estate</p> <p>Tanzania Building Agency</p>	<p>-TBA deals with construction of houses for public servants</p> <p>-Demand of houses for public servants is very big and HFP might be a solution to fulfill the existing demand</p> <p>-Therefore the project has very big potential</p> <p>-TBA undertakes EIA for its construction projects (especially big projects) and has an Environmental Department that deals with all environmental issues in collaboration with NEMC</p> <p>-TBA has experience in undertaking housing projects with an example of construction of 150 houses at Mbweni and 300 houses at Dodoma</p> <p>-The main challenge experienced is lack of social services such as electricity, water supply services from responsible institutions</p> <p>-The responsible institutions are not ready to distribute these services to newly constructed area but once TBA distributes for the sake of making conducive and habitable environment for livelihood they are the first in collecting fees</p>

		<ul style="list-style-type: none"> -This is the main challenges that TBA faces in housing projects -There is no link between, MLHSDs, MOWI, DAWASCO, TANESCO, TANROADS and other key stakeholder institutions at the planning stage -This is a big challenge and if these services are provided people will move into these houses very fast -Integrated planning involving key stakeholder institutions in setting up mutually priorities will help in addressing these challenges
Eng. Dismas Mgani	Senior Engineer Ministry of Infrastructure Development	<ul style="list-style-type: none"> -There is big demand for houses both for public servants as well as government offices, etc. - Our capacity for housing development is about 2% only of the demand -This project will enable people and other government agencies to take mortgage loans and help in housing supply -The main challenge for these projects is that the public servants have very low salaries and can not afford to buy these houses in installments at the required period of time. -Therefore the dept accumulates and the project is no longer sustainable because the returns are almost very low to the level that it can not revolve the fund for further housing developments -Another challenge from experience is the quality of houses constructed were not good as a result of making them cheap -The construction materials are very expensive so if its good quality then its no longer cheap again and servants with low income would not afford -The ministry do integrate environmental and social considerations into such projects -We propose that this project should be integrated across different ministries, sectors and departments for infrastructure development
Mike Gama-Lobo	Country Director Foundation for International Community Assistance (FINCA)	<ul style="list-style-type: none"> -The Project will help most of Tanzanians because the demand housing loans is big -The main problem in Tanzania with regard to loans is the legal system. The legal system does not attract investors who are interested in provision of loans because they afraid of loosing their money. -In case some one defaults it takes long time even years to solve the case in the court -This delays loan returns, money circulation to other lenders, increases running costs i.e. hire lawyers, -Investors are scared of such kind of inefficiencies, bureaucracy and insecurity for their money due to poor legal system -With regard to environmental issues our organization takes into considerations environmental factors as a condition for provision of loans -We have policy that describes conditions when

		<p>consideration loan provision and a number of issues to be considered including environmental issues</p> <ul style="list-style-type: none"> -For example we do not provide loans to any investment that will cause pollution to environmental or will involve production of hazardous material
Stephania R. Mwakipesile	<p>Assistant Commissioner</p> <p>Ministry of Finance and Economic Affairs (MOFEA)</p> <p>Monetary and Financial Sector Policy Section</p>	<ul style="list-style-type: none"> -The project is good but the situation might be same as it is now because the commercial banks are interested with early returns and not low returns over a long period of time -This can successfully occur if they can regulate some of the lending conditions in order to accommodate civil servants who have low salaries and do not have collaterals -However, most of civil servants their collaterals is their employer but for small business people they may not afford to take this loan for lack of acceptable collaterals -The aim of this project is to enable people to construct houses but it can end up to big investors who will build skyscrapers instead of normal citizens -Therefore the big challenge will be how these loans will help normal people or citizens if the loan conditions on the commercial banks will remain the same as it is now -In case of Environmental issues the commercial Banks do consider them even if all other permits are granted -For this project we would prefer that all those who will get loan should integrate environmental issues into project -MLHSDs is key institution that need to integrate environmental issues because they will be very much involved in land delivery issues, land acquisition where environmental issues are paramount -They need to enhance their capacity on these issues -Furthermore on my side I prefer that FSDT should not be involved in implementation as implementing unit in HFP since it is within the ministry. The implementation responsibility should be the role of BOT itself.
<p>Abdallah Mtandika</p> <p>George Mageleng'we</p>	<p>Chief Manager Small and Medium Enterprises Loan</p> <p>Chief Manager Micro Credit</p> <p>Tanzania Postal Bank</p>	<ul style="list-style-type: none"> -The proposed Housing Finance project is good -Demand for housing loans is high however Tanzania Postal Bank do not provide housing loan -The problem of housing loan is that it require long term and the value of money depreciate with time -long term loan has also a problem with proper record handling and internal control - in Tanzania there is a problem with title deed especially to people with low income if care is not taken properly the proposed project may benefit people with high income only --The cost of construction of residential house is too high there is need to consider provision of construction materials of low cost to allow small lenders construct modern house. With regards to environmental and social issues the bank

