LINKING URBAN UPGRADING AND LED IN 4 OF CAIRO’S UNPLANNED AREAS
The Unplanned Areas Upgrading and Employment Generation Programme in Egypt

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Consulting team:

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In partnership with:

A Programme by:
The SFD was established in 1991 by the Presidential Decree No 40/1991 with the following objectives:

- To contribute to the creation of permanent job opportunities.
- To contribute to the alleviation of poverty & unemployment through Human Development & Provision of Basic Services.
- To mitigate the adverse effects of the Economic Reform Program and of the transition towards a free market economy.

SFD is a national organization affiliated to the Cabinet of Ministers and works under the umbrella of the United Nations Development Program (UNDP).

SFD is an institutionalized organization that translates country policies into new programs and developed small enterprises consistent with the “National Development Plan” in order to improve the standards of living & to create real and sustainable job opportunities.
31 SFD Regional Offices at the 27 Governorates
Programme Goals

Objectives and financing:

1- Improve living conditions in 4 unplanned areas through urban upgrading and small public works;
   → Component I: € 13 million grant + € 1.3 million for capacity building

2- Enhance employment and job creation in the 4 unplanned areas and in other low income neighborhoods in Egypt through replicable strategies that support MSEs and improve their access to financial and non-financial services (BDS).
   → Component II (financial services): € 80 million loan;
   → Component III (BDS): € 0.7 million grant;

Outputs:

3- Identify community needs in a participatory manner

4- Prepare an Activity Design

5- Define implementation modalities
   → SFD: main implementing agency thru Governorates & Districts
**Programme Goals (2)**

**Magnitude of the project:** +1 M people

**Experimental project in Egypt:** linkage upgrading and Local Economic Development

**A pioneer project** for SFD

**Approach which lead to investment packages:**

- Heterogeneous in size, operator, goals

- Complementarity targeted between actions to be undertaken by Governorate, NGOs, SMEs, …

**The ambition to concentrate on Initiation Zones** based on urgent needs **AND** **Initiation Sectors** with high impact factor
Methodology for Needs Assessment

1. **Field surveys**, site visits, group and individual interviews with community members representing various community groups.

2. **Interviews** at the Governorates, MURIS, SFD, MFIs, Banks, Districts Chiefs, District staff, key experts, other stakeholders

3. **Review of CAPMAS** data and of relevant policies, plan and reports

4. **Initiation Zones (IZs)** proposed in each site based on needs and Initiation Sectors based on impact factor

5. ~**300 household interviews** to residents of Initiation Zones, that included training to District staff, NGO members and local youth
1. Link between labor intensive public works (Component I), MSEs development and job generation (Components II and III)

2. Women and youth development

3. Environmental sustainability

4. Support existing civil society organizations and ongoing community-based initiatives.

5. Implementation and capacity building requirements of the proposed Activity Design

Images: Tadamum and Consulting Team
1. **Izbit Khayrallah**, Cairo Governorate, pop. 650,000,
   - Egypt’s largest informal settlement
   - Poorest urban and socioeconomic conditions of four areas
   - Insecure land tenure status has deterred investments

2. **Al Zawya Al Hamra**, Cairo Governorate, pop. 360,000
   - Heterogeneous social fabric leading to social tensions
   - Dynamic trade center
   - Needs modernization of economic & urban infrastructure

3. **Ard Al Lewa**, Giza Governorate, pop. +100,000
   - Thriving area, subject to strong speculation, dynamic economy
   - Wide socioeconomic diversity, including middle-class families

4. **Mît ‘Uqba**, Giza Governorate, pop. 120,000
   - Central, highly desirable location within the GCR
   - Wide socioeconomic diversity, including middle-class families
   - Localized marginalized areas, highly stigmatized, drugs issues
1. Neglected solid waste collection

2. Overburdened infrastructure networks:
   - Sewerage overflows
   - Potable water contamination
   - Service interruptions (water, power)
   - Break-downs (water, power)

