

INITIAL POVERTY AND SOCIAL ANALYSIS

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

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project supports Indian government's priority in promoting affordable housing, which was identified as a particularly critical concern for low-income groups in the 12th Five Year Plan.^a The National Urban Housing & Habitat Policy 2007 (NUHHP-2007) seeks to promote public-private partnerships for realizing the goal of "Affordable Housing for All" with special emphasis on the urban poor. Financial inclusion is a priority of the Government of India (GoI). This proposed project is in line with the priorities of the GoI and contributes to improved access to housing finance for the low income households, especially in the more underdeveloped states (including Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand, Chattisgarh, Uttarakhand, Andhra Pradesh, and West Bengal). In doing so, the project will contribute to improvements in quality of life, which is one of the key objectives of ADB's urban sector operations in India.

Housing finance is one of the five focus areas of intervention in ADB's financial sector strategy under the India Country Partnership Strategy (CPS) 2013–2017.^b By targeting lagging states, it supports inclusive growth, one of the three strategic pillars of the CPS.

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The project will expand DHFL's lending activities to provide prospective owners access to low cost affordable housing finance. Expansion will be targeted to under-developed States, including Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand, Chattisgarh, Uttarakhand, Andhra Pradesh, and West Bengal. The investment will also target women borrowers and increase housing loans to women.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The project will target low income households (between INR10,000-25,000 per month), who are unable to buy their own home due to income constraints and high borrowing costs. The investment will prioritize households from under-developed States. It will also look at the needs of women borrowers and adopt measures to increase housing loans to women.

2. Impact channels and expected systemic changes. The increased access of low income households to formal housing finance will lead to improved housing conditions. This is expected to translate to significant benefits on health through improved water supply and sanitation and increase safety and provide dignity, especially to women who often bear most of domestic chores. The project is expected to generate employment opportunities in the construction sector.

3. Focus of (and resources allocated in) the PPTA or due diligence. Due diligence will review borrower's lending criteria and processes as well as expansion plans to ensure its commitment and capacity to increase and improve its services to low income households.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? India's 12th Five-year Plan (2012-2017) recognizes the lack of affordable, decent housing in all Indian cities, which leads to the formation of slums, and health and living conditions aggravated by poor water and sanitation services. The brunt of these impacts is borne by women, and is compounded by the insecure tenure status and issues of women safety and crimes.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No Please explain

A gender action plan will be prepared during diligence in consultation with the borrower to improve access of qualified women borrowers to affordable housing finance.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Please explain

A gender action plan will be prepared to ensure women benefit from the project. The recommended actions for integrating gender measures in the project design will be discussed and confirmed with the borrower during the due diligence. No adverse impact on women is expected.

4. Indicate the intended gender mainstreaming category:

- GEN (gender equity) EGM (effective gender mainstreaming) .
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The primary stakeholders in the Project are the low-income households who will seek, receive and utilize housing finance from DHFL. Its operations, strategies, and lending procedures will be reviewed to ensure stakeholders are reached.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

Measures and targets will be set to ensure that stakeholders benefit from the project.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

- Low - Information generation and sharing Consultation Collaboration Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

Measures and targets to reach low income household will be set based on DHFL's plan, capacity, and marketing strategy.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI (Treated as C)

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No The proposed investment is not expected to have any involuntary resettlement impact. DHFL's housing loans are provided to individuals who have evidence of tenure and are voluntarily making improvements to their dwellings. This criterion will be adopted across all housing finance loans under this project.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

- Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI (Treated as C)

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No DHFL's lending criteria requires evidence of tenure for housing finance consideration. The project will not affect territories of indigenous peoples.

3. Will the project require broad community support of affected indigenous communities? Yes No While few of the beneficiaries may be identified as 'tribal' in the Indian context on the basis of cultural identity, they are not expected to possess the characteristics defining Indigenous Peoples in the SPS. Thus, no impact on indigenous peoples is anticipated for this project.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

- Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- L Creating decent jobs and employment Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design?

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?

Yes No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence? Project team will look into gender and labor concerns during due diligence, and will work together with the borrower in carrying out the analysis and preparation of plans, if any.

^a Planning Commission, Government of India. *Approach to the 12th Plan. The Challenges of Urbanization in India*. Delhi.

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