Introduction

The Office of Evaluation (EVO) of the Council of Europe Development Bank (CEB) carries out independent evaluations of CEB-financed operations with the objective of assessing their social performance and deriving key lessons and recommendations. Evaluations contribute to internal learning and accountability and are used as a springboard for reflections to be shared with the international community in order to improve understanding of the social development challenges faced by CEB member countries.

For many years, part of EVO evaluation activities have been organized by evaluation cycles, structured around CEB’s sectors of action or specific themes, wherein ex-post evaluations of individual loan operations are key building blocks. In 2018, EVO completed an evaluation cycle focused on CEB-financed housing projects targeted to specific vulnerable groups who are at risk of social exclusion. Those supported encompassed migrants and returnees, as well as households belonging to ethnic minorities, such as Roma population. At the end of this cycle, an Evaluation Synthesis was developed with the purpose of discerning cross-cutting thematic and strategic issues that could be of use for future projects in the housing sector.

1 CEB engagement in housing operations targeted to vulnerable groups

The financing of programmes and projects aimed at providing housing solutions for vulnerable groups has been a distinguishing feature of the Council of Europe Resettlement Fund\(^1\) since its creation in 1956. During its early years of activity, the institution provided housing assistance to populations forced to flee from regions affected by political or

---

\(^1\) In 1994, the name was changed to Council of Europe Social Development Fund, before becoming Council of Europe Development Bank in 1999.
economic upheavals or by natural disasters, with the aim of facilitating their social and economic integration. The Bank later broadened its scope of action in this sector: in addition to handling emergency situations, it also responded to the needs of its member states in terms of housing the less well-off segments of the population.

Since then, CEB engagement in the housing sector has evolved in line with the changing socio-economic environment and housing market of its member countries. The CEB publication “Financing Social and Affordable Housing in Europe: the CEB’s approach” explains how CEB-financed housing operations may aim not only at improving the conditions of poorly-housed individuals, but also at providing shelter for refugees, migrants, victims of natural disasters and other vulnerable groups, as well as at combating climate change through the financing of energy-saving and efficiency investments in residential and non-residential buildings.

CEB activities for vulnerable groups, especially migrants, refugees and displaced persons have been extensively discussed in its publication “The integration of migrants in Europe”. In its first years of activity, the institution contributed to the reconstruction of housing for displaced persons in Germany, Italy, Greece and Turkey. Subsequently, the Bank’s assistance to migrants and refugees broadened both in geographic terms (financing operations in Southern and South-Eastern Europe) and with respect to sectors (investment in housing was combined with initiatives supporting schools, hospitals, water supply, roads and rural infrastructure).

Nevertheless, housing has remained, for CEB, a priority instrument for promoting the integration into host societies of migrants, refugees and displaced persons. This is confirmed by the role played by CEB in managing the “Regional Housing Programme”, which started in 2010. Moreover, in 2015, the Bank established the Migrant and Refugee Fund, which financed, to a large extent, reception facilities in the countries affected by the influx of migrants and asylum seekers in CEB member states.

2 Evaluation cycle

2.1 Overview

The evaluated projects can be situated at the junction of two CEB sectors of action: (i) operations classified by CEB under the category “housing for low-income persons” but targeting special vulnerable groups at risk of social exclusion; and (ii) operations classified under the category “aid to refugees, migrants and displaced persons” that included housing as a main instrument for social assistance.

Under the CEB sector of action “housing for low-income persons”, four operations were selected for evaluation, given their explicit focus on population groups at risk of social exclusion. The first aimed at promoting housing and social integration of Roma families living in segregated settlements. The second concerned the construction of social dwellings and upgrading of social and technical infrastructure in a neighbourhood inhabited by a high proportion of Roma population. The third and fourth operations

---

4 This is an international initiative aimed at providing durable housing solutions for refugees and displaced persons in Bosnia and Herzegovina, Croatia, Montenegro and Serbia. See http://regionalhousingprogramme.org/
6 The CEB-financed housing operations targeting generically-defined low-income households were not included in the evaluation sample; nor were operations targeting migrants, refugees and displaced persons that were focused on sectors other than housing, such as education or job creation.
were aimed at improving access to mortgages for low-income immigrants residing in the host country to finance the purchase of their primary residence.

