



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 11-Nov-2022 | Report No: PIDA34918

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

Country Pakistan	Project ID P180008	Project Name Sindh Flood Emergency Housing Reconstruction Project	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 04-Nov-2022	Estimated Board Date 19-Dec-2022	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing	Borrower(s) Islamic Republic of Pakistan	Implementing Agency Sindh Peoples Housing for Flood Affectees	

## Proposed Development Objective(s)

To deliver owner-driven, multi-hazard resilient reconstruction of core housing units affected by the 2022 floods in selected districts of Sindh.

## Components

Housing Reconstruction Grants  
Institutional Strengthening and Technical Assistance  
Project Management and Implementation Support

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.  
Yes

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

Total Project Cost	500.00
Total Financing	500.00
of which IBRD/IDA	500.00
Financing Gap	0.00

**DETAILS****World Bank Group Financing**



International Development Association (IDA)	500.00
IDA Credit	500.00

#### Environmental and Social Risk Classification

Substantial

#### Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

## B. Introduction and Context

### Country Context

1. **Over the past two decades, Pakistan has achieved significant poverty reduction, but human development outcomes have lagged, and economic growth has remained volatile and slow.** Expansion of off-farm economic opportunities and the increase in migration and associated remittances allowed over 47 million Pakistanis to escape poverty between 2001 and 2018. Despite rapid poverty reduction, human capital outcomes have remained poor and stagnant, with high levels of stunting at 38 percent and learning poverty at 75 percent.<sup>1</sup> Pakistan has also experienced frequent macroeconomic crises due to a growth model based on private and government consumption, with productivity-enhancing investment and exports contributing relatively little to growth. Growth of per capita gross domestic product (GDP) has been low and volatile, averaging under two percent in the last two decades. Recent unprecedented floods are likely to have serious impacts on poverty, human development outcomes, and economic growth.

2. **The recent floods have had enormous human and economic impacts.** Pakistan experienced heavy monsoon rains between June and September 2022, which has severely affected millions of households, mainly in Sindh and Balochistan. Around 33 million people have been displaced and more than 13,000 kilometers of roads destroyed. The flooding has damaged 2.2 million houses, flooded around 9.4 million acres of crops, and killed an estimated 1.2 million livestock, adversely affecting rural livelihoods. Limited access to input and output markets and temporary disruptions to supply chains have driven up food prices and added to existing price pressures resulting from reduced agricultural yields and the global rise of food prices. Food shortages are expected to intensify in the fall and winter due to significant crop and livestock losses. Preliminary estimates suggest that as a direct consequence of the floods, the national poverty rate may increase by up to 4.0 percentage points, potentially pushing around 9 million people into poverty. The recently completed Post-Disaster Needs Assessment (PDNA) estimates total damages to be US\$14.9 billion, while total economic losses reached about US\$15.2 billion. Estimated needs for rehabilitation and reconstruction is at US\$16.3 billion, not including new investments beyond the affected areas to strengthen Pakistan's resilience to future shocks.

<sup>1</sup> World Bank (2019): EduAnalytics – Pakistan: Leaning Poverty Brief. Link: <https://thedocs.worldbank.org/en/doc/214101571223451727-0090022019/original/SASSACPKPAKLBPBRIEF.pdf>



3. **Pakistan's high vulnerability to climate change is a risk multiplier, compounding its human and economic development challenges.** Pakistan consistently ranks among the top 10 countries worldwide most affected by climate change. Extreme weather events have been increasing in frequency and intensity, impacting ecosystems, people, settlements, and infrastructure. Heatwaves, heavy precipitation events, droughts, and cyclones are prevalent risks. The country experiences some of the highest temperatures in the world, with several areas recording temperatures of over 38 degrees Celsius annually. During the 2015 heatwave, more than 65,000 people were hospitalized with heat stroke and 1,200 deaths were recorded, mostly in Sindh. Projected temperature increases in Pakistan are higher than the global average—as high as 5.3 degrees Celsius by 2081–2100 under the highest emissions Representative Concentration Pathway (RCP8.5), compared to a global average increase of 3.7 degrees Celsius in the same scenario. There is also significant uncertainty surrounding future precipitation rates in Pakistan, underscoring the need for better preparedness for unforeseen extreme precipitation events. Research highlights the risk of increased frequency and intensity of flood and drought events, brought on by changes in the seasonality, regularity, and extremes of precipitation. The probability of meteorological drought, usually brought on by below-normal precipitation, is set to sharply increase under all emission pathways—from the current probability of 3 percent to a 25–65 percent probability, which can cause significant damage to crops and livelihoods. These changes in climate and extreme events are likely to disproportionately affect the most disadvantaged groups, such as low-income businesses, those engaged in manual labor jobs, poorer farmers, women, and children.

