Numerous studies have focused on the nature and transformation of former socialist regimes in Eastern Europe and their impact on existing institutional arrangements. Little attention, however, has been paid to formerly socialist states in Africa. Our paper seeks to address this gap by investigating how institutions have been affected by reform and in turn how they have affected the patterns of rural transformation. Institutionalist theory includes consideration of what happens when existing habits of thought are no longer capable of coordinating economic activity, due to a shift in the rules, organizations, or erosion in capacities—a situation termed ‘institutional hiatus’. The end of socialist patterns of production and distribution in Tanzania, as in the former Soviet bloc countries, can be understood in terms of institutional hiatus and carefully examined for the development of new attitudes, new incentives, and new behavioral practices. Unlike the typical neo-liberal view that dichotomizes socialism and reform, we posit an approach that recognizes that the reform outcome is greatly shaped by the character of previous institutions. While our research focused on a number of important elements including: (property rights and land holdings; the mix of subsistence versus commercial agriculture; the organization of production and

1 Earlier versions of this paper were presented at the Annual Meeting of the African Studies Association, Chicago, October, 2008 and at the European Conference of African Studies, Leipzig, June, 2009
marketing; accessibility to and price of inputs and credit; and the transformation of rural infrastructure (e.g., irrigation, roads, electricity, transportation) and extension services, this paper will offer a preliminary analysis of two areas: property rights and marketing.

**Historical Background**

Villagization fundamentally altered people’s relations to the land and forcefully demonstrated the power of the state (Shivji 1998). Radical title over all land in Tanzania had since German colonial times been vested in the state and those dispossessed of their land for European plantations had felt the full measure of this. Intense conflicts arose in various parts of the colony, most notably in Arusha and the Southern Highlands.² Technologies of power may have changed from colonial times to the present, but state attempts to assert control over land remain a historical constant. Proponents of neoliberalism promote the titling of land as a necessary step to secure tenure, stimulate investment, and enhance productivity. When the government with the 1983 National Agricultural Policy announced its intent to demarcate and title all villages, it was billed as a defensive policy to protect villages from outside encroachment. Several commentators have argued that it instead opened up more land to state control and, in turn, to private investment because the government had had problems acquiring land in the past due to villages’ insistence that “all land was village land” (Sundet 1996; Tsikata 2003). Yet although the government sought to have all villages titled by 1992, as of June, 2006, 291 out of 10,832 villages in Tanzania have been issued with certificates of village land.

² We thank Jim Giblin for helping me contextualize more accurately conflicts over land.
indicating surveying and titling. More than half (151) of the total was in a single district Mbozi in the Mbeya region (Gastorn, 2007).

As difficult as it has been for villages, even more challenges face the individual smallholder. The process is expensive, requiring application fees, technician fees for plot surveys, “facilitation” costs to the village land committee and district land registrar, court registration fees, lawyers fees, and travel costs, and it takes months, even years, for the very few who pursue it (Odgaard 2003; Shivji 1998). As one might expect, it is primarily elites who obtain land titles. The Report of the Presidential Commission into Land Matters (1992) stated that “only relatively large holders—over 200 acres—register their land. The rest own under customary rights” (Shivji 1998). Odgaard confirmed this in her work in Iringa district; after years of research, she did not find a single smallholder who has formally titled their land (Odgaard 2003). Daley, meanwhile, discovered that the exorbitant costs of official titling (beginning at Tsh 300,000 in the years 1999-2000) led to the—technically illegal—alternative of registering land with the local village government (specifically, the village land committee). This reduced the costs to ‘sitting allowances’ for the committee members at Tsh 5,000 per acre (Daley 2005b : 553-554), but did not always prove to be a worthy investment given that the land committee could revoke land transactions for political and other reasons (Daley 2005b : 561-62).

Contrast these descriptions, then, with the recent full-page “advertising supplement” for Tanzania that appeared in the March 25, 2007 issue of New York Times Magazine. Extolling the merits of investing in Tanzania, it states: “With a diversity of different soil types and different altitudes we can offer a wide variety of options for farming investors. They can select their preferred crop and have the title deed approved
within a matter of weeks. It is all very investor-friendly” (Summit Communications 2007). It would thus appear that critics of the titling program are indeed justified in doubting the government’s stated intentions to protect the land rights of its citizens.

