



FINANCING COMPULSORY LAND ACQUISITION PROJECTS IN TANZANIA: ROADBLOCKS AND A WAY FORWARD

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KEY MESSAGE



This policy brief outlines the significance of compulsory land acquisition (CLA) in Tanzania and emphasises the fundamental role of adequate financing of acquisition projects. Due to inadequate funds, land acquisition for national development projects and infrastructure expansion in Tanzania has been marked by significant discrepancies between legal requirements and actual practices.

The financing modality, particularly the reliance on government budgets, has led to project delays and inadequate compensation for Project Affected Persons (PAPs). This policy brief outlines key challenges in financing CLA and recommendations on financing options towards effective and equitable compulsory land acquisition processes.



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BACKGROUND AND CONTEXT

CLA is an important tool used to provide land for various urban developments, such as the construction of roads, social amenities, manufacturing industries and other urban developments. In Africa, the demand for land to develop public facilities and infrastructures for safety and security, health and welfare, and social and economic enhancement of the community has been on the rise in its major cities, calling for more CLA undertakings as guided by country laws. Tanzania is governed by the Land Acts of 1999, the Land Acquisition Act of 1967 and the Valuation and Valuers' Registration Act of 2016. Its application to projects implemented in Dar es Salaam city has been associated with notable implementation challenges partly explained by the financing modality adopted.

A good financing modality is key for a successful land acquisition project; its absence may negatively affect displaced people and the intended development. Several financing modalities are suitable for CLA, such as budgetary allocation and debt financing. However, the challenge is inadequate funds to implement the projects on time successfully. Hence, for workable urban development, there is a need for relevant financing modalities and processes in CLA so that any resettlement does not become a constraint to the implementors and the community at large (FAO,2008; Price, 2020).



Road construction activities at Luguruni, Dar es Salaam city (Photo by Elitruder during fieldwork in 2020)



Methodology

The experiences and lessons in this brief are drawn from various urban development projects in Dar es Salaam, Tanzania. The research utilised a case study method focusing on 11 large-scale development projects with accessible data on CLA and project financing. It involved documentary reviews of CLA laws, valuation reports, and records from the Ministry of Lands, Housing and Human Settlements Development (MLHSD), covering acquisition projects in Dar es Salaam city from 2005 to 2022. Data were gathered through key informant interviews with 28 professionals from land departments, including planners, surveyors, land officers, and valuers, regarding CLA implementation, financing modalities, fund sources and amounts, implementation stages, timeframes, valuation and compensation methods, payment processes and encountered challenges. Data analysis employed narrative and descriptive statistical methods, including cross-tabulation, to assess adherence to procedures, the impact of funding sources on implementation, project timing, and compensation adequacy.

Findings

One of the pivotal factors influencing the success of land acquisition projects is the choice of financing modality. Drawing from experiences in Dar es Salaam, Tanzania, where 11 projects under the Ministry of Land Housing and Human Settlements, several issues have been identified within the realm of financing the projects as follows:

Inadequate Funds and Poor Financing Modalities Compulsory land acquisition projects in Tanzania are funded by government budget allocation.

The reliance on budgetary allocations often results in insufficient funding, thus becoming a hurdle towards timely and effective implementation of acquisition projects to meet the ever-growing demand for basic services and new infrastructure. For example, 75% of Tanzania relies solely on the government budget, and 18% involves a combination of government budget and debt.

Such overreliance on limited government budgets hampers compliance with legal requirements, causing project delays, escalating compensation costs and triggering objections from Project Affected Persons (PAPs). Insufficient compensation to PAPs further intensifies challenges, impeding their ability to restore livelihoods post-relocation.

In Dar es Salaam, inadequate funding has delayed nine out of eleven studied projects. Some projects have endured prolonged compensation delays, such as the Kipawa project being delayed for an extreme 12-year duration. Additionally, there have been several compensation cases on inadequacy compensation, from around 11,256 in 2011 to over 63,000 cases in 2022 in Tanzania, whereby 19% of cases are from Dar es Salaam.

Addressing these financing challenges is imperative to ensure smoother implementation and mitigate adverse impacts on affected communities.



Limited PAPs participation towards project planning and budgetary requirements

There have been several objections to compulsory acquisition projects due to delayed compensation, which hinders development. Findings reveal that little involvement of PAPs during acquisition is the leading cause of objections, whereby 88% of the PAPs were only informed about the project during preliminary stages (intention to acquire).

