



1. Project Data

Project ID
P130710

Project Name
Low Income Community Housing Support Pro

Country
Bangladesh

Practice Area(Lead)
Social Sustainability and Inclusion

L/C/TF Number(s)
IDA-57800

Closing Date (Original)
31-Dec-2021

Total Project Cost (USD)
41,177,596.27

Bank Approval Date
05-Apr-2016

Closing Date (Actual)
30-Jun-2023

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	50,000,000.00	0.00
Revised Commitment	43,999,969.92	0.00
Actual	41,700,223.58	0.00

Prepared by
Alejandra Eguiluz

Reviewed by
Vibecke Dixon

ICR Review Coordinator
Avjeet Singh

Group
IEGSD (Unit 4)

2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO), as stated in the Financial Agreement (CN5780-BD), page 6, is “to improve shelter and living conditions in selected low-income and informal settlements in designated municipalities in Bangladesh”. This formulation is identical to the one in the PAD (PAD522, page 8)

The PDO will be parsed, for the purposes of this review (and as done in the ICR), as follows:



- To improve shelter in selected low-income and informal settlements in designated municipalities in Bangladesh.
- To improve living conditions in selected low-income and informal settlements in designated municipalities in Bangladesh.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

Yes

d. Components

Component A: Community Mobilization and Planning (cost at appraisal US\$ 4.5 million; revised US\$ 7.8 million; actual US\$ 6.07 million): The component was designed to support community-driven organizations in mobilizing, engaging in community planning, and developing housing and upgrading solutions within their communities. Other activities included financing for surveys and planning in pilot towns to identify available lands. The GoB planned to donate the value of its land for the project's land development and housing activities. Activities under this component would be managed by the National Housing Authority (NHA).

Component B: Urban Community Improvements and Upgrading (at appraisal US\$ 22 million; revised US\$ 17.7 million; actual US\$ 12.14 million): The component was designed to finance a multi-sectoral package of tertiary infrastructure and service improvements based on the expressed demands and needs of communities. Financing would be made available for selected infrastructure, where connections to municipal-level infrastructure were required. Activities under this component would be managed by the NHA.

Component C: Shelter Component and Lending (at appraisal US\$ 18 million; actual US\$ 18 million): The activities planned supported the development of a credit line with loans to support shelter improvements, new construction, and cluster development. The credit lines would test different collateral and guarantee mechanisms, including those managed by community groups. Financing would include technical assistance (as a grant) for product development and the testing and learning activities for possible scaling up. Activities under this component would be managed by the Palli Karma-Sahayak Foundation (PKSF).

Component D: Monitoring and Evaluation (M&E), and Learning (at appraisal US\$ 1 million; revised US\$ 0.5 million; actual US\$ 0.29 million). The activities under this component would support independent M&E and learning activities, including peer-to-peer learning programs between community groups, strengthening community networks at the town level and the robust use of participatory techniques for monitoring. These activities would be managed by the NHA.



Component E: Project Management, Training, and Capacity Building (at appraisal US\$ 3.5 million; revised US\$ 5 million; actual US\$ 3.08 million): The component financed project management costs for the NHA, including capacity building, technical assistance, training, policy, and institutional support. Activities under this component were to be managed by the NHA.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost. At appraisal, the total project cost was estimated at US\$ 57.5 million, of which an IDA credit (CN 5780-BD) financed US\$ 50 million. An amount of US\$ 6 million was cancelled from the loan in December of 2021, bringing the revised project cost to US \$44 million. The actual project cost was US\$41.18 million, representing 81% of the initial IDA credit and 92.27% of the revised IDA amount.

Financing. The Project was financed with an IDA credit of US\$ 50 million (CN 5780-BD).

Borrower contribution. At appraisal, the planned borrower contribution was US\$ 7.5 million. The actual borrower contribution was US\$ 1.7 million.

Dates

Approval date as April 5, 2016 (and advance agreement for project preparation had been previously approved in Sept 2012). Effectiveness date was Oct 20, 2016. Mide Term Review took place on April 1st, 2019 (as planned). An amendment to the FA was approved in Dec 2021, cancelling the amount of US\$ 6 million from the credit. Original closing date was Dec 31, 2021 and the actual closing date was June 30, 2023. The project was extended for 1 year and 6 months.

