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SUDAN

KHARTOUM STATE URBAN UPGRADING AND POVERTY ALLEVIATION PROJECT

(UPAP)

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Final Evaluation

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ADS

ARS CBO CDC CTA

LDC L-NGO LPCC METADEC M&E MOSCA NGO PAC

PC POA PPCC SCC SDF SGWU SLA STS TCDC TOT TPR UIS UNCHS UNDP UPAP

WTAPS

LIST OF ABBREVIATIONS

Area Development Schemes

Area Rehabilitation Scheme Community Based Organization

Community Development Committee (NGO) Chief Technical Advisor Local

Development Committee Local NGO

Locality Planning and Coordination Committee (same as PPCC) Multipurpose Educational Training

And Development Centre (NGO) Monitoring and Evaluation

Ministry of Social and Cultural Affairs Non Governmental

Organization Project Advisory Committee Popular Committee

Khartoum State Poverty Alleviation Plan of Action

Project Planning & Coordination Committee (same as LPCC) Sector Co-ordination

Committee Social Development Foundation Sudanese General Women's Union (NGO)

Specialized Local Association

Special Technical Support

Technical Co-operation among Developing Countries Training of Trainers

Tri-partite Review

Urban Informal Sector

United Nations Centre for Human Settlements United Nations Development

I. EXECUTIVE SUMMARY

A. Introduction

Project. The Urban Upgrading and Poverty Alleviation Project (UPAP), signed in 1997, began operations in 1998. Based conceptually on UNDP's decade-long experience with addressing Sudanese rural issues through the Area Development Scheme and Area Rehabilitation Scheme projects and based on UNCHS (Habitat)'s mandate for improving urban environments (Habitat II) and its approach and expertise in integrated urban poverty alleviation strategies and programmes, UPAP addresses the rapidly worsening situation of urban poverty in Khartoum. UPAP is essentially an urban governance project, piloting an integrated approach to development planning and programme implementation on the part of the recently decentralized state government for Khartoum. The integrated approach cuts across sectoral lines, links several levels of government, focuses especially on urban communities' needs, wants, and knowledge, and takes a broad perspective on the nature of poverty. This is a pilot project, developing and proving a model for addressing poverty that should be adapted and expanded by national institutions.

Evaluation. This final evaluation takes place between 21 October and 10 November, 2001. The three-person team includes an institutional development specialist (team leader), a micro-credit specialist, and an economist.¹ The evaluation team visited all seven localities of UPAP operation, and met with representatives of UNDP, the State Ministry of Social and Cultural Affairs, the State Ministry of Engineering, the Federal Ministry of International Cooperation, Chiefs of Localities, other government officials at state and locality levels, leaders and members of the Local Development Committees and other local institutions such as the Women's Union and local NGOs. In the field, the team was able to interview beneficiaries and examine their enterprises and locations. [The evaluation Terms of Reference, Schedule of Visits and Meetings, and brief biographies of the team members are included in annexes to the main evaluation report.]

B. Findings

1. Project Concept

UNDP's participatory, community-based, multi-sectoral, and integrated approach to poverty alleviation has a history of success in Sudan's rural areas through the Area Development Schemes, and a history of success in other least developed countries. UPAP stakeholders, at all levels, praise the key elements of the concept and contrast these elements with many other far less successful Sudanese initiatives for poverty alleviation.

The concept requires careful tailoring to fit the urban situation, especially situations of heterogeneous populations in recently formed or even temporary residential locations. Therefore UPAP was conceived as a pilot to adapt the concept to these severe urban situations, and, in the process, demonstrate to state-level government institutions that their poverty alleviation efforts and resources should adopt the "UPAP approach."

The Project Document included considerable efforts to address higher level policy issues as well as the grass roots community work. As designed, the project aimed to avoid the common problem with such projects that they succeed locally while failing to address broader issues that

frame the enabling, or disabling, environment. A related element of the concept, as expressed in the Project Document and implemented in practice, is that from the start it pays close attention to the many linkag~s between communities, local government, and a range of appropriate state-level institutions; involving many actors in the process so that they might participate, observe and learn first hand from the distinctive approach. The concept clearly

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postulates that, given the growing magnitude of urban poverty in Khartoum, success on a small pilot scale is of little value if it is not widely adopted and implemented by state institutions.

2. Project Implementation

Project implementation is excellent. The project-level management is effective, and all members of the UPAP office and field staff as well as their direct counterparts (social workers) exhibit a sophisticated grasp of the elements of the participatory approach to institutional development and of establishing sustainable financial management and credit operational mechanisms. More than anything else, this experienced understanding of basic principles has allowed the project to effectively tailor its interventions to meet the particular needs of the urban situation and the highly variable needs of different urban situations.

The project, like UNDP projects worldwide, has suffered from severe budget cuts, reductions in staff, and reductions in operational funds for training, expanded micro-credit, and so forth. This situation has been combined with understandable pressures from the government side to expand the project's area of coverage to almost double the original intention for this "pilot" project. Project staff and financial resources have been stretched very thinly, and have operated in a climate of considerable budgetary uncertainty. Nonetheless, within this situation the project has managed to maintain its well-organized approach, operating from agreed-upon (albeit, often revised) workplans toward strategic and operational objectives.

While the Project area of operation increased substantially due to pressure for expansion, the budget available was actually reduced. This put extra strain on field operations. As a result of the budget reductions, the project greatly reduced its planned activities, including direct field supervision by relying more on the LDCs. Many of the policy level activities were also taken out of the workplans, from 2000. There were unsuccessful efforts to find alternate sources to meet the funding shortfall.

The executing agency, the United Nations Centre for Human Settlements, made a strong contribution regarding the original design of the project and the successful early management on the part of the Chief Technical Advisor. In recent years, however, especially in light of budget reductions, the project emphasis moved away from the settlement-related concerns (although there remain serious settlement issues), consequently the substantive role of UNCHS diminished.

3. Project Results

State Level Planning for Poverty Alleviation. UPAP has achieved stunning success in assisting in the improvement of inter-agency and inter-sectoral cooperation for poverty alleviation. Most notable is the compilation of, broad agreement on, and official signing of the *Khartoum State Poverty Alleviation Plan of Action* that specifies each agency's responsibilities and sets targets for achievement. Although several agencies are making good progress in meeting the targets set in the POA, the overall progress (including elements that are not progressing) has not been tracked and reported on as of yet. The secretariat mechanism within the SDF for follow-up and reporting on the POA has yet to be operationalized.

Local Level Institution Building. The most effective achievements of UPAP are in the area of

local community institutional development. The project staff has delivered state-of-the-art participatory institutional development with excellent results. Many of the Local Development Committees are well on their way to providing effective and sustainable leadership in addressing the felt needs of the community regarding improvements in basic services and increased levels of group and individual participation in income generation

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activities. All parties, including local people and government officials at several levels, express admiration for the distinctive success of these local institutions due to the participatory processes of formation and management, combined with the commitment to sound principles of financial management and group leadership.

Micro-Credit. The micro-credit programme adapts state-of-the-art approaches to the local conditions, respecting religious principles. By utilizing local committees/organizations to identify qualified and credit worthy borrowers, assess the viability of the proposed micro-enterprises or sub-projects, administer the credit programme to disburse loans and make collections, UPAP has achieved remarkably cost effective credit delivery mechanism, while retaining a focus on the poor. However, there is still much to be learned by local institutions and by borrowers regarding financial discipline when using externally sourced funds. Borrowers who are severely scrupulous in their dealings with their *sandug* have yet to see the benefits of an equal discipline in externally funded micro-credit.

Income Generation Activities. The success of the income generating activities is especially notable given the locations of some UPAP communities far from the employment market centers. Borrowers have been wise and cautious in their investment decisions, not only in setting up and expanding their enterprises, but often even revising previously loss-making concerns through capital injections. The LDCs have also learned through the trials and errors of their borrowers, and are now able to provide much better advice regarding realistic and competitive income generation opportunities.

Improved Access to Basic Services. UPAP's broad view of poverty as including access to basic services is welcomed by beneficiaries, most of whom place access to water, education, and land title ahead of income generation on their list of priorities. UPAP's readiness to respond to this aspect of poverty contributed to the project's ability to establish credibility with local communities and provides an important measure of legitimacy to the Local Development Committees. UPAP and the Local Development Committees, with the cooperation of key government institutions, have assisted over 3,000 families to gain access to clean and convenient water, over 1,200 families to connect to electricity, 2,500 students to have seats and other basic amenities in school, 10,000 families to secure title to their residential plots, and 1,200 families to secure title to productive agricultural land. All of these improvements require the coordination and cooperation of several government agencies. This coordination remains problematical.

Impact on Beneficiaries. There are many moving success stories of how the micro-credit programme, water programme, and other UPAP interventions have had a strong, positive, and permanent benefit to poor beneficiaries. UPAP does not have quantitative impact data that would allow an assessment of impact on the beneficiaries. Improved access to basic services, especially water, has proven to have an immediate and direct impact on poverty, especially through the significant amounts saved in daily household expenditures for very poor families. Access to both productive and residential land opens up a range of economic possibilities otherwise denied internally displaced persons. The existence of strong baseline data in project areas will permit future analysis of impact, but this updating has not been done.

Cost/Benefit. With overall annual expenditures of approximately US\$500,000, UPAP's achievements compare very favourably to national organizations with much larger budgets. UPAP has reached 10,000 direct beneficiaries with its micro-credit programme (including

group and individual lending). There are additional direct and indirect beneficiaries, such as students who now have seats in school, and purchasers of electricity from UPAP-supported entrepreneurs. UPAP's approach of working indirectly through *committed* local volunteer community organizations provides a large measure of efficiency to the UPAP operation.

