

CHAPTER 382

THE DISTRICT DEVELOPMENT CORPORATIONS ACT

[PRINCIPAL LEGISLATION]

ARRANGEMENT OF SECTIONS

Section Title



PART I PRELIMINARY PROVISIONS

1. Short title.
2. Interpretation.

PART II DISTRICT DEVELOPMENT CORPORATIONS

3. Local authorities to establish District Development Corporations.
4. Shareholding in District Development Corporations.
5. Power of District Development Corporations.
6. Establishment of District Development Corporations.
7. Appointment of General Manager and other employees of District Development Corporation.
8. Salaries, etc., to be paid out of District Development Corporation's funds.
9. Annual report.
10. Local government authority may give directions.
11. Establishment of office.
12. Repealed.
13. Accounts and audit.

PART III DISSOLUTION OF DISTRICT DEVELOPMENT CORPORATIONS

14. Power of local government authority to dissolve District Development Corporations.
15. Rights of shareholders.
16. Employees of District Development Corporations.

PART IV REGIONAL DEVELOPMENT CORPORATIONS AND REORGANISATION OF DISTRICT DEVELOPMENT CORPORATIONS

17. Minister may establish Regional Development Corporations.
18. Shareholding in Regional Development Corporations.

19. Application of other provisions of this Act.
20. Power to reorganize District Development Corporations.

PART V
MISCELLANEOUS PROVISIONS

21. Delegation of powers.
22. Regulations.
23. Local government authority may make consequential provisions.
24. Consequential and transitional provisions and vesting of shares.

SCHEDULE

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CHAPTER 382

THE DISTRICT DEVELOPMENT CORPORATIONS ACT

An Act to confer upon the Minister power to establish District Development Corporations, to provide for the functions of District Development Corporations, and for related matters.

[8th March, 1974]

[GN. No. 64 of 1974]

Acts Nos.
16 of 1973
18 of 1978
3 of 1986
6 of 1999

PART I PRELIMINARY PROVISIONS

Short title
Act No.
6 of 1999 s. 105

1. This Act may be cited as the District Development Corporations Act.

Interpretation
Acts Nos.
18 of 1978 s. 2
3 of 1986; sch.
6 of 1999 s. 106

2.–(1) In this Act, unless the context otherwise requires-
“district” means all the area which is wholly within the jurisdiction of a local authority;

“District Corporation” means any public corporation established for any district, or any two or more districts, by an order made under section 3;

“District Development Corporation” means any company registered under the Companies Act to carry on business of any description within the jurisdiction of a local authority and-

- (a) the whole or any part of the share capital of which is vested in a local authority; or
- (b) the management of which is vested in a local authority;

“local authority” means a district authority established under the Local Government (District Authorities) Act, or an urban authority established under the Local Government (Urban Authorities) Act;

Cap. 212

Cap. 287
Cap. 288

“Minister” means the minister for the time being responsible for regional administration and local government.

(2) A District Development Corporation shall be deemed to be carrying on business within a district if its principal place of business is within the district or if such business is being predominantly carried on, within the district or notwithstanding that such Corporation carries on any ancillary or incidental business in any other district or districts.

PART II

DISTRICT DEVELOPMENT CORPORATIONS

Local authorities
to establish
District
Development
Corporations
Act No.
6 of 1999
s.107

3.–(1) A local government authority or two or more local government authorities may, by instrument establish a district development corporation for the carrying on of the commercial or industrial activity or enterprise which may be specified in the establishment instrument.

(2) Every District Development Corporation established by an order made under this section shall-

- (a) be known as the District Development Corporation of the district or districts for which it is established, or by such other name as the Minister may direct, and shall have perpetual succession and common seal;
- (b) in its corporate name, be capable of suing and being sued; and
- (c) subject to the provisions of this Act, be capable of holding purchasing or otherwise acquiring, and disposing of, any property, movable or immovable, for the purposes of carrying out the functions conferred upon it by or under this Act or any other written law.

