

A COMPARATIVE EVALUATION OF  
THREE UPGRADING PROJECTS  
IN EGYPT

(Helwan, Manshiet Nasser and Ismailia)

A REPLICABILITY ANALYSIS

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## FORWARD

This report is the product of an individual grant from the Ford Foundation to the author to prepare a report on alternative community upgrading strategies in Egypt.

Of the three community upgrading projects in Egypt, the author has had extensive experience with the Helwan project (having worked as a technical advisor to the Ministry of Housing and Land Reclamation on the project for three and one half years), and has been closely following the Ismailia project for some time (having led a number of Egyptian and expatriate groups on visits to the project over a three year period). He has also toured the Manshiet Nasser project in Cairo twice and has discussed that project with various project officials and consultants during the past four years.

The rationale for this study is to serve as a guide for future community upgrading projects in Egypt. It provides a basic description of the three projects, compares their design and implementation differences, analyzes their successes and problem areas, and suggests lessons for future upgrading projects in Egypt. Some of the lessons may be applicable, in broad terms, to upgrading projects in other countries as well.

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The opinions expressed in this report are the author's and do not necessarily represent those of any of the parties interviewed or the Ford Foundation.

## ABBREVIATIONS

A/E	Architectural/Engineering
BWN	Basil/Warner, Burns, Toan & Lund/Ali Nasser
CFE	Credit Foncier d'Egypt
CHF	Cooperative Housing Foundation
GAHBC	General Association for Housing & Building Cooperatives
GOE	Government of Egypt
HIPCO	Handicraft Industries & Productive Cooperatives Organization
JHP	Joint Housing Projects
LE	Egyptian Pound
MNMS	Manshiet Nasser Main Settlement
MNZS	Manshiet Nasser Zabbaleen Settlement
MOH	Ministry of Housing
NBE	National Bank of Egypt
NBKS	North Bassateen Kuluha Settlement
NNEA	New Nagaa El Arab
ODA	Overseas Development Administration (of the British Government)
PIU	Project Implementation Unit
USAID	United States Agency for International Development

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A	Helwan Project Paper - Summary of Project Costs
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## I. INTRODUCTION

The Concept of Community Upgrading

Prior to the last ten to fifteen years, most third world development related to government-sponsored housing produced fairly expensive new housing which went either to middle income purchasers (in order to achieve a satisfactory cost recovery ratio or due to their political influence) or to highly subsidized lower income groups. However, in recent times, international housing professionals and funding agencies involved in third world development have been promoting the concept of upgrading of existing communities as an alternative to new community development. Upgrading of existing communities was seen as a way to improve the housing and living environment incrementally in order to allow for a gradual improvement which could reach the lower income strata and be more affordable to the implementing agency. It would also provide less dislocation to the beneficiaries and allow the existing social structure and relationships to be maintained to a higher degree than with new communities. Furthermore, upgrading was seen as a means to enhance self help efforts by the beneficiaries of the programs and to enhance small scale, private enterprise efforts on the part of contractors serving the upgrading communities; this was in contrast to large scale new community development schemes which were built by large (oftentimes, public sector) contracting companies with little or no inputs from the beneficiaries during the construction process. Finally, since many new housing projects suffered from housing design which was ultimately either rejected or modified ad hoc by the occupants, upgrading projects held the promise of producing housing which was more closely attuned to the actual living habits and desires of the occupants.

Unfortunately, even with the potential benefits of upgrading cited above, most government officials in third world countries were reluctant to provide funds for upgrading programs. The most prominent discernible reasons for this were-

1. A lack of faith in the ability of low income people to determine their needs, construct a structurally sound dwelling, and pay back any money loaned to them to finance the construction of improvements to their housing,
2. A belief that existing housing was poorly constructed and illegal (which it was in many cases) and to try to improve it was futile and contrary to government land and housing policy,
3. A belief that upgrading programs would not increase the housing stock of the country significantly,
4. A reluctance to become involved in the social and political problems of trying to rationalize existing (frequently squatter) settlements from a planning and service standpoint,

5. A belief that the impact of an upgrading program would be difficult to measure and consequently less desirable, in terms of vote-getting for the responsible public officials, than a more visible new community.

As a consequence of these beliefs, international funding organizations found it desirable to fund pilot or demonstration projects which would allow third world housing professionals to determine the relevance of a community upgrading strategy to their country. The projects assessed by this report are a result of this approach.

One final word must be stated regarding the concept of community upgrading, i. e., although the general concept of community upgrading enjoys wide acceptance in international circles, there is a considerable difference of opinion on the elements to be included in the upgrading effort and on the process by which upgrading is achieved most effectively. Consequently, there is a great deal of experimentation taking place in third world countries to determine which elements and processes are applicable to specific local conditions. The three projects surveyed by this report reflect this difference of opinion.

#### The Egyptian Housing Situation

Egypt, like many other developing countries, has experienced rapid urbanization in the last thirty years. This has been due to a number of factors, both planned and unplanned. The high rate of population increase, the expansion and centralization of government after the 1952 Revolution, the increase in economic activity and opportunity in urban areas, and the increased availability of higher education in urban centers have all contributed to the surge in Egypt's urban population.

The Project Paper for the Helwan project (1978) stated in its introduction (p. 1),

"The need for housing in urban Egypt is one of the more pressing of the developing world. Urban growth is estimated at 4% as opposed to 2.5% for the country as a whole -- much of it attributable to rural migration. Over 1000 new migrants crowd into Cairo each day. Reports indicate that over 1.5 million housing units are needed now in urban areas and that demand will double over the next 10 years. In addition, much of the existing housing is substandard, over-crowded and lacking in elementary water and sanitary facilities."

A person visiting Cairo now might think, upon seeing the extensive construction activity currently taking place, that the housing shortage will soon abate. However, the need for low income housing continues into the present day. "Cairo Today", a local magazine that is published monthly in English largely for the expatriate community in Cairo and English-speaking Egyptians, devoted its June 1983 issue to housing problems in Egypt. It quoted Salah Fahmy, First Undersecretary of Housing, as speaking of an estimated shortage of "between 1 and 1.3 million units for all of Egypt"(p. 22). The same

magazine article went on to differentiate between a surplus of luxury housing ostensibly created by the current Cairo building boom and a shortage of decent housing for people in the middle and low income classes. And while new building construction proceeds at an amazing pace, a drive through the older and poorer areas of the urban areas in Egypt makes one realize the inability of the government to provide the infrastructure and services to keep pace with the current level of construction activity.

#### Informal Housing Upgrading in Egypt

It has long been recognized (although not always officially) that informal housing construction has been responsible for a major part of housing construction activity in Egypt. Informal construction is usually defined as construction which is performed without government permission (building permits and inspection) and often without designs by an architect. It has been estimated that between 1970 and 1981, 84 per cent of all housing units built in Cairo was by informal construction ("Informal Housing in Egypt", ABT Associates, Inc., Report for USAID, 1981, p. 177). The Summary Report of the Joint Housing Teams composed of Egyptian and American housing professionals and commissioned by the governments of Egypt and the U.S.A. to study housing in Egypt in 1977 provided the following description of informal housing construction (p. 23).

"There are two types of construction activities going on in the informal settlement areas: One activity is construction of large structures, three to five story walk-ups, built by local entrepreneurs who are for the most part contractors. Because of the various methods used to circumvent rent control laws, this type of investment can prove very profitable. The other activity is construction of smaller structures, one to three stories, at various stages of completion, built by individuals for their own shelter needs. Although rental income can be, and often is, generated at later stages through vertical and/or horizontal expansion, the primary purpose is to provide housing for the individual and his family."

Much of the housing for low income groups in Egypt today is produced by the people themselves. These are the persons who are squatting on a piece of land and have constructed a very modest structure (generally, by means of advance purchase of materials and hired labor) with a minimum of resources and who have access to a minimum of infrastructure and services. They expand the structure incrementally when they accumulate savings or can find a local contractor to loan them some of the funds. They have no access to financing through regular banking channels and do not apply for permits to construct dwellings because the land frequently is not legally registered in their name. In sum, they have provided for their own housing needs themselves because there is not a sufficient stock of housing available which is affordable to low income persons.

### Origination of the Formal Upgrading Projects

All three of the projects in this study originated at approximately the same time, i. e., between 1976 and 1978. The Helwan project was a result of the studies performed by the Joint Housing Teams referenced above which were financed by USAID in order to form a basis for possible assistance by USAID on a housing project in Egypt. The Manshiyet Nasser project was a result of studies done for the World Bank to determine possible assistance by them on housing in Egypt. The third project in Ismailia had a somewhat different origin in that it was an outgrowth of the Suez Canal Regional Plan. That is to say, the Helwan and Manshiyet Nasser projects were the products of sector assessments performed in order to develop possible housing projects; whereas, the Ismailia project was a by-product of a comprehensive development plan for the Suez Canal region. A sector report on housing for Ismailia was performed as part of the sub-regional Master Plan for Ismailia and the Ismailia Demonstration project was a result of that sector report. However, it can be said that the focus of the initial efforts of the two Cairo-based projects, Helwan and Manshiyet Nasser, was to develop housing projects; whereas the focus of the initial efforts leading to the Ismailia project was for a comprehensive development plan for the Suez Canal region. To put it another way, one might describe the origination of the Cairo-based projects as product-oriented and the origination of the Ismailia project as process-oriented. The impact of this origination process on the three projects will be seen in the following two sections of this report.

## II. DESCRIPTION OF THE THREE EGYPTIAN COMMUNITY UPGRADING PROJECTS

## PROJECT DESIGN

This section of the report will set forth the design of each of the projects in detail using the same categories for each project so that a comparison of the projects may be made.

The Helwan Project Design

## A. Overall purpose of the project

To demonstrate the premise of a proposed new housing policy -- that basic housing and community facilities can be provided for low-income families which are socially acceptable, at a price they are willing to pay, and which provides to the GOE (Government of Egypt) a substantial recovery of its investment.

## B. Project starting date

August 1978

## C. Planned phasing of the project

This project included the development of a large new sites-and-services/core housing community in Helwan as well as the upgrading of six existing settlements. This study will be concentrated primarily on the upgrading part of the project, although the new community will be mentioned when it impinged upon the upgrading effort in some aspect. The overall phasing of the upgrading part of the project is set forth below:

Design of infrastructure, community buildings and credit packages for home improvement loans was to begin in December 1978 and continue on a settlement-by-settlement basis until all designs were completed by February 1980.

Bidding on construction of infrastructure and community buildings was to begin in March 1979 and completion of all construction in all six upgrading settlements was to be accomplished by June 1983.

Social surveys and community organization work was to begin in March 1979 and be completed in all six upgrading areas by June 1983.

Home improvement loans were to begin being made in April 1979 and the program be operating in all six upgrading areas by June 1983, although the program was expected to continue beyond that date utilizing the reflows from previous loans.

#### D. Description of the upgrading sites

Five of the sites were located in Helwan, an industrial suburb in the southern end of Cairo governorate, and the sixth site was located in Ain Shams, a suburban area in the north of Cairo governorate. All of the settlements were urban, but many of them bordered on agricultural areas and thus had some rural aspects as well. Much of the land was owned by the government although some settlements contained privately-owned land (however, much of the privately-owned land had been subdivided without being registered in the new purchasers' names). The population of the six areas varied from an estimated population of 3,000 to 26,000 with an aggregate population of 75,4000. The average income in the sites was estimated to be in the range of 300 to 500 Egyptian Pounds, just below the median for urban areas in Egypt. Most of the family heads living in the sites in Helwan were employed by factories in the area, whereas Ain Shams contained a more cross-section of urban Cairo. Both areas were governed by Cairo governorate although they were located in different districts.

