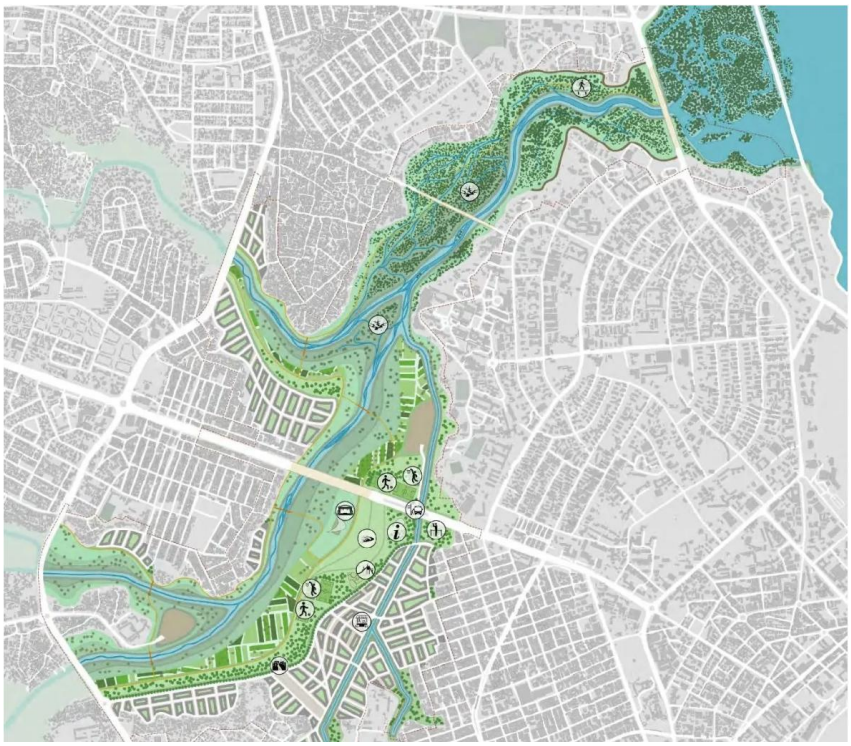
Report No. 198079-TZ

The Inspection Panel

Report and Recommendation on a Request for Inspection

Tanzania: Msimbazi Basin Development Project (P169425)



August 14, 2026

The Inspection Panel | THE WORLD BANK IBRD • IDA | WORLD BANK GROUP

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on a
Request for Inspection

Tanzania: Msimbazi Basin Development Project (P169425)

A. Introduction

1. On April 14, 2026, the Inspection Panel (the "Panel") received a Request for Inspection (the "Request") related to the Tanzania: Msimbazi Basin Development Project (P169425) (the "Project"). The Request was submitted by two individuals representing 412 people, including themselves, from Dar es Salaam, Tanzania (the "Requesters"). The Requesters asked the Panel not to disclose their identities for fear of retaliation.

2. The Request claims the Project does not comply with the approved Resettlement Action Plan (RAP) and the World Bank Environmental and Social Standard 5 (ESS5). It alleges the Project has significantly harmed the Requesters "*through the improper implementation of the compensation and resettlement process*." The Request alleges that a significant number of affected people were compensated solely for their structures and not for "*their land*." It claims some Project Affected Persons (PAPs) have received no compensation at all. The Request further claims that some PAPs still live in the Project area because of unresolved compensation grievances. Finally, the Requesters allege that there has been inadequate stakeholder engagement, lack of information disclosure, and an inadequately responsive grievance mechanism.

3. The Panel registered the Request on May 29, 2026, and Management submitted its response (the "Management Response" or the "Response") on June 30, 2026. The Panel had planned to visit Tanzania July 6–11, 2026. However, on June 29, 2026, the Country Office informed the Panel that nationwide demonstrations expected July 7, 2026, had heightened concerns over possible unrest and advised the Panel to delay its visit. The Panel consequently conducted the Eligibility Mission July 16–22, 2026, and therefore asked the World Bank Board of Executive Directors (the "Board") to approve a postponement of the deadline for submission of the Inspection Panel Report and Recommendation to August 17, 2026.

4. Based on its assessment below, and the information provided in the Request and the Management Response, as well as during meetings held with various stakeholders in Tanzania, the Panel has determined that the Requesters and the Request for Inspection meet the technical eligibility criteria set forth in the Resolution of the Accountability Mechanism: Inspection Panel and Dispute Resolution Service.[1]

5. Based on the Panel observations and review, the Panel recommends an investigation into the Bank's compliance with ESS1 (Assessment and Management of Environmental and Social Risks and Impacts), ESS5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement) and ESS10 (Stakeholder Engagement and Information Disclosure) in relation to the

[1] The World Bank Accountability Mechanism: Inspection Panel and Dispute Resolution Service, March 7, 2025.

allegations of: i) lack of compensation for land and inadequate compensation for structures, ii) depreciation being applied to the valuation of non-land assets and the related possible lack of clarity regarding the valuation methodology, iii) whether businesses have been considered in the compensation for non-land assets, iv) inadequacy of stakeholder engagement and disclosure of information, and v) unresponsiveness of the grievance mechanism. The Panel considers these allegations to be plausibly linked to the Project and may constitute significant harm and potentially serious policy noncompliance.

B. Description of the Project

6. The Project was approved by the International Development Association (IDA)[2] (the "World Bank" or the "Bank") on September 30, 2022, and its closing date is June 30, 2028.[3] The Project Development Objective (PDO) is to "*strengthen flood resilience and integrated urban development in an economically important and flood prone area of the Msimbazi River Basin in Dar es Salaam.*"[4]

7. The Project's cost is US$260 million, and it is financed through an IDA credit of $200 million equivalent, with additional co-financing from the Government of Spain (€30 million) and the Government of the Netherlands (€30 million). The Borrower (the "Borrower") is the United Republic of Tanzania, and the implementing agency is the President's Office – Regional Administration and Local Government (PO-RALG, currently PMO-RALG).[5]

8. According to the Project Appraisal Document (PAD) the Project will transform the flood-prone but economically important Lower Msimbazi River Basin through a set of integrated investments that aim to reduce the impact of flooding, catalyze sustainable urban development, and improve living standards for the whole population of approximately 330,000 people residing in the Lower Msimbazi River Basin.[6] The PAD categorizes the Project's environmental and social risk as "high."[7]

9. The Project comprises five components:[8]

- ***Component 1: Msimbazi River Basin Development Infrastructure (US$215 million, Years 1–6).*** This component finances an integrated, long-term solution to reduce the impacts of floods on the Lower Msimbazi River Basin. It will improve the hydraulic capacity of the river, provide an area for floodwater detention, build the resiliency of key transport infrastructure,

