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Trip Report

EGYPT

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by

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En route to Egypt I broke my trip for two days in France over Christmas, and on return I spent one night in Rome. I arrived in Egypt on the 27th of December and departed from Cairo on the 16th of January.

My principal task in Cairo was to consult with the National Urban Policy Study funded by U.S.A.I.D. and contracted with the PADCO group of Washington, D.C. This is the largest single consulting project currently under contract to the AID Egypt Mission. From the earliest moment of my arrival I was briefed on the state of this project and on the problems facing it. As soon as I had been able to review this work, I began to work on specific aspects of the study under the terms of my scope of work.

The PADCO study is directed by Harvey (Mike) Garn, formerly of the Urban Institute. In the early phases I worked closely with Garn and with Richard Burton, the chief project economist, in systematizing the main strategic concerns governing the project recommendations in a forthcoming progress report. My work with PADCO consisted of consulting with members of the team on their specific assignments, of counseling Garn on possible approaches to the study, and of certain contributions to the writing and drafting of the form of presentation of the findings. The main parts of that report consisted of 1) the generation of the main settlement patterns, 2) the specification of control, or instrument variables, 3) setting of the main constraints, financial and physical and applying sensitivity tests to different settlement strategies, and 4) impact assessment and evaluation of alternatives. The PADCO team was divided into three main groups: the economists charged with determining major urban strategies and constraints; a physical planning team analyzing settlement patterns and physical constraints; and an administrative unit looking at controls and implementation.

There were also inputs from demographers and other selected specialists. My tasks included the review of the overall integration of the work, and of the individual contributions of the special teams.

The current population of Egypt (40-42 million depending on the real expatriate count) is 46% urban. But 3/5 of the urban population is in 30 settlements. Cairo, of course, accounts for the lion's share of this, with a population in excess of 7 million. The average annual urban growth rate from 1950 to 1975 was 4% per year. The population of Egypt is expected to nearly double in the next twenty years, and more than half that growth (something in the order of 18-20 million people) is likely to be added to the urban total. The task of the Urban Policy Study is to recommend the most desirable settlement patterns which can form a basis for priority action by U.S.A.I.D.

A number of guiding principles have emerged from the findings of the study to date. Pre-eminent among these is the concern for the preservation of arable land. At present approximately 1% of all arable land (and a much higher percentage of the most fertile land) is lost each year to urbanization (an amount equal to 40,000-60,000 Feddans). In view of the national emphasis on food security, this loss of arable land must be checked. Efforts at desert reclamation have been costly and have yielded mixed results. Therefore the study has emphasized the principle of directing new urban development to non-arable land. A second principle is to "deconcentrate" Cairo growth by steering the largest share of that growth to new nuclei in the Cairo area (producing a more poly-nucleated Cairo pattern). These nuclei are conceived of as New Towns, with some build-up of existing towns in the region. A third strategic consideration is the development of Growth Poles

and Secondary Cities in the national territory, to achieve a degree of "decentralization" as well as Cairo deconcentration. A fourth, and minor, strategic concern is the development of a stronger pattern of more organized rural settlements.

Methodologically, the study converges on desirable settlement patterns by a process of reduction from "pure" spatial alternatives to most feasible ones. This process advances by a series of confrontations of strategic considerations with constraints. The constraints are of two main types: 1) economic and demographic constraints from the national control figures generated by forecasting and trend analysis, and 2) physical and engineering constraints such as measures of local "absorption capacities" and infrastructure extension costs. Local trends are taken into account through "profiles" of all development areas which show growth trends, locational factors, accessibility, amenities, infrastructure in place and current and allowable densities. The strategies seek opportunities in the existing conditions that are rated as above. This reduces to an iterative search procedure under alternative ranking of objectives. Thus, if decentralization is more highly rated, it would seek the allowable number of growth poles and the capacities of these areas and selected secondary cities. If it is accepted that the bulk of the growth will go to the Cairo region, what is the contribution and possible capacity of poly-nucleated growth? The intent is to offer a range of alternative forms of settlement for the consideration of the Egyptian government, through the Project steering Committee.

The difficulties of the project are not methodological. Its main problem is in its location in Egyptian planning and policy-making and in

finding some point of impact on these. The project has been located well "off center" of these activities. It is responsible to the Development Ministry whose main activities are in constructing new towns through semi-autonomous special authorities. The direct counterpart of PADCO is TAMS (the firm of Tippetts-Abbott-McCarthy-Stratton) which acts as the representative of the Ministry directly, along with the Egyptian consultant, Sherif El-Hakim. Relations of the PADCO team with TAMS and Sherif El-Hakim are almost as underdeveloped on the substantive and technical sides as those with the government. Partly for reasons of the local culture and partly for the awkwardness of this situation it has been very difficult to get needed information from government agencies or other "cooperating" sources except where a team member has a personal contact. There is great difficulty in identifying the national "client" for this work, and in knowing if anyone other than AID is serious about the uses of the study.

It seems likely, however, that the findings of the study will have some important consequences for the decentralization emphasis of the American mission. For even if the lion's share of future urban population goes to the Cairo region, a sizable incremental growth will be scheduled for a number of presently lesser cities, particularly in the Canal Zone and Upper Nile. A new Canal Zone focus around Ismailia is probable, if the military is willing. And such Upper Nile cities as Fayoum, Beni Suef, Minya, Assut, Sohag, Nag Hamadi, Qena and Aswan will be required, under the least decentralized option, to absorb a large additional population. This is important in its implications for the various projects which the AID Mission has scheduled, or has in progress, with a number of these places.

