



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 11-Dec-2018 | Report No: PIDISDSC25532



BASIC INFORMATION

A. Basic Project Data

Country West Bank and Gaza	Project ID P168576	Parent Project ID (if any)	Project Name Real Estate Registration Project (P168576)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date Feb 11, 2019	Estimated Board Date Mar 28, 2019	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Palestine Liberation Organization (for the benefit of the Palestinian Authority)	Implementing Agency Land and Water Settlement Commission (LWSC), Palestine Land Authority (PLA)	

Proposed Development Objective(s)

The development objective is to improve services to businesses and citizens in real estate registration.

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	5.00
Total Financing	5.00
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	5.00
Special Financing	5.00

Environmental Assessment Category

Concept Review Decision



B - Partial Assessment

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

N/A

B. Introduction and Context

Country Context

The Palestinian Authority (PA), established after the Oslo Accords of 1993, and the Government of Israel (GoI) remain unable to achieve progress towards a final status agreement. The PA was initially established for a five-year interim period with the responsibility of administering the territories partially under its control. The Oslo Accords, however, were never fully implemented. Palestine is consequently fragmented into small enclaves due to a multilayered system of physical, institutional, and administrative restrictions, which goes beyond a West Bank and Gaza (WB&G) divide. The West Bank itself is divided further into Areas A, B, and C, each with its concomitant administrative and security arrangements. Reconciliation attempts between the PA and the de facto governing authority in Gaza have not materialized, and unrest with Israel continues to flare up, particularly in Gaza. Additionally, donor funding continues to deteriorate, with drastic cuts in aid to the PA and United Nations agencies. These aid cuts have contributed to a severe liquidity squeeze that compounds an already serious humanitarian problem in Gaza.

The economic conditions in the Palestinian territories have significantly weakened in 2018, mostly due to a decline in economic activity in Gaza. According to preliminary data by the Palestine Central Bureau of Statistics (PCBS), overall real Gross Domestic Product (GDP) growth dropped to 2 percent in the first quarter of 2018 – half its average for the previous three years – with Gaza specifically registering minus 6 percent growth for the same time period. The economy has been constrained by over two decades of restrictions on movement, access, and trade, which have kept investment levels extremely low and resulted in deindustrialization. Substantial transfers, mostly in the form of aid from the international community, have helped mitigate the impact of the restrictions through fueling consumption driven growth. Nevertheless, transfers have been declining and witnessed a very large drop in 2017-18, particularly in Gaza, resulting in a lower growth trajectory for the overall economy and revealing the fragility of the aid-driven growth model.

Living conditions in the West Bank have slightly improved but risks are still high. The West Bank poverty rate is 13 percent, and the situation remains very fragile, particularly since household income and expenditure are highly sensitive to conflict and dependent on aid. According to analysis done by the World Bank (WB), a drop in expenditure as small as 5 percent in the West Bank could result in an increase in poverty by as much as 16-17 percent. The current unemployment rate for the West Bank is hovering at around 18-19 percent for recent years.

To achieve sustainable economic growth in the Palestinian territories, growth and job creation going forward will need to be private sector driven. For a small economy, achieving a sustainable growth path depends to a large extent on having a private sector that is able to compete in regional and global markets and increase its exports of goods and services. The private sector is the only sustainable engine for growth, and the focus should be on removing the constraints and creating the right conditions for it to flourish.



Sectoral and Institutional Context

Access to real estate in the Palestinian territories remains one of the largest impediments to economic growth. In its bi-annual reports to the Ad Hoc Liaison Committee (AHLC), the WB continues to strongly recommend the acceleration of land registration in Areas A and B for development of the business environment to spur economic growth.¹ The September 2016 AHLC report² highlighted that limited land registration and unclear property rights presented major challenges for business and housing development. The WB's WB&G Investment Climate Assessment recommended supporting and improving PA capacity for land management and registration in Areas A and B to help ease a key constraint to investment and business.³

Additionally, analysis from the 2015 Housing Sector Technical Assistance (TA) (P128982) also found the lack of registration and legal title as a key constraint for the housing sector, which accounts for a sizeable proportion of the economy and employs between 11-14 percent of the total workforce in WB&G. Housing is also a potential catalyst for the development of important industries, e.g. construction, which in turn could further benefit the economy through positive spin-off effects. The TA further cites that the relatively slow progress of property registration at a national scale is holding up efforts to expand housing programs and further develop mortgage lending since banks require official land titles as collateral. Furthermore, the high fragmentation of parcels combined with patchy and unreliable real estate records makes it difficult for housing developers to assemble land.