Capacity Building. Local Development Committees and other community level institutions and local NGOs have benefited significantly from the excellent capacity building approach of UPAP. The LDCs, especially those that have qualified for registration under the NGO act, are solidly rooted organizations with an impressive capacity for self management and management of their programmes for the poor.

The Social Development Foundation (SDF) has benefited from UPAP training, study tours, and, most importantly, from the direct experience observation of the UPAP model, principles, and techniques in action. However, staff turnover and the organizational structure of SDF limit the permanent impact of these experiences on the institution.

The SDF has adopted and adapted some of the important elements of the UPAP micro credit model, especially the elements of delivering credit through local groups, and providing a larger number of smaller loans under its ambitious and newly started Savings and Credit programme. It is too early to assess this new programme, however the evaluation team notes that it appears to lack several elements that have proven key to the success of the UPAP model, especially the relatively small size of groups (S&C groups are reported to include hundreds of members), the multi-functional nature of the groups (not credit alone), and the bottom-up, community-based approach to programming. Future S&C programmes and future UPAP-type community-level activities could both gain through a combination of successful features.

Sustainability.

- **Sustainability of Local Organizations.** The registration of the community-level Local Development Committees under the NGO law, combined with the institutional maturity of these groups, puts at least one third of the LDCs on a strong footing to continue to serve their communities, carry out development interventions, and manage micro-lending programmes for the poor. The maturity and strength of those institutions is especially impressive.
- **Financial Sustainability of Revolving Funds.** Although the repayment rates of UPAP supported revolving credit programmes are considerably higher than most such programmes in Sudan, they are still not nearly high enough to sustain the value of the revolving funds for very many years. Few people seem to understand that only with repayment rates that approach 100% will micro-credit revolving funds be sustainable, especially within *Sharia* precepts. The unique success of micro-credit in other regions of the world rests on its ability to maintain such high rates of rapid repayment. Without this, micro-finance for the poor is not sustainable. The idea that loans from government and donor sources really should be paid back has yet to be widely instilled in Sudan.
- **Sustainability of Project Support Activities.** The sustainability of the UPAP accomplishments depends on the extent to which the pilot model is adopted, adapted, and replicated by state level institutions. The Social Development Foundation (SDF) is intended to play the primary role in this process. Little has been done since the TPR of November 2000 to map out the details of a handover and of an implementation strategy and budget for SDF to take over, integrate, and expand the UPAP programme elements. With the UPAP project ending on December 31st, and contracts of project staff already completed (taking into account accrued leave), the immediate future is uncertain despite the expressions of good will and good intentions on the part of the various parties.

C. Conclusions

1. A Successful Model for Addressing Urban Poverty Alleviation. UPAP has succeeded in developing and proving, to a large extent, an effective and relatively cost-effective model (models) for addressing a range of poverty-related needs of the urban poor. This is an important accomplishment since many thought that a community-focused and integrated model, common for rural programmes, would not work in an urban setting or in ethnically heterogeneous settlements and camps.

2. Key Element to Success is the commitment of independent community organizations in partnership with government and non-governmental organizations. The Local Development Committees and their successor-registered community organizations are proud of their independent status.

3. Government Commitment to Integrated Approach. The Khartoum State government, as evidenced by the *Poverty Alleviation Plan of Action*, is committed to implementing an integrated poverty plan of action that addresses access to basic services as well as a sustainable approach to facilitating successful income generation activities among the poor.

4. Overall Acceptance of the Model. Beneficiaries, community leaders, and government officials voice their appreciation for the key elements of the UPAP approach, and their conviction, based on the project results, that it works. The key elements that are praised are the bottom up and community-based approach, the participatory process, the integrated and cross-sectoral interventions, and the introduction of financial discipline. The success of this package impresses a range of observers.

5. Credit Discipline. Closer monitoring of repayments to maintain the value of the revolving funds needs to be internalised.

6. Integration of Model into Government Programmes and Institutions. Much needs to be done to assure that this process and model are integrated into the programming of appropriate state institutions, especially, but not exclusively, the Social Development Foundation, and to assure that key elements of what UPAP has done on a relatively small pilot basis are effectively expanded in the future in order to have a significant impact.

D. Recommendations For

the Current Project:

- 1. UPAP successes to date and current activities should be continued, despite end of project funding.**

Given the success of UPAP both in demonstrating a model for poverty alleviation programmes and in assisting local communities to improve conditions for the poor, it would be wrong to let these activities drop simply because a single external funding source ends. Government officials have expressed their intentions of funding the activities from the state budget with or without continued UNDP support.

- 2. The State Government and UNDP should now work out a detailed agreement regarding the assumption by the SDF and other agencies of elements of UPAP activities.**

This would include a workplan, identification of budgetary resources, arrangements to assure that LDCs keep their revolving funds, and appropriate staff allocations. The SDF should move toward amalgamating the UPAP approach into its own much larger program rather than continue to operate UPAP as a separate activity. Although SDF has a very important role to play in addressing urban poverty, it is only one of a number of key players-government, non-governmental organizations, and the private sector. Future programming should continue to address a range of institutions with policy advice and capacity building, and not simply "hand over UPAP" to a single institution. It is not the project *per se* that needs to be sustained or handed over, but its activities and models that need to be provided to beneficiaries on a wide enough scale to have an impact on poverty levels in the State.

3. Participation of New Community Level Organizations in Discussions on UPAP Handover Plans and Future Programming

Discussions regarding the details of the hand-over process and the support in the immediate future should include representatives of the local institutions fostered under UPAP to assure that these institutions continue to receive appropriate technical assistance and advice strengthening their sustainability. This would be the first step in continuing the commitment to bottom up participatory processes. It might also reduce some of the distrust felt by communities toward SDF's role.

4. Critical Project Closure Activities that must be performed include the following:

- The remaining qualified LDCs should be assisted to secure **legal registration** in the legal format they prefer;
- UPAP should legally **hand over the revolving funds** to the newly registered institutions for their continued management and utilization for the poor.

For Future Programming:

5. The government should develop a future project or subproject within a broader urban governance programme

UPAP's implementation successes at the local level need to be reinforced with increased capacities at the state level and stronger policies at the Federal level. UPAP's success in fostering an integrated state planning document needs to be followed with assistance to develop the institutional capacity to follow-up, assess, and modify the plan. This programme would include the following elements:

Strengthen coordination capacities at state level:

- **Inter-ministerial coordination capacity.** An inter-ministerial/inter-agency mechanism/commission should be permanently established and include all relevant institutions. Such a commission, reporting directly to the Cabinet would be more effective than the current coordination arrangements.
- **Create a Federation of Community Organization.** Additionally, the newly-formed LDC organizations should be assisted to form a Federation of Community Organizations that can continue to provide support and assistance to its member community organizations to encourage inter-LDC exchanges of experience, handle

issues on behalf of communities that go beyond their neighborhoods, as well as to represent their interests at higher levels of government and to private sector actors.

Provide policy and capacity building assistance to SDF and other appropriate institutions involved in poverty reduction

- Finance institutions i.e. Zakat Chamber, Social Development Foundation, Savings and Social Development Bank, etc. In order to ensure good repayment rates and sustainability, it is recommended to separate financial and lending tasks from the provision of technical support to borrowers. Financial institutions have the responsibility to maintain permanent and sustainable flow of capital to the micro-finance system. For micro-lending activities, financial institutions do not normally deal with individuals or communities but with intermediary institutions who provide technical support to final borrowers and undertake sub-lending functions.
- Intermediary institutions who provide technical support to individual and community initiatives, including sub-lending functions. LDCs are among these intermediary institutions. The performance of the system depends on the capacity and credibility of these intermediary institutions to build partnerships with finance institutions. Capacities to be developed at this level relate to (a) sub-lending management, (b) selection of creditworthy projects in the local economic context and (c) training borrowers in business management.

Prepare replication in other states

- **Provide Capacity Building Assistance to Other States.** Introduce the Khartoum State model in selected other states with important urban concentrations. Decentralization has shifted government responsibilities out to a large number of jurisdictions, several of which face, like Khartoum, increasingly complex tasks and growing challenges in providing responsive and appropriate services to their urban poor constituents.

For the Preparatory and Transitional Phase

6. Provide Interim Support for UPAP Activities.

The evaluation team recommends that as part of the preparatory stage for an urban governance project or programme, interim assistance be provided to avoid the losses of a period of relative inactivity vis-à-vis UPAP activities and clients. The challenge now facing the government (and to some extent, UNDP) is how to take a successful pilot project and scale it up so as to have a broad and continuing impact. This challenge will be all the more daunting if, due to delays and lack of timely preparation, the pilot activities themselves lose momentum.

SDF itself needs immediate technical assistance in the areas of credit (including options for linking credit programmes with banks and other sources), training of trainers, monitoring systems, outreach capability to community organizations, and the development of organizational and management systems.

If there is a relatively long hiatus between the end of UPAP and the continuation and expansion of assistance (from any source, including government), much of the momentum and accomplishment under UPAP will be lost.

II. PROJECT CONCEPT AND DESIGN

A.Context of the Project

Due to persistent civil war in the south, the cycles of drought and related environmental crises in the west and south, and the decreasing ability of government ministries to deliver basic services, especially education and health to much of the country, Sudan's citizens have flocked to Khartoum by the millions. In all directions the new settlements have expanded far out into the desert areas, far from the Nile Rivers and from the sources of employment, beyond the reach of the networks of water and electricity, and far from markets, employment opportunities and social services.