A number of recent studies have emerged analyzing the effect of recent land tenure reforms on rural populations in Tanzania (Coldham 1995; Giblin 2002; Mvungi 1996; Shivji 1998; Sundet 1996; Wanitzek 2005). Some have focused specifically on the impact of these changes on women (Manji 1998; Tsikata 2003), while others have focused on the escalation of conflicts that have ensued, especially between farmers and pastoralists (Maganga 2003; Odgaard 2003; von Oppen 1996). What emerges from this literature is undeniable evidence of decreasing security of tenure and increasing economic differentiation resulting from land and free market reforms, a pattern also noted for postsocialist countries throughout Eurasia (Bridger 1998; Hann 2006; Hann 2003; Mandel 2002)

**Data Gathering**

In July and August 2008, we conducted interviews in five villages in Iringa Region: two villages in Kilolo District, a highland, mountainous, high rainfall zone; and three villages in Iringa District, including two in the region’s dry northern fringe bordering the Ruaha National Park. Our original intent was to identify pairs of villages in two of Iringa’s four ecological zones, with one village in each pair being a pre-Ujamaa village and the second a product of the villagization campaign of the late 1960s and early

---

3 Fieldwork was conducted 13 July- 3 August by Faustin Maganga, Institute of Resource Assessment, University of Dar Es Salaam, Rie Odgaard, formerly Danish Institute of International Affairs, Howard Stein and Kelly Askew, CAAS and Dept. of Anthropology, University of Michigan. Five villages were covered in all three from the Iringa District (Idodi, Makifu and Magulilwa) and Kilolo District Lulanzi and Ukwega).
1970s. We would then compare them in terms of: population demographics; range of livelihood strategies and productive activities; extent of communal labor in present practices; access to inputs (such as fertilizer, seed, mechanization); variations in infrastructure (roads, agricultural extension services); access to public services (schools and health clinics); and presence of communal assets. Although Iringa has a reputation for having been a particularly heavy hit area for forced villagization, we had reason to believe that there remained some traditional, pre-Ujamaa Hehe settlements in the more remote areas of the Udzungwa Mountains. To our surprise, we could not locate even one. Every village we visited or inquired about in Kilolo District was established during villagization. We did, however, locate a pre-Ujamaa village in Iringa District and, though its representativeness is questionable given its singularity, we have drawn some fruitful contrast between it and the Ujamaa era villages we visited. In each village we visited, we met first with the Village Council, and afterwards interviewed individual villagers (around 40) representing diverse socio-economic, generational, educational and gendered strata.

A final determining factor in our selection of villages was the process of land titling that is actively underway in Iringa. All land in Tanzania falls into three categories: village land (70%), general land (for investment purposes)(2%), and national parkland(28%). Under Tanzania’s 1999 Land Law, customary rights to land (‘Deemed Rights of Occupancy’) were given equal footing under the law as statutory rights (‘Granted Rights of Occupancy’). Despite having their property rights in land legally recognized in this manner, villagers are being strongly encouraged by external donors and IFIs to formalize their rights via titling. Iringa is one of five regions (Iringa, Mbeya,
Manyara, Mtwara, Arusha) that has received substantial donor support to facilitate titling of village lands. Three of our five sample villages are currently pursuing individual land titling. Titling is part of the agenda promoted by the World Bank and other donors in their effort to extend privatization and private property rights in Africa.

**Titling, Property Rights and the Donor Agenda**

At the center of the reform in both developing and transitional economies has been the question of property rights. The classic work on property rights emerged in the 1960s from people such as Alchian [1965] and Demsetz [1964]. They emphasized that private property rights were central to economic efficiency and economic progress. Individual rights to use, sell and transform property were paramount. Individuals must be free to enter contracts and these contracts must be enforced. Implicit in this analysis is the universal neo-classical notion that efficiency can only be achieved by ensuring that impediments are removed to the rational decision making of self-seeking individuals. In the atomistic world of neo-classical economics the right to decide what, when and how to produce must be vested in individual production decisions.