Out of the total of 19 days in Egypt, 3-1/2 were spent in the AID offices in Cairo, principally discussing the decentralization programs. John Roberts, who is in charge of decentralization activities, expressed considerable satisfaction with the December visit of Leonard Joy, James Mayfield and John Lewis and with the idea of a possible Berkeley team participation in Egypt. With Roberts I reviewed the five projects presently contributing to the decentralization package.

These projects, as described by Roberts, are specifically directed to the service of decentralization, though that term is interpreted loosely. The first project is for development loans, operating through ORDEV and the village councils. To this end, \$7.5 million has been set up in a development loan fund. A total of 107 loans--averaging from 15,000-20,000 LE each--have been made in 21 different rural governorates. These feature a two-year "interest only" payback. For the most part the loans are for fish ponds, poultry raising, bee keeping, and village micro-buses. These are usually made to village-owned cooperatives. There is also a program for training village councillors in short programs. Some Egyptians have been sent to Moorhead State in Kentucky for agricultural exchange. Two problems noted by Roberts in connection with this program were: 1) the tendency of certain advanced communities--notably Fayoum--to generate the bulk of the loan applications; and 2) the dissatisfaction of the normal Agricultural Credit Banks with what they perceive as unfair competition from these loans.

A second project is the "Basic Village Services" program, now two years old. In this program grants are made from Title I and PL480 funds for such purposes as water development, canal maintenance, and feeder roads. A sum of \$15 million has been earmarked for spending in three rural

governorates. The average size of project is 105,000 LE. An additional \$175 million from Title III and other AID funds has been set aside in multi-year agreement. . . in which each of 9 governorates is to receive \$5 million per year for three years. A total of 960 villages are to be involved.

Some features of this program noted by Roberts are 1) a 10% maintenance set-aside is required, with the funds to go to a long-run deposit fund; 2) there is no central counterpart, and ORDEV is effectively by-passed, since the Steering Committee has no veto power, and the monies go from the Central Bank directly to the villages; 3) an amount of \$10 million has been set aside for training, technical assistance, and consultancy; and 4) funds are directed for the most part to equipment--earth moving, fire engines, sanitation, and plows.

The third program is the Decentralization Support Fund, administered through the Ministry of Planning and Ministry of Finance. This fund has a \$50 million base. Much of this program goes directly through the Commodity Equipment Fund (the "buy American" fund). The normal purchase is \$1 million, allocated on a formula which includes "base" plus "need."

A fourth program is the Provincial Cities Development. In this program \$50 million has been allocated, and must be spent in no less than two cities in Region #6 (South Central). This support is thus likely to go to Fayoum, Minya and Beni Suef. Since October studies have been under way by a consultant team formed by Lennox Moak (the long-time Philadelphia budget consultant) and P. B. Sabbour on the Egyptian side. Rumor has it that this study has not gone as well as expected.

The fifth program--for Sectoral Decentralization--will be concentrated on general planning and management training. The objective is to improve professional efficiency and to secure greater administrative equity. An amount of \$650,000--to be controlled by Peter Amato, the urban planning officer--has been earmarked. Amato is considering including a provision for evaluation of decentralization efforts, and it is believed that the consultant has been selected, though Roberts suggested that this might be an area in which we would wish to work.

It is my impression that AID is far more committed to decentralization than is the government of Egypt, despite a formal commitment by the latter to strengthen the role of the Governorates. The central government is "decentralized" in the sense that Ministries have great autonomy, but political control is held tightly by Cairo. Resources are highly concentrated. The governorates were created in 1960, and were given most of their present powers only in 1975, so that the "experiment" is still in its early stages. There has been some devolution of functions to local government, though municipal functions are performed by departments within the governorates. It is my impression that the governorates depend strongly on national ministries, much as do prefectures in France.

The signals which I received in discussions with AID personnel were strongly positive for a possible Berkeley participation. (All this could be changed, of course, by major cutbacks in the aid program.) If we were to propose such participation, it would be necessary to design a good "fit" with the present efforts. AID people made it plain that they would require close integration with their on-going efforts. There are many places where we could interface--as in the decentralization evaluation--but it is more

difficult to gauge the questions of available personnel. One problem we would face is that the governorates most eager to use U.S. inputs--e.g., Alexandria--are likely to be the least crucial for decentralization. Those we would choose would probably be very thin on counterpart competence. Almost 3 million of the 40 million Egyptians are nominally "civil servants," but 80% of these earn less than 50LE per month, and so can hardly be considered full-time functionaries. Trained people, as one might expect, are heavily concentrated in Cairo and other large cities. Direction from the national government is inconsistent at best. There is not, for example, any decent articulation of the national Plan with the national budget. Even the budget can be misleading, because there are so many "off-budget" special funds. The government structure is unwieldy, with a plethora of ministries and rapid ministerial turnover. One of the favorite games in town is guessing whose fortunes are rising and whose are waning. To get action from the government, one must have the ear of a personage in favor. And local government, as I had an opportunity to observe it, is very weak. The planned towns--e.g., the industrial town of New Helwan--are operated by "special implementing agencies" which are virtually private companies. Village councils that I saw were dominated by the richest farmers. If we are to carve out a project that it is not academic, we will need to establish a strong local presence.