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## **INVESTING IN LAND IN TANZANIA**

### **THE BASICS**

(Presented to the Arusha Region Investor's Forum, Nov. 2008)

by

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# INVESTING IN LAND IN TANZANIA – THE BASICS

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## 1. INTRODUCTION:

In the past four decades, it has not been easy to get access to land in the countryside as acknowledged in the Agricultural Sector Development Strategy's (ASDS). In the same period it has not been easy to get access to urban land either. The latter constraint has manifested itself in the mushrooming of slums and invasion of open spaces in towns and cities of Tanzania as well as scarcity of plots for investment. This is taking place in spite of the Human Settlements Development Policy of 2000, the TIP and great urge to develop safe and secure habitat for all.

This paper starts from this apparent land scarcity to highlight the facts in the search for land access both in village and urban (general) Lands. As per section 4 (4) of the Land Act No. 4 of 1999 all land in Tanzania falls within three categories namely: (i) general (*urban and rural*), (ii) village (*customary, communal and vacant*) or (iii) reserve (*conservation, hazardous, way leaves, recreation, and planning area*) land categories. Land transfers from one classification to another, among the three land classifications, are possible under existing land policy and legal frameworks. However, it is not foreseen that a need will arise whereby general and reserved lands shall be transferred to village land.

## 2. TANZANIA'S LAND RESOURCE – IS THERE ENOUGH LAND FOR EVERYONE?

It is important to clearly know the land resources available for economic and cultural activities if possible in the various land categories. The national land policy (NLP) gives the land use statistics that, although over ten years old now, will serve to guide discussion on this matter. Firstly, the statistics show that slightly less than 50% of Tanzania land mass is

comprised of arable land at 48.8 million ha. Ha. (GoT, 1995). However, it is only 9.0million ha that is under cultivation, implying that over 81.6% of all arable land is not used for farming. Also, some 8.4 million ha of land is used for small scale farming by about 3.8 million peasants *at an average of 2.2 Ha, per peasant*. The remaining 592,074 ha, is managed under large scale farming that includes sisal, coffee, tea, estates and plantations under granted rights of occupancy.

The picture being painted by this statistics is that of *abundance of land for delivery as the 81.6% of arable land* is available for new occupation and use. Although this observation is positive for land administration, the small average of 2.2 ha., per smallholder farmer does not address the wishes of the land policy objective of promoting rapid social and economic development of Tanzania that now focuses on economic growth and reduction of poverty within the framework of the National Strategy for growth and reduction of poverty (NSGRP) or MKUKUTA (GoT, 2005).

Further, the NLP shows that Tanzania is made up of 61.3 million ha of pasture out of which only 35.5 million ha, is permanent. However, the global figure used for pasture stands at about 44 million ha a figure that is far greater than that of permanent pasture. These figures imply that a sizable proportion of grazing is undertaken on 8.475million ha, of non-permanent pasture that is vulnerable to harsh weather conditions and insufficient for grazing during part of the year. The picture derived from this scenario is that there exists a reserve of (61.3 - 44.0) million ha or 17.2 million ha comprising *about 28.2% of all inclusive pasture*land available for use and a deficit of land at 23.5% on permanent pasture in livestock agriculture.

It is agreed that sustainable livestock keeping can only be possible where land use suitability is considered. The converse is a rupture into land use conflicts with encroachment of animal herds into farming and conservation lands. Geographers tell us that the underlying reason behind temporary settlements used by nomadic persons is inadequacy of resource needs in one place. It is therefore no wonder that nomadic pastoralism exists in Tanzania. If efforts are not made to balance land use with land availability, the question of nomadic practices will be here to stay contrary to the aspirations of the NLP.

### **The Land Distribution Paradox in Tanzania:**

The National Land Policy focuses on promoting a secure land tenure system, encourage the optimal use of land and facilitate a broad based socio-economic development without endangering the ecological balance of the environment. It seeks therefore to enable peasant farmers and herders to use land as an economic platform. Agricultural sector development policy and strategy support the implementation of the NLP of 1995 as the strategy is dependent on land and landed resources such as water, forests, etc that have a far reaching effect on production. It recognizes the importance of tenure security to land and natural resource management.

The paradox observed above whereby with an abundance of arable land the country still experiences marginal land access under 3 ha, per head is a real problem that the country must address itself to. The paradox extends to pasture where the figures showing a general deficit in pasture for sustainable livestock agriculture seem to receive marginal attention. Although the land policy sees this shortfall, the agricultural and livestock policy in its development strategy does not. As such we reserve further discussion to be made whilst agricultural policies and strategies in this paper.

### **3. TANZANIA'S LAND REGULATORY MECHANISM – IS IT ALL NEW?**

The national Government in Tanganyika inherited the colonial laws and policy on land at independence. The new dispensation continued to vest land in the state as the ultimate landowner, without any significant modification (except the changes in the title of the radical titles, from the Governor to the President). The role of Chiefs and Clan Elders on land that had somewhat been spared from colonial intervention was further substantially diminished with changes in governance when in 1963 executive powers of Chiefs and Chiefdoms, were abolished. The rule of Chiefs that had hitherto been a part of local government machinery lost grip of land administration to their erstwhile subjects. Since 1963, elected village councils replaced chiefs, headmen and elders who were responsible for administering village lands, until the passing of the national land policy and the enactment of the Village Land Act No. 5 of 1999.

In a period of 35 years of independence, the Tanzania Government introduced only marginal reforms and amendments to the inherited Land Ordinance and supporting legislation. Some legal reforms were introduced in 1963 when Freehold Titles were converted to Government Leaseholds. Further, in 1965 the Rural Farmlands (Acquisition and Regnant) Act was passed enfranchising the Nyarubanja tenants to do away with feudal tenure in northeast Tanzania. The Act was amended in 1968 to include all types of customary tenants including, feudal tenancies in Pare, Moshi and Tukuyu Districts in 1969. Government leaseholds were also converted into rights of occupancy in 1969 and land rent and development conditions, similar to those pertaining to a right of occupancy, were attached to all leases.

