### SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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#### 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 Affordable Rural Housing Program (ARHP) is a portion of the state rural housing program initiated by the government in 2009 and renamed the State Affordable Rural Housing Program in 2017. ARHP is a high-priority component of Uzbekistan’s Reform Program for Structural Transformation of the Economy for 2015–2019 for achieving inclusive growth and greater diversification of the economy. The government’s strategy includes a focus on accelerating rural development, increasing rural job and livelihood opportunities, and improving rural living conditions to provide an attractive alternative to urban migration. Under the ARHP, the government will provide funds to three commercial banks (Qishloq Qurilish Bank, National Bank of Uzbekistan, and Ipoteka Bank) to finance mortgage loans to help purchase 29,000 dwelling units (houses and apartments) to be constructed in new rural communities in nine regions around the country.

**B. Results from the Poverty and Social Analysis During Assessments of the Program and Its Systems**

1. **Key poverty and social issues:** The poverty line currently used in Uzbekistan to measure income poverty is based on the cost of a food basket that guarantees a minimum calorie intake of 2,100 kilocalories per person per day. Over 60% of the poor live in rural areas; although declining, rural poverty (17.3% in 2013) remains higher than urban poverty (10.6%) (footnote b). Rural employment faces challenges in the form of higher population growth and increases in the working age population (up from 54% in 2001 to 61% in 2014), as well as significant reduction in the number of available agricultural jobs. Rural–urban migration is consequently rising, along with the share of people in seasonal jobs and informal employment. Inputs to attract and retain professionals and the skills needed to drive inclusive rural growth include quality education and health care, improved telecommunications and infrastructure, promotion of regional investment and industrial and agro-processing hubs, increased access to affordable finance, access to better housing, and improved living standards. Most rural houses were built during the Soviet period and are occupied by extended multigenerational families. Basic utilities are inconsistent and unreliable. Prior to the inception of the government’s rural housing program in 2009, only 60,000 new houses were constructed annually nationwide, which is insufficient to keep up with population growth and the needs of the 200,000 young families ready to leave their parental homes each year. Prior to the start of the program, most new houses were constructed in urban areas. The ARHP program serves to expand the supply of quality dwelling units in rural areas.

The provision of mortgage loans for approximately 70%–85% of the purchase price of the dwelling units and the use of construction materials purchased in bulk (which reduces their cost) enables home buyers to acquire fully completed units (ready for occupancy and with access to gas, piped water, and electricity) that would take many years to construct on an incremental basis using savings alone. Fixed monthly payments, together with a long amortization period (15 years) and a 3-year grace period on principal payments, improves affordability for low-income families. To reduce monthly payments, smaller families with lower incomes can select among three variants of smaller, less expensive dwelling units.

2. **Beneficiaries:** All beneficiaries for ARHP housing loans are required to live in a rural area. Targeted beneficiaries are women (30%), low-income families, families with a disabled person, single parents, and persons living in crowded or rented houses.

3. **Impact channels:** ARHP-targeted beneficiaries will benefit from: (i) opening up of new serviced rural land plots, (ii) increased access to newly constructed lower cost dwelling units, and (iii) increased access to housing loans to finance acquisition of housing. Improved or increased access to infrastructure and social services including schools, health clinics, transport, and community and commercial services will help new rural housing clusters and adjacent rural communities. ARHP’s public information campaign and capacity building of local governments and commercial banks with targeted messages will strengthen: (i) the understanding of prospective purchasers regarding credit and creditworthiness, and the advantages and costs of long-term housing loans and housing investment; and (ii) outreach to targeted beneficiaries.

4. **Other social and poverty issues:** In some new housing communities, there is a lack of (or insufficient) social infrastructure (e.g., pre-schools, pharmacies, medical and social centers, markets, and food stores). Some women cannot find jobs near their new homes and are therefore unable to contribute to the family budget.

5. **Design features:** By providing access to affordable housing finance and modern new rural housing, the program plays an important role in improving rural living standards. The program will also contribute to poverty reduction by increasing opportunities for rural entrepreneurs who will open commercial and retail services in the new rural communities, and generating employment in the rural construction sector and other sectors such as construction materials production; banking; carpet weaving; and manufacturing of furniture, textiles, and home appliances.
II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities. The ARHP consultation and participation (C&P) approach to ensure inclusiveness is defined in the program implementation document (PID). C&P objectives and priority activities focus on: (i) ensuring appropriate social messages, (ii) increasing outreach to targeted beneficiaries, (iii) improving inclusiveness in ARHP critical processes, (iv) understanding views and needs of representative rural communities and households, and (v) ensuring demand-driven capacity building.

2. Consultations with regional and district representatives of mahallas (community-based organizations), women’s committees, and Kamolot (youth groups), and focus group discussions with new home buyers are an integral component of the ARHP public information campaign and ARHP capacity building activities, both of which are programmed for implementation in each region. As part of the ARHP, the Women’s Committee of Uzbekistan, the Business Women’s Association, and the Chamber of Commerce and Industry will work with the three participating commercial banks to promote the ownership of houses and apartments by women.

3. Civil society organizations. All ARHP consultations are organized in close collaboration with hokimiyats (regional and district local governments), and programmed to involve participation of representatives of regional and/or district mahallas, women’s committees, and Kamolot.

4. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):
   - M Information gathering and sharing
   - M Consultation
   - L Collaboration
   - L Partnership

5. Participation plan. The program will use a multistakeholder and participatory approach in conducting project activities. ☑ Yes. ☒ No.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Effective Gender Mainstreaming (EGM)

1. Key issues. Legally, men and women have equal access and equal entitlement to property rights (housing and land). However, in the majority of cases, when state property was privatized men became the owners of resources that could generate income, and land and other property was registered in the name of men. Because women do not usually possess title to property that is available for use as collateral, they have more difficulty than men in accessing credit. For many women in rural areas, access to finance is also constrained by gender stereotypes, limited financial literacy, and lack of a practical understanding of credit and creditworthiness. Only 23% of mortgage loans issued under the state rural housing program in 2011–2015 were issued to women. Traditionally, men are positioned as the primary family breadwinner, and rural women are usually not able to accumulate the financial resources needed to construct houses or purchase apartments.

