



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 22-Nov-2021 | Report No: PIDC32698

**BASIC INFORMATION****A. Basic Project Data**

Country Egypt, Arab Republic of	Project ID P177720	Parent Project ID (if any)	Project Name Modernization of Egyptian Property Registration Project (P177720)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date Apr 26, 2022	Estimated Board Date Jun 15, 2022	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing	Borrower(s) Arab Republic of Egypt	Implementing Agency Ministry of Justice	

Proposed Development Objective(s)

The project development objective is to establish the foundations of a modern and efficient land administration and management system at national level and scale up property registration in selected new urban communities.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	230.00
Total Financing	230.00
of which IBRD/IDA	230.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	230.00
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Environmental and Social Risk Classification
Substantial

Concept Review Decision
Track II-The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

1. Egypt's macroeconomic environment has shown resilience in the face of the global crisis caused by the COVID-19 pandemic, yet job losses have been reported. Before this crisis, the Arab Republic of Egypt's macroeconomic stabilization program was largely successful in supporting growth, generating a solid primary budget surplus, reducing the debt-to-gross domestic product (GDP) ratio, and replenishing reserves. Real GDP growth had reached 5.6 percent in fiscal year (FY) 2019, compared to an average of 4.6 percent over the previous three years. Despite the implementation of several containment measures, growth declined (albeit remaining positive) to 3.6 percent in FY2020 (July 1 to June 30) and further declined to 3.3 percent in FY2021. Non-oil private sector activity slowed down, as evidenced by the decline of the Purchasing Managers' Index (PMI), to its lowest level on record (38.3 percent) during April to June 2020. The PMI has since rebounded but continues to signal sluggish activity due to the pandemic. Growth is forecast to decline from 3.6% in FY2019/20 to 2.3% in FY2020/21, in light of the ongoing effect of the pandemic, and especially the renewed surge in the COVID-19 cases since end-2020. The slowing of economic activity is expected to have adverse social implications.

2. The Government of Egypt (GoE) has undertaken several public health, social and macroeconomic measures in 2020 to mitigate the impact of the crisis. These include the allocation of an emergency response package worth EGP 100 billion (1.6 percent of GDP), in part to scale up health expenditures and augment social protection programs. Forbearance measures were introduced in the form of delayed tax filing and loan repayments, in addition to subsidized credit to targeted sectors to alleviate immediate financial pressures on individuals and businesses. The recently implemented reforms have helped bring the poverty rate down, yet the multidimensional health and economic crisis caused by the pandemic will increase socioeconomic hardship. The latest official statistics on poverty –released in December 2020– indicate that 29.7 percent of the population lived below the poverty line during the period October 2019 - March 2020. This indicates a decline compared to the 32.5 percent poverty rate of FY2018. A second wave of pending reforms, designed to unleash private sector activity and address Egypt's long-standing structural challenges, is crucial to create better employment opportunities and improve livelihoods.

3. The Sustainable Development Strategy (SDS): Egypt Vision 2030, enacted in 2016, targets economic inclusiveness and sustainability with a focus on three dimensions—economic, social, and environmental—and ten pillars¹. The Strategy includes an Urban Development Pillar, recognizing the need for strengthened land administration services and property registration as prerequisites for accelerating economic growth, private sector development, and ensuring sustainable urbanization. Specifically, the Strategy identifies a number of indicators and programs that will require strengthened land administration services to be achieved, including (i) improving the ease of doing business, and wider programs to undertake public administration reform for improving provision of services; (ii) reforming the institutional environment in the housing sector, including improving urban planning and formalizing the informal sector; (iii) improving and establishing e-governance initiatives; and (iv) monitoring and managing agricultural land encroachment, new urban city settlements and urbanization. The Egypt Vision 2030 is further augmented by Egypt's ICT 2030 Strategy which strongly promotes e-

¹ The Economic Dimension comprises following pillars: (1) Economic Development, (2) Energy, (3) Knowledge, innovation, and scientific research, and (4) Transparency and efficient government institutions pillars; the Social Dimension comprises the (5) Social justice, (6) Health, (7) Education and Training, and (8) Culture pillars; and Environmental Dimension comprises the (9) Environment and (10) Urban Development.



government initiatives and provides the foundations for supporting the networking capacity and connectivity essential to an automated land registry system.