### **Ujamaa Villages and Land Tenure Policy:**

Village settlements were governed by the Villages and Ujamaa Villages (Registration, Designation and Administration) Act No.21 of 1975. Fimbo (2004) analyses the situation further and points out that the said Act, did not contain any provisions on land tenure. The obvious question would be that how would anyone moving into a village be able to acquire land and how would the same dispose of land wherever s/he is coming from? In practice, the village council of the ujamaa village government was obliged to *“take such measures as may be necessary to acquire rights of occupancy in respect of land within the limits of the village and no other person should have any right, title or interest in or over any land within such limits”*. Such provisions were included in ‘Directives’ made under Act No. 21 of 1975 and published in the Government Gazette as G.N. No. 168. It was intended that anyone living in a village would not receive title to land. In other words, this framework meant to extinguish customary tenure, i.e., it would cease to exist. The whole essence of land rights in village lands and corresponding benefits would be meaningless in the absence of individualized title, thus opening up to chaos and poor custodian of land.

The Regulation of Land Tenure (Established Villages) Act, No. 22 of 1992 was instrumental in the relocation of peasants during Operation Vijiji without compensation and hence a cause of land tenure confusion and numerous disputes in Tanzania. The clauses were held to be unconstitutional and struck out of the statute book by the Court of Appeal of Tanzania at the instance of two peasants in Attorney-General vs. Akonaay and Lohay in 1990.

The 1992 Shivji Commission recommended two forms of tenure, that is to say, the right of occupancy and “customary rights” which have been upheld in the National Land Policy of 1995. On the relationship between the two it stated that (Fimbo, 2004); *“The land tenure*

*system is based on multiple land regimes, all existing side by side and none of which should be considered superior to the other and interests under each of them shall enjoy equal security of tenure under the law.”* This recommendation has also found way into the Village Land Act No.5 of 1999, which divides village land into communal land and land which may be occupied or used by an individual or family or group of persons under customary law. The latter can be issued with a certificate of customary rights of occupancy (CCRO) in the name of the landholder.

Customary tenure does not apply to village land only; it also applies to general land, reserved land as well as urban land and peri-urban areas. Fimbo reports that in an earlier case whose decision was delivered on 21<sup>st</sup> June 1985 the judge had affirmed that a holder of land under customary tenure can only be evicted or dispossessed under the provisions of the Land Acquisition Act, No 47 of 1967.

With regard to displacements caused in implementing ujamaa village policies, the law now makes the process irreversible as per section 15(1) of the Village Land Act No. 5 of 1999. All former owners of customary land rights on these lands cannot claim nor have such rights converted under current dispensations.

#### **The National Land Policy (NLP) of 1995:**

The NLP “*reiterates and retains the four central land tenure tenets in a modified form that land is publicly owned and vested in the president as a trustee on behalf of the citizens; speculation in land will be controlled; rights of occupancy whether statutory or customary are and will continue to be the only recognised types of land tenure; and rights and title to land under any consolidated or new land laws will continue to be based mainly on use and occupation*” (GoT, 1995). Under this system therefore, the land is “not owned” but leased from the State for a specified number of years. It is vested in the Presidency and availed to users through a mechanism that is centred in the Minister responsible for lands, Commissioner of Lands and the land administration system centred around that office.

In a leasehold system, the land user briefly owns the land rights and developments made to the land. Land rights can either be granted or deemed to have been granted and certificates are issued and registered to prove the identity of the rights owner. For the time of the lease the recipient, *de facto*, owns the land and can do whatever is possible under the terms of the lease. However, there are limitations as to the extent to which land rights can be enjoyed

under lease conditions, depending on whether or not the land administration system is able to guarantee the security of tenure and the sanctity of the certificates of title. The effectiveness of the NLP and legislation emanating out of this policy hinges on the effectiveness of the land administration system in the country.

The NLP and the new land laws (Land Act No.4 and Village Land Act No. 5 both of 1999) have a set of 15 fundamental principles (see appendix) that “ ... *all persons exercising powers are to have regard to ...* (GoT, 1995).“ On the face of it, the set is a brilliant framework for land administration. Experience of the past 12 years since they were adopted seem to show, unfortunately, that many land administrators do not apply these principles or find it hard to break the old mindset on land administration and adopt the new dispensation.

#### **4. ACCESS TO RURAL/VILLAGE LAND - HOW SMOOTH IS IT?**

Village land means land declared as such in accordance with section 7 of the Village land Act No. 5 of 1999. The setting of village boundaries is regulated by other laws principally, the Local Government (District Authorities) Act, No. 7 of 1982. The Commissioner for Lands (CL) is involved in issuing a certificate of village land (CVL) after the village boundaries have been delineated to the satisfaction of the Director of Surveys and Mapping (DSM). The certificate is issued in the name of the President and confers upon the village council the function of management of village land.

##### **The Village Land Classification Model (VLCM):**

Section 12 of the Village Land Act, provides a village land classification model that is comprised of three classes, namely; (i) customary, (ii) communal, and (iii) vacant lands.

Customary land is land which is being occupied or used by an individual or family or group of persons under customary law within Village boundaries. This category includes land already being held under a right of occupancy. This land category is not subject to allocation by the **village council** since it is already occupied. It also includes other land which can be the subject of a grant of customary right of occupancy by the village council to a villager who is a citizen. This applies to applicants for land and settlement in any village.

The second category, communal land, consists of land which is occupied and used or available for occupation and use on a community and public basis. This category of communal land is not available for grants of customary rights of occupancy or derivative rights.