Helwan was selected as the primary area for the program because of the large number of persons who worked in Helwan and lived in other areas of Cairo. It was thought that both the upgrading and new community projects would provide more housing in Helwan for the workers and help to alleviate the strain in the transportation system. The site in Ain Shams was selected in order to provide an area separate from Helwan in order to broaden the experience of the implementing agency by working in a different environment than the other sites. All sites were determined to be lacking in basic infrastructure and services and in need of upgrading, although some sites had access to more of these than others.

#### E. Services to be provided

The following services were to be available to all of the upgrading sites although decisions would be made during implementation as to the need for each element in each site.

##### Infrastructure

Streets - Improvement and paving of principal existing streets and walks.

Water - Extension of primary water supply, where necessary, and installation of a complete supply grid which would service additional public water taps and individual house connections, where affordable and desired.

Sewerage -!Since no sewerage collector lines served any of the sites and since Master Plan improvements would not reach the areas for perhaps ten years, dwellings would be serviced by cesspools and seepage pits, where water is supplied to the dwelling, to be emptied by municipal government pumping

trucks or private collectors. However, in Ain Shams, where a sewer collector line did extend down the central access road of the site, a sewer network would be installed under principal streets to serve individual dwellings that have water service.

Electricity - Increase the capacity of the system as necessary and provide better street illumination.

Solid Waste Collection - Install a system of durable solid-waste holding stations and increase the frequency of public street cleaning, waste collection and removal.

#### Community Facilities

Standard Facilities - schools, health centers and postal services.

Facilities requiring local participation by the residents - home improvement credit and cooperative administration center; social/community association centers, day-care centers, and other activities under the Ministry of Social Affairs; solid waste holding stations and public water stations requiring a specific community commitment prior to installation.

#### Community Organization and Participation

Technical assistance was to be provided through the implementing agency to promote participation by residents in the planning and management of the upgrading program. Existing community associations were to be identified or new community associations were to be formed to represent the residents in the planning process and to be responsible for the management of social and maintenance aspects of the upgrading program. It was anticipated that community service personnel from the Ministry of Social Affairs would be seconded to the PIU to work on these aspects of the project.

#### Small business assistance and vocational training

A vocational training facility was to be constructed in Helwan, equipped and adequately staffed to graduate up to 900 skilled craftsmen per year in the building trades. No specific program for assistance to small businesses was mentioned in project design documents.

#### Environmental Concerns

Areas within the sites containing standing water would be drained and filled, steps would be taken to correct unsanitary conditions caused by the dumping of refuse and sewage into irrigation and drainage canals, and the air quality of sites affected by industrial dust/smoke particles

would be improved.

#### New plot development

No specific program in this area was mentioned in project design documents.

#### Home Improvement Loans

Loans would be made available at favorable terms (7% interest, 5-10 years), together with construction drawings of standard recommended improvements, contracting assistance, plans approval and supervision, a limited amount of training in building skills and access to scarce or specialized building materials. Emphasis would be placed upon developing means to assist the traditional and successful process of construction in informal settlements without obstructing the self-help improvement process.

#### Land Tenure

The implementing agency would provide technical assistance to legalize land titles in the upgrading areas.

#### F. Administration

The following agencies and consultants/firms were to be organized and retained to work on both the new community and upgrading parts of the project.

Implementing Agency - A Project Implementation Unit (PIU) to be established within the Ministry of Housing (MOH).

Inter-Agency Co-ordination - A Steering Committee composed of key representatives of participating ministries under the Chairmanship of the MOH.

Financial Institution - The Credit Foncier d'Egypt (CFE), an established housing finance institution in Egypt, would act as the fiscal agent on the project - receiving funds from project sources, distributing loans to households and collecting monthly payments.

#### Consultants -

1. Long-term technical assistance to USAID and MOH from the U. S. - a senior advisor/architect planner, a social development and evaluation specialist, and a civil engineer (Egyptian).
2. Long-term technical assistance to the PIU from the U. S. - a community and cooperative specialist and a home improvement advisor.
3. Long-term technical assistance to the CFE - a branch bank systems advisor.

4. Short-term consultants - a building materials research engineer, a housing finance specialist, a land policy planner, a housing policy planner, and an evaluation statistician.

Contracts -

1. A U.S. architecture and engineering (A/E) firm in association with an Egyptian A/E firm would provide design services for urbanization, construction management services for urbanization and building construction, U.S. commodity procurement service and training in construction management. (New community only)
2. An Egyptian A/E firm would provide designs for building construction. (New community only)
3. Design and construction management services for urbanization would be carried out under one or more separate contracts to the PIU by Egyptian A/E firms. (Upgrading only)
4. Design of representative credit packages for home expansion and improvement would be carried out under contract to the PIU by an Egyptian A/E firm. (Both upgrading and new community)
5. Building systems testing - origin of firm unspecified. (Both upgrading and new community)
6. Survey and evaluation - origin of firm unspecified. (Both upgrading and new community)

Monitoring Agencies -

Primary responsibility , USAID/ Cairo Mission

Secondary responsibility - PIU (a special evaluation section was to be established in the agency), technical assistance would be provided to the PIU as listed under "Consultants" above.

Contracting Procedures -

The PIU would have the primary responsibility for all contracting, with assistance from the U.S. A/E firm contracted for the new community urbanization on U.S. commodity procurement. All contracting procedures and procurement must follow Egyptian government and USAID regulations.

G. Training

For the PIU in general project implementation, community/cooperative development, home improvement credit, community cooperative management, building products design, marketing analysis and evaluation, and construction management.

For the CFE in branch bank operations, project financial management, and electronic data processing methods.

For the MOH in land, housing, and housing finance policy and plan development.

#### H. Financing

The project was financed by a grant from USAID of the equivalent in dollars and Egyptian pounds of \$80 million which would be matched by \$80 million equivalent in-kind and Egyptian pounds from the the Government of Egypt (GOE) over the five year term of the project (August 1978 to July 1983).

The direct costs of the upgrading part of the project totaled \$29.8 million. USAID and the GOE were to share the costs for urbanization and community facilities; USAID was to pay the costs for technical assistance and training; and GOE was to pay the costs of land, improvement credit, design supervision, and administration. A breakdown of costs is shown in Appendix A. Cost recovery sources are shown in Appendix B.

#### I. Beneficiary requirements

No eligibility requirements were established for participation in the upgrading programs other than residence within the designated areas.

\* All of the information given above was from either the grant agreement or the project paper.

The Mansheit Nasser Project

## A. Overall purpose of the project

The project would demonstrate the feasibility of providing low cost housing affordable to the lowest income groups. The project would also initiate slum upgrading with provision of security of tenure as a low cost approach to improving the living conditions of the urban poor.

## B. Project starting date

January 1979

## C. Planned phasing of the project

This project was part of a larger project called the Egypt Urban Development Project which included new sites and services projects, upgrading of existing informal settlements, small business assistance and manpower training programs, improvements in solid waste collection and disposal, and urgent repairs to the Assiut water supply and sewerage systems. This study will be concentrated primarily on the upgrading part of the project although the other parts of the overall project will be mentioned when they impinged upon the upgrading effort in some aspect.

Information on the phasing of the particular elements of the project was not available. However, the entire upgrading project was viewed as a first phase with a second phase to be considered after study and evaluation of the first phase.

## D. Description of the upgrading sites

Three of the upgrading sites were to be located in Cairo and one in Alexandria. The aggregate population of the four areas was approximately 90,000. All sites had limited infrastructure and services. The particulars of the four sites are described below:

## Cairo: Mansheit Nasser - Main Settlement

This settlement was situated on the eastern edge of Cairo's built-up area between the City of the Dead and Mokattam Hills. The settlement was developed on quarried land. Some quarrying continued on the eastern part of the site. The settlement extended over approximately 96 hectares and had a population estimated at 55,000. There was extensive small-scale manufacturing activity on the site, including handicrafts.

## Cairo: Mansheit Nasser - Zabbaleen Settlement

Next to the main Mansheit Nasser site was the largest Zabbaleen (local private garbage collectors) settlement in Cairo. The 30 hectare settlement provided basic shelter, refuse sorting areas and small pig breeding areas for about 15,000 people but lacked basic infrastructure and facilities. About 1000 tons of waste was collected daily by the inhabitants and brought to the

settlement by donkey cart for recycling. It was estimated that less than 40% of children living in the area survived their first year.

**Cairo: North Bassateen - Kulaha Settlement**

This 23 hectare settlement had a population of 15,000, was located 7 kilometers south of the center of Cairo and was close to a 12 hectare industrial site.

**Alexandria: New Nagaa El Arab**

This area consists of two small settlements located in close proximity to each other and to the proposed new sites and services area of South Metras by Lake Maryut. One settlement was located on reclaimed land and one on the shore of the lake. The population of approximately 5,000 lived in generally well-built housing, but the standard of infrastructure was very poor.

**E. Services to be provided**

**Infrastructure**

**Streets** - Access points and main commercial streets would be graded and paved in both Mansheit Nasser settlements and the Alexandria site. Secondary roads would be graded in the same sites.

**Water**

**Mansheit Nasser Main Settlement (MNMS)** - Water mains and a booster pump would be installed and extension of existing networks to allow up to 60% of the plots in the main settlement to have individual house connections. The eight existing standpipes would be repaired or replaced and 23 new standpipes would be installed to provide water within 100 meters of all plots upon the basis of one standpipe to 400 persons.

**Mansheit Nasser Zabbaleen Settlement (MNZS)** - Water supply would be brought to the Zabbaleen settlement through the installation of water mains and would serve four multi-tap standpipes, three public ablution units and three fire hydrants.

**North Bassateen Kulaha Settlement (NBKS)** - Water supply would be brought to the site through the extension of water mains to standpipes and private connections. Public ablution units would be installed.

**New Nagaa El Arab (NNEA)** - Water supply would be extended via external taps within 50 meters of every house.

**Sewerage**

**MNMS** - 450 existing cesspits would be repaired or reconstructed and up to 400 new units would be provided.

800 plots which would be provided with piped water would be connected to a new piped sewerage system. Specially designed donkey carts with hand pumps would be provided to empty cesspits in other areas.

NBKS - Cesspit rehabilitation

NNEA - Provision of above-ground vented pit privies

#### Electricity

MNMS - Extension of the electricity system by the off-site provision of 4,000 meters of power lines and 8 new 500 kva transformers. 8000 meters of existing cable on site would be buried and 7800 meters of new cable would be laid to provide 1300 plots with direct access to electricity supply. About 500 street lights would provide security lighting in all main streets and access roads.

MNZZ - 1600 meters of cable would be provided in order to bring electricity to community buildings and ablution units. 30 street lights would be installed.

NNEA - One 500 kva transformer and 2000 meters of cable would be installed to facilitate on-plot electricity connections. Security lighting would also be installed.

Solid Waste Collection and Disposal - A solid waste collection system would be instituted for MNMS, NBKS and NNEA. For the Zabbaleen settlement, the following would be provided:

- Demonstration housing for living, waste sorting and pig breeding would be constructed.
- Loans of up to L.E. 50 would be provided for repair and replacement of donkey carts.
- A tin-baling plant and a composting plant with 35 ton/day capacity would be installed to be operated by the community.

#### Community Facilities

The following facilities would be provided in each settlement:

MNMS - 3 primary schools of 14 classrooms each, 1 secondary school for girls, a health clinic and dispensary, and 1 community center. Open areas would be landscaped.

MNZZ - 1 primary school of 14 classrooms, 1 health center and 1 community center.

NBKS - 1 primary school of 14 classrooms, 1 health center, 1 community center and 1 playground.