The project underwent three restructuring processes:

- The first restructuring took place in September 2019, following the project Midterm Review (MTR), and introduced the following changes: (i) A substantial reduction in the PDO outcome targets and the introduction of 5 new intermediary indicators to better measure impact. The reasons presented in the ICR point at an overestimation of targets at appraisal, having taken the average household size as compounded by 5 people when a survey revealed that the more accurate number was 4; (ii) the relocation of funds from components B and E to components A and D (community mobilization and project management); (iii) a reduction of the funding allocated to infrastructure upgrades, which would take longer time than the project had left.
- The second restructuring, in September 2021, introduced the following changes: (i) the removal of the city of Narayanganj from the geographical scope and the addition of settlements from the participating towns of Sirajganj and Comilla, to retain the revised outcome targets and number of beneficiaries to be reached; (ii) a partial cancellation of the credit in the amount of US\$6 million (for activities across the 4 components that were managed by the NHA and were likely to remain unutilized); (iii) due to COVID impact on borrowers, the funds under component C that could not be utilized were redeployed to establish a new activity, the “Housing Microfinance Risk Management Support Fund” (RMSF), that supported borrowers with emergency loans for livelihood activities towards income generation during the pandemic; (iv) The project was extended by one year from December 31, 2021, until December 31, 2022, mainly due to COVID-19 related delays.



- The third restructuring, in December 2022, extended the project closing date by another six months, from December 31, 2022, until June 30, 2023 in light of the continuing impacts of COVID-19 on the implementation pace.

A split evaluation is necessary as the reduction in the outcome indicators' targets during the first restructuring is quite substantial and has an impact on the PDO. The second and the third restructurings made additional course corrections and adjustments, but retained the ambition of the project and the intended impact on beneficiaries.

3. Relevance of Objectives

Rationale

Context at appraisal

At the time of appraisal Bangladesh had benefited from more than two decades of solid economic growth (averaging annual GDP growth rates of 5.5% between 1995 and 2015), supporting the country's graduation from a low-income country to a lower-middle income country in 2015. A rapidly urbanizing economy was being supported by expanding manufacturing, exports, and organized services, and about 500,000 people migrated annually to urban areas in search of jobs. The urban population grew from 22% in 1996 to 35% in 2016, and poverty remained a challenge with more than 21 million people living below the international poverty line of 2.15 dollars a day (ICR, page 5).

The rapid urban growth placed considerable strain on land use, housing, and urban infrastructure. An estimated 8.5 million new housing units were needed between 2016 and 2021 to meet the demands. Low-income households had limited options for affordable housing, which contributed to the unplanned and informal expansion of under-served and crowded poorer urban residential areas, characterized by environmental degradation, intractable land tenure problems, and poor infrastructure. In 2016, 53 percent of the country's urban population lived in slums. Over 70 percent of all urban dwellings were categorized as inadequate or deficient (ICR, page 5).

Mortgage and housing finance markets did not serve low-income households (the penetration of mortgage debt was significantly lower than East Asian countries or India), and the limited commercial housing finance available catered exclusively to salaried or high-income households. Most small loan schemes were focused on supporting entrepreneurship or livelihoods. Attempts by a handful of leading microfinance institutions (MFIs) in the country to provide low-income housing microfinance had not succeeded in going to scale.

Consistency with Country Strategy

The PDO formulation is well aligned with relevant GoB strategies, both at appraisal and at project closing. At the time of appraisal, national policy frameworks and development plans prioritized access to housing, basic infrastructure, and services. In 2008, the Government of Bangladesh (GoB) declared a commitment to provide Housing for All by 2021. The draft National Urban Sector Policy (2011), the National Housing Policy (2016), and the Perspective Plan of Bangladesh (2010-2021) emphasized the need for affordable and accessible housing solutions for low-income urban residents. The Seventh Five Year Plan (FY2016-2020)



also recognized the limited capacity and funding constraints of *pourashavas* (local government) in providing basic infrastructure and services. It called for the involvement of community-based institutions and non-government organizations.

At closure, the Eighth Five Year Plan (FY2020-2025) recognizes the deterioration in the quality of life of the urban poor from constraints to land, housing, and inadequate infrastructure and services. It recommends strategies consistent with the PDO and project activities, including implementation of participatory approaches to land use planning, enabling effective mechanisms for housing finance, undertaking programs for the physical improvement of informal settlements, and enhancing basic infrastructure, services, and tenure security (ICR, page 9). The Perspective Plan 2021-2041 emphasizes improved quality of life for urban residents and ensuring households have access to minimum housing quality standards as key objectives.

Consistency with Bank strategy

The PDO is consistent with the current WB's Bangladesh CPF FY2023-FY2027, contributing directly to the CPF's Progress Indicator "Number of people benefitting from access to housing loans and residing in newly improved or constructed shelter." The project's bottom-up and citizen-centered approach to service improvements addresses a key concern of the CPF, which states the need to tailor service delivery to the needs of individual regions, districts, and municipalities. The PDO also aligns with 2 out of 3 High-Level Outcomes and 3 out of 8 CPF objectives, namely, CPF objective 3: "Improved effectiveness of public institutions to deliver better services to citizens and businesses"; CPF objective 4: "Improved equity in access to quality services for human capital development"; and CPF objective 5: "Enhanced productive and economic opportunities for women, poor, and vulnerable groups".