The vacant land category is land which may be available for communal or individual occupation and use through allocation by the village council by way of customary right of occupancy or derivative rights such as leases, licences and other derivative rights. Sections 18 and 22 of the Village Land Act No. 5 of 1999, reserves the customary right of occupancy to citizens and no other persons. It was intended that this category of land should be available for allocation to a villager who is a citizen (by way of customary right of occupancy) or to a non-village organization as well as a non-citizen (by way of derivative right).

Fimbo (2004) argues further that land allocation by a village council “whether made under and in pursuance of a law or contrary to or in disregard of any law” is confirmed to be held for a customary right of occupancy. These provisions have promoted the holder of customary right of occupancy from a bare licensee to a rights holder.

Under section 20-(1) of the Land Act the law provides that a non-citizen of Tanzania shall not be allocated or granted land unless it is for investment purposes under the Tanzania Investment Act, 1997. It is intended that land for investment purposes will be identified, gazetted and allocated to the Tanzania Investment Centre (TIC) by way of right of occupancy. The TIC will, in turn, grant derivative rights to investors. This section in fact seeks to create a land bank at TIC for access by investors.

Fimbo (2004) further elaborates that the above restriction on access relates to direct grants of rights of occupancy from the government. The Act does not restrict other forms of acquisition of land rights by non-citizens. There is no restriction on purchases from government through auctions or tenders or from the Presidential Parastatal Sector Reform Commission (PSRC) in the process of privatization of public enterprises. Further, a non-citizen may obtain a derivative right from a village council (section 32 of the Village Land Act). Nor is there any restriction placed on purchases, by non-citizens, of rights of occupancy or even customary rights of occupancy in the market place. Further, there is no restriction on purchase by non-citizens of shares in companies holding rights of occupancy. “The thrust of the legislation is to enable foreign investors to access land since they are considered agents for development”.



## 5. ACCESS TO URBAN LAND – HAS ANYTHING CHANGED?

Land scarcity in rural areas of Tanzania is a recent phenomenon and is engineered by the money economy, political policies, population growth and village land degradation that has depleted essential resources such as water and pasture. However, there has always been a high demand for plots in urban areas of Tanzania following the urbanisation trend of recent years. Reports of the various divisions of the land sector Ministry in Government indicate that there prevailed an ability to cope with the situation of increasing demand for land in urban centres throughout the 1960s. At this time the needs for plots, both residential and commercial, were supplied in accordance with demands, which were promptly met. Demands were satisfied on a policy objective so as “not to stall development on account of absence of plots.” The scenario changed abruptly in 1972 and could not be rectified until today.

### Assessment of the Supply Side

The production of plots at independence was tailored to the demand. The production numbers given in the annual reports of the Survey Division for the years 1959/60 to 1971/72 have been assembled and analysed in Figure 1 below.

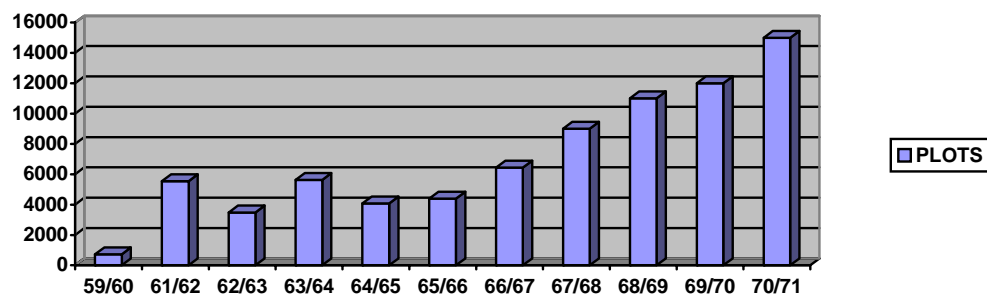


Figure 1: Trend in Output of Urban Plots in the 1960s

When these annual plot production numbers are presented in chart form, a trend evolves that typifies a decade's production indicating the supply. Outputs in plots surveyed, is seen to be rising with time from 720 in 1959 to 3,493 in 1963 to 12,000 plots in 1969 to 15,000 in 1972 when it reached a supremum (MLHSD, 1959-1967). The figure of 15,000 urban plots output, attained in 1970/71, remained the highest output in nearly thirty years thereafter, in spite of technological advancement, superior skills and higher capacity levels of subsequent periods. Experts are of the opinion that had this momentum been kept at this level or higher, Tanzania would have avoided the kind of gravity in urban land use problems that are a daily living in today's Tanzania.

The divisional annual reports further show that the plots were produced by an average of between 46 and 56 surveyors and assistant surveyors countrywide. However, measures taken to allow assistant surveyors and survey assistants more responsibility in plot production towards the end of the decade, coupled with University of Nairobi outputs, starting late in the same decade, worked well (Lugoe, in CASLE, 2007b) at enhancing and maintaining supply. In December 1969, all non-Tanzanian surveyors resigned and left the country. Paradoxically, the resignations did not adversely affect plot production. On the contrary, as Figure 1 shows, there was a sharp increase, in the output of plots in the following two years.

**Supply of Plots under “*Madaraka Mikoani*”:** The production of urban plots grew in late 1960s and early 1970s alongside demarcations of plots in Ujamaa villages, as can be seen in Figure 2 below, where the number of urban plots produced decreased sharply as village demarcations increased. It is not clear whether or not policy makers expected Ujamaa Villages to filter out or control the flow of populations into the urban centres, at the time, enough to deliberately warrant slowing down the creation of urban plots in favour of land demarcations in the villages.