NNEA - The upgrading site residents would have access to the

primary school and health center to be constructed on the adjoining new sites and services project.

#### Community organization and participation

No specific program was mentioned in the design documents.

#### Small business assistance and vocational training

The project included small business loans, extension services and manpower training as follows:

(1) Small business loans would be provided for workshop construction, equipment purchase and working capital in the upgrading and sites and services areas. A line of credit of L.E. 805,000 (\$1.15 million) was proposed for this service. Loans would be up to a maximum of L.E. 5000 per enterprise, but the average individual loan would be about L.E. 850.

(2) Extension services would be provided to the small businesses on the project sites, and as appropriate, in the surrounding community. A team of of three persons would be organized for each site, including (i) a technical advisor with a trainee assistant who would assist entrepreneurs in production engineering, product quality, marketing, etc., and (ii) a liaison officer who would coordinate and promote the various activities under the program (site development and plot allocation, loans, technical advice and training) and provide general counseling to entrepreneurs, employees, unemployed and trainees in the community.

(3) Vocational and accelerated training programs would be provided in fields that would complement the assistance given to the small business sector. At Mansheit Nasser, it was proposed to establish a center to serve the training needs of the four major cooperative societies that operated locally. The center would accommodate 200 students and would offer courses in furniture and woodworking, leatherwork, welding and metal work, and production of handicrafts. Training programs would also be implemented in the new sites and services projects in Alexandria and Assiut.

#### Environmental Concerns

No particular concerns were mentioned in project documents other than the zabbaleen living conditions and sanitary conditions which were addressed by the services mentioned above.

#### New plot development

600 new plots would be developed on vacant land in the North Bassateen Kaluha settlement with water supply, sewerage and ablution units.

### Home Improvement Loans

Loans would be available of up to L.E. 50 per household to purchase materials for home improvement in all areas.

### Land Tenure

The land in all four of the upgrading areas belonged to the governorates. Residents would be given freehold titles conditional upon satisfactory payment of plot charges. More study was needed for the Zabbaleen settlement at Mansheit Nasser, however.

(The estimated costs per household of the physical improvements made to the settlements was as follows: MNMS - \$190, MNZS - \$185, NBKS - \$285, and NNEA - \$220.)

### F. Administration

The following agencies and consultants/firms were to be organized and retained to work on the entire Egypt Urban Development Project.

**Implementing Agency** - The governorates of Cairo and Alexandria were to have primary responsibility for implementing the projects in their areas. However, a Low Income Housing Development Unit within the Ministry of Housing was to serve as the contracting administrator for the project and would also be the conduit for project funds. The Handicraft Industries and Productive Cooperatives Organization (HIPCO) would be responsible for implementation of small business assistance and vocational training.

**Inter-Agency Coordination** - The Low Income Housing Development Unit would be responsible for inter-agency coordination.

**Financial Institution** - The National Bank of Egypt (NBE) which had branch offices in all project cities and experience with similar schemes would implement the small business assistance loan program.

### Consultants -

Consultant and advisory services would be provided for the following purposes:

- (a) Project preparation
- (b) Project implementation advice
- (c) Detailed design and implementation of the upgrading scheme for the Zabbaleen settlement at Mansheit Nasser
- (d) Preparation of future upgrading schemes for Central Cairo
- (e) Assistance to HIPCO in project implementation and also to (i) assess both the assistance requirements of the artisan/small

business sector in Egypt and the existing and proposed systems for delivery of this assistance, (ii) advise on HIPCO's organization and staffing, and (iii) help train HIPCO staff

(f) Preparation and implementation of schemes to improve solid waste collection and disposal in Cairo and Alexandria

(g) Investigations and urgent repairs to the water supply and sewerage systems in Assiut

(h) Financial management and accounting services for the recently established Low Income Housing Fund

(i) Banking advice in the form of a full-time banking advisor to the Low Income Housing Fund for a period of one year

(j) Identification of training needs in five governorates

(k) Training of project staff in the implementing agencies

#### Contracts -

No specific contracts were mentioned in project documents. Contracts must be in accordance with Egyptian government procedures

#### Monitoring Agencies -

The World Bank would monitor the project out of its Washington, D.C. headquarters through periodic visits to Cairo. Regarding local agency monitoring, see the paragraph below on contracting procedures.

#### Contracting Procedures -

The special unit within the MOH would approve and sign all contracts for consulting and construction services with the concurrence of the appropriate governorate where the project site was located. The governorates were to be responsible for day-to-day supervision of the contracted work.

#### G. Training

As described in the section on consultants above.

#### H. Financing

The entire Egypt Urban Development Project would be financed by a soft loan from the World Bank (IDA window) of \$14 million (1/2 in dollars and 1/2 in Egyptian pounds) with a contribution of the equivalent of \$7 Million from the GOE over the four year term of the project (January 1979 to December 1982).

The direct costs of the upgrading part of the project totaled \$3.72 million. The World Bank and the GOE were to share the cost of civil works on a 75/25% basis; the World Bank was to pay the costs of technical assistance, training and equipment; and the GOE was to pay

the costs of administration. A breakdown of costs is shown in Appendix C.

I. Beneficiary requirements

No eligibility requirements were established for participation in the upgrading programs other than residence within the designated areas.

\*All of the information given above was from either the World Bank Staff Appraisal Report on the project or from interviews with World Bank and MOH officials.

## Ismailia Project

### A. Overall purpose of the project

To illustrate in detail the principal policies initially developed in the Ismailia Master Plan of 1974-76, in particular the housing policies for Ismailia, and, in effect, pave the way for their early implementation.

The housing policy set forth in the Master Plan was to maximize the aggregate housing stock of Ismailia in both volume and quantity. It was asserted in the plan that the most effective level of government action for housing was an indirect one concentrating on providing access to the necessary resources and on the provision of infrastructure at levels and times which match users' preferences and demands. This implied that the government should direct its housing efforts away from direct provision towards the encouragement of private and informal sectors.

### B. Project starting date

May 1977

### C. Planned phasing of the project

This project included the upgrading of two existing informal settlements in Ismailia as well as the development of vacant, government-owned land adjoining both settlements on a sites-and-services basis. It also included the development of a site for small private sector industrial establishments. This study will be concentrated primarily on the upgrading part of the project although it will cover the sites-and-services aspects to a large degree as well since the upgrading and new plot development in this project were so closely intertwined. The project would begin in El Hekr and then move on to Abu Atwa after sufficient staff build-up and experience had been gained.

### D. Description of the upgrading sites

The project consisted of two sites, one area north of the center of Ismailia bordering the desert - El Hekr, and another area south of the center of town on a hill overlooking Ismailia, Abu Atwa. The El Hekr site consisted of 132 hectares of an existing settlement to be upgraded and 94 hectares of empty or sporadically developed land. The Abu Atwa site consisted of 114 hectares of an existing settlement and 40 hectares of empty land. The settlements were basically urban but construction was limited mostly to one-story, mud brick structures. Streets were irregular and unpaved and infrastructure was limited to a few water standpipes and electricity lines. El Hekr and Abu Atwa had existing populations estimated at 37,000 and 20,000, respectively. The median annual income of the people living in the sites was approximately L.E. 290., which was compared to an estimated national urban median income of L.E. 625 per annum. The vacant land adjacent to the upgrading sites was owned by the Ismailia Governorate.

## E. Services to be provided

### Infrastructure

**Streets** - In the upgrading areas a rationalized street pattern was planned in order to be the basis for infrastructure improvement and the definition of legal plot boundaries. Sub-base, gravel roads would be provided.

**Water** - A water supply network would be installed to permit individual connections at each homeowner's expense. Standpipes were to be provided at 150 to 200 meter intervals.

**Sewerage** - On-plot pit latrines or septic tanks were accepted as a permissible level of initial sewerage disposal, to be emptied by suction tankers provided by the local project implementing agency. The street and plot layout was designed to allow for efficient water-borne sewerage main drainage if and when it became affordable.

**Electricity** - An electricity network would be provided with individual connections and sufficient street lighting.

**Solid Waste Collection** - A system for daily house-to-house solid waste collection would be provided by the local agency implementing the project and be subsidized, if necessary.

### Community Facilities

The upgrading and new development areas in each site would be linked together with one new main central area. This area would contain a wide range of activities and services, such as public facilities, commercial workshops and entertainment establishments, public transport facilities, fire and police services, recreation facilities, a large mosque and the offices of the Project agencies.

In El Hekr the community center would be developed on empty land on the fringe of the upgrading area; in Abu Atwa the community center would be an extension of the existing commercial and service center.

Each neighborhood, composed of 700 to 900 plots (approximately 5000 people), would have a primary school, recreation area and a mosque.

Sub-centers serving 3 to 4 neighborhoods would contain a health clinic and social center and a site for one or two other community buildings.

### Community Organization and Participation

The surveys undertaken prior to project implementation attempted to find local representative organizations or key figures who could participate in developing the plans. However, no formal program was set forth in the project design to include these organizations in project design or to organize community groups to participate in project implementation. The project agencies were to be the community advocates with regard to government bodies responsible for infrastructure provision, public facilities and social services.

### Small business assistance and vocational training

No specific program was mentioned in the project documents.

### Environmental concerns

No particular concerns were mentioned in the project documents.

### New plot development

3527 new plots from 75 to 144 square meters would be provided in El Hekr with phase one entailing 997 plots. 616 new plots of the same dimensions would be provided in Abu Atwa with phase one entailing 300 plots. All plots would be provided with minimal infrastructure - the same as that provided in the upgrading areas.

### Home improvement loans

Credit, in the form of small loans, was to be made available to facilitate home improvements and progressive additions to basic structures. No specific loan delivery system or loan terms was set forth in the design documents.

### Land tenure

The land in both of the upgrading areas belonged to the governorate. Well defined plots with secure tenure were to be provided including the regularization of plot boundaries. A basic policy of the project design was the rationalization of land tenure and the formalization of servicing mechanisms for upgrading areas. The project agencies were to have the primary role in the regularization of plot boundaries and the sale of the land to the residents of the upgrading areas.

## F. Administration

Implementing Agency - Each project was to be implemented by a financially independent executive Project Agency to be established by a decree by the Governor and under the control of the Secretary General of the Governorate. Staff were to be obtained through secondment of Local Government staff and through direct recruitment of key staff.

Inter-Agency Co-ordination - This would be performed by a Board of Directors who would govern the Project Agencies and include representatives of all relevant local agencies and the Project Managers.

Financial Institution - No specific financial institution was identified in project design documents.

Consultants - Technical assistance was to be provided for design and implementation of the projects by foreign consultants who had assisted in the preparation of the Suez Canal Regional Plan and the Ismailia Master Plan.

Contracts - No specific contracts were mentioned in project design documents.

Monitoring Agencies - No specific monitoring agency was mentioned in project design documents. (Since the implementation of the project was to be the sole responsibility of the Governorate of Ismailia and the foreign capital for the project was relatively small, i. e., L.E. 100,000, the implicit monitoring agency was the Governorate itself.)

Contracting Procedures - No specific contracting procedures were mentioned in project design documents.

## G. Training

No formal training element was given in project design documents although there was implicit on-the-job training to be imparted from the foreign consultants to the local project agencies staff during the design and implementation of the projects.

## H. Financing

The project was to be self-financing with the exception of a modest inception capital grant of L.E 100,00 from the U. K. Ministry of Overseas Development to carry out initial site preparation and the building of an on-site office in El Hekr. The project would be financed through the sale of Governorate-owned land to the residents of the upgrading areas and to purchasers of the new plots in both sites. Costs for the development of El Hekr were estimated at L.E. 11,066,000 with the first phase at minimal infrastructure level put at L.E. 2,384,000. Costs for the development of Abu Atwa were estimated at L.E. 6,555,000 with the first phase at minimal infrastructure level put at L.E. 2,297,000.

