



# Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 26-Mar-2020 | Report No: PIDISDSC28292



**BASIC INFORMATION**

**A. Basic Project Data**

Country Pakistan	Project ID P172945	Parent Project ID (if any)	Project Name Punjab Urban Land Systems Enhancement Project (P172945)
Region SOUTH ASIA	Estimated Appraisal Date Jan 11, 2021	Estimated Board Date Apr 12, 2021	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing	Borrower(s) Planning and Development Board, Government of the Punjab	Implementing Agency Punjab Land Records Authority	

**Proposed Development Objective(s)**

The Program Development Objective (PDO) is to improve access to land records and land for development including housing program in Punjab Province.

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

**SUMMARY**

<b>Total Project Cost</b>	150.00
<b>Total Financing</b>	150.00
<b>of which IBRD/IDA</b>	150.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	150.00
IDA Credit	150.00

Environmental and Social Risk Classification

Concept Review Decision



High

Track II-The review did authorize the preparation to continue

## B. Introduction and Context

### Country Context

1. **Pakistan, with an estimated population of over 208 million people, is the world's sixth most populous country.** In recent years, it has achieved continued gross domestic product (GDP) growth—with an average annual growth rate of 4.9 percent from 1974 to 2019—and substantially reduced poverty. Growing fiscal and external imbalances may, however, erode these gains if not addressed. Additionally, the national poverty headcount declined from 64.3 percent in 2001 to 24.3 percent in 2015. Nevertheless, inequality persists, and the country continues to rank low on the human development index, at 152<sup>nd</sup> out of 189 countries. Macroeconomic, political and security conditions, natural disasters and enduring unreliable power supply also continue to constrain the country's achievement of poverty reduction and shared prosperity goals.
2. **Despite noticeable gains in poverty reduction, the erosion of shared prosperity and economic inequality has increased, while income informality constrains access to formal finance more than affordability.** During the 2001-2015 period, as all Pakistanis were improving their welfare levels in absolute terms, the distance between the bottom and the top of the distribution widened. Except for the economic crisis period between 2005 and 2010, growth has benefitted richer segments of the population the most. Similarly, the average consumption growth of the bottom 40 percent declined progressively, from 3.7 percent annually between 2001 and 2005 to 3 percent annually between 2005 and 2010, and to only 2.2 percent annually between 2010 and 2013. Between 2010 and 2015, not only did consumption of the poorest 40 percent grow less than previously recorded, but it also grew 1 percentage point less than the average of the population, resulting in an increase in inequality. Consumption inequality, as measured by the Gini coefficient, increased from 27.5 in 2001 to 30.3 in 2015. A similar picture emerges when looking at income inequality, with the Gini coefficient increasing by just over 1 percentage point, from 37.5 in 2001 to 38.7 in 2015. The large and growing disparity of income contributes to the lack of access to finance. Only 1.1 percent of population of Pakistan over the age of 15 had outstanding housing loan in 2017, while 5.1 percent regional average<sup>1</sup>.

### Sectoral and Institutional Context

3. **In an effort to address the growing inequality and further reduce poverty, the Government of Pakistan (GoP) has initiated a number of pro-poor programs, including the Naya Pakistan Housing Program (NPHP).** Launched in April 2019, NPHP seeks to build 5 million low-cost housing units in urban areas across the country within a 5-year timeframe. The program will be implemented in partnership with private developers and banks, with the aim of strengthening the construction sector, creating jobs and boosting economic growth. Although NPHP will target a mix of income groups, it will place special emphasis on the bottom 40 percent of Pakistan's population. Out of the 5 million units, between 2.0 and 2.5 million are expected to be constructed in Punjab Province under the purview of the Punjab Housing and Town Planning Agency (PHATA). NPHP, however, faces numerous challenges as the GoP

<sup>1</sup> Global Findex Database 2017, World Bank (outstanding housing loan: 10.2% in Bangladesh, 7.4% in Afghanistan, 5.7% in Bhutan and 4.6% in India)



attempts to achieve the ambitious goals set under the program, particularly targeting housing investments in urban areas where needs are most acute, as well as identifying appropriate lands for housing developments that are near jobs and basic infrastructure, and not prohibitively expensive.

