

PD-ABA-643

65359

---

# Project Completion Report

## Housing and Community Upgrading for Low Income Egyptians

Arab Republic of Egypt  
Ministry of Housing and Public Utilities  
USAID Contract 263 0066 01 HCC



**CHF**

August 26, 1988

---

Cooperative Housing Foundation

Mail: P.O. Box 91280, Washington, D.C. 20090-1280 ■ Office: 1010 Wayne Ave., Suite 240, Silver Spring, MD 20910 ■ (301) 587-4700 ■ FAX (301) 587-2625 ■ Telex 440271 CHFUI

---

---

# Preface

The Cooperative Housing Foundation (CHF) wishes to express its appreciation to the Government of the Arab Republic of Egypt and to all the people with whom we worked. We want to acknowledge particularly the excellent working relationships developed with the officers and staff of the Executive Agency for Joint Projects (EAJP) and the Credit Foncier Egyptien (CFE), with local

government officials, and, of course, with the leaders and residents of the Helwan communities. We also wish to thank the United States Agency for International Development (USAID) for its strong support of the project. We are proud of the Egyptian-American teamwork that characterized this project and that is, in large part, the reason for its accomplishments.

---



---

# Contents

<b>I. Project Review .....</b>	<b>1</b>
Overview of Project and its Accomplishments .....	1
Indicators of Goal Accomplishment .....	2
Project Results .....	2
Demonstration Results	
Impact of Credit Availability	
Public Policy Impact	
Summary Observations .....	4
Endnotes .....	4
<b>II. Project Description .....</b>	<b>7</b>
Project Background, Goals and Purposes .....	7
Project Components .....	8
CHF Technical Assistance Role .....	9
Financial Summary .....	10
Endnotes .....	10
<b>III. Helwan New Community .....</b>	<b>13</b>
Program Overview and Objectives .....	13
Project Issues and Constraints .....	14
CHF Technical Assistance Tasks .....	15
Task One —	
Organization of Community Improvement Associations and Housing Cooperatives	
Task Two —	
Organization of Home Improvement Loan Program	
Task Five —	
Design and Evaluation of Building Methods and Building Products for Low-Cost Housing	
Endnotes .....	23
<b>IV. Community Upgrading .....</b>	<b>27</b>
Program Overview and Objectives .....	27
Issues and Constraints .....	28
Off-Site Sewage Disposal	
Technical Standards	
Title to Land	
Cost Recovery	
CHF Technical Assistance Task .....	29
Task One —	
Organization of Community Improvement Associations and Housing Cooperatives	
Task Two —	
Organization of Home Improvement Loan Program	

---

Task Six—	
Community Upgrading Coordination	
Endnotes .....	38
<b>V. Institutional Development .....</b>	<b>41</b>
Overview and Objectives .....	41
Issues and Constraints .....	42
CHF Technical Assistance Tasks .....	42
Task Three —	
Organization of Housing and Consumer Banking Services	
Task Four —	
Project Evaluation and New Project Development	
Task Seven —	
Institutional Development and Training	
Task Eight —	
Financial Management and Accounting	
Endnote .....	52
<i>Annex A: List of CHF Advisory Staff, Short-Term Advisors, and Sub-Contractors</i>	
<i>Annex B: Bibliography of CHF Reports</i>	
<i>Annex C: Project Financial Summaries</i>	

# I. Project Review



---

---

# I. Project Review

In July 1979, the Cooperative Housing Foundation (CHF) entered into a contract with the Government of the Arab Republic of Egypt (GOE) to provide technical assistance for the implementation of a project called "Housing and Community Upgrading for Low-Income Egyptians," jointly funded by the GOE and the U.S. Agency for International Development (USAID). This project was based on two innovative approaches to housing delivery—the upgrading of a number of unserved, informally settled communities and the creation of a new community using a sites and services concept—in combination with credit to be made available to low income families. In carrying out its contractual commitment, CHF was required to provide multidisciplinary assistance to an agency of the Ministry of Housing (MOH), the newly established Executive Agency for Joint Projects (EAJP), and to a bank specializing in real estate lending, Credit Foncier Egyptien (CFE).

On August 26, 1988, the project and CHF's assistance to the project came to a conclusion. This Project Completion Report (PCR) summarizes CHF's assistance to the project over the nine-year period and reviews the project's accomplishments.

Detailed analyses of each major project component and an assessment of its strengths and weaknesses are contained in the body of the PCR. This section of the PCR assesses the achievements of the project as a whole.

## ***Overview of Project and Its Accomplishments***

The project was conceived, from the beginning, as a demonstration, something it was hoped, which

would provide a living laboratory and, in the end, serve a larger purpose than the immediate impact of the specific activities of the project. The PCR, then, is an important part of the project, for it is through this vehicle, with the benefits both of current knowledge and hindsight, that the significance of the project can be assessed. Often in the process of implementation, details loom larger than they should, and the problems receive more attention than the successes. It is CHF's hope that the PCR will place the project in the proper context and that, moreover, it will provide the opportunity for the GOE, USAID, and CHF itself to reflect upon the lessons that can be drawn from this challenging and ultimately successful undertaking.

The statistics tell us something of the dimensions of the project and its direct impact: The project serves 200,000 beneficiaries in seven informal communities in Helwan and ultimately will reach 7,200 beneficiary families (approximately 100,000 people) in the Helwan New Community (HNC). It also helped to build the expertise of the EAJP, now an agency of approximately 400 people, and the CFE, which administered approximately LE 5 million worth of home improvement and small enterprise loans in the upgraded communities and an anticipated LE 18 million in construction loans for low-income people in the new community during the project.

However the statistics by no means tell us the whole story. When CHF first started working with the GOE in Egypt, both upgrading and new community development based on sites and services targeted for low income wage earners were new undertakings. The newness of the concepts and the newness of the implementing agency were both important factors in the way that the project

---

developed. However, at project's end, despite changing external circumstances and delays and difficulties, particularly associated with the physical development side—an aspect outside CHF's direct control—it appears that the purposes of the project have been substantially fulfilled. Innovative approaches to housing delivery for low-income people, drawing upon non-traditional relationships between the public and private sectors have been demonstrated to be viable and socially acceptable in the Egyptian context.

## **Indicators of Goal Accomplishment**

In the description of the project incorporated into the Grant Agreement signed between USAID and GOE, four indicators of goal achievement are set out. These are as follows:

- occupancy of dwelling units provided in the new community with evident satisfaction of the beneficiaries;
- urbanization and active home improvement programs in upgrading areas;
- expanded programs of housing finance for low-income families
- successful utilization of opportunities for new building methods, products and ongoing training by craftsmen and professionals.

Using these as measures, CHF is pleased to report the following:

- **Occupancy of Units—**  
Although occupancy of units in the new community was not achieved during the life of the project, due to the difficulties encountered with physical infrastructure development (see detailed discussion in body of PCR), construction was underway for beneficiaries in the neighborhoods in which plots had been sold; construction loan monies for the build-out of the remaining communities had been earmarked; and commitments by GOE to this concept had been made. Moreover, once sites are put on the market, there is a high demand for them, with plots being marketed very quickly. This latter indicates the acceptability of the program to the beneficiaries. Therefore, although occupancy

did not occur within the arbitrary timeframe of the project, all the prerequisites are in place.

