

The elusive quest for formal property rights in Dar es Salaam

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Center for Global Development

Growth Week
September 23rd, 2014

Today's agenda

1. Research project on the impact of Certificates of Right of Occupancy (CROs)
2. Early results from the CRO project on take-up, gender results, and infrastructure
3. Some thoughts on Tanzanian land administration - institutional difficulties.



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Land tenure in urban Tanzania

- Tanzania currently trying to make this difficult transition from informal to formal urban tenure: over 80% of land in Dar es Salaam is informally held.
- In 1999 the **Land Act** began to recognize informal landholding in urban areas - gave the central government a mandate to push these settlements to formalise.
- Two main instruments were established for urban areas:
 1. **Residential license** a short term, limited form of leasehold (2-5 years renewable)
 2. **Certificate of right of occupancy** long term, 33-99 year leasehold, a closer to what we would consider a 'land title'. Requires cadastral survey.

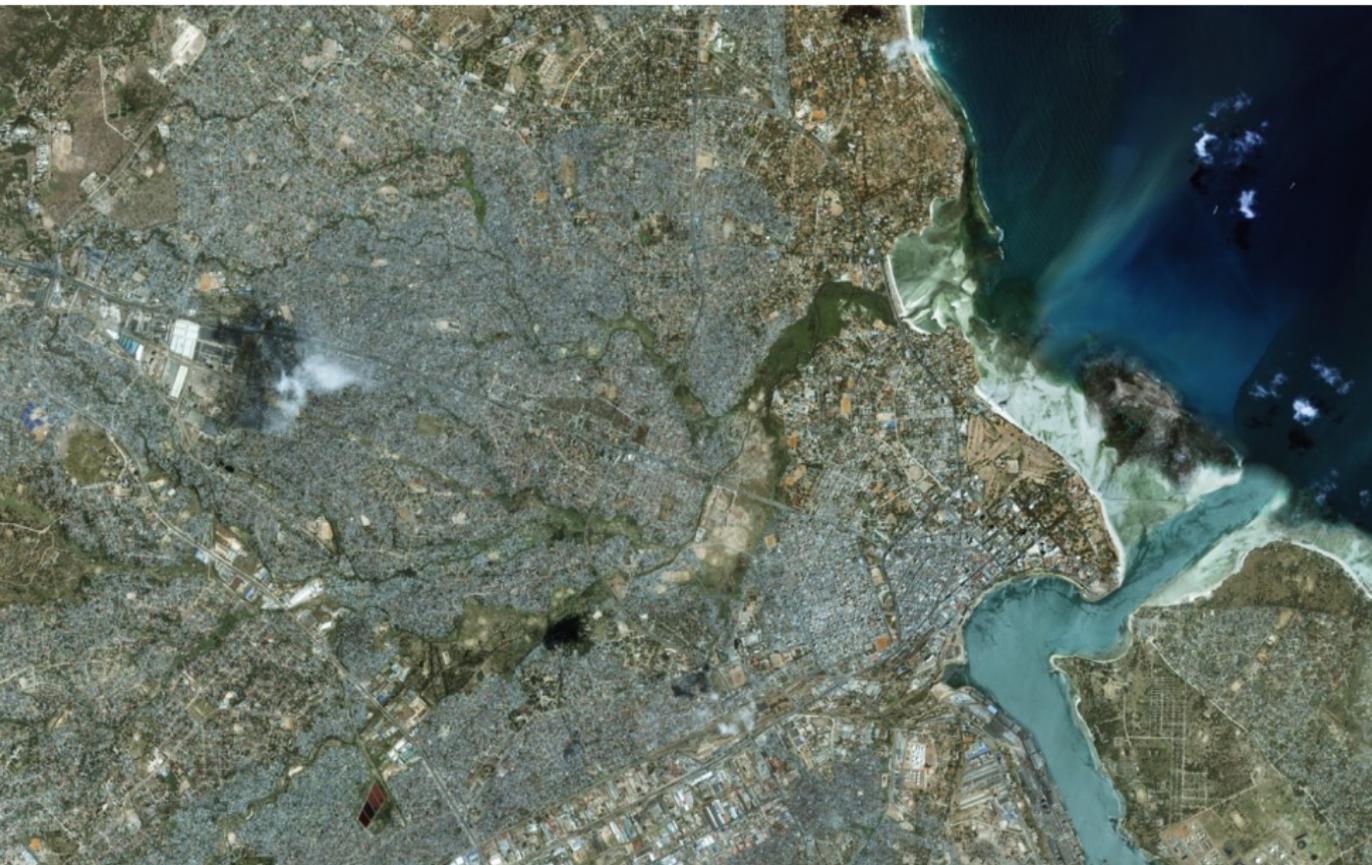
1. Research project

Evaluating the impact of CROs?

