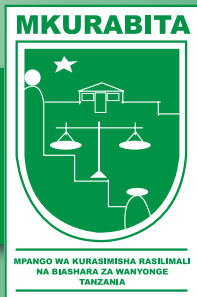




UNITED REPUBLIC OF TANZANIA

PROPERTY AND BUSINESS FORMALISATION PROGRAMME



FORMALISATION OF INFORMAL URBAN SETTLEMENTS IN TANZANIA

MKURABITA INNOVATIONS
AUGUST 2012



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Some of the properties in informal settlements in Arusha Municipal Council.

1. BACKGROUND

1.1 THE SITUATION IN TANZANIA

Tanzania is among the developing countries faced with problem of unplanned urban settlements. Tanzania's cities are centres of industry, commerce, education and cultural diversity. Thirty percent of the national population is urban-based and generates over 70% of the national Gross Domestic Product (GDP). The annual urban population growth rate is 2.8%, making Tanzania one of the most rapidly urbanising countries in the East Africa Region. The majority of the urban population lives in unplanned settlements with limited or no basic services. The two major causes of informal settlements are rural-urban migration and limited capacity of local government authorities for urban planning and development. Other causes include expansion of administrative boundaries of urban centres without due preparation for provision of basic infrastructure and essential socioeconomic services, and inadequate involvement of the private sector in urban development.

1.2 NATIONAL INITIATIVES TO REDUCE INFORMAL SETTLEMENTS AND ECONOMICALLY EMPOWER THE POOR

The Government of Tanzania has over the years developed various policies and programmes to address the problem of informal settlements. The initiatives include the Urban Housing Programme of 1969, National Sites and Squatter Upgrading Programme (1972-1990), Sustainable Cities Programme initiated in 1992, Community Infrastructure Upgrading Programme (2003-2012), Unplanned Urban Settlement Regularisation Program was conceived in 2004, and the Property and Business Formalisation Programme also initiated in 2004.

Development of the initiatives has been largely informed by both global and national policy commitments on informal settlements, such as the Millennium Development Goals, National Vision 2025, National Strategy for Growth and Reduction of Poverty (NSGRP), National Land Policy of 1995, and the Human Settlement Policy of 2000, among others.

POLICY CONTEXT

- Target 10 of the Millennium Development Goal Number 7 aims to halve the proportion of people without sustainable access to safe drinking water and sanitation; while Target 11 aims to improve lives of at least 100 million slum dwellers by 2020 as proposed by the “cities without slums” initiative;
- The National Strategy for Growth and Reduction of Poverty (NSGRP) Cluster II Goal 5 focuses on developing decent human settlements while sustaining environmental quality, with regularisation of unplanned settlements being one of the key interventions; Goal 3.4 aims to reduce households living in slums without adequate basic essential utilities; and Goal 3.10 aims to increase the proportion of serviced urban settlements with functioning town planning procedures;
- The National Land Policy of 1995 underscores the need to upgrade and provide the existing squatter areas with adequate sanitation facilities and other basic services, except for unplanned housing in hazardous areas;
- The Human Settlement Policy of 2000 Sections 4.1.4.1 and 4.1.4.2 provides guidance for improvement of unplanned settlements;
- All the above priorities are enshrined in the National Vision 2025 which aims to achieve high quality livelihood for all Tanzanians, good governance, and a strong competitive economy.

1.2.1 Urban Housing Programme

In 1969, soon after attainment of the country's independence from colonial rule, the Government of Tanzania adopted a "slum clearance" policy, which saw replacement of informally built housing with decent constructed by the National Housing Cooperation (NHC).

1.2.2 National Sites and Services and Squatter Up-grading Programme

Between 1972 and 1990 the government, with support from the World Bank, implemented the National Sites and Services and Squatter Up-grading Programme as an alternative to the slum clearance. The programme was implemented in three phases covering seven major regions. In the first phase, urban settlements in three regions were upgraded and 8,800 houses improved. In the second phase, four additional regions were covered and 15,811 houses upgraded. The third phase was entirely financed by the government and covered Dar es Salaam Region (Tanzania's commercial capital) where a total of 7,000 plots were surveyed and 8,103 houses mapped for upgrading.