Under the sector of action “aid to refugees, migrants and displaced persons”, three projects were purposively selected for evaluation, given their focus on housing assistance. The first aimed at contributing to an on-going national programme for the resettlement and social integration of returning ex-deportees and political prisoners. The second and third operations focused on the reconstruction of damaged dwellings to enable the return of refugees and internally displaced persons to their original homes and for the provision of alternative accommodation to be rented out to the households that were occupying those abandoned properties on which repossession claims were filed by their owners.

Although this evaluation cycle covers operations targeted to three different population groups, namely migrants, returnees and Roma, each facing different housing needs and constraints, the evaluated projects do share a common element that constituted the justification for CEB financing: all three groups were at risk of social exclusion because of legal, economic, cultural and social barriers. The operations show however a high degree of heterogeneity, on a range of aspects, such as the scale of the CEB loan, the level of subsidy, the beneficiary group, location, tenure requirements, and implementing partners.

2.2 Evaluation process and methodology

At the beginning of the evaluation cycle, a methodological framework was prepared in cooperation with experts from the London School of Economics. The framework “translated” the five key evaluation criteria into evaluation questions relevant to the sector being studied, to the cycle as a whole, as well as to each project being evaluated, as shown below.

<table>
<thead>
<tr>
<th>Articulation of evaluation criteria</th>
<th>Cross-cutting dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relevance</strong></td>
<td>• Appropriateness of the objectives</td>
</tr>
<tr>
<td></td>
<td>• Coherence of the strategy and internal logic</td>
</tr>
<tr>
<td></td>
<td>• Quality of implementation arrangements</td>
</tr>
<tr>
<td></td>
<td>• Contextual factors</td>
</tr>
<tr>
<td></td>
<td>• Relevance of modifications</td>
</tr>
<tr>
<td><strong>Effectiveness</strong></td>
<td>• Achievements of outputs</td>
</tr>
<tr>
<td></td>
<td>• Contribution to the stated outcomes (intended effects)</td>
</tr>
<tr>
<td></td>
<td>• Capacity to reach the target beneficiaries</td>
</tr>
<tr>
<td></td>
<td>• Satisfaction of beneficiaries</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>• Cost and time overruns</td>
</tr>
<tr>
<td></td>
<td>• Unitary costs</td>
</tr>
<tr>
<td></td>
<td>• Cost control and procurement</td>
</tr>
<tr>
<td></td>
<td>• Cost recovery</td>
</tr>
<tr>
<td><strong>Impact</strong></td>
<td>• Long-term, indirect and unintended effects in the policy, institutional, social, sectoral and environmental spheres</td>
</tr>
<tr>
<td><strong>Sustainability</strong></td>
<td>• Institutional and political support</td>
</tr>
<tr>
<td></td>
<td>• Economic affordability</td>
</tr>
<tr>
<td></td>
<td>• Housing management</td>
</tr>
<tr>
<td></td>
<td>• Social acceptance</td>
</tr>
<tr>
<td></td>
<td>• Technical sustainability</td>
</tr>
</tbody>
</table>

Based on this guiding framework, each evaluation undertaken under this cycle was treated and managed as a stand-alone process. As a starting point, the theory of change of each evaluated operation was reconstructed by EVO in order to formalise the relationship between activities and results. Each evaluation’s Terms of Reference also comprised the evaluation methodology planned to be adopted including a precise operational definition of the evaluation criteria. In terms of the required human resources, EVO partnered with independent consultants and sector experts. Gender balance and participation of national evaluators was duly ensured.
Evaluation fieldwork was structured around two phases: the first phase consisted of meetings with the borrower and implementing authorities, complemented by interviews with other key informants, such as representatives of civil society, international or non-governmental organisations, academic and independent researchers, etc. The second phase covered analysis of relevant data as well as interaction and interviews with project beneficiaries and/or their representatives (where applicable). Qualitative methods of data collection were employed, such as case studies, focus group discussions and individual semi-structured interviews.

Based on available evidence, each project was evaluated on the basis of a clear-cut six-point rating scale, with 1 corresponding to very unsatisfactory performance and 6 to very satisfactory. EVO systematically applied a rigorous system of quality assurance throughout the evaluation process. All evaluation reports were reviewed by an independent expert.