#### Situation of Urgent Need of Assistance or Capacity Constraints

4. **The 2022 monsoon rains triggered the most devastating flooding in Pakistan's history, affecting all four provinces and impacting 15 percent of the population.**<sup>2</sup> Millions of people remain in need of humanitarian assistance, hundreds of thousands of homes have been destroyed, critical infrastructure such as road networks, bridges, and water systems has been damaged, and livelihoods lost. Significant damages to houses, transport, agriculture, irrigation, and communication infrastructure have also been reported in Sindh province. Given the scale of the current disaster, the government requires support related to immediate relief, recovery, reconstruction, and increasing resilience in the aftermath of the floods.

5. **Since the onset of the flooding, the GoP has been engaged in emergency response and relief.** Of the PKR 70 billion (US\$319 million) earmarked to assist flood-affected people, the Benazir Income Support Programme (BISP) has disbursed approximately PKR 65 billion (US\$296 million) to over 2.6 million flood-affected households as of October 15, 2022. Beyond financial support, the National Disaster Management Authority (NDMA) and the Provincial Disaster Management Authority (PDMA) have been providing in-kind support such as tents, rations, mosquito nets, dewatering pumps, medicines, and drinking water; they have also established evacuation camps for displaced persons. Damage assessment teams have been deployed on the ground; and the country's armed forces have been supporting the government's rescue and relief efforts. The government has established a National Flood Response and Coordination Centre, which includes representatives from the federal and provincial governments as well as the armed forces, to coordinate flood response, relief, and rehabilitation across the country. In collaboration with the United Nations (UN), the government issued a flash appeal (based on the 2022 Pakistan Floods Response Plan)

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<sup>2</sup> Pakistan: 2022 Monsoon Floods, Situation Report No. 9 as of 14 October 2022.



which seeks US\$816 million to respond to the needs of the people. Pledges from donors have reached US\$180 million, with only US\$90 million (11 percent) currently committed. National and international organizations are assisting affected populations through distribution of food and non-food items as well as provision of water and sanitation, hygiene, and health services

6. **The PDNA undertaken by the GoP, the World Bank (WB), the Asian Development Bank (ADB), the UN, and the European Union suggests that the housing, agriculture, transport, water supply and sanitation, and irrigation sectors bear the brunt of the damage.** For Sindh, the overall needs assessment for post-flood recovery and reconstruction stands at US\$7.9 billion, which is highest of all the provinces. In particular, damage to housing or settlements (US\$4.3 billion), water resources and irrigation infrastructure (US\$442 million), transport and communications (US\$311 million), and water supply, municipal services, and community infrastructure (US\$421 million) is substantial.

#### Sectoral and Institutional Context

7. **Sindh is the second largest province of Pakistan with significant levels of rural poverty and a high reliance on irrigated agriculture.** Covering an area of 140,914 km<sup>2</sup> (17.7 percent of the total area of Pakistan), Sindh has a population of 50.4 million people (23 percent of the country's population) and generates 27 percent of Pakistan's GDP. Nearly half (48 percent) of Sindh's population lives in rural areas and about 37 percent of the rural population is below the poverty line—higher than the Pakistan average. Poverty rates are much higher in some flood-impacted districts, reaching 53.4 percent in Badin. Satellite data combined with survey data suggest that poorer households were more likely to be affected by the flood within districts and tehsils. Beyond monetary and non-monetary poverty, areas in Sindh affected by the floods showed some of the highest stunting rates in the country, reflecting limited access to sanitation facilities and clean water. Agriculture accounts for about 24 percent and 70 percent of provincial GDP and employment in Sindh, respectively, and poor households derive 56 percent of their income from agriculture.<sup>3</sup> Poverty levels in rural Sindh are closely correlated with farm size or tenure relationship as small farmers tend to have less access to technologies, credit, water, and government support programs.<sup>4</sup>