The decentralization process puts the burden of addressing the problems of the huge population influx, a problem that is national in its causes, directly on the shoulders of the State Government. Although Khartoum State is, as one would expect, perhaps the best endowed of the 22 states established under decentralization, its resources and wealth are very modest in relation to its population that is estimated to comprise over twenty percent of all Sudanese. Development activities have for decades addressed the problems of rural poverty, rural environment, and rural livelihoods (agriculture), but very few efforts have ever addressed the problems of urban poverty in a comprehensive manner.

Doing this requires an unprecedented level of state level inter-ministerial coordination and a new set of state-local-community linkages and partnerships in order to make the best use of the State's scarce resources to have an observable impact upon the situation. Demonstrating an observable positive impact on the conditions of the large numbers of urban poor is crucial for humanitarian, economic, and political reasons.

B. Project Document

The Project Document clearly lays out these issues and the challenges facing the State of Khartoum. Furthermore it stresses the need for a broad understanding of the nature of urban poverty as encompassing not merely the lack of adequate livelihoods, but the inadequate access to the most basic resources and services, and the lack of established community mechanisms in the new and rapidly expanding settlements that now circle the capital city.

The Urban Upgrading and Poverty Alleviation Project (UPAP) is proposed as a pilot project to develop a comprehensive approach for addressing urban poverty and the quality of urban life for the poorest citizens. By combining UNDP's long experience with community-based development for rural areas (Area Development and Area Rehabilitation Schemes) with UNCHS (Habitat)'s mandate for improving urban environments (Habitat II) and its approach and expertise in integrated urban poverty alleviation strategies and programmes it was envisioned that UPAP would develop a model sufficient to address Khartoum's growing urban poverty problem.

The **Development Objective** stresses the pilot nature of the proposed project, and casts it primarily as an urban governance effort.

"The overall development objective of this project is the confidence building between the various urban actors and the contribution to the elaboration of an urban poverty alleviation programme which will constitute a component of a national plan for sustainable social and economic development...."

As later revised, the project has four **Immediate Objectives**.

- Objective 1 stresses state level planning, capacity building, and policy development.
- Objective 2 stresses all aspects of support to improve "the informal sector" that is judged most likely to absorb employment among the urban immigrants and poor. This Objective includes the micro-credit component and the elements of improving access to basic services.
- Objective 3 addresses urban planning and upgrading elements, including the planning of facilities for recent settlements and displaced persons camps, and regularizing citizens' security of tenure for housing and productive land. This objective is closely associated with UNCHS' international expertise and experience.
- Objective 4 provides for the establishment of baseline data and databases that are required for the rational planning and management for complex urban jurisdictions. This objective is directly linked with UNCHS' Urban Observatory programme developing from the Habitat II conference in Istanbul.

What is striking about the project document and project concept is that it pays equal attention to both the community action level and the higher level policy and coordination requirements, thus hoping to avoid the pitfalls of many past "retail" UNDP development projects that have put the emphasis largely on the community level.

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III. PROJECT IMPLEMENTATION

A Implementation of Activities

Project activities are implemented in a highly professional manner, demonstrating an awareness and understanding of the underlying elements of UPAP interventions. The community outreach work especially demonstrates a sophisticated understanding and experience with such efforts, especially since such work presents special challenges in an urban environment.

All activities are carried out with an eye toward maximizing future sustainability and minimizing project delivery costs, while at the same time stressing quality outcomes. The most important element of this approach is the extent to which the UPAP project staff put the burden of direct activity implementation onto community and NGO shoulders as quickly and as completely as possible, while maintaining strong oversight and an advisory capacity.

Local leaders and beneficiaries frequently comment upon the quality of the responsiveness of the UPAP staff. It seems that the urban poor are not used to "customer-oriented" organizations. At the same time, the implementation of UPAP activities and project oversight is demanding of response and responsibility on the part of its "clients" as well.

B. Progress and Timeliness of Implementation

Most UPAP activities progress reasonably well leading the project to meet most of its targets regarding numbers of organizations formed, beneficiaries served, and activities completed. However, the budget reductions beginning in 2000 have taken their toll on the timeliness of implementation. A number of outputs have for all practical purposes, been set aside in the workplans as no longer practical. Many important training tasks have not been able to be carried out since there are very limited resources for hiring outside trainers and the numbers of

UPAP staff are also greatly reduced.

C. Training and Technical Support

The quality of training appears to be strong, judging by the extent to which trainees interviewed by evaluation team fully understand the new concepts, skills, and techniques. The project has also made good use (when funds were available) of existing national training resources and institutions. It has also provided training of trainers in order to multiply the impact of certain types of skill training to reach as many beneficiaries as possible.

D. Support for Government and Partners

UPAP has strong support from the Localities and Municipalities, and from the State Government, including its host organization the Social Development Foundation and the Ministry of Social and Cultural Affairs, and the office of the state Governor. This cooperation and support was especially in evidence during the preparation of the *Khartoum State Poverty Alleviation Plan of Action*. Many field projects succeeded due to the cooperation from several parties, including the Water Corporation, Department of Housing, and so forth.

E. Innovations

It is an innovation of sorts that UPAP utilized the classic methods of rural community development in the urban setting. The most important element of this successful adaptation is that UPAP was prepared to tailor its approach in response to a much wider variety of

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social/cultural situations than would normally be found in a rural community or set of communities.

The second innovation is the extent to which UPAP works indirectly, leaving the bulk of direct implementation to community level structures.

F. Quality of Monitoring and Evaluation

1. Baseline Studies

UPAP quickly established an important set of baseline data through carrying out three levels of assessments, at the locality, community, and household levels. These baseline assessments helped in the selection of project areas and communities and also provided evidence of the multisectoral problems facing the urban poor in these localities. The early documentation of the variations in factors among the localities helped prepare UPAP to adapt its programmes to the variety.

These baseline studies provide a basis for an assessment of the impact of UPAP activities in the overall situation of community populations, however a detailed follow-up set of assessments is not part of the project document and workplan.

2. Quality of Monitoring and Backstopping

Project. The UPAP project takes monitoring very seriously. The project level monitoring system provides a systematic record of project inputs and outputs and allows for meaningful and timely periodic reporting.

Communities. More important is the amount of monitoring done by the LDCs and other client community organizations. Especially regarding the credit programmes, LDCs are responsible for reporting performance and following up on problems that are revealed by their monitoring data.

Software. UPAP makes use of Excel, Access, and SPSS for its databases and for special analyses, as appropriate.

3. Oversight and Backstopping

UNDP and the executing agency, UNCHS, appear to have provided appropriate levels of oversight and backstopping during the life of the project. UNCHS support was provided to develop urban indicators for various agencies, including UPAP. UNCHS provided strong backstopping in the early years, but less in recent periods due to unavailability of funds to provide technical inputs through a proposed STS.

4. Tripartite Reviews

Annual tripartite reviews are held on a regular basis and appear from the minutes to address the outstanding issues. This last year, however, in the wake of severe financial shortages, there appears to be a lack of following up on key issues raised at the TPR. Many important issues of last year remain unaddressed this year.

G. Project Staffing

At the time of the evaluation, UPAP is operating with a "skeleton" staff of six professionals, four drivers, and a messenger. The current professionals include the following:

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- Community development expert who serves as the Project Director
- Monitoring and Evaluation Specialist
- Credit Specialist
- Accountant/Business Management Specialist
- 2 Development Assistants (field managers)

These national staff members all have many years' experience in similar positions with other UNDP projects or with leading NGOs. They are all of very high calibre, secure in their experience and knowledge. It should be noted, that especially operating with a skeleton staff, all staff members serve as development assistants as well as in their specific technical area. This brings a high level of expertise to the field situations as well as ensuring that the technical staff members remain in close touch with developments in the participating communities. Also during the last year, with the budget cuts that preclude hiring many outside trainers or training institutions, the core staff performs most of the training themselves. This has limited the volume of training that can be delivered, but contributes to the high quality.

All staff members exhibit a strong grasp of the complex issues surrounding institutional development, micro-enterprise development, and credit. It is this depth of professional understanding that has allowed UPAP to effectively tailor and adapt the programme elements to match a variety of local situations, knowing what elements are essential and which can be altered.

Reviewing the project reports and files from earlier years, it is evident that the project has had strong professional staff all along. The original CTA provided by UNCHS did much to lay the

groundwork for a successful project. Key current members of UPAP, including the Project Director, have been with the project since its inception and contribute an important element of continuity and institutional learning/memory.

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IV. PROJECT RESULTS

A. Relevance

UPAP concerns and activities remain very relevant to the government's efforts to combat urban poverty in Khartoum State. The pressures are growing on the government to demonstrate its continuing and improving capability to respond to the continuing crisis of a rapidly rising urban population living in settlements whose expansion has outstripped any ability to keep up with the appropriate expansion of services. The Khartoum State Poverty Alleviation Plan of Action documents thoroughly the continued relevance of finding a cost effective means of reaching out to much larger numbers of urban poor.

The efficiency of UPAP is as crucial to its expansion beyond its pilot phase as is the success of the UPAP model itself. The evaluation team, as stated elsewhere, is particularly impressed with the extent to which UPAP works with and through other organizations, including the LDCs it has created, existing community based organizations, quasi-governmental outreach organizations, local NGOs, and local government units. UPAP does very little direct implementation itself, but utilizes its trained staff resources carefully to provide oversight, direction, training, and technical advice.

C. Outputs For

Objective 1:

Output 1.1 Inter-sectoral policy guidelines and strategic interventions framework for poverty alleviation produced.