(3) Every order made under this section establishing a District Development Corporation shall specify the district or districts for which it is established and the functions of the Corporation.

Shareholding
in District
Development
Corporations
Acts Nos.
18 of 1978 s. 3
6 of 1999 s. 108

4. Where a District Development Corporation is established under section 3, the local authority of the district or local authorities of the districts for which the Corporation is established shall subscribe for all the shares of the Corporation.

Power of District
Development
Corporations

5.–(1) Every District Development Corporation established under this Act shall have the power, for the purpose of carrying out its functions, to do all such acts and things as appear to be necessary, advantageous or convenient for or in connection with the proper discharge of those functions or to be incidental or conducive to such discharge, and may, with the approval of the Minister, carry on any activity in that behalf in association with the Government, a local authority, another District Development Corporation, a co-operative society or any other person or body of persons.

(2) The Minister may, by order published in the *Gazette*, confer upon a District Development Corporation powers additional to the powers conferred upon it by this section, and any such order may prescribe restrictions, limitations or conditions subject to which such additional powers may be exercised.

(3) Every District Development Corporation shall have the power, with the consent and subject to the directions of the Minister, to borrow money for the purpose of the carrying out of its functions:

Provided that, the person lending money to a District Development Corporation shall not be required or bound to enquire whether such consent has been given or any such direction has been complied with.

Establishment
of District
Development
Corporations
Acts Nos.
18 of 1978 s. 4
6 of 1999 s. 109

6. Where a local government authority or authorities establish any district corporation under the provisions of this Act; the local government authority or authorities shall, by regulation provide for the management of the District Corporation.

Appointment
of General
Manager and
other employees
of District
Development
Corporation
Acts Nos.
18 of 1978 s. 4
6 of 1999 s. 110

7.–(1) The local government authority shall appoint for each District Development Corporation a suitable person to be the General Manager of the Corporation.

(2) The local government authority may delegate his functions under subsection (1) of this section to a Regional Commissioner in accordance with the provisions of section 21 of this Act.

(3) The General Manager of every District Development Corporation shall be the chief executive officer of the Corporation and shall be responsible to the Board of Directors of the Corporation in the management of the affairs of the Corporation.

(4) The terms and conditions of service of the General Manager shall be as the local government authority may specify in relation to his office.

(5) Subject to the provisions of sections 11 and 12 of this Act, the Board of Directors of every District Development Corporation may, appoint such other employees of the Corporation as it may consider necessary for the carrying out of the functions of the Corporation.

[s. 6A]

Salaries, etc.,
to be paid out
of District
Development
Corporation's
funds
Acts Nos.
18 of 1978 s. 4
6 of 1999 s. 111

8.–(1) Every District Development Corporation shall apply its funds for the following purposes-

(a) the payment of all the salaries, fees and other allowances payable to employees of the Corporation and members of the Board of Directors:

Provided that, no remuneration, fees or other allowances for expenses as may be expressly authorised by the local government authority, shall be paid to any member of the Board of Directors who is a public officer;

(b) the payment of the expenses and other charges duly incurred by the Corporation or for which the Corporation becomes liable in the course of the performance of its functions;

(c) such other purposes as the Board of Directors may approve.

(2) The Board of Directors of every District Development Corporation may invest all or any portion of any moneys which are surplus to its requirements in such securities as may be approved by the local government authority.

[s. 6B]

Annual report
Acts Nos.
18 of 1978 s. 4
6 of 1999 s. 112

9.—(1) Board of Directors of every District Development Corporation shall, within six months after the close of each financial year, cause to be prepared a report on the activities and operations of the Corporation during that year.

(2) Every report prepared pursuant to the provisions of subsection (1) of this section shall be submitted to the local government authority together with a copy of the audited statement of accounts and the auditor's report, if any, referred to in subsection (3) of section 13 of this Act.