8. **The province is particularly vulnerable to natural disaster events due to its geographical location, socioeconomic vulnerability, and climatic conditions.** These include drought, heatwaves, floods, cyclones, windstorms, tsunamis, sea intrusion, and earthquakes. Agricultural land in the low-lying areas of Sindh, downstream of the Indus, is highly exposed to flooding, threatening food security in the province and across the country. The floods in 2010, primarily riverine, caused damages of US\$4.3 billion in the province with almost 900,000 houses completely or partially destroyed, along with major impact on agriculture and infrastructure.<sup>5</sup> The 2011 rain-induced floods in Sindh had a major impact on agriculture, livestock, and fisheries, as well as housing. Sindh is also home to a large fraction of the coastal areas of Pakistan, which are at a significant risk from a projected rise in sea-level, which may go up to 40cm by the end of the 21st century even under conservative scenarios.<sup>6</sup> The high prevalence of poverty, as much as 40-60 percent in

<sup>3</sup> Household Income and Expenditure Survey (HIES) 2015-2016, Pakistan Bureau of Statistics.

<sup>4</sup> Approximately 83 percent of farms are less than 5 ha but account for only 37 percent of all farmland, and approximately 20 percent of farmland, mainly on the larger farms, is cultivated based on sharecropping or leases. Abdul Wajid Rana and Heman Lohano (forthcoming), Sindh Water and Agriculture Sector Public Expenditure Review. World Bank.

<sup>5</sup> Pakistan Floods 2010: Preliminary Damage and Needs Assessment.

<sup>6</sup> World Bank, Climate Risk Country Profile: Pakistan.



certain districts, further exacerbates the vulnerability of the province.<sup>7</sup> These areas also face inadequate health services, water and sanitation, schooling, and limited access to electricity.

9. **Sindh has been disproportionately affected by the 2022 floods.** The province is estimated to have received rainfall in excess of 400 percent over the 30-year average. According to the National Disaster Management Authority (NDMA) 792 of the 1,731 nationwide casualties were in Sindh, including 336 children, with 8,422 people injured. At least 1.7 million houses in Sindh were damaged or destroyed, nearly 83 percent of the nationwide total.<sup>8</sup> Reports estimate that more than 4.9 million acres of agricultural land has been affected in Sindh alone, which could contribute to food shortages in the near future.<sup>9</sup> Vast areas in Sindh witnessed prolonged inundation lasting several weeks with floodwater accumulating from other parts of the country following glacial melt in the mountainous north and record monsoon rains nationwide. Stagnant water in several districts gave rise to skin, gastric, and mosquito-borne diseases. As of September 2022, most flood waters have receded with only 2.83 percent of the province inundated.<sup>10</sup> Emergency rehabilitation is essential to facilitate those impacted.

10. **Sindh's housing sector has been severely affected by the 2022 flooding.** According to the housing census from 2017, there were 2,756,499 katcha<sup>11</sup> and 5,600,885 pakka<sup>12</sup> housing units in Sindh, with the former concentrated mainly in rural areas, and the latter more prevalent in urban areas. Proportion of both house ownership as well as housing with unclear ownership is higher in rural areas. The settlement patterns in Sindh are characterized by widespread scatter, with majority of rural population of Sindh living in small settlements across a large area which constrains efficient delivery of quality services and access to opportunities. Based on PDNA estimates, at least 1.7 million houses in Sindh were partially or fully damaged during 2022 floods which is highest in the country and represents more than 20 percent of the provincial housing stock.

11. **Several critical issues need to be addressed for housing reconstruction**, including the presence of appropriate institutional arrangements, credible targeting of beneficiaries, prompt identification of hazardous sites and suitable alternatives for relocation, consideration of multi-hazard resilient standards, understanding issues with land ownership and documentation, addressing overexploitation of building materials, ensuring transparency and accountability during the reconstruction process, and prioritizing inclusion of vulnerable groups.