Previous Bank experience

The PAD states that the use of community-based development in urban areas and linking community organizations to financing modalities for housing was a new approach to financing (PAD, page 8). The WB leveraged global technical experience, building on the success of programs such as the Community Organizations Development Initiative (CODI) in Thailand, the Urban Poor Development Fund in Cambodia, the engagement with urban poor communities in the Kampung Improvement Project in Indonesia, the Pamoja Trust in Kenya, and the city-wide development funds in the Philippines, as well as the Asian Coalition for Community Action (ACCA) approach. The PAD states that the design also reflects the experience in Latin America where participatory solutions had become the preferred approach in the previous fifteen years.

PDO level. The PDO (to improve shelter and living conditions in selected low-income and informal settlements in designated municipalities in Bangladesh) is pitched at the outcome level, as both concepts of shelter and living conditions are outcomes that may contribute to long-lasting benefits in people's lives.

Overall, the relevance of objectives is rated as High.

Rating

High



4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve living conditions in selected low-income and informal settlements in designated municipalities in Bangladesh

Rationale

Theory of Change (ToC)

The ICR presents a reconstructed ToC that was not explicitly presented in the PAD (ICR, page 6). The chain presented is logical and complete. The outreach activities undertaken in order to mobilize communities (input), the elaboration of plans by the community for improved living conditions (input), the leases executed to provide tenure security (input) and the design of new housing loan products (input) all lead to the development of the community plans that specify the services that the community decides to upgrade (output), the completion of infrastructure upgrades (output) and the disbursement of housing loans (output), which in turn lead to the improved access to services and the improved housing (the two outcomes of the PDO). The ICR includes a longer-term impact of improved socio-economic status, health and well-being of the selected settlements. It also incorporates the Emergency Loan Support (COVID-related addition to the project during implementation) as a tool that contributes to the outcome of improved housing.

The logical chain of the ToC that applies to PDO1 is the following: the outreach activities undertaken in order to mobilize communities (input), the elaboration of plans by the community for improved living conditions (input) and the leases executed to provide tenure security (input) all lead to the development of the community plans (output) and the completion of infrastructure upgrades (output), which in turn lead to the improved access to and quality of services.

This section assesses the efficacy of PDO1, comparing the final project results with the original targets. The PDO1 (improved living conditions) is evaluated using the first PDO-level indicator, **“Increased number of beneficiaries in selected settlements with improved access to and quality of services.”** The PAD defined improved access to and quality of services as the “Number of households benefiting from improved access and quality of water, sanitation, roads, drainage, electricity”. The list of services identified in the PAD were tentative at the appraisal; the services ultimately provided and reported in the ICR were determined by communities as part of the community planning process.

Outputs

- 90% participation rate of settlement members in the planning and decision-making meetings, exceeding the original target of 70%.
- 26,139 individuals benefitted from Community Upgrading Plans, exceeding the original target of 24,000.
- 95% of infrastructure works were evaluated as of good quality, exceeding the original target of 70%. This achievement was evaluated based on inspections by the NHA site engineer and the members of



Community Level Implementation Committees and Social Audit Committee reporting works completed as satisfactory.

- 96 Community sub-projects completed, not achieving the original target of 120.
- 42 sub-projects completed using NCB method, not achieving the original target of 90.

Outcomes

- 86,523 beneficiaries were reported to have improved their access to and quality of services, not achieving the original target of 120,000.

The “number of beneficiaries” while useful, was not sufficient as an outcome indicator on its own to show what kind of outcomes with respect to access and quality of services of the project were achieved.

According to the ToC, the development of the community plans and the infrastructure upgrades (outputs) were to lead to improved access to and quality of services. The shortage in the output indicator regarding the completion of community subprojects resulted in a lower-than-expected achievement of the outcome indicator (number of beneficiaries reporting improved access and quality of services).

Based on the level of achievement of the outputs and outcomes achieved, the efficacy of PDO1 is Modest.

Rating

Modest

OBJECTIVE 1 REVISION 1

Revised Objective

Improved living conditions in selected low-income and informal settlements in designated municipalities in Bangladesh

Revised Rationale

The ToC applies to the revised PDO1 in the same way as it applied to the original PDO1. The restructuring reduced the target of the main outcome-level indicator, from 120,000 beneficiaries to a new target of 85,000. The outreach activities undertaken in order to mobilize communities (input), the elaboration of plans by the community for improved living conditions (input) and the leases executed to provide tenure security (input) all have indeed led to the development of the community plans (output) and the completion of infrastructure upgrades (output), which in turn have contributed substantially to the improved access to and quality of services.

