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Unlocking Capital From Movable Assets: How Tanzania's New Secured Transactions Bill Could Redefine Credit, Investment, and Vision 2050

Note: This legislation is currently a Bill before Parliament, introduced on 15 January 2026. Once passed, its short title will be the Credit for Security Interests in Movable Property Act, 2026 (the "Secured Transactions Act"), per Clause 1. It is referred to here as "the Bill," with references to what it "will do" once enacted.

The Minister of Finance has quietly tabled one of Tanzania's most consequential pieces of financial-sector legislation in a generation.

On 15 January 2026, the Office of the Attorney General published the *Muswada wa Sheria ya Mikopo kwa Dhamana za Mali Zinazohamishika wa Mwaka 2026*, the Credit for Security Interests in Movable Property Bill, 2026 (internationally, a "Secured Transactions Bill"). It is easy to read a 79-clause bill about registries, priority rules, and "dhamana" (collateral) as a technical banking-law footnote. It is not. This is infrastructure legislation for credit, and credit is the oxygen that Tanzania's \$1 trillion Vision 2050 ambition will need to breathe.

The Problem the Bill Is Set to Solve

Tanzania's economy, like most of Sub-Saharan Africa, is dominated by small and medium

enterprises (SMEs) that are asset-rich in the wrong currency: inventory, receivables, livestock, machinery, crops, vehicles, and warehouse receipts, but with almost no land. Under the existing legal architecture in Tanzania, the Law of Transfer of Property Act (Cap. 210), the Companies Act (Cap. 212), the Registration of Documents Act (Cap. 117), and separate rules for banks and cooperatives, movable assets have historically been very difficult to use as bankable collateral. There is no unified registry, no consistent rule for who gets paid first when multiple lenders claim the same asset, and no efficient legal path to seize and sell collateral when a borrower defaults.

The Bill's own explanatory memorandum (Madhumuni na Sababu) states this plainly: despite government strategies like the Financial Sector Development Master Plan (2020/21–2029/30) and the Financial Inclusion Framework (2023–2028), the absence of an integrated collateral registry and clear rules on security interests in movable property has meant financial institutions have avoided lending against these assets. In practice, this locks a huge share of Tanzania's productive economy farmers, traders, transporters, artisanal producers, tech startups out of formal credit, because they don't own the one thing banks have historically trusted: titled land.



What the Bill Will Do, Once Enacted

Structurally, the Bill borrows heavily from the international "modern secured transactions" model already adopted in countries like Rwanda, Kenya, Ghana, and Nigeria, and endorsed by UNCITRAL's Model Law on Secured Transactions. Its ten parts build a coherent system:

- **A unified Collateral Registry (Part II)** housed within the Bank of Tanzania, replacing the current fragmented registration regime. Anyone will be able to search it for a fee, giving lenders real visibility into whether an asset is already pledged elsewhere.
- **Clear rules on how a security interest is created (Part III)**, a written, signed contract identifying the borrower, lender, loan term, amount, and the collateral, extending explicitly to future property, commingled funds, and goods that have been manufactured into new products.
- **A notice-based registration and priority system (Parts IV–VI)** where priority among competing creditors will generally be determined by registration order rather than the date the security interest was created, the core innovation that would make lending against inventory and receivables commercially viable, because a second lender can check the registry and know exactly where they stand.
- **Rights and duties of both sides (Part VII)**, including a borrower's right to request confirmation or payoff statements and a lender's duty to act in good faith.

- **A structured, largely out-of-court enforcement regime (Part VIII)** allowing a lender to repossess and sell collateral without a court order where the borrower has consented in the contract, with notice requirements, valuation-at-market-price obligations, a right of the borrower to redeem the asset before sale, and a right to object to a lender proposing to simply keep the asset as payment.
- **Consequential amendments (Part X)** to the Bank of Tanzania Act, the Companies Act, the Law of Transfer of Property Act, and the Cooperative Societies Act, aligning company charges, cooperative charges, and mortgage-adjacent instruments with the new registry so the whole legal system points to one source of truth.

Why This Matters for Vision 2050

Tanzania's National Development Vision 2050, launched by President Samia Suluhu Hassan in Dodoma in July 2025, sets a deliberately audacious target: an economy in the range of \$700 billion to \$1 trillion by mid-century, upper-middle-income status, and per-capita income between roughly \$4,700 and \$8,000. It rests on three pillars: a strong, inclusive and competitive economy; human capital and social development; and environmental and climate resilience delivered through nine priority sectors: agriculture, tourism, industry, construction, mining, the blue economy, sport and creative industries, finance, and services.