- **Urbanization and Home Improvement Programs—**

This aspect of the project was extremely successful, with substantial infrastructure and facility construction completed under the project and additional physical improvements having been made by loan program beneficiaries in the seven upgraded communities, with an excellent record of repayment.

- **Expanded program of housing finance for low-income earners—**

Substantial amounts of credit were made available in both the upgraded and the new communities for the target groups. This effort has had significant success and the systems that CHF helped to install, coupled with the interest of the lending institution in continuing in this area of activity, indicate that this expansion is likely to continue.

- **Utilization and training in local building materials—**

The emphasis in this project area changed as the project evolved (see discussion in body of PCR); however, small contractors are being actively employed for owner build-out in the new community and a significant program of vocational training took place (and is continuing to take place) in the upgraded communities.

## **Project Results**

In addition to the indicators of the project having substantially achieved its purposes, there are indicators of project results which extend beyond the immediate impact of the project itself. These are summarized below:

### **Demonstration Results**

In both the upgrading and the new community components of the project, the intentions of the project have been successfully demonstrated.

- **Upgrading—**

With regard to upgrading, which experienced fewer implementation problems than the new

---

community component, the project showed that this integrated socio-economic and physical approach to development can be carried out on a scale necessary to meet the continuing growth of informal urban communities.

The living conditions in the communities were fundamentally and importantly improved by the installation of an on-site sewer and water network, the paving of roads, the establishment of schools, community and youth centers and vocational training center. Moreover, individual families had the chance to improve their own lives by the availability of credit for home improvement and small enterprise loans. The success of these two activities can be measured both by the physical improvements and by the good repayment records of the borrowers.

Community participation was a strong factor in the success of the upgrading projects and based on the results of these efforts, there is considerable demand among other communities for similar projects to be implemented.

#### ■ *New Community—*

The New Community component of the project was plagued in the early years with delays and cost overruns outside the control of both the EAJP and CHF. However, at the date of project completion, the demonstration results promise to be equally successful as those of the informal communities. The sites have been prepared with infrastructure, including access roads, and public and community facilities (such as schools) have also been constructed.

Equally significant, however, is the fact that despite the delays, a scheme has been found to allow families to build using private contractors that will allow for substantial recovery of the cost of developing the new community. Moreover, in terms of affordability, the private development in the Helwan New Community (owner-sponsored and contracted construction) is resulting in construction costs that are 40% cheaper than conventional public construction. The demand for the plots and the construction loan money is high among the target group and is a measure of the potential for application of this approach elsewhere in Egypt.

#### ■ *Institutional Development—*

The development of capacity within the EAJP is a significant accomplishment of the project. It has the experience and expertise to move forward with both sites and services and upgrading projects. In addition the development of the CFE's capacity and its successful lending experience to the low-income population of Helwan are also extremely important achievements and could play a key role in any similar future undertaking in low cost housing delivery in Egypt.

### **Impact of Credit Availability**

In addition to the considerable physical impact made by the use of the credit for improvements and for construction, the availability of credit and the record of the project show several things:

- Low-income people can and will borrow and successfully repay loans that are not highly subsidized.
- There is a demand for loans even among those who do not have land tenure.
- Low-income families have demonstrated through their repayment records that they are good credit risks.
- Credit availability results in significant expansion of housing stock.

### **Public Policy Impact**

Although there were no formally established mechanisms for the project to affect public policy, several developments during the course of the project point to such an impact as having occurred:

- Law 135 of 1981 officially recognized informal settlements as legitimate and permanent communities which should be incorporated into the formal planning process, with services provided to them.
- Law 31 of 1984 set procedures to legalize land tenure for informal areas.
- Beyond the life of the project itself, the EAJP and the Governorate of Cairo are continuing to work together. An Implementation Committee for Land Tenure and Cost Recovery in Informal

---

Communities has been established, and an Upgrading Committee has been formed by the Governor of Cairo.

- The Governor of Cairo has indicated an interest in continuing the partnership with EAJP to develop sites and services projects elsewhere in the Cairo Governorate.
- The Minister of Housing and Reconstruction made two major speeches in August 1988 in which for the first time he publicly endorsed upgrading of informal communities and the sites and services approach to providing housing for low-income Egyptians.

## Summary Observations

Advocacy of a single solution to the housing and service delivery problems in Egypt, is too simplistic an approach to an extremely complex problem. CHF instead believes that a variety of approaches are necessary and applicable. Nonetheless, CHF also believes that this project has successfully demonstrated that both the upgrading of informally settled communities and the development of new communities using a sites and service concept, when coupled with the availability of credit for the low-income borrower, are valid within the Egyptian context.

- *Upgrading—*  
The integrated socioeconomic and physical upgrading of informal communities has been

demonstrated. This approach, when coupled with credit for the low-income earner, allows a greatly improved standard of living (impacting all areas of a family's well-being, including that of productivity), generates substantial employment, leverages personal savings and private capital for investment purposes, and both improves and expands the available housing stock.