[2] For the purposes of this Report "World Bank" or "Bank" refers to the International Development Association (IDA).
[3] United Republic of Tanzania for a Msimbazi Basin Development Project, Project Appraisal Document (PAD), September 12, 2022, p. 1.
[4] PAD, p. 1.
[5] In November 2025, the portfolio of Regional Administration and Local Government (RALG) was transferred from the President's Office to the Prime Minister's Office. PO-RALG and PMO-RALG refer to the same implementing agency.
[6] PAD, pp. 15-22, paras. 26 and 56.
[7] PAD, p. 4.
[8] PAD, pp. 15-19, paras. 26-48.

regenerate valuable land assets to control encroachment, and allow for public recreation and urban development. Additionally, the component will help reduce degradation of the watershed. Climate change scenarios and urbanization scenarios together inform the engineering designs used, thereby reducing the Basin's and the city's vulnerability to climate change.[9]

- ***Component 2: Preventative resettlement (US$30 million, Years 1–5).*** This component finances the preventative resettlement of low-income, flood-prone communities in the Lower Msimbazi River Basin and Project-related Displaced Persons in compliance with the World Bank Environmental and Social Framework (ESF).[10] According to the PAD, approximately 3,552 Project Affected Households (PAHs) in flood-prone areas are eligible for compensation, totaling 11,708 PAPs. Additional resettlement is anticipated for those affected by Project works.[11] Component 2 comprises two subcomponents:

  • *Subcomponent 2.1: Resettlement Compensation (US$29.6 million, Years 1–4).* This subcomponent finances the implementation of the Resettlement Policy Framework (RPF) and Resettlement Action Plans (RAPs) for the Project, including acquisition of land and payment of compensation to Displaced Persons, including in-situ and in-kind resettlement.[12]

  According to the PAD, eligible compensation is defined under the Lower Msimbazi RAP, based on the entitlements provided in the Resettlement Policy Framework, and it is consistent with the World Bank Environmental and Social Standards. The PAD adds that those relocated from the flood-prone area will receive in-kind options that will minimize livelihood disruption and provide housing and land in the Dar es Salaam Metropolitan area. Several relocation areas are near the current flood prone area while others are 10 kilometers distant. The PAD states that those relocated will get supporting services and land tenure. A structured consultation and outreach program will give the PAPs informed choices and support implementation of the program.[13]

  • *Subcomponent 2.2: Livelihood Restoration (US$0.4 million equivalent, Years 1–5).* This subcomponent finances the implementation of the livelihood restoration program provided for in the RPF and RAPs. According to the PAD, Livelihood Restoration Programs (LRPs) will be implemented in parallel with PAP compensation and relocation. Ninety percent of PAPs (approximately 10,500 people) to be resettled from flood-prone areas earn livelihoods in the informal economy that are tied to their current location near Dar es Salaam's central business district. Relocation could therefore significantly affect PAPs livelihoods. According to the PAD, the LRPs will complement the relocation of these households and ensure that PAP livelihoods are maintained at or above pre-Project levels. This subcomponent will finance

[9] PAD, p. 15, para. 27.
[10] PAD, p. 17, para. 37.
[11] PAD, p. 17, para. 38.
[12] PAD, p. 17, para. 39. The Project will have two resettlement phases: 1 – Resettlement of the Lower Msimbazi PAPs which requires one specific RAP and Livelihood Restoration Plan (the October 2023 RAP); 2 – the implementation of the Terraces, which will require the implementation of another RAP, currently under preparation. A third separate RAP is required for the Dar Bus Rapid Transit (BRT) corridor, under Component 1.
[13] PAD, p. 17, para 40.

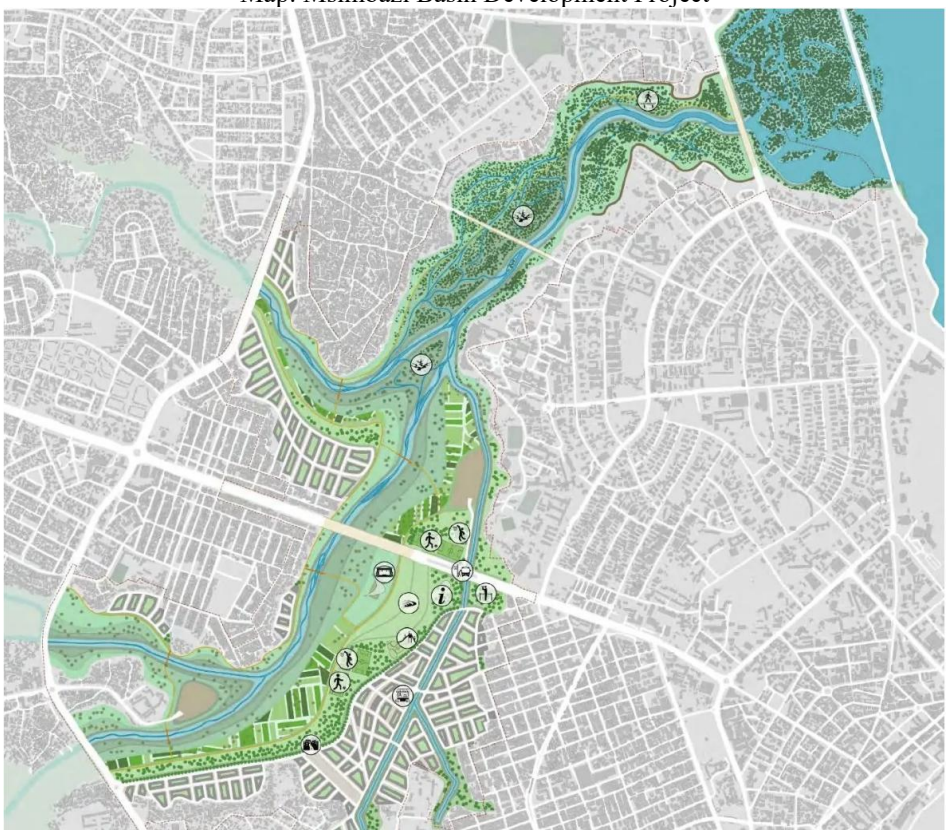
consultant services, equipment, work, and training related to the implementation of this program.[14]

- ***Component 3: Strengthening institutions for resilient urban development (US$8.10 million, Years 1–6).*** This component focuses on governance reforms, strengthening new and existing institutions, building capacity, and facilitating coordination for management of the Msimbazi River Basin, including the investments and assets created under the Project, the surrounding urban area, and the watershed.[15]

- ***Component 4: Project Management (US$6.9 million, Years 1–6).*** This component finances the direct costs of managing and operating the Project to ensure smooth delivery and compliance with World Bank policy and guidelines.[16]

- ***Component 5: Contingent Emergency Response Component (US$0).*** This component enables rapid response to eligible emergencies and disasters caused by natural and manmade events.[17]

Map: Msimbazi Basin Development Project



Source: https://www.msimbazibasin.tz/project-overview/

[14] PAD, pp. 17 and 18, para. 41.
[15] PAD, p. 18, para. 42.
[16] PAD, pp. 18 and 19, para. 46.
[17] PAD, p. 19, para. 47.