Sectoral and Institutional Context

4. Egypt's land administration and property registration systems remain very complex and inefficient, particularly as the country simultaneously operates deed and title property registration systems which makes it more difficult to ensure the provision of efficient services. The deeds registration system (*sigueal el-shaksi*), governed by Law No. 114 /1946, covers most urban areas throughout the country ("existing cities") and has also been introduced for properties in new urban cities (also referred to as New Urban Communities, NUCs) and for development projects in the desert². Only a fraction of properties in these areas are registered (it is estimated that less than 20 percent of properties in Cairo has a registered deed). The title registration system (*sigueal el-ainee*), introduced by Law 142 of 1964 with the intention of replacing the deeds system, has been implemented only in rural areas primarily for the old agricultural land (within the *Zimam*³), as such system in Egypt does not permit a building or parts thereof (e.g., apartments) to be registered as a real estate unit, which has disincentivized its use in urban areas. In addition, most of the owners' information in the title system is not up to date as the majority of transactions are not registered. Hence, while the government has pursued a transition to a single, title registration system, this transition has largely stalled and faces significant institutional and technical challenges. Much of the country has retained a register of deeds, but neither system is fully utilized by the public. Transactions are more typically undertaken informally using customary (*Urfi*) contracts that are not registered in the Publicity Department of the Ministry of Justice (MoJ).

5. In addition to the complexities of replacing one system with the other, the procedures for registering property under either system remain highly complex and onerous to use. Consequently, most official land records are considered out-of-date and inaccurate⁴. In addition to lengthy and sometime unclear registration processes, lack of ICT capacity and fragmentation and overlapping of responsibilities for registration exacerbate the challenges in the sector⁵. It is estimated that today less than 10 percent of properties in the country are legally registered – approximately 25 percent of agricultural land parcels in the title system, and only a small fraction of properties in urban areas under the deed system, which places Egypt among the lowest performing countries in terms of property registration not only in the MENA region but also globally⁶. The lack of access to proper land registration has pushed more than 60 percent of the Egyptian economy into informal markets and slums, hindered investments by making it impossible to use property as collateral for loans or mortgages, and limited government revenues from taxes on property.

6. Whilst Egypt has commenced the process of digitizing and automating registry systems, there is no single, comprehensive database for recording boundaries and providing cadastral and registry information. This is in part a function of the dual systems existing in the country, but where automation has been implemented, problems remain due to incomplete data and limited capacity for maintenance, including networking capacity, software, hardware and in some cases electricity reliability, all of which increases reliance on paper-based systems. The current legal framework (Laws 114

² New cities are established by the New Urban Community Authority (NUCA) which is governed by Law No.59/1979. Existing cities are local administrative units that are declared as cities by a Prime Minister decree and are managed in accordance to the Local Administration Law No. 43/1979.

³ Boundary of agricultural tax in Old Lands.

⁴ Property owners who wish to register or conduct a transaction are required to present a clear chain of title/deed from the last time their property was entered into the registry. However, for all properties in informal areas, particularly in major cities such as Cairo, and even for many formal properties, establishing this chain, which can go back for decades, is simply impossible.

⁵ These challenges were identified under the "Modernization of the Egyptian Land and Property Registration System Technical Assistance" carried out by the World Bank from September 2018 – May 2021. The assessments addressed topics including land governance in Egypt, the existing legislative framework for title registration, and property registration in new urban communities.

⁶ Egypt ranked 130th in the world (out of 190 economies) for registering property according to the Doing Business 2020 indicators.



and 142) still refers to manual processes and paper documentation, requiring duplication of effort where paper records are digitized.