- *Sites and Services New Community Development—*

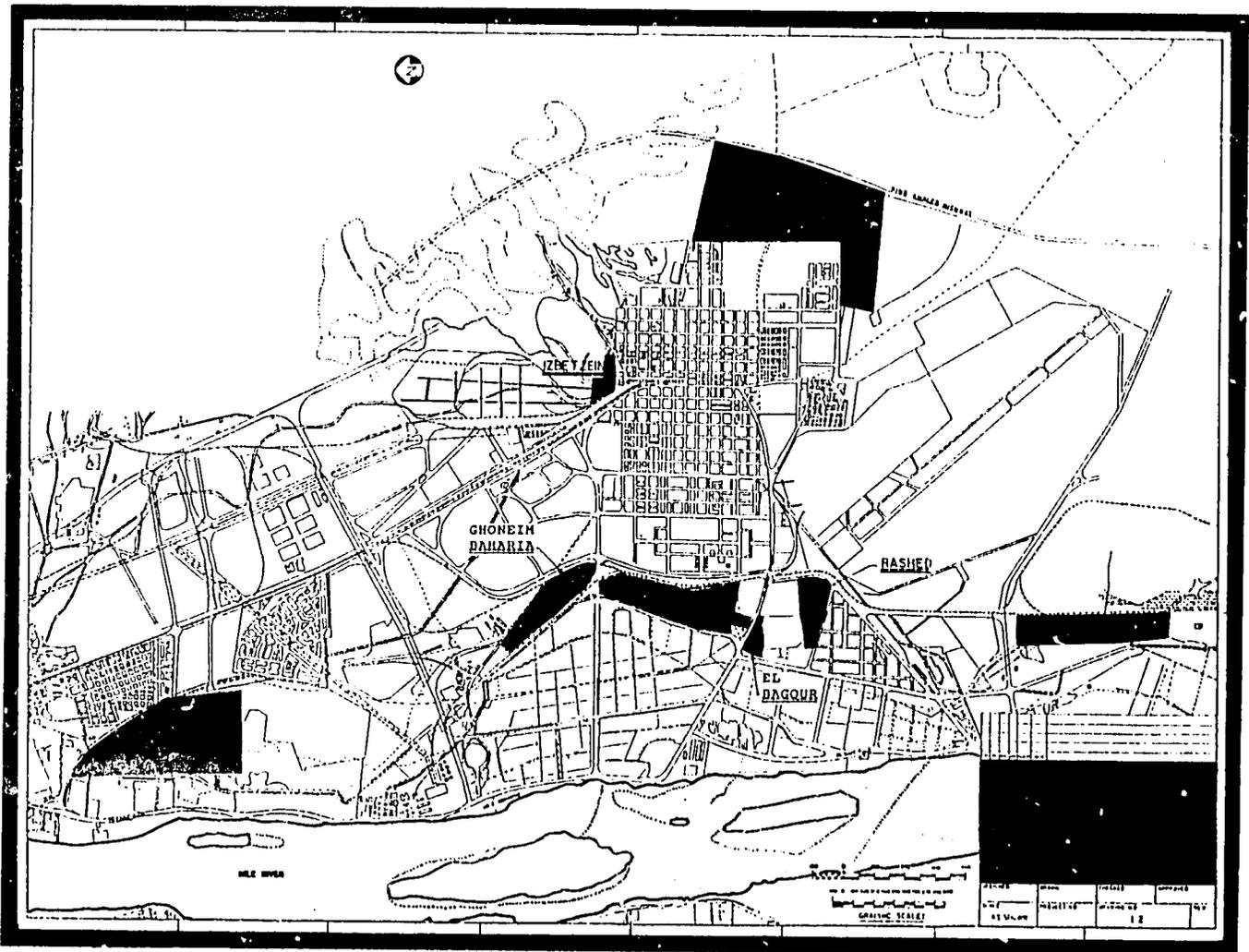
The concept of government- provided infrastructure and services, designed to reasonable, affordable levels, when tied to credit availability for plot purchase and owner-developed house construction leverages personal savings and stimulates the construction sector.

In both cases, significant cost recovery is possible. Moreover, the partnership between public and private sectors in both approaches appears to play a catalytic role for housing and other productive activity. Valuable experience and expertise has been developed within both EAJP and CFE as a result of the *Housing and Community Upgrading Project for Low-Income Egyptians* and the two institutions are a valuable resource for the shelter sector as a whole and enhance the ability of the GOE to reach the low-income wage earner.

## Endnotes

1. Under the terms of CHF's contract, the PCR is to present a "statistical, historical, financial and technical summary of the project." In preparing this PCR, however, CHF has attempted to go further to allow others to understand as clearly as possible both the issues involved and the significant achievements of this ambitious and complex project.
2. Of this amount LE 7.6 million was available as of project completion and an agreement had been reached with USAID for an additional LE 10 million to be made available for this purpose. At the writing of the PCR, the request for approval had gone forward to the Ministry of International Cooperation.
3. Fifty-five percent of the home improvement loans went to construct new flats or additional rooms. (See Annex C.)

# II. Project Description



---

---

## II. Project Description

This section describes the *Housing and Community Upgrading Project for Low-Income Egyptians* in order to provide a context for the specific tasks undertaken by the Cooperative Housing Foundation (CHF) in fulfillment of its contract to provide consultant and advisory services to the project over the past nine years.

This section thus outlines project goals and purposes, outlines the project components (outputs), and CHF's technical assistance role on the project.

### ***Project Background, Goals and Purposes***

A variety of factors—rapid population growth, even more rapid urbanization, mounting inflation of construction costs, lack of land for development—acted together over a long period of time to push Egypt into a deepening housing crisis. The social dimension of housing (need) outpaced economic capacity (demand). Simultaneously, constraints on housing production, such as inadequate housing finance mechanisms, deficiencies in institutional capacity, and lack of opportunities to own land, limited the production (supply) of housing as well as infrastructure and community services.

Moreover, availability of capital for investment in housing development was constrained by inadequate mechanisms for the tapping of private sector sources, including individual savings and initiative. Also, low service tariffs, low interest rates for loans, rent control, and other subsidies combined to make the housing finance sector uneconomic, thus constricting the development of new housing and services.

Efforts by the GOE to intervene in the housing sector included publicly funded construction of rental flats by private contractors, the development of cooperative housing construction by capital provision through a parastatal lender, and a program to decentralize urban growth by development of new towns (usually on an industrial base) in surrounding desert areas. However, the demand was not being met by these efforts. Increasingly, lower-income people, even those fully employed in formal sector industry, were unable to obtain housing and services at levels they could afford.

The physical impact of these combined factors could be seen in increased over-crowding of dwellings, with corresponding stress on health, social, and educational services. Squatter settlements developed, typically without access to sufficient, if any, infrastructure or other services. One of the responses that the GOE made to this situation was the *Housing and Community Upgrading Project for Low-Income Egyptians*.

As envisioned in the Project Paper, the purpose of the project was to demonstrate the premise that socially acceptable, affordable basic housing and community facilities can be provided for low-income families and that in the provision of such housing and facilities, public investment costs can be substantially recovered. The underlying intent was that the successful demonstration of this premise, which was based upon a realignment of public and private resources in the supply and delivery of shelter, might lead to new directions in Government housing policy and that the ability of the Egyptian housing sector as a whole (both public and private) to respond to the shelter and community needs of the low-income population would be enhanced.

---

In order to achieve this purpose, as agreed in the Grant Agreement signed by the GOE and USAID, the project was organized around four principle components:

- Construction of a New Community to consist of 7,200 units which were to be designed to demonstrate the social acceptability and marketability of minimal housing and which were to be sold at much reduced subsidy;
- Upgrading of up to six existing communities which were to be urbanized and the existing housing improved and conserved;
- Establishing of a technical training center which was to be built to supplement the existing supply of craftsmen in the building trade; and
- Provision of technical assistance and training in the fields of housing management, housing and land policy and housing credit.

The goal of the project as set forth in the Grant Agreement was to "reinforce the orientation of the GOE and the Ministry of Housing to provide acceptable housing for the population and an equitable distribution of housing resources and community services."

To assure coordination of inputs and provide supervision, the project established the Executive Agency for Joint Projects (EAJP, originally the Joint Housing Projects Agency). The EAJP had within its structure a project implementation unit (PIU) which was specifically charged with carrying out the project.

Helwan, a suburb of Cairo, was chosen as the site for the project. Helwan, which had been a health spa, had undergone significant change since the 1950's when it experienced concentrated, heavy industrial development. It was characterized by rapid population growth; the development of unserviced squatter settlements; and an inadequate supply of housing to meet the demand generated by the low income, but fully employed industrial worker population. In short, Helwan was an excellent area in which to implement an innovative approach to the solution of the problem of decent and affordable housing supply. Figure 1 shows Helwan's place within the geography of Cairo. Figure 2 identifies the locations of the Helwan New Community and the informal communities selected for upgrading.