In line with established procedures, before finalisation of each single evaluation, the draft report was shared with CEB’s operational directorates and the Borrower for comments. Once finalised, it was submitted to the Governor and the Administrative Council.

3 Key findings from the evaluations

3.1 Relevance

The evaluated operations had very relevant social objectives, tackling deeply-rooted social problems. They also responded to severe affordable housing needs, as some of the countries in the sample had very limited options for low-income households and specific vulnerable groups (including migrants and ethnic minorities) to access affordable housing. Notwithstanding this very positive assessment, the evaluations highlighted three salient issues that need to be considered in the financing of future similar programmes.

First, the evaluated projects tended to have been approved with very ambitious social objectives. These proved very difficult to achieve, given the prevailing social context, financial resources allocated and severity of the issues being tackled. The evaluations found that provision of adequate and affordable housing was a necessary, but not sufficient, condition to pursue the stated goal of social integration. For this goal to be achieved, complementary measures to housing assistance, for instance in the spheres of education, employment, social assistance, etc. were included in some of the CEB-financed projects but were often underfunded. Furthermore, such ambitious objectives are not easily transposable into measurable performance indicators. This creates unavoidable difficulties in monitoring and evaluation: on the one hand, monitoring could generally only focus on a few quantitative indicators measuring physical outputs, rather than social outcomes; on the other, the evaluation could not be based on a clear standard of social success against which to assess achievements.

The second issue concerned the breadth and depth of evidence used to design the financed operation or to explain, in the loan documents, the social relevance of the project/programme. In order to appraise the relevance of the operations proposed for financing, knowledge of the socio-economic context in which the operation is planned to take place is of prime importance. This includes a comprehensive analysis of the housing market and the profile of the

---

7 Christine M. E. Whitehead, Emeritus Professor in Housing Economics at the London School of Economics.
potential beneficiaries and their housing needs. In financing operations targeting special vulnerable groups, it is also important to acknowledge that beneficiaries labelled as “migrants” or “Roma population” actually comprise individuals and households with very different socio-economic aspirations. Housing assistance thus needs to capture this heterogeneity by promoting, where feasible, flexible solutions.

Third, housing operations targeted to vulnerable groups at risk of social exclusion embed a high degree of complexity. This can be the result of various factors including the prevailing institutional and sectoral context, as well as the innovative content of the projects, compounded by considerations of implementing partners’ capacity. In some of the evaluated operations, complexity in implementation was inextricably linked to the political sensitiveness of the project’s objectives (such as property restitution to displaced populations; social integration of ethnic minorities, etc.) and the degree of political support received at national and local level. In other projects, establishing eligibility and allocation criteria for the final beneficiaries added a further level of complexity.

3.2 Effectiveness

The definition of effectiveness that was applied in the evaluations went beyond the sole realisation of physical outputs to take into account the contribution of these outputs to the stated social objectives and intended effects. Achievement of quantitative output targets (e.g. number of dwellings to be provided) does not automatically imply effectiveness unless they contributed to generating the expected social changes. Indeed, among the evaluated operations, there were cases where quantitative output targets were duly achieved but their effectiveness was rated “low” because of their limited contribution to the intended social objectives. Conversely, there were other projects which fell short of the initially established numerical targets but where effectiveness was nonetheless rated “high” because of the projects’ role in promoting social change and achieving the intended effects.

Effectiveness was rated above the satisfactory threshold in the majority of the evaluated projects. In complex projects, such as those in the housing sector that are explicitly targeted to vulnerable groups, the capacity to achieve stated objectives primarily depends on the quality of both design and implementation. The steering and management capacity of the people and organisations involved played a crucial role: success was higher in contexts where the implementing entities had stable and adequate human and financial resources.