3. Inadequate provision of basic public services:
   - Health services and education
   - Selected NGOs as key providers

4. Presence of vacant lands, opportunity for LED

5. High unemployment, fuels drug problem

4. Inadequate supply of microfinance products and BDS within the study areas

Images: Consulting Team
## Izbit Khayrallah, Cairo Governorate (pop. 650,000)

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>Presence of archaeological and heritage sites dating back to the Coptic and Islamic eras (although in poor condition)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Large number of small-scale industries</td>
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<tr>
<td></td>
<td>Active civil society sector</td>
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<tr>
<td>WEAKNESSES</td>
<td>Low household income (EGP 500 to 1,500 per month)</td>
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<tr>
<td></td>
<td>Low level of educational attainment</td>
</tr>
<tr>
<td></td>
<td>High prevalence of drug related activities</td>
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<tr>
<td>OPPORTUNITIES</td>
<td>Proposed Initiation Zone: Al Mahgar area</td>
</tr>
<tr>
<td></td>
<td>Developing state-owned vacant sites as services hubs</td>
</tr>
<tr>
<td></td>
<td>Redevelopment of existing heritage sites</td>
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<td></td>
<td><strong>Build on existing NGOs</strong> for the provision of micro-financing and vocational training programs as part of Components II &amp; III</td>
</tr>
<tr>
<td>THREATS</td>
<td>Unresolved land tenure issue is a major impediment for development.</td>
</tr>
<tr>
<td>RESIDENTS’ PRIORITIES</td>
<td>Health services</td>
</tr>
<tr>
<td></td>
<td>Solid waste collection</td>
</tr>
<tr>
<td></td>
<td>Sewerage upgrading</td>
</tr>
<tr>
<td>STRENGTHS</td>
<td>Gateway to Cairo Gov., industrial hub (in need of modernization)</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Relatively higher household incomes (EGP 500 to 3,000 per month), dynamic trading center</td>
</tr>
<tr>
<td></td>
<td>Higher levels of educational attainment</td>
</tr>
<tr>
<td>WEAKNESSES</td>
<td>High rate of youth unemployment</td>
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<tr>
<td></td>
<td>Worrisome prevalence of drug use and trafficking activities</td>
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<tr>
<td></td>
<td>Perception of insecurity stemming from an heterogeneous social fabric</td>
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<tr>
<td>OPPORTUNITIES</td>
<td>Proposed Initiation Zone: Al Amireya village</td>
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<tr>
<td></td>
<td>Developing publicly-owned vacant sites as services hubs</td>
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<tr>
<td></td>
<td>Spill-over effects in adjacent neighborhoods</td>
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<tr>
<td>RESIDENTS’ PRIORITIES</td>
<td>Solid waste collection</td>
</tr>
<tr>
<td></td>
<td>Sewerage upgrading</td>
</tr>
<tr>
<td></td>
<td>Health services</td>
</tr>
</tbody>
</table>

Al Zawya Al Hamraa, Cairo Governorate (pop. 360,000)
### STRENGTHS

- **Central location** next to main arteries, business and public services centers
- **Wide socioeconomic diversity**
- **Large number of thriving small businesses** including a recycling cluster
- **Informed civil society leaders and active NGOs**

### WEAKNESSES

- **Poor accessibility** in and out the area
- **Speculative development**, proliferation of high-rises and generation of an unsafe environment

### OPPORTUNITIES

- **Proposed Initiation Zone**: Al Saftawi area
- **Retrofitting** redundant public properties
- **Spill-over effects** in Imbaba and Mīt ‘Uqba
- **Build on existing NGOs** for the provision of micro-financing and vocational training programs as art of Components II & III

### RESIDENTS’ PRIORITIES

- Health services
- Solid waste collection
- Potable water upgrading

Images: Consulting Team
### Mît ‘Uqba, Giza Governorate (pop. ~120,000)