Several intermediate indicators were revised and others were added.

Outputs

In addition to the achievements reported under the original targets, the project achieved the following outputs and outcomes against the revised targets:



a) The following indicators were added at 1st restructuring:

- 90% of beneficiary households report that they feel that project investments reflected their needs, of a target of 90%. Achieved.
- 99% of beneficiaries self-report a significant improvement in their quality of life as a result of improved housing or services, of a target of 70%, target exceeded.
- 42 sub-projects completed using NCB method, achieving the revised target of 42.

b) The following indicators underwent a revision of their targets at 1st restructuring:

- 26,139 individuals benefitted from Community Upgrading Plans, of a revised target of 15,000, revised target exceeded.
- 96 Community sub-projects completed, exceeding the revised target of 90.

Other outputs reported in the ICR that are not part of the RF (from a final evaluation commissioned by the NHA)

- Reblocking in Kobdaspara radically improved the layout and living space of the entire settlement, which was flood-prone and subject to frequent severe inundation. 82% of beneficiaries report that flooding has been reduced, thanks to the habilitation and construction of 36 km of surface water drains.
- The provision of tenure security protects residents in Kobdaspara from eviction.
- The access to new sanitation facilities (695 latrines, 674 washrooms, 643 septic tanks, and 635 soak wells)
- New and upgraded community assets constructed in settlements are meant to enhance common spaces and support community engagement activities, and the new roads and footpaths improved accessibility and mobility within the 17 settlements.

Outcomes

86,523 beneficiaries were reported to have improved their access to and quality of services, achieving the revised target of 85,000.

Other outcomes reported in the ICR that are not part of the RF (from a final evaluation commissioned by the NHA and PKSF)

- Between 78% and 91% of respondents (depending on the evaluation report) report benefitting from improved sanitation;
- 84% report reduced prevalence of severe health conditions such as diarrhea, enteritis, and worms.

The rating of the revised Objective 1 is Substantial as the revised outcome target was achieved, and the additional evidence provided with respect to access and quality of services.

Revised Rating



Substantial

OBJECTIVE 2

Objective

To improve shelter in selected low income and informal settlements in designated municipalities in Bangladesh.

Rationale

ToC

The section of the ToC that specifically applies to the achievement of PDO2 is the following: the design of new housing loan products (input) lead to the disbursement of housing loans (output) and the completion of infrastructure upgrades (output) which in turn lead to improved shelter (outcome).

The outcome related to improved shelter is evaluated using the second PDO-level indicator, "Number of beneficiaries in selected municipalities with improved housing".

Outputs

- 15,900,000 US\$ in lines of microcredit were disbursed, achieving the original target of 16,000,000 US\$ (the ICR states that the difference is due to the changes in the exchange rates at appraisal and by project closure).
- 2.15 % of the housing loan portfolio was at risk, exceeding the original target of 10%.
- 62% of loans were disbursed to lower-income categories of clients, exceeding the original target of 40%.

Additional outputs reported in the ICR but not included in the original RF, and hence without target values were:

- A new market-based housing microfinance (HMF) loan product was created, pilot-tested, and disbursed to 1200 beneficiaries.
- Customized underwriting tools were developed to assess the creditworthiness of these income groups with no formal credit history, thereby creating an ecosystem to facilitate access to and uptake of housing microfinance.

Outcomes

- 48,008 beneficiaries from the selected municipalities improved their housing, exceeding the original target of 40,000.

The design of the new housing loan product with low risk for the bank facilitated the disbursements of the loan, which in turn made it possible for beneficiaries to improve their houses with infrastructure upgrades.

While all targets at output and outcome level were achieved or exceeded, the only indicator at outcome level refers to number of beneficiaries. While this is a required outcome indicator, it is not sufficient on its own to



demonstrate the nature of the benefits achieved. Achievement of the revised Objective 2 is Substantial with moderate shortcomings.

Rating

Substantial

OBJECTIVE 2 REVISION 1

Revised Objective

To improve shelter in selected low income and informal settlements in designated municipalities in Bangladesh

Revised Rationale

At restructuring, the target of the PDO-level indicator "Number of beneficiaries in selected municipalities with improved housing" was reduced from 40,000 to 20,000. The ICR reports that the reduction was the result of new findings of a survey on household data. An exchange with the team on April 11 revealed additional reasons for the reduction: the project was witnessing a greater demand for bigger loan sizes than what was estimated at appraisal and given that the total amount allocated to the shelter credit line could not be increased, the project anticipated a lower number of borrowers receiving loans. However, reality proved differently: the number of borrowers was expanded anyhow due to the efficient redeployment of loan repayments using a revolving fund approach, helped also by the project 18-month extension. The reduction in the target was, in hindsight, unnecessary, and both the revised and the original targets were exceeded.

