

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Uzbekistan	Project Title:	Housing for Integrated Rural Development Investment Program
Lending/Financing Modality:	Multitranche Financing Facility/Financial Intermediation Loan	Department/ Division:	Central and West Asia Department Public Management, Financial Sector, and Trade Division

I. POVERTY ANALYSIS AND STRATEGY

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy
 The Welfare Improvement Strategy and Poverty Reduction Strategy Paper (2008–2010) sets out government priorities for inclusive economic growth and the context for the Rural Development Program (RDP) and Rural Housing Scheme (RHS). Preparations are under way for a new poverty reduction strategy to cover 2011–2014, with a continued focus on greater economic diversification to support more inclusive economic growth through accelerated rural development, greater rural job and livelihood opportunities, and improved rural living conditions, all of which are key to providing an attractive alternative to urban migration. In the interim, the Welfare Improvement Strategy continues to strategically guide the government’s development and investment programs.

The RDP, adopted in 2009, focuses on stimulating rural economic activity, increasing rural livelihoods, and improving rural living standards. The RHS, a critical pillar of the RDP, channels rural saving and remittances into investment in new housing and construction, and engages local contractors and uses local construction materials to generate rural jobs. In 2011, building on the achievements of the RDP and the RHS, the government adopted the multisector Housing for Integrated Rural Development Strategy (HIRDS).

Under the HIRDS, integrated rural development will be supported through expanded access to affordable housing finance, new and improved rural housing and associated infrastructure and services, strengthened *hokimiyat* (local government) capacity, and micro and small enterprises (MSE) development.

Rural development is a priority for promoting pro-poor growth under both the WIS and the ADB country strategy and program (CSP). By helping to improve rural living conditions and livelihood opportunities, the proposed Program is consistent with both the government’s and ADB’s strategic objectives.

B. Poverty Analysis Targeting Classification: General Intervention
Key issues. Over 70% of the poor live in rural areas and, while declining, rural poverty remains higher (22.2% in 2009) than urban poverty (15.2% in 2009).
Design features. The program, while not a targeted intervention, is aligned with the CSP and supports the government’s goal of reducing poverty to 20% by 2015 (see linked document 7, Summary Poverty Reduction and Social Strategy). By providing access to affordable housing finance and modern new rural housing, the program plays an important role in greater inclusive economic growth, improving rural living standards and meeting the Millennium Development Goals. The Program will contribute to poverty reduction through employment generation in the rural construction sector and ancillary industries, and by enabling development and expansion of rural entrepreneurs and MSEs.

II. SOCIAL ANALYSIS AND STRATEGY

A. Findings of Social Analysis - Key Issues
 Rural jobs are pressured by higher population growth in rural areas and increases in the working age population (up from 54% in 2001 to 61% in 2007), as well as significant retrenchment of agricultural jobs due to ongoing market reforms. As a result, migration to cities is on the rise, as is the share of people in seasonal jobs and informal employment. Inputs to attract and retain professionals and skills needed to drive this transition include: quality education and health, better telecommunications and targeted infrastructure investments, regional investment promotion and development of regional industrial hubs, increased access to affordable finance, and access to better housing and living standards.

Most rural houses were built during the Soviet period and are occupied by extended multigenerational families. Basic utilities are inconsistent and unreliable. Only 60,000 new houses are constructed annually, which are insufficient to keep up with population growth (1.5% per year) and the needs of the 200,000 young families ready to leave the parental home each year. About 1.5 million households are in need of new housing or major renovation annually, and finance to underpin this investment has not been available.

The housing finance market is nascent. In 2009, the total housing finance market amounted to about 1% of GDP, with less than 10% of real estate deals financed through bank loans. Expansion of housing loan portfolios is constrained by lack of access to cost-effective long-term funding and high inflation risk. Affordable housing finance is almost nonexistent, and personal savings and informal loans remain the main source for new housing.

Under the HIRDS, RHS gender-sensitive selection criteria for beneficiaries for housing loans will be downstreamed and targeted to reach moderate- to low-income households (second and third income quartiles), and single heads of household, teachers, health care personnel, other professionals.

