Uzbekistan: MFF- Housing for Integrated Rural Development Investment Program

<table>
<thead>
<tr>
<th>Project Name</th>
<th>MFF - Housing for Integrated Rural Development Investment Program</th>
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<tr>
<td>Project Number</td>
<td>44318-013</td>
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<tr>
<td>Country</td>
<td>Uzbekistan</td>
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<tr>
<td>Project Status</td>
<td>Closed</td>
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<tr>
<td>Project Type / Modality of Assistance</td>
<td>Loan</td>
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<tr>
<td>Source of Funding / Amount</td>
<td>MFF Facility Concept '0061-UZB: MFF - Housing for Integrated Rural Development Investment Program</td>
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### Strategic Agendas
- Inclusive economic growth

### Drivers of Change
- Multisector - Multisector

### Gender Equity and Mainstreaming
- Effective gender mainstreaming

### Description
The Program, proposed as an MFF, comprises a series of financial intermediation loans, to help finance housing loans for lower to middle income borrowers. Young families and first time homeowners, teachers and health care workers (two occupations in which women preponderate) will be prioritized. The Program will help to strengthen the impact of the government’s Rural Development Program (RDP) and Rural Housing Scheme (RHS) to improve rural livelihoods and living standards, including better coordination with the government’s financial sector strategy and new Small and Medium Enterprise (SME) Program. In the medium term, the MFF supports (i) access to affordable housing finance and housing (ii) improved local government capacity to implement integrated rural development strategies that focus on creating rural jobs; and (iii) strengthening the enabling environment for rural MSMEs. Under the government’s roadmap, inclusive rural economic growth will be supported through creation of direct and indirect job and other livelihood opportunities, expanded access to affordable housing finance, new improved housing and associated infrastructure and social services, and MSME development. Housing will be directed to targeted beneficiaries, using transparent selection criteria. Key indicators will track the number of new rural houses built and rural mortgages issued to targeted beneficiaries, investment in rural areas, growth in rural MSMEs, and rural jobs created. Under Tranche 1, the government will strengthen public awareness and transparency of the Rural Housing Scheme, and improve housing designs (including use of energy efficient options where cost effective). A program to improve local government capacity for investment promotion and integrated development planning will be developed and constraints to rural MSME development will be addressed, including improved access to finance, with an additional US $2.4 billion in MSME credit lines.

### Project Rationale and Linkage to Country/Regional Strategy
While Uzbekistan has achieved substantive gains in gross domestic product (GDP) growth (8.5% in 2010), led by services (11.2%), industry (8.4%), and agriculture (7.1%), living standards in rural areas continue to lag those in urban areas. Around 75% of the poor live in rural areas and rural poverty (22.2% in 2009) is decreasing at a slower pace than in urban areas (15.2% in 2009). The proposed project will support the government’s strategy for more inclusive economic growth, improving rural job and livelihood opportunities, improving rural living standards, and addressing urban migration.

### Impact
Rural communities have improved living standards

### Implementation Progress

#### Description of Project Outputs
- Housing loans provided by PCBs to targeted creditworthy subborrowers in rural areas
- Improved capacity of local governments to prepare and implement integrated rural development plans and investment promotion strategies
- Improved enabling environment for entrepreneurs and MSMEs to expand or establish new businesses in rural areas

#### Status of Implementation Progress (Outputs, Activities, and Issues)
A project loan of $200 million was approved on 9 September 2011 for Tranche 1. Loan and project agreements were signed on 16 February 2012. Loan was declared effective on 20 April 2012. As of 21 September 2015 $199.9 million (99.7%) was disbursed. The loan closed on 30 June 2015.

A second project loan of $200 million was approved on 1 October 2013 for tranche 2. Loan and project agreements were signed on 11 October 2013. The loan was declared effective on 24 October 2013 and the loan closing date is 31 March 2016. As of 21 September 2015 $198.7 million (99.3%) has been disbursed.

A third project loan of $100 million was approved on 20 August 2015 for tranche 3. Loan and project agreements were signed on 21 August 2015. The loan was declared effective on 27 August 2015 and the loan closing date is 31 December 2016. As of 21 September 2015 $80 million (80%) has been disbursed.

### Geographical Location

### Summary of Environmental and Social Aspects

#### Environmental Aspects
Environmental impacts from Program activities are anticipated to be insignificant. Only sites with no involuntary resettlement or indigenous peoples’ (IR/IP) impacts will be considered. Each participating commercial bank will adopt an Environmental and Social Management System (ESMS) with screening criteria and monitoring procedures to ensure that sub-loans provided under the tranche will have minimal or no adverse environmental or social risks and that none of the housing sites have IR or IP impacts.
Involuntary Resettlement
See above statement

Indigenous Peoples
See above statement

Stakeholder Communication, Participation, and Consultation

During Project Design
During processing of the program, the ADB team engaged and held dialogues with various Government agencies, and private sector and non-government agencies involved in the program. The ADB team also consulted with key development partners and through a number of field visits representative beneficiaries, and key stakeholders. The participation and consultation process is outlined in the project's Facility Administration Manual.

During Project Implementation
Procurement Action was requested by the government under Tranche 3 and approved by ADB on 16 January 2015. The government plans to construct a total of 12,000 houses in 2015 of which 8,690 are expected to be part of Tranche 3, shared between QOB and NBU, and ADB will cofinance up to 3,000 houses. The remaining 3,310 houses are expected to be financed by the Islamic Development Bank and Ipoteka Bank. The government also revised and ADB approved the master bidding document and procurement guidelines (procurement manual) for Tranche 3. The master bidding document is based on ADB’s Standard Bidding for Works (Small Works), single-stage: two-envelope procedure. Advance contracting has two conditions (i) that the invitation for bids be widely advertised, and (ii) that for each of the 13 regions the first two contracts will be prior reviewed by ADB.

Responsible ADB Officer
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Central and West Asia Department

Responsible ADB Division
Uzbekistan Resident Mission

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Timetable
Concept Clearance 03 Feb 2011
Fact Finding 17 Jan 2011 to 16 Feb 2011
MRM 25 Feb 2011
Approval 31 Aug 2011
Last Review Mission -
Last PDS Update 21 Sep 2015

MFF Facility Concept 0061-UZB

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<thead>
<tr>
<th>Financing Plan</th>
<th>Loan Utilization</th>
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<tbody>
<tr>
<td>Total (Amount in US$ million)</td>
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Date Generated 13 August 2019

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