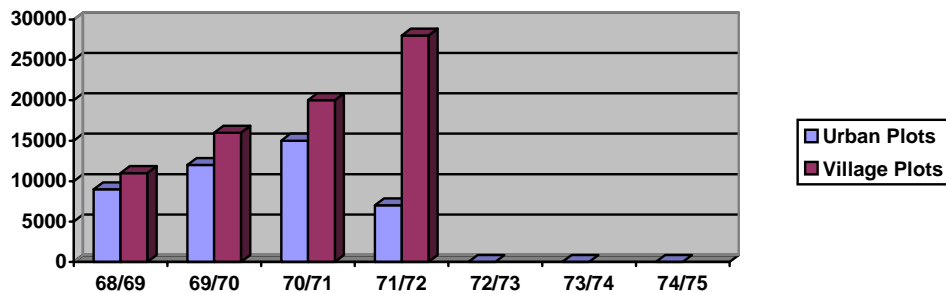


Figure 2: Growth in Urban and Village Plots (1968 Onwards)

The production of urban plots nearly came to a halt starting 1972/73 financial year, with a national average annual output of 2,000 plots only, for the over 100 towns of Tanzania. The gloomy scenario with urban plot production in the late 1970s continued into the 1980s as is provided in the chart (Figure 3) below.

One immediately notices the erratic trend with peaks and falls. The chart reflects an average annual production of 4480 plots that is equivalent with the 1965/66 output – about two decades earlier. Peaks in the chart are outputs from special projects particularly, the sites and services project that had been brought on stream in the city of Dar Es Salaam and will be discussed briefly later in this report.

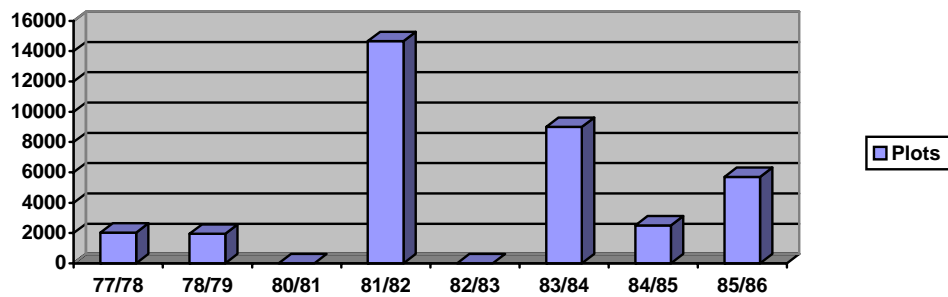


Figure 3: Trend in Output of Urban Plots from 1977/78 – 1985/86

The plot production numbers decreased at a time when more Government surveyors were available than ever before. The Survey Training Centre that produced survey technicians in the 1960s had been expanded and upgraded both in quality and quantity to Ardhi Institute in 1972. Ardhi Institute was producing assistant surveyors from 1974 and professional surveyors from 1978. Many of its graduates had already joined the job market as Government Surveyors in the Ministry of Lands and in Regional Surveyors' Offices. In addition, Graduates from Universities abroad, at the rate of between three and five annually increased this number from 1978, and almost all had been absorbed by the Ministry of Lands and into Regional Land Survey Offices.

### **Key Land Delivery Processes Decelerating to a Halt:**

Whatever extinguished the 1962-1972 land delivery flame seen in Figure 1 above, has been a subject of discussions, studies, policy proposals, strategic thinking, legal amendments, regulation, etc, for over thirty years now and a solution, though crystal clear to professionals, has not adequately been assimilated by policy makers and financiers.

In 1972 Government administration machinery was decentralised to the Regions under a pseudo-decentralisation policy known as "Madaraka Mikoani". All land delivery activities were brought under the District/Regional Development Directors (DDD/RDD) except the issuance of Title Deeds. Following these changes in Government Administration Policy that engulfed the abolition of local governments, the Ministry of Lands left all plot surveys in the hands of regional staff who were also dealing with urban and village plots with more emphasis on the latter. There was no budget item for surveys let alone cadastral surveys at the sector Ministry.

As production of village plots went up, that of urban plots went down and before long many towns could not satisfy even 10% of the demand as the Figure 4 shows. Noting the effect of

this neglect of urban plot production on urban housing, the 1981 Arusha Conference on Housing Policy suggested that “slum development should be forestalled by provision of well defined plots.” But, diminished total output nationally, continued well throughout the 1980s and 1990s until the commencement of the “20,000 Plots Project” in 2002.

This trend in budgeting was set to continue for many years into the future as no turn around in policy and economic fortunes were in sight. As a consequence the Ministry of Lands, and SMD in particular, would be forced to suspend most of its activities and its products would not be made available for physical planning and land delivery in towns for many years to come for lack of a development budget (GoT, 2001).

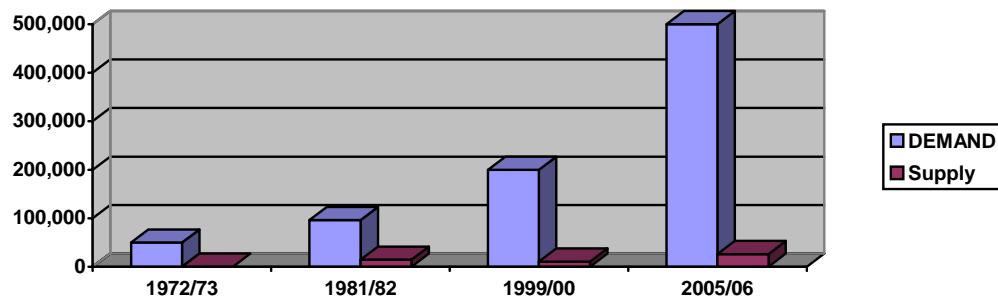


Figure 4: Supply and Accumulated Demand of Plots in Dar Es Salaam at Different Epochs

Suspending these activities meant adding insult to injury as production of urban plots had already stalled. With the problem growing worse in townships and Dar Es Salaam City in particular, Government sought World Bank assistance and embarked on providing remedial supplies of plots in urban areas particularly, Dar Es Salaam. The remedy is a part of the chart in Figure 3. But that remedy could not address even a tenth of the demand in the period under focus.