1.2.3 Sustainable Cities Programme

In 1992, Sustainable Cities Programme was launched and became operational in 1993. The main objective of the programme was to build capacity of the Dar es Salaam City Council to plan, coordinate and manage urban development and growth, with emphasis on improved multi-sectoral coordination and participation. Based on the successes of the programme, its implementation was rolled out to seven other regions countrywide.

1.2.4 Community Infrastructure Upgrading Programme

The Community Infrastructure Upgrading Programme (CIUP) came into force in 2003 with the objective of improving living conditions of low income residents of unplanned settlements by upgrading the existing infrastructure and services, and facilitating their participation in the planning, provision and management of infrastructure services in their respective areas. The project was implemented in two phases. The first phase (2003 – 2008) was funded by Government and the second phase (2008-2012) by the World Bank. However, the CIUP did not include a regularisation scheme and there was no enhance of security of tenure. Consequently, the Ministry of Lands, Housing and Human Settlements Development (MLHSD) introduced urban formalisation and regularisation of unplanned settlements in 2004, in collaboration with local government authorities.

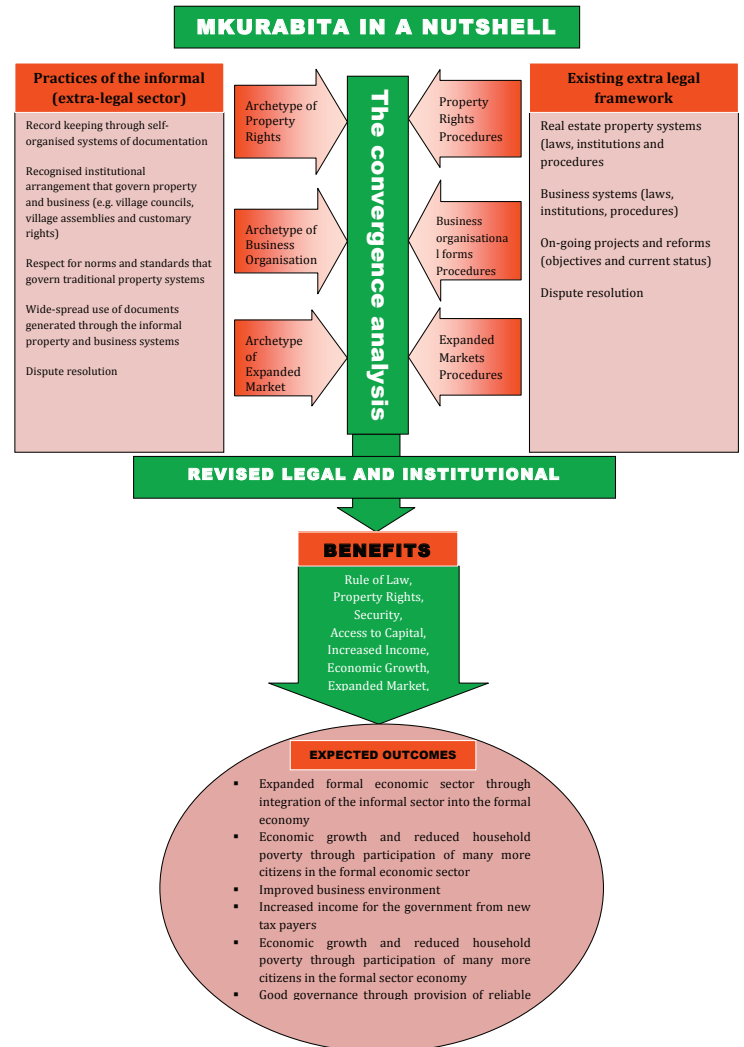
1.2.5 Unplanned Urban Settlements Regularisation Program

The Unplanned Urban Settlement Regularisation Program was conceived in 2004 soon after implementation of the CIUP began. The program primarily focused on identifying and adjudicating properties in unplanned areas and issuing residential licences. The licences were accepted by financial institutions and helped some owners to access credit though limited loan amounts due to the short period of the residential licence (2 years). However, the need for more secure and accessible property rights remained largely unmet.