Effectiveness also concerned the projects’ capacity to actually reach the intended beneficiaries. In some projects, selection of beneficiaries was centred on a rights-based approach (i.e. the eligibility criteria solely concerned their status as deportee or refugee), whereas in others, a needs-based approach was adopted. Under both scenarios, the selection of beneficiaries was never free from controversy, be it disputes and conflict within the eligible population, claims of unfairness in the process, and/or apparently unwarranted inclusion or exclusion of applicants. This was not only due to the complexity of the processes but also to the fact that, for some of the beneficiaries, the assistance available under the CEB-financed projects was perceived by eligible families as a unique and often unprecedented opportunity to improve their housing explicitly stated objectives, while other indirect and unintended benefits (for example, governance or institutional development issues) were treated under the “impact” criterion.

---

*In line with the approach adopted in the methodological framework and with the definition employed by the international community, assessment of effectiveness only concerned the*
conditions. This competition over available housing inevitably increased social tensions.

In most of the evaluations, a recurrent difficulty encountered when measuring results and effectiveness was the lack of data. The projects were monitored by resorting, for the most part, exclusively to information on outputs (e.g. number of dwellings, physical characteristics such as size or location) or the social characteristics of their occupants. There was no indication of the standard to be applied for evaluation of the social results and projects did not benefit from the required investment in data generation (including baseline data), analysis and reporting on social results.

3.3 Efficiency

From a loan management perspective, quick disbursement patterns were the exception. Most of the evaluated projects were characterised by time overruns because of their complexity and/or modifications or extensions to the initial operating model. From a costing point of view, the evaluated projects were mainly implemented at a time of rapidly increasing and/or booming housing prices. Provisions were often put in place for the independent control of expenditures, but these could not prevent an increase of housing purchase or construction prices. In general, efficiency was higher if the implementing partner had some degree of flexibility in seeking ways of optimising the use of available resources – for example in terms of type of housing assistance or methods of acquiring dwellings. Cost efficiency for some of the evaluated projects was negatively affected by low cost recovery rates, despite initial plans for at least partial cost recovery through rent collection or the competitive sale of dwellings. Such actions were often not fully taken up because of capacity constraints and/or lack of political will. In other cases, efficiency could not be comprehensively assessed because of a lack of data on project expenditures; the implementing agency lacking a centralised system of data collection and/or solid tracking of the activities undertaken and their financial breakdown.

3.4 Impact

The long-term effects of the projects were highly specific to the nature and context of each operation. Four cross-cutting issues that affected the impact assessment could be nonetheless identified.

The first issue concerns the relationship between provision of housing and the long-term objectives of promoting social integration. The evaluations confirmed the important role played by housing in the process of social integration, especially for vulnerable groups and in contexts where national and local housing systems provide limited affordable housing options for low-income households. For the latter, housing assistance had a tangible value (i.e. reduced overcrowding, better access to utilities and general living conditions), but also brought non-tangible benefits: better housing triggered self-esteem and social recognition. Not surprisingly, the evaluations clearly showed that access to adequate and affordable housing is an important – though not a sufficient – condition for effective social integration, which depends on other factors, including reduction of poverty and access to employment as well as wider integration in education, welfare and health systems. In projects targeting groups at risk of social exclusion, the evaluations highlighted the importance of involving into integration initiatives not only the group “to be integrated” but also the hosting communities.

The second issue concerns the effects of the evaluated CEB-financed operations on the national and local housing systems of the borrower countries. These were, in most cases, neutral or very marginal, given the small scale of evaluated operations. Nevertheless, in some contexts, a small
expansion of the local social housing stock was noted. Such an outcome was crucially contingent upon the capacity and commitment of the managing authority.

The third evaluation finding relates to the effects of the evaluated projects on policy and institutional issues. Financing operations targeted to vulnerable groups sometimes had the merit of raising visibility and awareness of the social needs at national or international levels. In some instances, projects of this kind might contribute to enhancing the capacity and experience of local leaders and civil society organisations. Moreover, bridging the gap in access to housing may strengthen compliance of national systems with applicable international legal standards and requirements.

Lastly, the effects of the evaluated projects on the environment were, at best positive and, at worst, neutral. Some evaluated operations contributed to the creation of a more urbanised neighbourhood by using land plots that were abandoned or used for the illegal deposit of waste materials. One project, committed to eradicating segregated informal settlements, made a visible contribution to reducing the exposure of local populations to health and environmental hazards caused by unregulated housing conditions (i.e. access to potable water and sewage systems).

