

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Uzbekistan	Program Title:	Affordable Rural Housing Program
Lending/Financing Modality:	Results-based lending (RBL)	Department/ Division:	Central and West Asia Department/ Public Management, Financial Sector, and Trade Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

With the majority of the poor in Uzbekistan living in rural areas, reduction of rural poverty is a government priority which it is addressing through a rural housing program on three fronts: (i) providing affordable rural housing (through 2020) to retain small business owners and low- to mid-income professionals, such as teachers and health workers in rural areas, and transform new rural housing clusters into thriving communities with local businesses serving the homeowners; (ii) supporting the local construction industry as well as providing temporary employment to the rural population, including migrant workers returning from the Russian Federation; and (iii) improvement of services, including the provision of clean drinking water, gas, and electricity to the rural population.

In light of the current adverse external economic environment and the expected reduction in economic growth to a GDP growth rate of 5.0% (2015) (down from an average of 8.2% [2009-2014]), the government requested ADB to provide renewed support for an affordable housing finance program under the auspices of the ongoing government program for Accelerated Development of the Service Sphere in Rural Areas.¹ The housing program is also a high priority component of Uzbekistan's Welfare Improvement Strategy (WIS) and ADB's Country Partnership Strategy (CPS), 2012–2016 for achieving inclusive growth and greater diversification of the economy. The program is reflected in the Uzbekistan Country Operations Business Plan 2016–18² with an indicative size of \$400 million. It has been advanced from 2017 to 2016 on the request of the government.

B. Poverty Targeting

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

By providing socially-inclusive access to affordable housing finance and modern new rural housing, the program plays an important role in improved rural living standards. The program will also contribute to poverty reduction by generating employment in the rural construction sector and ancillary industries and increasing opportunities for rural entrepreneurs (especially women) who will open commercial and retail services in the new rural communities.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Over 60% of the poor live in rural areas and, while declining, rural poverty remains higher than urban poverty.³ Rural employment is limited by higher population growth and increases in the working age population (up from 54% in 2001 to 62% in 2014), as well as by significant decreases in agricultural jobs. As a result, migration to cities is on the rise, as is the share of people in seasonal jobs and informal employment.

All beneficiaries of the housing program are required to live in a rural area. The beneficiaries are moderate to lower-income households, young families, single-headed households, and rural teachers and health workers (two occupations in which women predominate). Women constitute 30% of beneficiaries.

2. Impact channels and expected systemic changes. Housing program beneficiaries will benefit from: (i) opening up of new serviced rural land plots, (ii) increased access to newly constructed houses, and (iii) increased access to housing loans to finance their acquisition. Improved or increased access to infrastructure and social services including schools, health clinics, transport, and community and commercial services will support new rural house clusters as well as adjacent rural communities. The program's public information campaign and capacity building of local governments and participating commercial banks with targeted messages will strengthen: (i) target group understanding of credit and creditworthiness, advantages and costs of long-term housing loans and housing investment, and (ii) outreach to targeted beneficiaries. Analysis of household data and process and impact assessments will be undertaken to improve social messaging, capacity building, and the social prioritization and inclusiveness process.

3. Focus of (and resources allocated in) the PPTA or due diligence. A national social and gender specialist will be engaged under the PPTA to assist in sector assessment and program review to bring out the impact of home

¹ The speech of the President to the Cabinet of Ministers in January 2016 reiterated the continued development of services in rural areas following the Program for Accelerated Development of the Service Sphere in Rural Areas (Presidential Decree No. 1957 of 17 April 2013). 13,000 new houses are planned to be constructed in 2016.

² ADB. 2015. *Country Operations Business Plan: Uzbekistan 2016–2018*. Manila.

³ While absolute poverty has declined to 15% (calculated as households living in poverty) in 2012 from 27% in 2000, rural poverty remains high at 20.1% (2013).

ownership by women. The consultant will recommend measures to engage local people, potential home-owners—especially women—in program monitoring and evaluation. The recommendations will be included in the program results framework and the program monitoring and evaluation systems.

To inform program design, a housing demand assessment survey is planned to be conducted by the Institute for Social Researches under the Cabinet of Ministers.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this program or program?

Legally, men and women have equal access and equal entitlement to property rights to housing and land. Traditionally, however, title is issued in the name of the registered borrower which, in most cases, is a man. Without property and collateral, this makes it more difficult for women to obtain access to credit and financing for housing or to establish or expand a home-based or MSE business. Women comprise 38.6% (2014) of those employed and tend to be employed in lower-paid sectors, such as health (79.9% women) and education (70.7% women). Women's wages are estimated to be 37% lower than men's. Overall, women make up more than 44% of the unemployed among economically active population, and the average duration of unemployment at more than a year is higher for women than for men. For many women in rural areas, access to finance is constrained by gender stereotypes, limited financial literacy, and lack of a practical understanding of credit or credit worthiness.