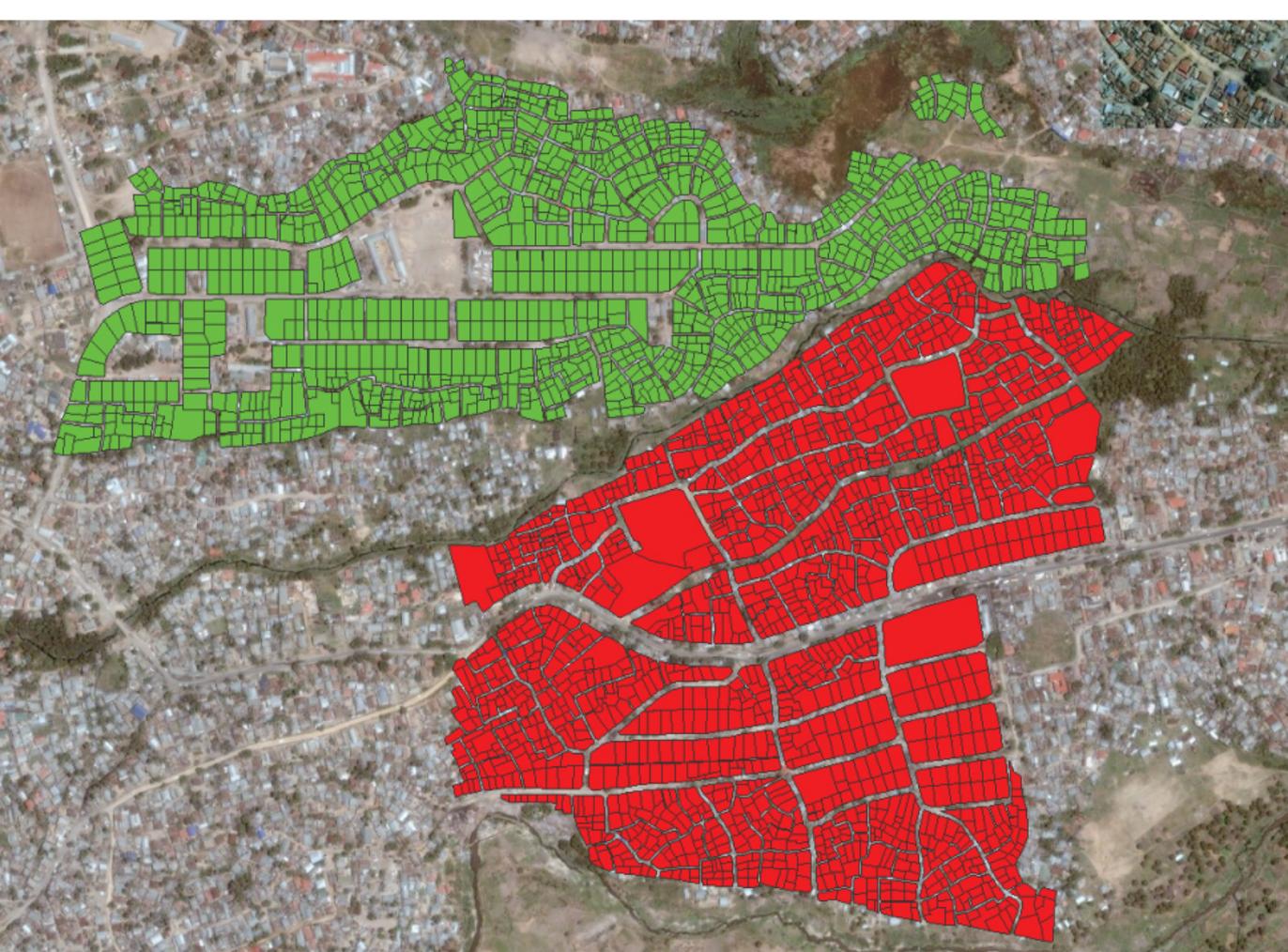
- Project with Daniel Ayalew Ali, Klaus Deininger, Stefan Dercon, Justin Sandefur and Andrew Zeitlin
- Best way to study the impact of CROs is to lower the barriers to access and see what happens
- Dual IGC/World Bank funded study: teamed up with a Tanzanian NGO (Women's Advancement Trust - WAT) which specialised in helping people get access to title.
- Basic intervention: lowering cost of cadastral survey, assistance with paperwork in obtaining CRO