3.5 Sustainability

Sustainability was defined by the evaluations as “the continued and voluntary habitation by the beneficiary population in the housing provided by the project, under safe, affordable and adequate conditions”. This definition evokes the wording of Target 1 of the 11 Sustainable Development Goals (SDGs) that refers to the need to “ensure access for all to adequate, safe and affordable housing”.

In order to achieve such a scenario, four main factors come into play: (i) the instruments put in place to increase the likelihood of a long-term presence of the beneficiary population in the dwellings provided by the project; (ii) housing affordability, or the beneficiaries’ capacity to afford and sustain living in these dwellings; (iii) the setting-up of an adequate system of maintenance and management of the housing stock; and (iv) social and political acceptance of the operation at relevant levels (national and/or local).

Within the evaluation sample, there were cases where the projects did not contain adequate measures to ensure the continued presence of the beneficiary population in the dwellings. For example, in some of the evaluated projects aimed at promoting home-ownership, a ban-on-sale clause should have been included to avoid the risk of speculative practices. Similarly, in projects targeted to returnees, the economic development of the territories where returns were concentrated crucially affected the long-term presence of the beneficiary population. Once dwellings have been allocated to beneficiaries, lack of clarity on future tenancy rights sometimes increased uncertainty about the possibilities for them to continue living there in the long term. On this aspect – and taking into consideration the risk of poverty among some beneficiary groups – the evaluations showed that home-ownership might not necessarily be what every household aspires to and may not even be the most appropriate type of tenure for low-income households.

The second dimension of sustainability relates to housing affordability. The evaluations offered the opportunity to explore the concept of housing affordability in projects aimed at both home-ownership and public rental housing. In one of the evaluated operations aimed at promoting home-ownership through mortgage schemes, beneficiaries were selected on the basis, among others, of an affordability indicator, namely the debt-to-income ratio. This did not prevent the occurrence of mortgage repayment defaults. The ratio was calculated
when the beneficiaries contracted the loan, but incomes fluctuate, and households belonging to vulnerable social categories may find themselves in situations of economic distress and not have the means to cope with downturns in their earning capacity. Similarly, where the objective was to increase the social housing stock to be rented out to low-income households, the evaluations showed that low rent levels did not necessarily preclude arrears. In one project, the evaluation revealed an increasing number of beneficiaries with arrears in rent payments. Affordability was undermined by the precarious livelihoods of beneficiary households and their difficulties in accessing employment opportunities. Moreover, households’ capacity to continue living in an adequate and safe housing environment might also be affected by the high cost of utilities, especially during the winter months.

The third condition for ensuring a long-term presence of the beneficiary population under safe and adequate conditions in the housing provided by the projects resides in a functioning system that guarantees adequate management and maintenance. Publicly-owned housing requires significant investment in supervision, maintenance and management. The evaluations revealed that available budgets were often insufficient to cope with management requirements of state-owned properties, and that the rent collected was often insufficient to cover maintenance costs. Lack of maintenance not only led to deterioration of the housing stock, thereby decreasing its quality and attractiveness; it also created health hazards for the population living in the housing. Without additional support from the public budget, the evaluations showed that given the low rents and weak enforcement of condominium regulations, it is difficult to establish sustainable models geared to poor households (entailing low rent and high risk of default) while ensuring, in parallel, adequate investment for renovation and maintenance of the housing stock. The risk of progressive dilapidation of the stock is thus high, and such difficulties inevitably affect the stance of national and local authorities toward publicly-owned housing. A system that guarantees adequate management and maintenance can only be put in place if there is the political will to sustain such a public social housing stock. Otherwise, the prevailing attitude is to privatise the newly-provided dwellings as soon as legal conditions allow. This in turn may shift the benefits to other types of household.

Last but not least, sustainability is contingent upon social acceptance of the intervention by all the population groups concerned. Indeed, social integration is a complex process that requires involvement by both the target groups and the communities hosting them. Such acceptance may fluctuate significantly during the implementation of a given operation. Awareness and sensitisation campaigns play an important role during this process. The social acceptance strongly hinges upon quality implementation, transparent reporting of results, rigorous control of eligibility criteria and expenditures as well as the creation of opportunities for participation and dialogue with the local population. The evaluation hinted to the fact that a further and unexplored way of improving social acceptance would be to articulate and demonstrate how housing operations targeted to specific vulnerable groups can generate medium- and long-term benefits (spill-over effects) for the entire community. This remains however a complex theoretical and analytical exercise.

