In 2002, the CEB approved a € 143 million loan requested by the government of a central European Member State for the partial financing of social housing projects. Total costs were estimated at € 286.8 million. This programme aimed at financing social housing initiatives, throughout the country, for the benefit of poorly-housed and low-income persons within the framework of a national plan. It had four components of a different nature:

- **Component A** - Prefabricated panel-building rehabilitation aimed at improving energy efficiency of housing estates built from pre-fabricated elements. Estimated total cost: € 48.9 million.
- **Component B** - Apartment-house energy saving included measures to support energy efficiency investments in the owner-occupied housing sector for all types of housing, except pre-fabricated elements. Estimated total cost: € 15.5 million.
- **Component C** - Rental-stock enlargement aimed at increasing the rental-housing stock owned by municipalities. Estimated total cost: € 205.7 million.

These cost figures only referred to the grant amounts provided by the government, half of which were financed with the CEB loan. However, the total investment volume stated at completion proved considerably larger.

The evaluation showed that the overall rationale of the programme was valid: rental-housing stock in the country was small compared to international standards and energy efficiency in the existing housing stock was in need of an upgrade. Likewise, improving the accessibility of apartments inhabited by people with disabilities was an objective of high social relevance.

The programme financed a vast number of activities and benefited a large number of people. Notwithstanding the timely use of financial resources, the overall performance of the programme was considered unsuccessful, even though there were variations in performance across the four components. The problematic elements of the programme consisted in: (i) lack of social targeting, compounded by the absence of any mechanisms for ensuring participation of the most vulnerable population strata; (ii) absence of cost recovery mechanisms, with the resultant negative consequences for public finances. Lack of efficiency was a major setback of Component C. The limited degree of social targeting affected Components B and C. The performance of Component D was rated satisfactory thanks to the clear identification of a target group and high participation ensured by the involvement of a specialised non-governmental organisation. However, improvements to the dwellings were of modest scope and did not tackle home accessibility in a comprehensive manner.

The CEB loan was perceived by a number of stakeholders as an undifferentiated financial support to the ongoing governmental programme. This had inevitable consequences on monitoring and reporting. Several recommendations on targeting and reporting mechanisms were made by the CEB during supervision missions but had no substantial effect.
Based on the evaluation findings, it was recommended:

- That the CEB carry out, at appraisal, an in-depth analysis of the congruence between the objectives of the Borrower and the CEB mandate; provide for relevant and realistic monitoring arrangements; and verify that the relevant recommendations stemming from CEB’s technical supervision missions, issued prior to programme approval, are captured in programme design, or otherwise clearly specify the reasons why they are not implemented;

- That the CEB review its approach to multi-sector programmes: where each component is of a sufficient size, such as in the present case, each component could be presented and analysed as a stand-alone programme; alternatively, analysis of the scope for social targeting, along with assessment of the risk of not achieving expected social effects, should be ensured and documented on a component-by-component basis;

- That CEB programmes be implemented with an appropriate monitoring framework that is suitable and adapted to the content of the programme. In the case of multi-sectoral programmes, this may require the adoption of a more complex or multi-sectoral monitoring framework;

- That the issue of cost recovery be introduced in the general thinking and strategy of the CEB for consideration by its governing bodies;

- That the CEB reflect on the role of the recommendations stemming from CEB’s technical supervision missions, aimed at ensuring social targeting, vis-à-vis disbursement-related considerations, and establish processes by which both are reconciled in a manner that is approved by CEB senior management;

- That, for programmes dealing with energy efficiency, the CEB loan document provide information on (i) the extent to which subsidies are being used; and (ii) the planned measures for ensuring efficient use of such public funds by prioritizing, where applicable, said investments, e.g. taking into account amortization periods and energy saving per unit of subsidy.