7. At the request of the Prime Minister government agencies⁷ have been working on the preparation of a National Program for Modernizing Egypt's Property Management and Registration, which is expected to be finalized and endorsed by the end of 2021. The National Program sets out a clear vision and targets for the modernization efforts, while ensuring full synergy and complementarities among them. The proposed vision is to establish modern, efficient land and property management and registration services nationwide. The Program's objectives include completing the National ID for Property and the National Geospatial Database for all properties; completing the registration of all properties (legal ownership and cadastre information) in an automated system; and establishing a system for the registration of land and property transactions using e-services that enables transactions (transfer, mortgages, inheritance, etc.) to be registered within a day.

8. The Modernization of the Egyptian Property Registration Project will directly support the implementation of the first phase of the National Program, which includes priority activities that could deliver results in the short term and do not require major legal, regulatory or institutional changes. Therefore, the focus of this first phase will be on property registration in NUCs, the modernization of offices and the development and implementation of a comprehensive automation strategy for REPD. Phase two of the Program will start as soon as the new Title Registration Bill is approved and will extend the activities to the remaining parts of the country, with a focus on registration in existing cities. During the implementation of phase one, and in preparation of phase two, the World Bank will continue to provide technical assistance to the Government in particular on the alignment between NUCA's Real Estate Regulations and Law No. 27/2018 governing registration in NUCs, the development of geospatial policy, legal and institutional framework, the potential for private sector participation in the land sector, and knowledge exchange to best practice countries.

Relationship to CPF

9. The project is closely aligned with the Country Partnership Framework (CPF) for FY2015–FY2019 for Egypt, which was extended in 2019 for two additional years to FY2021 (Report No.: 94554-EG). The project will contribute to all three CPF's focus areas: (i) improving governance; (ii) improving opportunities for private sector job creation; and (iii) social inclusion. Specifically, under the governance focus area, the project will contribute to increasing Government revenues by broadening the tax base, as increased numbers of registered properties will provide further sources of financing for local and national governments through property taxation (CPF Objective 1.1: Improved fiscal management). The project will also contribute to improving performance and transparency of land sector institutions by introducing automation and digitization of records and services (CPF Objective 1.3: Established evidence base for performance-based public administration). Under the private sector focus area, the project will contribute to creating a conducive environment for private sector growth, and to the institutional strengthening and improvement of service delivery in the land and urban sectors. By scaling up registration, the project will lead to a greater supply of registered properties in the market for increased investment, private sector lending, and access to finance through collateral from titled properties and real estate. These are key factors that are necessary for the establishment of new businesses and expanding existing ones, thereby contributing to job creation. Furthermore, owners with properly registered titles are more likely to engage in the economy's workforce and boost productivity. (CPF Objective 2.5: Enhanced access to finance for medium, small and micro-enterprises). Finally, the project will address social vulnerabilities and increase social inclusion in particular for women by helping to improve tenure security through the clarification of land and property rights, which will provide them with more opportunities for private sector participation, particularly through increased access to finance, and improved livelihoods.

⁷ These include the Ministry of Justice, Ministry of Housing, Utilities and Urban Communities, Ministry of Communications, and Information Technology, Ministry of Planning and Economic Development, and the Administrative Control Authority.



It has been found that a formal property market encourages employment by increasing domestic stability and decreasing likelihood of evictions in poor urban areas. (CPF Objective 3.1: Improved access to short-term income opportunities for the poor and increased coverage of the Social Safety Net System).

10. The proposed project aligns with adjustments made to the Egypt CPF in response to the COVID-19 pandemic (Egypt COVID-19 Response Strategy) to support the poor and highly impacted sectors by accelerating post-pandemic economic recovery, as per the strategic direction of the GoE. The project will inject capital into the Egyptian economy and generate direct short-term employment, which will trigger a multiplier effect in the economy and add to a V-shaped recovery that the country hopes to achieve. The Approach Paper also emphasizes the need for new approaches for Rebuilding Better to focus on Green Infrastructure, Social Inclusion, Digital Development, and Private Sector Solutions. The proposed project will build the foundation to unlock the private capital mobilization (PCM) potential of the sector and provide opportunities for the GoE to explore options for private sector participation in real estate and property administration in line with international best practices.