The activities in support of producing this output were, for the most part, removed from the UPAP workplan as a result of the severe budget and staff cuts. Following the across-the-board UNDP budgetary reduction of 2000, several outputs (including this one) were essentially removed or greatly de-emphasized in subsequent workplans. In an attempt to address this situation and to maintain the important assistance to the policy component of UPAP, a separate project document was prepared to absorb these outputs under a separate budget sources (STS). This unfunded support document proposed seven policy-oriented activities, including producing inter-sectoral policy guidelines and other activities under Output 1.1.

Output 1.2 SDF strengthened.

UPAP has provided a wide range of training and learning opportunities for SDF staff at all levels, and many staff members have participated and learned from the experience, although a number of factors have limited the institutional impact of the training, and a number of planned activities have not taken place due to budgetary constraints.

The most effective learning experience is that of the Social Workers in the UPAP localities. These SDF staff, working closely with the UPAP Development Assistants, form the front line of UPAP's field operations. All of the Social Workers have developed a sophisticated professional appreciation of the complexities of participatory institution building, micro-enterprise, and micro-credit. They explain that, as Social Workers they were trained to work on a case method. However, through the broader developmental approach of UPAP they feel that

for the first time they are using their skills in a dynamic and effective way.

B.

Efficiency

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Mid-level staff members have received training arranged at Khartoum training institutions in a range of standard management related skills. For instance, UPAP arranged for the Small Enterprises Advisory Services, with an international trainer, to train four SDF staff members in this area. Six staff were exposed to external experience abroad in the form of seminars and workshops. Other management courses have been provided under UPAP by the Management Development Center. However, many of those trained are no longer with SDF. Furthermore, the number of training opportunities anticipated by mid-level professional staff has been reduced as a result of UPAP budget cuts.

UPAP has also supported SDF in the areas of strategic planning and monitoring, by assisting in the preparation of a sectoral plan of action for small business, contributing to a conference on micro-credit, and carrying out pilot monitoring exercises.

It has been difficult, however, to provide the remaining mid-level staff with the type of on-the-job experiences that have benefited the Social Workers, due to the work schedules and office structure at the SDF headquarters. The current Director General is reported to have made many improvements and instilled significant discipline in the staff. SDF staff, like UPAP staff, appear to be stretched thin in relation to their work requirements. The new SDF Savings and Credit programme, for instance is being initiated in 26 localities, demanding considerable time and attention of SDF staff. Also, SDF still does not have the luxury of permanent functional units for important areas such as credit, monitoring, and community outreach. Different individuals fill different functions at different times, according to the work pressures and requests from the SDF leadership. Therefore, a sustained transfer of specialized skills from UPAP staff to SDF staff has been difficult to achieve.

The government and SDF management expect that the UPAP specialists will transfer to SDF and bring these skills with them. However, it does not appear likely that many of the remaining UPAP staff will choose that option, although SDF has indicated in the strongest terms its willingness to offer suitable terms and support.

The Director General of SDF participated in extremely relevant study tours and conferences, especially in the area of micro-finance. The Director General's visits to leading micro-finance institutions in Indonesia and Malaysia provide a sound framework for developing similar programmes for the SDF. However, for the reasons cited above, it may be difficult for the perspectives gained on these study tours to be effectively transferred to mid-level staff.

SDF is a stronger institution today with a more appropriate and focused programme. Significant aspects of the progress have been assisted by UPAP.

Output 1.3 Poverty Alleviation Plan of Action Prepared.

One of the most important outputs of the UPAP project is the preparation and approval of the *Khartoum State Poverty Alleviation Plan of Action* (POA). Working closely with the office of the Governor of Khartoum State, UPAP experts assisted in drawing up the details of a multi-sectoral and integrated approach to poverty alleviation. The POA addresses in detail the issues of access to services-especially water, education, and health, the environmental issues facing poor neighborhoods, recent settlements, and camps, and the constraints to improving the livelihoods of the growing numbers of poor urban residents. In areas of education, water

supply, and health services, the POA establishes appropriately ambitious targets and provides for budgetary resources and a near-term timetable to meet these targets. As a result of the POA planning process and discussions, targets and budgets were increased regarding numbers of schools, health units, and water projects.

The POA was signed and is the official plan and policy of the state. A secretariat was established with the responsibility of following up and reporting periodically on the progress

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in meeting the targets in each of the key sectors. Although the secretariat was established, it has yet to begin functioning. It is reported that several of the ministries are making good progress toward meeting their challenging targets, but without systematic follow-up reports it is difficult to assess the extent and directions of progress or delay. However, the commitment of all parties, especially the office of the governor, remains strong, and all indications are that the POA is solid accomplishment with tremendous potential impact in the medium term.

Output 1.4 Manual of techniques and practices of urban poverty alleviation produced.

UPAP has invested considerable resources in documenting its techniques and approaches to poverty alleviation and is now compiling the final set of materials. The documentation includes extensive video, written, and computer-based materials. The intention is for UPAP to leave behind as complete a "manual" as possible for other agencies to apply as part of the process of scaling-up the UPAP model for broad replication.

For Objective 2:

Output 2.1 Community institutions established and strengthened.

The UPAP worked with two types of local institutions: (a) grass-roots community institutions established under the Project and (b) existing community-based organizations and specialized local associations. Annexe A on the coverage and institutional set-up provides greater details.

Local Development Committees. UPAP succeeded in establishing 77 new grassroots institutions, the Local Development Committees. The broad based composition of the 12 member LDCs (with equal representation to leaders, women, youth and poor) has ensured a wide representation and transparency in functioning, with particular attention to including at least three women in each LDC. LDC members received training on social mobilization, participatory methods of functioning, collective decision making, as well as on financial, managerial and technical skills. There was great interest and demand for more capacity building inputs.

Relations with Established Local Institutions. Relationship between LDCs and the established Popular Committees is an important issue. Popular Committees are Government Committees at the local level. By and large the LDCs and Popular Committees are reported to have a smooth working relationship. In many cases there is also overlapping membership. Where the relationship was smooth, each has helped in the functioning and strengthening of the other. For example, some Popular Committees have helped the LDC access supplementary resources for infrastructure projects.

Legal Status of LDCs. LDCs are keen to be registered to gain legal status. Of the three options - - registration as NGOs, co-operatives or companies - the LDCs preferred the NGO option since they see themselves as non-profit organizations, primarily for the welfare of their own communities. Of the 77 LDCs promoted, 17 have so far been registered under the NGO act. This was after they demonstrated minimum strengths, went through a process of consultations through community meetings, building consensus, agreeing upon objectives, rules, office bearers, etc. The advantages of registration were seen as affording them a formal legal status, allowing them to have bank

accounts in their own names, owning their revolving funds, having their own bylaws, with freedom to preserve their independence. The LDCs strongly chose to be registered under the NGO statutes rather than under the cooperative law. The strongly expressed reasons for this decision were that they feared, based on past experiences, that the cooperative law would leave them vulnerable to government interference and control. As non-governmental organizations they felt more independent from government intervention. Also, the LDCs see themselves as institutions responsible for a broad range of wellbeing of the community as a

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whole, not simply the self-interested economic well-being of the institution's members. On the other hand, government officials stress that NGOs do not have explicit legal authority to operate savings and credit activities, although they are not specifically forbidden to handle credit activities. All admit that neither the cooperative nor NGO legislation are entirely appropriate for the type of community institution envisaged. There is important policy reform that will need to be addressed in the future.

Output 2.2 Specialized local associations and community-based organizations selected/established and strengthened.

In addition to the establishment of 77 LDCs at the neighborhood level as intermediaries for credit and other development activities, UPAP selected 16 existing CBOs/SLAs as existing NGOs (7 were NGOs and 9 SLAs) with whom its credit operations were contracted, especially in unplanned areas where migrants and the displaced predominated. These 16 existing agencies were well chosen. They were also oriented on the UPAP approach, particularly on handling revolving fund operations. However, since they were already operating based on other funding and some even beyond UPAP areas, there were instances of duality of approach: welfare/charity on the one hand combined with the credit management approach required under UPAP.

Output 2.3 Innovative credit mechanisms established with seed capital from the Project and with demonstrated increased access of the poor to investment opportunities.

UPAP uses the services of its 77 neighborhood level LDCs as intermediaries for credit. Each LDC is assisted by a specialized Credit Sub Committee. In addition, other specialized subcommittees also operate as the operating arms of the LDCs like the water sub committee. In some unplanned areas (camps), besides the LDCs, UPAP depends on the selected existing NGOs (7 NGOs and 9 SLAs) as credit intermediaries. In order to address the problems of marginalized groups, especially women, as recommended in the TPR, UPAP uses Women's Union branches at the Locality level to reach more women. Though the efficacy of small affinity groups approach for micro finance is well understood, UPAP did not tend to use it, due to the urban nature of the target population, including displaced and migrant households, where social ties were expected to be weak or non-existent. The transparency of the operations of the community institutions, together with inclusion of the poor and women as members, helped retain a focus on the poor in beneficiary selection for credit. Prioritising women headed households, widows and the destitute was observed during field visits.

Types of Lending.

Under Islamic lending some major types of credit terms possible are:

Murabaha - loan in kind where the lender procures and sells goods to the borrower on a cost plus mark-up basis;

Bea Eljari - hire purchase, where the borrower owns the asset only after full repayment of the cost of the asset plus a margin for the lender,

Ghard Hassan - a soft loan in cash, which is profit free;

Salam Sale - the borrower has to sell crops to the lender at an agreed price on a fixed date (e.g., on harvest) and the repayment is in kind;

Mudaraba - a speculative partnership arrangement where the lender (money holder) contributes cash and the borrower contributes effort and management, with a prior agreement on sharing profits; in case of losses the money holder partner loses money and the **other loses effort**;

Musharakha - a partnership where partners contribute capital and agree to share profits and losses in ratios accepted before commencement of operations.