		<p>do not take into consideration since we are not providing housing</p> <ul style="list-style-type: none"> - The government has to come up with mechanisms to control environmental pollution in housing project -The main challenges the bank are <ul style="list-style-type: none"> • Low internal capacity • Legal frame <p>The legal framework on paper is good but the implementation of it is not in favour of lending</p>
A. Muralidhar Honest Felician	<p>General Consumer Banking</p> <p>Head of Consumer Banking</p> <p>Akiba Commercial Bank</p>	<p>-Akiba Commercial Bank is a commercial Bank focusing on microfinance</p> <ul style="list-style-type: none"> -The bank provide loans to low income people -Akiba Commercial Bank Provide housing loans to those who has already started construction of house. The loan is provided to assist finalization/finishing of the house -Housing loan default start to the issue that residential house is not business rather is a satisfaction for human being <p>Challenges ACB is facing includes:-</p> <ul style="list-style-type: none"> -Demand for housing loan is high where by resources in terms of deposit is low. -Housing project require long term loan whereby most deposit is of short term. <p>Due to the above challenges the bank is very selective and we provide loans of maximum two years.</p> <p>With regards to environmental issues the bank is not taking serious on it. The government should come up with strong policy that would control housing development in terms of environmental and social issues.</p> <ul style="list-style-type: none"> -The bank does not have capacity in terms of environmental expertise. .
Walter Lemma	<p>Branch Manager</p> <p>Kenya Commercial Bank (Tanzania) Ltd</p>	<ul style="list-style-type: none"> -The demand for mortgage and housing financing is very high. -Borrowers don't know loans disciplines i.e. are not conversant on how to behave when they get loans. -Lack of experts in mortgage and housing financing. -Lack of proper system of urban arrangements hence it is very difficult to trace a borrower. -Loans should be provided to people who have sustainable income. -There should be a very strict and open ways of loans management. -Banks should assess customer's needs before deciding to provide loan because sometimes customer needs just a support from banks e.g. overdraft facilities to clear short term needs and not loans. -Our experience in loan provision we do consider the following <ul style="list-style-type: none"> - Customer financials - Business environment - Business management - Risks