Nearly every one of those sectors shares the same structural constraint this Bill is designed to relieve:

- **Agriculture** (26.5% of GDP, 65% of the workforce, 30% of export earnings) is dominated by smallholders whose main assets are crops, livestock, and equipment precisely the categories of movable property this Bill would make bankable through warehouse receipts and floating charges over commingled produce.
- **Industry**, which Vision 2050 wants to overtake agriculture as the economy's cornerstone, depends on SME manufacturers financing machinery and inventory the textbook use case for inventory and equipment-backed lending this Bill enables.
- **Finance and services**, listed as a named priority sector in its own right, benefit directly: a functioning secured-transactions regime is one of the standard prerequisites the World Bank and IMF point to when assessing a country's private-credit-to-GDP ratio and ease-of-doing-business scores, both of which feed directly into Vision 2050's investment-climate ambitions.
- **The blue economy, tourism, and construction** all involve significant working-capital and equipment financing needs that fall outside traditional land-based mortgage lending.

In short: Vision 2050's growth arithmetic assumes a large expansion of private investment and SME productivity. That expansion cannot happen if credit remains rationed to the minority of Tanzanians and businesses that hold registered land titles. This Bill is one of the enabling-law reforms the Vision's own architects and independent economists have said is necessary. Commentary following the Vision's launch

specifically flagged legal and structural barriers as the biggest risk to the plan remaining "aspirational" rather than delivered.

Implications for Banks and Financial Institutions

For banks and microfinance institutions, the Bill promises a genuine expansion of the addressable lending market, but it will also bring new operational obligations:

- **New underwriting collateral classes:** receivables, inventory, equipment, and intangible property would become legally robust collateral for the first time, opening lending to SMEs, agribusinesses, and asset-light service firms that previously needed land or unsecured/high-risk lending structures.
- **Registry search would become a due-diligence requirement.** Before disbursing against movable collateral, prudent lenders would need to search the Collateral Registry as standard practice, much as conveyancers search land registries today.
- **Priority certainty would reduce risk pricing.** Because priority would be determined by registration timestamp rather than contested claims, lenders could price risk more precisely, which should, over time, translate into more competitive interest rates for borrowers with clean collateral.
- **The Bank of Tanzania's supervisory footprint would expand.** The BoT is given administrative authority over the registry, fee-setting powers, and an administrative penalty regime (up to 10% of the value of the security interest) for

lenders who fail to register or comply with directives a compliance cost institutions will need to budget for.

- **Faster, more predictable enforcement.** The largely non-judicial, notice-based enforcement and sale procedure (14 days' notice, market-value sale obligations, defined distribution-of-proceeds waterfall) would reduce the time and legal cost historically associated with recovering non-performing loans secured by movable assets a factor directly tied to non-performing loan ratios and the cost of credit sector-wide.

Implications for Businesses and Investors

For domestic SMEs, the practical effect, once the Bill is enacted, would be straightforward: a trader with unsold stock, a transporter with a fleet, a processor with machinery, or a farmer with a warehouse receipt for stored grain would have a clearer, cheaper legal path to pledge that asset for working capital without needing land title, which remains scarce, slow to formalize, and often held under customary or contested tenure in much of the country.

For foreign and institutional investors, the signal is arguably even more important than the mechanics. A modern, UNCITRAL-aligned secured transactions framework is one of the "rule of law" indicators international capital screens for before committing to a market it reduces perceived legal risk around structured trade finance, asset-backed lending, leasing, and supply-chain finance arrangements that multinational investors typically want in place before scaling local operations. Combined with Vision 2050's stated commitment (via its Joint Declaration pillars) to macroeconomic stability and policy predictability, this Bill reads as part of

a broader effort to de-risk Tanzania as an investment destination, not just a domestic banking reform.

What to Watch

Passage remains the first hurdle, and the Bill's real-world impact will hinge on implementation details left to subsidiary regulations (*kanuni*) the Minister of Finance is empowered to make once it becomes law: registry fees, search procedures, dispute and appeal timelines, and administrative penalty mechanics. Three things will determine whether this becomes transformative or merely aspirational, echoing the exact caution economists raised about Vision 2050 itself:

1. **Registry accessibility and cost:** if search and registration fees are high or the system isn't digitized and reliable, SMEs and smaller lenders (including microfinance institutions and savings and credit cooperatives, SACCOS) may be effectively excluded.
2. **Judicial and administrative capacity:** The enforcement, review, and appeal provisions (Part IX) depend on the Bank of Tanzania and courts handling disputes quickly; delays would undercut the entire value proposition of faster recovery.
3. **Financial literacy and SME readiness:** The legal tool will only work if lenders develop the appraisal capacity to value movable collateral (inventory, receivables, livestock) and if SMEs understand how to use it.

The Bottom Line

Tanzania's Secured Transactions Bill is not a headline-grabbing reform, but it is the kind of "plumbing" legislation that will determine

whether ambitious macro targets like Vision 2050's \$1 trillion economy are achievable or merely rhetorical. By making the country's vast stock of movable wealth crops, herds, inventory, machinery, receivables legally bankable for the first time under a unified, BoT-administered registry, the Bill directly addresses one of the most persistent constraints on private-sector credit growth in Tanzania. If it passes largely intact and the implementing regulations are designed for genuine accessibility, this could become one of the more consequential, if underappreciated, building blocks of Tanzania's next 25 years.

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