<table>
<thead>
<tr>
<th><strong>STRENGTHS</strong></th>
<th>Large number of small-scale businesses serving adjacent upper-middle class Mohandessin neighborhood, including a recycling cluster</th>
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<tbody>
<tr>
<td></td>
<td>Wide socioeconomic diversity</td>
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<tr>
<td></td>
<td>Cohesive community, well aware of development opportunities</td>
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<tr>
<td></td>
<td>Active civil society leaders (e.g. individuals gathering around Mît ‘Uqba’s Popular Committee)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>WEAKNESSES</strong></th>
<th>Pockets of poverty and social exclusion</th>
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<tbody>
<tr>
<td></td>
<td>Worrisome prevalence of drug related activities among the youth</td>
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<tr>
<th><strong>OPPORTUNITIES</strong></th>
<th>Proposed Initiation Zone: Geziret Mît ‘Uqba area</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Retrofitting redundant properties as vocational training centers</td>
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<tr>
<td></td>
<td>Spill-over effects in Mohandessin</td>
</tr>
</tbody>
</table>

| **THREATS** | Demolition and eviction of Geziret Mît ‘Uqba |

<table>
<thead>
<tr>
<th><strong>RESIDENTS’ PRIORITIES</strong></th>
<th>Access to natural gas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Drug prevention</td>
</tr>
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<td></td>
<td>Solid waste collection</td>
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</tbody>
</table>

Images: Consulting Team
1. **High number of MFIs** operating in the 4 sites; 7 of them recommended as partners for this project;

2. **Gap** between products available and needs of target groups (women, youth and MSEs): loan size, maturities, interest rates, grace periods, etc:
   - Lack of knowledge of MFIs and products
   - Late payments

3. **No financial products for individual women** neither in cash nor in kind. Group lending products for females offer small loans at very high interest rates

4. **BDS services.** Minimal marketing services and vocational training are provided by MFIs. These services are critical to support MSEs in areas with high illiteracy rate and poor educational attainment.
Strategic development concepts for Izbit Khayrallah

- Enhance in-out accessibility;
- Support main commercial axes;
- New civic axis anchored in heritage sites;
- Environmental upgrading along the plateau's edges;
- Enhance North-South accessibility;
- Initiation Zone
1 - Improve access roads, with a focus on the south-west
2 - Improvement of the heritage sites
3 - Leverage vacant land to provide public services
4 - Open public space improvement
5 - Improve tunnel(s)
6 - Improve staircase
7 - Improve micro-bus station
8 - Improve solid waste
9 - Improve health services through existing NGO
10 - Improve sewerage
Component II: Financial Services – micro-financing

1. **SFD lending to NGOs & Banks** for micro-financing to Micro and Small Enterprises (MSEs)

2. **€ 80 million loan** for 4 sites and other low-income neighborhoods in Egypt in 2016-2019

3. **Two-tiered approach:**
   
   a. Absorptive capacity just in the 4 sites:
      
      → ~ €0.3 to 1 million (business as usual)
   
   b. Remaining € 79 million for rest of Egypt

4. **Focus on the 7 selected MFIs** operating in the 4 sites:
   
   a. Improve Framework Agreements to provide MFIs with incentives to borrow from SFD;
   b. Support key economic activities in each site;
   c. Replicable strategies elsewhere in Egypt
1. **Strategic sectors in Egypt and in the sites (*):**
   - Hand weaving: embroidery*, crochet*, handmade tricot, wool blankets, carpets
   - Ceramics, alabaster, marble
   - Jewelry
   - Balad bread, gluten free products
   - Plywood*, *furniture manufacturing*
   - Solid waste recycling*

2. **BDS elements:** Provide training, necessary equipment, partner with suitable NGOs / business associations, select trainees, provide marketing skills, link to market (including exports), provide micro-financing (synergies)

3. **Facilitator for such program**

4. **~ €0.7 million in 2016-2019:** €0.3 million in four sites and €0.4 million in other lower income neighborhood across Egypt through replicable strategies