		<ul style="list-style-type: none"> - Collaterals - Environmental and social issues are considered when assessing the risks
Emmanuel A. Kasango	National Housing Corporation	<ul style="list-style-type: none"> -According to studies the demand of housing is too high/ extremely high and we can not meet it for some few years to come -This project will help people to construct their own houses because long term loans are very good especially for civil servants -The main problem will be land delivery because even the ministry might not be prepared for this - The ministry should establish land Bank and it's the Government that can control the Commercial Banks -Environmental issues shall be incorporated or made as precondition when seeking for building permits i.e. submission of environmental certificate or approval -They should also incorporate screening reports -For residential houses the process should not be complicated but for big projects the condition for undertaking EIAs should be a must
Gaston Paschal	Municipal Engineer Temeke Municipal Council	<ul style="list-style-type: none"> -The housing demand is very big because the scheme of the government to construct houses does not meet the demand -The project will help civil servants to access loans for housing construction -Environmental and social issues should be integrated in this project -The Municipal do consider environmental issues in its projects through Urban Planning Act 2007 where there are provisions for requirements for EIA for certain projects -The Act provides categories of projects which are under the requirement of EIA -The same arrangements or requirements should be adopted for this project in integrating environmental issues -The main challenge will be provision of social services in newly developed areas such as security issues, schools, water supply, dispensaries/hospitals, etc. in order to attract people to live in those areas
Dr. Victoria Kisiyombe	Managing Director Sero Lease and Finance (SELFINA)	<ul style="list-style-type: none"> -We are providing lease financing but demand is very high to an extent we can not meet it -Most of our customers when they cover other demands they start thinking of taking loans for the purpose of housing construction -Therefore the demand for loans is very high -Our main aim is also to empower women through provision of loans -The main challenge is that the financial institutions does not target low income people because most of people do not have collaterals

		<ul style="list-style-type: none"> -They are restricted on unsecured lending as the central bank put some limit that they can not go beyond even if the demand is high -We also get fund from institutions outside country who are interested with our services -We do consider environmental issues and we don't fund projects that will destroy environment. Such projects may include extensive charcoal making, wood cutting and selling, etc. -This project should also put conditions for environmental and social considerations -Furthermore the project should be free from political influences =The credit window from this project will be also an opportunity for women to access loans
<p>Individuals</p> <p>Omary Kusulwa Mvano</p>	Civil servant	<ul style="list-style-type: none"> -Most people need loans but they lack collaterals and this is the main challenge -The other problem is sustainability of returning the loan because most of people have incomes that fluctuate -The interests for the existing loans provided by commercial banks have high interest rates and are short term very few people can manage them -Also procedures for loans are very cumbersome especially when involves local leaders at local level such as council leaders, (i.e. getting references from local leaders at street level) it becomes like a political issue. When some one is on opposition part it becomes a problem for him to get these reference letter or recommendations from local level. The whole issue becomes political rather than business as usual -land issues are also main problems, there is so much bureaucracy in getting land titles and other processed on land issues. This is a major obstacle. -Land delivery should jointly include other sectors such as TANESCO, DAWASCO, Health sector and Education sector for provision of social services like electricity, water supply, dispensaries/hospitals and schools. Such services attract people to move and construct is such serviced areas -Environmental issues must be integrated during the planning stage this will provide window for provision of solid waste management, sewerage system -The approval process of the Town Planning drawings should consider incorporation of these services
Athuman Rajab	Business man	<ul style="list-style-type: none"> - We don't prefer loans because business income fluctuates to an extent that sometimes you may fail to return the loan at the required time - The loans are short term and interest are high instead of being a help they become an obstacle to development -This project if well implemented it will provide opportunity for many people to get housing loan as there is so big

		<p>demand for housing loan</p> <ul style="list-style-type: none"> -The main challenge is if really the money allocated will reach the target people as big investors can also chip in draw large quantities of money as long they are capable of returning them as a result normal people will not have chance to access them as planned. Commercial Banks are interested in business and not helping people so the challenge will be how the government will control them to provide loans in the way to help normal people to construct their houses. -Environmental issues are not very much considered in provision of loans but this project should be strict in considering these issues.
Hamis Mohamed Msigiti	Entrepreneur Mason	<ul style="list-style-type: none"> -Housing Finance Project will help housing developer finish their houses on time -Most house developer are not finishing their houses on time while others do not finish at all due to lack of funding mechanism -small entrepreneur like me are not considered for loans due to lack of collateral -The proposed Housing Finance Project will help entrepreneur secure housing loan because is expecting be of low interest rate and at long term -The project should target low and medium income people to enable them build good residential house -The environmental issues are considered during construction of house through looking at the design of the house and location of the area. If the area is not good for residential house I advice the client to look for alternative site.
Makka Ally,	Self employed,	<ul style="list-style-type: none"> -Demand for housing loans is very high because now days housing rents are exploding therefore everyone would like to have her/his own house. -Private individuals are not ready to borrow money from banks because they are not sure of their business sustainability. -Lack of collateral because they are self employed, they don't have any collateral rather than there small businesses therefore it is difficult to borrow large amount of money from banks or other private financial institutions. -Small capital. Because the capital is small, the returns are also very low therefore for them to borrow money for mortgage and housing financing is a huge burden. -Many individuals do not consider the issue of environment; they see it as the role of government through its Municipal Councils to take care of the environment. -Many people don't know the importance of taking care of their environment that's why they dispose wastes along the roads and in the streets. -If the government real intends to help people with low