In more recent years, Government has attempted to address itself to urban land delivery and land use problems through a number of initiatives. These include: (i) the Sites and Services Schemes, SSS; (ii) the 20,000 Plots Project; (iii) Property Adjudication and Registration in Irregular Settlements of Dar Es Salaam (Mazagazaga); (iv) Land Reform Component of the Private Sector Competitiveness Project; and (v) the Property and Business Formalization Programme (PBFP) or MKURABITA.

## **6. THE LAND BANK – IS IT USEFUL TO INVESTMENT?**

The discussion earlier has appraised that “section 20-(1) of the Land Act the law provides that a non-citizen of Tanzania shall not be allocated or granted land unless it is for investment purposes under the Tanzania Investment Act, 1997 – a section that can be interpreted as seeks to create a land bank at TIC for access by investors.’

A land bank is a database of titled land parcels, created and maintained by Government to facilitate investment through existing policy, institutional and legal frameworks. The creation of a Land Bank in Tanzania was first proposed in 1998 but was not until the 2004 study of several Ministries and the Tanzania Investment Centre led by the Ministry of Lands, Housing and Human Settlements Development (MLHHSD) that it gained prominence.

### **Background:**

The land bank concept has been with Tanzania’s legal and regulatory framework since colonial times. It was first introduced under the Land Bank Ordinance of 1947 to meet settler demands and provided crop and cultivation finance. After independence in 1961 the Bank was replaced by the Agricultural Agency, which in turn was replaced by the National Development and Credit Agency (NDCA) in 1964. The Tanzania Rural Development Bank (TRDB) replaced the NDCA in 1971. Later the Tanzania Rural Development Bank was replaced by the Co-operative and Rural Development Bank (CRDB), which is now operating as commercial bank.

In urban areas, the Land Bank concept involved the accumulation of land parcels by an urban authority as a means of regulating municipal land prices or reserving land for future public use. Normally, the urban authority would buy land from individuals and companies when the land demand and price was low. It later sold the same at relatively lower costs as compared to market prices or reserved it for public use at a future date. This was regarded to be a realistic approach and provided a reliable tool in making affordable land available for non-competitive uses or priority needs and could be used to sustain urban land development.

The shortcomings of this approach are that it also requires substantive monetary capital and capacity to manage the land before allocation. In its various forms the land bank concept has been a highly institutionalised and capital intensive option for agricultural and settlements development.

### **The Land Bank Resuscitated:**

The concept of a land bank was but forgotten until 1991 when Tanzania was making a re-entry into the free market economy. A new legislation was enacted – The Tanzania Investment Act of 1997 that also created the Tanzania Investment Centre (TIC). The changes paved way for private investment, also enabled by the privatisation of many public investments on land such as sisal, coffee and tea estates, ranches, and other parastatal organisations.

The basic premise of a land Bank at TIC is the creation of a register for land that is available for investment. Upon resuscitation, the Land Bank concept was rekindled at the Tanzania Investment Centre as a database of entries of landowners offering their land for investment, under various agreements.

**Table 1** Registered Projects by Sector 1990- December 2006

S/No	Sector	Number of Projects	Total Investment in TZS Million	Total Investments in US \$ Million
	Agriculture and Livestock			
1	Development	275	1,757,879	2,343.84
2	Natural Resources	163	465,586	620.78
3	Tourism	880	1,748,885	2,331.85
4	Manufacturing	1,582	4,227,466	5,636.62
5	Petroleum & Mining	115	525,752	701.00
6	Construction	179	1,793,900	2,391.87
7	Commercial Building	265	1,958,625	2,611.50
8	Transportation	325	1,755,613	2,340.82
9	Services	162	798,597	1,064.80
10	Computer	19	13,140	17.52
11	Financial Institutions	59	1,434,605	1,912.81
12	Telecommunication	56	1,577,628	2,103.50
13	Energy	11	302,525	403.37
14	Human Resources	88	171,423	228.56
15	Economic Infrastructure	21	1,206,723	1,608.96
16	Broadcasting	9	244,359	325.81
17	Geographical Development	1	53,505	27,357.02
	Total	4,210	20,517,762	

Since the registration with the Land Bank does not risk anyone's legal rights over land, it was and continues to be open to both private and public lands, whether the land is surveyed or

not; and for both rural and urban lands. There are no costs for registration. It is a measure that has been designed to meet the dynamic challenge presented by investors for an effective demand for land for investment. The free registration gives all groups of people the opportunity to expose their lands to investors. Yet not many have taken up the offer as expected.

Despite achievements in national land policy and legal reforms of 1995 to 2002, there still remain serious difficulties in accessing land in all categories of investment that include; land for industrial, commercial, housing, hotel and agricultural developments purposes in Tanzania. On a general assessment by TIC, it is more difficult to access land for large-scale farming than for any other use due to the large size of land required by investors.

Clients of land bank parcels to be produced are those pursuing projects defined under section 2(2) (a) and (b) of the Tanzania Investment Act No. 26 of 1997. An analysis of data provided in the applications for land that have been lodged with the Tanzania Investment Centre suggests that so far there are 4210 investment projects registered with TIC. The annual registration average rate is about 270 new projects. Out of the 4210 projects, 3280 or 80% require ownership and large parcels of land. Therefore out of the 270 annually registered projects some 220 projects need allocation of land parcels. These applications required access to about 9.6 million hectares of land. TIC has been able to issue derivative titles to 13 applicants only which required 6920.4 ha of land. This implies that so far, TIC has served less than 1% of applications.