In addition to achieving the outputs and outcomes reported under the original objective above, the project reported the following achievements against the revised objectives:

Outputs

The following indicators were added at 1st restructuring:

- 6.18% of the households in completed settlements have taken housing loans, exceeding the revised target of 5%. (the purpose of adding this indicator was to measure convergence between improved living conditions and improved shelter).
- 12,002 housing loans disbursed, exceeding the target of 4,500 loans

The following indicators were added at 2nd restructuring:

- 712 borrowers have received emergency loan support from the risk management support fund (RMSF), exceeding the target of 550 borrowers.
- US\$ 641,000 was the volume used of the risk management support fund, achieving the original target of US\$ 640,498

Other outputs reported in the ICR that are not part of the RF (based on an evaluation commissioned by the PKSF)



- Structural integrity of the houses was enhanced using durable quality materials (brick and concrete) which caused an increase from 34 percent (baseline) to 71 percent of permanent houses.

Outcome

48,008 beneficiaries from the selected municipalities improved their housing, exceeding the revised target of 20,000.

Other outcomes reported in the ICR that are not part of the RF (based on an evaluation commissioned by the PKSf)

- 98% of beneficiaries reported improved safety.
- More than 88% of beneficiaries reported that house improvements provided a more conducive environment for children's education.
- Improvements in housing have contributed to positive perceptions among beneficiaries on dimensions of well-being and socio-economic status (for 97% of beneficiaries interviewed).
- 97% of beneficiaries interviewed perceive increased social status associated with house construction, repairs, and extensions. Beneficiaries relate social status with increased respect in the community and better marriage prospects for their children.

The design of the new housing loan led to the disbursement of the loans and their use for housing improvements. The number of beneficiaries taking up loans and using them for house improvements exceeded both the revised and original targets. While the outputs and outcome targets were achieved or exceeded, there are two shortcomings: a) the reduction in the outcome indicator target at 1st restructuring proved to be unnecessary, and b) there was a need to include additional indicators in addition to people benefitting from increased housing. As shown by the reported outcomes that were not included in the RF, other outcome-level indicators could have been included, to measure improved quality of living, sense of security, sense of increased social status and better marriage prospects etc., giving a better measurement of relevant project achievements at outcome level.

The rating for the revised Objective 2 is Substantial.

Revised Rating

Substantial

OVERALL EFFICACY

Rationale

The Original Objective 1 is rated Modest and the Original Objective 2 is rated Substantial with moderate shortcomings, giving an overall original Efficacy of Modest



Overall Efficacy Rating

Modest

Primary Reason

Low achievement

OVERALL EFFICACY REVISION 1

Overall Efficacy Revision 1 Rationale

The Revised Objective 1 is Substantial and The Revised Objective 2 is Substantial, giving an overall revised Efficacy of Substantial

Overall Efficacy Revision 1 Rating

Substantial

5. Efficiency

Economic efficiency

The ex-ante economic efficiency analysis undertaken at appraisal yielded an Internal Rate of Return (IRR) of 25%, which was modified to 21.5% after the restructuring processes. The IRR estimation used probabilistic with-project and without-project scenarios, focusing on Components A, B, and C (which represented 80% of the IDA financing). The calculation used quantifiable benefits weighted by component costs and assumed increments of 30% for increased property values under Component A, 50% for the rise in house rents under Component B, and a 12% rate of return under Component C.

The ex-post analysis of economic efficiency uses the same methodology as during appraisal but updates increments for increased property values and house rents based on findings from the final project evaluation. The post-completion IRR is 17.6%, lower than the IRR estimated at the appraisal of 23% (ICR, table 3). The ICR explains this was due to changes in financing, outcome targets, and the revised geographic scope of the project. However, it remains higher than the acceptable IRR threshold of 12 percent for the sector.

The PKSF-led component C (market-based lending product) was profitable, yielding a net margin rate of 4%. The total cost of activities implemented towards achieving the PDO of improved living conditions for 86,523 beneficiaries was US\$34.55 million, yielding a per capita investment of US\$400, which falls in the range of similar urban upgrading projects (ICR, page 17).

Other operational and administrative factors affecting efficiency:

The delays in the planned timeframe (three restructurings, high staff turnover and 18-month extension) impacted efficiency by increasing the project timeline and the administrative costs; yet the same extension enabled the achievement of several additional outcomes, such as tenure security for 316 households, completion of two kitchen markets; completion of three community development centers; completion of reblocking in the Kobdaspura settlement; and the disbursement of HMF loans to an additional 6,002 households. The delays in the completion of contracts also prolonged completion, although the ICR notes that this is not uncommon in projects of this nature and the seasonal context of construction in Bangladesh.