12. **The Government of Sindh (GoS) has launched a comprehensive housing reconstruction program to support all damaged households from 2022 floods with a financing envelope of US\$1.5 billion.** The Bank project will provide US\$500 million financing under this program for owner-driven, resilient reconstruction of approximately 350,000 houses as well as technical assistance to inform the reconstruction. A dedicated Section 42 company has been established for design and execution of the program which will also serve as

<sup>7</sup> Country Climate and Development Report: Pakistan. World Bank.

<sup>8</sup> NDMA Floods Daily Situation Report No 134, 2022. <https://cms.ndma.gov.pk//storage/app/public/situation-reports/October2022/XrV4usz635AnF4WiNVrf.pdf>

<sup>9</sup> FAO Monsoon Flood Situation Update – Pakistan September 27 2022.

<sup>10</sup> FAO Rapid Geospatial Flood Impact Assessment Pakistan, September 2022

<sup>11</sup> A kind of house where the walls are made up of bamboo, mud, grass, reed, stones, straw, leaves and unburnt bricks. These are not permanent structures. (Development Statistics of Sindh 2021)

<sup>12</sup> A house which has walls and roof made of burnt bricks, stones (packed with lime or cement), cement concrete, timber etc. and the roof material may be tiles, Iron sheets, asbestos cement sheets, RCC etc. (Development Statistics of Sindh 2021)



the PIU for this project. The GoS has committed to provide a bridge financing of US\$1 billion for housing reconstruction in association with other potential donor agencies or financing partners.

### **C. Proposed Development Objective(s)**

Development Objective(s) (From PAD)

19. The project development objective is to deliver owner-driven, multi-hazard resilient reconstruction of core housing units affected by the 2022 floods in selected districts of Sindh.

#### **Key Results**

13. The project will measure progress towards the PDO via the following indicators:
- i. Number of core houses reconstructed to multi-hazard resilient standards (of which 15% are female headed households and households with vulnerable women).
  - ii. Total number of beneficiaries that have received trainings on multi-hazard resilient reconstruction practices (of which 15% are female).
  - iii. Percentage of households reporting satisfaction with project interventions.

### **D. Project Description**

14. **This project aims to support owner-driver reconstruction and restoration of damaged houses from the 2022 floods.** Given the complex nature of the housing sector, particularly in the Sindh province, this project design is guided by the following set of principles based on the Bank's experience in post-disaster housing reconstruction programs: (i) to undertake an owner-driven housing reconstruction and restoration; (ii) to provide technical assistance and trainings; (iii) to provide housing subsidy cash grants to replace damaged houses with new core unit built to multi-hazard resilient standards; (iv) to rebuild in-situ as far as possible; (v) to avoid reconstruction or restoration in high risk zones; and (vi) to rebuild with easily accessible materials and familiar methods.

#### **Component 1 – Housing Reconstruction Grants**

15. **This component will support the provision of cash grants to homeowners for reconstruction or restoration of approximately 350,000 damaged houses to resilient standards in selected districts.** The grant would partially finance replacement of damaged houses with multi-hazard resilient core unit. Each housing unit supported under this project will include: (i) a core unit of fixed area built to prescribed multi-hazard resilient standards; (ii) a basic rainwater harvesting system and twin pit latrine; and (iii) optionally, solar home solutions to be financed from an ongoing Sindh Solar Energy Project.

16. **Rebuilding would be owner-driven which is well-suited to the mainly rural affectees.** Households will be able to utilize their own labor, hire trained craftsmen and receive technical assistance from implementing partners to reconstruct or restore their houses. Safeguards shall be put in place to ensure that houses of the vulnerable groups, especially women-headed households, single women, elderly, persons with disabilities, and the ultra-poor are reconstructed on priority. All houses with structural damage beyond economic repair will be eligible for a Reconstruction Grant, those with repairable



structural damage will be eligible for a Restoration Grant, and housing units with non-structural damage will not be eligible for any compensation. The grants would be released directly to the beneficiary's bank account in tranches, linked to verified stages of construction and adoption of prescribed multi-hazard resilient standards. Efforts will be made to facilitate eligible beneficiaries to open bank accounts through simplified processing requirements and support of Partner Organizations (POs).