		<p>income to have their own houses, then the government itself should be the collateral.</p> <ul style="list-style-type: none"> -Before implementing the project the government should consider to provide plots by loans especially to people with low income. -There should be very strict by-laws to protect the environment e.g. high penalties.
Alloyce M. Mabere	An Employee in a Private Company	<ul style="list-style-type: none"> -Demand for loans is very high because everyone would like to live in a good house. -Housing rents are very high compared to the real market value of a particular house; therefore it is more economical to have your own house. -Private Employers are not ready to collateral their employees because they do employ them in short term contracts bases. -Even if the employer is ready to provide collateral, some employees resigns their jobs their jobs prior to the end of their contracts, this also discourages the employers. -Many employees in private sector are afraid to borrow money from bank because their employments are not secure. -Some sections in labour law should be amended so as the job contract should be not less than 5 years. -There should be system in which people buy plot through loans with priority to the poor people. -After reaching negotiations, the government should make sure that the project is well known to all people.

Annex IX: Terms of Reference

TERMS OF REFERENCE FOR PREPARATION OF AN ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK FOR THE PROPOSED HOUSING FINANCE PROJECT IN TANZANIA

1 Introduction

These Terms of Reference (ToR) are for the preparation of an Environmental and Social Management Framework (ESMF) for the proposed Housing Finance Project (HFP) in the United Republic of Tanzania. Project financing is expected to come from the World Bank as an investment loan to the United Republic of Tanzania through the Bank of Tanzania (BOT) as an implementing agency. The project's main objective is to expand access to affordable housing finance under market based conditions for the purchase, construction or upgrading of residential housing. The project intermediary objectives are: (i) to improve access to long-term housing mortgage finance, progressively mobilized through the domestic capital market; (ii) to develop access to medium-term housing micro-finance; and (iii) to expand the supply of affordable housing by private developers.

Some HFP subprojects are likely to have adverse environmental and social impacts that must be addressed before the subprojects are approved. Since these subprojects will only be identified during project implementation, an ESMF is required that prescribes Project arrangements for the preparation, review, approval and implementation of subprojects in order to adequately address the World Bank and national environmental and social safeguard issues. The preparation of the ESMF is also one of the requirements by the World Bank to be fulfilled by the borrower (the government of Tanzania) before the loan for the proposed HFP is approved. At the national level, the ESMF will provide distinct arrangements for addressing anticipated environmental and social issues associated with the implementation of HFP.

2 Background Information

Tanzania, like other African countries, suffers from a severe shortage of good quality housing. The shortage is growing every year, compounded by the lack of long-term housing finance, the lack of a formal residential housing construction sector, difficulties with land rights and rapid population growth and urbanization. Developing access to housing finance will help improve affordability and construction standards, and encourage the private sector to take a greater role in the provision of housing. The project includes the development of mortgage and housing-microfinance instruments in an effort to cater for different segments of the income distribution.

The passing of the Mortgage Finance (Special Provisions) Act, 2008 has created a lot of momentum in government for the development of housing finance and also created a high level of expectancy. Other changes in the law such as the passing of Unit Titles Act, 2008, have significantly improved the prospects for mortgages.