4. **Well-functioning land delivery systems lie at the heart of many solutions for affordable housing.** Access to land with secure tenure is a basic requirement for sustainable and affordable housing. Land markets and land delivery systems must ensure vacant, developable land (public or privately owned) can be unlocked for utilization, and that can exchange hands at a fair cost with minimal transaction risks. Land markets require well-functioning, timely and transparent systems for transactions, planning, permitting, construction, construction monitoring, beneficiary awarding and property maintenance—with mechanisms to manage associated social risks. Pakistan’s housing deficit is estimated at around 10 million units while the housing backlog grows more than 200,000 units per year<sup>2</sup>. The adequate supply of land that is suitable for housing development, with clear titles, is a priority for the success of the NPHP.
5. **The Land Records Management and Information Systems Project (LRMIS; P090501)<sup>3</sup> set the stage for improving land tenure security and gender equality in rural areas of Punjab Province.** The project supported the creation of the LRMIS, or the ICT application for Punjab’s Board of Revenue (BOR). LRMIS is maintained by the Punjab Land Records Authority (PLRA), a department under BOR that is, itself, an outcome of the previous LRMIS project. The BOR was established during British colonial rule as the rural record of land for the collection of agricultural taxes. Because of LRMIS, 92 percent of the rural land record overseen by the PLRA is now fully digital and operates in 152 service centers for land transactions—called Arazi Record Centers (ARCs, local land offices)—across the province, as well as 20 mobile offices. LRMIS covers 55 million land holdings and an estimated 46 million land parcels in rural areas. The shift from the *patwari*<sup>4</sup> system of manual paper records and services to a fully digital LRMIS has been recognized regionwide as a success story that has increased transparency, helped to resolve land disputes and reduced land transaction information request processing times from weeks to minutes and property transaction times from months to days. LRMIS has also reduced transaction costs and limited the scope for corrupt practices, which were very common in the past. Women greatly benefitted from the LRMIS project, as the new system enabled them to access land records and helped to secure the inheritance rights, which was often restricted under the *patwari* system that the project sought to replace. Land can no longer be transferred without the presence of female record holders in the ARCs when their name is on the land record. Overall, LRMIS and the ARCs provide timely information and transaction services and enjoy continuously high customer satisfaction ratings, as well as bridging the gender gap that the *patwari* system had created.
6. **The initial success and lessons learned from LRMIS in rural areas laid the foundation improving tenure security in urban areas.** As the land record system in Punjab was established to tax agricultural land, urban land records are maintained separately in ad hoc systems and were not covered by the first project. Although information on urban property transactions is typically recorded through the registration of deeds, a standardized methodology for transaction processing does not exist and spatial information is typically not included in the transaction record. In the absence of a standardized system of recording land rights in urban areas, over 200 different agencies (both private and public sector) have devised their own ad hoc systems for recording transactions in the areas of their respective jurisdictions and according to their operational requirements. Given the existing gaps and the absence of

<sup>2</sup> The number of urban households grows by 700,000 each year, while only 300,000 to 400,000 formal housing units are delivered by the private sector per year.

<sup>3</sup> The LRMIS was approved in January 2007 with US\$51 million investment (P090501), added US\$70 million by additional financing (P131266) in 2012, and finally closed in December 2016.

<sup>4</sup> A *Patwari* is an assistant land record collector of the Board of Revenue in a village level. A *Patwari* manually maintains land revenue records, updates land ownership and tenancy, and collects crop statistics. Information related to land was not publicly available under the old *patwari* system, resulting in a non-transparent land records system, which was prone to corruption.



a standardized system of recording property rights in urban areas, many challenges persist, such as (i) the unavailability of any formal ownership records for many people; (ii) numerous records registries being maintained by multiple agencies that lack any harmonization; (iii) high rates of lengthy litigation; (iv) a lack of easy access to property rights information for both state and private sector actors; and (v) property tax evasion (i.e. transfer tax) and inequitable taxation. Women in urban areas also face marginalization and the loss of inheritance rights to land due to the lack of clarity on land and property ownership. Although Shariah law stipulates land rights for women, the sharia-based inheritance coupling with culture and customs often works to disadvantage of women. The development authorities and agencies struggle to find adequate land to fulfill their core functions, while others have large real property portfolios but lack up-to-date records of those assets, their exact location, current use, or potential value. In the absence of clear information or strategic planning, public land assets remain vacant or underutilized, are used for a purpose at odds with the agency's core function, or risk being encroached upon.