Overall, despite the slightly lower ex-post EIRR compared to ex-ante and 18 months delay, the economic analysis showed enough positive yields as well as additional outcomes, as noted above, and is assessed to be Substantial.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The following table presents the ratings during the two periods analyzed:

Criteria	Before first restructuring	After first restructuring
Relevance of PDO	High	
Efficacy PDO1	Modest	Substantial
Efficacy PDO2	Substantial	Substantial
Overall Efficacy	Modest	Substantial
Efficiency	Substantial	
Outcome ratings	Moderately Unsatisfactory	Satisfactory
Numerical value of outcome ratings	3	5
Disbursement	US\$12.98 million	US\$28.7 million
Share of disbursement	31%	69%
Weighted value of outcome rating	0.93	3.45
Final outcome rating	Moderately Satisfactory 0.93+3.45= 4,38 (rounded to 4)	

a. **Outcome Rating**
Moderately Satisfactory



7. Risk to Development Outcome

The following risks to the sustainability of the outcomes have been identified:

Community ownership of infrastructure and assets: It was expected that the CDCs (Community Development Committees) would be strengthened in the process, but the capacity of the implementation agencies did not allow for this to happen. The weaknesses in the level of involvement of the communities during implementation may limit their perceived ownership of the new assets, and this may affect the sustainability of the community's involvement in the ongoing management of infrastructure and services developed by the project.

Government commitment: All public utilities (roads, drains and lighting) and some community assets (schools) developed by the project have been formally handed over to the city municipality and relevant local authorities for future management and maintenance, with adequate arrangements that ensure that the communities access the facilities (ICR and exchange with TTL on April 11). There is a low-level risk that the required budget allocations will not continue to happen in the future.

8. Assessment of Bank Performance

a. Quality-at-Entry

During the appraisal, significant efforts were deployed for an adequate choice of towns for implementation. The team supported the preparation of technical studies on land tenure status, ownership arrangements, and the review of building codes to provide the analytical foundation for implementation. Technical design and fiduciary assessments were developed in detail, including the institutional assessments of the Community Development Committees (CDC). The design was prepared in a way that gave flexibility for future adaptability in a complex sector.

Despite the identification of the risk of the NHA having insufficient institutional capacity and the measures proposed, the NHA would have benefitted from more specific technical expertise from the PMU in areas such as community mobilization, land management, M&E, and stakeholder engagement to manage better the scope of the program and the consultants' quality of work. The ICR acknowledges that the project design was complex given the institutional capacity. Coordination challenges resulted in limited convergence between improvements to housing and living conditions during implementation. This focus could have been strengthened in the design. Overall, the Bank performance is rated as Moderately Satisfactory at entry.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision



A total of 14 implementation support missions and three technical missions were carried out during the project period. A minimum of two missions were held each calendar year (with the exception of 2021 in which one of the missions was substituted by extended negotiations for a project restructuring). At least 10 additional field visits were conducted outside of implementation support and technical missions to track the quality of progress. Monthly project coordination meetings were held. The WB team included international housing microfinance and engineering experts to strengthen the quality supervision and implementation support provided to the government.

The team was candid in reporting during implementation. When the project's rating was downgraded to moderately unsatisfactory due to the poor implementation of the NHA components, the team maintained the project's problem status for 13 months during 2018-2019, until satisfactory achievement was demonstrated through the achievement of the one-year action plan designed to accelerate momentum. The second downgrade was maintained for 6 months in 2021 to reflect the slowdown in implementation progress largely due to COVID-19, and was followed by another project restructuring to make necessary course corrections.

The team worked proactively with the GoB to help prioritize sub-projects that were feasible to complete, resolving contract management problems and supporting the consolidation of small contracts into larger ones to accelerate implementation and alleviate the load of contract management. The efficacy of supervision was however affected between 2020 and 2021, due to COVID travel restrictions. As a shortcoming, stronger focus could have been given to building more M&E capacity in the PMU, to support the deeper learning and fulfil the evaluation agenda planned in the design.

