



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 21-Dec-2021 | Report No: PIDA29230



BASIC INFORMATION

A. Basic Project Data

Country Pakistan	Project ID P172945	Project Name Punjab Urban Land Systems Enhancement Project	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 15-Dec-2021	Estimated Board Date 28-Feb-2022	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing	Borrower(s) Islamic Republic of Pakistan	Implementing Agency Punjab Board of Revenue	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to support the Government of Punjab with: (i) improved land records; and (ii) identification of land for development, including land for housing programs.

Components

Digital Land Records and Cadastral Maps for LRMIS

Land for Housing

Integrated Land and Geospatial Information Systems and Services

Project Management and Institutional Strengthening

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

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

DETAILS

World Bank Group Financing

International Development Association (IDA)	150.00
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IDA Credit	150.00
Environmental and Social Risk Classification	
High	
Decision	
The review did authorize the team to appraise and negotiate	

B. Introduction and Context

Country Context

1. Pakistan has made significant progress over the last two decades towards reducing poverty. Over 46 million people escaped poverty between 2001 and 2015, making Pakistan the most successful South Asian country in transforming gross domestic product (GDP) growth into poverty reduction. Nonetheless, challenges remain. Human capital outcomes are poor and stagnant, with high levels of stunting at 38 percent and learning poverty at 75 percent. Per capita GDP growth has also been low, averaging only around 1.8 percent annually. Economic growth in Pakistan has historically been fueled by private and government consumption, with productivity enhancing investment and exports contributing relatively little. Also, the consumption-led growth has been associated with frequent macroeconomic imbalances. Achieving sustained higher economic growth is important for Pakistan to reduce inequality and increase shared prosperity.

2. After contracting in FY20 due to the adverse impact of COVID-19, economic activity recovered in FY21. Due to low-base effects and recovering domestic demand, real GDP growth (at factor cost) is estimated to have rebounded to 3.5 percent in Fiscal Year (FY) 21 from a contraction of 0.5 percent in FY20. However, in light of emerging external imbalances and higher domestic inflation, fiscal and monetary tightening are expected to resume in FY22. Output growth is therefore projected to ease to 3.4 percent in FY22 but strengthen thereafter to 4.0 percent in FY23 on reform dividends such as those from sustaining macroeconomic stability and increasing competitiveness. Inflation is projected to edge up in FY22 with domestic electricity tariff hikes and higher oil and commodity prices before moderating in FY23. The current account deficit is projected to widen to 2.5 percent of GDP in FY23 as imports expand with higher economic growth and oil prices. Despite fiscal consolidation efforts, the deficit (excluding grants) is projected to remain high at 7.1 percent of GDP in FY22 and widen to 7.2 percent in FY23 due to pre-election spending. Implementation of critical revenue-enhancing reforms, particularly the harmonization of the General Sales Tax (GST), will support a narrowing of the fiscal deficit over time. Public debt will remain elevated in the medium-term, as will Pakistan's exposure to debt-related shocks. This outlook assumes that the IMF Extended Fund Facility program will remain on track.

3. Inefficiencies in Pakistan's land administration system creates additional costs for investments. Land recording institutions have been unable to keep pace with population growth and urbanization. Over time, land registration has been hindered by fragmented, overlapping and incomplete land records in all provinces, with a negative impact on the functionality of the real property market. As a result of the uncertainties over land titles, access to financing and land acquisition for development are hampered, depressing overall the



investment climate¹. Land-rights related litigation is widespread. The lack of tenure security and unresolved land disputes increase the financial risk for infrastructure and housing investments by causing bottlenecks.

Sectoral and Institutional Context

4. Pakistan's main land records (or the Record of Rights) are maintained at the village level by the provincial Boards of Revenue (BoRs). The BoRs maintain a Register of Deeds that registers property transfers and mortgages. The Record of Rights and the Register of Deeds are person-based records, but the Cadastral Maps have provided a survey number as a common identifier. The BoRs' Revenue Records were originally rural records, and excluded the historical city centers. As urban areas have expanded, unplanned large urban areas around the city centers have been covered by the Revenue Records. Cantonments, Housing Development Agencies, and Cooperatives maintain their own records on land plots, properties, and rights in the areas of their respective jurisdictions, and provide land registry services to owners, banks, and others.

