



Impact of formalisation of property rights in informal settlements: Evidence from Dar es Salaam city

Ali Parsa^{a,1}, Fahad Nakendo^b, William J. McCluskey^{c,*}, Mark W. Page^d

^a School of the Built Environment, University of Salford, Maxwell Building, Greater Manchester M5 4WT, UK

^b Regeneration and Neighbourhoods Directorate, Southwark Council, 160 Tooley Street, London SE1 2TZ, UK

^c Built Environment Research Institute, University of Ulster, Shore Road, Jordanstown, Co. Antrim BT37 0QB, N. Ireland, UK

^d Mark Page Associates, 15 Toronto Place, Leeds LS7 4LJ, West Yorkshire, UK

ARTICLE INFO

Article history:

Received 16 September 2009

Received in revised form 8 December 2010

Accepted 13 December 2010

Keywords:

Property rights

Tenure

Poverty

Institutions

Finance

ABSTRACT

This paper aims to study the responsiveness of the informal property market and management systems towards the introduction of land registration for informal settlements in Tanzania. City governments are increasingly recognising the need to strengthen legal rights for the urban poor as a means to bring them more effectively into the urban economy and ensure better provision of water, sanitation and other primary services. The research focuses on Tanzania and in particular two case studies within Dar es Salaam. The findings of the work suggest that the introduction of residential licenses whilst potentially assisting in creating legal certainty has not resulted in the financial sector accepting them as full security against loans. Accessing credit by the poor however has not yet been fully realised resulting in some further hurdles for the financial sector to overcome. Finally, and of some significance is the registration of property in the informal settlements has provided the opportunity of formal property transactions within these settlements.

© 2010 Elsevier Ltd. All rights reserved.

Introduction

The developing world's urban growth has major impacts on peri-urban land values, bringing great windfall gains to those who can successfully assert a claim to this land and rising insecurity for others living there. Within urban areas, squatter communities are usually not recognised by the state and hence have no access to basic services. As Toulmin (2008) asserts most land in sub-Saharan Africa has no formal documentation as to who owns it or has rights to use it. Their rights to the land and housing which may have sheltered them for many years are frequently swept aside when more powerful interests seek to acquire this land (Ben et al., 2005). Evictions are a constant threat given the rapid increase in land values for building plots.

As Besley (1995) contends city governments are increasingly recognising the need to strengthen rights for the urban poor as a means to bring them more effectively into the urban economy and ensure better provision of water and sanitation. Neighbour-

hood associations and federations of the urban poor are playing a major role in some cities, to survey, enumerate and negotiate their rights to occupy urban land. The commitment of governments to significantly improve the lives of the urban poor, enshrined in the Millennium Development goals, provides further impetus for more innovative approaches to securing urban land rights (Camilla, 2006).

In Africa it is estimated that 70% of the urban population live in slums (informal settlements). Squatter populations in big cities are highly vulnerable to dispossession (Berner, 2000). The consequences of these evictions are severe: property is destroyed, assets are lost, social networks are broken, and access to essential services is lost. Innovative tenure systems are needed to strengthen the rights of squatters and slum-dwellers, and enable a negotiated solution instead of forced evictions. A phased approach makes best sense in which it is possible to upgrade the legal rights of the poor over time (Mooya and Cloete, 2005; Kombe and Kreibich, 2001).

Observations from different research show that in many Third World cities, urban land can either be obtained formally or informally, and that the informal sector provides much more land to land seekers (including the majority of the poor) than the formal sector (Kyessi, 1994). Yet, the workings of the informal land sector are usually ignored, and are hardly understood or documented (Durand-Lasserre, 2003; Halla, 1997; Mabogunje, 1990a,b).

* Corresponding author. Tel.: +44 028 90366567; fax: +44 028 90366826.

E-mail addresses: a.parsa@salford.ac.uk (A. Parsa),

Fahad.Nakendo@southwark.gov.uk (F. Nakendo), Wj.mccluskey@ulster.ac.uk (W.J. McCluskey), mark.page@btinternet.com (M.W. Page).

¹ Tel.: +44 028 9036 6283; fax: +44 028 9036 6826.

In countries where Governments have supported private land ownership systems, high costs reinforced by inappropriate regulatory frameworks, have forced many lower income households into unauthorised settlements. The resulting insecurity has been compounded by the requirement of financial institutions for title deeds as collateral for loans (Besley, 1995; Payne, 2003). Despite the fact that people living in informal settlements own properties, these properties are termed as 'dead capital' as they are not recognised and hence do not have formal property rights which can be used as collateral to raise cash, or in other ways transform the assets into productive capital (Herbert, 1999). De Soto (2000) and Payne (2003) recognise that millions of people in the developing world live without adequate property rights. These people expect to increase by nearly 37 million annually to reach 1.5 billion by 2020, thus people continue being poor due to a lack of property rights.

