



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 22-Aug-2022 | Report No: PIDC33985

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

Country Uganda	Project ID P175732	Parent Project ID (if any)	Project Name EU Financing for Land Administration (P175732)
Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date Aug 10, 2022	Estimated Board Date Sep 29, 2022	Practice Area (Lead) Finance, Competitiveness and Innovation
Financing Instrument Investment Project Financing	Borrower(s) Government of Uganda	Implementing Agency Ministry of Land, Housing and Urban Development	

Proposed Development Objective(s)

To increase security of land rights and strengthen land administration and management systems in selected geographic areas in Uganda

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

Total Project Cost	7.08
Total Financing	7.08
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS**Non-World Bank Group Financing**

Trust Funds	7.08
European Commission Development Fund - TF	7.08

Environmental and Social Risk Classification

Concept Review Decision



Substantial

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

- COVID-19 had had a deep economic impact on Uganda and has stalled the pace of some key institutional reforms.** The GDP growth rate was 2.9 percent in FY20, less than half the 6.8 percent recorded in FY19, due to the effects of the COVID-19 crisis. The 2021 growth rate is likely to be at a similar level. The lockdown cycles contributed directly to a slowdown in the economy which was compounded by border closures and disruptions in global demand and supply chains. This resulted in a sharp contraction in public investment and deceleration in private consumption, which hit the industrial and service sectors hard, particularly the informal service sector.
- Before the outbreak of COVID-19, Uganda was experiencing some positive signs of economic growth though the growth rate was not keeping pace with population growth.** Average real gross domestic product (GDP) growth accelerated to above 6 percent for fiscal year (FY)17/18¹ and the first half of FY18/19, up from the average of 4.5 percent for the five years before FY16/17. Given the very high population growth rate, the per capita growth was less than 3.1 percent. This growth acceleration has largely been driven by strong investment and export performance.
- However, even before the outbreak of COVID-19, poverty reduction remained uneven in different regions of the country and job creation was failing to meet demand.** After a sustained downward trend, the poverty head count in Uganda rose from 19.7² percent to 21.4 percent between 2012–13 and 2016–17, partly due to climate-related factors (drought and pests). The private sector has generated 800,000 new jobs between 2012 and 2016; however, this is not enough to meet the demand for jobs from new entrants to the labor market as well as the transitions across jobs (including both transition from self-employment or unpaid jobs to private sector jobs for instance). According to the 2017 Labor Force Survey,

¹ Uganda Economic Update 2019.

² Uganda Economic Update 2019.



unemployment reached 9 percent, with unemployment higher among women (13 percent) than men (6 percent), and the labor force participation rate fell from 60 percent in 2013 to 52 percent in 2017.³ These figures do not capture the situation in the informal sector which accounts for a significant share of employment in Uganda.⁴

4. **Ugandan MSMEs that provide the majority of employment and are the engine of growth have faced the brunt of the ongoing crises and require support for enhancing their access to assets and finance to stabilize MSMEs in Uganda and position them for recovery.** The access to finance challenges for MSMEs in Uganda have been further exacerbated during COVID-19 and rising global gas prices and supply chain challenges. With capital investments and long-term planning thus constrained, there is a strong demand for interventions that support access to assets and finance for enterprises to revitalize the economy.

Sectoral and Institutional Context

5. **Land in Uganda is an underutilized economic and natural asset.** With more than 72 percent employment in agriculture, land is the bedrock of the Ugandan economy and of advancing inclusive economic growth. Land is essential for industrial zones, production facilities, and housing and for contribution to economic transformation and diversification into non-farm economy. For access to finance, land remains most common form of collateral especially in markets where movable collateral is not yet highly developed. Global studies show that secure property rights have a direct impact on mobilizing private investments. In Uganda, inadequate legal and institutional framework constitute a serious constraint to economic and social development. Insecure land tenure, outdated land laws, and slow or dysfunctional institutions of land administration can restrict private investment, undermine good governance, and reduce the ability of local authorities to raise taxes.⁵ Uganda's economy remains heavily dependent on agriculture and agribusiness with 34 percent arable land compared to 9 percent in SSA. There is tremendous potential for Ugandans to develop land as a productive asset for cultivation and as collateral but less than 20 percent land is registered and titled.
6. **In the Ugandan context, where the economic impact of COVID-19 is combined with the unequal and limited access to secure land tenure, scaling up land administration is essential to advancing economic recovery plans.** Secure titles are the first step for people to be able to secure credit in the context

³ https://www.ubos.org/onlinefiles/uploads/ubos/pdfpercent20documents/UNHS_VI_2017_Version_I_percent2027th_September_2017.pdf

⁴ Uganda: The Role of the Informal Economy in City Growth, Cities Alliance.