[s. 6C]

Local government
authority may
give directions
Act No.
6 of 1999 s. 113

10. The local government authority may give to any person or body of persons entrusted with the management of any District Development Corporation directions of a general or specific character as to the exercise and performance by such person or body of persons of his or their functions, and every such direction shall be given effect to accordingly.

Establishment of
office
Act No.
6 of 1999 s. 114

11. Subject to such exceptions as a local government authority may in any case allow, no district corporation shall establish an office for the corporation without the written consent of the local government authority.

[s. 8]

Repealed

12. [Repealed by Act No. 6 of 1999 s. 115.]

[s. 9]

Accounts and
audit
Act No.
6 of 1999 s. 116

13.—(1) Every District Development Corporation shall keep and maintain proper accounts and other records in relation thereto, and shall in respect of each financial year of the Corporation, prepare a statement of accounts in such manner and in such form as the local government authority may direct.

(2) The local government authority shall give directions as to the proper audit of the accounts of the District Development Corporations.

(3) As soon as the accounts of a District Development Corporation have been audited, and in any case not later than six months from the date of the completion of such audit, the person or body of persons entrusted with the management of the Corporation shall send a copy of any report made by the auditors to the local government authority, and the local government authority shall lay or cause to be laid a copy of every such statement of accounts and auditor's report before the National Assembly and may cause the same to be published for general information.

[s. 10]

PART III DISSOLUTION OF DISTRICT DEVELOPMENT CORPORATIONS

Power of local
government
authority to
dissolve District
Development
Corporations
Act No.
6 of 1999 s. 117

14.—(1) The local government authority may, by order published in the *Gazette*, dissolve any District Development Corporation and from the date specified in the order (hereinafter referred to as “the effective date”) the District Development Corporation named in the order shall cease to exist and shall cease to perform the functions conferred upon it.

(2) Where an order is made under subsection (1), all the assets and liabilities which were vested in the District Development Corporation immediately before the effective date shall, by virtue of this section and without further assurance, vest in the United Republic.

(3) Notwithstanding the provisions of subsection (2), the local government authority may, by order published in the *Gazette*-

- (a) vest any function or power of the former District Development Corporation in any person or body of persons specified in the order and upon such order being made, such person or body of persons may, subject to the direction of the local government authority, exercise such function or power in the same manner and to the same extent as it could have been exercised by the District Development Corporation before the effective date;
- (b) transfer any asset or liability of the District Development Corporation to any person or body of persons specified in the order, and upon such order being made, the asset or liability shall, by virtue of such order and without further assurance, vest in the person or body of persons with effect from the date specified in the order.

(4) Where any asset or liability of the District Development Corporation consists of or is evidenced by any right or claim under any contract, guarantee, bill of exchange, promissory note, cheque, agreement or any other instrument to which the District Development Corporation is a party, such instrument shall, in the event of the dissolution of the District Development Corporation under this Act, take effect as if-

- (a) where no order under paragraph (b) of subsection (3) has been made in respect of such asset or liability or until such time as the order is made, the local government authority were substituted for the District Development Corporation as a party thereto;
- (b) in the event of an order under paragraph (b) of subsection (3) being made in respect of such asset or liability, the person or body of persons specified in the order were substituted as a party thereto.

(5) This section shall not apply to any right or liability under any contract of service under which any person was employed

by a District Development Corporation immediately before the effective date.

(6) The provisions of this section shall apply notwithstanding the provisions of the Companies Act.

Cap. 212

[s. 11]

Rights of
shareholders
Act No.
6 of 1999 s. 118

15.-(1) In the event of the dissolution of any district development corporation under the provisions of this Act, the local government authority shall as soon as may be practicable after the effective date, cause the accounts and activities of the district development corporation to be fully examined by auditors appointed by the local government authority and the auditors shall prepare or cause to be prepared audited balance sheets of the corporation and profit and loss accounts for the period expiring on the effective date and the auditors shall submit their report of the balance sheets and profit and loss account to the local government authority.