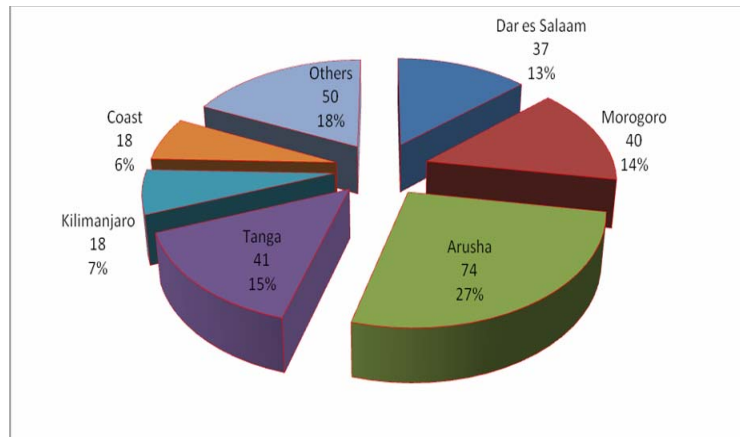
TIC estimates that only one-quarter of the serious investors can get land through the existing land delivery system per year. The current land delivery system would therefore be able to satisfy only 810 (one-quarter of the 3280) of registered projects requiring large land parcels such as farms and ranches.

If to this number are added applications made directly through the Ministry of Lands or Local Government, then about 1000 projects per annum could be considered a rational estimate. Thence about 2280 will not be able to get land in the current situation.

## Geographical Distribution of Land Requirements

The current distribution of land parcel demands for investment projects in Figure 5 shows unevenness in location preferences of investors among Tanzania's Administrative Regions.

**Figure 5: Distribution of agricultural projects by region**



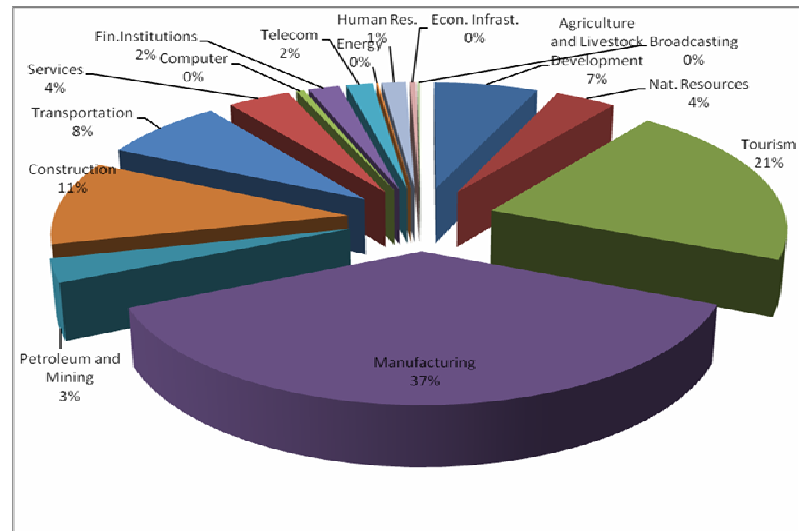
Out of a total of 4210 projects, 2513 focus on Dar Es Salaam, 573 Arusha; 249 Mwanza, 156 Tanga; 145 Kilimanjaro and 104 in Morogoro Regions. The rest of the Regions have less than a hundred each with Manyara and Singida having the least number of projects, seven and six respectively. There are also notable disparities in the location preferences for large-scale agricultural projects among Regions. In clustering the regions into zones, it is noted that about 82 percent of the projects in the applications require land in six regions with the following distribution:-

- (i) Nearly 49 % of large-scale agricultural projects are located in three Regions of Arusha, Tanga and Kilimanjaro;
- (ii) Another 30 % of the projects are located in Dar Es Salaam, Morogoro and Coast Regions;
- (iii) The rest of the Regions share among them the remaining 18 percent of the projects. It is further noted that the majority prefer to invest along or close to the Indian Ocean along the coastal strip or in the volcanic soils of northern Tanzania.

At present, looking at Figure 6, the manufacturing sector leads in the number of registered projects by having 37% of the total establishment. The next in line is tourism registering 21%. Construction is third by having 11% of registered projects. Transportation and agriculture hold the fourth and fifth positions respectively. The Transportation sector has 8% while agriculture has 7 % of the registered projects. However agriculture leads in job creation despite the small number of project registration compared to other leading sectors.



**Figure 2: Percentage of registered projects by sector**



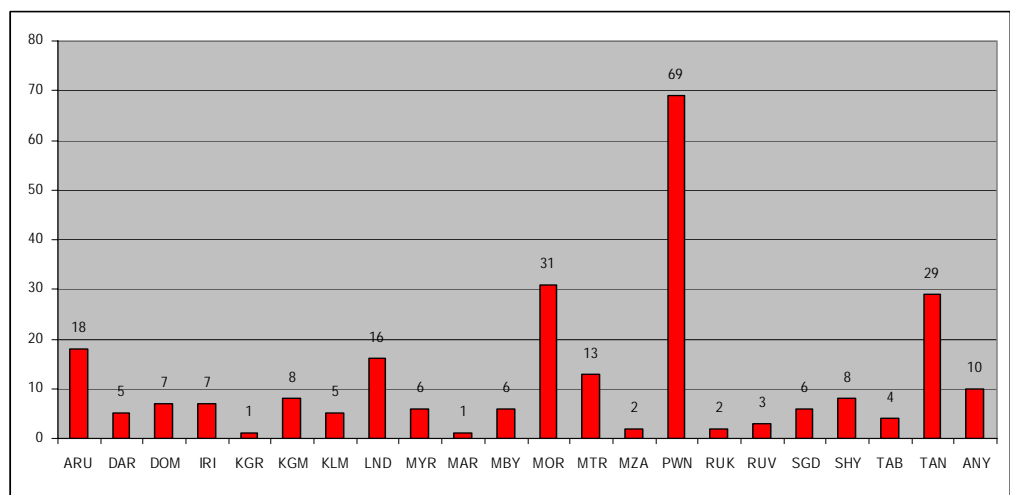
However, the list of applications for land parcels at TIC, as judged by the number of acreages, suggests that land is needed mostly for agriculture, livestock development, hotel construction, tourism, manufacturing, processing plants, commercial buildings and apartments. According to the available data on acreage, agriculture is the leading sector in demand for land at 7,995,219 hectares. Also, agriculture and livestock combined together, make a leading sector in job creation, investment opportunities as well as in income generation.