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The Project follows Islamic lending methods consistent with *Sharia*, given the largely Muslim population, legal requirements, and the concerns with inflation. Of the above six types of credit terms, UPAP uses the following:

- *Murabaha*, in kind loans
- *Bea Eyari*, hire purchase, and
- *Ghard Hassan*, interest free loans.

Other types of lending were not utilized under UPAP. The Project being the sole lender, and given the increasing number of sub-projects and borrowers, it was nearly impossible to get into management issues or supervise the genuineness of individual enterprises. Moreover, the management also recognized a high probability of asymmetric information and possibility of falsification of information between the lender and borrowers. Hence, most appropriately, the speculative partnership *Mudaraba* and the regular partnership or *Musharaka* modes of finance, were not practiced. Advance sale of crops at an agreed price and date, *Salam Sale*, more suitable for rural areas, was not used.

Of the three modes of finance utilized, *Ghard Hassan* is the only one under which credit in cash is permissible, but without profit (in lieu of interest) or mark-up. As it is a free soft loan, it was considered a suitable instrument for the worst-off like widows, handicapped, women headed households with several dependents, etc. However, a ceiling operated on *Ghard Hassan* loans: Ls 30,000 reduced recently to Ls 200,000. This also helped in targeting the poor.

For larger loans a mark-up is permissible. But loans with a mark-up cannot be in cash. They have to be either in-kind loans under *Murabaha* or on a hire purchase basis under *Bei Eyari*. The mark-up ranges between 1 % per month to a ceiling of 10% in a year, consistent with the policies of the central Bank of Sudan, and well below the prescribed ceilings. The mark-up is to cover administrative and other costs associated with the loan, like delayed repayments, bad debts, cross subsidization for the soft loans and allowing a profit margin.

Repayment Rates. While the total timely repayment of due credit for the period 1998-2001 (October) is reported to be only 61.5%, there has been a steady upward trend, with arrears showing a declining percentage between 1999 to 2001. This is seen in the table below based on year-by-year data on repayments as monitored in the Project.

Trend in % Repayments and Arrears of UPAP Credit 1999-2001(OcL)

	1999	2000	2001
Repayment of due credit	50.0	65.0	69.0

Arrears over 1 month	38.0	19.0	19.0
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However, as data on eventual repayments (rollover from previous years, for example) is not tabulated or monitored, it is not possible to get a cumulative overall picture. Time analysis of overdue loans (over 3 months, over 6 months, over a year, etc.) would have been useful, but at present such tabulations are not available. The monitoring system is currently undergoing a system change due to which further information was not available.

Repeat Loans. An overwhelming percentage of loans were first time loans. Repeat borrowers were a negligible percentage indicating the concern that LDCs had with equity and the relatively short duration of the Project. Of the 9,999 beneficiaries only 2% obtained second loans. This constituted 3% of the total credit of SD 173 million and 2% of the 1,394 sub-projects.

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Participation of Women. There is a significant male-female gap in credit access. Lesser number of loans and smaller average loan sizes for women, both contributed to this. 72% of total credit (SD 173 million) has gone to males, 28% to females. Of the 9,999 borrowers (as individuals and in groups), 36.5% were women and 63.5% men. Repayment percentage for due credit was a little higher for females as compared with males, with arrears (due repayments delayed by over one month) higher for males.

Women have a slightly better record of loan repayment. However, neither men nor women are repaying near the required levels as per reported data. The table below captures this.

**Share of UPAP Credit and Repayment by Sex
1998-2001 (Oct.)**

	Males	Females	Total
Borrowers No.	6,346	3,653	9,999
Borrowers %	63.5	36.5	100.0
Credit share (million SD)	124.6	48.4	173.0
Credit %	72.0	28.0	100.0
Repayment of due credit (%)	60.6	65.0	61.5
Arrears % (over 1 month)	25.9	18.2	24.4

Performance by Type of Lending. Share of credit by lending methods showed that hirepurchase (*bei e#ari*) constituted more than half the loans, followed by loans in kind (*murabaha*), with interest free soft loans (*ghard hassan*) with the smallest share. Repayment rates did not vary significantly across the three modes of finance used. This is seen in the table below.

**Share of UPAP Credit and Repayment by Mode of Finance
1998-2001(Oct)**

Mode of Finance	Share of Loans (%)	Repayment of Dues (%)
In-kind loans <i>murabaha</i>	33.03	60.0
Hire purchase <i>bei eyari</i>	55.06	61.3

Soft loans <i>ghard hassan</i>	11.91	64.7
Total	100.0	61.5

Quite obviously, since cost recovery is the least in the case of the interest free soft loans, they should be used with care, in the most deserving cases only, and preferably not for repeat loans. In the case of some NGOs, however, 100% of the loans were given as interest free soft loans. Such decisions contribute to the already precarious financial viability.

Savings. Local savings mobilization, though envisaged as one of the activities, has not been initiated under the Project. No loans for working capital are permissible since cash cannot be lent except without a mark-up. However, there is a need for working capital to cover expenses such as electricity, wages for a helper, purchase of miscellaneous items, etc. As there was a strong

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need for funds for emergency, consumption and working capital needs, communities on their own have started local *sanduqs*, separately for men and women. Multipurpose as well as single purpose *sanduqs* operate. For example, due to the forthcoming Ramadan season, there are temporary *sanduqs* set up by women (e.g., by the SGWU members) for Ramadan expenses only'. Permanent as well as short term *sanduqs* operate. Using *sanduqs* to systematically supplement and strengthen UPAP credit operations has been discussed but not realized.

No linkages with formal financial institutions have been established so far. However, the 17 LDCs that have been registered under the NGO statutes have started operating bank accounts with nearby banks, providing them with a future opening for possible formal credit access.

Access to Basic Services

Although the Project Document concept stressed a broad definition of poverty, encompassing income, access to basic services, and community empowerment, the project did not anticipate becoming directly involved in expanding access to basic services. None of the immediate objectives or outputs specifically targets the issue. However, through participatory dialogue with the poor and community leaders, and as a result of the Area Profile Surveys carried out by UPAP, the issue of access to basic services, especially water, was highlighted as a high priority. UPAP responded to meet these strongly expressed and empirically documented needs. The Area Profile Surveys revealed stark figures regarding the lack of access to water, electricity, and educational services in the newer settlements and camps. Outside of Omdurman South Locality, the others have large populations without affordable access to water, especially.

The LDCs have had a major role in facilitating these decisions, strongly reflecting local needs and priorities, without waiting for the Government to deliver on years' old promises. They have been able to use the leverage and assistance of the official Popular Committees and access the cooperation from government agencies such as the Water Department. Government agencies have also, in some instances, responded to these local initiatives, and provided technical inputs and subsidized materials.

Water. Through six network extension sub-projects and three water tank sub-projects, UPAP assisted slightly over 3,000 households in El Buga'a and El Haj Yusef to have access to tap water within their compounds or to nearby locations. An UPAP-sponsored impact analysis of the water component shows that these water connections reduce each household's monthly water expenses from an average of SD 2,130 to SD 500 (once their UPAP loan is repaid). In the meantime, the new water beneficiaries are paying a total of SD 1,150 per month in loan repayment. At the same time, their level of water consumption has doubled, now reaching levels considered adequate for a healthy home environment.

Electricity. UPAP was able to assist in this area by providing loans to 215 poor families for the

purchase of generators and other equipment. These 215 electrical entrepreneurs then connected their generators to a total of almost 1,200 households to whom they sold electricity. Electricity provides light for student study and other evening household activities. Some beneficiaries are reported to make use of electricity (and/or water) as a basis for income generation projects such as video showing or using freezers to sell ice. UPAP has also introduced solar electric systems to some schools and community-based organizations and local NGOs. In these instances, the electricity forms a basis for income generation activities in support of the organization.

Education. Through the micro-credit programme, UPAP was able to assist communities and facilities to improve the conditions for students and teachers. One accomplishment of the

'Ramadan *sandugs*' had contributions in cash, sugar and washing soap.

education support activities of the communities was the provision of adequate seating at the schools for over 2,500 students. Additionally, loans to educated young women and pensioners helped them establish eight kindergartens and six private schools serving a combined total of 440 children. These loans also provided income for the borrowers. One other education related set of micro-loans went to thirty-two teachers, enabling them to buy bicycles.

Group Loans for Infrastructure Investments. Group and individual loans from the UPAP credit fund support the building of local infrastructure such as water supply tanks and networks, electricity, and school equipment. As seen in the table below, a total of SD 32.6 million was loaned in support of improving community infrastructure, with almost half the amount going to the water sector.

Amounts of Credit under Group Infrastructure Loans

Output 2.4 Approximately 10,000 persons trained (directly by project and by partner organizations).

The project has focussed on a range of training programs for beneficiaries covering, both, new skills and upgrading existing skills. In all 3,035 persons received direct training in a variety of skills. Of this number, 1,428 were beneficiaries (persons receiving micro-credit) and 1,607 were members of LDCs, and participating local organizations. Indirect training through training other categories of trainers added to spread effects for capacity building. While figures on indirect training are not available, it is significant that 9,999 persons had been credit linked for micro enterprises. There were also trainees reported to be linked to wage employment, but data on this were not available. The training requirements under UPAP are enormous and growing as an increasing number of borrowers are credit linked. The Project has stimulated a need for skills training. Training budgets and availability of trainers at the local level has not kept pace with growing training needs, leading to considerable reliance on indirect training through training-of-trainer activities. Direct training costs are borne entirely by the Project. The contribution of the beneficiary is in respect of time spent and travel costs, to the extent applicable. The table below shows direct training by type.