Tanzania's informal urban land reform has evolved on the backbone of formalising property rights, as a strategy for reform aimed at overcoming poverty and under development as well as empowering the marginalized, with the focus of formal recognition of 'extralegal' property. This according to De Soto (2000) is due to the fact that the poor of the world in informal settlements and backward rural areas hold assets worth trillions of dollars in the form of houses, buildings, land and small businesses that are not adequately documented and hence these assets cannot readily be turned into capital. As Sjaastad and Cousins (2008) suggest, the poor do not lack assets, they only lack the formal protected rights necessary to make these assets engines for market activity. Jones and Nelson (1999) strongly contend that poverty can be reduced if assets owned by people living in informal settlements are formalised and hence used as collateral.

The Tanzanian Urban Land Management and Reform Project has been a subject of much research in recent years resulting in many publications such as (Kyessi, 2006; Nnkya, 2004; Lupala, 2003; Kironde, 2003a,b; Halla, 1997; Kombe, 1995). These different research publications and findings have been very important in understanding the fabric of urban land management in developing countries in particular Tanzania. However, there is still a lack of knowledge of the contemporary issues affecting the Tanzanian informal urban land market.

As such a number of fundamental research questions need to be addressed. For example, how has the introduction of property titling affected the land and property transfer mechanisms in informal settlements? What has been the impact of land registration system towards the access of credit by informal property owners in informal settlements? What are the development procedures and regulations that are followed within informal settlements with the introduction of property title? To what extent does the payment of the property tax legitimise the taxpayers 'ownership' of real property. And finally, how has the property titling impacted on the actors in the property investment market in terms of current expertise and qualification? These questions as such need to be addressed in order to gain a thorough understanding of the management and regularisation of the informal property market in Tanzania.

The broad aim of this paper is therefore to study the responsiveness of the informal property market and management systems towards the introduction of land registration for informal settlements in Tanzania. The paper briefly provides a global perspective on the challenges of urban growth and development in the developing world as well as a brief introduction on Tanzania's urbanisation, urban land delivery and security of tenure. Its main focus is an analysis of the impacts of property titling in informal settlements on the management and regularisation of the informal property market in Tanzania, with specific reference to Dar es Salaam city. It concludes

with recommendations for a more streamlined informal property market management and regularisation in Tanzania.

Methodology

The methodology is qualitative in nature with primary research based upon evidence presented through interview techniques including structured interviews. This is supported by secondary data sources on informal settlements. In the context of this paper, preliminary structured interviews were employed to test issues drawn from the literature and wider knowledge of Tanzania and Dar es Salaam. Analysis of the performance of the informal market focusing on the land registration program, a series of semi-structured interviews were conducted involving senior policy makers from different government departments and agencies concerned with economic and urban policy formulation and implementation. The questionnaires and interview program were designed to enable detailed exploration of perceptions and actual experiences of all the identified stakeholders, both in the public and private sector in respect to a range of institutional processes and capacities that do or may impact the performance and management of the informal property market. These include the land transfer mechanisms, development procedures and regulations, impact on credit access, as well as the possible impact on actors in the property investment market.

Participants in the interview operating in the informal property market were largely drawn from stakeholders that are identified as key to the extra legal sector including property owners, local leaders and informal savings and credit scheme operators. The interviews were focused on whether such operators had paid any consideration to the possibilities of shifting from informal operation to formal engagements. Furthermore, interviews with key stakeholders including decision makers, formal lending and saving institutions and private property firms explored issues such as the need for poverty alleviation, formalisation of property title as methods of strengthening the informal market and providing security of tenure to households. Overall a total of 162 interviews in several categories were carried out (see Table 1).

Literature review

Several studies have been made on land and property development issues both in developed and developing countries (Kironde, 1998, 2000, 2003a,b; Healey, 1991). The most widely used models of the development process in capitalist economies include the neo-classical models, emphasising that development decisions are made individually within the market framework (Healey, 1991). Event sequence models identifying the various stages of the development process using the 'development pipeline' concept describing the flow of development schemes (Kironde, 1991); agency models, focusing on various actors such as land-owners, developers, planners and financiers in the development process,

Table 1
Categories and number of interviews conducted during the fieldwork.

Category	Number
<i>Public</i>	5
<i>Private</i>	
Property owners	150
Property investment and consultancy firms	4
Banks	2
Savings and credit cooperatives	1
Total	162

Field study.

Download English Version:

<https://daneshyari.com/en/article/93351>

Download Persian Version:

<https://daneshyari.com/article/93351>

[Daneshyari.com](https://daneshyari.com)