## Project Components

To meet the purposes of the *Housing and Community Upgrading Project for Low-Income Egyptians*, the original components of the Grant Agreement were expanded and modified as follows:

- Construction of New Community
  - housing (7,200 units) (sites and construction loans)
  - infrastructure
  - social services and public facilities
- Upgrading of six informal settlements home improvements
  - infrastructure improvements
  - community services (schools, health and social centers, etc.)
- Creation of housing finance system for project beneficiaries through Credit Foncier Egyptien (CFE)
  - establishment of electronic data processing
  - creation of branch bank to serve beneficiaries
- Promotion and organization of cooperative and community associations with and for project beneficiaries
- Design, testing, and marketing of improved building materials
- Technical assistance in the field of housing management, land and housing policy and housing credit.
- Vocational training for residents of project areas.

For the purposes of this report, three major programs, within the project the components will be analyzed and described under the three major program activities with which CHF was involved. These are:

- Helwan New Community,
- Informal Community Upgrading, and
- Institutional Development.

CHF's role in the overall project was the provision of technical assistance to the EAJP to implement the project. There were, in addition to CHF, many

other consulting organizations charged with specific aspects of implementation, for example, the design and installation of infrastructure for the Helwan New Community.

## CHF Technical Assistance Role

Both the Grant Agreement and Project Paper provided for technical assistance and training to the project administrative and implementing agency (EAJP/PIU) and the lending agency (CFE), to assist in execution of the project and develop increased institutional capacity to replicate such programs on a larger scale.

CHF was awarded the contract to provide these services in 1979. The services required evolved over time and were formalized at different points in a series of amendments to the original contract. The advisory services called for can be categorized, however, as follows:

- **Planning—**  
determining goals, setting schedules and budgets
- **Training—**  
training plans, in-country and overseas training
- **Preparation/Documentation—**  
charts, schedules, regulations, manuals and promotional materials
- **Analysis, Review and Reporting—**  
develop standardized reporting and evaluation procedures and,

- **Program Implementation Techniques—**  
direct assistance and on the job training.

Each of the services listed above were, in turn, applied to eight separate technical assistance tasks to be carried out by CHF in the Housing and Community Upgrading Program for Low- Income Egyptians:

- Organization of Community Improvement Associations and Housing Cooperatives
- Organization of Home Improvement Program
- Organization of Housing and Consumer Banking Services
- Project Evaluation and New Project Development
- Design and Evaluation of Building Methods and Products for Low-Cost Housing
- Community Upgrading Coordination
- Institutional Development and Training
- Financial Management and Accounting

A listing of the CHF Resident Advisory Team members, Short Term Advisors and Sub-contractor Staff is included at Annex A. A bibliography of CHF Reports and papers produced throughout the project life is included at Annex B. In addition to the items included in the bibliography, CHF produced monthly progress reports and periodic special reports as required by developments in the project.

The interrelationship of these eight technical assistance tasks with the three major program areas is illustrated in Table 1.

**Table 1**  
**CHF Technical Assistance Matrix**

Program Area	CHF Technical Assistance Tasks							
	No.1	No.2	No.3	No.4	No.5	No.6	No.7	No.8
Helwan New Community	X	X			X			
Community Upgrading	X	X				X		
Institutional Development			X	X			X	X

---

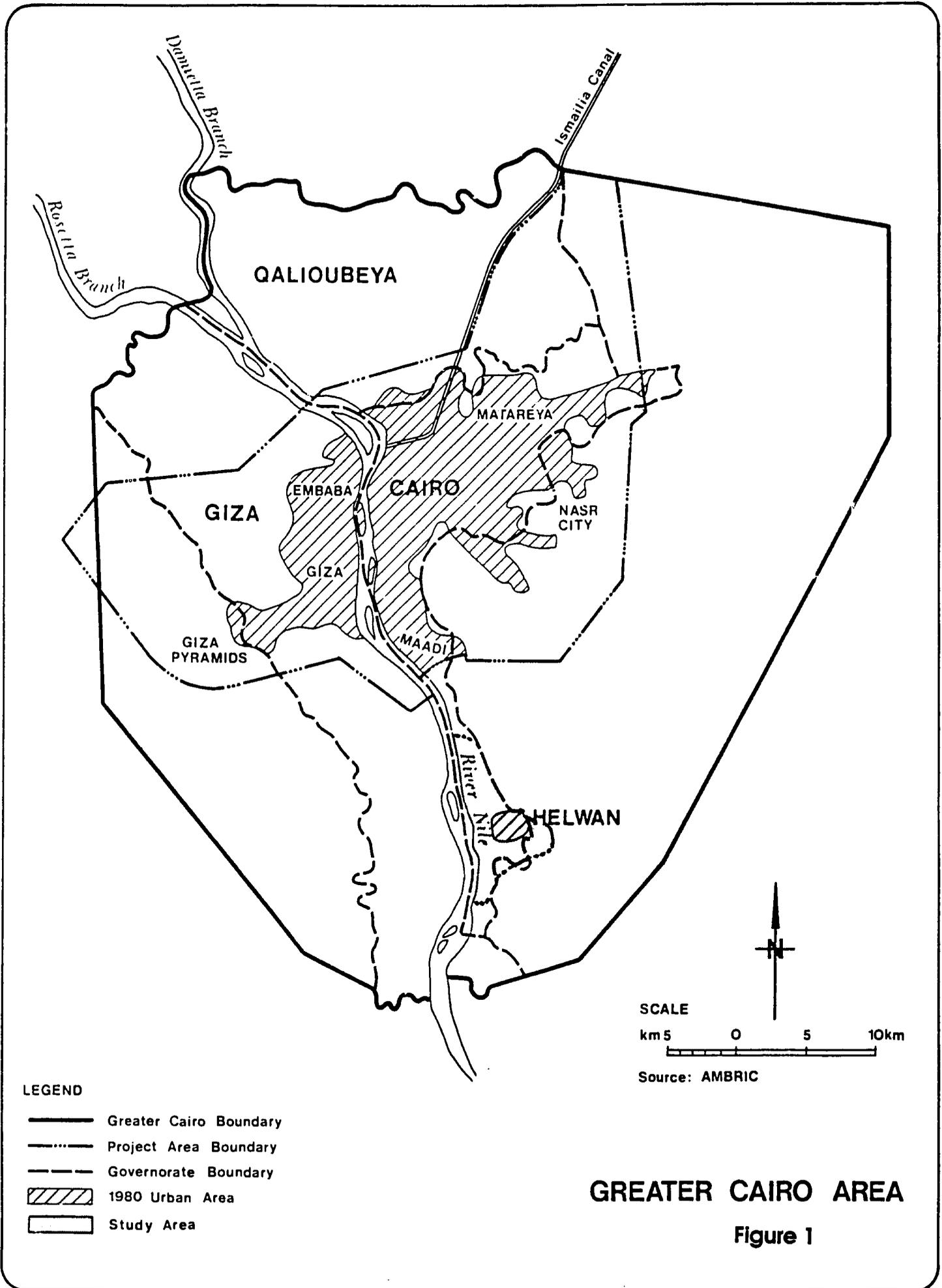
In the sections which follow, the PCR presents an analysis of each of the three major program areas. Each section includes a discussion of program objectives, record of goal achievement as well as the constraints encountered, a review of CHF's technical assistance (including an analysis of each of the eight tasks applicable to program area in question). The review of CHF's technical assistance includes a description of how CHF performed the tasks, end-of-project status of each task, lessons learned, and recommendations for future project application.

