

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	India	Project Title:	Dewan Housing Finance Corporation for Low-Cost Affordable Housing Finance
Lending/Financing Modality:	Senior Loan	Department/ Division:	Private Sector Operations Department / Private Sector Financial Institutions Division

### I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: general intervention

#### A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy

The 2012 urban housing backlog in India was estimated at 19 million units,<sup>a</sup> and more than 95% of the households affected by this shortage were in the country's economically weaker sections and low-income groups. A 2007 government national urban housing and habitat policy sought to promote public-private partnerships to help realize its goal of affordable housing for all. The policy put special emphasis on the urban poor. Financial inclusion is a priority of the Government of India, and to support it the government has taken such initiatives as an interest subsidy scheme to enhance the flow of credit for housing in urban areas to groups classified as economically weaker sections (annual household income under RS100,000) and low-income (Rs100,000–200,000). The proposed project of the Asian Development Bank (ADB) is in line with these government priorities and will contribute to improving access to housing finance for the low-income households, especially in the countries less-developed states, including Andhra Pradesh, Chattisgarh, Jharkhand, Madhya Pradesh, Rajasthan, Uttarakhand, Uttar Pradesh and West Bengal.

Housing finance is one of the five intervention focus areas of ADB's financial sector strategy under its country partnership strategy for India for 2013–2017.<sup>b</sup> By helping low-income households purchase homes that provide better living conditions, the project will contribute to improvements in quality of life, the key objective of ADB's urban sector operations in India. By targeting states that are lagging behind in socioeconomic development, it supports inclusive growth, one of the three strategic pillars of the country partnership strategy.

#### B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. Funding constraints prevent millions of the country's low income households from becoming homeowners, especially in the less-developed states. These households, particularly those engaged in the informal sectors of the economy, face high borrowing costs due to their great reliance on informal sources for housing finance credit. By targeting these households, which are underserved by commercial banks, the project will give them better access to housing finance and enable them to switch from to formal sources of credit from more expensive informal ones.

2. Beneficiaries. The project will improve access to housing finance by encouraging lending to low-income Dewan Housing Finance Corporation (DHFL) borrowers. The project, through its focus on low-cost affordable housing, is expected to result in a net increase of 3,750 beneficiaries of DHFL housing loans, 1,500 of whom are expected to be residents of the less-developed states.

3. Impact channels. By increasing their access to formal housing finance sources, the project will help give the beneficiaries a greater ability to save and a better quality of life. Their improved housing conditions will have significant health benefits due to the improved water supply, sanitation, and safety conditions their new homes will provide. These better homes and living conditions will also provide them with greater dignity. By supporting the expansion of the housing finance market and enabling more low-income people to own homes with improved living conditions, the project will also help make cities more livable and stimulate and diversify the economy.

4. Other social and poverty issues. None.

5. Design features. In the Design and Monitoring Framework, the project design features include expansion of DHFL's lending activities in low-cost affordable housing in India.

#### C. Poverty Impact Analysis for Policy-Based Lending NA

## II. PARTICIPATION AND EMPOWERING THE POOR

1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.  
The project will benefit poor and vulnerable stakeholders i.e. low-income households that seek, receive, and utilize ADB-funded housing finance from DHFL. The operations of DHFL are carried out through 155 branches and 90 service centers across the country. While the branches are the hub locations, the service centers aim to increase the company's market penetration through a greater focus on affordable housing. DHFL's learning and development department trains staff on company policies and soft skills to realize the company's objectives and targets of financing affordable housing for low-income households.
2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation. NA
3. Explain how the project ensures adequate participation of civil society organizations in project implementation. NA
4. What forms of civil society organization participation is envisaged during project implementation? NA  
 Information gathering and sharing  Consultation  Collaboration  Partnership
5. Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?  
 Yes.  No.

## III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Effective Gender Mainstreaming (EGM)

**A. Key issues.** Poor households, which mainly participate in the informal sectors of the economy, have been traditionally excluded from accessing finance from formal public and private financial institutions. This includes housing finance. This has been a particular difficult problem for women. Lack of affordable financing options to purchase homes forces a significant majority of the urban poor to live in substandard conditions without basic services, including water supply and sanitation. Women bear a particularly heavy burden under these living conditions. Women are also disadvantaged in access and right to housing due to insecure tenure status and face particular risks related to personal safety and to crime in poor housing conditions.

### B. Key actions.

- Gender action plan  Other actions or measures  No action or measure

To give women more access to formal housing finance, DHFL has committed to provide at least 50% of the low-cost affordable housing loans financed by ADB under the project to women borrowers. These will be transactions in which a woman owns or holds title to the concerned property either alone or jointly with her husband. DHFL is an equal opportunity employer and has a gender-equal human resource policy. To achieve the targets stated in the project's gender action plan, DHFL has committed to (i) improve access to housing finance for women borrowers; (ii) increase its network of all-women DHFL branches in which all female staff exclusively serve women customers; (iii) implement special initiatives in less- developed states to benefit women borrowers; (iv) train DHFL staff to target and service women borrowers; and (v) establish, maintain, and report sex disaggregated information in its annual reporting to ADB.

## IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

### A. Involuntary Resettlement

Safeguard Category:  A  B  C  FI (Treated as C)

1. Key impacts. The proposed investment will not involve any involuntary land acquisition that would result in physical or economic displacement. The housing loans will be provided to individuals who have purchased the property with mortgage or are voluntarily making improvements to their dwellings. DHFL's procedures for scrutiny and approval of loan applications include preparation of legal and technical scrutiny reports. The due diligence carried out as part of the preparation of the scrutiny reports will enable DHFL to screen and reject applications with potential resettlement impacts, such as for loans for property where squatters are present or that involve other encumbrances.

2. Strategy to address the impacts.

3. Plan or other Actions.

- |   |  |
|---|--|
| <input type="checkbox"/> Resettlement plan                                      | <input type="checkbox"/> Combined resettlement and indigenous peoples plan                         |
| <input type="checkbox"/> Resettlement framework                                 | <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework |
| <input type="checkbox"/> Environmental and social management system arrangement | <input type="checkbox"/> Social impact matrix  |
| <input checked="" type="checkbox"/> No action                                   |  |

### B. Indigenous Peoples

Safeguard Category:  A  B  C  FI (Treated as C)

<p>1. Key impacts. Indigenous peoples are not expected to be affected. While a few of the beneficiaries may be identified as members of tribal groups based on their cultural identity, they are not expected to possess the characteristics of Indigenous Peoples as defined in ADB's Safeguard Policy Statement (2009). DHFL's procedures for scrutiny and approval of loan applications include preparation of legal and technical scrutiny reports. The due diligence review carried out as part of the preparation of the scrutiny reports enables DHFL to screen and reject applications with potential impacts on tribal lands or on indigenous peoples.</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>										
<p>2. Strategy to address the impacts. Not applicable.</p>										
<p>3. Plan or other actions.</p> <table border="0"> <tr> <td><input type="checkbox"/> Indigenous peoples plan</td> <td><input type="checkbox"/> Combined resettlement plan and indigenous peoples plan</td> </tr> <tr> <td><input type="checkbox"/> Indigenous peoples planning framework</td> <td><input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework</td> </tr> <tr> <td><input type="checkbox"/> Environmental and social management system arrangement</td> <td><input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary</td> </tr> <tr> <td><input type="checkbox"/> Social impact matrix</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> No action</td> <td></td> </tr> </table>	<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan	<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework	<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary	<input type="checkbox"/> Social impact matrix		<input checked="" type="checkbox"/> No action	
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<b>V. ADDRESSING OTHER SOCIAL RISKS</b>										
<b>A. Risks in the Labor Market</b>										
<p>1. Relevance of the project for the country's or region's or sector's labor market. Housing and real estate activity is the second highest provider of employment in India after agriculture. The increased access to housing the project will provide in the less-developed states will enhance employment opportunities for local people. These jobs will be of great significance, given the low levels of development and the lack of employment opportunities in these states.</p> <p>L <input type="checkbox"/> unemployment L <input type="checkbox"/> underemployment L <input type="checkbox"/> retrenchment M <input checked="" type="checkbox"/> core labor standards</p>										
<p>2. Labor market impact. Compliance with local labor laws and relevant international labor covenants and agreements are included in DHFL's policies.</p>										
<b>B. Affordability. NA</b>										
<b>C. Communicable Diseases and Other Social Risks</b>										
<p>1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA):</p> <p><input type="checkbox"/> NA Communicable diseases <input type="checkbox"/> NA Human trafficking</p> <p><input type="checkbox"/> NA Others (please specify) _____</p> <p>2. Describe the related risks of the project on people in project area. NA</p>										
<b>VI. MONITORING AND EVALUATION</b>										
<p>1. Targets and indicators: Three targets and indicators in the design and monitoring framework addressing poverty reduction and inclusive social development are included to monitor the project outputs: (i) increase in number of low-income affordable housing loans by 3,750; (ii) 40% the new low cost affordable housing unit owners are in the under-developed States; (iii) the titles of at least 50% of the properties purchased with the ADB-financed loans are to be held by women or by women jointly with their husbands.</p> <p>2. Required human resources: The periodic review and monitoring of the targets and indicators will be carried out by DHFL and ADB's Private Sector Operations Department. Responsibilities for the monitoring and evaluation of the effectiveness of implementation have been assigned.</p> <p>3. Information in PAM: Not applicable</p> <p>4. Monitoring tools: Annual reports and extended annual review report.</p>										

a Government of India, Ministry of Housing and Urban Poverty Alleviation (MoHUPA). 2012. *Report of the Technical Group on Urban Housing Shortage (TG-12) (2012-2017)*. New Delhi.

b ADB. 2013. *Country Partnership Strategy: India, 2013-2017*. Manila.