**17. The project will ensure that all beneficiaries of housing subsidy grants have at least some form of ownership or lease for the land on which their housing unit will be reconstructed or restored.** Households that lack access to necessary documents to prove their identity or property ownership, including members of female-headed households, vulnerable individuals and those that have lost documents during the floods, will be supported by Partner Organizations (POs) to prove their ownership and eligibility for the grants. While no relocation or land acquisition will be financed under the Bank's project, houses located in high-risk zones with recurrent hazards will not be eligible for housing subsidy grants.

## **Component 2 – Institutional Strengthening and Technical Assistance**

**18. Detailed Damage Assessment & Eligibility Verification Survey.** A survey will be conducted to: (a) categorize the level of damage to each housing unit through an engineering assessment via standardized checklist; (b) establish status of land ownership; (c) classify level of hazard risk for the site and (d) establish lists of eligible beneficiaries and vulnerable individuals or households that are unable to prove their identity and/or property ownership.

**19. Technical Assistance for Reconstruction Program.** This component will provide technical assistance to support the housing reconstruction efforts including the formulation of a housing reconstruction strategy, development of multi-hazard resilient housing solutions, and skills training programs for communities and artisans including resilient construction practices for artisans and orientation of beneficiaries on program participation. Further, women, female-headed households and other vulnerable groups eligible for reconstruction grants will be trained on financial management and supervision of construction activities to streamline the reconstruction process and ensure their houses are completed on time, within budget and to the required standards of quality and resilience.

**20. Implementation Support through Partner Organizations.** The existing public sector institutional capacity will require considerable reinforcement for credible administration and monitoring of the housing reconstruction. This component will also assist in enhancing the public sector's delivery capacity through partnerships with reputable POs which will be Non-governmental Organizations (NGOs) with existing outreach at community level and proven track record of delivering disaster reconstruction programs. Specific POs will be engaged to support women and other vulnerable groups, coordinating participatory land adjudication and verification, and undertaking outreach with the communities.

## **Component 3 – Institutional Strengthening and Technical Assistance**

**21. This component will support the management and implementation of the project, including the establishment and operationalization of an empowered implementation agency by the Government of Sindh.** The activities supported will include: (i) incremental operating costs including recruitment of operating staff and individual consultants as required; (ii) consultancy firm costs; and (iii) expenditures on





fiduciary systems, environmental and social management requirements, Communications, and setting up of a Grievance Redressal Mechanism (GRM).

#### Legal Operational Policies

#### Triggered?

Projects on International Waterways OP 7.50

No

Projects in Disputed Areas OP 7.60

No

#### Summary of Assessment of Environmental and Social Risks and Impacts

## E. Implementation

### Institutional and Implementation Arrangements

22. **Based on global best practice for post-disaster reconstruction, the Government of Sindh has established an independent company, called 'Sindh Peoples Housing for Flood Affectees', to lead the housing reconstruction program and serve as the PIU for this operation.** The company has been set up under Section 42 of the Companies Act 2017 and is responsible for managing all technical, fiduciary, and safeguards management aspects of the overall housing reconstruction program of GoS in collaboration with community level POs. The GoS has fulfilled all administrative and legal requirements for establishment of the company on fast-track basis including budgetary allocation to initiate operations.

23. **For staffing of the company, a Secretary level government officer has been appointed as full-time Chief Executive Officer, while hiring for remaining positions has also been initiated on competitive basis.** The company's Board of Directors includes high level representation of key government departments as well as private sector experts.

24. **A comprehensive geo-enabled Management Information System (MIS) will be established on priority to serve as the backbone of project implementation.** The MIS will include a data management system which will process all information related to beneficiaries, disbursements, verification, and monitoring. The field staff from POs will be able to directly upload geo-tagged information to the MIS through their smartphones which will then be consolidated and verified centrally by relevant staff at PIU. The project will make utilize modern technology solutions to verify and speed up the damage and quality assessments of targeted housing stock. The project will support the development of an effective communications to ensure timely information dissemination.

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