I. Beneficiary requirements

No eligibility requirements were established for participation in the upgrading programs other than residence within the designated areas.

\* All of the information given above was from project documents.

## III. PROGRESS TO DATE - ACTUAL IMPLEMENTATION AS OF JUNE 1984

This section of the report will set forth the status of each of the projects in detail as of June 1984 using the same categories for each project as in the previous section of the report.

Status of the Helwan Project

## A. Overall purpose of the project

The purpose of the project has remained the same.

## B. Project starting date

Although the Grant Agreement between the governments of Egypt and the U.S.A. was signed in August 1978, "project start-up was delayed by approximately one year and a half as a result primarily of prolonged negotiation of contracts with U. S. consultants. USAID consequently extended the termination date of the project by an additional year." (1) The Project Implementation Unit within the MOH began staffing up in 1979. The first of the CHF consultants arrived in February 1980, and the first of the BWN consultants arrived in April 1980. Very little movement occurred on the project until mid-1980 and the activities in the second half of 1980 were mainly related to project planning.

## C. Phasing of the project

Design of the credit packages for home improvement loans began in the fall of 1980. Work on the design of the first community buildings for the first upgrading area by the architects within the PIU began in early 1981. It became apparent to the PIU in 1981 that it would be difficult to find the in-house staff to design the infrastructure aspect of the upgrading areas. As a result of this realization, it was decided to contract out the design and contract supervision work for the upgrading areas. The first contract for the design of the infrastructure for Arab Rashed was let in late 1981.

Bidding on construction of infrastructure began in late 1981. Bidding on construction of community buildings began in late 1981 and completion of all construction in all six upgrading settlements is projected for the third quarter of 1986. (2)

Social surveys in the upgrading areas were conducted during 1979 by a local Egyptian social survey institution. Community organization work in the upgrading areas began in early 1981 and is expected to be completed in all six upgrading areas by mid-1985. (3)

Home improvement loans began being made in March 1981 and the program is anticipated to be operating in all six upgrading areas by mid-1986. (3)

#### D. Description of the upgrading sites

During the implementation of the upgrading program in 1982, the JHP made the decision and USAID concurred that Ain Shams should be dropped from the program and two other areas adjacent to the Arab Ghoneim and Arab Rashed areas in Helwan, El Bagour and Ghoneim Baharia, should be added instead. This decision was based both on logistical reasons and on the fact that Ain Shams had already achieved a higher level of infrastructure services and home expansion than that existing in the Helwan areas. Consequently, it was felt that the impact of the upgrading program upon the Ain Shams area would be limited and difficult to measure. (4)

#### E. Services provided

As of June 1984, the following services had been or were to be provided to the upgrading sites (2):

##### Infrastructure

##### Streets -

Scheduled: Improvement and paving of principal existing streets in all areas.

Completed: None

##### Water -

Scheduled: Extension of primary water supply where necessary and installation of a complete supply grid which would service additional public water taps and individual house connections where affordable and desired in all areas.

Completed: Water network for Arab Ghoneim

##### Sewerage -

Scheduled: It was decided that all areas should receive water-borne sewerage lines. Initially, the plan was that the areas would be connected over a long period of time as a result of the implementation of the master plan for sewerage installation for the Helwan area. However, during the course of the project, it was discovered that stalled construction of a new sewage pumping station in the area could service a number of the upgrading sites. As a result, the project was amended to provide funding to complete the pumping station in order to bring sewerage to the sites at an earlier date.

Completed: Sewage pumping trucks were purchased by the project as an interim measure to provide better

evacuation service for existing pit latrines.

Electricity -

Scheduled: The project will increase the capacity of the system as necessary and provide better street illumination for all areas.

Completed: None

Solid Waste Collection -

Scheduled: Solid waste collection systems were to be initiated for all areas.

Completed: Two different trial collection systems were tried in Arab Ghoneim and Arab Rashed, one involving traditional collection by donkey cart and the other utilizing mechanized transport. Both experienced some problems, mainly in administration. However, based on the two trials, attempts were being made to provide appropriate solid waste collection systems for all areas.

Community Facilities (2)

The following facilities have been completed as of June 1984:

Arab Rashed - Primary school & social center

Arab Ghoneim - Primary school & youth center

The following facilities are scheduled for completion by mid-1986:

Arab Ghoneim - A second primary school & a social center

Izbet Sidqi - 2 social centers, 2 schools, 1 health center, 1 youth center and a fire station

Izbet Zein - Primary school

Kafr El Elw - A social/health center, a school and a youth center

Ghoneim Baharia - A social center

Community Organization and Participation

As of June 1984, due to the efforts of the PIU staff, all areas had local community development associations registered with the Ministry of Social Affairs. The PIU was working closely with these local associations regarding approval of overall landuse plans and community social programs. The PIU was encouraging the active involvement

by the groups in the management or coordination of the following programs - vocational training, youth clubs, social centers, home improvement loans and solid waste collection. The Arab Rashed and Arab Ghoneim associations had received grants from the JHP to construct a vocational training facility/expanded social center and a youth center, respectively.

#### Small business assistance and vocational training

In 1983, after setting up a vocational training program in the construction trades at the expanded social center in Arab Rashed, the JHP and USAID decided that the project would construct and start operations of a number of smaller vocational training facilities in various upgrading areas rather than build and staff the large facility envisioned by the Project Paper.(5) Additional facilities are currently programmed for Izbet Sidqi and Kafr El Elow.(2)

Although project documents did not specify a small business assistance program, one was begun in 1981 after the initial success of the home improvement loan program. The program grew very slowly the first two years, but as of June 1984, had disbursed over 100 loans for shop improvement, equipment and inventory. The shop improvement and equipment loans had a ceiling of L.E. 5000 and the inventory loans were given for amounts of up to L.E. 3000. The distribution of the loans was as follows (6):

Arab Ghoneim - 60 inventory and 10 shop improvement and equipment

Arab Rashed - 2 inventory, 12 equipment and 14 shop improvement

Izbet Zein - 3 inventory, 6 equipment and 7 shop improvement

#### Environmental Concerns

A large area of standing water adjacent to Arab Rashed was drained and filled and plans to use this area for other purposes, such as a playground, were a part of the new landuse plan for Arab Rashed approved by the Arab Rashed Community Development Association and submitted to the Helwan District government.

The severe pollution of the irrigation canal on the west edge of Arab Ghoneim continued to be a problem despite a trial solid waste collection program to eliminate part of the source of the pollution. It was discovered in 1981 that an overloaded sewage pumping station located in Tebin periodically pumped raw sewage into the canal. Steps were being undertaken as a part of the project to complete a new sewage pumping station (see infrastructure above) to eliminate this problem.

Initially, USAID had required that the air pollution in Kafr El Elow caused by cement dust from a nearby cement factory be corrected prior to the commencement of any upgrading work there. In 1982, USAID agreed to allow upgrading efforts to commence based upon a letter of intent from the factory to shift to a dry production method in the future which would eliminate the air pollution. (7)

#### New plot development

No specific program has been adopted during implementation to develop new plots adjacent to the upgrading areas, although some thought was given to possible new plot development, amongst other landuses, in the drained area next to Arab Rashed.

#### Home Improvement Loans

The home improvement loan program began in the Izbet Zein area in early 1981. It was expanded into Arab Rashed and Arab Ghoneim later that same year. The program was introduced in Izbet Sidqi and Kafr El Elow in 1984. The PIU has developed a relatively accomplished field team which does promotion, takes loan applications, assists in home improvement design and monitors construction. The following data, as of June 1983, was available for the loan program (6):

	<u>Izbet_Zein</u>	<u>Arab_Rashed</u>	<u>Arab_Ghoneim</u>
Applicants	139	677	904
Loans Disbursed	72	451	650
Total (L.E.)	65,170	528,792	935,895
Average Amount	900	1170	1400

#### Land Tenure

The JHP has met with the responsible officials of Cairo Governorate a number of times to obtain agreement on this issue. However, no progress has been made in this area to date.

#### F. Administration

The following agencies and consultants/firms were established or retained to work on both the new community and upgrading parts of the project.

Implementing Agency - A Joint Housing Projects department was established within the MOH which had responsibility for the

administration of all government housing projects which involved foreign donors or partners. A Project Implementation Unit (PIU) was established under the JHP to administer the Helwan project. Over time, the PIU's responsibility has come to be limited principally to the upgrading component of the Helwan project.

Inter-Agency Co-ordination - A Steering Committee composed of key representatives of participating ministries under the Chairmanship of the MOH was formed in 1979, but after one initial meeting in November 1979 never met again. (1)

Financial Institution - The Credit Foncier d'Egypt (CFE) was appointed to act as the fiscal agent on the project - receiving funds from project sources, distributing loans to households and collecting monthly payments. A branch bank was to be set up in Helwan as part of the project. However, as of June 1984, the CFE had only a loan collection office in operation in Helwan. It was anticipated that the CFE would open a branch office when the New Community began occupancy.

#### Consultants -

The Cooperative Housing Foundation was retained by the JHP to provide all of the consultants mentioned in this section of the previous chapter of this report. The initial contract for three years provided for a team of 5 full-time resident consultants (162 person months), 36 person months of short-term consultants, and 192 person months of local support staff. These consultants were to provide services mainly in the areas set forth in the previous section of this report as per the project documents. As of June 1984, CHF had a full-time resident professional staff of 10 persons and had budgeted an additional 60 person months of short-term consultants for a contract extension through December 1986. CHF's areas of technical advice had also grown to include full-time advisors in Economic/Finance, Upgrading Engineering, Institutional Development, Accounting, and Computers. (3)

The USAID project evaluation in 1982 cited the "difficulties that the JHP had in attracting senior project staff to plan, develop, and manage principal program activities.....Because the CHF team has no counterparts in the MOH, the CHF team must not only take initiative in program planning, but also must become involved in implementation to some degree." (1) This observation was further reflected in the fact that CHF hired a number of local professional Egyptian employees over the past 2 years, both on it's own initiative and at the JHP's request, to serve as counterparts to CHF advisors and to provide sufficient staff to the JHP for implementation.

#### Contracts -

1. The joint venture firm of Basil/Warner Burns Toan Lund/Ali Nassar (BWN) was contracted to provide design services for urbanization, construction management services for urbanization and building construction, U.S. commodity procurement service and training in construction management. (New community only) The

USAID June 1982 Project Evaluation noted that, "A considerable expansion has occurred, however, in the scope and level of services that BWN has been asked to provide, for which it has been negotiating amendments to its contract." (1)

2. The Arab Bureau was contracted to provide designs for building construction. (New community only)

3. Design and construction management services for upgrading has been carried out under a number of separate contracts to the PIU with Misr Engineering, P.B. Sabbour, and Abdel Warith Engineering.

4. In addition, the JHP let major contracts with two different joint venture firms to construct the Model Housing Estate and the infrastructure for the entire New Community site.

#### Monitoring Agencies -

Primary responsibility - The USAID/ Cairo Mission has actively carried out its monitoring function during the course of the project.

Secondary responsibility - The JHP established an evaluation unit in 1982 to evaluate project elements and to review contractor progress. CHF had provided some limited assistance to the JHP in this area by June 1984.

#### Contracting Procedures -

These remained the same as specified in the project design documents.

#### G. Training

Most of the training which took place during the first two years of the project was on-the-job training performed by CHF for PIU staff. A few seminars on other upgrading programs both in and outside Egypt were held to explain the concepts of upgrading to the PIU staff.