The axiomatic belief in the superiority of private property in all circumstances has been firmly entrenched in the strategies used by the IFIs. In the context of Africa, the Bank argued in 1989 that the best method of increasing entrepreneurship is "to remove undue regulatory constraints, protecting property and contract rights and improving the public image of entrepreneurs" [World Bank, 1989, 135]. In the context of agriculture, the same report argued that farmers must be given incentives to change their ways through the "right to permanently cultivate land and to bequeath and sell it" [ibid, 104].
The emphasis is not only on the privatization of property rights but in the speed in which it is undertaken. The 97 WDR on the state argued "the longer privatization is delayed the more entrenched management of state enterprises can become" [World Bank, 1997, 63].

After 1999 when the World Bank and donors re-discovered the importance of “poverty reduction”, a new more powerful rationale for titling surfaced due partly to the work of Hernando de Soto. De Soto (2000) argues that poor people have large assets, such as land, which they cannot tap because they are not legally recognized. “Dead Capital” (de Soto’s term for untapped assets) can be turned into “live capital” through titling. This could be accomplished in different ways: the poor can liquidate these assets and supply themselves with cash, or else they can use their assets to borrow for collateral, which would allow them to invest in businesses and therefore pull themselves out of poverty. Based on experiences in Egypt and Peru, the project has been a disappointment and has not increased the accessibility of credit to the poor. This is perhaps unsurprising: even a cursory understanding of the behavior of Bankers indicates that they have little interest in foreclosing on properties in general, and even less interest in doing so in poor rural areas. Lending to poor people is far too risky even if they have an option to seize their plots.4

CONCERN Worldwide, an Irish NGO that has been active in Tanzania since 1979, initiated in 2005 its “Rights Based Programme for the Fulfilment of the Right to Adequate Food and the Right to Land for Poor and Vulnerable Citizens” at the cost of 1.8 million Euros for an initial three year period (2005-07). It was recently extended an additional two years and is now expected to end in December 2009. It is a program

---

4 For a discussion of this, including a review of the literature on titling in Peru and related matters, see Mitchell, 2007.
bearing the clear imprint of the World Bank and de Soto. Given the high cost of titling, the process of land titling in Tanzania was moving most rapidly in villages that were being directly supported by donors such as CONCERN.

Individual titling (obtaining what is called Customary Right of Occupancy – CRO) first requires that the village develop a Village Land Use Plan, be surveyed, and receive a Village Land Certificate. Only after the village is titled, can individual titling be pursued. In Iringa District, out of a total of 119 villages, 67 have Village Land Certificates. The steps for acquiring an individual CRO include first applying to the Village Council, and if no problems emerge, presenting the application to the Village Assembly. If there are no disputes, then the plot needs to be surveyed and registered with the district and again with the Ministry of Lands in Dar es Salaam. The entire endeavor is very costly (Tsh 300,000/= on up) and the only way that the process began in Iringa is through the subsidization of CONCERN, which only required each farmer that it included in the program to pay a total of Tsh 5000/=. One significant problem is that CONCERN has budgeted and plans to subsidize 20 villagers in each of its 32 project villages, villages that on average include between 3000 and 5000 villagers. That amounts to 640 individual CROs that they will subsidize. The CONCERN officer for Iringa, however, admitted that they received over 6000 applications to the program, so this clearly has introduced a new measure of inequality within the villages and potential cause for resentment. We interviewed in three villages that were undergoing the titling process. In Lulanzi (highland zone), 117 villagers (out of a village population of 3273) had applied for CROs but because it had no external support, the process seems to have ended there. In Makifu (northern fringe), one of the CONCERN project villages, 100 villagers
had applied for CROs, of which 30 had completed land surveys. In Idodi (northern fringe) another CONCERN project village, 96 villagers had applied, of which 47 had completed land surveys. In no village we visited had any villager actually received an approved and finalized land title, though the reigning belief was that the titles were at the district land office and would soon arrive (although we were shown copies of titles in our visit to the office of the land officer in Iringa district office in Iringa town).