UPAP Direct Training By Training Type

<i>Training Type</i>	<i>Number Trained</i>	
Technical	971	32.0
Financial	1,398	46.1

Managerial	650	21.4
Financial & Managerial	16	0.5
Total	3,035	100.0

Technical skills training covered animal husbandry/production, computer applications, food processing, handicrafts, a variety of vocational training programs like mechanics, carpentry, electricity for vehicles and general, cooling systems, etc. As technical skills alone are insufficient to run enterprises, training in management of small enterprises, financial management, accounting and bookkeeping was also given. Since the community institutions themselves had to be strengthened to support and supervise beneficiary training, credit and micro enterprise development, they were also important training recipients. Summarized below is direct training by recipients.

Sector

Water

Electricity

Education

Total

Value of Credits in SD millions

15.1

11.3

6.2

32.6

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UPAP Direct Training By Training Recipients

<i>Training Recipients</i>	<i>Number Trained</i>	
Beneficiaries	1,428	46.1
LDCs/LNGOs/PPCCs	1,607	53.9
Total	3,035	100.0

Training of trainers was done to develop a cadre of suitable trainers and ensure maximum training coverage in the face of budget cuts. 549 members of community organizations were trained as trainers. 128 sub projects were financed with a condition that they in turn train at least three other beneficiaries. TOTs on vocational/technical skills were imparted to 117 persons. All this is expected to have provided a significant level of indirect training, but an overall estimate is of the number of indirect trainees is not possible with current records.

Training Mechanisms. In many instances, existing training institutions have been used to provide specialized training. For example, the Institute of Handicrafts and National Products designed training modules and imparted training; trainers from the Faculty of Engineering, University of Khartoum, etc. were used. Training modules were developed on how to start a business and how to improve an existing business. An important accomplishment is the establishment of a new computer training centre in Omdurman, providing free training to poor students by day and to paying commercial customers in the evenings. Direct training by type of trainers is captured below.

UPAP Direct Training By Type of Trainers

<i>Trainer Type</i>	<i>Number Trained</i>	
By UPAP staff	2,248	74.1
By Training institutes	412	13.6

By Private facilitators	273	9.0
Combination	102	3.4
Total	3,035	100.0

Women's Access to Training. Disaggregating direct training data by sex, we see below that the share of females was 40.6% -- higher than their share in credit, which was only 28%.

UPAP Direct Training By Sex

<i>Sex</i>	<i>Number Trained</i>	
Male	1,804	59.4
Female	1,231	40.6
Total	3,035	100.0

In respect of gender, traditional thinking dominated training options. Except for computer applications, where women were reported to outnumber men, women have received skill training in cooking, food processing, handicrafts, while men have received training in vocations like mechanics, carpentry, electricity for vehicles and general, cooling systems, etc. NGOs, particularly, have tended to concentrate on handicrafts. These were viewed as suitable skills for women. Breaking out of stereotypes was not attempted.

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The effectiveness of training in terms of getting job placements or establishing/upgrading self-employment ventures was not monitored. As a consequence, to the extent beneficiaries had the time, they may not have been overly concerned about the quality and utility of training. This could not be assessed due to data unavailability.

In addition to skill training for enterprise development for beneficiaries, some members of the LDCs expressed the need for refresher training on assessing project viability and micro credit issues. They felt that a one-time orientation, usually lasting just one day, was inadequate.

Micro-Enterprises/Income Generation Activities

Given the skills and opportunities available to the target population, the sub projects selected have largely been small, low risk businesses, largely catering to very localized markets. To begin with this is a suitable approach. The Project has wisely not tried to impose or direct the nature of micro enterprises selected by the beneficiaries. As the loan risk is entirely borne by the beneficiary, the decision regarding selection of economic activity is also that of the beneficiary.

Most beneficiaries visited have chosen to build upon what skills they already had. Some have expanded existing enterprises like restaurants, Abri making, tailoring, old clothes trade, traditional perfumes, leather products, grinding mill, carpentry, welding, ice and ice-lollies sale, water vending through donkey carts, etc. Trade and services predominate, as is to be expected in poverty situations, since these activities require less capital investment and allow quicker returns (often daily).

In some cases (e.g., where the past influence of NGOs operates), women have been encouraged to take up handicrafts to produce curios and fancy items. The local market for such products is small and tourist options limited in Khartoum. Given the difficulties in marketing these handicrafts, and the consequent risks of taking loans for handicrafts, reliance on NGOs for marketing increased. Utility items had a better market than decorative ones. Without a market tie up, training for handcrafted items is more in the nature of a leisure time hobby rather than a business proposition, a comparative luxury for the poor. Unsold stock was a frequently reported issue. However, the women have wisely balanced activities of slow moving stock with other quick returns work: combining beadwork/lace/napkins/embroidery/curios with school uniforms tailoring or dry fish

processing. Beneficiaries that focussed on local markets tended to be relatively more successful as returns were quicker and more assured.

Training in marketing strategies is also a critical input. As beneficiaries start to seek wider markets, they need exposure and training on catering and responding appropriately. Products of poor or variable quality, indifferent packaging, etc., can restrict wider market access.

Output 2.5 Building materials quality, production levels, and construction technologies improved in the informal construction sector, supported by two new building services centres.

Of the two Building Services Centres initiated by UPAP in collaboration with the Ministry of Engineering (MoEA), only one remains in operation. This center in Dar es-Salaam (Ombdha) provides technical skill training packages on improved building materials and technology, on-the-job construction technical assistance and provides short-term loans of construction tools. Although the Building Services Centre idea has proven to have important potential, and has already contributed to improving the situations of beneficiaries and community-based organizations and local NGOs (especially AMAL), it would need a short period of more intense technical assistance and support to become an integral and sustainable part of the economy in these localities.

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For Objective 3:

Output 3.1 Simplified procedures and standards for urban area planning, settlement upgrading, and land registration established/formulated.

This output was largely removed from the workplan as a result of the budget cuts of 2000. It had been hoped that it could be funded, along with other excised outputs, under the STS mechanism. Unfortunately that funding could not be arranged.

Output 3.2 A policy framework document and project concepts paper prepared to assist the government in attracting parallel funding.

Although an overall policy framework document was not prepared, UPAP did prepare several concept papers in support of the resource mobilization effort. It succeeded in attracting funding of over US\$500,000 from the Norwegian government for work in the Dar es-Salaam resettlement area. This is an important accomplishment since resource mobilization is difficult for Sudan due to international political reasons.

Output 3.3 The poor of Wad Ramli area gained access to agricultural lands.

The Ministry of Agriculture, Ministry of Social and Cultural Affairs and the SDF have succeeded in assisting 1,200 families to have access to two feddans each of productive agricultural land with UPAP's facilitation.

For Objective 4:

Output 4.1 Poverty indicators developed and used to inform policy and performance requirements.

Much was accomplished under this objective, especially at the outset of the project. Baseline rapid assessments were completed at the municipality, area, and neighborhood levels. Household level surveys of income and expenditures were undertaken. These assessments and surveys played an important role in planning project activities, in identifying project areas of

coverage, and for developing indicators of urban poverty.

Community leaders, in discussions with evaluators, provide examples of how the information from these assessments has been of practical use to them, especially in quantifying the ethnic make-up of their areas and in identifying leaders of ethnic population groups.

UNCHS extended the services of an expert to assist in the development of urban indicators for the Project to complement poverty indicators. He also assisted the Ministry of Engineering of Khartoum State to initiate its 'regional urban observatory'.

In the Dar es-Salaam resettlement area, UPAP undertook a major assessment of changing livelihood strategies.

As stated earlier under the section on project management and implementation, UPAP makes regular use of its M&E system with its benchmark indicators that are regularly updated.

UPAP collected three-levels baseline data:

Level 1: Province & Locality

At this level the following broad urban poverty indicators are identified and measured with the view to identify UPAP provincial level of intervention:

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Population

- Total population.
- Female-headed households.
- Main occupations.
- Main ethnic groups.

Community Leadership

- Popular committees.
- Government organizations (e.g. Women Union).
- Cooperatives.
- Ethnic associations.

Health

Type & number of Health facilities.

- Health personnel.
- Drug suppliers.
- Morbidity & mortality Rates.

Land & Housing

- Land tenure
- Housing tenure

Water

- Sources of water.
- Quality of water.
- Difficulties in obtaining water.
- Cost of water.

Education

- Number of schools (by type).
- Number of teachers.
- Number of students.

Other education facilities (e.g. school seats, books, etc.).

Electricity

- Availability of electricity.
- Number of houses connected to the mains.
- Frequency of power cuts.
- Cost of electricity / month.

Transport

- Mode of transport (public / private).
- Round trip fare and time.
- Type of roads (tarmac / track).

Sanitation

- Animals in the houses.
- Sewage disposal.
- Garbage disposal.