Most of the training funds provided for by the project (\$400,000) were kept under the control of the USAID monitoring office. USAID contacted the JHP directly to request participants for training seminars outside Egypt from time to time. In addition, most of the top level officials of the project visited the U.S.A. and other foreign countries to attend seminars and to inspect relevant housing or infrastructure projects. These trips were arranged by CHF, BWN and USAID staff.

CHF has prepared a number of training plans for the project. It is not clear how effectively these have been implemented to date.

## H. Financing

Overall project financing has not been significantly changed over the past four years. USAID has extended the term of the project until December 1986. However, most of the expenditures for the first two years of the project were for technical assistance. It wasn't until mid-1981 that direct expenditures began being made for project components that directly affected the beneficiaries of the project.

## I. Beneficiary requirements

No eligibility requirements were established for participation in the upgrading programs other than residence within the designated areas. In order to receive home improvement loans and small business loans, applicants had to meet loan project feasibility criteria and repayment qualifications, however.

## REFERENCES

- (1) USAID Project Evaluation Report, Robert R. Nathan Associates, June 1982.
- (2) Project Implementation Plan Amended Schedule, June 1984.
- (3) CHF Technical Proposal for Contract Amendment Six, May 1984.
- (4) Memo from CHF to Chairman El-Wakeel on March 28, 1984.
- (5) Project Implementaion Letter No. 23 from USAID to JHP, March 3, 1983.
- (6) Interview with Dr. Sawsan El Messiri, CHF, June 19, 1984.
- (7) Letter from USAID to JHP on September 8, 1984.

Status\_of\_the\_Mansheit\_Nasser\_Project

A. Overall purpose of the project

The purpose of the project has not changed.

B. Project starting date

Project implementation began in mid-1980.

C. Phasing of the project

Many of the components of the project have now been cancelled due to problems in implementation. The restructuring of the project is detailed below.

Due to the problems with the implementation of this project, the World Bank was not considering any other upgrading projects in Egypt at the current time. The World Bank funding for this project is to be completed by December 31, 1984.

D. Description of the upgrading sites

Cairo: Mansheit Nasser - Main Settlement & Zabbaleen Settlement  
Most of the actual project activities have been accomplished in these areas and are detailed below.

Cairo: North Bassateen - Kulaha Settlement  
This settlement was dropped from the project after a determination was made that the settlement had already developed on its own prior to any project activities. Residents of the settlement had constructed dwellings on some of the land which had been designated for project community facilities.

Alexandria: New Nagaa El Arab  
Project activities in this areas were cancelled, largely due to problems with the adjoining sites and services project to which upgrading activities were tied. After study of the site for the new sites and services project, which was to be constructed on a landfilled site on the edge of Lake Mariout, it was determined that pilings would be necessary for the construction of buildings. Since pilings would have made the cost of the project prohibitive, the sites and services project was abandoned. Since much of the infrastructure and community facilities for the upgrading area was tied to the sites and services project, the upgrading program was cancelled as well.

## E. Services provided

### Infrastructure

Streets - None of this work was completed.

Water & Sewerage - Much of the work was completed as designed for the Manshiet Nasser - Main Settlement and Zabbaleen Settlement. The remaining part of the work is scheduled for completion by the end of 1984.

Electricity - Again, the work as designed for the two Manshiet Nasser settlements was completed or would be completed by year end.

Solid Waste Collection and Disposal - A solid waste collection system was instituted for the Manshiet Nasser Main Settlement utilizing the zabbaleen in the adjoining settlement. Two composting plants were under construction, one in the Shubra area of Cairo and the other in Alexandria, and both were expected to be operational by year end.

### Community Facilities

The following facilities were provided:

Manshiet Nasser Main Settlement - Construction of 1 primary school and 1 secondary school is nearly completed. 1 clinic/health center, 1 social center, and 1 artisan training center are all under construction.

Manshiet Nasser Zabbaleen Settlement - 1 primary school is programmed for construction.

### Community organization and participation

Although no community organization was programmed, the project utilized an existing association of the zabbaleen to administer the solid waste collection service for the Manshiet Nasser Main Settlement after problems were experienced in the initial administration of the service by the Cairo Governorate. This association was further enhanced as a consequence of this project activity through funding from other sources for other activities. Attempts were being made by the leadership of the association to introduce the solid waste collection service administered by the zabbaleen association in other areas of Cairo, including the upgrading areas in the Helwan project.

#### Small business assistance and vocational training

The project design included small business loans, extension services and manpower training:

(1) No loans or extension services were ever implemented due the fact that the National Bank of Egypt, which had been designated to implement most of this program, dropped out of the project.

(2) The vocational training center for artisans and handicrafts was under construction in Manshiet Nasser Main Settlement.

#### Environmental Concerns

No environmental concerns were addressed in the project design documents and no action was taken during the project.

#### New plot development

Since the North Bassateen Kaluha Settlement was dropped from the project, no actions regarding new plot development were taken.

#### Home Improvement Loans

The National Bank of Egypt, which was supposed to implement this aspect of the project as well, dropped out of the project. Consequently, no loans were ever made for this purpose.

#### Land Tenure

As in the Helwan project, although the JHP and the responsible officials of Cairo Governorate have met a number of times to obtain agreement on this issue, no progress has been made in this area to date.

#### F. Administration

The following agencies and consultants/firms were organized and retained to work on the entire Egypt Urban Development Project.

Implementing Agency - The governorates of Cairo and Alexandria were assigned primary responsibility for implementing the projects in their areas. The Joint Housing Projects Department within the Ministry of Housing was appointed to serve as the contracting administrator for the project and to be the conduit for project funds. The Handicraft Industries and Productive Cooperatives Organization (HIPCO) was appointed to be responsible for implementation of small business assistance and vocational training. This split authority for the project between the governorates and the JHP was cited by the persons interviewed as the most significant major obstacle to project

implementation.

Inter-Agency Coordination - The JHP was responsible for inter-agency coordination.

Financial Institution - The National Bank of Egypt (NBE) was designated to implement the small business assistance loan program. As mentioned before, the NBE dropped out of the program. The JHP appointed the CFE, the same bank being used for the Helwan Project, as the fiduciary agent for the project.

Consultants -

Consultant and advisory services were provided for the following purposes (listed as per the numbering system in this section of the previous chapter of this report - detailed descriptions of consultant services were not available):

It is important to note that no single consultant or consultant firm served to provide long-term, ongoing implementation advice on the entire project to either the JHP or the governorates.

(a) Project preparation

(b) Project implementation advice

(c) Detailed design and implementation of the upgrading scheme for the Zabbaleen settlement at Mansheit Nasser

(e) Assistance to HIPCO in project implementation and also to (i) assess both the assistance requirements of the artisan/small business sector in Egypt and the existing and proposed systems for delivery of this assistance, (ii) advise on HIPCO's organization and staffing, and (iii) help train HIPCO staff

(f) Preparation and implementation of schemes to improve solid waste collection and disposal in Cairo and Alexandria

(g) Investigations and urgent repairs to the water supply and sewerage systems in Assiut

(j) Identification of training needs in five governorates

(k) Training of project staff in the implementing agencies

#### Contracts -

Contracts were entered into with Egyptian firms to complete the construction and infrastructure elements of the project. Contracts were in accordance with Egyptian government procedures.

#### Monitoring Agencies -

The World Bank monitored the project out of its Washington, D.C. headquarters through periodic visits to Cairo. The JHP monitored the project locally.

#### Contracting Procedures -

The JHP approved and signed all contracts for consulting and construction services with the concurrence of the appropriate governorate where the project site was located. The governorates were responsible for day-to-day supervision of the contracted work.

#### G. Training

Details were not available on the actual training provided.

#### H. Financing

The entire Egypt Urban Development Project was financed by a soft loan from the World Bank (IDA window) of \$14 million (1/2 in dollars and 1/2 in Egyptian pounds) with a contribution of the equivalent of \$7 Million from the GOE over the six year term of the project (January 1979 to December 1984).

The World Bank and the GOE shared the cost of civil works on a 75/25% basis; the World Bank paid the costs of technical assistance, training and equipment; and the GOE paid the costs of administration.

Information was not available on the actual direct costs of the project. However, even after the restructuring of the project and the dropping of a significant number of project components, all of the funds budgeted for the project will be disbursed by the end of 1984.

#### I. Beneficiary requirements

No eligibility requirements were established for participation in the upgrading programs other than residence within the designated areas.

#### REFERENCES

All of the information regarding the current status of the project was obtained from interviews with Mr. Ihsan Shiri, JHP Vice Chairman, on June 23, 1984 in Cairo and with Mr. Albert Peltekian, Urban Development Officer, World Bank on July 6, 1984 in Washington, D. C.

Status of the Ismailia Project

## A. Overall purpose of the project

The purpose of the project has remained the same.

## B. Project starting date

The Hai El Salam (originally named El Hekr) area was first declared a project area in 1977 although the Project Agency Board and the Agency itself were not established until 1978.(1) In May 1977 the Egyptian Ministry of Housing and the United Kingdom's Ministry of Overseas Development provided funding for the British consultant firm, Clifford Culpin and Partners, to begin detailed project preparation.(2) In October 1978 the same institutions funded the firm to provide a small technical assistance team to set up the proposed Project Agency.(3)

## C. Phasing of the project

A series of proposals or options for development of the sites were undertaken before any implementation work began. The starting point was to try to understand the nature of the local housing system, particularly as it related to low-income families. This resulted in some short "scanning surveys" to determine the basic elements such as family size, employment and income. These were followed by 15 household "case studies" in each project area. An important part of these studies was to discover the housing aspirations of the target families and to determine their priorities as far as housing development was concerned. The case studies were followed by a series of "detailed studies" which concentrated on questions brought up in the case studies which required a more systematic approach.(2)

The approach taken regarding the physical development of the upgrading areas and new plots was to provide a minimum level of infrastructure capable of progressive upgrading to full standards, depending upon the population's ability to pay and/or the availability of subsidies. A number of options were put forth regarding the level of infrastructure to be initially implemented. The option selected was described in detail in Section E of the previous chapter of this report on project design.

The development of the Abu Atwa site appears to have begun approximately two years after work began on the Hai El Salam site.

D. Description of the upgrading sites

The sites to be upgraded did not change during implementation.

E. Services provided

As of June 1984, the following services had been provided to the upgrading sites:

Infrastructure

All work has been completed as designed.

Community Facilities

In the Hai El Salam site, three schools, one social center and one health center have been constructed and are in operation. Financing for these community facilities has come from sources external to the project, however.(2)

Community Organization and Participation

Very little community organization activity has taken place in the Hai El Salam project area. In the Abu Atwa area, the project agency worked with existing community leadership and associations in the implementation of the project.

Small business assistance and vocational training

No programs were implemented in this category.

Environmental concerns

No particular environmental problems were addressed during project implementation.

New plot development

As of March 1982, 2199 new plots in the Hai El Salam sites-and-services site had been delivered.(3) More recent data was not available.

Home improvement loans

Credit is said to be available for home improvement loans from the General Association for Housing and Building Cooperatives (GAHBC) at less than market rates. Information as to the extent of actual loan activity from this source in the project areas was not available as individuals must apply for these loans from the GAHBC on their own.

## Land tenure

The Project Agency has successfully carried out this mission of the project design through the surveying of the lots and the sale of the lots to the residents. Since the sale of the lots was the means of financing the upgraded services to the sites, the provision of land tenure was an indispensable part of project implementation. The total number of plots delivered in the upgrading area of Hai El Salam as of March 1982 was 3000, with 462 additional new plots delivered to upgrading area residents who had to be relocated in the adjoining sites-and-services area. More recent data was not available.