<p>B. Consultation and Participation</p> <p>Under the HIRDS, a broad public awareness campaign will be implemented to profile RHS beneficiary selection criteria, and selection and procurement processes, in close consultation with <i>hokimiyats</i> (local governments), <i>mahallas</i> (citizen based organizations) and women's committees.</p> <p>1. What level of consultation and participation (C&P) is envisaged during the project implementation and monitoring? <input checked="" type="checkbox"/> Information sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaborative decision making <input type="checkbox"/> Empowerment</p> <p>2. Will a C&P plan prepared for project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>A C&P plan has been prepared and an HIRDS results-based social performance report will be issued annually.</p>			
<p>C. Gender and Development - Key Issues</p> <p>Without regular income or collateral, women are constrained and unable to access finance for housing or business startups. Legally, men and women have equal access and property rights to housing and land. Traditionally, however, title is issued in the name of the registered borrower which, in most cases, are men.</p> <p>Women comprise less than 44% of those employed and tend to be employed in lower-paid sectors, such as health (77.5% women) and education (72.7% women). In 2006, women's wages were 37% lower than men's. Overall, women make up more than 67.7% of the unemployed and, on average, are unemployed for more than a year. For many women in rural areas, access to finance is constrained by lack of awareness and understanding of financial services and gender stereotypes. With limited collateral, women eligible for finance are typically only approved for micro and small loans with less than 15% of microcredit loans awarded to women.</p> <p>Under the RHS, of the 7,647 loan applications for 2009 and 2010, only 22% were approved for women of which one-fifth are single (typically widowed or divorced). Women were approved as co-borrowers for 37% of the loans, with fewer women co-borrowers (24%) than men (76%). For 2011, only 15% of the approved applicants are women. Of women applicants: about 44% are 30–39 years old; about 23% are engaged in agriculture, 22% in education, 12% in health, and 16% are entrepreneurs; and 80% live in houses owned by parents or other relatives, whereby 36% live in houses that are considered below adopted norms for housing.</p> <p>Under the program, a gender action plan, a new gender-sensitive process for identifying, prioritizing, and selecting creditworthy targeted RHS beneficiaries, and a results-based monitoring and reporting system will be adopted.</p> <p>Key actions. The program includes a gender action plan (GAP) with well-defined measures to promote gender equality and women's empowerment, and improved access to housing finance and assets.</p> <p><input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure</p> <p>The GAP involves (i) improved targeting of female representation in the RHS beneficiary selection process; (ii) coordination with the Ministry of Labor and Women's Committee for training; (iii) linking women borrowers, co-borrowers, and household members with business and employment opportunities in the program areas; (iv) developing women-friendly financial products by participating commercial banks; (v) identifying and assessing options for joint titling and home ownership, (vi) gender awareness training of program implementing agencies' staff; and (vii) developing sex-disaggregated program data and reporting. Monitoring and reporting on the GAP will be undertaken as an integral part of program monitoring and reporting.</p>			
<p>III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS</p>			
<p>Issue</p>	<p>Significant/Limited/ No Impact</p>	<p>Strategy to Address Issue</p>	<p>Plan or Other Measures Included in Design</p>
<p>Involuntary Resettlement</p>	<p>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.</p>	<p>All houses to be financed under the program will be on sites that are approved for residential use and classified and registered as state-reserved land prior to 31 December 2009, 2010, and 2012 for tranche 1, 2, 3 and 4 respectively.</p>	<p><input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input checked="" type="checkbox"/> Environmental and social management system <input type="checkbox"/> Environmental and social impact matrix <input type="checkbox"/> No action</p>

Issue	Significant/Limited/ No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
Indigenous Peoples	No indigenous safeguard issues	None of the ethnic groups in the country are known to maintain cultural and social identities separate from the mainstream Uzbekistan society that would classify them as indigenous peoples. All people have full and equal access to economic opportunities and public institutions.	<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Combined indigenous peoples plan and resettlement plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project design with a summary <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Environmental and social impact matrix <input checked="" type="checkbox"/> No action
Labor <input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Core labor standards	Local labor regulations prohibit exploitive labor practices, including the use of child labor. Construction packages of 10 to 15 houses will be undertaken by small and medium-sized local contractors who hire local workers.	All local labor regulations will apply and be enforced, with adherence regularly monitored under the participating commercial banks' environmental and social management systems.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other action <input type="checkbox"/> No action
Affordability	In 2009, 99% of beneficiaries were in the fourth income quartile. Down-streaming of the RHS and targeting of moderate and low income households was initiated in 2010 following intensive policy dialogue with ADB. In 2010, 74% of beneficiaries were in the third income quartile. For 2011, 85% of the approved applicants are moderate- to low-income households (in the third [75%] or second [8%] quartiles).	Affordability of RHS houses for targeted households has been assessed and will be monitored. For tranche 1 (2012) all housing finance loans under the program will be targeted to moderate- to low-income households (third and second income quartiles). Targets will be set for subsequent tranches, and a strategy for further downstreaming will be piloted for adoption for next phase of RHS.	<input checked="" type="checkbox"/> Action <input type="checkbox"/> No action
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (conflict, political instability, etc.)	No trigger for HIV, human trafficking, or other conflicts.		<input type="checkbox"/> Plan <input type="checkbox"/> Other action <input checked="" type="checkbox"/> No action
IV. MONITORING AND EVALUATION			
Are social indicators included in the design and monitoring framework to facilitate monitoring of gender and social development activities and/or social impacts during project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			