Many of the banks in Tanzania are in the process of developing a strategy for mortgage lending. The current impetus for the project has come from both the private sector which needs long term funding, but also from the government and Bank of Tanzania who want to see increased investment into housing resulting from the new mortgage law. However, long term financing for housing remains scarce at present, in part because lenders do not have reliable access to sources of long term finance.

HFP builds on analytical work carried out over the past three years by the BOT and the Government with the support of the World Bank in the framework of the Financial Sector Support Project (FSP), in particular under the financial markets and long-term finance components of FSSP. It has also benefited from reports funded by the FIRST Initiative (Financial Sector Reform and Strengthening Initiative) which were completed by the Urban Institute.

2.1 Preliminary Project Description

The project has three components which will be delivered in four phases (Appendix I and II). This approach will allow the necessary preparatory and capacity building work to be done in each phase of the project to ensure success. The three components are as follows:

I - Development of the Mortgage Market – This component focuses on the creation of the mortgage liquidity facility (MLF) which would provide the long term funds necessary for mortgage lending. It would also include a ‘kick start’ phase where the World Bank loan would be used to directly fund banks, to build up a critical mass of mortgages in the system before the liquidity facility can start its operations. The World Bank loan will provide the facility with its initial funding base, which could then be renewed through a follow-on loan depending on the evolution of the domestic capital market. As domestic capital market conditions permit, World Bank lending to the facility would be phased out and initial bond issuance by the facility could be supported by a World Bank partial credit guarantee (PCG). Alongside the mortgage liquidity facility, capacity building would be provided including the IFC mortgage toolkit. The toolkit will provide lenders with a standardized set of documentation, manuals and processes for developing a mortgage product line.

II - Development of Housing Microfinance – Income levels across most of Tanzania remain low and housing-microfinance may be better suited than conventional mortgages to the needs of many borrowers. An initial study would assess the potential to develop this product and look at how the liquidity facility could help in providing longer term funds to allow loans for up to 5 years or longer to be granted. Regulatory reform and capacity building around this product will also be necessary to foster a safe lending environment. Phases 3 and 4 of this component will involve a housing microfinance pilot scheme, as well as practical support to lenders intent on developing their portfolios.

III - Expansion of affordable housing supply – Work will be undertaken to help develop a vibrant private developer market catering to the housing needs of different segments of the income distribution. A range of measures will be taken including improving the availability of serviced land for residential development, and construction finance for developers; promoting the use of low cost construction technologies; and regulatory measures concerning building codes and planning bylaws.

2.2 Target Areas/Geographical Focus

The project itself will not be region specific, as it is more about creating the institutions and environment for housing finance which would apply across the country. However, the demand for mortgage loans, housing micro-finance and for the expansion of housing supply will likely be in urban areas and other centers of economic activities.

2.3 Project Coordination and Implementation Arrangements

HFP will be implemented through a number of government agencies, financial institutions and private developers in Tanzania, all coordinated by and accountable to, the BOT as the implementing agency.

Essentially, expansion of affordable housing supply will involve four major activities, namely, (1) the financing, which will be administered through the BOT; (2) land delivery, including (planning, land surveying, payment of compensation; installation of infrastructure and conveyance), (3) issuance of building permit, and (4) construction.

The Planning Authorities for particular urban area in consultation with the potential developer will be responsible for project site selection. This is the stage which determines the physical extension of the project and thus its impact on the sitting landholders. Town planning drawing incorporating the proposed projects site will be prepared and submitted to the responsible Committee Urban Planning for endorsement and finally approved the Ministry of Lands.

It will be the responsibility of the BOT to ensure that the requirements of the ESMF are implemented. Where ESMF approvals are required under national legislation, the responsible authority is the National Environmental Management Council (NEMC).