Overall, the Bank performance at supervision is rated as Satisfactory.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

As a pilot initiative, the project envisaged a strong M&E component to understand better the potential for scaling up in the future. Provisions were made for a dedicated consulting firm to independently develop and manage an integrated monitoring framework for the program beyond the results framework, develop a peer learning program and knowledge exchange activities, and ensure the robust documentation of implementation experience and lessons learned. The PDO-level objective indicators were straightforward and aligned to project activities. Since the project settlements were to be determined during implementation, outcome targets were based on a best-case estimate of the number of beneficiaries the project was likely to reach. The targets were revised during project restructuring using national statistics. The results framework at design did not include intermediate indicators mapped to Component B and no



indicator to track the convergence between the shelter loans and the infrastructure upgrades. The first project restructuring addressed these gaps by adding new IR indicators and adjusting targets.

b. M&E Implementation

During implementation, each of the two implementing agencies established a separate M&E structure to monitor activities under their respective components, comprising: (i) bi-annual progress reports for mission reviews; (ii) periodic field visits by dedicated M&E staff and field officers; and (iii) additional surveys and studies. Overall, these activities enabled regular and timely project monitoring. Both implementing agencies carried out third-party evaluations to provide independent assessments of outcomes.

M&E under Component C was managed by PKSf through a Management Information System (MIS) that consolidated data on housing loans provided monthly by partner MFIs. The MIS's indicators allowed adequate tracking of the loans' performance. In 2021, a beneficiary survey was carried out to document the progress of shelter improvements for every borrower.

M&E for components A, B, D and E under NHA was managed by a dedicated consultant in the PMU. A baseline was conducted in 2018 and household surveys were administered in 2020-2021 to assess COVID-19 impacts on beneficiaries.

c. M&E Utilization

Project data was used proactively to make implementation adjustments and course corrections. In 2019, the geographical coverage of the housing loans was scaled from five to 13 cities based on evidence from pilot test results. The Management information system data also helped manage COVID-19 impacts on the quality of loan portfolio. A timely MTR informed critical adjustments to deliver on the PDO and justified the revision of components and the specific budget allocation. The physical and financial progress of the contracts was tracked with sufficient frequency, and informed decisions about keeping the scope of work manageable while achieving intended results.

While M&E implementation allowed proactive monitoring to inform implementation and course corrections, M&E capacity to support deeper knowledge exchange, community strengthening, peer learning and evaluation activities was limited, with the subsequent impact in M&E utilization.

Overall, the M&E quality is rated as Substantial with minor shortcomings. The initial shortcomings were addressed to a large extent during implementation. Also, in addition to the regular progress reports and surveys, both implementing agencies carried out third-party evaluations to provide independent assessments of outcomes.

M&E Quality Rating

Substantial

10. Other Issues



a. Safeguards

At appraisal, the project was assigned an E&S assessment “Category B”. It triggered environmental safeguard policies: (a) OP/BP 4.01 (Environmental Assessment); (b) OP/BP 4.04 (Natural Habitats); and (c) OP/BP 4.11 (Physical Cultural Resources). Although no involuntary resettlement was planned, OP/BP 4.12 (Involuntary Resettlement) under WB’s social safeguards policy was triggered as a precautionary measure.

E&S compliance was consistently rated Moderately Satisfactory throughout implementation. Site-specific Environmental Management Plans and Social Management Plans were developed and implemented by NHA at the level of the settlement. PKSf oversaw E&S compliance to ensure housing investments were sustainable, environment-friendly, and cost-effective. In Kazipara Settlement under Comilla City Corporation, and in Kobdaspara, households agreed to the voluntary dispossession of small strips of encroached land to facilitate public infrastructure upgrades. In May 2020, 316 households inhabiting the Kobdaspara settlement voluntarily relocated at their own cost to enable land redevelopment, with a commitment from NHA to return the site to households within 12 months. However, construction and civil works were significantly delayed, which caused concern and was flagged in the project aid memoirs. The project provided a developed house foundation and plinth for every plot to compensate for the delay. Households also received a government-registered lease safeguarding their land rights. GoB decided to make further investments in the community by providing a one-story house for each household. Although communities have complained about the two-year delay in receiving their plots back, they also recognize that added investments provide a valuable asset and reduce out-of-pocket costs towards house construction.

b. Fiduciary Compliance

Financial Management (FM)

The fiduciary risk at appraisal was considered substantial. It was lowered to moderate during implementation with the mitigation measure of a dedicated FM specialist. Both implementing agencies maintained satisfactory FM systems with timely documentation and submission of expenditures, quarterly financial reports, and withdrawal applications. NHA’s audit report had seven audit observations at the time that the ICR was drafted. Of these, three have been resolved (Email exchange with TTL on April 11) . Three of them are in the final stages of receiving clearance, and one of them is still under deliberation. Issues raised relate to: i) a mismatch in expenses shown in bills against expenses reflected in bank statements; ii) a discrepancy in payments made on contracts against the payment structure outlined in signed contracts; iii) contracts signed not aligning with the project appraisal document; and iv) objections to the fact that some of the investments in social and physical infrastructure did not adhere to the list specified in the government’s development project proposal. FM was rated as Moderately Satisfactory at project closing.

