

Paving the Road to Development in Tanzania

Group 1

ATHGO: Washington D.C.

Miracles of Development: Good Governance and Capacity Building



To: Tanzanian Government, The World Bank, and Private Investors

From: Group 1—ATHGO Washington D.C.: *Miracles of Development: Good Governance and Capacity Building*

Subject: Paving the Road to Development in Tanzania

I. Action-Forcing Event:

Intense rain seasons render unpaved roads in Tanzania unusable for months each year. Moreover, the annual average growth of registered vehicles has exceeded 6% over the last 12 years. Paved roads improve transportation, imports, exports, and increase foreign direct investment. Additionally, paved roads give students access to major universities, increase educational access, and job opportunities.

II. Background/Analysis:

There are budding agricultural and mining industries but no way to maximize profit and efficiently transfer goods during the rainy season. Moreover, there is not a reliable form of transportation for citizens to travel. Currently there are 78,891 kilometers of road in Tanzania; however, of that 72,083 kilometers are unpaved. The World Bank, the Tanzanian government, and the private sector recently set aside \$158.2 million to increase public bus transportation in Dar es Salaam. Paved roads make it feasible for the bus system to expand to suburban and eventually rural areas.

Pros: The roads already exist; they just need to be paved. Mining and agricultural industries are the backbone of the economy, paved roads maximize their efficiency. Moreover, the investment capacity for the buses has already been obtained.

Cons: Paved roads will not give immediate access to new people; instead they increase the efficiency of existing roads. Paved roads are only the first step to enhancing transportation; transportation for the common citizen is dependant on the expansion of the bus project. However, the roads will be of immediate use for transportation of agricultural and mining exports.

III. Business Model:

Objective: Our long term goal is to build the overall transportation structure within Tanzania and eventually link to neighboring countries. Paved roads will lead to better economic and educational opportunities.

Features and Partners: Sell shares to local businesses and foreign investors to raise capital to pave the roads near their businesses to increase their revenue. Secondly, a partnership with the bus company will allow us to receive a share of their profits for traveling on our newly paved roads.

Competitive Advantages: This is an innovative and immediate way to improve on Tanzania's current transportation system using resources that are already present. In comparison to other modes of transportation this is the most cost effective to build and maintain.

Disadvantages: The revenue from bus tickets will take a long time to recover. While maintenance on this transportation is cheaper than other models, it will still require some expense.

IV. Projection:

Since personal GDP in Tanzania is relatively low this will inhibit the ability to add a substantial increase to current bus fares, thus resulting in a longer capital recuperation period. However, in the long run the system will be self sustaining and support continued expansion of the transportation system.

V. Group's Role/Niche:

The group will negotiate a partnership between the government's current road fund, the bus company, and private investors. Also, it would be the group's role to manage the fund and employ local citizens. As an independent third party, the group will ensure money is being allocated properly, therefore minimizing the likelihood of governmental corruption.

\$158 Million for Dar's New Urban Bus System

The East African (Nairobi)

NEWS

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Posted to the web 30 June 2008

By Joseph Mwamunyange

Nairobi

Tanzania has set aside \$158.2 million to implement the first phase of the much awaited commuter transport system in Dar es Salaam.

"Of this amount, the government will give \$10 million, the World Bank \$110 million and the private sector \$38.2 million, specifically targeted for acquiring buses and installing a modern ticket dispensing system," Prime Minister Mizengo Pinda said.

According to Mr Pinda, detailed designs for the project have been completed while compensation to those affected by demolitions to pave way for the project is ongoing and will be completed by June 31.

The project is designed to transform the Dar es Salaam transport system into a modern urban commuter service and reduce congestion in the central business district.

The project will also make life easier for users of footpaths, bicycle lanes, sidewalks and pedestrian walkways.

Mr Pinda said the first phase of the project will cover 21 kilometres with 29 small stations, five main stations and two sheds for parking.

It is also expected the city council will enact stiffer by-laws to discourage people from encroaching or parking cars on pavements and any other such places meant for pedestrians.

The Surface and Marine Transport Authority (Sumatra) recently announced that come August, buses with a carrying capacity of less than 25 passengers will not be allowed to enter Dar es Salaam's central business district.

Sumatra further said that even for the bigger buses, only those that were manufactured less five years ago would be allowed on the roads, in order to check population and fuel consumption.

A foreign contractor Logit Engenharia Consultiva (Brazil) and Dar-based Inter Consult Ltd, have been working together on the project.

The Institute for Transportation and Development Policy, a New York-based organisation promoting equitable and sustainable transport, and the World Bank have supported the project since its inception two years ago.

Table 3.1: Tanzania Road Network

Tanzania: Category	Paved (Km)	Unpaved (Km)	Total (Km)
Trunk Roads	3 914	6 020	9 934
Regional Roads	327	18 630	18 957
Sub total	4 241	24 650	28 891
District Roads	30	29 507	29 537
Feeder Roads	0	21 191	21 191
Urban Roads	470	5 427	5 897
GRAND TOTAL	4741	80 775	85 516

Source: 10 Year Transport Sector Investment Program, Phase I 2007/8 – 2011/12, January 2007

Table 3.2: Road Density and Condition

	Road Density*	
Total Land Area of the country (sq. km) - Mainland	881,000	
Density of all roads per 1000 sq. km	96.5	
Density of paved roads per 1000 sq. km	5.0	
Road Condition of the network	Trunk & Regional roads	District, feeder & urban roads
Good and Fair (%)	84.0	57.3
Poor (%)	16.0	42.7
Total (%)	100.0	100.0

* Road density is measured per area of 1000 square km

Source: 10 Year Transport Sector Investment Program, Phase I 2007/8 – 2011/12, January 2007