Level 2: Block (*Hara*)

This is the settlement level at which UPAP local development institutions are established. At this level detailed data with focus on the demographic, social, cultural, ethnic, political, economical characteristics of the block (*Hara*) was collected. This detailed Hara-focused baseline data is analyzed, presented, and retained in the form of urban poverty Hara-specific indicators, which are later used as yardsticks against which UPAP Hara-level outcomes and results are measured. The key Hara-level indicators include:

<p>Sources of Livelihood The proportion of people who have the following sources of livelihood:</p> <ul style="list-style-type: none"> • Work (own job creation). • Trade (type of trade). • Employment (hired labor). • Artisans (type of vocation). • None (No source of livelihood). <p>Access to Health The proportion of people who have access to the following health facilities:</p> <ul style="list-style-type: none"> • PHCU. • Dispensary. • Health Centers. • Hospitals. • Private clinics. 	<p>Access to Water The proportion of people who have access to the following water sources:</p> <ul style="list-style-type: none"> • Tap water. • Water tanks. • Hand pumps. • None. <p>Access to Sewage Disposal Facilities The proportion of people who have access to the following sewage disposal facilities:</p> <ul style="list-style-type: none"> • Septic tanks. • Households pit latrine. • Public latrine. • None. <p>Access to Land The proportion of people who have the following land tenure arrangements:</p> <ul style="list-style-type: none"> • Government leased • Private holdings. • Squatter settlement.
<p>Access to Education The proportion of school-age children having access to the following education facilities:</p> <ul style="list-style-type: none"> • Basic schools (boys). • Basic schools (girls). 	

- Secondary schools (boys).
- Secondary schools (girls).
- Technical schools.
- Kindergartens.

Level 3: Household

UPAP collected useful household-level data pertaining to household income by source and household expenditure by item together with household demographic and employment characteristics. On the basis of a stratified (the strata are UPAP targeted *Haras*) proportion all to size sampling procedure, a sample 500 households was selected. The household-level baseline data was analyzed and presented in the form of income poverty indicators. Identified and measured income poverty indicators include:

Household income	Household Expenditure (a useful welfare indicator)
<ul style="list-style-type: none">• Male-headed household average income.• Female-headed household average income.• Male-headed per capita income.• Female-headed per capita income.	<ul style="list-style-type: none">• Average Male-headed household expenditure.• Average Female-headed household expenditure.• Male-headed household per capita expenditure.• Female-headed household per capita expenditure.
Sources of household income % Contribution of the following sources to household income.	
<ul style="list-style-type: none">• Work of the head of the household (considered as a primary source).• Gainful work by other household members.• Home-based income-generating activities.• Sale of household's assets.• Rent of fixed assets.• <i>Zakat</i> and other charity funds.• Pension• Transfers and gifts.	

This is a very useful structure of household income by source for the M & E to assess how UPAP has changed this structure.

UPAP micro credit program is expected to increase the above mentioned welfare indicators.

Household Expenditure By Item

The shares of the following consumption items in

household expenditure

- Food.
- Water.
- House rent.
- Energy.
- Soap.
- Electricity.
- Clothes.
- Health care and medicine.
- Education.
- Transport.
- Social contributions (to marriage, funeral, illness, etc).
- Other items.

D. Immediate Objectives

Objective 1: Achievement of integrated programme approach and interested individual and institutional capacity in the alleviation of poverty at the Khartoum State level.

This objective represents both the most stunning achievement of the UPAP project and the

most serious remaining challenges. The achievement is, of course, the drafting, acceptance, and approval of the *Khartoum State Poverty Alleviation Plan of Action*.

On the other hand, many other important policy discussions and policy research, anticipated under UPAP, did not materialize, largely due to project financing problems. Additionally,

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inter-ministerial coordination remains challenging both as a practical matter and in terms of the rationalization of policies and regulations across related ministries.

Finally, in terms of state level capacity building, the designated partner institution, the Social Development Foundation has developed savings and credit programmes that are more in line with international models for micro-credit than were its earlier trials. However, the close integration of UPAP and SDF, including a full transfer of techniques and perspectives, did not take place during this past year as envisioned in the TPR. There are understandable reasons for this on both sides. SDF staff is stretched to initiate its ambitious new Savings and Credit programme, and UPAP staff has been similarly stretched by its severe budget cuts. SDF is a much stronger institution than it was a few years ago, due to its leadership and assistance from UPAP. However the UPAP model and the SDF model continue to move on their separate tracks, even though the convergence of elements would benefit both. It seems to the evaluators, however, that SDF is looking forward to operating the UPAP approach to poverty alleviation as a separate window, rather than adopting and adapting it as an SDF strategy.

Objective 2: Development of Urban Informal Sector through income generating activities based on community participation and Shu'rah principles that promote grassroots institutional capacity building.

The immediate objective of development of the urban informal sector has been achieved to a very significant extent in the UPAP areas. While a comparison with non-Project areas was not feasible due to resource, data, and time constraints, it was nevertheless observed that for the first time a Project has brought in the concepts of sustainability and genuine grass roots community participation from planning to implementation in Khartoum State among a heterogeneous urban population, where poverty and lack of basic needs were the only common factors that linked target communities.

The LDCs have come to be viewed as valuable people's institutions which have gained enormous credibility among the communities for their consultative and transparent methods of functioning in selecting persons for credit access and training. The LDCs' management of credit operations for funding the growth of urban micro enterprises has stimulated the urban informal economy in the Project areas. Beneficiaries responded to markets, took up multiple small enterprises to counter the risk of seasonality (e.g., fish drying with tailoring), avoided multiple beneficiaries taking up identical activities (e.g., donkey carts) to promote profitability, and contributed own funds to supplement credit.

Persons and groups that have benefited from micro credit reported improvements in their incomes through the establishment of new enterprises and reinvigorating existing ones, women have started to manage businesses on their own and take business decisions quite independently. Even among the worst off cases examples were observed of some widows having made a successful transition from charity of relatives and neighbours to own earnings through Project credit. Many beneficiaries reported a pride in owning the assets and stock relating to their businesses. Improvements in living standards were observed (furniture, TV, access to water and electricity, schooling for children). LDC members reported that they had learned a new way of thinking and acquired management, finance and accounting skills through the various training programs.

As the development of the urban informal sector is an on-going process, it is expected to

continue in the future. To the extent the communities improve their management of the revolving funds with growing financial discipline, capital, a key fuel for micro enterprise growth will be available to later borrowers also. However, there is genuine concern that if full cost coverage of credit operations does not take place the revolving funds will dwindle and eventually disappear, depriving later and repeat borrowers of credit access.

Objective 3: Security of land tenure for housing and agricultural activities.

This objective has been accomplished but only because in its revision it has been reduced to the issue of securing housing and land title for an unspecified number of people. The broader perspective on upgrading poor urban settlements and camps, and improving the overall environment and living conditions has been muted, although key aspects of this concern are now addressed under Objective 2, since they are financed by the credit activity.

Objective 4: Development of management and monitoring systems to support the project and provide feedback to UNDP, UNCHS, and concerned government bodies.

Much progress was made in setting the basis needed to achieve this objective, but at this point there is little evidence that the feedback from these data systems are much used by the key government agencies, especially SDF and the as-yet-to-be-activated secretariat to monitor the Poverty Alleviation Plan of Action.

E. Development Objective

The immediate objectives and constituent outputs have contributed significantly toward the development objective of, "confidence building between the various urban actors and the contribution to the elaboration of an urban poverty alleviation programme...." It appears that key actors at all levels have a strong sense of the contribution of UPAP toward significant progress in Khartoum State for addressing effectively the problems of urban poverty.

Most important, UPAP has provided a replicable model which can, with some modifications to strengthen sustainability of the management of revolving funds and adding elements of community savings, be adopted not only in other urban areas of Khartoum, but also in other States of Sudan.

F. Capacity Building

Community Level. The capacities of many community institutions, and certainly of the 17 registered Local Development Committees, are now almost state of the art. Apart from equipping them with participatory techniques of planning and decision making, their capacities were built through very specific managerial, financial and accounting training, report writing, data collection, credit operations, monitoring and evaluation, constitution and by-laws of NGOs, etc. Formal training combined with monitoring visits and discussions have been used for capacity building of local institutions and beneficiaries.

State Level. Training of SDF personnel was important as it was not only a counterpart Government agency, part of the tripartite reviews, but was itself to handle UPAP type operations in Khartoum State. SDF has benefited from training under UPAP, study tours, and most importantly from directly observing the UPAP model(s). The SDF has also adopted some elements of the UPAP model(s) in respect of micro credit - using groups and operating a large number of small loans. It is necessary that other critical elements, like multi-purpose groups (not just bringing people together for credit), small size of groups, community based participatory techniques and the importance of repayments for sustainability of credit

operations, are also understood and institutionalised within SDF. SDF has adopted the models of the leading Asian micro-credit programmes. However, it has been shown that these models face difficulties in reaching the poorest and least sophisticated borrowers, who need other types of support and mechanisms in order to succeed as borrowers and entrepreneurs.

G. Impact

As no impact assessment was made internally or through an external agency by UPAP, Project-wide quantitative/qualitative data on impact are not available. However the Mission's field visits and interactions with the various stakeholders revealed a number of success stories indicating that UPAP's interventions have had strong, positive and in many cases near-permanent impact on beneficiaries.

Access to water is seen as an immediate and urgent basic need, even an economic need, as households spent considerable time/money in collecting/purchasing water. The establishment of water networks has saved expenses for poor households, directly having an impact on poverty, apart from providing them with access to a basic service.

Similarly, electricity, while a basic service, has also opened up possibilities of innovative business prospects. Some women combined water and electricity access, invested in freezers to make and sell ice and flavoured ice-lollies. Both were very fast moving items. As freezers were set up at home, it was possible to simultaneously attend to other work.

Borrowers reported improvements in their incomes through the establishment of new enterprises and expanding existing ones, women have started to manage businesses on their own and take business decisions quite independently. Women headed households were given priority in credit access, showing that LDCs were developing a sensitivity to the worst off and gender issues, even though overall credit share for women was low. While over the four year Project period, of the total 9,999 borrowers, 36.5% were women, but women exceeded men in 2001 (269 men, 527 women). Many women reported a successful transition from living on charity of relatives and neighbours to self-sufficiency. They report with pride their ability to educate their children. Such examples indicate that women have increased access and control over incomes. Many beneficiaries report pride felt in owning assets and stock relating to their businesses. Improvements in living standards were observed (furniture, TV, access to water and electricity, schooling for children). All this contributes to diversification and deepening of the urban informal sector.