C. Proposed Development Objective(s)

The project development objective is to establish the foundations of a modern and efficient land administration and management system at national level and scale up property registration in selected new urban communities.

Key Results (From PCN)

11. The proposed key results indicators for the project are:

- A) Establish the foundations of a modern and efficient land administration and management system at national level:
 - Coverage of digital cadastral maps (percentage of city area in selected NUCs and existing cities);
 - Reduction in time to register a property transaction in REPD both in new cities and existing cities (days);
 - Satisfaction of beneficiaries with the property registration process (Percentage in new cities and existing cities; disaggregated by gender).

- B) Scale up registration in selected new urban communities⁸:
 - REPD registration offices in target areas with modernized systems (Number of offices in new cities and existing cities);
 - Beneficiaries who received a deed registered in REPD (Percentage of total in target NUCs; disaggregated by gender).

D. Concept Description

12. The proposed project supports the implementation of the first phase of the long-term National Program for the modernization of Egypt's property registration system, which aims to provide a modern, efficient land and property registration service that operates across Egypt, covers all properties in the country and which is accepted and used by people, businesses, and financial institutions as a foundation for economic growth and creating jobs. Supporting the implementation of the National Program for modernizing Egypt's property registration will significantly improve the

⁸ The project will target the 24 NUCs that are already established (first, second and third generation new cities). The project may also support a few additional NUCs that are currently in an advanced stage of construction and for which the land allocation process is expected to be completed within the duration of the project.



tenure security of the Egyptian public, particularly those most vulnerable including women and youth. It will also significantly reduce conflict on property rights and build institutional capacity to effectively adjudicate and mediate disputes.

13. The project will include four components:

14. **Component 1. Registration of properties in the New Urban Cities (NUCs).** This component will support the registration of at least 80 percent of properties in NUCs. This will be done through: (i) the completion of the geospatial database for all new cities, building on the results of the ongoing pilot program conducted by MoJ in Port Said. It is a prerequisite for any property registration program to be successful to prepare a property map with the boundaries as known, and then to match this with any legal records that exist, before attempting to make the complete property register; (ii) the development of streamlined processes to accelerate registration in NUCs, while ensuring consistency of NUCA's regulations with the 2018 law (No. 27/2018), and targeted communication and awareness programs to encourage citizens' participation; (iii) the establishment of interoperable databases at NUCA and REPD to ensure that the geospatial database developed under the project can be utilized for property registration and is linked with existing deed and title records; and (iv) the completion of the registration process in selected NUCs in accordance to law No. 27/2018.

15. **Component 2. Readiness for a national roll-out.** This component will support activities to ensure the Government's readiness to implement the title registration in existing cities once the new Title Registration Law is approved and its executive regulations are issued. It is assumed that title registration based on the new Title Registration Bill, that is currently before parliament, will be the basis for commencing systematic title registration for all remaining properties in the country under a second phase. As such, the component will support: (i) the development of cadastral maps for selected existing cities; (ii) the collection of relevant data and their linkages with the maps, as well as data sharing protocols; (iii) the development of a detailed program for scaling up registration at national level, including an assessment of the human resource requirements and the training needs; and (iv) the preparation of manuals and training programs and the design of an awareness campaigns to support the national roll out. The component will also provide on-demand technical assistance for the drafting of executive regulations of the new law, and support for the design of pilots to test the improved and streamlined processes for systematic land registration in selected existing cities, once the new law is approved.