## F. Administration

**Implementing Agency** - Each project was implemented by a Project Agency established by a decree by the Governor, under the control of the Secretary General of the Governorate and funded through the sale of project lots. Staff were obtained through secondment of Local Government staff and through direct recruitment of key staff.

**Inter-Agency Co-ordination** - This was initially performed by a Board of Directors who governed the Project Agencies and included representatives of all relevant local agencies and the Project Managers. Due to strains which developed between the Board and the Agencies over deliniation of authority and responsibility between the two, executive committees with a mix of representatives from the two bodies were set up to have responsibility for implementation. (1) Subsequently, the Ismailia Planning and Land Development Agency was established by the Governor to develop similiar projects in the Governorate. Some of the key staff of the Project Agencies are now working for that agency.

**Financial Institution** - The Governorate acted as the financial institution for the project, although much of the actual financial activities were conducted by the Project Agencies.

**Consultants** - Technical assistance was provided for design and implementation of the projects by Clifford Culpin and Partners, who had assisted in the preparation of the Suez Canal Regional Plan and the Ismailia Master Plan. This consisted of a team of seven persons (3 foreign and six local) for 12 months for design work and of a team of three persons (all foreign) for 3 1/2 years.

**Contracts** - Construction contracts for infrastructure upgrading were let by the Project Agencies to local Egyptian contractors.

**Monitoring Agencies** - The Governorate of Ismailia was the principal monitoring authority for the project although the U. K. Ministry of Overseas Development also monitored the project to some extent during the period of financing of the technical assistance and inception capital.

Contracting Procedures - No specific contracting procedures were mentioned in project documents.

#### G. Training

The following types of training were provided to the local staff of the Project Agencies (3) -

(a) On-the-job-training with the consultants working with Agency staff on specific tasks

(b) "Formal training", i.e., the holding of a regular weekly planning seminar where the ideas behind the practical day-to-day work could be explained and discussed

(c) The production of an "Urban Projects Manual" which explains the process of designing the project, illustrates options, and explains relevant techniques.

#### H. Financing

The 100,000 Pounds Sterling which was provided by the British Government for inception capital was used to construct a project office in Hai El Salam and to pay for initial site preparation. The land for both the upgrading efforts and for new plot development was government land which was donated by the Governorate of Ismailia. Consultant services were paid for by the ODA and the Ministry of Housing. The actual expenses to implement the project, i.e., to pay for final site preparation and infrastructure were covered by the proceeds received from the sale of the land to the beneficiaries. How much cross-subsidization occurred from the sale of the newly developed plots for services to the upgrading plots was not available, although it appears to have been considerable. Within the first 14 months of the project implementation agency's existence it had received L.E. 612,000. The agency spent L.E. 485,000 in 1980 for capital works.(2) In 1980/81, the agency's income was more than L.E. 1 million and expenditures on capital works, services and administration was L.E. 700,000. Reduced income to the project agency in future years will be balanced by a change in emphasis from capital works to administration and maintenance.(3)

#### I. Beneficiary requirements

No eligibility requirements were established for participation in the upgrading programs other than residence within the designated areas.

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IV. COMPARISON OF THE CHANGES BETWEEN PROJECT DESIGN & IMPLEMENTATION  
IN ALL THREE PROJECTS

A. Overall purpose of the projects

The purpose of the project in all three cases did not change during implementation.

B. Project starting dates

Helwan & Manshiet Nasser: Both projects started implementation about one and one half to two years after the project agreements were signed. This was due mainly to the time it took to provide local implementation agency staffing and to negotiate contracts with consultants to provide technical assistance. In the Ismailia case, project activity began roughly on schedule since the consultants who began design activity had worked on the Ismailia Master Plan and, consequently, there was little lag time between initial project identification work and actual detailed project design activity.

Ismailia: Staffing up of the local implementation agency also took time, but design work proceeded during the time the staffing up was taking place. No doubt, the fact that this project was located in a relatively small governorate with a smaller bureaucracy than Cairo helped as well.

C. Planned phasing of the projects

Helwan: The phasing of the various elements were running about two years late in accordance with the two year lag time in staffing up the local implementation agency and contracting for consultants.

Manshiet Nasser: Many of the project sites and elements were dropped due to various physical & administrative implementation problems.

Ismailia: Site work began in the Hai El Salam area on shedule, but site work in the Abu Atwa area began two years after Hai El Salam. This appears to have been due to problems in staffing up the local implementation agency to a level necessary to work on both sites at the same time.

D. Description of the upgrading sites

Helwan: Of the six sites for upgrading, five were located in Helwan and one was located on the other side of Cairo. The single site on the other side of the city was replaced by two sites in Helwan for logistical and other reasons.

Manshiet Nasser: The upgrading site in Alexandria was dropped due to problems with soil conditions and the site in North Bassateen was dropped due to encroachment on sites for community facilities and other construction in the area.

Ismailia: Both Hai El Salam and Abu Atwa have been upgraded and developed as per original design.

#### E. Services to be provided

Helwan: Most of the services originally designed have been provided to some of the settlements. Infrastructure upgrading has been slow and had the most problems. Community facilities and organization has proceeded relatively well. Some of the environmental issues have been addressed and others dropped or sidestepped due to implementation problems. The home improvement loan program went well initially, then had some problems in extension of the service to other areas, but now appears to be back on track. Land tenure continues to be a problem area. Small business assistance and vocational training was added to the project during implementation and has had considerable success.

Manshiet Nasser: Most of the infrastructure work has been or will be completed during 1984, except for the street work. Some of the community facilities were dropped and the remaining facilities are nearly complete. Although no community organization was planned for the project, the capacity and activities of an existing association of the zabbaleen were enhanced during project implementation. Since the North Bassateen area was dropped, no new plot development activities were undertaken. The home improvement loan program originally designed for the project was dropped due to problems with the implementing institution. No progress was made on providing secure tenure to upgrading residents. A great deal has been achieved (with some assistance from other donors) in improving the environmental conditions within the zabbaleen settlement.

Ismailia: All of the infrastructure designed for the project has been installed. The number of community facilities was scaled down to those serving the entire community - all of these have been completed. Home improvement loan provision appears to have been minimal. The provision of secure land tenure and new plot development has been a huge success.

#### F. Administration

Helwan: The administration of the project was fairly close to the original design. However, the Steering Committee set up for interagency coordination was disbanded early on. A considerable expansion of the work and activity of consultanting firms (both foreign and local) has occurred, in large part due to shortages of staffpersons in the implementing agency. Monitoring of implementation by USAID Cairo mission officials seemed to have been somewhat overbearing in the first two years of implementation.

Manshiet Nasser: Administration has been a major problem in project implementation. The split authority between the Cairo Governorate and the Ministry of Housing caused considerable problems. The original bank designated for project activities was replaced by another. Consultancy work was provided fairly closely to that specified in project design. However, the provision of long-term, on-going

management assistance might have helped improve project implementation. Increased monitoring of project implementation by World Bank officials out of a Cairo office or regional office in the Middle East might have helped correct some administrative problems earlier on.

Ismailia: The only major change between project design and implementation was the establishment of the Ismailia Planning and Land Development Agency as an outgrowth of the project implementation agencies.

#### G. Training

Helwan: Although a considerable amount of training activity has taken place, it is not clear as to its effectiveness in enhancing the ability of the implementing institutions to replicate this project. The on-the-job training which took place during implementation of various program elements seems to have been the most successful.

Manshiet Nasser: Information was not available to assess the effectiveness of the training provided during implementation.

Ismailia: Although no formal training element was specified in project design documents, implicit on-the-job training was performed by the consultants for the implementing agency staff.

#### H. Financing

Helwan: No major variances from project design occurred in project financing during implementation.

Manshiet Nasser: Although the project was restructured and a number of elements were dropped from the project during implementation, the total amount originally planned for the project was to be completely disbursed by the end of 1984. It is not clear why the scaled down project should have cost as much as the project as originally designed.

Ismailia: Details were not available on the actual expenditures for a number of project components. However, the project appears to have accomplished its goal of self-financing the upgrading elements through the sale of upgrading plots and newly developed, serviced plots.

#### I. Beneficiary requirements

There was no change in any of the three projects regarding the minimal requirements required for beneficiary participation in the upgrading program.

## V. ANALYSIS OF REPLICABILITY ISSUES

As this report states in the introduction, the purpose of these three projects was to provide demonstrations of the applicability of the upgrading approach to communities in Egypt in order to assess the relevance of this strategy. A key aspect of this assessment is the issue of replicability. In other words, did the demonstrations establish that these projects could be replicated in other communities throughout Egypt?

Although many issues impact upon the replicability of these projects, this analysis will concern itself with four major aspects of replicability - institutional development, project impact on the communities, financing and scale of replicability. In order to serve as a good example for replication, all four of these aspects should be addressed satisfactorily by a project. This section of the report will assess the achievements of each of the projects in these four aspects.

Institutional Development

Institutional development is an idea which has come more into focus with international donor agencies in recent years. These agencies have begun to understand the necessity of this type of development to coincide with physical project success. As a result, more effort is being spent during the project design phase on the understanding of institutions that are involved in the targeted development activity. Institutional development usually requires more of a long range commitment on the part of donor agencies in order to be successful. In the past, unfortunately, many agencies were less concerned with this human development issue because they preferred a shorter commitment, for both political and funding reasons. Hopefully, the lesson is being learned that unless this institutional development takes place, the projects funded will help only the immediate beneficiaries of these internationally funded projects and will contribute only minimally to the long range development of third world countries.

The development of an institutional vehicle that is capable of not only executing a demonstration project, but of performing community upgrading in other communities is one of the functions of a demonstration project. If the project achieved a positive impact on project beneficiaries but did not develop the ability of an institution to continue these efforts in other communities, the demonstration project will have failed to address the ultimate purpose of the demonstration, i. e., to provide a solution to the shortage of adequate shelter in the country where the project was performed.

Of the three projects in Egypt, the Ismailia and Helwan projects appear to have achieved some degree of success in institutional development. The Manshiet Nasser project seems to have been largely unsuccessful in this aspect.

The Ismailia project not only developed two local project implementation agencies, it also established a governorate-level planning and land development agency for the purpose of replicating the projects in other parts of the governorate. Two key elements in the institutional development process were the long-term technical assistance support providing by a small number of international planning and housing consultants and the political will of the Governor of Ismailia to make the project a success. The long term technical consultants helped provided much of the continuity to the projects during both the design and implementation phases. The receptivity and comittment of the Governor to this nontraditional governmental approach to the shelter provision problem was of great importance in the success of the demonstration project. The fact that the Governor oversees almost all government activities in the governorate kept interagency coordination problems to a minimum.

The Helwan project was responsible for the establishment of a department in the Ministry of Housing at the national level to execute the demonstration project. The original design of the project called for more staffing in this department than was eventually achieved. The staffing level problem was due mainly to shortages of middle-level project management personnel and the unattractiveness of government compensation for qualified persons. However, the project implementing unit overcame these shortages to a considerable extent through contracting out much of the design and construction management work to local consulting firms and by the hire of contract supervisory and other staff through foreign consultants. Coordination between the project implementation unit and other ministries and governorate and district offices was a major problem in some areas such as land tenure, and led to delays in implementation other areas. However, in the author's experience, intergovernmental coordination <sup>problems</sup> seem to be endemic to Cairo, in general, and would require a report of its own.

The Manshiet Nasser Project, for all practical purposes, failed in its attempt to weld the applicable departments in the Ministry of Housing and the Cairo Governorate into a workable whole. The project has been fraught with interagency coordination problems seemingly due to the split authority fo the project between the two agencies. More to the point, the lack of a single lead authority seems to have resulted in an abdication of responsibility for the projects problems. This experience demonstrates the need for a lead authority which is ultimately responsible for the project. Without that lead authority, a project can drift along with shifting blame for delays or inadequate performance. The banking institution intended for this project also dropped out of the project and, consequently, caused the intended nominal loan programs to be dropped. This project will come to an end without having any institution in place to carry on similar projects elsewhere.