C. Summary of the Request

10. The Request was submitted by two individuals on behalf of 412 people, including themselves, from different locations within the Lower Msimbazi Project area. The Request states that some PAPs still live in the Project area because of unresolved compensation-related grievances. The Request alleges that the Project does not comply with the approved Resettlement Action Plan and the World Bank Environmental and Social Standard 5 (ESS5). The Request claims five negative impacts resulting from the Project's resettlement. These are summarized below. The Request for Inspection is attached to this Report as Annex I.

11. **Compensation for Land.** The Request alleges that affected persons were not compensated for land as described by the RAP. The Request states that, although properties of affected persons had been identified during the valuation process, these persons have not been provided compensation for land, and this has caused serious economic hardship, insecurity, and loss of property. The Request also alleges that compensation forms presented to Requesters contained blank sections relating to land compensation. According to the Requesters this demonstrates evidence of lack of payment for the land at replacement cost. Instead, only a flat rate was paid for loss of land.

12. The Requesters added that, according to their understanding of the RAP, flat-rate compensation only applies to specific categories of impact, such as submerged land and demolished structures. The Request states that flat-rate compensation does not reflect actual losses and, therefore, does not comply with the requirement of ESS5 to cover replacement costs.

13. **Compensation for Structures.** The Request alleges that some affected persons refused the compensation offered for their structures because they considered the "depreciation deduction" from the compensation packages for their buildings to be unlawful, stating that, as per the RAP, compensation should cover replacement costs.

14. **Livelihoods and Livelihood Restoration Plan.** The Request alleges that PAPs have suffered disruption of their livelihoods due to inadequate compensation and therefore improper implementation of the RAP. The Requesters added that the Project is causing economic destabilization because they are being sent to new areas farther from the city center, directly impacting their livelihoods. The Requesters stated that being outside the city and far from the main road impacts their lives and makes their transportation more expensive. The Requesters consider the Livelihood Restoration Plan inadequate, stating the proposed topics for training are unsuitable because they already know the livelihoods skills offered (fish-farming, pottery, among others).

15. **Stakeholder Engagement and Information Disclosure.** The Requesters stated that copies of the valuation forms were not shared after the valuation of their structures had been conducted. Therefore, due to the lack of clarity regarding the valuation methodology and the lack of disclosure of information, they did not know how compensation was calculated. As a result, the Requesters raised concerns about the quality of consultation.

16. **Grievance Mechanism.** The Request states that complaints were submitted through the Project's grievance mechanism, directly to the PMO-RALG, and to the World Bank. Some Requesters alleged that they have not received any responses to their complaints. Some Requesters confirmed their complaints were received but not addressed.

D. Summary of the Management Response

17. This section summarizes Management's Response to the Request. The Panel received the Management Response on June 30, 2026. Management states the Bank correctly applied its policies and procedures applicable to the Project and to the matters raised in the Request. In Management's view "*the Requesters' rights or interests have not been, nor will they be, directly or adversely affected by the alleged failure of the Bank to implement its policies and procedures*."[18] Management recognizes that the RAP and its entitlement framework are complex and may not be easily understood. Management proposes working with the Borrower to address this. The full Response is attached to this Report as Annex II.

18. Management states that given the anonymity of the Requesters, it could not verify the specific claims attributed to the 412 individuals referenced in the Request. Nevertheless, the Project has engaged with approximately 18 cases submitted to the Bank's Grievance Redress Service (GRS), some of which may involve individuals represented in the Request.[19]

19. Management clarifies that "*no demolition, site clearance or displacement has or will take place in the area prior to provision of entitlement to PAPs*," in line with ESS5 and the RAP.[20] According to Management, as of June 2026, implementation of the Resettlement Action Plan (RAP) remains active and ongoing. Consistent with the RAP and the World Bank's Environmental and Social Framework (ESF), entitlements have been provided to 96 percent of the Project Affected Households (PAHs)[21] (2,583 out of 2,692 households).[22]

20. **Compensation for Land.** According to Management, entitlements under the Project are differentiated based on a PAP's land tenure status as of the applicable cut-off date, consistent with both ESS5 and Tanzanian law.[23] Management states there are two categories of land tenure per the RAP: (a.) PAPs who are formally recognized as occupants and (b.) PAPs who are informal occupants.

a. *Formally Recognized Occupants*: These are PAPs who held documentation demonstrating legal or recognizable rights to land in the Project area, valid as of the RAP cut-off date. Such PAPs are entitled to cash compensation at full replacement cost for their land or to

[18] Management Response, p. 17, para. 51.
[19] Management Response, p. 9, para. 27.
[20] Management Response, p. 7, para. 19.
[21] Project Affected Person(s) (PAPs) and Project Affected Households (PAHs) were used interchangeably in the Management Response. This Report infers that the 2,692 figure refers to the Project Affected Households (PAHs).
[22] The remaining 109 entitlement cases involve legally complex situations, including unresolved land ownership disputes, estate administration proceedings, valuation disagreements, slow delivery of in-kind compensation or pending grievances under the Project's Grievance Redress Mechanism (GRM). Management Response, p. 10, para. 29.
[23] Management Response, pp. 11 and 12, paras. 33 and 34.

in-kind provision of alternative land of comparable size and location. As of June 5, 2026, only 18 households have been verified to qualify under this category.

b. *Informal Occupants*: The majority of PAPs in the Lower Msimbazi floodplain are informal occupants who settled but held neither legal rights nor a valid, recognizable claim to land they occupied or used as of the cut-off date. In accordance with ESS5, they are not entitled to land compensation. The Project identified 2,692 such PAH. These PAHs are entitled to compensation for non-land assets at replacement cost in addition to resettlement assistance payments specifically designed to help them acquire land with security of tenure outside the Lower Msimbazi floodplain. This assistance takes the form of a "*flat rate or lump sum payment*" of four million Tanzanian Shillings (TZS – amounting to approximately US$1,500) and to any other entitlements for which they may be eligible, including through enrollment in a Livelihood Restoration Plan.[24]