At the same time, other aspects of participation, such as listening to the public, engaging in problem-solving and developing an agreement, were only attained at 8%, 4% and 0%, respectively. All these factors limit proper project planning and budgeting during acquisition projects and thus make uninformed decisions by the implementors.

Recommendations

Proper planning of CLA

The government should make it mandatory for any acquiring authority to properly plan the projects, which entails developing a resettlement action plan and securing adequate funds for project implementation prior to the commencement of the acquisition process. The emphasis is on having budgeting that reflects the actual costs of land acquisition, including fair compensation for PAPs. It has been observed that projects that develop Resettlement Action Plans (such as projects funded by the World Bank) have been implemented successfully.

Diversification of Financing Sources

It has been observed that most compulsory acquisition projects use budgetary allocation as a financing mode. However, findings reveal that this mode needs more funds to implement the acquisition successfully.

Although big projects such as those of physical infrastructure still call for budgetary allocations, since the provision of public goods is still vested to the government, ways such as:

- Reviving compensation funds under the Ministry of Land should be established to address the problem of inadequate budget, as this approach has worked best in some countries, such as Namibia.
- Encourage a balanced approach to financing by combining government budgets with external sources such as loans.
- Ensure that financing arrangements adhere to governance principles and legal requirements.

Securing the willingness and participation of landowners is paramount for successfully implementing land acquisition

To successfully implement all projects, all initial activities must be geared towards making available land that can be obtainable from willing sellers or those willing to relocate to pave the way for new development. The findings suggest that securing the willingness and ability of the people who hold some rights on the land is key to successful implementations of the projects, which can be attained through their full consultation and involvement before and during the execution of acquisition projects.

The legal frameworks talk of PAP participation, but the details of how and the extent of the involvement still need to be included. Thus, there is a need to back up PAPs' participation and consultation processes with guidelines to ensure their full participation in informing the public, listening to the public, engaging the public in problem-solving, and developing agreements.



Legal Compliance

Adherence to existing land acquisition laws and regulations through transparent and accountable financial practices is crucial to bridging the gap between legal requirements and implementing sustainable and inclusive compulsory land acquisition practices in Tanzania.

CONCLUSIONS AND WAY FORWARD

To enhance the effectiveness of compulsory land acquisition in Tanzania, proper financial planning for projects, diversifying funding sources, and ensuring legal compliance during implementation are imperative. By aligning with these policy messages, Tanzania can overcome the challenges associated with compulsory land acquisition and attain sustainable urban development that benefits both communities and the government.

ACTION PLAN



Awareness and Advocacy Campaign:

A communication strategy will be devised to disseminate key policy brief messages to stakeholders, including government officials, NGOs, and the community. Workshops and seminars will be organised to raise awareness about the importance of CLA and the necessity for adequate financing. Various media channels, such as television, radio, newspapers, and social media platforms, will be utilised to reach a wider audience.



Stakeholder Engagement and Consultation:

Consultative meetings will be organised to gather feedback on policy recommendations and solicit input for implementation strategies. Active participation and input from Project Affected Persons (PAPs) and representatives from government ministries and development agencies will be encouraged to ensure their concerns and perspectives are adequately addressed.



Policy Review and Reform:

A comprehensive review of existing land acquisition laws and regulations in Tanzania will be conducted to identify gaps, inconsistencies, and areas for improvement. The focus will be on strengthening provisions related to financing modalities, PAPs' rights, and community participation. Relevant government bodies, parliamentary committees, and legal experts will be engaged in the policy reform process to ensure the effective implementation of legislative changes.



Capacity Building and Training:

Training programs and capacity-building initiatives will be developed for government officials, land administrators, valuers, and other stakeholders involved in the land acquisition process on financial planning, budgeting and compensation mechanisms. Partnerships with academic institutions and international organisations will be fostered to facilitate knowledge sharing and skills transfer.



Financial Planning and Resource Mobilization:

A dedicated fund or compensation fund will be established under the Ministry of Lands to ensure adequate financing for compulsory land acquisition projects. Alternative financing sources, such as loans, grants, public-private partnerships, and donor funding, will be explored to supplement government budgets and diversify funding streams.



Monitoring and Evaluation:

A monitoring and evaluation framework will be designed to assess the progress and impact of policy implementation initiatives related to the financing of CLA projects. Key performance indicators (KPIs) and benchmarks will be defined to measure project timelines, budget adherence, PAPs' satisfaction, and compliance with legal requirements.



REFERENCES AND APPENDICES

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