4 Role of CEB

The evaluated projects had a significant degree of complexity and entailed exposure to both reputational, political and development risks for CEB and the Borrower, given their intended objectives and the challenges encountered during their implementation. For this reason, CEB’s financial participation was highly
commendable. Such a “risk-taking” stance is embedded in CEB’s role as a development bank that seeks to support the challenges of social integration of vulnerable population groups, especially in contexts with less sophisticated legislative and policy frameworks. Indeed, the projects evaluated under this cycle were at the core of CEB’s historical mandate, and they strongly contributed to enhancing the Bank’s institutional relevance and reputation in the international community.

The evaluations confirmed the financial added value of the CEB loans for the Borrowers, compared to the hypothetical counterfactual of own-governmental financing. CEB’s non-financial added value was apparent at various stages of the projects’ life cycles. Appraisal missions allowed the Bank to identify early on some of the factors that could hinder support or final performance. Through appraisal, CEB provided technical expertise to the Borrower during loan preparation and established a solid basis for subsequent cooperation and dialogue. For some projects, the Bank included specific clauses in the Framework Loan Agreement, with a view to improving quality of implementation and steering the project even closer towards the stated social objectives. During project implementation, the most significant non-financial contribution made by CEB was through technical monitoring missions which, in some cases, were the only occasion where technical expertise was mobilised.

CEB’s financial and non-financial added value was stronger when loan proceeds were channelled to a clearly-defined, “stand-alone” project and represented a significant share of total project costs. In the operations where CEB loan proceeds were more akin to a general instrument of budgetary support to on-going governmental and private sector initiatives, CEB financing was marginal and did not bring any major change or improvement to existing practices. In one of the evaluated operations, CEB extended its added value by allocating CEB financing to the most innovative and challenging component of the on-going governmental programme.

Some of the projects covered within this cycle had high visibility at international, national and local levels. This resulted from the fact that the operations often tackled deep-rooted histories of social exclusion. Although CEB could have gained even greater visibility, these interventions enhanced its reputation as a financier of operations in the housing sector. This brought significant advantages for portfolio development and partnership building. Visibility at the level of the beneficiaries was ensured, in some projects, through a commemoratory plaque at the entrance of the buildings financed by the loans.

5 Conclusions and strategic reflections

The 2008 global financial crisis and the protracted period of slow growth have affected the housing market in two ways. First, the space for public investment has been reduced due to budgetary constraints. Second, the population groups in need of affordable housing have rapidly increased and changed. The growing influx of migrants in Europe has swelled the ranks of the population in need of affordable housing; for them, access to housing constitutes a significant barrier in their process of settlement and social integration. These challenges are compounded by the rapid growth of European cities and metropolitan areas and the resultant trends of urban concentration and agglomeration of population (national and international). The attractiveness of urban areas has led to a rising demand for housing in general and social housing in particular. As a result, housing has become one of the central focal points of the 2030 Agenda for Sustainable Development, as attested by the target of “ensuring, by 2030, access, for all, to adequate,
safe and affordable housing" under the Sustainable Development Goal SDG 11 ("Make cities and human settlements inclusive, safe, resilient and sustainable").

The evaluations have shown that CEB is endowed with the knowledge and experience required to support its member states’ efforts to improve access to adequate, safe and affordable housing for vulnerable categories. The Bank will probably be exposed, in future, to an ever-wider range of housing operations, characterized by varied implementation, governance and tenure arrangements and leading to diverse experiences. In such a context, the challenges ahead are two-fold: first, to strengthen CEB’s capacity to analyse and report on the social outcomes generated by its financed operations; second, to reaffirm the linkages between access to housing and the objective of promoting social cohesion throughout Europe.

These two challenges are accompanied by five inter-related recommendations that are tabled below for discussion and reflection: (i) finance operations with realistic and measurable objectives; (ii) promote a holistic and evidence-based approach to social integration; (iii) focus on the enabling factors for sustainability; (iv) manage complexity by strengthening appraisal and promoting knowledge management; and (v) respond to innovations.