1.2.6 Property and Business Formalisation Programme

The Property and Business Formalisation Programme, commonly known by its Kiswahili acronym, MKURABITA was initiated in 2004 with an aim of establishing a unified legal and institutional framework that recognises secured and accessible property rights, as an important stepping stone into a wider range of economic benefits available in the formal market. Implementation of the programme began in July 2008 after a successful diagnosis of the extralegal in 2004/05 and subsequent reform design between January 2006 and June 2008.

The programme seeks to facilitate formalisation of property and business assets in the extralegal sector, into legally held and formally operated entities in the formal sector of the economy. The ultimate goal is to economically empower property owners in the informal sector whose entry in the formal market economy will enhance their opportunities to use their assets to access capital and thus improve national economic growth and reduce individual household poverty.



2. PARTICIPATORY URBAN LAND FORMALISATION: MKURABITA INNOVATIONS

2.1 DESCRIPTION

Inadequate involvement of residents in planning, implementation and monitoring of urban settlement programmes, has been widely cited a major gap in the implementation of such programmes. Thus, the Property and Business Formalisation Programme (MKURABITA) approach is premised on the principle of “community participation” as a strategy for promoting wider acceptance, ownership and sustainability of the formalisation process. In the participatory approach, beneficiaries contribute cash through a cost-recovery scheme and participate in the planning and implementation process, hence promoting local commitment and ownership, and substantial local funding, while developing capacity of communities and local government authorities to participate effectively in infrastructure development and delivery of essential services.

The participatory approach has been successfully implemented in Njombe Town Council (Iringa Region), Morogoro Municipal Council (Morogoro Region) and Arusha City (Kilimanjaro Region). The process involves sensitisation of key stakeholders, training of technical teams, property identification, surveying of individual plots, preparation of schemes of regularisation and cadastral plans, approval of schemes of regularisation and survey plans, application for Certificate of Right of Occupancy (CRO), approval by zonal assistant commissioner of lands, registration of the RCO with the zonal registrar, issuance of the CRO, and finally capitalisation of the formalised property.

REFORMS PROPOSED BY MKURABITA

Reforms already implemented through an interim arrangement with the MLHSD:

- Amend the scheme of regularisation provisions to include Mtaa chairperson in land adjudication, considering their ability to identify land owners, list them and authenticate identity and ownership;
- Mobilise communities to contribute in the regularisation process;
- Reduce the timeframe for review of the scheme of regularisation from 60 days (as per the existing regulations) to not more than 14 days;
- Reduce the period within which the Commissioner of Lands is required to respond to a scheme of regularisation notification by the local government authority, from 3 months to 1 month.

Proposed reforms yet to be implemented:

- Amend the Land Act and Regulations (scheme of regularisation) to decentralise most of the approval duties by the Minister and Commissioner of Lands on the scheme of regularisation;
- Amend the Urban Planning Act to decentralise powers of the Director of Surveys and Mapping to approve urban planning drawings, to specialised regularisation agencies or authorised registered town planners at the council level.
- Amend the Land Survey Act to decentralise approval of survey plans by Director of Surveys and Mapping, to authorised registered surveyors at the council level;
- Establish Regularisation Compensation Fund.

There is an interim arrangement between the MLHSD and MKURABITA to implement some of the reforms that involve changes in the existing regulations. The Property formalisation process is quite centralised, long and costly. The scheme of regularisation needs to be initiated, approved and declared by the Minister for MLHSD; recommended and implemented by the Commissioner for Lands. Town Planning drawings are approved only by the Director of Rural and Town Planning, and survey plans is approved only by the Director of Surveys and Mapping at MLHSD. The formalisation procedure is therefore lengthy and costly in the sense that the cost involved in carrying out survey and time input required is a major disincentive to informal property owners to formalize their properties.

2.1.1 Sensitisation of Key Stakeholders

Sensitisation of key stakeholders is a critical step in the participatory regularisation of unplanned settlements. The process primarily involves sensitisation meetings and forum discussions with different stakeholder groups including influential political leaders at the regional and district levels (mainly regional and district commissioners), council management teams, local government leadership at the ward and village levels, and residents of unplanned settlements in the targeted areas. The main objective of the sensitisation activities is to raise the stakeholders' awareness about urban land regularisation in the context of MKURABITA and mobilise their participation in the regularisation process.