- 7. Under the proposed Punjab Urban Land Systems Enhancement (PULSE) Project, the Government of Punjab (GoPb) will advance their efforts to strengthen land administration and support of urban development – specifically by supporting the supply of urban land for housing through the NPHP.** Both the GoP and the GoPb recognize that they will not be able to achieve NPHP's goal of constructing up to 2.5 million low-cost housing units in Punjab if the province's urban land record challenges are not resolved. The NPHP calls urban land records modernization to access a comprehensive data catalog of state land's location and status. As such, the PLRA is requesting Bank assistance to support the modernization and digitization of urban land records throughout the province ensuring that land registration processes are efficient and transparent. Specifically, it is requesting support for the creation of a province-wide digital cadastral map, data improvement in urban areas and the scale-up of LRMIS, as well as project management and policy development. Promoting a more transparent, efficient and effective supply of urban land will address one of the critical bottlenecks to the supply of affordable housing.

#### Relationship to CPF

- 8. The proposed project is closely aligned with the FY15-20 Country Partnership Strategy (CPS) and cross-cuts three of its Results Areas:** Results Area 2: Private Sector Development, Results Area 3: Inclusion, and Results Area 4: Service Delivery. Under Results Area 2, the project will continue the work of its predecessor by helping to improve the business environment for the private sector (Outcome 2.1) through the computerization of land registration and the easing of procedures for the approval of permits (construction, etc.). Under Results Area 3, the project will help to reduce vulnerability for groups at risk (Outcome 3.2) and increase resilience to disasters (Outcome 3.3) by helping to improve tenure security through the clarification of land and property ownership in accordance with both with existing legislation and in support of new policy development. Under Results Area 4, the outcomes of the project will help to improve property tax collection (Outcome 4.1), as well as further improve performance and transparency of Punjab's BOR (Outcome 4.4). Finally, improved land administration in Punjab will also contribute to advancing the CPS's cross-cutting themes of (i) leveraging regional opportunities and markets by stimulating private-sector investment; (ii) helping to further clarify the roles of the GoP and GoPb, particularly for NPHP coordination; and (iii) climate change adaptation and mitigation in the public and private sectors by clarifying land and property rights and ownership, which will help both the GoP and GoPb identify their respective land assets that can be utilized for developing strategies for disaster preparedness and climate-related emergencies.
- 9. The World Bank focuses on maximizing its engagement results through an integrated cross-sector support to achieve CPS objectives.** The proposed project compliments the interventions supported by World Bank Group's recent engagements on affordable housing and urban development such as (i) Pakistan Housing Finance – Additional



Financing (P172581); (ii) Pakistan Affordable Housing (P173663); and (iii) Supporting Housing Supply through PPPs in collaboration with International Finance Corporation (IFC). Punjab province is estimated to have the highest share of the national housing deficit and the highest share of NPHP targets; PULSE's initiatives on urban land registration and land development for affordable housing will have an outside influence on the national program. Ongoing and planned investment operations in Pakistan with the integrated approach of World Bank and IFC will contribute to the joint priorities of CPS, particularly long-term housing market development by (i) financing and building capacity of developers; (ii) supporting governments to access to land and basic infrastructure; (iii) improving the enabling environment for the supply of housing; and (vi) promoting sustainable housing finance instruments. The model of LRMIS and PULSE can be readily replicated across provinces; already there is strong interest to develop similar systems in Sindh and Khyber Pakhtunkhwa provinces.

10. **The Punjab government launched the Punjab Growth Strategy 2023 (PGS 2023) in May 2019.** One of the overarching pillars of PGS 2023 is to increase the average number of new housing units to 640,000 annually over the next five years, thereby contributing 64 percent to the national target of 5 million new, affordable houses. The scope of the scheme will be expanded to the other districts of Punjab province. PULSE directly supports PGS 2023 by improving land records management and enhancing access to land for development in Punjab.

### C. Proposed Development Objective(s)

The Program Development Objective (PDO) is to improve access to land records and land for development including housing program in Punjab Province.

Key Results (From PCN)

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

- Coverage of digital cadastral maps (percentage of provincial area);
- Sites and area of public lands identified for housing or development programs (number; ha);
- External land records connected to LRMIS (number); and
- Urban land rights registered to LRMIS (number; gender-disaggregated).