According to CONCERN’s Partner Support Officer for Iringa region, villagers benefit from land titling because it provides them with an asset they can use as collateral to obtain loans. The aim, he explained, is to empower people by helping them recognize and claim their own land. This would “ondoe ule unyonge wa fikra” (alleviate their sense of oppression). When asked if he was at all worried, especially in light of the foreclosure crisis in the US, that this would put poor rural villagers at risk of losing a prime asset, he responded, “That’s why we don’t want to go too far. We want people to know their rights, but we don’t want to know how they use them.” He confirmed that Tanzanian government officials had voiced similar concerns about the risks involved in using land as collateral for loans and said that government’s implementation of the 1999 Land Law would discourage this from happening. He also admitted that land titles would make it easier for people to sell their land when in need of money, for it would negate the necessity of having to first obtain the permission of the Village Council. Finally, he also admitted that it was unlikely banks would lend on the basis of CROs in small villages (a far cry from where our interview began with this being the prime reason for pursuing titling).
Interviews at the Iringa branch of the Cooperative and Rural Development Bank (CRDB) confirmed the impediments to small farmers of gaining access to credit, even those with land titles. As outlined by the CRDB Branch Manager, there are five steps to getting a loan:

1) opening an account (or providing evidence of this with another bank, eg. bank records from other bank)

2) having a minimum balance of Shs 100,000

3) six months of operation of a CRDB bank account or evidence from another account

4) application of a loan followed by the visit of a loan officer to the business/property with cash flow and asset statements

5) Two property value assessments of: an internal assessment and an outside assessment

To his knowledge not a single loan had been issued from his bank to a title holder and he doubted it would ever happen. Most loans to farmers are guaranteed by DANIDA’s PASS program (Private Agricultural Sector Support). They almost always prefer to go through PASS, which does not require a title and guarantees 75% of the principal. Moreover, these loans do not have a limit (and have been as high as a billion Tsh). For the most part large loans have gone to large companies like the Mufundi Tea Company.

---

5 This seems quite consistent with the evidence from Mbozi district which issued more than 1400 customary land rights. Gastorn (2007) discusses the case of the Mbozi resident Gervas Paulus Mohogo who was used as the one example by the government of a farmer who received credit based on his certificate of customary right. A study undertaken in 2005 to investigate the impact of titling in the district could not find any examples of any farmers receiving credit after received the title. Their investigation of Gervas revealed that he received credit for a tractor largely based on a plethora of onerous conditions including a mortgage on a house he owned in an urban area and a chattel mortgage on the tractor which was jointly owned by the Bank and Gervas.
This begs the question of why the titling process is being pursued with such vigor by external donors. Titling does not bestow land ownership on villagers since their customary rights were legally recognized in the 1999 Land Law. Nor does it facilitate their access to bank loans. While the initial step towards individual titling of resolving any and all disputes pertaining to a plot may indeed be of benefit to villagers, the only remaining justification from our interview with CONCERN is that it alleviates villagers’ sense of subjugation and reminds them that they indeed own something. Land ownership is not, however, the only domain in which donors are pressing for private property rights. Another area is the development of markets.

**Input and Output Markets**

Markets are institutional constructs. If we see institutions as habits of thought or socially prescribed correlated behavior, then markets reflect a set of correlated behavioral patterns which structure and support the exchange process. Exchanges do not spontaneously arise from self-seeking behavior, but from a confluence of factors and forces often including significant forms of state support and intervention. Their operation is characterized by institutionalized or habitual patterns of behavior of customary, legal, economic and political origin.

In response to pressure from donors, property rights in agriculture in Tanzania were also realigned through the retraction of state involvement in the marketing of outputs and the procurement and the subsidization of inputs. The driving force behind the transformation was the faulty notion that markets would best work through unimpeded movement of prices.
Flexible prices reflecting demand and supply in local and world markets [is] the best way to signal to farmers what, how much and when to produce … if farm gate prices reflect world market conditions when the world price of an export crop is low, farmers will have an incentive to switch their efforts to other crops with relatively higher value (World Bank, 1989, p. 91)

For this to operate, the right to market products would need to be handed to the private sector:

Flexible prices call for a marketing system in which private traders are allowed to compete. A vigorous private sector could process and market agricultural produce efficiently and rising investment could combine with new technology to steadily raise yields (World Bank, 1989, p. 91-92)