21. Management states the Request appears to be based on an incorrect understanding of the documentation and requirements applicable to the Project's resettlement program. It suggests two central misunderstandings underlie the allegations in the Request. First, the assumption that ESS5 entitles all PAPs to compensation at replacement cost for the land they occupy – regardless of their legal rights or status with respect to that land – is incorrect. Second, the assumption that all PAPs residing in the area hold valid ownership or recognizable claims to the land is also incorrect; in fact, most do not. According to Management, some PAPs held expired recognizable documents, while others held documents issued to deceased relatives whose inheritance proceedings remain unresolved.[25]

22. In its Response, Management acknowledges that when the Project Implementation Unit launched its new website in April 2024, a draft of the 2022 RAP was disclosed instead of the approved 2023 RAP, which may partly explain these misunderstandings. The issue has now been corrected and, according to Management, the differences between the RAP versions are not material to eligibility or entitlements for compensation. The 2023 version primarily clarifies entitlement validation, land ownership due diligence, and refinement of the valuation methodology.[26]

23. Furthermore, Management states that, in the 1979 Dar es Salaam Master Plan, the Lower Msimbazi area had already been designated by the Government as hazardous land[27] unfit for habitation or construction, and that said legal classification of the Msimbazi River Basin was confirmed by the High Court of Tanzania in an opinion dated 2012.[28]

24. According to the Management Response, the implication of this designation for the 18 households holding valid and unexpired legal land rights in the Lower Msimbazi River Basin (i.e., 'Formally Recognized Occupants') is that these land parcels have no economic value and,

[24] Management Response, pp. 10-12, paras. 28 and 29, and 33 and 34.
[25] Management Response, p. 7, para. 20.
[26] Management Response, p. 8, para. 24.
[27] Also described in Bank Project documents as "hazardous area" or "hazardous zone."
[28] Management Response, p. 9, para. 26.

therefore, the compensation methodology looks at the replacement cost of comparative, alternative land in Dar es Salaam outside the Lower Msimbazi floodplain.

25. *Flat-Rate Compensation.* Management states the Requesters are confusing the assistance provided as a lump sum, also referred to as "*flat-rate*" payment, with compensation at replacement cost for loss of land. The Response explains that the lump sum payment of four million Tanzanian Shillings (TZS – amounting to approximately US$1,500) is for two groups of PAHs covered under the RAP in the category of 'Informal Occupants':[29] those lacking legal rights or recognizable documents for the land they occupy in the Lower Msimbazi floodplain as of the RAP cut-off date and those who currently live outside the floodplain but whose assets were previously destroyed (including those pertaining to legacy resettlement from the 2015/2016 evictions) or that have land that is submerged due to floods.

26. The Response states that, while the methodology for arriving at the respective values and the use of the term "*flat-rate*" was similar for both groups of Informal Occupants, the contexts of the entitlements differ. For the first group of PAPs from this category, this resettlement assistance or lump sum payment was established through a market analysis and was assessed to be sufficient for beneficiaries acquiring a surveyed residential plot with a formal title in Dar es Salaam.[30] The flat-rate or lump sum would be provided in addition to any other eligible entitlements (e.g., compensation for non-land assets).[31]

27. For the second group of eligible PAPs from the category of Informal Occupants, the Management Response states that "*flat-rate*" refers to how alternative land is to be apportioned as in-kind support considering that assets on these sites were either previously destroyed or land has been submerged by floods and, in consequence, sites could not be surveyed. The Management Response states that, for these PAPs, the detailed packages for in-kind compensation resulted in a fair estimate of land area and value as part of an in-kind entitlement package.[32]

28. **Compensation for Structures.** According to Management, the RAP valuation methodology explicitly excludes depreciation of structures and other non-land assets. The Response states that Management has no specific information or evidence that depreciation was applied in the valuation and compensation of structures.[33] The Response states Management will reconfirm with the PIU that depreciations are not applied in valuation for compensation, as this would be inconsistent with the RAP and ESS5. Management further adds that PAPs should contact the PIU or submit a complaint to the Project's GRM so this can be addressed and corrected.[34]

29. **Livelihood and Livelihood Restoration Plan.** The Management Response states that the Livelihood Restoration Plan (LRP) is a key feature of Component 2 and part of the Lower Msimbazi RAP. According to the Response the LRP recognizes that 90 percent of affected

[29] The Management Response refers to PAPs, however, as this term has been used interchangeably, the Panel infers that Management is referring to four million TZ Shillings per PAH.
[30] Management Response, pp. 31 and 32, Annex 1.
[31] Management Response, p. 12, para. 34.
[32] Management Response, p. 32, Annex 1.
[33] Management Response, pp. 12 and 13, paras. 36-38.
[34] Management Response, p. 13, para. 38.

households depend on informal economic activities linked to their proximity to central Dar es Salaam, and with the LRP designed to mitigate impacts and restore or improve the income levels and livelihoods of Project-affected households. The LRP provides a combination of alternative livelihood opportunities, skills development, and support to restore or strengthen existing businesses. The LRP is ongoing and 1,365 out of 2,692 eligible PAHs have been enrolled therein as of May 2026.[35]

30. **Stakeholder Engagement and Information Disclosure.** Management acknowledges that "*the RAP document and its entitlement framework are complex and may not be easily understood by all affected stakeholders*." Management adds that it plans to prepare a non-technical summary and a short video in Swahili explaining the RAP and its entitlements. The Management Response states that the Request highlights the need for additional efforts to communicate and explain the RAP eligibility criteria and entitlements, including clarifying the different types of entitlements.[36] Management adds there will be community meetings, one-on-one PAP clinics for grievance resolution, and public information campaigns complementing ongoing consultation and communication efforts. Additionally, according to the Response, the Government will conduct consultations with PAPs and broader stakeholder engagement during a second RAP update process to enhance understanding and ensure transparency.[37]

31. **Grievance Mechanism.** Management states the Grievance Redress Mechanism (GRM) has been operational since the start of the Project implementation, and the Bank monitors its efficacy during regular implementation missions. According to the Response, grievances are being actively managed through the GRM in accordance with the procedures outlined in the RAP. As of June 5, 2026, the GRM received 826 complaints, of which 91 percent (753) have been resolved. The remainder are being processed and addressed.[38]

32. **Actions – Management's Proposed Follow-up.** To address the complexity of the RAP and its entitlement package, Management states it will work with the Borrower to undertake the following steps prior to the commencement of civil works:[39]

a. ***Carrying out an enhanced, targeted outreach plan.*** According to Management, outreach will include an enhanced, targeted outreach action plan directed at PAPs in the Lower Msimbazi floodplain. The plan will focus on eligibility categories, entitlements for each category (particularly for PAPs who informally occupy land and lack valid land documentation), LRP implementation, Project progress, and grievance redress procedures and access points. Multiple channels will be used – including community meetings, one-on-one PAP clinics for grievance resolution, sensitization sessions for grievance committees and PAP representatives, and public information campaigns using posters, radio, short explanatory or animated videos, and television. A non-technical summary of the RAP and a short explanatory video on the RAP and its entitlements will be produced