### D. Concept Description

12. **The proposed project will have four main components and tentatively cost up to US\$150 million.** The four key areas that the project aims to achieve are: (i) provision a cadastral map linked to digital land records; (ii) improved tenure security and access to land for housing; (iii) a unified modern land information system ; and (iv) strengthened capacity and regulatory framework.
13. **Component 1: Digital Land Records and Cadastral Maps for LRMIS.** This component would develop a seamless cadastral map and link to digital land records for the Province of Punjab based on existing revenue maps and orthorectified, high-resolution imagery. As a first step for mapping, geodetic control points would be installed to establish a common reference system of all mapping products. Base maps would be generated to provide fundamental geographical details necessary to conduct cadastral surveying and subsequent mapping. Those geospatial products would be accessible to a broader community to leverage the use of geospatial data for a wide variety of decisions, which would contribute to National Spatial Data Infrastructure (NSDI) initiatives of a nationally consistent spatial framework in Pakistan. The revenue maps would be scanned and available in digital form and be



converted to vector form and georeferenced to the national coordinate reference system. Existing digital land registry records and parcel maps that were created by public development authorities and private development agencies and shared with PLRA would be compiled, validated and integrated to a single database in LRMIS. Field verification would be needed in areas, especially where there have been significant changes or where legacy paper maps are not available. The digital cadastral maps would be validated through public display and following refinement, where required. The public would be informed, and proper measures for dispute mediation and resolution would be in place to ensure safeguards and protection for women and vulnerable people. In addition, this component would undertake systematic registration for those other lands that are not yet registered in areas of formal settlement. The new cadastral map would be linked to the land records in LRMIS, enabling the holding-based records<sup>5</sup> in LRMIS to be transformed into land parcel-based records. The land parcels to be subdivided<sup>6</sup> in accordance with landholding shares would be selected based on owner's needs and careful criteria respecting tradition and social norms. Finally, the Deeds Registry records based on holdings would also be combined with the parcel-based recording.

14. **Component 2: Land for Housing.** This component would support the regularization of unregistered lands in notified informal settlements to provide secure rights for dwellers occupying plots in previously notified Katchi Abadis on state and public lands. Regularization of such rights would provide deeds to such occupants with full ownership rights considering women's legal rights and methodologies that promote gender equity. This component would also support government agencies in to identify and mobilize suitable public lands for development programs. One of the primary audiences would be PHATA and identification of sites with high potential for affordable housing projects under NPHP. The component would enable PHATA to carry out a systematic, province-wide inventory of all publicly owned land, to screen potential sites against certain criteria, and to develop a multiyear strategy to develop and manage public land assets to achieve its targets under NPHP. The system would be based on the cadastral mapping prepared under the project and would include satellite imagery, geospatial information (e.g., access to infrastructure and rate of urban expansion), and potentially a simple valuation tool to inform decision-making and management of public lands. This component would also support the establishment of public land asset management procedures and good governance with a monitoring system to ensure transparency and accountability.
  
15. **Component 3: Integrated Land Information System and Services.** This component would establish a modern Land Information System, unifying and integrating rural and urban land records, aiming to implement parcel-based approaches. These activities would include the development of the next generation Land Records Management Information System (LRMIS), development of Land Information Portal, strengthening the existing Data Center and its backup sites, equipping new and updating existing ARCs and digitizing remaining deed records across Punjab Province. The LRMIS will provide gender-disaggregated data which is a key for the recognition and protection of women's land rights. The new version of LRMIS would be strengthened with advanced GIS features for managing spatial information and use it for decision-making purposes, valuation and analysis. LRMIS would also benefit from integrating external sources of information, such as building records, land use plans, address information (if available) and others to have a comprehensive picture of land parcel features. In addition, LRMIS would be extended to provide land registration functions as a service to multiple stakeholders, dealing with land records management or take over these duties to PLRA, if such a decision is made. In order to make land records complete, LRMIS would unify deeds records into the system and make deed registration process as a seamless transaction with changing/establishing ownership record. Apart from the core LRMIS system, a new Integrated Land Information Portal (ILIP) would be developed that provides various services to public and is based on a unified land information database. The ILIP would source land information from the new LRMIS and receive data from multiple urban land record sources managed by

<sup>5</sup> LRMIS currently holds records on a holding basis – i.e. the land parcels held by a person, jointly or by other entity.