### ***Financial Summary***

The project was allocated resources totaling US \$160 million (\$80 million by USAID, LE 56 million by GOE at the exchange rate then prevailing). A Financial Overview of the project as a whole is included as Annex C.

### ***Endnotes***

1. The development of a vocational training center for the construction trades was originally programmed in this project. This facility was to be similar in scale and concept to those already in operation in Egypt. Community development experience and feedback suggested that vocational training skills could be taught effectively and more rapidly as part of the community development process and at a number of smaller, decentralized centers. Thus, the project was modified accordingly (see discussion later in the PCR).



**LEGEND**

- Greater Cairo Boundary
- - - - Project Area Boundary
- - - - Governorate Boundary
- ▨ 1980 Urban Area
- Study Area

SCALE

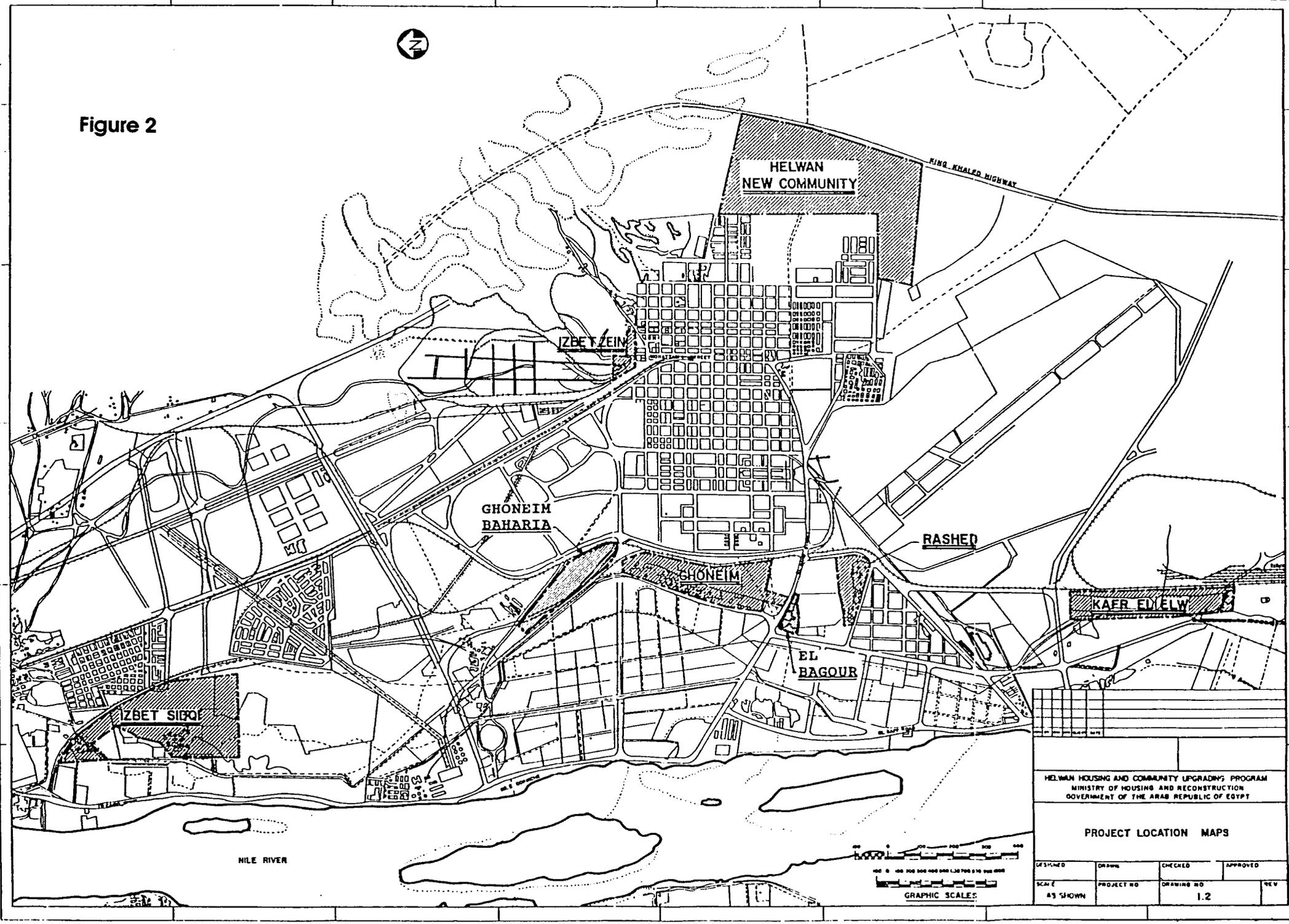
km 5 0 5 10km

Source: AMBRIC

**GREATER CAIRO AREA**

**Figure 1**

Figure 2



HELWAN HOUSING AND COMMUNITY UPGRADING PROGRAM  
MINISTRY OF HOUSING AND RECONSTRUCTION  
GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT

PROJECT LOCATION MAPS

DESIGNED	DRAWN	CHECKED	APPROVED
SCALE AS SHOWN	PROJECT NO.	DRAWING NO. 1.2	REV.

12

# III. Helwan New Community

*The project demonstrates that people will build their own housing when the government provides infrastructure, public facilities, and access to construction credit. Beneficiaries have proven highly capable of working together in a cooperative manner to develop their units.*



---

---

# III. Helwan New Community

This section presents a general overview of the Helwan New Community program area within the project and reviews the technical assistance provided by CHF to EAJP/PIU with regard to development of the Helwan New Community (HNC).

## ***Program Overview and Objectives***

The HNC was intended to be the development of what was essentially a complete, new town with approximately 7,200 plots, for approximately 100,000 low-income factory workers and their families. GOE policy strongly supported new community development; however, the HNC differed in approach from other new community development efforts undertaken in Egypt and was intended to demonstrate on a fairly significant scale some alternative methods of housing development. Emphasis was to be placed on technical standards and cost recovery levels which differed from customary GOE practice.

Specifically, the HNC was intended to show that:

- People will build their own housing when government provides infrastructure and community facilities.
- Institutional capability to carry on the program in other regions of Egypt could be developed through the implementation of the HNC demonstration project.

The housing offered by the HNC was to be:

- socially acceptable to target beneficiaries;
- priced at levels that low-income target groups would be willing to pay;

- provided in a manner that would ensure that the GOE would recover a substantial part of its investment.