Finance operations with realistic and measurable objectives

In order to ensure evaluability and promote learning, CEB-financed operations should clearly indicate the objectives planned to be achieved, how these will be tracked during implementation, as well as when and how said objectives are expected to be assessed. The objectives stated in the CEB loan documents should be regarded as the shared commitment by CEB and its borrower to pursue a given development goal and as the reference framework against which success will be evaluated. Since CEB will increasingly be held accountable to demonstrate the social results of its operations, objectives must therefore be realistic (including in comparison with available funding) and measurable, defined in relation to the characteristics of the beneficiaries and their host communities. In order to ensure measurability, it may be useful to differentiate between immediate CEB-financed projects’ outputs (physical deliverables), outcomes (expected social changes) and impact (the wider long-term objectives). For each of these levels of results, indicators should be defined in agreement with the stakeholders involved in implementation, by drawing as much as possible on existing national and local systems of data collection. Partnership and exchanges with agencies of national statistics, think tanks and research centres should thus be strengthened.

Promote a holistic and evidence-based approach to social integration

The linkage between housing assistance and other instruments of social support needs to be deepened by making use, where feasible, of tools such as the intervention logic or the logical framework. With regard to housing assistance, provision of CEB financing needs to be justified in an evidence-based manner by juxtaposing gaps in the housing market and beneficiary needs. Depending on the housing model in the relevant country or context, this means gathering information on the number of available social dwellings, number of families on the waiting list, annual vacancy rates, average waiting period, applicable eligibility criteria, etc. These indicators would allow a comprehensive assessment of the situation that the proposed project(s) aim to alleviate. If a project is geared to specific population groups (e.g. refugees), the CEB loan document needs to pinpoint, upfront, those aspects, clauses or specific regulatory requirements that may potentially limit the targeted beneficiaries’ capacity to actually participate in the project (such as a
Focus on the enabling factors for sustainability

The evaluations have shown that there are multiple facets of sustainability and that various factors may determine beneficiaries’ capacity to access and sustain the long-term benefits of the CEB-funded operation in the housing sector.

With regard to the economic dimension, investment in human capital is necessary to bolster the long-term employability of the beneficiary population, mitigate the risk of poverty and ensure affordability and improve longer-term housing management. At the same time, location significantly influences beneficiaries’ capacity to access services, employment and human development opportunities. Housing built on the outskirts of the city may be affordable in terms of housing price but it entails a risk of segregation of low-income people. The economic potential of the area or region where the proposed housing is situated should thus be carefully assessed before financing in order to ensure sustainability, on the one hand, and effective use of available resources, on the other.

As regards technical sustainability, apart from ensuring quality of construction, availability of resources and responsibility for maintenance should be clarified at project appraisal, in order to avoid deterioration of the housing stock due to lack of maintenance. The risk of unpaid rents and arrears should be explicitly taken into account in financial projections. Where feasible, innovative models for management of public housing addressed to vulnerable households could be tested (for example, involving the community in maintenance and organizing activities in common areas). These initiatives would need to benefit from adequate technical supervision, which could be covered by drawing on resources and tools available under CEB’s grants windows.

On the social sustainability front, integration of population groups at risk of social segregation requires adjustment and involvement by both the target group and the communities hosting them. Promoting social acceptance is not an easy task and there are few instruments available for international financiers like CEB to promote such a concept. As a complement to efforts to ensure quality of implementation, opportunities for dialogue between implementing partners, the target group and the local population should be sought and supported, as a means of enhancing social acceptance.

Manage complexity by strengthening appraisal and promoting knowledge management

Housing operations entail a high level of complexity and risk at multiple levels. There might be cost overruns, implementation delays, alteration of original objectives, and even possible negative social impact if said projects are poorly managed. At the same time, such projects nurture and reinforce the essence of CEB’s mandate, notwithstanding their often-small size and limited contribution to the Bank’s overall approval/disbursement targets. Because of such complexity, a comprehensive appraisal by CEB is needed in order to formulate an informed opinion on the proposed projects (including identification of the requisite data for an evidence-based presentation of project rationale) and identify the factors that might affect performance and sustainability. CEB can also manage complexity by mobilising technical assistance to improve management capacity. Knowledge generation can also play an important role: whilst complexity may lead in some instances to lower-than-expected social outcomes, failure to capture the lessons to be learned (under both successful and less
successful operations) constitutes an added and irreparable loss.