5. The semi-public land records are not reflected or interlinked with the Revenue Records or the Excise and Taxation's Urban Immovable Property Tax (UIPT) records. There is no single agency maintaining updated land records for all of Punjab, and the coordination of record keeping functions carried out by the various agencies is limited. Punjab has over 200 standalone land records systems covering urban properties.

6. A transparent system of centralized cadaster-based land records has strong potential to support the ecosystem for revenue enhancement in the province. The World Bank estimates Punjab's tax potential at PKR 400 billion, with the largest revenue potential in Services Sales Tax, UIPT and stamp duty². Of the three largest sources, two are related with real estate, i.e. UIPT collection by the Excise and Taxation Department (E&TD) and stamp duty by the BoR. Improved land record system will provide the underlying data to conduct systematic analysis informing policy measures, enhance coordination between the two land related tax authorities (E&TD and BoR), and improve implementation of UIPT and stamp duty.

7. The urban housing gap in Punjab was estimated at 2.3 million units in 2017³. This gap is expected to reach 11.3 million units by 2047, driven by population growth, migration from rural areas, and deterioration of the existing housing stock. The Government of Pakistan (GoP) has therefore initiated several pro-poor programs, including the Naya Pakistan Housing Program (NPHP). Launched in April 2019, NPHP seeks to build five million low-cost housing units in urban in a five-year period. Between 2 and 2.5 million units are expected to be constructed in Punjab Province under the purview of the Punjab Housing and Town Planning Agency.

8. The WBGs integrated interventions in Pakistan's land and housing sectors address constraints on both the demand and supply side to deepen the housing market. The GoP's policies focus on unlocking binding constraints across the housing value chain, crowding in private capital when possible and introducing public sector interventions when necessary. Bank engagement in the housing sector began in 2018 with the Pakistan Housing Finance Project (PHFP, P172581), which sought to improve access to housing finance for low- and middle-income households. The WBG will deliver three complementary projects in 2022 which further build on what has already been accomplished. First, the Punjab Urban Land Systems Enhancement (PULSE, P172945) project will support the digitization of land records in urban and rural areas and create a province-wide parcel-based cadaster. Access to land is historically a key bottleneck in housing supply and secure land

¹ Pakistan ranks 151st globally in property registration with 105 days to transact a commercial property (Registering Property Index in the Doing Business 2020).

² As per the background analytical work conducted for a recently approved Punjab Resource Improvement and Digital Effectiveness Program (P171417).

³ Urban Unit. "Punjab Spatial Strategy 2047 Technical Paper – Housing".



records are essential for housing finance. PULSE will create more secure land rights records and help developers quickly identify developable land in urban areas through a comprehensive public land inventory. Second, the Punjab Affordable Housing Program (PAHP, P173663) will help strengthen housing institutions and systems and enhance housing supply, including affordable housing for lower-income households in Punjab. It will also raise awareness of housing finance options among eligible beneficiaries and help access them. Third, the Additional Financing for PHFP (AF, P172581) will support a significant scale-up of the credit risk sharing facility under the parent project to promote access to mortgage loans for low- and informal-income households. While PULSE and PHAP will support the Punjab Government in its efforts to increase housing supply for lower-income households (where the housing deficit is at its most acute), the AF will ensure that households of this profile have access to finance to benefit from the increasing supply of affordable housing.

9. The Land Records Management and Information Systems (LRMIS) Project (P090501)⁴ set the stage for improving land tenure security and gender equality in the rural areas of Punjab Province. The project supported the creation of the LRMIS for the Punjab's BoR. Because of LRMIS, 92 percent of rural land records is fully digital. The record covers 55 million land holdings and 46 million land parcels in rural areas. The initial success and lessons learned from LRMIS in rural areas laid the foundation for improving tenure security in urban areas. A standardized methodology for transaction processing does not exist in the urban areas of Punjab, and spatial information is rarely included in the transaction record. Given the existing gaps and the absence of a standardized system of recording property rights in urban areas, the following challenges persist: (i) property tax evasion and inequitable taxation⁵; (ii) non-availability of formal ownership records; (iii) lengthy dispute resolution and litigation processes; (iv) overlapping record registries in multiple agencies that lack harmonization; (v) lack of easy access to property rights information for development authorities and agencies to fulfill their core functions (e.g., housing, utilities); and (vi) absence of up-to-date cadastral data for government agencies to incorporate climate change considerations, while planning for services and infrastructure. Women in urban areas also face marginalization and the loss of inheritance rights to land due to the lack of clarity on property ownership, limited access to land-related services, and cultural restrictions⁶.