The amount of direct foreign investment in the applications would be as follows: (i) Manufacturing has the largest proportion in cumulative attraction of investment capital at 21 % of total investment; (ii) Commercial buildings come in at second place by attracting 10 % of capital investment; (iii) The third place is shared by agriculture and livestock; construction; tourism; and transport where each of these sectors has accumulated about 9 % of total investment capital. Expected capital flow to the agriculture and livestock sectors remain small at about US \$ 2,343.84 million out the total capital of 14 categories of investment with US \$ 27,357.02 million.

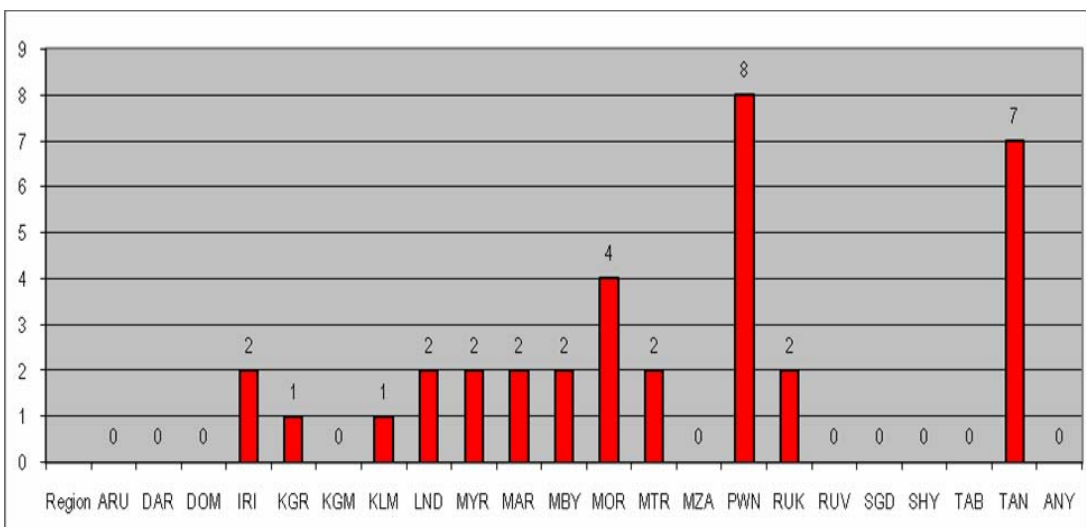
As will be noted latter, the availability of land parcels for the land bank can be obtained through the planning process of Urban Areas in order to service the needs of the Manufacturing, Commercial buildings and tourism. As for Agriculture and Livestock, the land parcel priority will be in Arusha, Tanga, Kilimanjaro, Morogoro and Coast Regions. In both Urban and Rural land delivery, cost recovery shall be applied and speedy delivery exercised.

7. ARUSHA REGION IN INVESTOR DEMANDS BY LAND USE SECTORS AND NUMBER OF APPLICANTS:

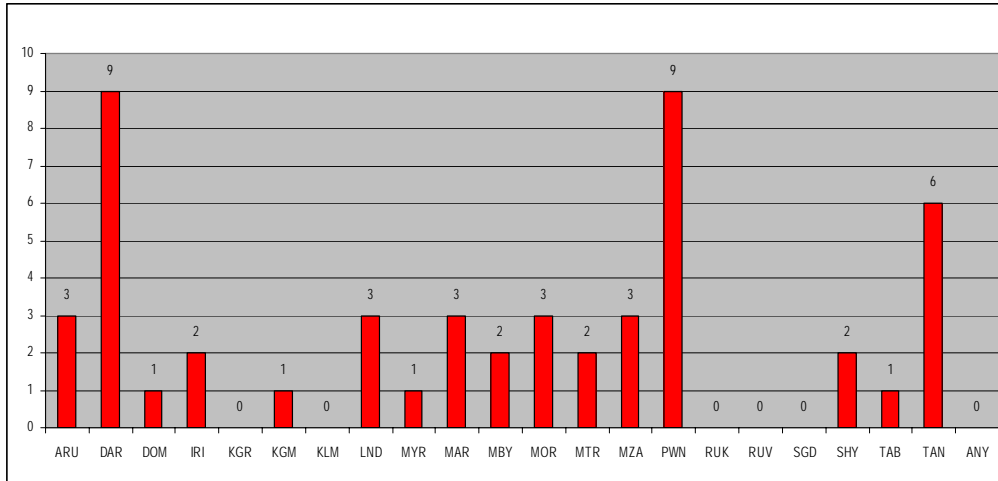
**Farming Land Requirement:** Preferences for investment in agriculture, as judged by the number of applicants, seem to focus on Coast, Morogoro, Tanga, Arusha, Lindi and Mtwara Regions.