Project Impact

In order for a project to be considered successful, the targeted project beneficiaries should have received measurable benefits. The benefits that are actually received will be a major factor in the determination of the value of the project effort. Although the author of this report did not have access to sufficient information to make a cost/benefit analysis of the benefits received, this report will make some judgements as to the relative impact of the project upon the beneficiaries in the communities upgraded.

The Helwan Project will have achieved the most extensive improvements to communities affected and reached the greatest number of beneficiaries. The Helwan Project had the most diverse and most extensive project elements of the three projects surveyed. This was, of course, reflected in the financing of the project and this aspect is discussed later. Furthermore, this project will have benefitted the greatest number of beneficiaries of the three projects - Helwan Project beneficiaries were estimated in 1983 at 125,000 people. It will have provided full infrastructure services, extensive community facilities, community organization assistance and community participation in the project, substantial home improvement and small business loans and many improvements to the local environment. The single main project element where it has not provided at least some of the benefits intended is legal land tenure.

The Manshiet Nasser Project comes next in the provision of services and the number of beneficiaries affected. This project provided considerable infrastructure upgrading, a number of community facilities, community organization assistance for the zabbaleen community, and a vocational training center for artisans. The total number of beneficiaries for the project, even after dropping two of the upgrading areas from the project was estimated at 70,000 in 1982.

The Ismailia Project had the least physical impact on the targeted communities in terms of infrastructure provision and numbers affected. The number of beneficiaries in the two project settlements was estimated at 57,000 in 1982. The key project component was seen to be secure land tenure so much emphasis was placed on achieving this aspect so that the residents would have impetus to improve their housing. Secure land tenure was achieved on 3000 existing plots by 1983. Regarding infrastructure, the project operated under the philosophy that the project area should receive services incrementally as they became affordable to the local implementation agency and to the beneficiaries. Consequently, this project provided more basic solutions, at least initially, in the provision of infrastructure. Basic community facilities were provided to serve both the residents of the upgrading areas and the new plots adjacent to the upgraded areas. Community organization and participation was minimal and no loan components were included within the purview of the project.

## Financing of the Projects

Replicability of a community upgrading project is influenced by a number of factors related to the financing of the project. This report analyzes four main factors for each of the projects - Sources of project funding, cost recovery for project components, affordability to project beneficiaries and affordability of future projects to the implementing institution.

The sources of project funding for the Helwan and Manshiet Nasser projects were the central government and foreign donors. In the Helwan case, the funding was for \$160<sup>mm</sup> with a grant from USAID for half and the other half covered by the central government of Egypt. In the Manshiet Nasser Case, the funding was for \$21 million with 2/3 covered by a soft loan from the World Bank and 1/3 covered by the central government of Egypt. Much of the Egyptian government contribution in both projects was for land and for local administration costs. On the other hand, the Ismailia project was funded through a grant of 100,000 pounds sterling from the the British government for inception capital for the project and through land provided by the Ismailia Governorate. In addition, the Ministry of Housing and the British government financed the small technical assistance program of seven persons for 12 months of design work and three persons for 3 1/2 years of technical assistance.

The Manshiet Nasser and the Ismailia projects provided for cost recovery for most of the upgrading costs through the sale of government-owned land. In both cases, although even moreso in the Ismailia project, the projects were to be self-financing to the greatest extent possible. In the Helwan project, the government-owned land was also to be sold although the plot charges were to cover only the cost of the undeveloped land. There was minimal cost recovery expected on the infrastructure provided and none for community facilities. The home improvement loan program was supposed to achieve substantial cost recovery through loan repayments.

In the Ismailia case, full cost recovery of on-site infrastructure costs was obtained through the sale of both the upgrading plots and through the sale of newly developed plots on empty land adjacent to the upgrading areas. Information on how much cross-subsidization was involved was not available, although it would appear to be considerable since the upgrading plots were sold at minimum prices and the larger newly developed plots were sold at considerably higher prices. Community facilities costs were not recovered since they were funded from sources external to the project.

In the Helwan case, minimal cost recovery was expected and minimal cost recovery had been achieved for infrastructure upgrading by the middle of 1983, although the consultants for the project were exploring possible alternatives. Substantial cost recovery for the home improvement loan fund was being achieved, however.

In the Manshiet Nasser case, no cost recovery was achieved since the implementing agency was not able to find a way to transfer secure legal title for the land to the upgrading site residents.

Affordability to project beneficiaries was viewed by the designers of all three projects as an important factor. Affordability studies were performed to determine how much income the upgrading site residents received and how much they could afford to pay. Prices for land and improvements were to be in line with the ability of the residents to pay for them.

In all three cases, the actual improvements to the upgrading sites were affordable, but for different reasons. In the Ismailia project, the price of the land was set at 2.25 Egyptian pounds per square meter and payable over 30 years. This was clearly affordable to even the lowest income residents of the upgrading areas. In both Helwan and Manshiet Nasser, the procedures for the sale of the land to the residents ~~were~~ were never accomplished so the affordability of the cost of the land became a moot issue. The only effective charge in the Helwan project was the interest on home improvement and small business loans. Since the applicants for the loans were screened for affordability and since repayments were not a problem, it can be assumed that the costs for the loans were affordable by the recipients.

The affordability of future projects to the implementing institution is a function of the sources of funding for the projects and the cost recovery achieved. If external sources of funding continue, cost recovery is not essential and the future projects are only limited by the amount of future external funding. However, if the implementing agency desires to expand its activities and projects to the fullest extent possible and it has no external funding, it must try to achieve as much self-financing as possible for its projects.

The only project which achieved any substantial degree of self-financing was the Ismailia project. Within the context of the Egyptian economy and its current government resources, the other two project alternatives offered will require either further infusions of foreign money or adaptations of the Ismailia experience in order to continue community upgrading programs. Clearly, the alternative of providing extensive infrastructure upgrading and community facilities without substantial cost recovery will strain the resources of the Egyptian government just as its public housing apartment buildings do now.

### Scale of Replicability

This discussion brings us to the next issue to be addressed regarding replicability of upgrading projects, i. e., the scale of replicability possible. Michael A. Cohen of the World Bank has written an article entitled, "The Challenge of Replicability", (Regional Development Dialogue, vol. 4, no. 1, pp. 90-99) in which he makes the argument that upgrading demonstration projects in the past 15 years have not addressed the issue of scale of replicability. He points out that the institutions and the financing mechanisms developed to replicate these

projects have tended to be very limiting in their scope of activity. In other words, if the institutions and financial mechanisms utilized for the demonstration projects cannot cope with the overall housing shortages within the countries where they are located, the government leaders of those countries will continue to look to familiar forms of government housing production which do not have the perceived drawbacks cited in the introduction of this report. He states that, "In policy terms, the issue is how to create a framework which enables the multiplication of housing delivery systems and assists in the mobilization of resources for housing, yet at the same time does not dominate and control it. Centralization of this sector is likely to inhibit the innovative types of organizations which might be developed."

In applying this issue to the three projects reviewed in this report, the Ismailia project is the clear frontrunner in the attempt to meet this challenge. It required minimal foreign capital and foreign technical assistance inputs, it provided minimal infrastructure and community facilities that were capable of further upgrading in the future, and it established a regional institution which seems to be capable of developing similar projects in the future. This is not to say that this project has all the answers. On the contrary, the Helwan project demonstrated the effectiveness of home improvement and small business loan programs which should be one of the cornerstones of a community upgrading effort. Also, the major limitation on the Ismailia approach is the requirement of government-owned or other low-priced land to sell in order to obtain the capital to upgrade the infrastructure for the community. However, the Ismailia project, taken as a whole, illustrates the direction that upgrading projects should be heading in Egypt.

## VI. LESSONS FOR FUTURE COMMUNITY UPGRADING PROGRAMS IN EGYPT

The purpose of a demonstration project is to provide lessons on how to go about addressing the needs that caused that project to be funded in the first place. To the extent that the project provides a successful model for addressing those needs, the project will have a better chance of effecting a change in policy of the institutions that are involved in the designated activity. However, many lessons can be learned from a project that fails as well. When one has a number of projects to evaluate that share similar goals, approaches and locations, one can often draw some sound conclusions from the experiences of those projects.

The three projects evaluated here had a lot of similarities. They were all designed and implemented at approximately the same time. They all attempted to address the housing shortage for low income persons in urban Egypt through the provision of upgraded infrastructure, community facilities, housing and services. And they all had varying degrees of foreign and local funding and of foreign and local technical assistance. It is these similarities which make the projects very amenable to comparison. But it is from the differences in the design and implementation of these projects that we can draw lessons. This section of the report attempts to provide some prescriptions for the success of future community upgrading programs in urban Egypt.

Lesson #1 - The sale of land seems to be the most feasible means of self-financing an upgrading program.

In some cases this will be the sale of the land upon which the community is located to its residents. In other cases, the price charged the residents for this land may not be affordable to residents if costs of upgrading are to be recovered. In those cases, other undeveloped land which can be provided services by the implementing institution and sold for market or close-to-market prices can be used to subsidize the costs of an upgrading program. This presumes that there is land available to sell. In many urban areas, undeveloped land is in short supply or is privately-owned (and consequently, expensive to purchase). In the Ismailia model, government-owned land available adjacent to the two project sites was provided with services and sold as newly developed plots. However, the undeveloped land need not be close to the upgrading sites. The implementing institution can be established so that it has the authority to obtain, provide services and sell land which is available in outlying regions of the urban area. This serves a second useful purpose in Egypt if the undeveloped land is desert land adjacent to urban areas in that valuable agricultural land is preserved (the Helwan New Community and 15th of May New Town are two good examples of this type of land development).

The sale of land has advantages over collection of fees for upgrading services, e. g., for installation of water lines, for four reasons. Firstly, payment of fees by low income persons for these services would be inequitable since current government policy generally provides these services to middle and high income areas without charge. Secondly, these fees are often difficult to collect from low income persons, especially if the upgrading of all infrastructure occurs at relatively the same time. Thirdly, Egyptians commonly accept the practice of paying more for serviced lots. And, fourthly, land is more easily financed by lending institutions than utility fees.

Lesson #2 - Initial upgrading efforts should provide only the minimum acceptable level of infrastructure and services, but be designed so the level can be upgraded as it becomes affordable to the residents.

The level of infrastructure and services provided to the upgrading areas and newly developed plots in the Ismailia project was designed to be minimal so that the sale of the land would cover the costs of the services provided. On the other hand, to provide the high level of infrastructure and services as provided in the Helwan project almost guarantees the need for external financing of the upgrading efforts. All aspects of the upgrading effort should be recognized as being incremental - housing, infrastructure, community facilities and services. The incremental approach allows for the maximum degree of self-financing in that it recognizes that communities can generally mobilize and increase their financial and other resources, both individually and in groups, over a longer period of time. It further allows the implementing institution to design the planned expansion and extension of upgrading elements and to take advantage of reductions in off-site infrastructure costs due to improvements in surrounding infrastructural components as a result of other government projects.

Lesson #3 - Home improvement and small business loans are workable and effective means of improving homes and businesses in upgrading communities.