2. Does the proposed 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

The government will adopt a gender action plan (GAP), which will be structured to ensure that disbursement-linked indicators will have an integral gender focus. The GAP will comprise a number of measures to promote gender equality and women's empowerment, and improve women' access to finance and assets. Key measures include: (i) improved targeting and inclusion of women in the homebuyer selection, purchase, and home ownership process by introducing a quota system; (ii) inclusion of gender issues in the public awareness campaign and gender capacity building activities; (iii) ensuring gender targets are incorporated in results-based monitoring frameworks and performance based reporting; and (iv) improving sex-disaggregated client databases.

To inform program design, an initial impact assessment for women beneficiaries of the Housing for Integrated Rural Development Investment Program (precursor to this RBL) is also being planned to be conducted by the Institute for Social Researches.

3. Could the proposed program have an adverse impact on women and/or girls or widen gender inequality? Yes No

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 program, including beneficiaries and negatively affected people? Identify how they will participate in the program design.

Consultations with regional and district representatives of *mahallas* (citizen groups), women's committees, and *kamolot* (youth groups), and focus group discussions with new homebuyers are an integral component of the program's public information campaign and capacity building activities, both of which are programmed for implementation in each region nationwide.

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

The program's consultation and participation objectives and priority activities focus on: (i) ensuring appropriate social messages, (ii) increasing outreach to targeted beneficiaries, (iii) improving inclusiveness in the program's critical processes, (iv) understanding socially- and gender-inclusive views and needs of representative rural communities and households, and (v) ensuring demand-driven capacity building.

3. What are the key, active, and relevant civil society organizations (CSOs) in the program area?

All program consultations are organized in close collaboration with *hokimiyats* (regional and district local governments), and programmed to involve participation of representatives of regional/district *mahallas*, women's committees, and *kamolot*.

What is the level of CSO participation in the program design? Information generation and sharing

<input checked="" type="checkbox"/> Consultation	<input type="checkbox"/> Collaboration	<input checked="" type="checkbox"/> Partnership
4. Are there issues during program design for which participation of the poor and excluded is important? What are they and how will they be addressed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
IV. SOCIAL SAFEGUARDS		
A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C		
1. Does the program have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Only housing sites (including sites for related infrastructure) not involving adverse effects on any third party and/or informal land users will be included in the program. All houses will be on sites that have been approved for residential use and classified and registered as state reserved land for at least two years.		
2. What actions are required to address involuntary resettlement as part of the PPTA or assessment process? <input type="checkbox"/> Program safeguard system assessment and actions <input checked="" type="checkbox"/> None		
B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C		
1. Does the proposed program have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
3. Will the program require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
4. What actions are required to address risks to indigenous peoples as part of the PPTA or the program assessment process? <input type="checkbox"/> Program safeguard system assessment and actions <input checked="" type="checkbox"/> None		
V. OTHER SOCIAL ISSUES AND RISKS		
1. What other social issues and risks should be considered in the program design? <input type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> Adhering to core labor standards (M) <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input checked="" type="checkbox"/> Affordability (M) <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____		
2. How are these additional social issues and risks going to be addressed in the program design? Up to 50,000 workers will be hired annually by small and medium-sized local contractors who hire local workers. Additional jobs will be created by local authorities installing related infrastructure such as roads and utilities, and by the private sector that will build associated commercial service facilities. Local labor regulations prohibit the use of child labor and forced labor. Construction contracts, provided on the project website, specifically mention the law. The construction supervisor, Qishloq Qurilish Invest, and local government inspectors are required to confirm adherence to labor laws on project sites. Affordability of housing finance under the program has been assessed in terms of affordability of: (i) the downpayment for the house, and (ii) the monthly mortgage payment. Rural households typically have extensive nonwage receipts (up to 80% of formal income) and often receive remittances. These sources, combined with the cultural tradition of multigenerational Uzbek families providing collective support to family members, help to ensure affordability. With significant general wage increases that in large part adjust for inflation, fixed monthly mortgage payments become more affordable each year. In Uzbekistan, the average annual increase in the formal minimum monthly wage rate was around 35% from 2005 to 2010, about 25% for 2011 and 2012, and around 25% for 2013 and 2014, respectively. While monthly mortgage payments during the first year or two of the 15-year term may challenge young families or lower income households, strong family traditions will be commonly relied upon to access collective financial support. In addition, rural employers are increasingly offering deposit support for senior or longstanding employees to purchase new houses.		
VI. PPTA OR ASSESSMENT RESOURCE REQUIREMENT		
1. Do the terms of reference for the PPTA (or program assessments) contain key information needed to be gathered during PPTA or the program assessment 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
2. What resources (e.g., consultants, survey budget, and budget for workshop(s)) are allocated for conducting poverty, social and/or gender analyses, and participation plan during the PPTA or the program assessments? The PPTA national social and gender specialist will prepare poverty and social analysis using participatory methods to assess the type and significance of the project impacts on the poor, women, and any other vulnerable groups. The PPTA will also fund the housing demand analysis and initial impact assessment for women, planned to be conducted by the Institute for Social Researches.		