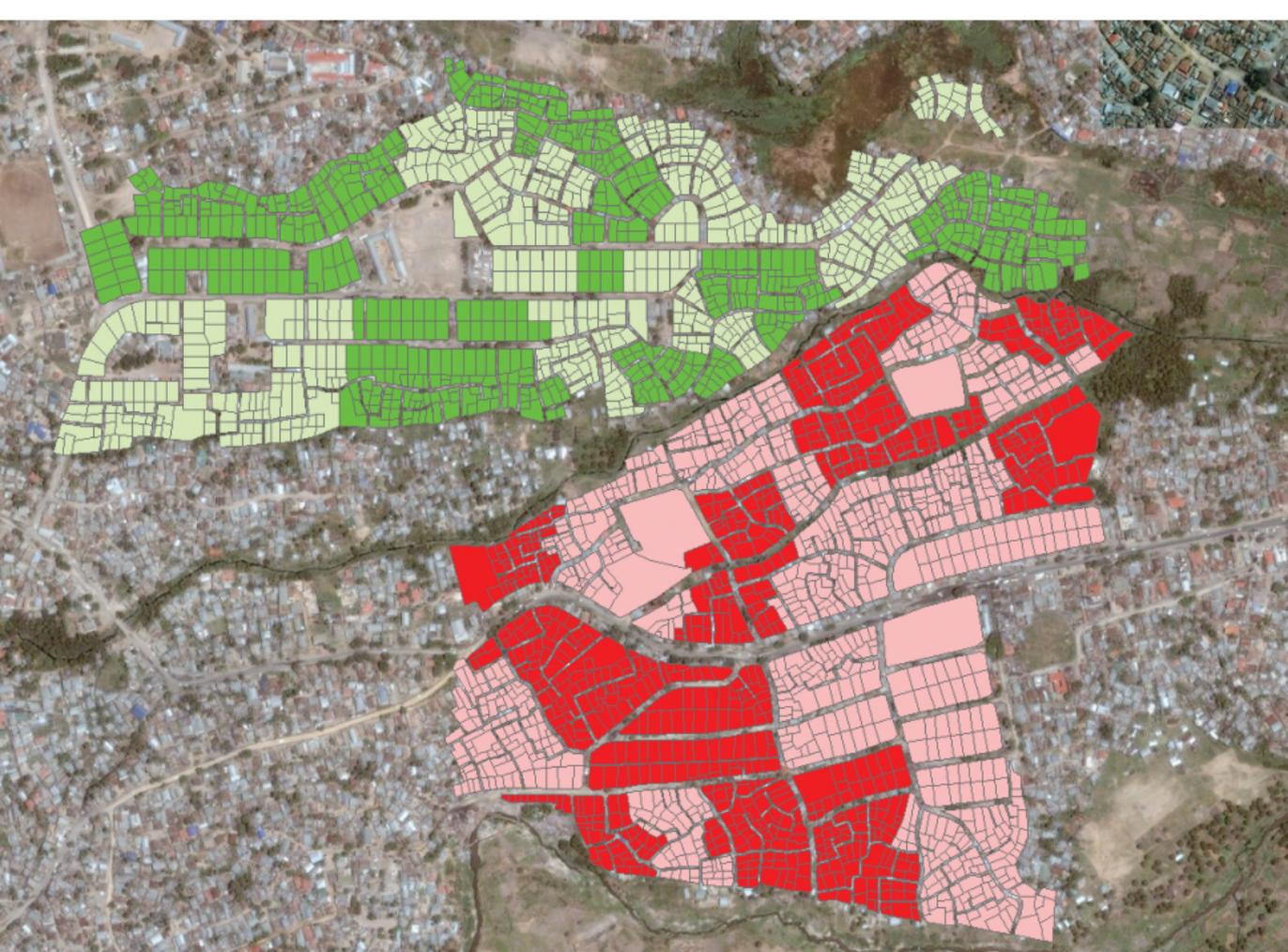
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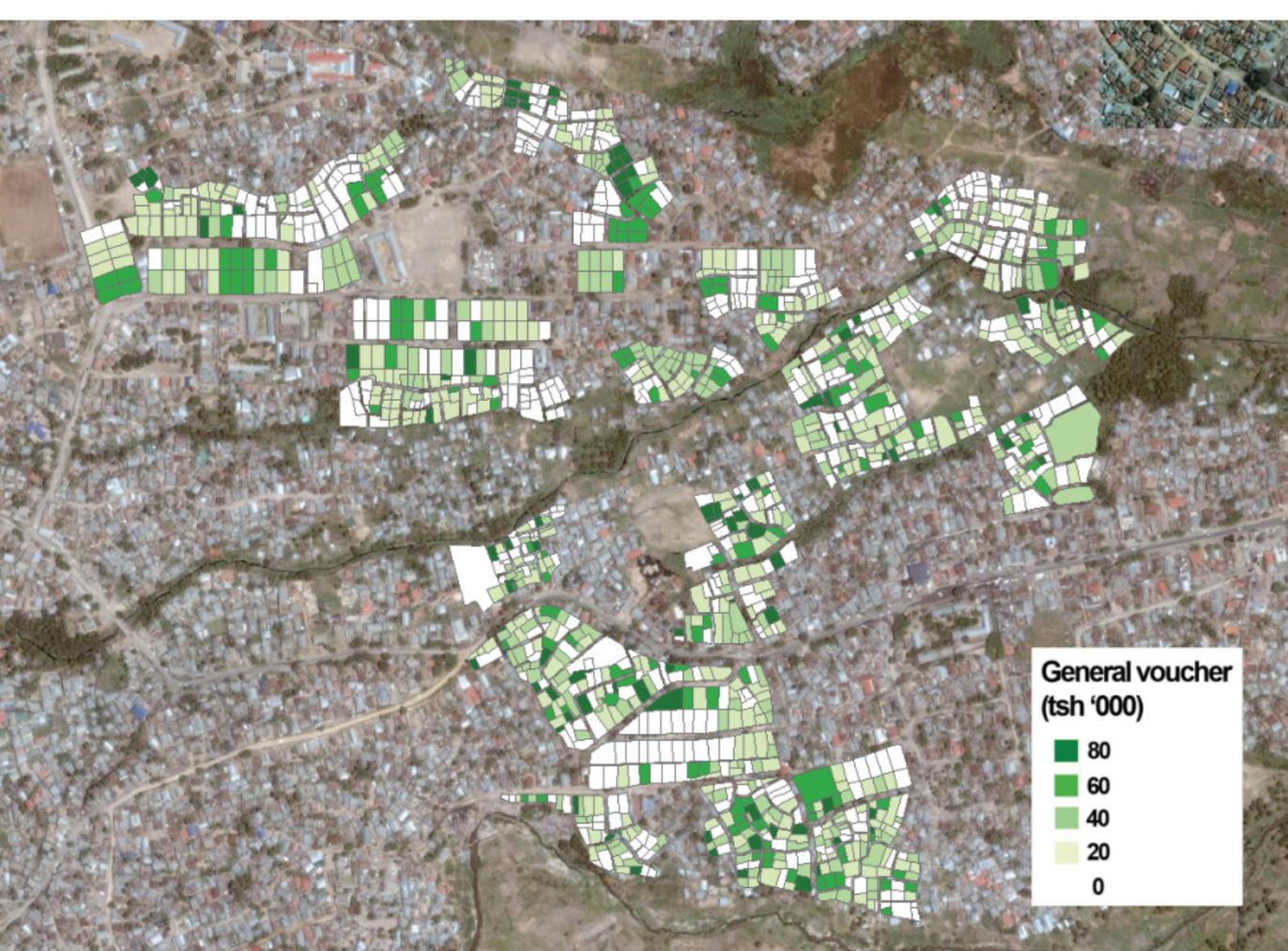