The recently completed 2018 WB report – The Socio-Economic Effects of Weak Land Registration and Administration System in the West Bank⁴ – argued that the most direct and significant economic impact of land registration is manifested through the financial sector, primarily through the lending and mortgage markets. Land is the West Bank's most important source of collateral, which is the primary instrument used by Palestinian banks to secure loans, especially loans to Micro-Enterprises and Small and Medium Enterprises (MSMEs), and mortgages. According to information from the Palestinian banking sector, land accounts for roughly 60 to 70 percent of collateral holdings in the Palestinian territories. However, only formally registered land can be used as such. Therefore, if more properties are formally registered, it would help to increase access to securities for the benefit of Palestinian lending and mortgage markets.

Initial efforts to formally recognize and regulate property ownership began during the Ottoman Empire. Under the British Mandate though it was halted upon the end of the Mandate in 1948. In Gaza, close to 90 percent of the land has been surveyed; however, the level of surveyed and registered land in the West Bank is considerably lower. Registration activity continued under the Jordanian Government but was stopped per Israeli military orders after the 1967 War. Additionally, the inconsistencies and fragmentation within the legal framework governing property ownership have contributed significantly to the low level of registration in the West Bank. Despite some modifications and updates by the PA, the overall land-related legal framework remains dated, unconsolidated, and inconsistent within itself and across jurisdictions. A number of legal gaps and contradictions remain, thus affecting the policy framework of the land sector.

¹ This includes the latest report to the Ad Hoc Liaison Committee as of September 2018:

<http://documents.worldbank.org/curated/en/413851537281565349/pdf/129986-REVISED-World-Bank-Sept-2018-AHLC-Report-final.pdf>

² Economic monitoring report to the Ad Hoc Liaison Committee, September 2016:

<http://documents.worldbank.org/curated/en/474311473682340785/pdf/108205-V2-WP-PUBLIC-SEPT-14-2PM-September-2016-AHLC-World-Bank-Report.pdf>

³ West Bank and Gaza Investment Climate Assessment, 2014:

<http://documents.worldbank.org/curated/en/249591468142766989/pdf/AUS21220REVISE0A0REPORT0SEPT0902014.pdf>

⁴ The Socio-Economic Effects of Weak Land Registration and Administration System in the West Bank:

<https://operationsportalws.worldbank.org/Pages/DocumentProfile.aspx?projectId=P163872&DocId=30&IsCovGen=true&stage=AUS>



The Palestinian Land Authority (PLA) is the central real estate and property administration organization established in 2002 and is governed by the PLA Law 6 of 2010. This law regulates the PLA and makes provisions for the National Land Board that is chaired by the President of the PA; however, it has not been established to date. The PLA is responsible for property registrations, such as transfers and mortgages, and state property management. In 2005, with the support of the WB and the Government of Finland, the first Land Administration Project (LAP) was prepared to support the nascent agency and modernize land administration services in the Palestinian territories as the first phase of a long-term Land Administration Program. Completed in 2008, LAP developed procedures for the issuance of land titles and registration of property transactions, piloted SLR and modernized PLA service offices, and assisted the PLA in developing draft policies and laws for the effective management of scarce land resources – the National Land Policy Framework (NLPF)⁵. Much of the NLPF, however, was never adopted.

The Second Land Administration Project (LAP-II) was launched in 2012 with financial and technical support from the WB and Finland. The development objective was to improve the design and implementation of the land registration system in the project area. LAP-II encountered obstacles throughout its timespan and failed to make progress towards the achievement of its objectives. Despite numerous donors' interventions to accelerate project implementation, it was determined that the project could not be implemented as planned and was subsequently cancelled in 2016.

In response to the cancellation of LAP-II, the Office of the Prime Minister (PMO) launched the program, *Road Map for Reforming the Palestinian Land Sector* (Road Map). The Road Map emphasizes that “land sector reform in Palestine is fundamental in improving tenure security, stimulating economic growth, generating revenues for government finances, and building trust between government and citizens.” It was endorsed by the Cabinet⁶ in September 2017, and the reform program is underway. It outlines a comprehensive, multiphase, multi-stakeholder approach to reforming the land sector, including the specific policy, legal and institutional reforms needed in the short, medium, and long-term. The Key Sector Reform Pillars of the program are: (i) completing SLR for Areas A and B; (ii) institutional reform of land sector agencies, including governance arrangements; (iii) transparent, effective, and accountable management of public land; (iv) property tax reform; (v) establishing a national spatial data infrastructure; and (vi) preparing an inventory and mapping of rights in Area C.