While market systems based on the private distribution of outputs can play a role in agriculture, the World Bank vision of reform was driven by a misconceived neo-classical economic notion of markets as the spontaneous interaction of self-seeking individuals operating through flexible prices. This concept was the driving force behind the changes in agriculture markets in Tanzania with problematic consequences. The old system of state and cooperative supported markets was replaced by a private trading system of unlicensed and unregulated walanguzi or petty traders. They typically communicate through informal networks via cell phones to ensure monopsony buying by not competing in the same areas. As villagers in Idodi put it “businessmen collaborate among themselves to set prices now” although they are now trying to respond and find alternative markets. Their proximity to much better roads and availability of a local storage facility might give them greater options compared to most other villages in the region.

In Kilolo the district agricultural officers indicated typical markups of more than 100% compared to farmgate prices. The lack of storage facilities for most cash poor farmers generally means the selling of produce at the worst possible time. As one
agricultural officer put it in Kilolo, “Big farmers can delay until prices have risen. However, poor farmers are in desperate need for cash and sell at the worst time just after the harvest,” Villagers in Ukewega complained “Walanguzi come to the village. No other alternative” and they get stuck with the prices that are offered. In 2006, for example they stated they only got Tshs 1000-2000 for one debe of maize (a debe is approximately 20 kilograms!). In Magulilwa villagers complained that “Under Ujamaa, prices were controlled even if low. Now they are totally out of control”.

On the input side the World Bank argued:

... there is generally no justification for subsidizing fertilizer use; that only encourages waste. The key is to ensure that reliable supplies are available at full cost ... To reduce supply bottlenecks, private traders and enterprises should be allowed to import, produce and distribute it themselves (World Bank, 1989, p. 96)

By every account the market approach to inputs has been a terrible failure and was universally condemned in all district offices and villages. Prices of fertilizer have been outrageous and volatile when available. The Iringa district officers reported the most common fertilizer DAP (Diammonium Phosphate) went from Tshs 40,000 in 2007 to Tshs 120,000 in 2008 for a 50 kilo bag. In Maguliliwa, villagers indicated that with fertilizer they might sell their produce for 25-40,000 per bag which makes no sense. Moreover, the private distribution system is very poor: “A bag of fertilizer now costs Tshs 120,000 here, and often arrives too late to be of use.. Also comes in short supply; not enough for everyone. Before, however, during Ujamaa, it arrived in time and in sufficient supply”. In Idodi they complained that to get fertilizer “you have to travel 80 kilometers to Iringa to get it, so difficult to get”. In Ukewga the village council members
complained “Fertilizer is too expensive and not available here because too far away from other areas”.

**Conclusion**

In recent years driven by the latest donor fashions, agriculture has been moving from one set of institutional arrangements toward another. The paper has focused on two aspects of this transformation: titling and the privatization of input and output markets. We have raised serious challenges to both the agenda at a theoretical level and the practical implications of these reforms. To date, the key challenges in agriculture have not been addressed. To quote CONCERN:

This Programme addresses some of the factors that contribute significantly in undermining the ability of the poor and vulnerable citizens of Mtwara District in Mtwara Region and Iringa and Kilolo Districts in Iringa Region of Tanzania to fight poverty and realize their right to an adequate standard of living. Findings of the research that was carried out prior to the preparation of this proposal indicated that subsistence farmers in the three districts are faced with many constraints. The constraints include insufficient extension services, poor input supply systems, poor irrigation systems, lack of land ownership, lack of access to markets and marketing information, all manifesting themselves in poor agricultural production. These are then further compounded by inequality issues and the impact of HIV/AIDS. (CONCERN, 1995, p.2)

Although CONCERN rightly identified very real challenges facing rural villagers today, they have chosen to focus and mobilize resources according to a very narrow and problematic agenda. This poses a grave worry to all those concerned with the welfare of rural Tanzanians.

**Bibliography**


Concern, 1995, “Rights based programme for the fulfilment of the right to adequate food and the right to land for poor and vulnerable citizens in Mtwara, Iringa and Kilolo districts, Tanzania: A proposal”