2.4 Applicable World Bank Safeguard Policies

HFP triggers two of the World Bank's 10 Safeguard Policies namely:

(i) Environmental Assessment (OP/BP 4.01) - investments in Component 3 may need Environmental Assessments (EA) and/or Environmental Management Plans (EMPs) before approval. The principle objective of OP/BP 4.01 is to ensure that World Bank-financed projects are environmentally sound and sustainable and that decision-making is improved through appropriate analysis of actions and of their likely environmental impacts. The policy is triggered if a project is likely to have potential (adverse) environmental risks and impacts in its area of influence. OP 4.01 covers impacts on the natural environment (air, water and land); human health and safety; physical cultural resources; and transboundary and global environment; and,

(ii) Involuntary Resettlement (OP/BP 4.12) – Involuntary land acquisition or restriction of access to resources will need to be managed through a Resettlement Policy Framework.

The application of this policy will depend on how land will be acquired for subprojects implementation. It is likely that investments in both Component 1 and 2 will involve involuntary resettlement and/or land acquisition or restriction of access to resources which will need to be managed through a RPF. Critical to the Project, the policy covers not only physical relocation, but any loss of land or other assets resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; and (iii) loss of income sources or means of livelihood, whether or not the affected people must move to another location. Although Component 3 might be mainly a technical assistance (TA) that does not directly trigger any policy, as a result of the technical advice provided, it may indirectly involve involuntary resettlement and/or land acquisition.

2.5 Scope of the ESMF

These ToR are for the preparation of ESMF to deal substantively with the policy requirements for Environmental Assessment (OP/BP 4.01). For Involuntary Resettlement (OP 4.12), the ESMF will provide screening criteria to determine if a Resettlement Action Plan is required according to the Resettlement Policy Framework to be prepared under a separate consultancy. ESMF will be based upon a number of principles and will provide arrangements for addressing environmental and social issues associated with:

- a) Investments that require formal ES/EMPs under national or World Bank environmental assessment policies and procedures; and
- b) Investments that do not trigger national or Bank /donor EA requirements but would nonetheless benefit from sound environmental and social planning

Investments in Component 3, the most stringent of national and Bank environmental policy requirements will apply in:

- Determining the need for, and level of, environmental assessment and/or environmental management plan (EA/EMP);
- Defining the range of environmental and social issues to be addressed in an EA/EMP;
- Specifying the independence of EA/EMP preparers;
- Determining the key issues to be addressed in the EA/EMP, and terms of reference for EA/EMP preparation;
- Requiring the consideration of alternatives;
- Requiring the avoidance or mitigation of adverse impacts;
- Addressing cumulative impacts;
- Reviewing and approving EA/EMP documents, and issuing environmental clearance;
- Providing opportunities for public consultation;
- Disclosing Documents and decisions; and
- Monitoring and supervising subproject implementation

3 Objectives of the ESMF

Specific ESMF objectives are:

- To establish clear procedures and methodologies for the environmental and social planning, review, approval and implementation of subprojects to be financed under the Project;
- To specify appropriate roles and responsibilities, and outline the necessary reporting procedures, for managing and monitoring environmental and social concerns related to subprojects;
- To determine the training, capacity building and technical assistance needed to successfully implement the provisions of the ESMF;
- To establish the Project funding required to implement the ESMF requirements; and
- To provide practical information resources for implementing the ESMF.

4 Scope of Work

This study will cover both Tanzania mainland and Zanzibar. The Consultant will be required to undertake desk research, interviews and some field work needed to develop:

- A detailed **description of the Project**, its components and **implementation arrangements**, with a focus on how activities will be identified, prepared, approved and implemented, and on how funds will flow to approved subprojects.
- An understanding of the **legislative, regulatory and administrative regime** in Tanzania mainland and Zanzibar (e.g. pollution control, occupational health, environmental management, land acquisition and use, protection of cultural heritage) that the Project will operate within, with a focus on requirements that will apply to the planning, approval and implementation of subprojects/activities.
- An understanding of the **institutional needs** for implementing the ESMF. This should include a review of the authority and capability of implementing institutions at different levels, and their capacity to manage and monitor ESMF implementation. The analysis may extend to new laws and regulations, new

agencies or agency functions, intersectoral arrangements, management procedures and training, staffing, operation and maintenance training, budgeting, and financial support.