Procurement

The procurement risk assessment during preparation recommended significant assistance to NHA to manage the large volume of local contracts. The capacity building provided by WB accelerated the procurement of contracts. Challenges in retaining a dedicated procurement specialist during the first four



years of implementation adversely affected the management of contracts. Time lags in obtaining approvals delayed vendor payments and affected the commitment of contractors to complete works. Contract management issues were also compounded by recurring COVID-19 lockdowns and inflationary pressures. Contract management improved towards the end of the project once a dedicated procurement specialist was in place and a new Project Director, committed to resolving issues with contractors, had taken charge. The contracts that had encountered long delays and were pending completion at project closure, were concluded with government resources four months after project closure. Procurement was rated as Moderately Satisfactory at project closing.

c. Unintended impacts (Positive or Negative)

d. Other

Gender

- 276 out of the 316 land titles in Kopdaspara settlement were transferred under the sole ownership of the female household head, which improved the tenure security for women.
- Each of the 11,987 HMF loans included a woman from the household as a co-borrower, improving financial access of women and their empowerment. The project facilitated the participation of women in building a permanent financial asset, raising their social standing in the family and community. It also helped women build credit history by repaying a long-term loan, thereby making their participation in banking system easier in the future.

Institutional Strengthening. The project contributed to the upskilling and capacity building on housing microfinance. PSKF and partner organizations expanded their portfolios with a new financial product, diversifying their portfolios previously dominated by group lending to include individual lending. They also developed capacity to underwrite loans for low-income households and manage risks associated with large loans.

The project developed the NHA's capacity on alternative models of housing and service delivery. NHA's capacity was strengthened on community-based models of development (the agency revised its by-laws under the project to execute its first community lease for the provision of tenure security), which serves as a roadmap for replication in the future to address tenure insecurity in other low-income informal communities. The borrower's comments in the ICR (from NHA) are grateful to the bank for introducing the best engineering, social and environmental safeguard compliance practices for Poverty reduction (ICR, Annex V, page 43).

Poverty reduction. The ICR notes that the provision of public services and financing to improve shelter and living conditions may have yielded positive outcomes in health, education, economic opportunities, and social inclusion, contributing to poverty reduction and shared prosperity. The data is based on beneficiary survey or borrower evaluation, and not independently verified or triangulated with other data sources.

11. Ratings



Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Satisfactory	Moderately Satisfactory	Shortcoming in Quality at Entry
Quality of M&E	Modest	Substantial	The initial shortcomings were adequately addressed during implementation. Outcomes were assessed based on regular progress reports, surveys, and independent third-party evaluations.
Quality of ICR	---	Substantial	

12. Lessons

The following lessons are extracted from the ICR (rephrased):

Community mobilization is more likely to succeed when facilitating expertise is made available. The project contracted a single D&S firm to provide TA on social mobilization, community development, engineering design and construction supervision. The lack of an effective skills mix impacted the quality of social mobilization and community engagement in favor of infrastructure development.

The institutionalization and sustainability of community organizations are more likely to be successful if a multidimensional approach is in place. Although community organizations had been created and supported by a previous government project, additional investments were needed to build their capacity but were not adequately addressed during project implementation. This affected the quality of community processes and sustainability of community organizations., which would have benefitted from decentralizing funding and financial ownership.

If the constraints of land and tenure security are not addressed, this may jeopardize any efforts at improving poor housing and living conditions for the urban poor. The scarcity of land and the tenure insecurity was a critical urban development challenge in this project in Bangladesh, conditioning project success on the improvement of land transfer procedures (they took 7 years in Kobdaspara). The modernizing and simplification of land administration and acquisition systems seems to be a prior key constraint to be addressed to allow for housing improvement interventions to be relevant and successful.

IEG draws the following lesson:

When a strong focus is placed on M&E capacity and systems, pilot initiatives will likely yield the operational learning capital expected from them. In this project, the knowledge production was not as expected due to the lack of expertise and capacity to manage the required M&E.



13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR presents clearly and richly the evidence of results, applying adequately the methodology (split rating). It provides in-depth analysis systematically. The ICR is results-oriented and properly structured. The discussion on achievements is adequately balanced between reporting on the achievement of outcome indicators and what the project achieved on the ground. It analyzed thoroughly the additional evidence (2 independent evaluations for the 2 implementation agencies) to present a complete picture on efficacy. It provides good coverage of the implementation experience. The ICR seeks to triangulate data to reach conclusions (using the independent evaluations). The lessons are clear and appropriately respond to the key issues presented in the report. The report is consistent with the guidelines.

Overall, the efficacy is rated as substantial.

- a. Quality of ICR Rating**
Substantial