[35] Project Affected Person(s) (PAPs) and Project Affected Households (PAHs) were used interchangeably in the Management Response. This Report infers that the 2,692 figure refers to Project Affected Households (PAHs).
[36] Management Response, p. 15, para. 49.
[37] Management Response, p. 15, para. 50.
[38] Management Response, p. 13, para. 39.
[39] Management Response, pp. 15 and 16, para. 50.

in Swahili and disseminated by August 2026. Implementation of the outreach plan will be completed by December 2026 and reported as part of Project implementation reporting. This plan will complement ongoing consultation and communication efforts.

b. ***Third Party Audit and Monitoring of RAP Implementation.*** An independent, third-party monitor will conduct an audit of RAP implementation. The assignment will include: (a) an independent assessment of the implementation of the approved RAP; (b) identification and documentation of implementation gaps; (c) evaluation of the GRM, its functioning, and areas that require strengthening, and (d) assessment of LRP implementation and PAP livelihood outcomes. A draft audit report is expected by December 2026.

c. ***Update of the RAP.*** A second update of the RAP will incorporate current status, revised valuation approaches applied to PAPs with legal or recognizable land rights in areas declared hazardous, as well as more granular information on the PAPs affected by the infrastructure works associated with the redevelopment of the Lower Msimbazi Valley. The Government will conduct consultations with PAPs and broader stakeholder engagement during the RAP update process to enhance understanding and ensure transparency. These consultations will be recorded in the updated RAP, which is planned for completion by December 2026.

E. Panel's Eligibility Assessment, Observations, and Review

33. The Panel's review is based on information presented in the Request, the Management Response, other relevant documentary evidence, and information gathered in conversations with different stakeholders during virtual meetings and a visit to Tanzania.

34. A Panel Team consisting of Inspection Panel Member Ajay Achyutrao Deshpande (Lead Inspector), and Investigation Officers Cristiane Bena Dias and Raquel Gomez Fernandez visited Dar es Salam July 16–22, 2026. During this visit the Team held meetings with the Ministry of Finance, the Prime Minister's Office Regional Administration and Local Government (PMO-RALG), and Bank Management.[40] The Panel Team also met with a group of the Requesters.

35. The Panel expresses its appreciation to all parties with whom it met, and all who provided valuable information and shared their views openly. The Panel particularly thanks the World Bank Country Office staff in Tanzania for its assistance with logistics arrangements for the Team's visit to the country and for their guidance and advice.

36. The following sections cover the Panel's determination of the technical eligibility of the Request in accordance with the criteria set forth in the Panel Resolution (subsection E.1.), the Panel's observations (subsection E.2.), and the Panel's review which supports the Panel's recommendation (subsection E.3.).[41]

[40] The PMO-RALG is responsible for Project implementation.
[41] World Bank Inspection Panel, Resolution No. IBRD 2025-0001 and Resolution No. IDA 2025-0001 (the "Resolution"), pp. 3-6, paras. 13-15 and 29.

E.1 Determination of Technical Eligibility

37. The Panel is satisfied that the Request meets all six technical eligibility criteria set out in the Resolution.[42] The Panel notes that technical eligibility is determined by verifiable facts based on the content of the Request as articulated by the Requesters, and the information and documents received through interactions with Requesters, the Management Response, and from meetings with Management and Government officials. The Panel notes that its confirmation of technical eligibility is not an assessment of the substance of the claims made in the Request.

- **Criterion (a): "*The affected party consists of any two or more persons with common interests or concerns and who are in the borrower's territory*."** The Request was submitted by two individuals representing 412 people, including themselves. The Team met with about thirty Requesters residing in Dar es Salaam, Tanzania. The Panel therefore considers this criterion met.

- **Criterion (b): "*The Request does assert in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect on the Requester*."** The Request raises allegations of inadequate compensation for land, structures, and businesses, inadequate stakeholder engagement, lack of information disclosure, and inadequate responses by the grievance mechanism. The Panel considers these allegations serious as the Requesters' lives have been directly affected by the resettlement process. The Panel observes there is a plausible link between the allegations and the Project's resettlement process. The Panel, therefore, considers this criterion met.

- **Criterion (c): "*The Request asserts that its subject matter has been brought to Management's attention and that, in the Requesters' view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank's policies and procedures*."** The Panel received correspondence between the Requesters and Management regarding the issues raised in the Request. According to the Requesters, Management failed to respond adequately to their concerns. Therefore, the Panel is satisfied that Management was provided with an opportunity to respond to the claims made, as required by the Panel's Operating Procedures.[43] Based on this information, the Panel considers this criterion met.

- **Criterion (d): "*The matter is not related to procurement*."** The Request does not raise issues of procurement. Thus, the Panel considers this criterion met.

- **Criterion (e): "*For projects approved by the Executive Directors before the date of this Resolution* [September 8, 2020]*, the related loan has not been closed or substantially disbursed or for projects approved by the Executive Directors on or after the date of this Resolution fifteen months have not yet passed from the date the related loan has been closed*."** The Panel notes that the Project was approved on September 30, 2022, and at the

[42] The Resolution, pp 5-6, para. 5.

[43] Inspection Panel, Operating Procedures, November 2025, p. 14, para. 41.

time of receipt of the Request, April 14, 2026, the Project was active. The expected closing date is June 30, 2028. The Panel considers this criterion met.

- ***Criterion (f): "The Panel has not previously made a recommendation on the subject matter or, if it has, that the Request does assert that there is new evidence or circumstances not known at the time of the prior Request."*** The Panel considers this criterion met as the Panel has not previously made any recommendations on the subject matter raised in this Request.