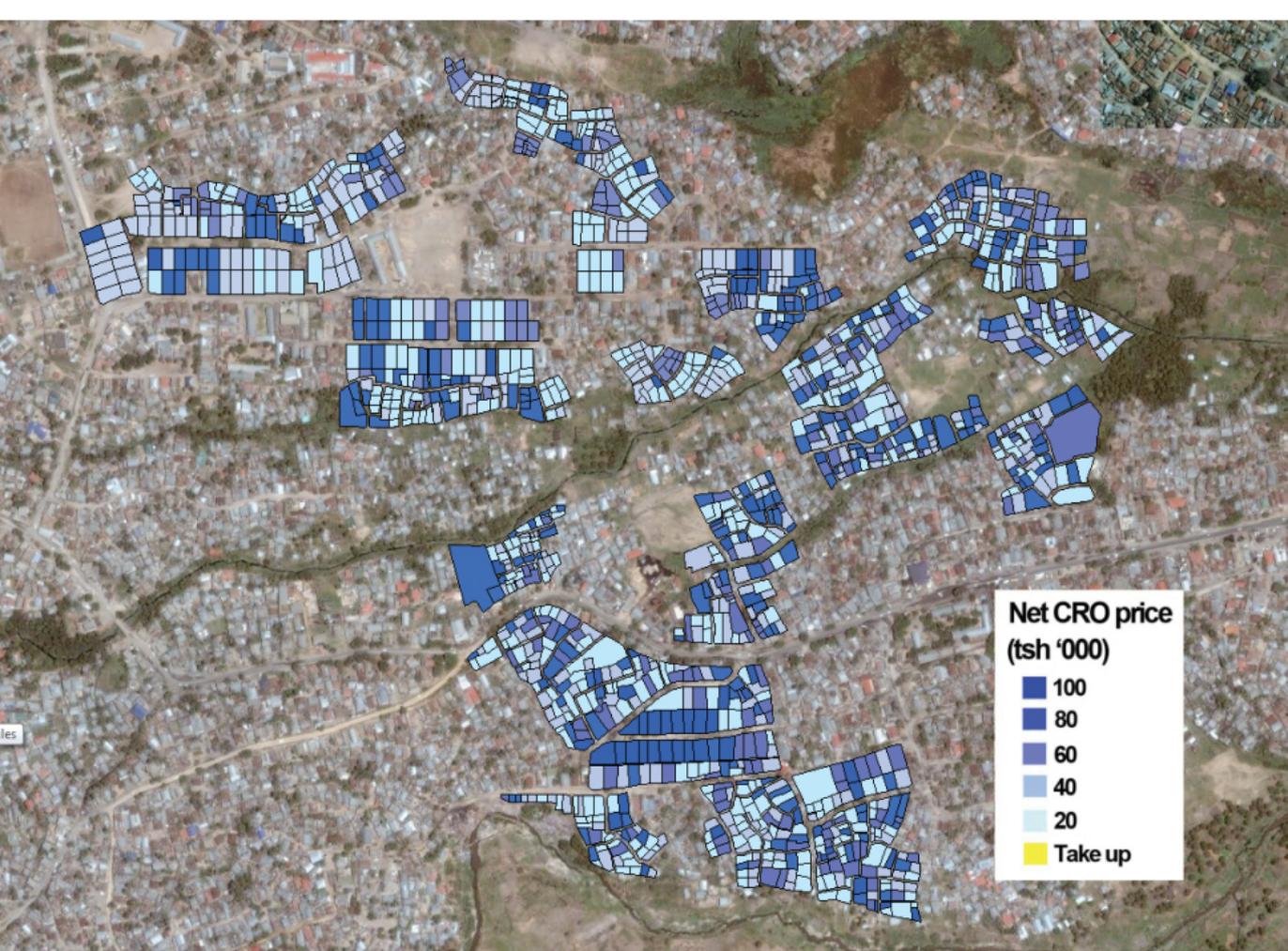




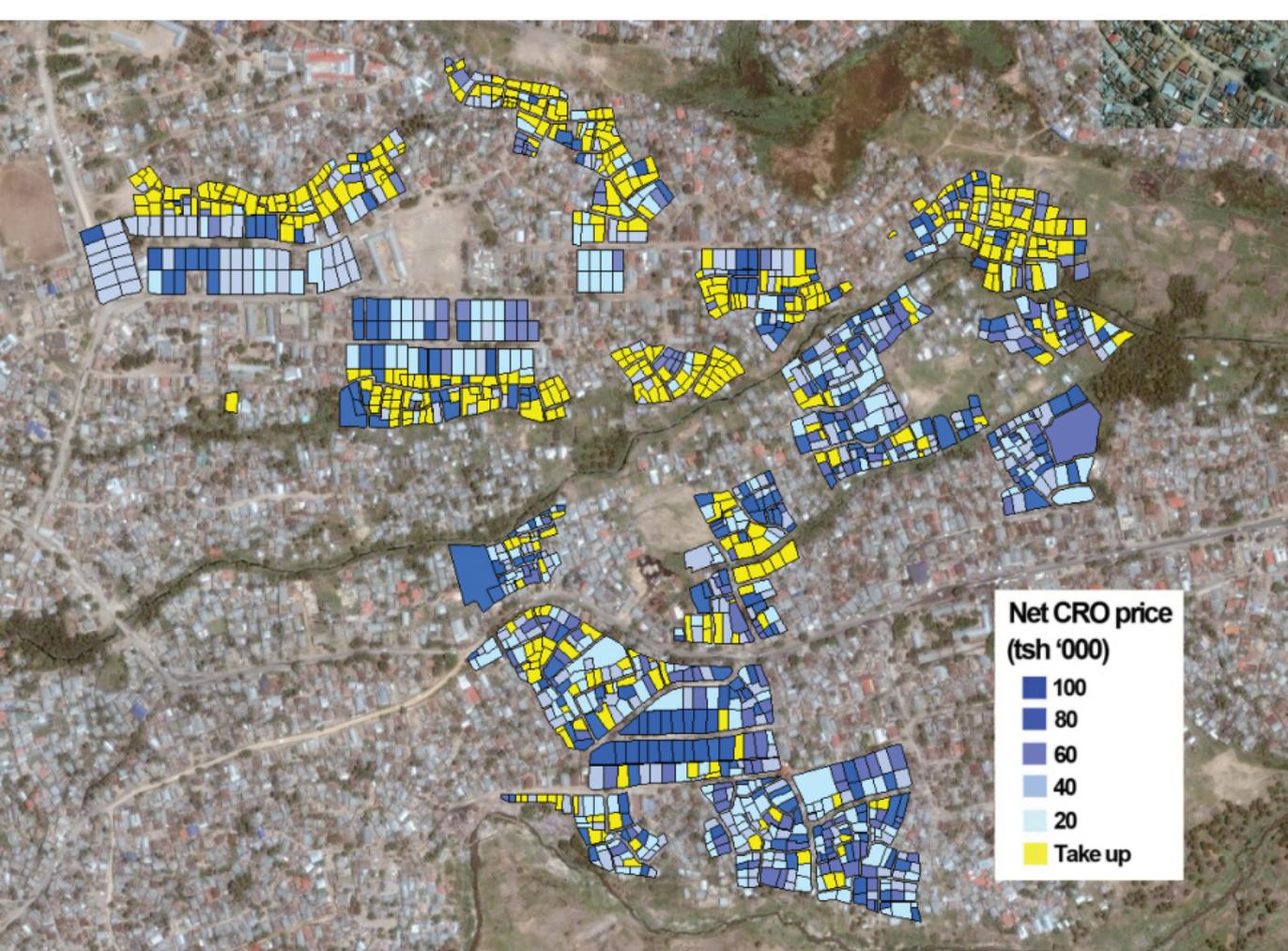








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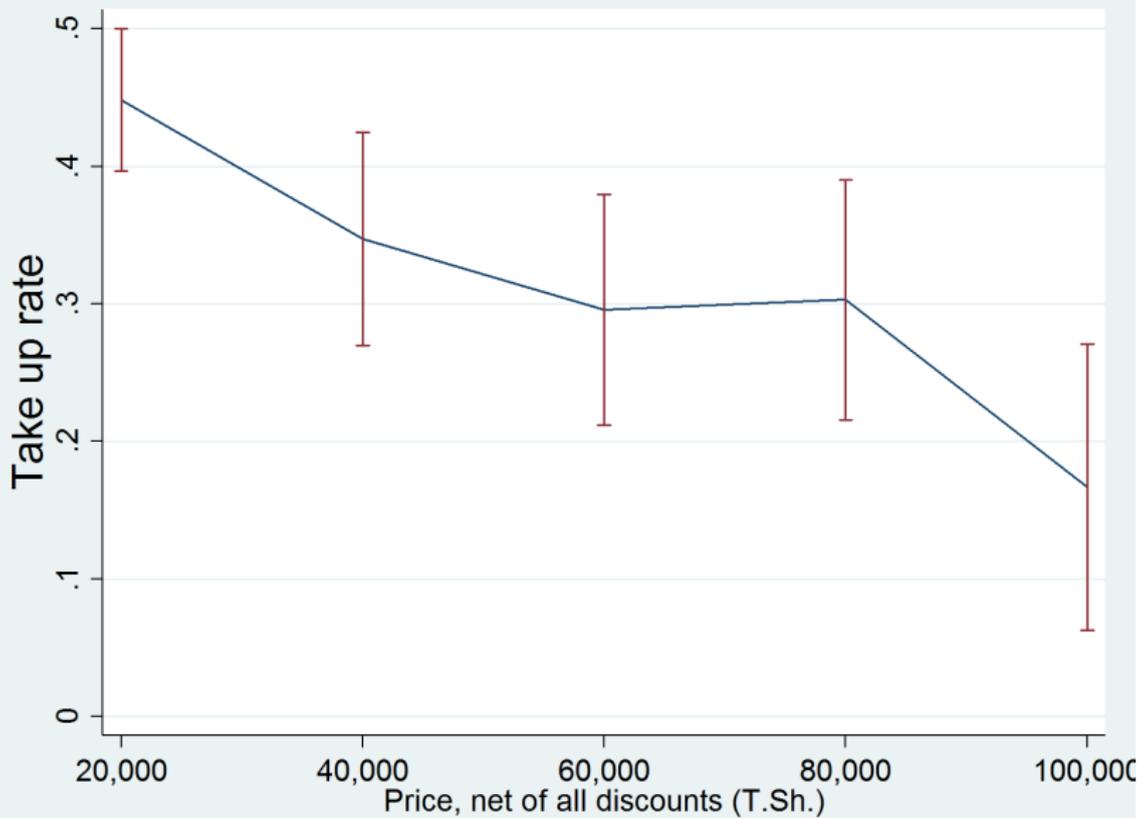


2. Demand Results