The Helwan project established an excellent track record in home improvement and small business loans. This element of the Helwan project was the first element to provide notable benefits to the project beneficiaries and, although it had its share of manpower and coordination problems, was also the first upgrading program component to be replicated in the various upgrading sites. The screening, application, approval and disbursement process for the loans established that the government and a private bank could work together cooperatively and effectively. Community acceptance of the loan mechanism was positive and problems with loan repayments were almost nonexistent. The construction activity generated by the home improvement loans encouraged small related industries to spring up in the upgrading areas and, combined with the small business loans,

increased income and employment generation activities within the communities being upgraded. Finally, cost recovery on the loan programs was very positive. From this experience, it is strongly recommended that funds be provided for home improvement and small business loans in all future upgrading programs.

Lesson #4 - Future community upgrading programs should provide the necessary authority to implement the program and place the ultimate responsibility for the success or failure of the program in a single lead institution.

This is the single most important lesson taught by the Manshiet Nasser project. It was the lack of such an institution that caused most of the problems in implementation for this project. Both of the other projects provided for this type of institution in their design. Community upgrading, if done on a comprehensive scale, crosses a number of sectoral lines and, consequently, requires a great deal of inter-agency coordination. A single lead institution is in the best position to provide this coordination and, more importantly, to have the motivation and responsibility to see that this coordination takes place.

Lesson #5 - A regional implementing institution that has the authority under the Governor to acquire, plan, develop and sell land seems to be the preferred institution for designing and implementing a community upgrading program.

A regional institution which has this authority is in the best position to deal with the self-financing issues mentioned in lesson #1. Secondly, it is in the best position to coordinate the efforts of the various ministries and agencies involved in a comprehensive community upgrading program. In the past few years, the government of Egypt has been attempting to decentralize much of its functions and decision-making. The governorates have been the primary recipients of this thrust. The establishment of regional planning and land development agencies at the governorate level is consistent with this policy. Furthermore, the governorates are responsible for transfers of land title. A Governor committed to upgrading efforts is best able to facilitate the necessary coordination between the various ministries and agencies and to deal with the political issues relating to upgrading programs, such as sale of government land, construction codes, and equity in infrastructure provision. Consequently, this report recommends that for future community upgrading programs an institutional analysis be performed to identify new or existing institutions in each governorate which are best able to implement such programs.

Lesson #6 - Future community upgrading programs with international donor assistance should provide for minimal foreign funding for physical project components, for maximum funding of home improvement and small business loans, and for long-term overall program design and management assistance, but with minimal dependence on foreign

consultants and maximum development of implementing institution staff capability to execute the programs.

The community upgrading programs as structured in the three projects evaluated were primarily intended to address long term Egyptian government housing policy issues. Their overall thrust was to demonstrate the applicability of the community upgrading approach to housing in Egypt and to build the local institutional capacity to execute similar programs in the future. If foreign donors wish to address this same purpose in future community upgrading programs in Egypt, they would do well to learn from the lessons of the three projects evaluated here and make the appropriate changes in future project design and funding.

This evaluation has not meant to be critical of any of the persons, firms or institutions involved with the upgrading projects. The commitment of the individuals, local and foreign, to hard work and the success of the upgrading programs has been extremely commendable. All three projects have had an overall positive impact on the people living in the upgrading sites. Much has been learned in terms of design problems and obstacles to implementation through the experience of the three projects. And some of the elements of the various upgrading projects have demonstrated the value and effectiveness of those elements in future upgrading programs irrespective of the overall success or failure of the projects. That is to say, a project which attempts to be very comprehensive in its design can have some very successful elements even though the project doesn't achieve the extensive results sought in its design.

However, this evaluation would not be complete or useful if it did not try to understand and evaluate the effectiveness of the projects as a whole in achieving their main purpose. This last recommendation attempts to deal with this issue.

The Helwan project has tried to make up for staffing problems within the Ministry by hiring contractors and consultants to implement and supervise the project. This may be effective in the short run, but sidesteps the problem of developing long-term institutional capability. Also, it has not sufficiently dealt with the issue of financial replicability utilizing local resources. It is questionable whether the Egyptian government has the financial capacity or political will to provide the extensive infrastructure improvements to low income areas that the Helwan project has provided. The Manshiet Nasser project did design a means for financial replicability into the project (the same means employed by the Ismailia project, i. e., the sale of land). However, the project seems to have suffered from a lack of understanding of institutional arrangements required for implementation and, correspondingly, from a lack of appreciation of long-term project management assistance needs. The Ismailia project is the only one of the three which appears to have kept the ultimate purpose of the project in focus during project design and implementation. It is also the project which, this author contends, achieved the greatest degree of success in meeting the goal of providing a model for a more effective housing policy for low income Egyptians.

## VII. SUGGESTED AREAS FOR FURTHER STUDY

1. An analysis of the cost effectiveness of the upgrading programs implemented in the three projects compared to traditional low-income apartment building projects in Egypt.
2. A study to determine how the Ismailia governorate was able to accomplish legal transfer of title to residents of the upgrading sites there and the obstacles to this transfer (and recommendations on how to overcome them) in the two project sites in Cairo governorate.
3. An evaluation of the efforts over the past two years of the Ismailia Planning and Land Development Agency in Ismailia to replicate the upgrading program in other parts of the governorate.

## POSTSCRIPT

Much of the data for the status of the projects evaluated by this report was collected during the spring and early summer of 1984. However, since this report was not completed until April 1985, there have been a number of significant events related to community upgrading programs in Egypt which should be mentioned here.

A major evaluation was performed by USAID on the Helwan project in late summer 1984. The Helwan upgrading project received favorable comments in that evaluation and a survey team visited Egypt to survey possible future sites for upgrading. At the time of the submission of this report, the Ministry of Housing appears to be planning for the extension of the upgrading program into Imbaba, a large low income area in northwest Cairo utilizing further USAID funding. The upgrading program would be carried out in conjunction with a massive new sewerage line project in Cairo which has been substantially funded by USAID and underway by the Egyptian government for about 3 years now.

At last report, some of the infrastructure work in the Manshiet Nasser project were still underway although specific detailed information was not available to the author. The author was also informed that some of the problems relating to transfer of legal title to the residents for the land in the upgrading areas had been resolved, although title had not yet passed to the residents. The World Bank does not appear anxious to repeat the Manshiet Nasser experience. However, the World Bank has assisted in the funding of the establishment of a land planning and development agency for Cairo Governorate. It will be interesting to follow the progress of this agency to see if it will be able to duplicate some of the Ismailia successes in the Cairo area.

## APPENDICES

TABLE I  
SUMMARY COST ESTIMATE  
AND FINANCIAL PLAN

( US \$ 000,000 )

SOURCE USE	AID GRANT		GOE		TOTAL
	FX	LC <sup>†</sup>	FX	LC	
Land				6.3	6.3
Urbanization	33.5			16.0	49.5
Community Facilities	1.5	6.1		2.4	10.0
Housing	1.2	7.1		2.5	10.8
Improvement Credit	-	4.0		3.5	7.5
Design Supervision	3.3	-		1.8	5.1
Administration	-	-		3.8	3.8
TA/Training/Evaluation	3.0	0.2		-	3.2
Inflation Factor	-	15.1		36.3	51.4
Contingency (15%) **	2.0	3.0		7.4	12.4
Subtotal	44.5	35.5		80.0	
Total	80.0		80.0		160.0

† LC secured by Egyptian Central Bank Mechanisms From FX

\*\* Includes in contingency materials, design, supervision, administration, and training.

TABLE VISOURCES OF RECOVERY OF PROGRAM COSTSCOST ITEMRECOVERY SOURCEA. New Community

1. Land Value	Plot Charge
2. Site Preparation	" "
3. On-site Infrastructure	" "
Water Supply	" "
Sewerage	" "
Solid Waste Holding Stations	" "
Roads	" "
Electricity-Street Lights	Electricity Tariffs
4. Off-site Infrastructure	Not Recovered
Water Supply	Not Recovered
Sewerage	Not Recovered
Roads	Not Recovered
Electricity	Electricity Tariffs
5. Core Houses	Plot Charges
6. Core Expansion-Improvement	Loan Repayments
Loans	
7. Community Centers, clinics, schools	Not Recovered
8. Commercial	Lease and Sale proceeds

B. Up-Graded Communities

1. Land Value	Plot Charge share on Govern- ment land
2. Site Preparation	Not recoverable
3. On-Site Infrastructure	
Water Supply	Partially/Water Tariffs
Sewerage (Including cesspits)	Not Recovered
Roads	Not Recovered
Paths	Partially by Assessment
Solid Waste Holding Stations	Clearing Tax
Electricity	Electricity Tariff
4. Off-Site Infrastructure	
Water supply	Not Recovered
Sewerage	Not Recovered
Roads	Not Recovered
Electricity	Electricity Tariffs
5. Core Expansion, Improvement	Loan Repayments
Water/Sewer Connection Loans	
6. Core Houses (Relocation)	Plot Charges

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7. Community Centers, Clinics,  
Schools Not Recovered

C. General Program Costs

- |                                  |   |
|----------------------------------|---|
| 1. Manpower Training             | Not Recovered   |
| 2. New Products Development-Test | Not Recovered   |
| 3. Design and Supervision Fees   | Design/Supervision will be recovered at a rate represented by the fee schedule of Egyptian professional A/E firms prorated to exclude design of off-site urbanization and community facilities. The Fee schedule is estimated at 6 % of the cost of the construction components of the project. |
| 4. Interest during construction  | Plot Charges, Except where applicable to non-recovery items, e.g. schools, off-site infr.   |
| 5. MOH Project Management        | Not Recovered.  |
| 6. Technical Assistance          | Not Recovered   |

## Appendix C

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Source: World Bank Project  
Appraisal Report

## EGYPT URBAN DEVELOPMENT PROJECT

Table III-1: Summary Cost Table

	-----LE (Million)-----			-----US\$ (Million)-----			Percent Foreign Exchange	Percent of Total Base Cost
	Local	Foreign	Total	Local	Foreign	Total		
I. Cairo:								
Upgrading - Mansheit Nasser								
a) Main Settlement	1.17	0.25	1.42	1.67	0.36	2.03	18.0	12.0
b) Zabbaleen Settlement	0.30	0.05	0.35	0.43	0.07	0.50	14.0	3.0
II. Cairo:								
Upgrading - North Bassateen	0.56	0.13	0.69	0.80	0.19	0.99	19.0	6.0
III. Alexandria:								
a) Sites and Services - South Metras	1.45	0.42	1.87	2.07	0.60	2.67	22.0	16.0
b) Upgrading - New Nagaa el Arab	0.12	0.02	0.14	0.17	0.03	0.20	15.0	1.0
IV. Assiut:								
Sites and Services - South Charb el Balad	1.88	0.25	2.17	2.69	0.41	3.10	13.0	19.0
V. Small Business Assistance and Manpower Training Program	0.89	0.23	1.12	1.27	0.33	1.60	21.0	10.0
VI. Improvement in Solid Waste Collection and Disposal - Cairo and Alexandria	0.72	0.89	1.61	1.03	1.27	2.30	55.0	14.0
VII. Urgent Repairs to the Water Supply and Sewerage Systems in Assiut	0.20	0.29	0.49	0.29	0.41	0.70	59.0	4.0
VIII. Consultant and Advisory Services	0.15	1.35	1.50	0.21	1.93	2.14	90.0	13.0
IX. Project Administration	0.26	-	0.26	0.37	-	0.37	0.0	2.0
TOTAL BASE COST	7.70	3.92	11.62	11.00	5.60	16.60	34.0	100.0
X. Physical Contingencies	0.45	0.23	0.68	0.65	0.32	0.97	33.0	-
XI. Price Contingencies	1.65	0.75	2.40	2.35	1.08	3.43	32.0	-
Sub-Total	2.10	0.98	3.08	3.00	1.40	4.40	32.0	-
TOTAL PROJECT COST	9.80	4.90	14.70	14.00	7.00	21.00	33.0	-