E.2 Panel Observations Relevant to its Recommendation

38. In making its recommendation to the Board on whether an investigation is warranted, and consistent with paragraph 45 of its Operating Procedures,[44] the Panel considers the following:

- *Whether there is a plausible, causal link between the harm alleged in the Request and the Project.*
- *Whether the alleged harm and possible Bank noncompliance with its operational policies may be of a serious character.*
- *Whether Management, in the Panel's view, has dealt appropriately with the issues raised in the Request and demonstrated clearly that it has followed or is taking steps to follow the required policies and procedures, or Management acknowledged that it did not comply with relevant policies and procedures.*
- *Whether Management has provided a statement of specific remedial actions, and whether, in the judgment of the Panel and taking into account the view of the Requesters, these proposed remedial actions may adequately address the matters raised by the Request.*[45]

39. In this section, the Panel provides its preliminary observations on the alleged harm and potential non-compliance. In doing so, it is not making any definitive assessment of the Bank's compliance with the relevant policy or any effect it may have caused.[46]

40. **Compensation for land.** During the Panel's visit, the Requesters alleged they had not received compensation for the land they occupy at replacement cost. One Requester said that, after complaining to public officials about not receiving land compensation, the Requester was required to provide documents supporting their claim to the PMO-RALG. This Requester stated that although said documentation was provided, the Requester received neither a response nor land compensation. Another Requester said their family house was washed away during the floods of 2010/2011 and that all land-related documents were lost. However, according to them, the PMO-RALG database contains all the required information and therefore the PMO could have retrieved all relevant information. Several Requesters shared with the Panel Team residential licenses and property tax receipts spanning from 2008 to 2021. The Requesters alleged they had received no compensation for the land despite providing this documentation as evidence of their "legalized" occupation of the land.

[44] Inspection Panel Operating Procedures (2025), pp. 15 and 16, para. 45.
[45] Inspection Panel Operating Procedures (2025), pp. 15 and 16, para. 45.
[46] Inspection Panel Operating Procedures (2025), p. 16, para. 46.

41. In its Response, Management explains that, for land compensation ESS5 requires PAPs to have legal rights or recognizable documents for the land they occupy. Government officials explained to the Panel Team that, based on Tanzanian legislation, there are three types of valid tenure documents: right of occupancy, letter of offer, and residential license. However, both Management and the Government officials stated that because the Lower Msimbazi area was declared hazardous land in the 1979 Dar Es Salaam Master Plan, according to the Government officials this meant construction was legally forbidden there as of then.

42. Furthermore, Management and the Government officials explained that those residing or occupying land in the Lower Msimbazi area lack the required documentation, except for the 18 households which met the ESS5 requirement and are therefore entitled to land compensation per square meter and market price by demonstrating valid and unexpired tenure documents as per the cut-off-date of November 10, 2021. Government officials told the Team that Tanzania law recognizes customary rights to land and, therefore, the resettlement of those outside the hazardous area (such as those residing on the Terraces covered by the second phase of the Project) will pay those PAHs compensation for land even if they lack valid land titles.

43. Some Requesters dispute that the land is hazardous as stated by the Project since they paid for and received public services such as water and electricity. One Requester told the Panel Team that such services were provided until 2023. The Requesters added that public primary schools, police stations, and other Government services exist in the Lower Msimbazi area which the Government characterizes as "hazardous."

44. *Flat-Rate Compensation*. Some of the Requesters claimed that a flat-rate of four million TZS was paid as compensation for land. They argued this is inadequate as it does not reflect their individual and actual losses and circumstances. They added that the flat-rate is inconsistent with the principle of replacement cost stated in the RAP and the ESS5.

45. During the eligibility visit, Management reiterated the Requesters' possible confusion regarding flat-rate payments as land compensation. It explained again the four million TZS flat-rate is a lump sum resettlement assistance provided to two distinct groups of PAPs from the category of Informal Occupants: the first group comprises those still living in the Lower Msimbazi area but who lack titles or recognizable claims to the land; the second group covers those Informal Occupants who are part of the legacy resettlement of 2015/2016 but who were not previously compensated. Management reiterated that entitlements for these two groups differ, even though they both receive flat-rate assistance because they lack valid tenure documents.

46. Government officials informed the Panel Team that the flat-rate was calculated to be sufficient to acquire land 30 kilometers away from the city center at Mabwepande, an alternative site where PAPs could secure land for four million TZS with the legal right of occupancy. Government officials added that 46 of the 2582 households rejected the lump sum assistance payment of four million TZS.

47. **Compensation for Structures for Informal Occupants.** The Requesters told the Panel Team that they take issue with the lack of clarity regarding the applied *Valuation Methodology* and the application of a *Depreciation Factor*.

48. *Valuation Methodology.* The Requesters could not make sense of the methodology applied to the valuation and consequently how the compensation for structures was calculated. The Panel Team heard from several Requesters that the initial compensation offer was significantly raised after they complained to the PMO-RALG about the amount. According to Requesters, there have been instances where, after complaining, compensation increased two- or three-fold without explanation of the methodology used.

49. The Panel Team heard from several Requesters their concerns about the application of the valuation methodology for their respective structures. One Requester mentioned that after complaining about the compensation for their structure, it was raised almost five times. Another mentioned that compensation for their two houses and an apartment rose almost three-fold after they initially refused the offer. A third said they were offered more than triple for their structure after she complained to the PMO-RALG. Another Requester stated that the compensation she was offered increased three times, once in 2022 and twice in 2023.

50. Additionally, some of the Requesters with whom the Panel Team spoke stated that even after receiving the revised compensation, the amounts paid still did not reflect the replacement cost of their structures, leaving them unable to buy land close to the city center (where the Lower Msimbazi floodplain is located). Some stated the compensation amounts offered were not sufficient to build a house.

51. The Management Response states that the valuation methodology was refined between the 2022 and 2023 RAPs and compensation rates were increased. When meeting with the Panel Team, Management said that, although rates were increased, the methodology remained unchanged. Additionally, Management told the Panel Team that the change in rates did not affect the PAPs in Lower Msimbazi, because no one had received compensation for structures at the time that the 2022 RAP was updated. Management mentioned that the first RAP from 2022 was completed during a short period, when some areas were inaccessible because of a flood. In addition, Management mentioned that due to the high number of complaints during the first valuation, the Project reviewed all valuation rates a second time. The second valuation was accepted by many PAPs.

52. Government officials stated that the valuation methodology takes into consideration the materials and the square meters of the structures evaluated. The Government officials told the Panel Team that, according to Tanzania Law, the valuation can be revised twice based on requests from the affected persons. In the case of the second valuation, the Chief Valuer increased the rate of some materials and therefore, the compensation offers increased significantly, sometimes two or three times the initial value. According to the Government officials, all PAPs in Lower Msimbazi received a revised compensation offer.

53. *The Depreciation Factor.* The Requesters told the Panel that depreciation was applied to structures, and they stated that in some cases 20 or 30 percent depreciation was deducted from the

compensation amount. The Panel Team was also provided with a valuation form showing a 20 percent depreciation applied to the compensation of a structure.

54. Management mentioned in its Response and in the meeting with the Panel that the Lower Msimbazi RAP explicitly states that depreciation of structures and assets must not be considered, and that Management was not aware of any such cases but would verify with the PIU.[47]

55. Government officials mentioned to the Panel Team that depreciation was required and applied according to Tanzanian law. However, to also comply with ESS5, the compensation was increased to offset the depreciation of structures. The Government officials told the Panel Team that they report to the Bank on the implementation of the RAP every quarter. However, according to them, the Bank has not reviewed the detailed compensation offers.