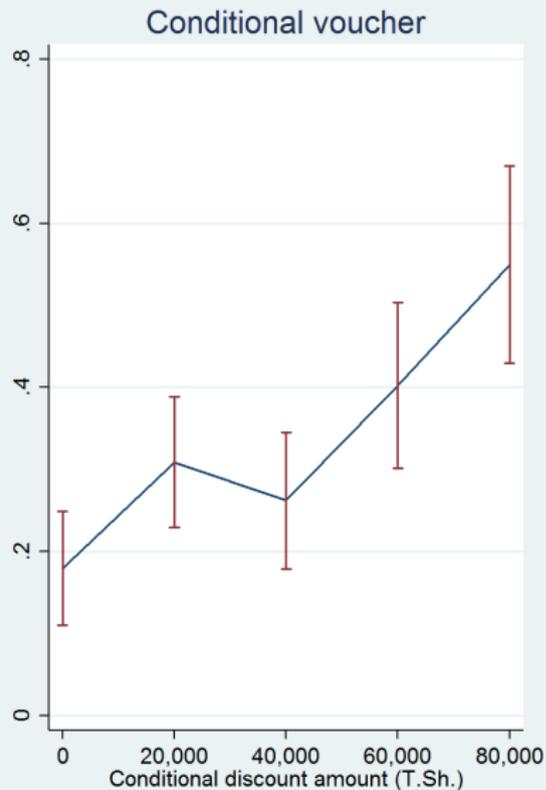
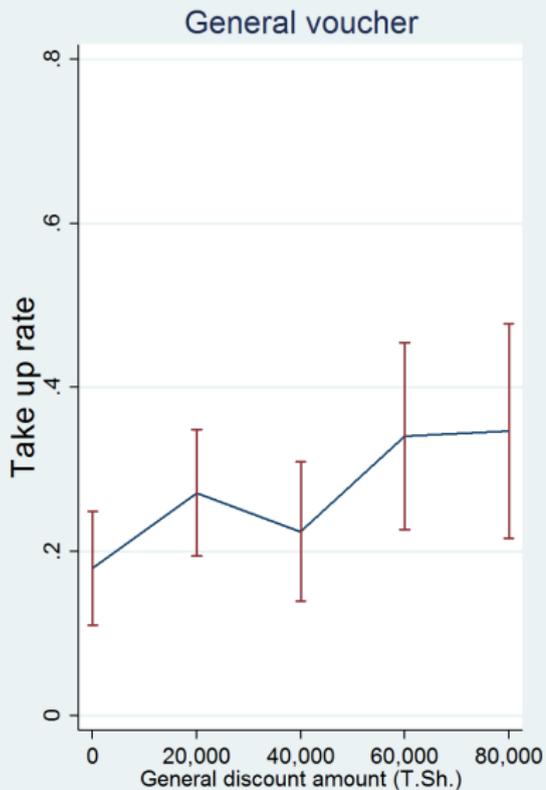
Results of CRO study

“The Price of Empowerment: Experimental Evidence on Land Titling in Tanzania” - IGC, CGD, CSAE, WB working paper