<sup>6</sup> The target parcels of subdivision are located in the rural-to-urban transitions and the peri-urban interface.



different stakeholders. In the case of multiple land record sources, the data exchange would be based on common data exchange formats, protocols and services, which would need to be agreed across the province. With the data exchange procedures established, land records providers would have an option of sharing their data with the portal in an automated manner and on a regular basis. Similar to LRMIS, the ILIP would link and use other relevant data sources, which would contribute to easier identification of existing issues and facilitation of its resolution. This component would also support further strengthening of the existing data center and backup sites and equipping the ARCs, as well as the digital archive of the deeds registry.

16. **Component 4: Project Management and Policy Development.** This component would finance project management, coordination and analytics for this multi-stakeholder investment led by PLRA. It would also support the development of policies, laws, regulations and strategies as well as technical studies and experiments associated with the operationalization of a unified land records and cadastral mapping system in Punjab. Project management, monitoring and evaluation and reporting on implementation progress would be supported by providing technical assistance to project implementation, as well as maintaining a Project Management Unit (PMU). Targeted training and capacity building programs would be provided for staff on the use of the next-generation LRMIS and cadastral map, data maintenance, and strategic land asset management. This component includes public awareness campaigns and other related activities to build confidence in and understanding of the parcel-based land administration, as well as targeted messaging for women and vulnerable groups. Finally, this component would also finance the construction or expansion of ARCs and the provision of office equipment.
17. **Gender Gap/Issues.** Inequality between the genders in access to land in Pakistan is mainly seen as a factor of culture and customs<sup>7</sup>. Historical rural subsistence farming in Pakistan followed the pattern of land passing from father to son as the general rule. The constitution of Pakistan ensures all citizens - men and women - can own property and the most commonly practiced Shariah law stipulates land rights for women. Yet, few women own land in Pakistan and even fewer effectively control land. Inheritance patterns have included all heirs when farming and rural areas have commercialized, but the practiced Islamic Law accords a lower share to women than that of male heirs. In Pakistan, inheritance commonly does not lead to subdivision of holdings, but rather to co-ownership between heirs. Typically, majority holders (male) continue farming and relatives including women hold shares in the farm or pass them to the primary holder. Thus, women's rights to land have continued to be mediated by men through her role as a daughter, sister, wife or mother.
18. **The project will seek to benefit women by promoting equitable access to land within practices of Sharia and facilitating women's access to land-related services to ensure that their rights are protected.** The mandatory attendance of all beneficiaries at the time of inheritance transactions is important for women, thus, removing a physical barrier that helps women to receive their shares as one of heirs. Building on the experience of the previous project, PULSE will adopt an approach of gender mainstreaming in its activities by: (i) including separate counters and dedicated areas for the hindrance-free access to newly established Arazi Record Centers for women; (ii) offering equal opportunities to women in project-related employment; (iii) development of a gender sensitive human resources policy and outreach strategy ensuring women's participation; (iv) training of staff in gender sensitization to encourage clients to record women's name on land registry as joint ownership; and (v) particular attention on awareness-raising regarding the regulatory framework for protection of women's right. The results framework will include relevant gender-differentiated indicators to measure progress on women's land rights, and the M&E methodology will include gender balance requirements.

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<sup>7</sup> Women's Land Rights: Research Findings from Pakistan, by Saba Gul Khattak, Nazish Brohi and Wajaha Anwar, Policy Paper Series # 18, Sustainable Development Policy Institute (SDPI), 2010.



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

19. The Project poses moderate environmental risks and high social risks. Environmental risks stem from the construction or expansion of Arazi Record Centers (ARCs) and the provision or procurement of ICT equipment for ARCs. The accompanying civil works can have occupational health and safety risks to labor and surrounding communities, including air and noise emissions. These risks and impacts are expected to be localized, temporary and reversible. The procurement of ICT equipment poses the risk of electronic waste (e-waste). Currently, there are no applicable e-waste laws, regulations, rules or procedures available nationally or in the Province for the management of e-waste, hence is there no e-waste management system in place at the institutional level. The land record digitization process is expected to have a net positive environmental impact as more resource-efficient ARCs will lead to a lower carbon footprint. The social risk rating is High because land tenure is a highly contentious issue in Punjab, particularly in the context of widening social and economic inequities. While the Project is likely to have beneficial impacts by facilitating efficiency, transparency, predictability and accountability to land administration in Punjab, there is also a risk that land may be cleared of squatters/informal occupants in anticipation of project activities. Some level of social disharmony can also be anticipated given widespread disputes over land (multiple claimants, disputed inheritance rights, customary exclusion of women and minors from rightful land shares, etc.).

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**APPROVAL**

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