More important than individual success stories is the long term impact of the local community institutions. LDC members report that they have learned a new way of thinking and operating. The idea that that communities, properly organized, can handle their own problems in a sustainable manner with sensitivity to their worst off sections is a lasting Project impact.

Though women were still not occupying top leadership positions in the LDCs, the requirement of having at least three women (out of 12) has ensured that women now observe, learn and participate in community decision making on behalf of their communities. In several LDCs women were members of the credit-sub committees taking decisions on selection of borrowers, assessing viability of sub-projects and handling credit operations.

H. Sustainability

Of Community Institutions. The impressive strength of the community institutions can be expected to result in their continuation post UNDP funding in (a) 22% of the cases where they have already registered themselves based on an internal evaluation of their capacities; and (b)a

further approximately 10% to 15% where the LDCs are actually strong and may qualify to get registered. As no independent evaluation of the LDCs has been done, it was not possible to draw a firmer conclusion or say anything about the remaining LDCs. However, most LDCs do have the inherent potential to continue since the communities have recognized their value and they cost very little to operate with members doing voluntary work. The missing element post Project will be an organization/cell to continue with support, leading up to their registration followed by need based advice and training. It is also important that post-UPAP LDCs have their own

resources. It is anticipated that the revolving funds, currently administered by UPAP as loans to LDCs, will be turned over to the LDCs. Having these funds, and continuing to manage the micro-credit programme will provide an important element for institutional sustainability. With this as a base of operation, many LDCs should be able to continue and find additional sources of support, financial and institutional.

Of Revolving Funds. The financial sustainability of the revolving funds depends upon full cost coverage of the credit operations - something not taking place at present. While it was heartening that loan repayments have improved annually, indicating steady progress towards sustainability, reaching 69% during 2001 and 61.5% overall, they are still far short of covering the costs of managing the credit operations (subsidies to cover interest free loans, administrative costs, late repayments, bad debts). If inflation costs are added and Project support withdrawn, the LDCs will have to bear even hidden costs. Thus, there are grounds for serious concern regarding even maintaining the value, let alone growth, of the revolving funds. It is not yet fully understood/accepted, across the board (in respect of donor or government funds) that unless repayments are brought near 100% sustainability is not possible. Yet, there is some good news for potential sustainability as communities understand very well the importance of financial discipline when it comes to their own money. There are virtually no defaults in the management of their *sandugs*, providing a clue that community ownership of the funds may help in finding innovative ways of sustaining credit operations. External funds are perceived as relatively 'easy' money in contrast with the near perfect financial discipline of the savings based *sandugs*.

Of the UPAP Approach. The ultimate sustainability of the project's accomplishments depends upon the extent to which government and other institutions adopt, adapt, expand, and replicate the pilot approach. So far, despite much praise for the effort, it is not clear to what extent it will be replicated. The positive attitudes expressed by many officials demonstrate a commitment for finding funding sources to keep the UPAP activity going as a worthy stand-alone contribution, not as a broadly replicated and expanded approach.

V. CONCLUSIONS

1. A Successful Model for Addressing Urban Poverty Alleviation. UPAP has succeeded in developing and proving, to a large extent, an effective and relatively cost-effective model (models) for addressing a range of poverty-related needs of the urban poor. This is an important accomplishment since many thought that a community-focused and integrated model, common for rural programmes, would not work in an urban setting or in ethnically heterogeneous settlements and camps.

2. Key Element to Success is the commitment of independent community organizations in partnership with government and non-governmental organizations. The Local Development Committees and their successor-registered community organizations are proud of their independent status.

3. Government Commitment to Integrated Approach. The Khartoum State government, as evidenced by the *Poverty Alleviation Plan of Action*, is committed to implementing an integrated poverty plan of action that addresses access to basic services as well as a sustainable approach to facilitating successful income generation activities among the poor.

4. Overall Acceptance of the Model. Beneficiaries, community leaders, and government officials voice their appreciation for the key elements of the UPAP approach, and their conviction, based on the project results, that it works. The key elements that are praised are the bottom up and community-based approach, the participatory process, the integrated and cross-sectoral interventions, and the introduction of financial discipline. The success of this package impresses a range of observers.

5. Credit Discipline. Closer monitoring of repayments to maintain the value of the revolving funds needs to be internalised.

6. Model Not Yet Integrated into Government Programmes and Institutions. Much needs to be done to assure that this process and model are integrated into the programming of appropriate state institutions, especially, but not exclusively, the Social Development Foundation, and to assure that key elements of what UPAP has done on a relatively small pilot basis are effectively expanded in the future in order to have a significant impact.

V1. RECOMMENDATIONS

For the Current Project:

3. UPAP successes to date and current activities should be continued, despite end of project funding.

Given the success of UPAP both in demonstrating a model for poverty alleviation programmes and in assisting local communities to improve conditions for the poor, it would be wrong to let these activities drop simply because a single external funding source ends. Government officials have expressed their intentions of funding the activities from the state budget with or without continued UNDP support.

4. The State Government and UNDP should now work out a detailed agreement regarding the assumption by the SDF and other agencies of elements of UPAP activities.

This would include a workplan, identification of budgetary resources, arrangements to assure that LDCs keep their revolving funds, and appropriate staff allocations. The SDF should move toward amalgamating the UPAP approach into its own much larger program rather than continue to operate UPAP as a separate activity. Although SDF has a very important role to play in addressing urban poverty, it is only one of a number of key players-government, non-governmental organizations, and the private sector. Future programming should continue to address a range of institutions with policy advice and capacity building, and not simply "hand over UPAP" to a single institution. It is not the project *per se* that needs to be sustained or handed over, but its activities and models that need to be provided to beneficiaries on a wide enough scale to have an impact on poverty levels in the State.

3. Participation of New Community Level Organizations in Discussions on UPAP Handover Plans and Future Programming

Discussions regarding the details of the hand-over process and the support in the immediate future should include representatives of the local institutions fostered under UPAP to assure that these institutions continue to receive appropriate technical assistance and advice strengthening their sustainability. This would be the first step in continuing the commitment to bottom up participatory processes. It might also reduce some of the distrust felt by communities toward SDF's role.

4. Critical Project Closure Activities that must be performed include the following:

- The remaining qualified LDCs should be assisted to secure **legal registration** in the legal format they prefer;
- UPAP should legally **hand over the revolving funds** to the newly registered institutions for their continued management and utilization for the poor.

For Future Programming:

5. The government should develop a future project or subproject within a broader urban governance programme

UPAP's implementation successes at the local level need to be reinforced with increased capacities at the state level and stronger policies at the Federal level. UPAP's success in fostering an integrated state planning document needs to be followed with assistance to develop the institutional capacity to follow-up, assess, and modify the plan. This programme would include the following elements:

Strengthen coordination capacities at state level:

- **Inter-ministerial coordination capacity.** An inter-ministerial/inter-agency mechanism/commission should be permanently established and include all relevant institutions. Such a commission, reporting directly to the Cabinet would be more effective than the current coordination arrangements.
- **Create a Federation of Community Organization.** Additionally, the newly-formed LDC organizations should be assisted to form a Federation of Community Organizations that can continue to provide support and assistance to its member community organizations to encourage inter-LDC exchanges of experience, handle issues on behalf of communities that go beyond their neighborhoods, as well as to represent their interests at higher levels of government and to private sector actors.

Provide policy and capacity building assistance to SDF and other appropriate institutions involved in poverty reduction

- Finance institutions i.e. Zakat Chamber, Social Development Foundation, Savings and Social Development Bank, etc. In order to ensure good repayment rates and sustainability, it is recommended to separate financial and lending tasks from the provision of technical support to borrowers. Financial institutions have the responsibility to maintain permanent and sustainable flow of capital to the micro-finance system. For micro-lending activities, financial institutions do not normally deal with individuals or communities but with intermediary institutions who provide technical support to final borrowers and undertake sub-lending functions.
- Intermediary institutions who provide technical support to individual and community initiatives, including sub-lending functions. LDCs are among these intermediary institutions. The performance of the system depends on the capacity and credibility of these intermediary institutions to build partnerships with finance institutions. Capacities to be developed at this level relate to (a) sub-lending management, (b) selection of creditworthy projects in the local economic context and (c) training borrowers in business management.

Prepare replication in other states

- **Provide Capacity Building Assistance to Other States.** Introduce the Khartoum State model in selected other states with important urban concentrations. Decentralization has shifted government responsibilities out to a large number of jurisdictions, several of which face, like Khartoum, increasingly complex tasks and growing challenges in providing responsive and appropriate services to their urban poor constituents.

For the Preparatory and Transitional Phase

6. Provide Interim Support for UPAP Activities.

The evaluation team recommends that as part of the preparatory stage for an urban governance project or programme, interim assistance be provided to avoid the losses of a period of relative inactivity vis-à-vis UPAP activities and clients. The challenge now facing the government (and to some extent, UNDP) is how to take a successful pilot project and scale it up so as to have a broad and continuing impact. This challenge will be all the more daunting if, due to delays and lack of timely preparation, the pilot activities themselves lose momentum.

SDF itself needs immediate technical assistance in the areas of credit (including options for linking credit programmes with banks and other sources), training of trainers, monitoring systems, outreach capability to community organizations, and the development of organizational and management systems.

If there is a relatively long hiatus between the end of UPAP and the continuation and expansion of assistance (from any source, including government), much of the momentum and accomplishment under UPAP will be lost.