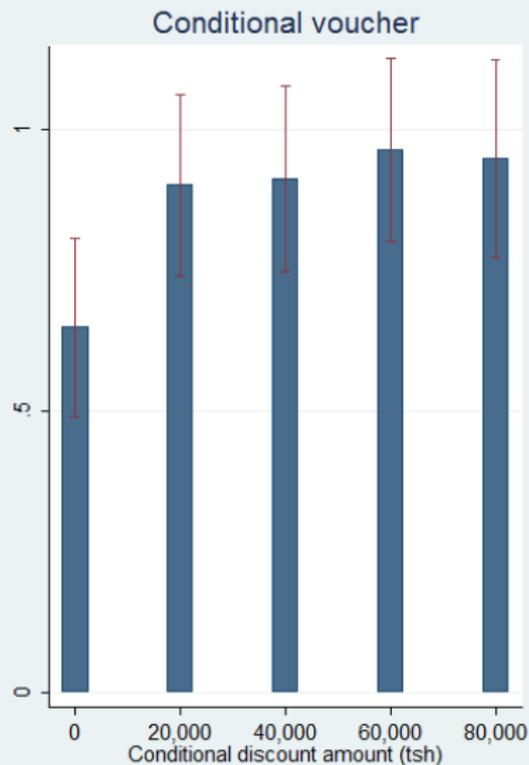
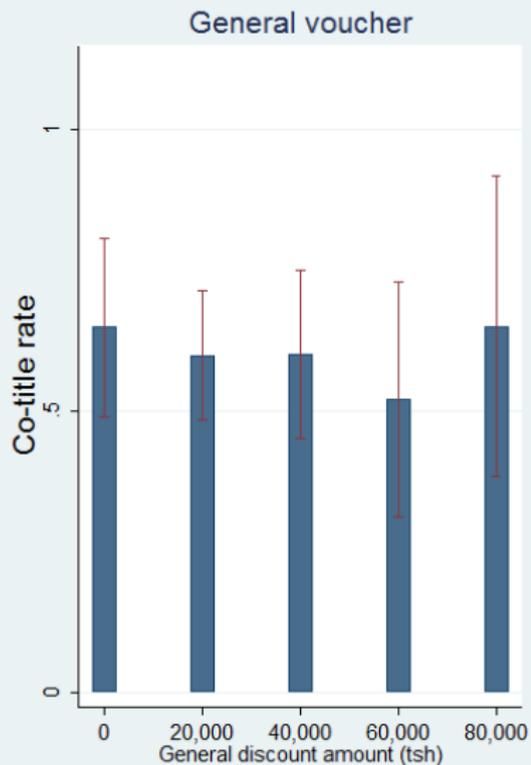
Demand slopes downward