Additionally, to accelerate progress on SLR, the PMO facilitated the establishment of the Land Water and Settlement Commission (LWSC)⁷ in March 2016 as a separate agency from the PLA. A settlement judge was appointed as the head of the LWSC, and several staff members were seconded from the PLA in addition to the appointment of new staff. The LWSC built on lessons learned from LAP-II to “partner with municipalities” and the communities through formal mechanisms to improve the efficiency and governance of SLR. LWSC subsequently adopted a decentralized approach to the SLR process, partnering with Local Government Units (LGUs) to complete settlement surveys. In the period since its inception until the end of 2017, the LWSC demarcated and surveyed 283,800 dunums⁸ and completed settlement surveys in 64,000 dunums (around 19,632 land parcels). These results have, by far, exceeded what was achieved during the previous ten years of settlement activity including under LAP-II. Despite good initial progress, key operational and regulatory issues remain and need to be addressed to accelerate further systematic registration and reduce its costs. At this stage, about 46 percent of the land in the Palestinian territories is currently registered, with a significant portion of unregistered properties in the urban centers of many cities in the West Bank. To complement SLR activities, the government also waived fees for first time registration as recommended by the WB. The areas that require settlement surveys include the main urban centers

⁵ NLPF included draft Land Rights Law; PLA Law (Land Authority Institutional Framework); Land Registration Law; and Eminent Domain Law.

⁶ Cabinet Decision Number 01/171/2017.

⁷ Law Number 7 of 2016.

⁸ Dunum or dunam -a unit of measurement of land, currently is equivalent to 1000 sq.m.



in many cities in the West Bank, as the Jordanian authorities did not undertake settlement surveys in these areas prior to 1967.

In parallel to increased settlement activity, the government has continued to demonstrate political will for reform of the sector. The PA is progressing with a series of reforms under the program of the Road Map, including Pillar (ii) institutional reform of land sector agencies. While the LWSC is responsible for first-time registration activities, the PLA remains responsible for receiving and recording property titles issued by the settlement activities to complete the process. In April 2018, in an effort to initiate reform of the PLA and to align the two agencies more closely, the PA appointed the Head of the LWSC to act jointly as the Chairman of the PLA. The PLA has since been going through internal restructuring with new management for a number of key departments including registration and surveying. Currently, under the ongoing Support to the Palestinian Land Sector ASA (P163872), the WB has been providing technical support to update of the amendment of the PLA Laws of 2002 and 2010. The draft amendment will consolidate the laws and include a provision for a Board of Directors for the PLA and increased oversight on state property management. The proposed institutional reforms aim to increase transparency at the PLA. It is now in final draft and will be submitted to the Cabinet for approval imminently.

The PLA has been making further efforts to continue with previous reforms as advised by the WB. Under the new chairman, a technical committee has been created with legal experts to begin the process of consolidation of the legal and regulatory framework to address the existing fragmentation. Previously, as part of the Doing Business reform program for WB&G, the PLA took steps in 2017 to improve the procedures and time for registering property transfers. The PLA issued a Circular on February 7, 2017 that cancelled the procedural requirement to obtain a security check (as part of the land purchase permit) for Palestinian companies, Palestinian Professional Associations, and Palestinian Associations. This has reduced the time to obtain the purchase permit from the Cabinet as recognized by the WB's Doing Business team. The upcoming Doing Business 2019 report will reflect a change in time.

Under support to Pillar (iv) Property tax Reform, two Cabinet Decisions have been passed by the PA as well: (i) to devolve property tax collection from the central level to the LGUs⁹; and (ii) reallocation of the central property tax unit from the Ministry of Finance and Planning (MoFP) to the PLA, who in turn will support the LGUs with the relevant property ownership information.

Additionally, as mentioned, the WB has the ongoing Support to the Palestinian Land Sector ASA (P163872) in place that provides TA to assist the PA to refine and implement key policy, regulatory, and legal aspects of the government's Road Map program. This TA includes direct support to the PLA and LWSC to improve capacity to administer better real estate services. The areas of reform include land registration systems, state land policy, governance and organizational restructuring of the land agencies, property tax, and Geospatial Information Management.