10. Under the proposed PULSE Project, the Government of Punjab (GoPb) will advance efforts to strengthen land administration, support priority housing programs, and increase Own-Source Revenues (OSR). Both the GoP and the GoPb recognize it will not be possible 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 for the modernization of urban land records to access a comprehensive data catalog of the location and status of state lands. As such, PULSE will support the creation of a province-wide digital cadastral map, standardization and interlinking land records, data improvement in urban and rural areas, the scale-up of LRMIS, as well as project management and policy development. Promoting a more transparent, efficient, and selective supply of land will address one of the critical bottlenecks to the supply of affordable housing. A strengthened system for land administration, through updated land records, will reduce the potential of property tax evasion and contribute to more effective collection of OSR in Punjab. A more robust system of revenue collection is essential for the GoPb to finance resilient and green infrastructure in urban areas, and to move forward with its ambition to develop sustainable, competitive and productive towns and cities.

⁴ 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.

⁵ According to the latest research by IPSOS in May 2021, Pakistan's tax evasion in the real estate sector in FY20 is estimated at PKR60 billion due to under-invoicing (60-70% less than the market value) and informal cash transactions.

⁶ According to the Pakistan Demographic and Health Survey (2017-18), women in urban areas (39%) are less likely to have their name on a title or deed for a house than women in rural areas (47%).



C. Proposed Development Objective(s)

11. The Program Project Development Objective (PDO) is to support the Government of Punjab with: (i) improved land records; and (ii) identification of land for development, including land for housing programs.

Key Results

12. PDO indicators are:

- (i) Improved land records:
 - a. Land rights registered in and/or linked with LRMIS (number, gender-disaggregated)
 - b. Increased coverage of updated digital cadastral maps (percentage of provincial area)
 - c. Number of person-based records converted to parcel-based records in LRMIS (number)
- (ii) Identification of land for development:
 - d. Area of state lands screened for public purposes (ha); and
 - e. Sites of state lands identified for development programs (number).

D. Project Description

13. The Project comprises four components, as summarized below.

Component 1: Digital Land Records and Cadastral Maps for LRMIS (US\$103 million; WB financing: US\$103 million)

14. Component 1 will finance the development of a seamless and multi-purpose cadastral map linked to digital land records for Punjab that will become the base map for all the GoPb spatial work including among others revenue generation, expansion of the revenue base, planning, disaster risk management and security. This activity will facilitate land rights registration and build on the existing LRMIS that covers about 44.5 million rural land records in Punjab. BoR will carry out a pilot phase in Year 1 to develop efficient and cost-effective techniques, followed by a scale-up phase in the remaining years.

- a. *1.1: Spatial framework for LRMIS (US\$33 million; WB financing: US\$33 million).* This will develop a unified digital cadastral map with core geospatial framework and layers to upgrade the existing rural land records and support disaster risk management in selected rural and peri-urban areas of the Province.
- b. *1.2: Systematic registration of peri-urban properties (US\$14.5 million; WB financing: US\$14.5 million).* This will finance systematic registration for peri-urban properties that are not yet registered in LRMIS securing the tenure of most (economic, climate disaster) vulnerable dwellers in the Province.
- c. *1.3: Upgrading tax records to urban land records (US\$12.6 million; WB financing: US\$12.6 million).* This will update property tax maps managed by the E&TD to digital and seamless cadastral maps with accurate parcel boundaries and property number connection to the LRMIS records.
- d. *1.4: Incorporation of existing urban records into a unified land registry (US\$4.9 million; WB financing: US\$4.9 million).* This will finance digitalization of parcel maps and semi-formal land records and incorporation of these urban land records into a unified land registry.
- e. *1.5: Systematic registration of urban properties (US\$38 million; WB financing: US\$38 million).* Activities under this sub-component will include systematic registration and parcel-based climate risk assessment of urban properties selectively across the Province. It will also include first land registration in Katchi Abadis, which will be supported by cadastral surveys.