More specifically, the HNC anticipated:

- applying reduced standards for plot sizes;
- providing a range of very basic, but expandable, core units;
- mobilizing individual and group participation in construction;
- engaging the formal mortgage banking sector in low-income lending;
- providing necessary community facilities, and
- establishing mechanisms by which community residents would cooperatively manage the community and provide community services.

Originally the HNC project was viewed as a "straightforward construction project," which included provision of infrastructure and core housing units to beneficiaries. (The core units were to be expandable over time, according to approved designs.)

However, as discussed later in this section, a wide array of technical, managerial, and financial problems created long delays in the development of HNC infrastructure, which although outside the control of CHF had a considerable impact on what could be done in the HNC. Since the focus of CHF's tasks at HNC was to assist EAJP/PIU with affordable housing development, the infrastructure delays and cost over-runs imposed severe constraints on the ability of EAJP/PIU and CHF to implement housing development programs based on the project's innovative concepts.

---

Once the infrastructure was installed, however, in 1986 CHF proposed to EAJP management a response to this challenge. EAJP accepted this proposal for a self-financing program, using the in-place assets of land and infrastructure as the basis for a Construction Loan Fund and based on a current analysis of income levels of the target beneficiaries. This self-financing system as proposed by CHF incorporated the fundamental policy concepts of the original project:

- mobilization of private funds and initiative
- reliance on mutual assistance and cooperative mechanisms
- emphasis on cost recovery and affordability, and
- reduced public sector involvements in actual housing funding and construction.

In summary, despite its history of implementation frustration and delay, the New Community is now on the brink of achieving project purposes and has the opportunity and resources to do so. Objectives of producing affordable but socially acceptable housing and providing land tenure are being met. Plot sale experience shows that demand for plots is very high within the target group and that the target group finds the project's housing solutions not only to be socially acceptable but also prefers the opportunity to own land and obtain expandable housing to the purchase of completed flats.

## ***Project Issues and Constraints***

In its early years, the HNC program encountered a wide variety of technical problems. These problems, combined with the very limited initial capacity of the EAJP's PIU and early confusion about organizational roles and responsibilities of EAJP, caused lengthy delays. Both the institutional and the technical problems were intertwined and together severely impacted the speed with which HNC developed.

Several things happened that fundamentally altered the project design and so also the nature of the technical assistance from CHF. These included the following developments:

- The core housing concept became a controversial issue and designs were selected more for appearance than function. Market testing of project model core units showed that the units, designed by a local contractor, were inappropriate and unacceptable to the target beneficiaries.
- Substantial cost over-runs for infrastructure and greatly increased consultant engineering costs by the expatriate contractor occurred.
- Under pressure of these cost overruns, EAJP made a decision to delete the core housing units from the project and to convert funding budgeted for housing construction credit for beneficiaries into funding for infrastructure.
- Research on building materials and techniques, which had been incorporated into construction of the Model Housing Estate, declined in significance as the concept of beneficiary participation in unit construction was suspended.
- The focus on problems experienced with infrastructure construction, particularly on contract disputes and cost conflicts between EAJP/PIU and the expatriate construction contractor who carried out the infrastructure work, detracted attention from other project elements. In particular, planning for housing development was neglected.
- Controversy over the acceptability of the core housing concept, especially in contrast to developing completed flats, combined with outside pressure to produce housing, led the EAJP to undertake the project's first major housing development effort. However the development undertaken followed not an innovative but rather a conventional pattern: With the assistance of the Ministry for Housing, EAJP obtained a loan from the General Organization for Building and Housing Cooperatives and subsequently began construction of apartments for sale to target group workers in three of the ten neighborhoods in the HNC.

Although it seemed at one point in the project that the conventional mode of development would take over the entire HNC program, thereby defeating the project intentions with regard to the demonstration of the combined public/private sector approach to housing delivery, this did not occur.

---

In the end, as a result partially of the institutional maturity of the EAJP and the development of a self-financing scheme, the project is proceeding along the lines originally intended.

With the self-financing system, the HNC now has a feasible basis for being completed in a manner which could achieve many of the project's objectives. Nonetheless, it should be pointed out that the project still faces a series of implementation problems. These are both technical problems related to infrastructure designs, site layout, and the project site itself, and institutional problems. They include the following:

- Unit designs and problems posed by unstable site soils make it difficult for contractors to carry out foundation excavation without damaging or destroying the infrastructure connection modules.
- Construction on small plots by plot owners and their contractors requires a high level of cooperation and mutual assistance. Although all owners presently have sufficient funds to simultaneously engage in ground floor construction, this may not be the case for subsequent construction of the upper floors.
- EAJP/PIU capacity to provide technical assistance to the owners, encourage mutual assistance and retain oversight of construction adequacy and requires some additional strengthening.
- The mechanics of self-financing are not yet firmly in place. Careful management of commercial plot sales in coordination with residential plot sales is required.

## ***CHF Technical Assistance Tasks***

In general, the technical assistance role of CHF as a consultant in the HNC was to assist EAJP/PIU to develop the capability to promote housing development through the innovative methods set out in the Project Paper. The original design of the HNC's housing program relied heavily on participation by beneficiaries through cooperatives and mutual help organizations. CHF technical assistance focused on assisting EAJP/PIU with planning for

implementation of a program of affordable housing development based on marketing of plots and core units to target group members who would develop their units through cooperative action.

The three main CHF technical assistance tasks, applicable to the Helwan New Community Program were:

- ***Task One***  
Organization of Community Improvement Associations and Housing Cooperatives
- ***Task Two***  
Organization of Home Improvement Loan Program
- ***Task Five***  
Design and Evaluation of Building Methods and Products for Low-Cost Housing

Specifically, CHF was required by contract to assist EAJP/PIU in preparing implementation plans and budgets, developing and promoting pilot cooperatives and homeowner associations, planning marketing strategy and documents, preparing programs for homeowner and cooperative member education, organizing estate management and other community services. CHF was also required to assist the PIU and CFE to develop and implement a credit program for home improvement and expansion, and assisting CFE to establish a branch banking facility to provide consumer banking services to HNC and upgrading community residents.

To support the project objective of reducing housing cost, another CHF task was to assist the EAJP/PIU to develop innovative, practical improvements in shelter design and building methods.

To support the project objective of developing an integrated and coordinated approach to housing implementation, other CHF tasks focused on institutional development, training and financial management.

The following sections provide an overview of each CHF technical assistance task relative to the Helwan New Community program. CHF's work related to each task is reviewed, an end-of-project task status is provided and each task section concludes with a statement of lessons learned and recommendations.

---

## Task One — Organization of Community Improvement Associations and Housing Cooperatives

The original HNC design included a very substantial role for group participation of beneficiaries. This role included unit construction and expansion, cooperative management of the community, and provision of community services. The objectives of the cooperative element of the project were aimed at:

- increasing beneficiary inputs of capital, labor, and management into housing construction;
- supporting development of a self-managing community of owners;
- establishing the basis for long-term community management, including the continued operation of community physical and social services and facilities.