**Respond to innovations**

In the near future, the limited fiscal space, coupled with increased demand for affordable housing will drive innovative practices in the housing sector. Flexibility may be required, in terms of range of financial instruments to be used, as well as implementing partners, which might include private developers, associations, non-governmental organisations, market intermediaries, private investment institutions as well as international development agencies. Innovations may trigger a progressive extension of the existing CEB eligibility criteria for social housing financing and, in parallel, an expansion of the range of data to be included in the loan documents to present the projects’ rationale and development justification. Moreover, financing innovation goes hand-in-hand with the creation of opportunities for evaluation and discussion of the lessons learned from implementation of such projects.

**Note from independent reviewer**

*Christine M. E. Whitehead, Emeritus Professor in Housing Economics, London School of Economics*

This evaluation cycle generated several lessons that were documented in individual evaluation reports and shared with relevant stakeholders in a systematic manner, as the cycle progressed. Overall, it has been a very instructive and productive process with many messages to take forward.

**Rationale**

The evaluations point to a successful role for the CEB in helping to finance often difficult projects aimed at promoting long term social cohesion benefits. In this respect, the evaluations confirmed the role of the CEB and the relevance of its mandate in line with the fact that access to adequate housing conditions (especially for population groups at risk of social exclusion) are a core stepping stone (although not a sufficient one) to social integration.

**Methods**

The strength of the methodology adopted by the CEB Office of Evaluation relied on a clear framework for data gathering – both statistical and qualitative (including interviews with final beneficiaries) – and on a well-defined set of criteria against which to assess process, outputs and outcomes. This framework provided a consistent basis for evaluating diverse projects that involved a wide range of instruments.

**The evaluation process**

The two biggest challenges in carrying out the evaluations were timing and data.

Timing of evaluations always involved a trade-off between there being, on the one hand, enough elapsed time to allow outcomes actually to occur and, on the other, being able to contact the relevant people to hear their views while the project was still fresh in their minds.

With respect to data, financial information was mainly accounting based; physical output measures and data on the attributes of initial beneficiaries were usually obtainable; but outcomes and impacts were more difficult to track. These issues were addressed as effectively as possible during evaluation fieldwork and this allowed robust assessments under the five evaluation criteria.

**Learning from the evaluations**

Three external issues impacted heavily on the social performance of the CEB-financed operations.
First, the broader economic environment played a critical role: in some of the evaluated projects, house prices and costs increased during the implementation; equally, in some project areas, access to employment and to other opportunities worsened making it more difficult to achieve desired social development outcomes.

Second, success depended significantly on the political buy-in at both national and local levels to ensure that benefits went to the targeted population. This was extremely important given the fact that the projects being evaluated tackled deeply rooted social problems and involved population groups at risk of social exclusion.

Third, the quality of governance both at the level of the individual project and at the level of the local administration in charge of managing the housing stock was core to ensuring longer term commitment to maintaining and replicating successful outcomes.

One of the core findings from the evaluation was that all the projects were highly relevant both to overall CEB objectives and to the communities affected. However, at the initial stage, projects were often defined more in terms of effective disbursement of funding than potential outcomes.

A second extremely important lesson was that, while almost all of the projects met effectiveness criteria, reality meant that not all the benefits could be achieved, both because of external factors and because of constraints on the ground.

Third, complexity in implementing the projects meant that success depended heavily on the quality of management and staffing as well as on partnership commitment.

A fourth, very practical, issue (a universal problem for projects that aim to change behaviour as well as provide physical investment benefits) is that the evaluation timescale inevitably excluded the capacity to measure longer term benefits.

In housing operations, there is often overemphasis on the initial capital investment and too little on longer term sustainability. As a result, there is high risk that some of these benefits may be lost. Evaluations stressed the importance of focusing on the ‘enabling factors’ for sustainability: these include the presence of partners and organisations who would remain involved after the project had been completed as well as continuing resource commitments.