⁵ Klaus Deininger. World Bank Land Policies



where traditional collateral is prevalent. Financial institutions also seek to verify land ownership and indeed offer one of the key uses of the land administration system. For those who are unable to demonstrate valid, legal ownership of land, the largest avenue of access to finance i.e. financial institutions is closed and they are then forced to rely on informal, unregulated funding that makes them vulnerable to predatory lending practices and/or unsustainable sources of financing. This is a particularly dire constraint for women and underserved segments for whom unequal access to land in turn limits the economic activities they are able to undertake.

7. **For agribusiness MSMEs in particular, secure land tenure is essential to allow smallholders and farmers who provide essential inputs into the value chain to make long-term decisions about usage of land assets.** Sustainable economic growth requires sustainable use of natural resources including land. Land titling allows for improved land use as titled owners are able to make investments and have the incentive to undertake sustainable economic usage. As all natural resources, land is also vulnerable to climate change impact. Sustainable usage requires security of tenure and ability to manage land use.
8. **The enhancement of the land administration system based on reliable, up-to-date accurate information contributes to land tenure security and is a source of information for policy making.** It provides citizens access to secure title security that influence their long-term investment decisions. This is relevant to Uganda where about 80 percent of the economic activities are agricultural and where off-farm opportunities are often limited. The economic gender gap is even wider given that norms around access to land tend to favour men, granting the rights of women to the husband or a male relative. Women own only 7% of land as their rights to ownership is restricted both in the natal and matrimonial homes (Ellis et al., 2006).
9. **The World Bank is supporting the modernization and scaling up of land administration in Uganda through a combination of lending and technical assistance activities.** The World Bank Competitiveness and Enterprise Development Project (CEDP) was approved on May 9, 2013. It became effective on June 6, 2014 and is scheduled to close on May 31, 2024. An Additional Financing (AF) of US\$99.8 million has been approved by the Board and ratified by the Parliament of Uganda on March 2, 2020 and October 6, 2020, respectively. The development objective (DO) of CEDP is to (i) support measures that facilitate increased private sector investment in the tourism sector and (ii) strengthen effectiveness of the land administration system.



10. **The CEDP project has successfully built the core architecture of the land administration system within the Ministry of Lands, Housing and Urban Development (MoLHUD).** During the life of the project the World Bank has been supporting the decentralization of the land sector to ensure that communities and the vulnerable people have access to land services at lower costs. This strategy has three main pillars: institutional, legal and technical. The construction and operationalization of 22 Ministry Zonal Offices (MZOs) is the core of the institutional pillar while the technical pillar focuses on the design and development of the National Land Information System (NLIS), Systematic Land Adjudication and Certification (SLAAC), acquisition of the base map, and building of the Ugandan National Geodetic Reference Framework (UNGRF). Review and update of several laws is the core of the legal pillar. All 22 MZOs are already NLIS-compliant and fully operational. The main responsibilities of the MZOs are to revamp the functions of land registration, property valuation, physical planning and to modernize geodetic referencing and large-scale base-mapping. Other efforts include strengthening of the Institute of Survey and Land Management and creation of the Data Processing Center (DPC) in Entebbe, which are under the umbrella of the MoLHUD. One of the challenges is to consolidate the gains made in land administration by developing institutional capacity and increasing sustainability of the institutions. Related benefits of CEDP include: (i) reduced days to register land from 52 in 2010 to 42 in 2021, (ii) reduced time to process mortgage from 50 days to 1 day, and (iii) increased annual land revenue collected by the government from US\$3 million to US\$30 million (between 2013 to 2019 total non-tax revenue collected by the government and recorded by the land information system was US\$192 million)⁶.
11. **Land titling is a core activity of CEDP.** One of the core technical activities included into the CEDP is SLAAC with a target to provide more than 2.6 million persons with land tenure rights, by issuing ownership rights documents for 800,000 parcels. As of June 23, 2021, CEDP already completed 1,172 titles, which will be issued to the owners after final verification by local land administration. Moreover, survey field works have been completed for 65,079 parcels, which are currently being processed by the DPC. The DPC is responsible for production of public display maps, data processing and quality control of SLAAC. Since its inception, DPC has produced 597 public display maps, verified all 65,079 parcels submitted by the Contractor and processed 23,251 out of that number for issuing titles.
12. **However, much work remains to be done.** The SLAAC guidelines and software for data collection in the field and processing will need to be further enhanced to improve efficiency of the field operations. It was also agreed with the MoLHUD, that SLAAC implementation strategy will be modified moving forward to scale-up capacity of fieldwork and leverage performance-based contracting to enable multiple service providers to work in parallel in different geographical areas. The DPC's capacity is also being further scaled up.