(2) Every determination made by the local government authority under subsection (1) shall be certified by him in writing and the contents thereof shall be communicated to the member or members concerned.

(3) Where the local government authority in exercise of the powers conferred upon him by this section has certified that any sum of money be paid to any such former member by way of compensation, such sum of money shall constitute a charge on and be paid out of the funds of the local authority.

(4) Compensation payable under this section shall be paid in such manner and by such instalments as the local government authority may direct.

(5) Subject to the provisions of this section no former member of a District Development Corporation shall be entitled to any compensation or other payment by reason of the dissolution of a District Development Corporation and the vesting of its assets and liabilities in the United Republic or by reason of such dissolution and the transfer of the assets and

liabilities of the former District Development Corporation to any person or body of persons.

[s. 12]

Employees
of District
Development
Corporations
Act No.
6 of 1999 s. 119

16.—(1) Where a local government authority dissolves any district development corporation under this Act, local government authority may, by order in the *Gazette*, determine the rights and privileges of any employee of that district development corporation.

(2) Where by any order made under this section, the Minister transfers any person in consequence of the dissolution of a District Development Corporation to the service of any existing District Development Corporation or any District Corporation—

- (a) such person shall, as from the effective date, be deemed to be an employee of the District Development Corporation or, as the case may be, the District Corporation to which he is transferred;
- (b) the terms and conditions applicable to such employee after such transfer shall not be less favourable than those which were applicable to him immediately before the transfer, and for the purposes of determining any right to gratuity or any other superannuation benefit the service of such employee with the District Development Corporation or, as the case may be, the District Corporation to which he is transferred shall be regarded as continuous with his service immediately before the transfer; and
- (c) the employment of such employee immediately prior to his transfer and his employment by the District Development Corporation or, as the case may be, the District Corporation to which he is transferred shall be deemed to be continuous employment by one employer in accordance with the provisions of the Employment and Labor Relations Act.

[s. 13]

Cap. 366

PART IV
REGIONAL DEVELOPMENT CORPORATIONS
AND REORGANISATION OF DISTRICT
DEVELOPMENT CORPORATIONS

Minister may
establish Regional
Development
Corporations
Act No.
18 of 1978 s. 5

17.–(1) Where in regard to any Region it appears that it is necessary or expedient in the public interest that a public corporation should be established for the Region in addition to, or in lieu of, any District Development Corporation or District Development Corporations existing in that Region, the Minister may, either on his own initiative and after consultation with the local authorities of the districts in that Region or at the request of those authorities or of the Regional Development Committee of the Region, by order in the *Gazette*, establish for that Region a Regional Development Corporation for the carrying on of such commercial or industrial activity or enterprise as may be specified in the order.

(2) Every Regional Development Corporation established by an order made under this section shall-

- (a) be known as the Regional Development Corporation of the Region for which it is established or by such other name as the Minister shall specify, and shall have perpetual succession and an official seal;
- (b) in its corporate name, be capable of suing and being sued;
- (c) subject to the provisions of this Act, be capable of holding, purchasing or in any other way acquiring, and disposing of, any property, movable or immovable, for the purposes of carrying out the functions conferred upon it by this Act, or by any other written law.

(3) Every order made under this section establishing a Regional Development Corporation shall specify the Region for which it is established and the functions of the Corporation.

[s. 13A]

Shareholding
in Regional
Development
Corporations
Act No.
18 of 1978 s. 5

18. Where the Minister establishes a Regional Development Corporation, the local authorities of the districts in the Region for which the Corporation is established shall subscribe for all the shares of the Corporation.

[s. 13B]

Application of
other provisions
of this Act
Act No.
18 of 1978 s. 5

19. All the other provisions of this Act relating to District Development Corporations shall apply with necessary modifications and to the extent that they are applicable in relation to every Regional Development Corporation established under this Act.