By virtue of their positions and stature in the society, regional and district commissioners have considered influence in the communities they serve. They are sensitised through a day's meeting in each district and region, and encouraged to play a facilitative role in raising community awareness about participatory regularisation.



The main objective of the sensitisation activities is to raise stakeholders' awareness about urban land regularisation in the context of MKURABITA and mobilise their participation in the regularisation process.

On the other hand, the role of council management teams is more technical, thus, sensitisation activities to this group focus more on gaining a deeper understanding of MKURABITA (as a programme) and the participatory urban formalisation process (as a concept), time framework for implementation in the target areas, implementation procedures, cost recovery mechanism, responsibilities of different actors and expected outputs. During the sensitisation meetings, Frequently-Asked Questions (FAQs) are also discussed to fully equip the management teams with relevant information on the interventions.

Sensitisation activities to community members and local leaders at the ward and village levels main focus on enabling the stakeholders to understand the following:

- MKURABITA as a programme;
- Objectives of urban land formalisation;
- Processes involved in the formalisation process;
- Importance of urban land formalisation and registration of real property;
- Importance of close collaboration between technical experts, community leaders and target beneficiaries of the formalisation process;
- Need for individual members of the community to provide access to roads for their neighbours, as well as public services such as markets, schools and open spaces;
- Need for cost-sharing to leverage resources for the formalisation process.

2.1.2 Training of the Council Technical Team

Training of council staff is part of capacity development initiatives aimed at enhancing decentralised delivery of formalisation services. The training particularly focuses on:-

- Understanding the MKURABITA program and urban land formalisation objectives;
- Guidelines and procedures for implementation of urban land regularisation schemes;
- Reform proposals on urban land regularisation;
- Processes involved in implementation of urban land formalisation;
- Importance of urban land formalisation;
- Administration of property identification questionnaire;
- Data gathering using Geographical Information Systems (GIS), ArcGIS software;
- Preparation of cadastral plans and deed plans in electronic format using recommended software.



Training of council staff is aimed at enhancing decentralised delivery of formalisation services.

2.1.3 Property Identification, Land surveying and Preparation of Cadastral Plans and Schemes of Regularisation

Property is identified through interview with the owner using a standard questionnaire which also serves as an instrument for recording non-spatial data about each plot. The data includes household characteristics, housing conditions level, services etc. The questionnaire is filled by the property owner or first of kin. In case of an absentee landlord, a notification is left behind for the house owner to come forward and fill the questionnaire. Addition documentation is done through photography. Both activities (interview and photography) are conducted simultaneously alongside land surveying. With both graphics and individual land owner's information, a comprehensive database is established using Geographical Information Systems (GIS) software. The database is a vital source of information for planning, decision-making, allocation of facilities, enforcement of planning control conditions and processing of the Certificate of Right of Occupancy (CRO), among others.

2.1.4 Preparation of Schemes of Regularisation

Preparation of the scheme of regularisation is guided by survey data showing various features on the ground and proposed uses such as road access, open space, public utilities, etc. The process is conducted in a participatory way and involves negotiations to give access to roads and other proposed uses. The negotiations are carried out by local leaders and community members are advised to accept proposals as submitted by technical experts. In situations where demolition is inevitable, an agreement is made, bidding community members to compensate the affected person(s).



Property is identified through interviews with property owners, documentation through photography and surveying of individual plots.

2.1.5 Approval of Schemes of Regularization and Survey Plans

Draft regularisation scheme showing individual property /land, location of infrastructure services and other public utilities is provided to residents within 14 days of preparation for review. Once accepted by the residents, the draft is submitted to Urban Planning Committee for recommendation to MLHSD for approval. In addition to the schemes of regularisation, cadastral plans are also submitted to Director of Surveys and Mapping in MLHSD for approval.

2.1.6 Financial contributions for the regularisation process

During awareness-raising campaigns, an agreement is reached by community members on the amount of formalisation fees to be contributed by each beneficiary for different types of property (residential, residential cum commercial, and commercial). The amount contributed varies from one area to another, depending on the total cost of the formalisation process and value of land in a particular area. Tables 1 and 2 highlight contributions in different areas covered by MKURABITA.