⁶ Source: National Land Information System, Ministry of Lands, Housing and Urban Development.



13. **One of the key vehicles to support reform activities is the World Bank-administered Multi-Donor Trust Fund (MDTF).** The MDTF that mobilizes donor contributions and invests in strategic areas to promote an effective implementation of Uganda’s national development plans and priorities to achieve the national Vision 2040.

Relationship to CPF

14. **The project is fully aligned with the Country Partnership Framework (CPF, FY16–FY21) and the SCD update.** This grant is directly relevant to the Strategic Focus Area A: Strengthening Governance, Accountability and Service Delivery and Strategic Focus Area B: Raising Incomes in Rural Areas. The CPF FY16–FY21 recognizes land issues as a constraint to improving economic conditions and stresses that access to and security of land is important for farmers’ access to finance and investment in soil improvement and climate resilient technologies. Activities will focus on improving land-use flexibility (for example, systems for land registration and valuation and incentives for landowners to rent out land); addressing urban congestion; and enhancing skills and labor market readiness. Access to land and an efficient land administration system remain binding constraints across the strategic focus areas of the CPF.
15. **Under this RETF, the issuance of CCOs to individuals will enhance their possession, ownership and land development capacities by providing land tenure security and enabling investments through mortgage mechanisms using land as collateral.** This is an essential enabling activity for title holders to be able to access formal finance, make much-needed investments in land management and MSMEs, and undertake more sustainable management of land in Uganda.

C. Proposed Development Objective(s)

16. **The overall Project Development Objective is:** To increase security of land rights, strengthen land administration in selected geographic areas in Uganda.

Key Results (From PCN)

17. **Outcomes:**
- a. Strengthen institutions and mechanisms to resolve land disputes;
 - b. Increase people’s awareness of procedures to register customary lands; and
 - c. Provide population in the Project areas with officially recognized secured land tenure documents.



D. Concept Description

- 18. **The funds provided by the EU (Project) will complement activities implemented under the Land Administration Reform Component of the ongoing CEDP Project.** The funds of the EU will be used to finance systematic registration of land currently in customary ownership in the selected Project areas in the Northern and Eastern regions of Uganda.
- 19. **Both projects would complement each other for the activities of SLAAC and the methodology will be further developed to include guidelines for organization of the related business process and issuance of the CCOs.** The CEDP will also provide IT infrastructure at the DPC and data collection tool, which will allow to collect and process information related to the CCOs. Considering that CEDP is only financing the preparation and issuance of the freehold and leasehold titles, the Project provides a timely support in the selected regions, which in majority have land tenure arrangements in the form of customary ownership.
- 20. **The objective is to increase security of land rights by consolidating the demarcation and documentation of individually and communally owned customary lands and thereby enhance access to land as an economic asset.** The Project will implement activities inclusively, to include vulnerable people of both genders. The proposed activities will build on national pilots and initiatives and global and regional good practices. The proposed activities are:
 - a. Institutional strengthening and training;
 - b. Systematic adjudication in the selected Project areas; and
 - c. Project management, and monitoring and evaluation (M&E).

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

- 21. **While the project is expected to result in mostly positive impacts in the target project areas** including capacity development of local land institutions, increase in number land parcels demarcated and



registered, and reduction in number of land disputes, it could also to some extent inadvertently contribute to environmental risk as in the case where individual/communally owned customary land is adjacent to protected areas/ecologically sensitive areas like forest areas/wildlife conservation areas and in cases where the individuals/communities have little appreciation/awareness of environmental conservation values provided by the natural resources.

22. **The process of improving land management and reduction of land related disputes among others could pose social risk** including exclusion of people at village level, women, indigenous groups, (Batwa in Western and Iks in Karamoja); land dispute and land grabbing; and loss of housing during the demarcation of boundaries. To mitigate most of the above environment and social risks, a number of instruments will be prepared including an Environmental and Social Management Framework (ESMF) (including Labour Management Procedures, a Resettlement Management Framework (RPF), a Stakeholder Engagement Plan (SEP) to ensure that all stakeholders are involved, and a Vulnerable and Marginalized Peoples Plan (VMPP) to ensure inclusion and integration of the marginalized groups. A Grievance Redress Mechanism (GRM) will be established and made functional and known to stakeholders to report any issues and have it resolved.

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APPROVAL

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