Power to
reorganize
District
Development
Corporations
Act No.
18 of 1978 s. 5

20.—(1) Where the Minister has established or establishes a Regional Development Corporation for the performance of any functions and the Minister is satisfied that there exists within the Region a District Development Corporation for the performance of all or any of the functions for which the Regional Development Corporation is or has been established, the Minister may, either on his own initiative and after consultation with the local authority of the district for which the District Development Corporation has been established or at the request of that local authority or of the Regional Development Committee, by order in the *Gazette*—

- (a) provide that the District Development Corporation shall cease to exist or shall cease to perform all or any of the functions which are conferred upon the Regional Development Corporation;
- (b) transfer any asset or liability of the District Development Corporation to the Regional Development Corporation;
- (c) transfer any person who is an employee of the District Development Corporation to the service of the Regional Development Corporation.

(2) Where, by an order made under this section the Minister vests any asset or liability of a District Development Corporation in any Regional Development Corporation, the

asset or liability to which the order relates shall, by virtue of that order and without further assurance, vest in the Regional Development Corporation.

(3) Where, by an order made under this section, the Minister transfers any employee of a District Corporation to the service of a Regional Development Corporation-

- (a) the employee shall, from the date of the transfer, be deemed to be an employee of the Regional Development Corporation;
- (b) the terms and conditions of service applicable to the employee after the transfer shall not be less favourable than those which were applicable to him immediately before the transfer, and for the purpose of determining any right to gratuity or any other superannuation benefit, the service of the employee with the Regional Development Corporation shall be regarded as continuous with his service immediately preceding the transfer; and
- (c) the employment of the employee by the District Development Corporation immediately prior to the transfer and his employment by the Regional Development Corporation shall be deemed to be continuous employment by one employer in accordance with the provisions of the Employment and Labor Relations Act.

Cap. 366

(4) Where, by an order made under this section, the Minister vests any asset or liability of a District Development Corporation in a Regional Development Corporation, under any contract, guarantee, agreement, bond, authority, mortgage, charge, bill of exchange, promissory note, bank draft, bank cheque, letter of credit or any other security or instrument, and may provide for the substitution of the Regional Development Corporation as the party to the security or instrument.

(5) The Minister may, in any order made under this section, make such supplementary, transitional or consequential provisions as he may deem necessary to give effect to the order.

[s. 13D]

PART V MISCELLANEOUS PROVISIONS

Delegation of
powers
Act No.
6 of 1999 s. 120

21.–(1) The Minister, or the local government authority may, by order published in the *Gazette*, delegate any of their functions under this Act to any public officer.

(2) Notwithstanding subsection (1), the Minister or the local government authority, shall not delegate the power to establish or dissolve a district or regional development corporation.

Regulations
Act No.
18 of 1978 s. 6

22.–(1) The Minister may make regulations generally for the better carrying out of the provisions of this Act and, without prejudice to this generality, may also make specific regulations in respect of anything which is permitted or required by this Act to be prescribed.

(2) All regulations made under this section shall be published in the *Gazette* and may be applicable to all District Development Corporations or any specified District Development Corporation.

Local government
authority
may make
consequential
provisions
Act No.
6 of 1999 s. 121

23. The local government authority may, where he dissolves any District Development Corporation, at any time before the expiry of six months from the effective date, by order in the *Gazette*, make such consequential, transitional and supplementary provisions as he may consider necessary or expedient upon the dissolution of any District Development Corporation.

[s. 16]

Consequential
and transitional
provisions and
vesting of shares
Act No.
18 of 1978 s. 7

24. All the shares of the Government of the United Republic in every District Development Corporation established under this Act subsisting upon the commencement of this Act shall, by virtue of the provisions of this section and without further assurance, vest in the local authority or local authorities of the district or, as the case may be, districts for which the corporation was established.

SCHEDULE

[Omitted]