CHF technical assistance was requested to assist EAJ/PIU to fulfill these objectives through development of housing cooperatives and homeowner associations within the New Community. The cooperatives and associations were considered as important elements in the overall project because they allow the residents to participate in the decision-making process and provide effective systems for self-help construction efforts.

### **Review of CHF Work**

**Research and Planning**—Early CHF work focused on studies of the cooperative movement in Egypt to determine the appropriate cooperative structure and legal basis. This work included a preliminary workplan which was part of the 1981 Project Implementation Plan and a conceptual framework outlining the proposed functioning of HNC community organizations. This framework included key elements of organizational structure, ownership patterns, resale and equity controls, and cooperative administration.

Legal research focused on cooperative aspects of housing law, home-owner association law, land development law, and corporate law. Draft by-laws were prepared which would provide an adequate legal basis for the HNC organizations to

be effective. Since project beneficiaries were intended to purchase core units and to be able to obtain credit for unit expansion, work was carried out to resolve issues related to pricing structure, cost recovery, and owner build-out methods, including a sample CFE mortgage.

**Development of Pilot Cooperatives and Homeowners Associations**—The changing state of HNC housing development policy as described earlier in this section has greatly affected the direction of cooperative and homeowner association development. Early CHF work, based upon the project paper concept of providing expandable core housing units, focused upon establishing acceptable and effective HNC community organizations which would provide satisfactory community management. In April 1982, CHF produced a detailed workplan reviewing work accomplished and setting out the steps and tasks required to establish the first four "Mutual Housing Associations" and the overall "Union of Mutual Housing Associations." At this point in project implementation, plot and unit sales were scheduled to begin in July 1982, and occupancy was scheduled for March 1983.

However, continued infrastructure delays and growing budget problems were experienced, and housing development efforts focused solely on construction of the Model Housing Estate. By 1983—the time by which the original project schedule had anticipated project completion—infrastructure delays and cost overruns resulted in deletion of the core units from the project. This, of course, necessitated a radical revision of CHF's approach to this task.

**Marketing and Promotion**—CHF also produced revised draft by-laws for basic neighborhood cooperatives and for a joint cooperative society. In anticipation of sales of units in the Model Housing Estate and of plots, slide shows were produced to provide beneficiary education. These shows were designed to introduce beneficiaries to the project, to cooperatives, and to methods and techniques for owner build-out of units through cooperative action.

Infrastructure delays continued to prohibit the start of plot sales and construction. Not until 1986 was the first neighborhood at HNC actually handed over to EAJ/PIU by the infrastructure contractor. In addition, the project budget no longer included

---

funding for construction credit to support housing development by plot owners working through cooperatives. A new approach had to be found.

In late 1987, adoption by EAJP of the self-financing system model proposed by CHF for HNC Neighborhoods 3 and 4 led to a revival of work with cooperatives. Budget support for construction credit was re-established using a portion of remaining USAID project funds. Under the self-financing system mode, plot purchasers would be enrolled in the basic cooperative at the time of plot purchase, and it was agreed that a cooperative would be formally established.

*Cooperative Organization and Member Education* — EAJP staff, assisted by CHF staff, began explaining the concept and project implementation purpose of the cooperative to factory workers during sales promotion work. All plot purchasers were enrolled in the cooperative as plots were sold in order to quickly determine the minimum number of members and amount of fees legally required to form the cooperative.

CHF staff also assisted EAJP staff and the initial group of plot purchasers to select an interim board of directors and pursue formal legal registration and establishment of the cooperative. This work was based on extensive research and preparation carried out by CHF and EAJP staff during the course of CHF's long involvement with HNC.

CHF staff took the lead in successfully organizing plot purchasers into block groups which elected captains to represent them in all project matters. The block groups have been successfully organized into larger groups which include all plot purchasers from given factories. The first three of these larger groups have concluded construction contracts with builders and construction of their units has begun. CHF's direct and successful role of assisting informal groups ended in mid-April, 1988.

### ***End of Project Status***

In order for a cooperative to be registered legally, it must have fulfilled certain conditions with respect to numbers of members and amount of money deposited by members in CFE. All necessary steps to register the cooperative were initi-

ated and followed-up by CHF; however, legal delays occurred when the question of whether special by-laws would be required by GOE was considered by EAJP.

Agreement has been reached on by-laws, however, and all that remains to be done in order to register the cooperative with the Governorate of Cairo is to obtain from CFE a letter certifying that at least the minimum required number of members have paid at least the minimum amount of fees, and follow-up to complete registration.

In June 1988, additional USAID funding for construction credit was made available, following which EAJP sold the 550 plots in Neighborhood 4 to factory workers, bringing total sales in the two neighborhoods marketed to 1,151. The model set by the plot purchasers in Neighborhood 3 is in place, and it is expected that these beneficiaries in Neighborhood 4 will follow that and form groups to hire contractors and begin construction. However, they were not enrolled in a Neighborhood 4 cooperative at the time of plot purchase.

### ***Lessons Learned and Recommendations***

CHF's experience has been that informal groups have proven to be highly cohesive, well-motivated, and very capable of working with other such groups in a cooperative manner in such matters as jointly hiring a construction contractor and reaching agreements with project staff about technical assistance. Block captains appear to provide good leadership and to be an effective link between project staff and plot purchasers.

Since construction of at least the entire foundation for a whole block of units must take place at one time, such block group formation is essential and should be continued by EAJP staff. Block groups are not, however, a feasible substitute for a cooperative in such areas as delivery of technical assistance or for long-term estate management and maintenance.

It is recommended that EAJP vigorously pursue establishing the cooperative, and work with it to provide technical assistance to plot purchasers, rather than continue to involve EAJP staff in direct construction implementation roles.

---

## Task Two — Organization of Home Improvement Loan Program

An essential element of the New Community component of the project was to enable individual plot and core unit purchasers to obtain credit to construct and expand their own dwellings. The objectives of this project component were to:

- maximize financial inputs by participants;
- increase low-income housing lending by formal sector mortgage banks (Credit Foncier Egyptien); and
- reduce housing subsidies and enhance cost recovery.

The methods used by the project to achieve these objectives were to sell serviced plots and core units to target group beneficiaries, make construction credit available through the CFE and to lend at higher interest rates (7%) than normally provided for low-income housing by public sector lenders (4%).

CHF's role in regard to this technical assistance task can be divided into three categories.

- affordability analysis,
- marketing strategy and planning, and
- development of a lending program.

Amendment 8 to the CHF contract included several items specifically oriented to providing technical assistance to plot purchasers to obtain building permits and obtain construction advice. CHF's work in these areas is also reviewed below.

### **Review of CHF Work**

The proposed self-financing fund and loan program were accepted by EAJP and supported by USAID, who agreed in principle that a total of up to U.S. \$5 million in project funds could be used to begin financing of loans to plot purchasers. EAJP and CHF staff established techniques for implementing the self-financing system in the remaining seven (those not involved in EAJP's first housing development effort) of the ten HNC neighborhoods and set out the implementation roles of

EAJP, CFE, CHF and the cooperatives. The steps taken by CHF to develop and gain acceptance for this innovative proposal are described below.