Table 1: Contributions by property owners

Area	Agreed Cost (Tshs.)		
	Residential	Residential/Commercial	Commercial
Morogoro Municipal Council	120,000	200,000	300,000
Arusha Municipal Council	150,000	250,000	350,000
Njombe Town Council	120,000	200,000	300,000

Table 2: Total Contributions from the program sites

Municipal Council	Amount Collected (Tshs.)	Projected Collections (Tshs.)
Morogoro Municipal Council	23,488,864	127,500,000
Arusha Municipal Council	23,400,000	124,800,000
Njombe Town Council	50,092,700	120,360,000
Total	96,981,564	372,660,000

2.1.7 Preparation, approval and registration of the Certificate of Right of Occupancy

Preparation of the Certificate of Right of Occupancy is done by GIS experts at the council level using a specific software known as AutoCad. Once the certificates are printed, they are sent to the property owners for verification before being submitted to Zonal Assistant Commissioner of Lands for approval, and the Registrar of Titles for registration. Both officers are based in the zonal lands office.

2.1.8 Issuance of the Certificate of Right of Occupancy

Once the certificate is registered it can be issued to the property owners. However, the owner is required to pay the agreed formalisation fee in full before the certificate can be handed over to him/her. Experience has shown that the process of preparation of the certificates is slow, since only a few people apply for preparation of the CRO.

2.1.9 Capitalization of the Formalised Property

The registered Certificate of Right of Occupancy can be used as collateral to access credit from a financial institution. In Njombe town where the MKURABITA approach was first implemented, 324 CROs have been registered and 45 property owners have used the certificate to obtain loans from the National Microfinance Bank, totalling Tshs. 692,500,000 million.

LESSONS FROM THE MKURABITA APPROACH

- Involvement of local leaders in community sensitisation and education on the objectives, procedures and benefits of formalisation, is an effective way of gaining community acceptance and participation in regularisation programmes. The leaders have been highly instrumental in facilitating agreements among community members to contribute funds towards regularisation schemes;
- Training of council teams is a critical capacity development strategy for successful decentralization of formalization services;
- Decentralisation is an effective strategy for increasing efficiency in service delivery;
- Participatory regularisation is an effective approach for leveraging resources for regularisation schemes. Through this approach costs of the formalization process are covered by the beneficiaries. The beneficiaries also pay compensation to affected persons making the initiative very participatory, sustainable and easily replicated in other areas.

3. WAY FORWARD

(a) Consolidating the MKURABITA approach

After successful implementation in a township (Njombe), municipal council (Morogoro) and city council (Arusha) the MKURABITA approach will be implemented in more urban centre to entrench the implementation arrangements. A guideline on participatory regularisation will be prepared in order to standardize the operations

(b) Linking the Regularised areas to the main property management system

The GIS laboratory that is established by MKURABITA facilitates storage of electronic data and maps for regularized areas. The information that is available in hard form will be digitized in order to develop electronic copies for better management and administration of properties in the urban councils.

(c) Supporting capitalisation of formalised property

One major task that MKURABITA performs is collection of information on the financial services available from all financial institutions. This information is provided to the owners of properties in order to encourage use of their properties to access capital. Information on the “would-be” customers is also provided to financial institutions to promote access to financial services.

(d) Rolling out and institutionalising the MKURABITA approach

The Ministry of Lands, Housing and Human Settlements Development is developing a national program for regularisation and mitigation of unplanned settlements. MKURABITA has provided inputs to the program and will continue to build capacities of at least five urban councils each year.

(e) Sustaining the political commitment to Inclusive socio-economic development

In the 2010 ruling Chama cha Mapinduzi (CCM) party manifesto Article 20, inclusive socio-economic development is emphasised in line with the country National Development Vision of 2025, The National Strategy for Growth and Reduction of Poverty, Millennium Development Goals, The Property and Business Formalization Program and Kilimo Kwanza (Agriculture First). Other relevant Articles are 57, Article 59 (f) to Article 60 that explains the use of GIS in land management and administration and decentralization.



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