

EVALUATION ABSTRACT
HOUSING FOR SOCIAL INTEGRATION OF EX-DEPORTEES AND POLITICAL PRISONERS
IN NORTHEASTERN EUROPE

In 1996, the Council of Europe Development Bank (CEB) approved a loan to the tune of € 12.5 million, to the government of a Member State in north-eastern Europe (hereinafter referred as to the Borrower), with the purpose of contributing to an on-going national programme for the resettlement and social integration of returning ex-deportees and political prisoners, initiated in 1992 immediately after the country re-gained independence. Grounded in the historical and cultural roots of the country, this programme was of high social relevance and formed part of the basis for reconstruction of the country's identity.

At the time of the loan application (1996), the Member State's government had already provided 400 housing units for an equivalent number of families of ex-deportees. The plan was to satisfy, by the year 2000, the housing needs of an additional 1 600 families of ex-deportees and political prisoners still living abroad. In addition to housing, the programme included a series of complementary measures, financed exclusively by the government, aimed at assisting returning families and supporting their social integration through, *inter alia*, language courses and vocational training. In the course of implementation, a care home for the elderly was included in the programme in response to the significant number, among the beneficiaries, of elderly people unable to live on their own. In addition, temporary housing was constructed to respond to the housing needs of ex-deportees who arrived in the country before having been allocated a dwelling.

The implementation history of the programme was characterised by limited availability of government counterpart funds. At end-2000, the original closing date of the CEB loan, only 57% of the planned apartments had been allocated, disbursement of loan proceeds was at a low of 33%, and a total of 836 ex-deportee households were still registered on the waiting list. Notwithstanding the slow implementation, the CEB loan was disbursed to the tune of € 10.6 million, corresponding to 85% of the approved loan amount, with the last disbursement in 2007. The remaining amount of € 1.9 million (corresponding to 15% of the approved CEB loan) was cancelled in 2010. The total housing investment ascribed to the CEB loan (50% of total cost) encompassed 1 855 apartments (both constructed and purchased) for 5 405 beneficiaries.

After cancellation of the outstanding balance on the CEB loan, the programme was exclusively financed by governmental resources, but the amounts allocated progressively declined. At the time of the evaluation, 1 955 housing units had been provided, but there were still 385 families waiting to receive apartment dwelling.

With regard to the strategy of the programme, the evaluation pointed out the hidden trade-off between two objectives, both of high social relevance but not fully compatible. On one hand, the programme had the "implicit" objective of compensating families that had suffered from deportation. On the other, the "explicit" objective of the programme was to facilitate the social integration of ex-deportees and political prisoners and their families. The coherent pursuit of the second objective would have required appropriate screening mechanisms for the selection of beneficiaries and restrictions on the rights to sell the acquired dwellings, to avoid speculative practices. This was indeed the initial intention of the Borrower, as specified in the CEB's loan document; but in the end, beneficiaries were provided with a dwelling on a first-

registered, first-served basis; no means-testing was applied for the selection of beneficiaries; and there were no time restrictions on the sale of the dwellings received under the programme. Although no firm data is available, there were reportedly a number of cases where people used the programme as an opportunity for individual enrichment, without any intention of settling, or resettling, in the country, and this fomented general discontent toward the programme. Furthermore, from 2003 onwards, the programme progressively diverged from the country's general housing policy. First, while income/wealth criteria were applied under the national housing policy, no means-testing was applied to returnees' families under the programme. Second, while social housing dwellings could no longer be sold to their tenants, programme beneficiaries (i.e. returnees) continued to be allowed to purchase flats at preferential prices.

A positive element of the programme was its inclusive nature from a generational perspective: it included initiatives targeting the elderly (a dedicated care home for elder deportees and those with special needs) but was also open to participation by deportees' descendants who were more likely to successfully integrate into the country's labour market. The evaluation also acknowledged the integrated approach adopted which provided, *inter alia*, language classes and vocational training (the so-called "accompanying measures") alongside the provision of housing. Yet, despite the strong commitment of the Ministry of Social Security and Labour officials and authorities of participating municipalities, implementation of these measures presented some weaknesses and no monitoring system was put in place to enable a solid assessment of their impact. Overall, the programme was marked by insufficient attention to and collection of performance data. This applies especially to performance indicators, such as the average time spent on waiting lists, and outcomes, such as the social integration of beneficiaries.

From the standpoint of housing delivery capacity, the programme's effectiveness has not been constant: it has diminished progressively over the years, in parallel with declining available funds. The early years were those characterised by the highest delivery capacity, especially from 1997 to 1998. The contraction of national gross domestic product due to the financial crisis caused the first notable drop in programme delivery capacity, which remained low except in the years 2005 and 2006. Said low delivery capacity extended the time period for families waiting to be assigned a dwelling. In turn, the delayed provision of the promised flat inevitably affected the willingness of the family to actually relocate to the country: the longer the waiting time, the higher the likelihood that such relocation would become more difficult, and the weaker the incentive to actually relocate. These circumstances mainly affected those who applied to the programme after the year 2000. For families living in temporary dwellings at the time of the evaluation, the average waiting time was unacceptably long: 65% of those who participated in the survey conducted by the Evaluation Department of the CEB had registered for the programme before 2005, hence tallying a minimum waiting time of at least 8 years.