- A **training and capacity building programme** for the institutions responsible for implementing the ESMF.
- Requirements for **technical assistance** to project beneficiaries, service providers and public-sector institutions to support their ESMF implementation work.
- A **budget** for implementing the ESMF.

5 ESMF Report

The final report will be written in English (and a translated executive summary in Kiswahili) and shall be submitted in hard and soft copies.

Basically the ESMF report will have the following format (minimum contents):

- An executive summary;
- Acknowledgements
- List of Acronyms and abbreviations
- Table of Contents

- An introduction describing the ESMF purpose, objectives, principles and methodology;
- A description of the Project, with an emphasis on component(s) that will finance subprojects; anticipated types of subprojects, and types that will be excluded from financing; Project target areas; Project coordination and implementation arrangements, with details of institutional arrangements for managing the subproject cycle; and annual reporting and performance review requirements;
- Major sections addressing the requirements of individual World Bank's safeguards policies applicable to the Project (i.e. OP/BP 4.01 and OP/BP4.12);
- Major sections addressing the overview of Tanzania's environmental policies, legislations, procedures, regulatory and administrative frameworks;
- Major sections on anticipated environmental and social impacts of the project implementation (project's environmental and social screening process);
- Description of capacity building, training and technical assistance required to implement the ESMF;
- Stakeholders contacted and their concerns
- Environmental and social management plan (ESMP) for the entire project
- Conclusions and recommendations
- An ESMF implementation budget;
- References; and technical annexes to support ESMF implementation

6 Consultant(s) Qualifications and Team Composition

The Consultant should have:

- Proven experience in environment/natural resources management of not less than 5 years
- Knowledge of World Bank safeguard policies,
- Understanding of Environmental Management Act and EIA guidelines and procedures of the United Republic of Tanzania,

- A team composition with demonstrated experiences in environmental assessment and review and approval procedures for development projects in Tanzania.
- Ability to produce high quality reports and presentations.
- Understanding of the financial sector policies and regulations in Tanzania

7 Services, Facilities and Materials to be provided by the Client

A wide range of services, facilities and materials will be provided to the Consultant by the BOT including:

- Relevant draft Project documents;
- Relevant background documentation and studies and publications;
- Making all necessary arrangements for facilitating the work of the Consultant and to provide access to government authorities, and other Project stakeholders.

8 Schedule and Deliverables

The consultancy assignment is expected to be completed within a maximum of 4 weeks from contract signature (between September and Early October 2009). The table below is an illustrative presentation of the consultancy schedule and deliverables.

Time frame	Main Activities	Deliverables and Timing
17-21/09/09	<ul style="list-style-type: none"> • Preparation of the inception report and detailed work plan 	<ul style="list-style-type: none"> • Inception report and work plan to be submitted within three days after commencement of the assignment
22/09/09-2/10/09	<ul style="list-style-type: none"> • Draft report writing 	<ul style="list-style-type: none"> • Draft report, to be submitted within two weeks after commencement of the assignment
3-5/10/09	<ul style="list-style-type: none"> • Draft review by BoT for comments 	<ul style="list-style-type: none"> • Comments from BoT
6-8/10/09	<ul style="list-style-type: none"> • Final report writing and incorporation of the comments 	<ul style="list-style-type: none"> • Final report to be submitted 8th October 2009

9 Submission and Presentation of the Inception Report

Selected Consultant (s) will be required to prepare, submit and present an inception report that:

- Demonstrates that the Consultant understands the overall scope and nature of the ESMF preparation work, and what will be required to respond satisfactorily to each component of the TOR;
- Demonstrates that the Consultant and his proposed team have relevant and appropriate experience to carry out all components of the TOR. Detailed *curriculum vitae* for each team member must be included;
- Describes the overall methodology for carrying out each component of the TOR, including desk and field studies, and data collection and analysis methods; and
- Provides a detailed initial plan of work, outputs, and staff assignments with levels of effort by task.

10 Reporting:

The Consultant(s) shall report to the Governor of the BOT or any designated representative.