Relationship to CPF

In addition to supporting the WB's twin goals of ending extreme poverty and promoting shared prosperity, the proposed project aligns with the Country Assistance Strategy (AS) FY2018-2021, which puts an emphasis towards supporting the growth of private sector activity, including job creating enterprises and infrastructure. The proposed project contributes to Pillar 1 – Setting the conditions for increased private sector investments and job creation, and Pillar 3 – Addressing the needs of the vulnerable and strengthening institutions for improved citizen-centered service delivery.

The proposed program will contribute to the institutional strengthening and improvement of service delivery in the land administration sector and the creation of a conducive environment for private sector growth. By furthering the completion

⁹ The activity is being supported in parallel by the Government of the Netherlands through VNG International.



of SLR the project will lead to a greater supply of registered properties for the following: (i) increased investment and private sector lending and access to finance by using titled properties and real estate as collateral, which is necessary for establishing new businesses and expanding existing ones, thus contributing to job creation; and (ii) improved urban development and provision of increased financing for local governments and the national tax systems through property tax, which is anticipated to increase from access to increased registered titles. The automation and modernization of the PLA, along with the accompanying capacity development for the agency, will lead to: (i) improved and more transparent services for citizens related to real estate; and (ii) a reduction in the number of days it takes to register a property, which is expected to contribute to an annual productivity increase. Lastly, the project will include a component to explore options to Maximize Financing for Development through private sector participation in land administration, particularly for real estate and property, in line with international best practices. As a whole, the project is expected to contribute to addressing overall current land market weaknesses and create space for increased private sector entry.

Lastly, the program will support actions of the PA's National Policy Agenda (NPA) with which the AS is aligned, particularly those actions foreseen under the NPA's Pillar 2: "Government reform." It contributes to National Priority 4: "Citizen-Centered Government" – Policy 8 "Improving Services to Citizens"; and National Priority 5: "Effective Government" – Policy 9 "Strengthening Accountability and Transparency" for the land sector.

C. Proposed Development Objective(s)

The development objective of the proposed project is to improve services to businesses and citizens in real estate registration. The proposed project aims to improve the business environment and facilitate private sector development in the Palestinian territories.

This objective will be achieved through: (i) advancing the registration of all properties in the Palestinian territories, particularly in Areas A and B; (ii) improving service delivery to citizens and businesses in property registration-related transactions; and (iii) enhancing private sector participation in the property sector.

Key Results (From PCN)

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

- Number of parcels mapped and recorded (Number);
- Reduction in the number of procedures required to register a property (Number);
- Target area of properties in priority areas with user or ownership rights recorded as a result of the project (Percentage);
- Number of e-services implemented (Number); and
- Reduction in the number of days to complete the recording of the purchase/sale of a property (Number).

D. Concept Description

The proposed project will address the first two pillars of the government program under the Road Map: (i) completing SLR for Areas A and B; and (ii) institutional reform of land sector agencies, including governance arrangements. Unlike the previous two unsuccessful projects, the proposed project will utilize results-based financing. Financing under an Investment Project Financing (IPF) tool will be provided that will disburse against achieved Disbursement Linked Indicators (DLIs). DLIs would be related to the area of properties surveyed and registered, and agreed-to institutional arrangements implemented within both the PLA and LWSC.



The proposed project components are summarized as follows:

Component A: Property Registration. This component will provide financial support and TA to the LWSC and the PLA to advance the systematic registration of all properties in the Palestinian territories with the focus on Areas A and B. The support will accelerate the on-going registration effort with the aim of completing Areas A and B by the end of the project. Financing will be based on outputs of property surveyed, registered, and titles issued.

Component B: Enhancing Registration and Transaction Services at the PLA. This component will build on and learn from the earlier work conducted under LAP-I and LAP-II to assist the government to modernize the functions of the PLA and develop the agency's capacity to transform it into an efficient, service-oriented organization. The component would also provide support to improve services provided by the PLA by reducing the time to register transactions, move to an e-service platform, and improve overall customer satisfaction. This component will support the development of a national Geodetic Reference Framework (PAL-GRF) that is linked to the global one and provide the foundation for all mapping in Palestine.

Component C: Maximize Financing for Development. The component will facilitate enhancing private sector access to real estate through supporting the PLA and LWSC to establish streamlined and accelerated procedures for registering properties on demand for businesses. The component would also investigate the feasibility of private sector participation, specifically for land administration, in line with international good practices.

Component D: Project Management. This component will support project management through support to the development and implementation of project management functions in the PLA and LWSC, including the development of a Project Management Information System that will monitor the work plan and budget, targets and outputs.