**Component 2: Land for Housing (US\$3 million; WB financing: US\$3 million)**

15. This component will support the identification, evaluation, and mobilization of low disaster risk public lands for climate-proofed development programs, including resilient housing. This component will first prepare an inventory of state lands, which will be digitalized, georeferenced, analyzed against Disaster Risk Management (DRM) dataset to reveal vulnerabilities and exposure to hazards, and stored in a database in LRMIS. Second, the Project will support GoPb to develop strategies and procedures for managing and monetizing those public land assets and facilitating housing development.

Component 3: Integrated Land and Geospatial Information Systems and Services (US\$35.5 million; WB financing: US\$35.5 million)

16. This component will support the establishment of a modern Land Information System, which unifies and integrates rural and urban land records. Activities will include: (i) strengthening of ICT equipment and software; (ii) development of the next generation LRMIS and Land Information Portal that will be housed and maintained by the Punjab Land Records Authority (PLRA); (iii) digitizing Deeds Registry's land records; (iv) establishment of a Punjab Spatial Data Infrastructure (PSDI) for climate resilience; and (v) provision of base maps, including multi-hazard risk assessment. PULSE will comply with the information security requirements to prevent data exfiltration, mitigate the effect of exfiltrated data, and ensure the privacy and integrity of sensitive information.

Component 4: Project Management and Institutional Strengthening (US\$8.5 million; WB financing: US\$8.5 million)

17. This component will support Project Implementing Units (PIUs)⁷ in the management, implementation, and supervision of Project activities. Support will also be provided for training and skill development in monitoring and evaluation, communication, social and environmental management and other relevant areas.

Component 5: Contingent Emergency Response Component (CERC, US\$0.0 million)

18. This component will provide immediate response to an eligible emergency. In the event of such eligible emergency (to be defined in the CERC Operational Manual), and at the request of the Government, the component would finance emergency activities and expenditures through the reallocation of project funds.

Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50	No
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Projects in Disputed Areas OP 7.60	No
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Summary of Assessment 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 of ICT equipment for ARCs. The

⁷ The PIUs include the BoR as the main PIU, the Punjab Land Records Authority and Provincial Disaster Management Authority as the assistant-PIUs.



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). 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.

20. 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 informal occupants in anticipation of project activities. Some level of social disharmony can also be anticipated given widespread disputes over land.

E. Implementation

Institutional and Implementation Arrangements

21. **The Punjab BoR will be the implementing agency for PULSE, based on the institutional mandates and the administrative authority of land-related laws⁸ relevant to PULSE's objectives.** A primary Project Implementation Unit (PIU) will be established in BoR headquarters under the leadership of the Senior Member of the BoR (SMBR). The PIU, which will be led by the Project Director, will be responsible for project administration and government-wide implementation, and for ensuring social and environmental compliance, oversight of activities, procurement, disbursements, monitoring, and reporting. Two assistant smaller project implementation units will also be established in the Punjab Land Records Authority and Provincial Disaster Management Authority to operate as quasi-autonomous bodies under BoR, with distinct budget and financial management arrangements.

22. **A Project Steering Committee (PSC) will be set up at the provincial level to ensure inter-agency coordination, collaboration, and smooth implementation of project activities with stakeholders.** The PSC will be co-led by the Chairman Planning and Development Board and SMBR, and will comprise representatives from key entities. The PSC will meet at least quarterly. BoR, the 155 Arazi Record Centers and Patwaris⁹ will work closely with local governments in all 36 Districts.

23. **A number of departments and development authorities will support PULSE as key collaboration partners,** while exercising their mandates and sharing their existing land and property records. These include, inter alia, E&TD and Lahore Development Authority. These partners will share their land registry data and become users of the integrated LRMIS to maintain their respective land records. BoR and the key partners will sign administrative agreements before launching the Project.

CONTACT POINT

World Bank

⁸ BoR is the custodian of the rights in land of all the right-holders in the Punjab under: (i) Punjab Board of Revenue Act, 1957; (ii) Punjab Land Revenue Act, 1967; and (iii) Punjab Land Records Authority (PLRA) Act 2017. PLRA has the full mandate to digitize the land record.

⁹ Patwaris are assistant collectors based in BoR's village offices (Patwar Circle, the lowest level of BoR's land records maintenance system). The Patwaris were historically responsible for social, political and administrative functions including maintaining land records and drawing field maps.



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APPROVAL

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