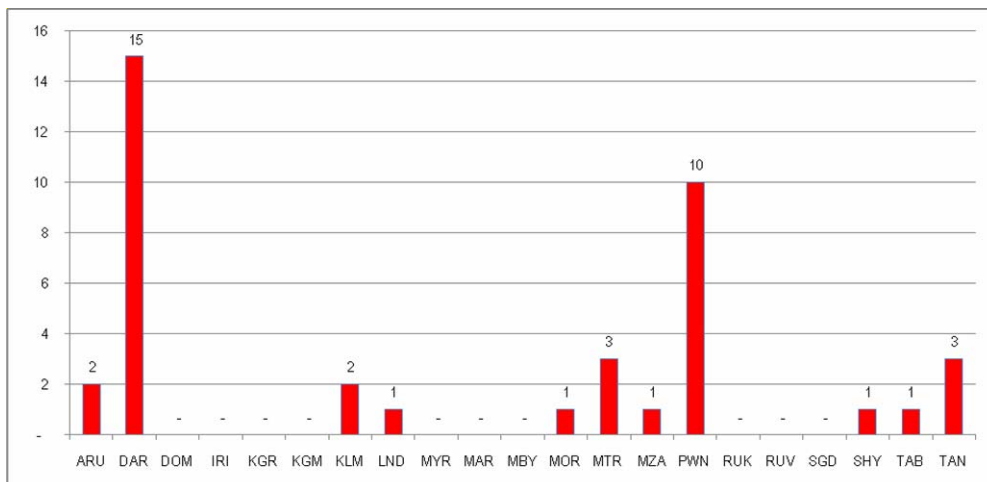
**2. Livestock (Ranching) Land Requirements:** The top three regions in order of number of applications are similar to that of farming as: (i) Coast; (ii) Tanga; and (iii) Morogoro. The three are followed closely by seven regions with equal demands, namely: Lindi, Mtwara, Iringa, Mbeya, Mara, Manyara and Rukwa.



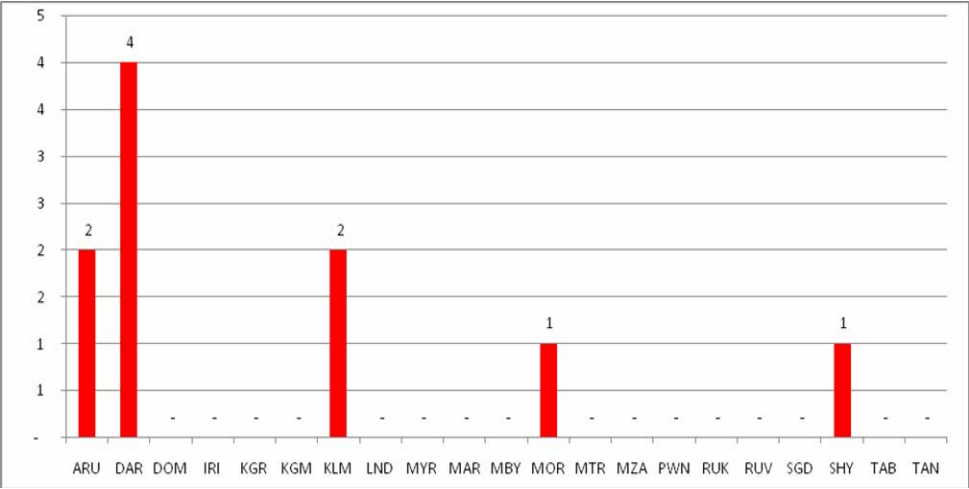
**3. Land Requirements for Hotels and Other Tourist Sites:** The demand per land-use sector. *Hotel and tourism* development needs constitute 95% of the demand for urban-related uses. Also, out of the 110 projects, 51 or 46% sought access to land for this purpose. The mean size of land for hotel development is 3 hectares.



**4. Land Requirements for Industries/Manufacturing:** In this analysis, agro-industries that need to be located at site of production were excluded from this category. This group includes request for manufacturing, fabrication and processing activities. In total there are 40 registered projects, with a combined demand for 1,545 hectares of land. The mean lot size is 4 hectares.



**5. Land Requirements of Educational Institutions:** The demand for land access for *education institutions* is 2,249 hectares, which is 3% of the requirement for urban uses. The applicants for sites for education constitute 10 applicants or about 1% of urban-land seekers with an average demand of 225 hectares per site.



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Appendix:

### **Fundamental Principles of NLP and New Land Laws:**

There are fifteen Fundamental Principles of the National Land Policy, which appear as sections 3 (1) and 3 (2) of Part II of the Land Act No.4 and Village Land Act No. 5 of 1999. In other words, the fundamental principles are now a provision in the land laws.

These are:

- (a) To recognize that all land in Tanzania is public land vested in the President as trustee on behalf of all citizens;
- (b) To ensure that existing rights in and recognised long standing occupation or use of land are clarified and secured by the law;
- (c) To facilitate an equitable distribution of and access to land by all citizen;
- (d) To regulate the amount of land that any one person or corporate body may occupy or use;
- (e) To ensure that land is used productively and that any such use complies with the principles of sustainable development;
- (f) To take into account that an interest in land has value and that value is taken into consideration in any transaction affecting that interest,
- (g) To pay full, fair and prompt compensation to any person whose right of occupancy or recognised 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; provided that in assessing compensation land acquired in the manner provided for in this Act, the concept of opportunity shall be based on the following: -
  - (i) market value of the real property;
  - (ii) disturbance allowance;
  - (iii) transport allowance;
  - (iv) loss of profits or accommodation;
  - (v) cost of acquiring or getting the subject land;
  - (vi) any other cost loss or a capital expenditure incurred to the development of the subject land: and interest at market rate will be charged.

- (h) To provide for an efficient, effective, economical and transparent system of land administration
- (i) To enable all citizens to participate in decision making on matters connected with their occupation or use of land
- (j) To facilitate the operation of a market in land;
- (k) To regulate the operation a market in land so as to ensure that rural and urban small-holders and pastoralists are not disadvantaged;
- (l) To set out rules of land law accessibly and in a manner which can be readily understood by all citizen;
- (m) To establish an independent, expeditious and just system for the adjudication of land disputes which will hear and determine cases without undue delay;
- (n) To encourage the dissemination of information about land administration and land law as provided for by this Act through programmes of public awareness and adult education, using all forms of media.
- (o) The right of every woman to acquire, hold, use, deal with; land shall to the same extent and subject to the same restrictions be treated as a right of any adult man.

The strength of the new land laws can be judged by their closeness to the agreed fundamental principles listed herewith.