56. **Livelihood and Livelihood Restoration Plan.** The Requesters told the Panel Team that they do not consider the Livelihood Restoration Plan (LRP) relevant to restore or improve their livelihoods to pre-Project levels. They added that the LRP provides training for knowledge they already have (such as fish-farming and pottery). Some Requesters mentioned that the bases for their livelihoods have been disrupted by their relocation to areas outside the city center, far from the main road to places from which accessing the city center by public transportation is more expensive. Requesters stated that since engaging with the Project in February and March 2026, they have received no new information about livelihood restoration activities.

57. *Compensation for loss of business income.* Some Requesters allege their businesses were not considered and therefore they received no compensation for loss of income. They told the Panel Team their businesses – such as rental of structures, poultry and fish markets, and parking lot rentals – were either not considered in the valuation or were assessed at very low values.

58. The Management Response states allowances would be provided for PAPs who would lose business income. According to the Response, such allowances are calculated on the basis of net monthly profit for a period of up to 36 months.[48] During the Panel's visit, Government officials stated that, according to Tanzanian Law, a profit-loss-based-compensation was provided only to licensed businesses; for all other informal businesses accommodation allowance was provided.

59. **Stakeholder Engagement and Information Disclosure.** The Requesters explained that valuators visited the land they occupy, assessed their structures from the outside, and marked each structure with a valuation number. However, they stated they were given neither copies of the valuation forms nor explanations of the valuation methodology used. After the valuation, Government officials invited structure owners to a disclosure exercise, during which PAPs could review the list of individuals deemed eligible for compensation and their corresponding amounts. The Requesters told the Panel Team they received no valuation forms related to their compensation offers, and copies of the valuation offers were only given to them upon acceptance of the offers. One Requester mentioned she felt pressured to accept the compensation offered even though it was not at replacement cost for their structures. She explained the authorities told her if she did

[47] Management Response, pp. 12 and 13, paras. 36-38.
[48] Management Response, p. 12, para. 34.

not accept the offer, she would receive no compensation. Other Requesters mentioned they felt threatened for raising concerns. Additionally, some Requesters told the Panel Team their electricity and water services were discontinued in 2023 in retaliation for complaining about the Project.

60. During the Panel walkthrough of the area, the Government officials showed the Panel Team the valuation numbers marked on the houses and stated that PAPs whose structures had been valued received copies of the valuation forms. Regarding the disclosure of the RAP, Management and Government officials told the Panel Team that the 2022 RAP in English was disclosed on the Government and Project websites, while the 2023 RAP was only disclosed on the Bank's website. After the Request was submitted to the Panel, Management stated the Project uploaded the 2023 RAP on its website. Management and Government officials also stated that a non-technical summary of the RAP is being translated into Swahili. Management also mentioned that while RAP engagements with communities had taken place in Swahili, no Swahili version of the RAP was available to date.

61. **Grievance Mechanism.** Some of the Requesters told the Panel they wrote to and filed grievance letters with the President's Office – Regional Administration and Local Government (PO-RALG), the Prime Minister's Office (PMO), the Project Coordinator of the Msimbazi Project, local government, city council, the World Bank Grievance Redress Service (GRS), and the World Bank Country Office. They stated in several instances they either received no responses, or their grievances were not addressed. Letters shared with the Panel spanned from 2022 to 2026.

62. Management states in its Response that a functional Project grievance mechanism is in place and that as of June 16, 2026, 826 grievances have been filed and 753 (91 percent) had been resolved.[49] This was reiterated by Government officials during the Panel mission, noting that most complaints related to land compensation and compensation disputes. In addition, Management told the Panel Team that a three-level system grievance mechanism is available for PAPs at the Ward, District, and Ministry levels. Government officials told the Panel Team that, in addition to the GRM offices, there are different channels to submit grievances (WhatsApp, email, or phone). During the walkthrough to the Project site the Panel visited four wards and noted two grievance mechanism offices. The chairperson of the GRM office explained that grievances related to compensation are sent directly to the PMO-RALG. The Panel heard from the Government officials that the chairperson is elected by the community, and a Government officer also works at the GRM office. The Panel noted leaflets on the wall of the GRM offices explaining the GRM process in Swahili.

E.3 The Panel's Review

63. In this section, the Panel establishes:

i) whether there is a plausible causal link between the harm alleged in the Request and the Project,
ii) whether the alleged harm and possible non-compliance by the Bank with its operational policies and procedures may be of a serious character,

[49] Management Response, p. 37, Annex 1.

iii) whether Management has dealt appropriately with the issues raised in the Request and demonstrated clearly that it has followed or is taking steps to follow the required policies and procedures, and

iv) whether Management has provided a statement of specific remedial actions, and whether, in the judgement of the Panel and taking into account the view of the Requesters, these proposed remedial actions may adequately address the matters raised by the Request.[50]

64. The Panel appreciates the extensive discussions it had with the Government officials in Tanzania and the entities involved in the implementation of the Msimbazi Basin Development Project, and it recognizes the importance of this Project in strengthening flood resilience in the Msimbazi River Basin in Dar es Salaam. The Panel acknowledges the serious concerns of the Requesters and the community members with whom it spoke and the trust they have placed in the Panel's process. It appreciates the productive discussions it held with them and the additional information it received during its visit.

65. The Panel also acknowledges Management's detailed response to the issues raised in the Request. The Panel further acknowledges Management's proposed follow-up actions to work with the Borrower to develop and implement an enhanced outreach and communications plan, conduct a third-party audit of the RAP implementation, and update the RAP to provide further clarity on the implementation.

66. Based on its review of Project documents, and meetings with relevant stakeholders, the Panel considers there to be a plausible link between the Project and the allegations raised by the Requesters. In addition, it is the Panel's view that the Requesters' allegations may constitute potentially serious harm and non-compliance with applicable World Bank standards.

67. The Panel considers that the allegations concerning i) lack of compensation for land and inadequate compensation for structures, ii) the question of whether depreciation in the valuation of non-land assets has been applied and the possible lack of clarity regarding the valuation methodology, iii) the question of whether businesses have been considered in the compensation for non-land assets, iv) the inadequacy of stakeholder engagement and disclosure of information, and v) the unresponsiveness of the grievance mechanism, are plausibly linked to the Project and may constitute significant harm. These issues are discussed in detail below.