The project will be implemented jointly by the PLA and LWSC. Overall guidance for the project will be provided by the ministerial National Committee for the development and reform of the land sector, that was established under the Road Map and is chaired by the Prime Minister.

A full-time project manager will be designated, who will report directly to the Chairman of the PLA/Head of the LWSC. A small team will be established to support the project manager that will include members from the PLA and the LWSC and will coordinate project management activities with the two entities. This team will be accountable for project planning and budgeting, monitoring and evaluation, financial management, procurement and safeguards issues by ensuring other departments in the agencies undertake these functions effectively.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will contribute to the finalization of systematic settlement/registration in the Palestinian territories with a focus on Areas A and B in the West Bank in selected municipalities. The exact number of the municipalities and their locations are not known at this stage. The project finances reshaping if that does not require establishing the right of way; and/or it finances the areas that will not include re-parceling. Given that right of way in majority of cases is established in urban areas the project most probably will be in urban areas.



B. Borrower’s Institutional Capacity for Safeguard Policies

The project is assigned environmental category B, partial assessment, requiring preparation of a Social Impact Assessment/Social Management Plan. Given that at this point the number and locations of the municipalities to be included in the project are not known the SIA/SMP will be initiated once that information is available. During project preparation, the PLA capacity will be assessed and if environmental impacts anticipated, capacity building measures will be requested.

C. Environmental and Social Safeguards Specialists on the Team

Helen Z. Shahriari, Social Specialist
Zeyad Abu-Hassanein, Environmental Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project will only involve soft activities for land registration, i.e., there are no construction or rehabilitation of infrastructure activities involved. The project activities are not expected to cause any significant, direct or indirect environmental impacts. However, there are some social risks. Accordingly, the SIA/SMP instrument will be prepared to investigate these social impacts/risks, and provide mitigation measures to address them. In addition, it will include a robust GRM system.</p> <p>The proposed project will support the Palestinian Authority to register land/property mainly in Areas A and B. Some of the social risks related to land registration could include: i) the exclusion of those without land title or documentation; ii) possible disputes between land users and land owners; iii) possible conflict between family members; and iv) the risk of the exclusion of some of the most vulnerable groups, including female members of the households, among others. There could also be competing claims on land at the time of registration.</p> <p>To mitigate social risks, an SIA/SMP will be prepared under the project. The assessment will aim to understand the above risks. To this end, it will assess comprehensively the legal framework and implementation of the Government's approach to informality, land users, conditions under which a land user can be evicted, among others, and establish</p>



detailed measures to address them so no one will be worse off as a result of the project, be displaced, or have his/her livelihood be negatively affected. The TOR for the SIA/SMP will be reviewed by the World Bank and cleared by appraisal. The actual assessment can only start when the exact location where the project will be active is known, and information collected by the project on the land inventory and location as well as geospatial data. A GRM system, though, will be developed in the early stages before the actual survey is done and the outreach to such a GRM will be disseminated in all project areas.

Performance Standards for Private Sector Activities OP/BP 4.03	No	This policy is not triggered because no project activities will be implemented by private entities.
Natural Habitats OP/BP 4.04	No	This policy is not triggered because project activities will not cause impacts to any known natural habitats.
Forests OP/BP 4.36	No	This policy is not triggered because no forests will be impacted by project activities.
Pest Management OP 4.09	No	This policy is not triggered because no pest management substances or equipment will be financed by the project.
Physical Cultural Resources OP/BP 4.11	No	This policy is not triggered because no physical cultural resources identified are to be impacted by project activities.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered because the project will not affect land belonging to indigenous people.
Involuntary Resettlement OP/BP 4.12	No	The project supports the Palestinian Authority to register land/property primarily in Areas A and B in the West Bank. Some local governments do land re-parceling based on existing law that includes two parts: i) parcel reshaping to make parcels more usable; and ii) establish right of way per the approved master plan. The proposed project i) only supports reshaping if it does not require the establishment of the right of way; or ii) only finances areas that will not include re-parceling. As a result, OP 4.12 is not triggered.
Safety of Dams OP/BP 4.37	No	This policy is not triggered because no dams will be affected by the project.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered because the project will not finance any activities on international waterways.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered because the project will not finance activities on disputed areas.



E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Jan 31, 2019

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

OP 4.01 is triggered and a SIA/ESMP will be prepared.

CONTACT POINT

World Bank

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Borrower/Client/Recipient

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APPROVAL

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