It is expected that at least 30% of the home owners will be women. By making monthly mortgage payments on time, thousands of women will develop good credit histories, which will improve their chances of obtaining bank loans to buy consumer goods such as automobiles or home appliances, or to create or expand their own businesses. Home ownership by women (and the contributions to family income by women in dwelling units owned by men) also serves to increase women’s empowerment, giving women more voice in family decision making on larger purchases, management of the family budget, leisure time planning, and reproductive planning.

Houses and apartments built under the ARHP will have a major positive impact on women’s lives. The dwelling units will include indoor kitchens, gas ovens, and piped hot and cold water, which will result in significant time savings for women who previously needed to use outdoor kitchens and water pumps to bring water from outside. Women use the spare time for self-education, the education and care of children, additional income generation, and networking. Health and hygiene culture improve because the dwelling units include toilets, bathrooms, and hot water. In addition, shopping centers, food markets, bakeries, hair salons, and mini-banks created in the new housing communities generate jobs, most of them for women.

2. Key actions.
   - ☑ Gender action plan  ☒ Other actions or measures  No action or measure

   Three of the eight disbursement-linked indicators have a gender focus; disbursement of a portion of the loan will only occur if at least 30% of the loans made by banks from 2018–2021 are to women. In addition, Ipoteka Bank will adopt and implement a gender policy, and Qishloq Qurilish Bank and National Bank of Uzbekistan will implement gender policies adopted in 2015, with clear gender targets for staff and clientele policies to enhance women’s access to banking products. Program monitoring tools will be disaggregated by sex to enable gender analysis.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement: Safeguard Category: ☐ A ☛ B ☒ C ☐ D ☛ F

1. Key impacts. None. Only housing sites (including sites for related infrastructure) without adverse effects on any party and/or informal land users will be included in the program. All houses and apartments will be on sites that have been approved for residential use and classified and registered as state reserved land for at least 2 years.

2. Strategy to address the impacts. N/A

3. Plan or other Actions.
   - ☐ Resettlement plan  ☐ Combined resettlement and indigenous peoples plan
   - ☑ Resettlement framework  ☑ Combined resettlement framework and indigenous peoples planning framework
   - ☑ Environmental and social management system arrangement  ☐ Social impact matrix
1. **Key impacts.** None. Is broad community support triggered?

2. **Strategy to address the impacts.** N/A

3. **Plan or other actions.**
   - ☒ Indigenous peoples plan
   - ☒ Indigenous peoples planning framework
   - ☒ Environmental and social management system arrangement
   - ☒ Social impact matrix
   - ☐ No action

### V. ADDRESSING OTHER SOCIAL RISKS

#### A. Risks in the Labor Market

1. **Relevance of the project for the country’s or region’s or sector’s labor market.** While the latest national official unemployment rate is 5.2% (2015), the unemployment rate in rural areas is more than twice that in urban areas. Underemployment is estimated at 20%, and about 250,000 young people graduate from high school each year. The jobs created by the ARHP, both directly and indirectly, will help reduce underemployment and provide entry-level jobs.

#### B. Affordability.

The affordability of dwelling units under the State Affordable Rural Housing Program has increased significantly with the introduction of apartments and smaller house designs. The housing finance provided under the program has been assessed in terms of the affordability of the down payment for the dwelling unit and the monthly mortgage payment. Most rural households have extensive non-wage receipts, such as income from land plots (crops, livestock, and poultry) or self-employment, remittances, and pensions.

#### C. Communicable Diseases and Other Social Risks

1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):
   - ☐ NA Communicable diseases
   - ☐ NA Human trafficking
   - ☐ Others (please specify) ___________

2. Risks to people in project area. **NA**

### VI. MONITORING AND EVALUATION

1. **Targets and indicators:** Household information will be collected on gender, age, marital status, family structure, income, and occupation for each applicant for a new house or apartment. A results-based monitoring framework will be developed and implemented by a Management and Monitoring Unit (MMU) in the Ministry of Economy.

2. **Required human resources:** Social indicators on home buyer applicants will be collected as part of the ARHP application process administered by the commercial banks. The MMU will have responsibility for monitoring and reporting.

3. **Information in the program implementation document:** Sex-disaggregated data will be collected, maintained, and managed in databases maintained by the MMU and commercial banks.

4. **Monitoring tools:** ARHP results-based monitoring frameworks will be established by the MMU and maintained for the program’s: (i) public information campaign, (ii) site selection and safeguard due diligence process, (iii) beneficiary selection process, (iv) contract tendering and selection process, and (v) capacity building activities.

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a As part of program preparation, two studies were conducted: (i) a social and gender survey that included individual in-depth interviews and focus group discussions; and (ii) a survey by the Institute of Social Research of 1,008 rural households in Fergana, Kashkadarya, and Khorezm regions.


c Women’s incomes are, on average, 64% of men’s incomes. ADB. 2014. *Uzbekistan Country Gender Assessment*. Manila.

d The incidence of diarrhea is five to seven times lower in households with piped water than in households that consume water from open reservoirs. ADB. 2014. *Uzbekistan Country Gender Assessment*. Manila, para. 141.

e ADB commissioned the Institute for Social Research to conduct a survey of rural households in Fergana, Kashkadarya, and Khorezm regions. The survey found that, on average, formal wages constituted only 34% of total household income.