68. **Compensation for Land.** Management and Government officials told the Panel the RAP entitles those to land compensation who hold valid rights of occupancy, letters of offer, and residential licenses. They informed the Panel Team that the present RAP covers PAPs from an area classified as hazardous, where holding land rights is legally impossible. The Panel has also been told that eighteen PAHs were deemed to hold legal rights or recognizable claims to land, and the Project received and verified their supporting documents. Per the RAP, these 18 PAHs are therefore entitled to land compensation. The Panel notes the Management Response stating that, because the land of the 18 PAHs has been designated hazardous, it is considered of no economic value and

[50] Operating Procedures, November 2025. Para. 45, P. 15-16.

that, therefore, compensation is based on the replacement cost of comparable, alternative land in Dar es Salaam outside the Lower Msimbazi floodplain.

69. The Panel notes the RAP also states that the National Land Policy (1997) provides a dual system of tenure, which recognizes both customary and statutory rights of occupancy. During its visit, the Panel team was provided with documentation that, according to the PAPs, supports their claims that they hold recognizable rights to occupy land in the Lower Msimbazi area and, consequently, they should be treated as PAPs entitled to land occupancy-related compensation. The Panel notes that several Requesters shared residential licenses spanning from January 2007 to June 2021.

70. The Panel notes that it is unclear on the questions of i) whether any PAHs have been living in the Lower Msimbazi area before it was classified as hazardous, and if or how this was considered during the RAP design; ii) how PAPs' entitlement for land compensation has been determined given that a handful of PAPs are compensated for land for which, in principle, legal titles should not have been possible to be acquired, unless these titles hail from an era when the Lower Msimbazi area had not yet been designated as hazardous; and iii) why certain forms of land-occupation-linked administrative titles appear to have been issued for this area since 1979 and whether these bear relevance for potential claims of customary rights of occupancy.

71. The Panel further notes that the reasons for why the flat-rate has been included in the compensation packages may not have been clearly explained to PAPs. This may have led some PAPs to interpret it as compensation for land. The Panel heard from the Requesters that the flat-rate assistance cannot be a substitute for land compensation. The Panel understands that the flat-rate is not compensation for land.

72. **Compensation for Structures.** The Panel notes a divergence in statements between Management and the Government officials regarding the application of depreciation to compensation for structures. While, according to Management, the compensation for structures and assets has been calculated as per the RAP in compliance with ESS5, Government officials explained that the compensation has been calculated as per the RAP and per Tanzanian Law, with the latter mandating the application of depreciation. The Panel has been informed subsequently that, although depreciation has been applied to the compensation for structures offered to PAPs, the effective final compensation amounts have been worked out to comply with both the RAP and ESS5. It is unclear to the Panel how this methodology, reconciling an apparent categorical difference between the ESS5 requirement and Tanzania Law, was incorporated in the RAP and applied systematically to all PAPs.

73. The Panel also notes that, following requests for revision, there have been significant increases in the compensation offered to PAHs, at times two or three multiples of the initial offers. The Panel notes the explanation provided that the Chief Valuer changed the rate for materials per square meter and that this has resulted in significant increases. However, it is unclear to the Panel whether this change was applied systemically to all PAPs, or if it was granted only to those who requested revisions. The Panel is also unclear whether the methodology applied to compensation for structure was adjusted and, if so, whether this was done in a manner that is policy compliant. The Panel notes the Management Response stating that informal occupants resettled from the

Lower Msimbazi floodplain are entitled to compensation for non-land assets at replacement cost to help them acquire land with security of title outside the Lower floodplain.

74. **Livelihoods and Livelihood Restoration Plan.** The Panel notes several aspects related to PAPs' livelihoods and the Project's provision of assistance for livelihood restoration and loss of income. First, the Panel spoke with PAPs who claimed the measures provided are insufficient to restore their livelihoods to pre-displacement levels. Second, the Panel notes that the 2023 RAP states allowances would be provided for both licensed and unlicensed businesses. The Panel met with PAPs who claimed they were denied adequate compensation for the income losses suffered from the displacement or loss of their informal businesses. Hence, the Panel notes a divergence between statements by stakeholders regarding compensation for their informal businesses.

75. **Stakeholder Engagement and Information Disclosure.** The Panel notes Management's acknowledgement that no RAP was disclosed in Swahili and its commitment to engage with the PMO-RALG to disclose a non-technical summary of the RAP in the local language. The Panel notes that the delay in disclosing the updated RAP in a language that all PAPs could understand may have exacerbated the grievances raised by PAPs because it deprived them of a basis for understanding the methodology and participating and contributing to the RAP design process.

76. **Grievance Mechanism.** The Panel observes the three-tier GRM system established for the Project and acknowledges that the Requesters are aware of the existence and channels to submit their grievances. However, despite grievances being submitted and received through multiple channels, the Panel notes that many appear to have remained unaddressed.

77. Based on its review of the issues raised by the Request and the information gathered during the eligibility visit, the Panel has considered the actions Management has proposed in its Response and, according to the requirements of paragraph 45 (d) of the Panel's Operating Procedures. The Panel considers these actions too general in nature to address the harm linked to specific concerns about the categorization of, and the criteria applied to occupants of the Lower Msimbazi floodplain residing in the preventative resettlement area at the cut-off-date, the flat-rate compensation calculations and payments to those deemed Informal Occupants, the disclosure of information to PAPs, stakeholder engagement, and the responsiveness of the grievance mechanism.

F. Recommendation

78. The Panel notes that the Requesters and the Request for Inspection meet the technical eligibility criteria set forth in the Panel Resolution regarding the allegations of: i) lack of compensation for land and inadequate compensation for structures, ii) depreciation being applied to the valuation of non-land assets and the related possible lack of clarity regarding the valuation methodology, iii) whether businesses have been considered in the compensation for non-land assets, iv) inadequacy of stakeholder engagement and disclosure of information, and v) unresponsiveness of the grievance mechanism. The Panel considers these allegations to be plausibly linked to the Project and may constitute significant harm and potentially serious policy noncompliance.

79. Based on the Panel observations and review, the Panel recommends an investigation into the Bank's compliance with ESS1 (Assessment and Management of Environmental and Social Risks and Impacts), ESS5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement) and ESS10 (Stakeholder Engagement and Information Disclosure) in relation to these allegations listed in the previous paragraph.

80. If the Board of Executive Directors concurs with the Panel's recommendation, as per paragraph 30 of the Panel Resolution, the Dispute Resolution Service shall offer an opportunity for dispute resolution that has a scope which "*is limited to project-related issues raised in the Request for Inspection and identified as the issues to be investigated in the Inspection Panel's report to the Executive Directors recommending investigation*."[51] The Panel will commence its investigation if there is no dispute resolution.

[51] World Bank Inspection Panel, Resolution No. IBRD 2025-0001 and Resolution No. IDA 2025-0001 (the "Resolution"), p. 13, para. 72.