Conditionality does not depress demand



It's easy to co-title

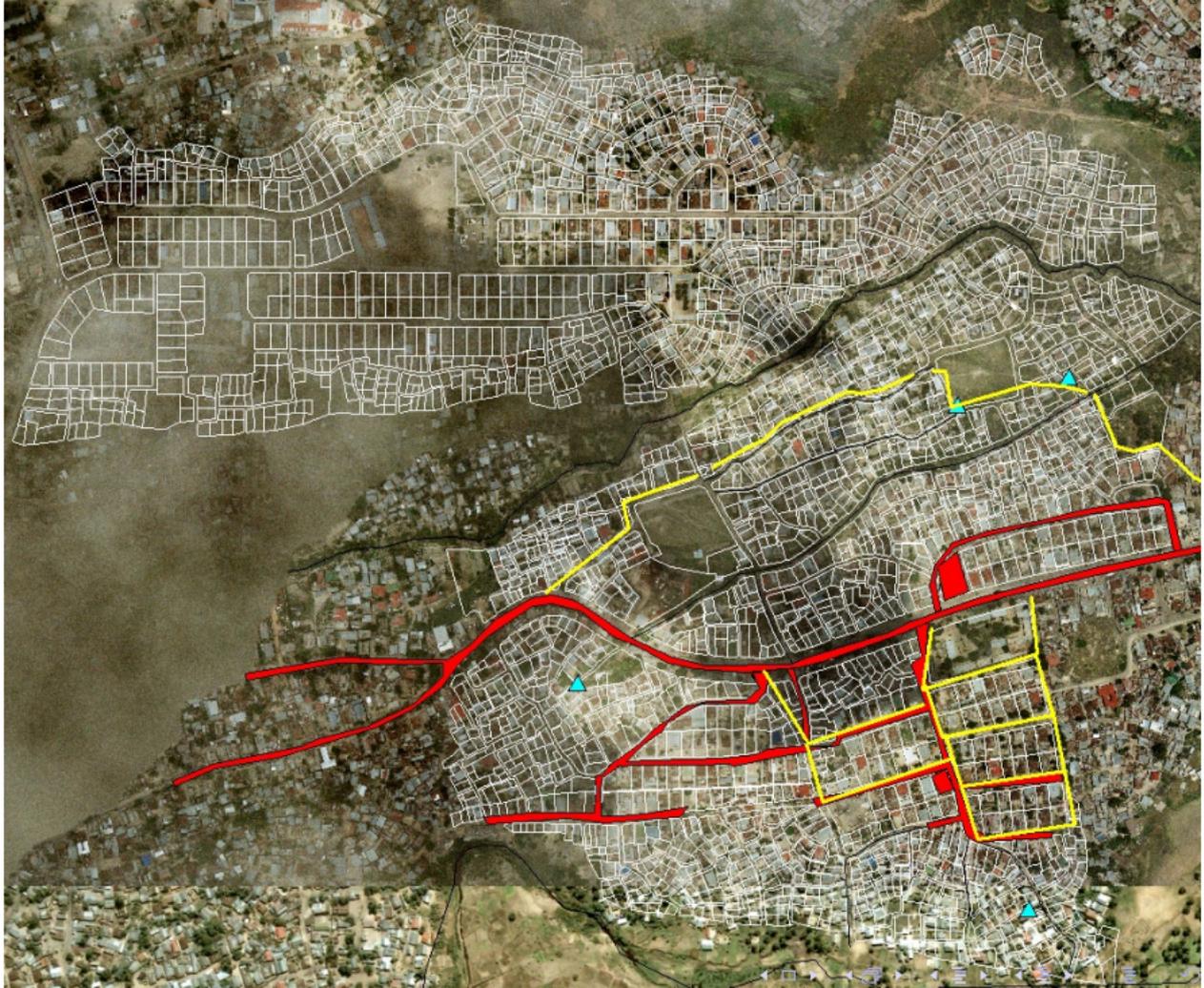


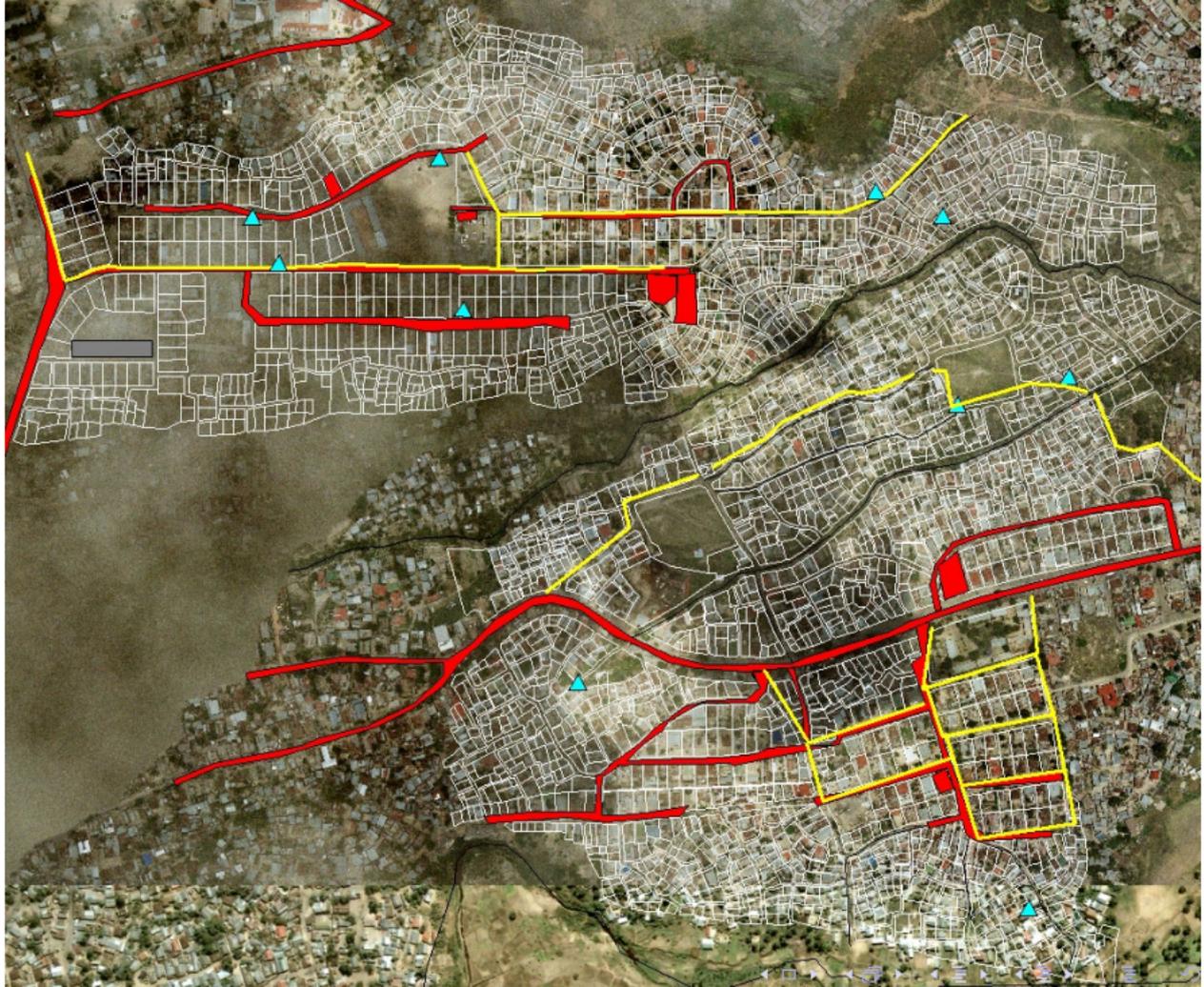
Does slum upgrading increase the demand for formal tenure?

“Slum-Upgrading in Tanzania: Public Infrastructure and Private Property Rights” Paper with Stefan Dercon, Simone Lombardini, Justin Sandefur & Andrew Zeitlin:

- Takes advantage of ‘natural’ experiment in infrastructure provision
- We can compare households close to infrastructure improvements to those close to areas that *would* be improved, but no current plans







Impact of infrastructure on CRO adoption

	CRO Application		ln(Self-reported value)		Expropriation Risk	
	(1)	(2)	(3)	(4)	(5)	(6)
CIUP settlement	-0.353*** (0.043)	-0.368*** (0.044)	0.301*** (0.101)	0.260*** (0.096)	4.431 (3.200)	3.186 (3.250)
Distance to infrastructure	0.001 (0.000)	0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	0.140*** (0.034)	0.122*** (0.033)
CIUP X Distance	-0.002*** (0.001)	-0.002*** (0.001)	-0.003* (0.002)	-0.001 (0.002)	-0.183*** (0.052)	-0.190*** (0.051)
constant	0.568*** (0.037)	2.815 (2.123)	3.339*** (0.067)	7.480 (5.692)	37.261*** (2.431)	-326.425** (157.772)
N	1141	1033	1015	1013	1035	1033
$\beta_2 + \beta_3$	-0.001*** (0.000)	-0.001*** (0.000)	-0.004*** (0.001)	-0.002* (0.001)	-0.044 (0.039)	-0.069* (0.039)
Controls	No	Yes	No	Yes	No	Yes

Summary of results so far

1. Demand is muted - take-up is very low at 100k (which is far below Ministry Price)
2. Even if the government was a monopolist profit maximizer, current prices are too high
3. Co-titling is cheap (read: free) but this should make us even more suspicious about real impacts
4. Infrastructure appears to generate more demand for titling



3. Bottlenecks

What else have we learned? What are the larger issues?