16. **Component 3. Modernization and automation for registration of transactions.** The focus of this component is to provide better services to citizens and businesses that want to buy, sell, inherit, lease, mortgage or otherwise transact property. It will support: (i) the development and implementation of an action plan for improving the efficiency of registering properties in all REPD offices (in both new and existing cities) with a view to streamline and reduce the timeframes for registration in a customer-centric manner; (ii) business process reengineering and the implementation of needed reforms of institutional roles for registering transactions, including separating regulatory and service roles, pilot outsourcing services as appropriate to the private sector, and adopting a front-office/back-office model; (iii) the modernization and automation of selected REPD offices (including the directorates and the offices handling title and deed registration nationwide); (iv) the implementation of dashboards to track the performance and collect statistics on land disputes and resolution times; and (v) the scaling up of e-service provision.

17. **Component 4. Project Management.** This component will support overall project implementation, including for fiduciary responsibilities, by strengthening capacities in project management and monitoring and evaluation (M&E), including the development of a project management information system to monitor progress, quality control/quality assurance. This component includes (i) design and implementation of public awareness campaigns and other related activities to build confidence in the land administration system and promote registration, as well as targeted messaging



for women and vulnerable groups; and (ii) preparation and delivery of training and capacity building programs at all levels.

18. **Gender.** The project will seek to benefit women by promoting their access to land and facilitating women’s access to land-related services to ensure that their rights are protected. The project will adopt a gender lens in its activities by: (i) offering equal opportunities to women in project-related employment; (ii) developing a gender sensitive human resources policy and outreach strategy ensuring women’s participation; (iii) training of staff in gender sensitization to encourage beneficiaries to record women’s name in the property registry as joint ownership; (iv) including separate counters and dedicated areas for the hindrance-free access to registration services for women in REPD’s modernized offices; and (v) conducting awareness-raising regarding the legal framework for the protection of women’s right. The results framework will include relevant gender-differentiated indicators to measure progress on women’s land rights and access to land services, and the M&E methodology will include gender balance requirements to produce gender disaggregated data and, in turn, hard statistics on rates of female property ownership.

19. **Climate Co-Benefits.** Digitally securing land rights and providing spatial planning tools including harmonized geospatial datasets will support the country in achieving its climate change adaptation and mitigation objectives. Investments in geospatial infrastructures and the development of integrated decision support systems will enable the collection, management and dissemination of land and other common territorial datasets. Access to this geospatial information will be key to enhance climate resilient planning, and will enable Government entities, NGOs and academia to effectively monitor climate change and strengthen early warning systems. Standardized land use data and relevant risk information will also help decision makers and planners assess and manage risk exposure to natural hazards through land-use zoning and by selecting strategic location for critical infrastructure. In the case of disaster displacement, the creation of a digital cadaster linked to a land registry that includes information on property values will contribute to expedite recovery by enabling the Government to reconstitute parcel boundaries, verify associated rights, and assess the damages incurred, and by ensuring that displaced populations will get their land back upon their return home. It may also be the foundation for efficient insurance products. Secure property rights and clear ownership documentation would also increase incentives for owners to invest in high-quality building materials, and proper connections to water and electricity networks that are essential for climate change resilience.

20. **Citizen engagement.** The project will promote awareness and social mobilization to ensure that all stakeholders receive timely and accurate information to be able to make well-informed decisions. These activities will involve outreach to disseminate information and raise public awareness about the laws, procedures, roles, and responsibilities of the agencies involved in project activities. Specific activities will include the establishment of: (a) beneficiary feedback mechanisms, involving consultation with communities impacted by the projects and CSOs active on land matters; and (b) two-pronged dispute and grievance resolution mechanisms. The analytical instruments to be developed to comply with the Environmental and Social Standards will provide further improvements of citizen engagements and ways to participate including through the GRM. The GRM will include procedures to address concerns and complaints related to the project activities. The project will also finance customer surveys to monitor customer satisfaction with registration services and with the public outreach of the process, which will provide a venue for citizen engagement.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No



Summary of Screening of Environmental and Social Risks and Impacts

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APPROVAL

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