

Case study: supporting sustainable urban development, Egypt

Although forty-four per cent of Egypt's population live in urban areas, over ninety-six per cent of this population is crowded into four per cent of the country's land area. The remaining land is desert land owned by the state. Productive agricultural land is decreasing by an estimated 12 000 to 16 000 ha a year as a result of both illegal land use conversion to residential use and the decreasing fertility of the Nile Valley and Delta resulting from the adverse environmental impacts of the Aswan High Dam.

In the past two decades Egypt has only partially succeeded in its attempt to shift from a socialist centrally planned economy to a market-oriented economy. Resultant anomalies and conflicts inherent in government policy have had serious negative impacts on many sectors of the economy, including the housing sector, the construction industry and financial institutions.

Egypt's housing crisis is exacerbated by a number of complex political, social and economic issues and constraints, including the need to rectify existing housing shortages, the lack of executive agencies with adequate resources, ineffective mechanisms for mobilizing local resources, inadequate infrastructure provision and the scarcity of vacant land.

The housing system consists of two principal delivery mechanisms, the public housing sector with fifteen per cent of the total market, and the semiregulated (informal) private sector with eighty-five per cent of the total production, mainly on land where building is legally prohibited but where building and planning regulations are rarely complied with or enforced.

There are few examples in Egypt of successful policy initiatives or programmes which address the shelter needs of the poor. Government has pursued a policy of promoting and developing highly subsidized planned new satellite towns, new community developments and public housing schemes, incorporating capital intensive industrialised housing systems, located on land deemed vacant or fringe desert land distant from city centres and employment areas. In pursuing these policies, considerable capital and resources have been expended to little effect – the number of housing units provided is insignificant relative to overall demand and built at costs which cannot be afforded by the majority of those most in need. Mechanisms for and levels of cost recovery are minimal and maintenance of municipal infrastructure and services poor, in many cases non-existent.

Summary statistics: Egypt

	1970	1981	1989
Population (millions)	34.84	41.67	51.75
Annual urban population growth rate	3.45	3.39	3.38
Population growth rate (%)	2.50	2.70	2.60
Percentage population urban	42	43	44
Urbanization rate (%)	4.30	2.90	3.70
GDP growth rate	0.60	3.80	3

Source: World Bank Development Report, and Egypt, A Country Study, The World Bank, 1991

The informal sector

Socio-economic surveys, carried out in 1975, confirmed that the informal, housing system was providing adequate housing at costs low to moderate-income households could afford and without government subsidy. The informal system was also generating employment and opportunities to increase household incomes through the renting of rooms to very low-income households.

- The control households had over their own investment in housing, and
- The supply of plots and range of plot sizes, house layouts and levels of service provision were conditioned by individual household needs and available resources, rather than official policy, standards and regulations.

However, with twenty-three per cent annual inflation, a consumer price index that rose over 10-fold in 20 years, and unemployment of nineteen per cent in 1986, the economic burdens placed on low to moderate-income households are extreme. Housing construction costs have escalated, as have land prices, and the majority of low to moderate-income groups find it increasingly difficult to enter the housing market.

Ismailia Development Programme

The Ismailia Governorate attempted to devise a strategy which exploited the dynamism of the informal sector while liberating it from the growing constraints of escalating costs and shortages of land.

The Ismailia initiatives are the only examples of self-financing new land development and settlement upgrading programmes to be implemented in Egypt. These programmes were funded under technical assistance by the British Government's Overseas Development Administration and the United Nations Development Programme.

The initial emphasis of the technical assistance was to understand existing housing processes and supply systems with a view to reinforcing and consolidating their positive aspects, including their self-regulatory and self-financing attributes, and incorporating best local practice. The planning, land development and institutional proposals prepared for two Ismailia settlements by consultants (Culpin Planning Limited, London, UK) called for a major shift in policy, recommending a flexible so-called enabling approach designed to give support to a range of stakeholders, including the owner-builder, together with the provision of land with secure tenure and levels of affordable municipal infrastructure provision and services.

To facilitate early implementation the governorate's institutional framework and administrative procedures were reviewed and innovative development and management guidelines, covering institutional, financial, planning and economic issues, were introduced. Particular attention was given to the drafting of new procedures to ensure that no legal or administrative change was required at the national level.

Based on survey findings, plot layouts were prepared, incorporating a range of plot sizes, which were efficient in terms of land use, distribution and levels of infrastructure services provision and suitable for the permanent settlement of an average size household. A land pricing system was proposed, with differential prices according to plot location and size, with higher prices for good commercial locations and open market prices for concession plots in key locations. These proposals allowed an element of cross-subsidy for lower prices plots, some sixty per cent of the total number of plots provided, and increased the overall level of infrastructure provision that was affordable. The proposals also incorporated new land sub-division (sites-and-services) with plot regularization and settlement upgrading of existing communities. These proposals benefited very low-income households and encouraged them to improve their own houses.

The legal status of the land within the project sites was designated government leasehold, with a mechanism for delayed freehold, which is an incentive for maximum investment. Plot sizes ranged from 72 to 162m² at original costs (1979 prices) ranging between LE2.25 and 12/m². Provision was made for community centres comprising public facilities, shops and services offices, workshops, a mosque and the project agency offices. The proposals also included the construction of main access roads and realignment

and consolidation of other access roads, the installation of electricity, water pipe and stand pipe installations and collection of solid waste. The provision of social services and employment creation were also key components of the programmes.

Employment was created as a result of implementing the programmes. The activities of informal sector builders and owner-builders created considerable on-site employment. In the first four years, from 1978 to 1982, estimates of private investment in new house construction and upgrading of existing houses in one project site alone exceeded LE85 000 000. In the same period investment in municipal infrastructure and public facilities exceeded LE6 000 000. Income generated from land sales was sufficient to fund light industrial estates, recreation and tourism areas, and opening up new areas of the city for development. Although no statistics are available, considerable employment was created on-site to service building activities and to support the existing and new households, including building material suppliers, carpenters and joiners, retail and service outlets, teachers and doctors.

Through these initiatives, between 1978 and 1985 over 100 000 people of low to moderate incomes gained access to land with secure tenure and affordable levels of infrastructure provision.

Summary

- **Semi-autonomous agencies.** The projects were managed by financially independent executive agencies with full responsibility for land management, financial and technical issues and which were based on the site
- **Progressive acquisition.** Plot prices reflected plot size and commercial potential and provided an element of internal cross-subsidy. Plot prices were amortised over time, linked to the eventual acquisition of freehold title
- **Security of tenure.** Defined plots with legal tenure were provided
- **Progressive infrastructure.** Minimum affordable levels of infrastructure provision were provided capable of incremental and progressive upgrading consistent with the plot beneficiaries' ability to pay. Infrastructure provision was financed by revenue generated from land sales
- **Small loans.** Credit for home improvements and progressive additions was made available
- **Home industries.** Limited non-residential activities and the provision of rental accommodation were allowed on all plots, and
- **Distributed employment.** A diverse range of employment opportunities, through the provision of commercial and services centres, workshops and concession plots, were encouraged to locate within the projects.

The projects demonstrate that incremental new land development and upgrading programmes for semi-regulated (informal) settlements can be promoted, developed and implemented through the provision of affordable plots and municipal infrastructure services and achieve full cost recovery.

The programme has not been without its critics. The experience of the Ismailia Development Programme revealed that the enabling approach challenges the vested interests of many holders of power and underlines that the housing needs of the poor can only be met through political commitment.