The evaluation did not reveal any major inefficiencies in terms of cost-per-output and administrative processes. In particular, the option whereby municipalities could choose to either build or purchase dwellings for returnees allowed the former to adapt to local market circumstances, which contributed positively to efficiency. From a more qualitative perspective, the cost-effectiveness of the programme (in terms of transformation of financial resources into social integration results) was negatively affected by the absence of anti-speculative measures and by the fact that only a small proportion of the participating families actually fully integrated into society.

Because of its modest size, the programme did not generate a significant economic impact. However, it had the merit of targeting and keeping alive a key element of national identity. From a social perspective, the overall evaluation assessment was positive, especially if the early years of programme implementation are taken into account, which were characterised by higher availability of funds and delivery capacity. The situation of the programme at the time of the evaluation (June 2013) may, however, lead to a different assessment: funds are limited and the most manifest facets are the persistently high number of people on waiting lists, discontent among those living in temporary dwellings, and concerns about speculative practices.

From a sustainability point of view, this programme has been a long-lasting endeavour of the government (more than 20 years). Such long duration can be interpreted from both a positive and a negative perspective. On the positive side, it could be taken as an indication of the continued political will to support programme objectives. On the negative side, the long duration is attributable to the fact that the available funding was not sufficient to fulfil the requests for dwellings by beneficiaries within the anticipated period of time (the programme was expected to be completed by the year 2000). The average annual amount (equivalent to € 290 000) allocated to the programme in the years 2009 to 2012 provided only a very minor fraction of those on the waiting list (between 1% and 2%) with the requested flats. With such low funding, it would take many decades to satisfy pending requests. Sustainability is also affected by social considerations: important changes would be required to ensure that the programme will continue to be accepted in today's changing society and to align it more closely with national social housing policy. Sustainability is also affected by the increasing "maintenance debt" of the national housing stock.

On the basis of the evaluation findings, the following recommendations were formulated for consideration and follow-up by the CEB:

- **Quality assurance at design.** Before loan approval, deeper analysis should be made of potential inconsistencies between goals, particularly for housing programmes characterised by high levels of subsidies. Records of such a process should be kept in the CEB's official file repository system;
- **Monitoring and evaluation.** The lack of results-based monitoring affects implementation and precludes the availability of data for evaluation. It is recommended that the CEB move away from a purely output-based monitoring approach (e.g. number of apartments constructed vs. planned) toward a more integrated approach that encompasses the monitoring of performance and social development effects;
- **Role of CEB at country level - 1.** In contexts where CEB financing covers or is planned to cover multiple phases of a development programme, CEB should consider ways and means (for example by introducing the practice of mid-term reviews) to proactively and visibly reorient the programme – especially if it strays off course – so as to contribute to the realisation of expected outcomes by sharing sector knowledge and proposing corrective measures;
- **Role of CEB at country level - 2.** Country visits by CEB high-level officials should be used in a strategic way to promote visibility and advancement of those CEB-financed operations that have a particularly significant social content but are facing implementation difficulties due to budgetary constraints;
- **Integrated approach to social integration.** Provision of housing is not a sufficient condition for social integration, and additional measures are needed in order to achieve

sustainable results. When such complementary activities are included in governmental social development programmes and fall within eligible CEB sectors of action (such as health, education and vocational training), an integrated multi-component approach should be actively supported by CEB and financing should not necessarily be limited to brick-and-mortar activities.

The following recommendations were tabled for consideration and follow-up by the Borrower:

- **Speculative practices.** Cases of beneficiaries benefiting from the programme for personal enrichment negatively affected its social acceptance. For this reason, for newly allocated dwellings, procedures should be put in place such as the one adopted after 2011 in the country's capital city or, alternatively, means-testing and anti-speculative measures should be applied;
- **Temporary dwellings.** In the context of updating the programme approach, priority should be given to tackling the situation of families living in temporary dwellings, in acknowledgement of the fact that these families have demonstrated their attachment to the country and already engaged in some process of social integration (i.e. participation in the labour market). Special efforts should also be made to improve communication between the programme implementing authorities and people living in temporary dwellings;
- **A broader range of options.** In conjunction with the updating of the list of eligible beneficiaries, a broader range of choices might be given to eligible returnees. For example, they could decide whether they prefer to receive a flat under the original conditions, with the risk that this could still take many years to materialise, or whether they would rather receive some kind of financial compensation right away, albeit of a lower value, contingent upon the purchase of a dwelling in the country (i.e. a down-payment grant). The latter option would give them greater choice in selecting appropriate housing according to their own preference.