The current land administration is not set up to encourage titling

1. Financial hurdles compounded by huge administrative hassle of obtaining a title
2. Little to no information for residents, plenty of information for foreigners
3. Residents are stuck in an impossible situation: embark on an unclear and expensive process to obtain a title, or risk expropriation from the government



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11 steps to title

Table 1: CRO Application Process Outline

	Household	Surveyor	Municipality	Ministry	Potential Bottlenecks
1	Initiates steps in CRO process by hiring private surveyor				Information cost is high. Many will not attempt because steps required are unknown
2		Makes a preliminary map of the area to be surveyed (base map)			Private surveyor must be paid up front. If public surveyor, expect delays.
3			Base map submitted for approval at Municipality		Municipality poorly organized and understaffed. Papers get lost. Requires constant follow-up.
4				One approved by Municipality, approval also needed from Ministry, who provides 'Survey instructions'	Ministry poorly staffed and organized. Papers get lost. Requires constant follow-up.
5		Receives survey instructions and begins cadastral survey. Places beacons at corners of plot. Creates survey plans	Responsible to produce the beacons out of concrete with unique ID numbers		No obvious bottleneck, but badly organized surveyor is capable of slowing the process. Also, beacons may not be produced as rapidly as needed.
6			Receives completed survey plans for approval.		Requires follow up to move process ahead.
7				Receives survey plans for approval. Generates unique plot ID	Requires follow up to move process ahead.
8	Having Received unique Plot ID, the HH has all the information needed to complete the CRO forms	Private surveyor may be hired to produce Deed Plans (Detailed map of plot location to be submitted along with CRO forms).			Households may have many years of unpaid property taxes to pay on top of fees.
9			Deed Plans and CRO forms submitted & fees/taxes paid in full for approval.		Requires follow up to move process ahead.
10				Deed Plans and CRO forms received for approval	Requires follow up to move process ahead.
11	Once approved by Municipality and Ministry, CRO can be collected.				

CRO fees

Table 2: Official CRO Fees

Item	Paid to	Calculations	Notes	
1	Cadastral Survey Work	Private Surveyor	500,000 - 1,000,000 Tsh	Hiring a private surveyor is the single most costly item in this list and must be done in advance of all other steps.
	Cadastral Survey Work	Municipal Surveyor	$(m^2 * 35 \text{ Tsh})$ or $(m^2 * 30 \text{ Tsh})$	First calculation for properties greater than 400 square meters. Second calculation for properties less than 400 square meters.
2	Deed Plans Fee	Private Surveyor	20,000 - 100,000 Tsh	If private surveyor not hired, property owner will need to wait to have the municipal surveyor do the job.
	Deed Plans Fee	Municipality	6000 Tsh	Flat fee regardless of plot size. This is meant to be a processing charge.
3	Land Rent	Municipality	$(20 \text{ Tsh} * m^2 - 2000)$	Annual fee payable to Municipality
4	Registration Fee	Municipality	$(\text{Land Rent} * 0.2)$	
5	Stamp Duty	Municipality	$(\text{Land Rent} * 0.5) + 190$	One time fee payable to Municipality
6	Premium	Municipality	??	Determined by location of plot and infrastructure in the area.
7	Fee for CRO	Ministry via Municipality	3000 Tsh	Flat fee regardless of plot size.
8	Affidavit Stamp/Signature	Attorney or Magistrate	0 - 5000 Tsh	In principle, a Magistrate should do this for free. Attorneys charge approximately 5000 Tsh.
9	Property Tax	Municipality	??	Price varies. Homeowner must pay all unpaid property taxes before submitting CRO forms

Elsewhere....



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Land and property > [Obtain land \(for Investors\)](#)

List of steps (Total number of steps: 7)

Apply for land (7)

- 1 Submit application for land occupancy
- 2 Obtain payment letter
- 3 Pay for land
- 4 Obtain payment receipt (TIC)
- 5 Submit receipt
- 6 Sign derivative right and sub-title
- 7 Obtain derivative right and sub-title

SUMMARY OF THE PROCEDURE



Where to go? (2)

You will have to go to the following agencies. The number indicates how many interactions are required with each entity.



1 2 3 4 5 6 7
Tanzania Investment Centre (TIC) (x 6)



3
Standard Chartered Bank Tanzania

What you will get (2)

The objective of the procedure is to obtain those documents.



7
Derivative right



7
Sub-title



Elsewhere....

Required documents (6)

The documents with green band will be provided to you during the procedure.

1 Application letter

1 Certified certificate of incorporation

2, 6, 7 Proof of ID (x 3)

1 Filled deposit slip

4 Bank Slip (TIC)

5 TIC Payment Receipt

How much?

Estimated cost of the procedure TZS 500

change the values with the

Cost detail

Estimate your cost

TZS 500 per - TZS 0
square meter

TZS 500

Average annual land rent fee per square metre

10 % - TZS 0

land value is facilitation fee for TIC

10 % - TZS 0

land rent is facilitation fee

Elsewhere....

How long ?

The estimated total time is calculated by adding the time spent: 1) waiting in queue, 2) at the counter and 3) between steps.

	Min.	Max.
Total time (sum):	60 d	70 d
<u>of which:</u>		
Waiting time in queue (sum):	5mn	40mn
Attention at counter:	5mn	40mn
Waiting time until next step (sum):	60 d	70 d

Legal justification?

The regulations which justify the procedure and its content

 Tanzania Investment Act 1997
(articles 5, 6)

 The Land act 1999
(articles 25, 3, 31, 33, 20, 23)

What else have we learned? What are the larger issues?

Continued

The current land administration is not set up to encourage titling

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What else have we learned? What are the larger issues?

It's not clear that Ministry of Lands is doing enough to encourage take-up

1. Ministry of Lands raised CRO fees *every* year since our project began, once by 900%
2. Government insists on residents paying back-taxes prior to obtaining title - as far back as 10 years

What else have we learned?

The Ministry desperately needs to:

1. Reduce the overall financial cost of titling (drop cadastral survey requirement?)
2. Streamline the process of titling (one-stop shop?)
3. Get people on board first, tax them later



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