**Affordability Analysis** — The original project design included relatively detailed economic analysis to establish the economic soundness of the project, set affordability levels, and provide guidelines for selection of the beneficiary target group.

During the early stages (late 1980) of the HNC program, CHF took an active role in evaluating the affordability of the HNC urbanization plan alternatives relative to target family income, estimated project costs and cost recovery. A similar affordability analysis and evaluation of proposed alternative core house designs was prepared by CHF staff in early 1981. These and subsequent financial/affordability analyses of the program prepared by CHF were incorporated into the 1981 and 1983 Project Implementation Plans.

The long infrastructure delays and cost overruns experienced by the project, however, changed the economic circumstances of the project. These circumstances, combined with the controversy of the core house concept, also prohibited the implementation of the type of housing development encouraged by the project until 1987. The review of CHF's work on task two in this report, therefore, focuses on tasks performed largely over the past three years, carried out in order to stimulate housing development and assist EAJP to implement strategies to overcome the constraints imposed by infrastructure delays.

In early 1987, drawing from the earlier affordability analyses CHF prepared an updated study of Helwan factory workers incomes. This study was carried out to establish prevailing income ranges, determine limits for eligibility by workers to purchase plots, and provide information required to calculate the affordability of plots and construction loans to workers. This exercise was accompanied by a study of cost recovery which formally committed EAJP to specific cost recovery mechanisms and established the benchmark price for the sale of residential plots in the HNC.

The affordability studies were followed by a CHF proposal for development of a self-financing system (described below) for construction of housing in the HNC. This proposal showed that by pooling available USAID funds, plot down

---

payments, and funds from sales of a certain percentage of plots to be sold at market rates, the total resources accumulated would be sufficient to ensure that all plot purchasers could obtain loans that

- were sufficient to carry out initial house construction and
- the beneficiaries could afford to repay.

This proposal also set out the rationale for a strong role for cooperatives in project implementation.

*Development of a Lending Program* — As an integral part of the self-financing system, which EAJP adopted, CHF developed a proposal in 1987 for a construction loan program. This comprehensive proposal included methods and techniques for lending to plot purchasers and for management of the proposed self-financing funds. CHF also prepared a detailed study of techniques to maximize loan affordability to low-income plot owners through use of both straight-line and graduated payment mortgages, and set out the cash flow requirements of the loan program.

In addition, CHF developed a proposal for providing technical assistance to beneficiaries to build and for establishing the kinds of technical assistance needed. This proposal envisaged a Construction Advisory Group, functioning as a service of the neighborhood cooperative. The group would provide owners with soil information, foundation designs, surveying, construction orientation, unit plans and design approvals, block planning, construction costing, construction supervision, and certification of progress for the purpose of obtaining loan installments.

Following approval by EAJP of the self-financing system, CHF prepared a marketing plan and schedule. Further discussion between EAJP and USAID led to an agreement which committed EAJP and USAID to proceeding with implementation of the self-financing system in the remaining seven neighborhoods. This agreement stipulated that a special fund would be established at CFE by EAJP to develop a revolving credit mechanism to fund HNC construction loans to individual plot purchasers.

*Promotion and Marketing Plan* — CHF staff assisted EAJP/PIU Department of Cooperative Development staff to prepare brochures, cost

estimates, verbal presentations, posters, and procedures for contracting factory workers and promoting the concepts for the HNC. These materials and procedures have been used by EAJP staff, at first with the assistance of CHF staff and later without any CHF assistance, and have been very effective in stimulating interest and demand.

CHF prepared a marketing plan which corresponded to EAJP requirements in terms of types of plots to be sold, factories to be included in the marketing program, and sales schedule to achieve the sale of 1,600 plots by the end of June 1988. This plan was used by EAJP staff, assisted by CHF staff, to sell the first 458 plots in Neighborhood 3, beginning in September 1987. CHF also prepared additional marketing plans to assist EAJP to market 550 plots in Neighborhood 4 during June 1988.

The number of plots sold in the two neighborhoods was 1151, a substantial portion the 5642 plots available for low-income housing in the HNC. The EAJP is committed to market an additional 1964 plots in Neighborhoods 6, 7 and 8 in the same manner as the first two neighborhoods, once construction financing is in place.

CHF also assisted EAJP to develop procedures to assure that plot sales would take place in an orderly and equitable manner, without favoritism or bias. By emphasizing the project eligibility requirements and "first-come, first-served" approach to sales, notable success was achieved in developing confidence by workers that plot sales were administered fairly.

*Construction Implementation Assistance* — The most important outcome of any housing project is for housing to be constructed. Even in a demonstration program, such as the HNC, construction is the ultimate test and indicator of viability of the concepts being demonstrated. Therefore, it is extremely important to the assessment of the HNC project that construction is now underway. Not only has there proven to be demand for the "minimal housing solutions" offered by the HNC program, but the owner-buildout approach used in Neighborhood 3 emphasizes that owners are solely responsible for obtaining satisfactory construction contracts and has demonstrated that groups of owners can locate and negotiate with contractors, obtain contracts which provide significant value for cost, and begin construction.

With regard to construction itself, CHF has assisted block group formation and block captain selection so that contractors can deal with a large group of individual owners through one or more selected representatives:

- by assisting interested contractors to understand the process and obtain needed information about design, soil conditions, and payment procedures;
- by assisting contractors to submit bids and estimates in a standardized format;
- by assisting owners to evaluate contractor bids.

Soil conditions are extremely variable at the HNC. Experience with the Model Housing Estate and other construction showed that a thorough program of soil investigation and foundation design is essential to ensuring safe and cost-effective construction.

This knowledge led to direction by EAJP that provision of such information to owners was a role of the cooperative's technical assistance program and that CHF, acting on behalf of the cooperative, would engage EGY-TECH Consulting Engineers to carry out such a program in Neighborhood 3.

### ***End of Project Status***

In the final months prior to PACD, the HNC program has made very significant progress and overcome many of the delays and frustrations which previously had caused the effort to be labeled a failure. Now, the objectives of the project are being reached:

- land is being sold to individual target group factory workers,
- construction loans are being processed,
- cost recovery mechanisms are working,
- housing construction was well underway on the first 458 plots sold in Neighborhood 3,
- the remaining 143 plots in Neighborhood 3 and all 550 plots in Neighborhood 4 had been sold. (Shortly prior to PACD, these owners also had begun negotiating with contractors to begin construction.)

The housing development approach used in Neighborhood 3 enables the New Community to meet a number of project objectives, including: individ-

ual tenure, participation by individuals and groups in construction and cost recovery.

While the project originally contemplated approximately 7,200 units (of which some were intended to be commercial plots for cross subsidy purposes), the plan for the HNC incorporated 6,943 plots. The disposition of these plots at PACD is shown in the Table 2.

**Table 2**  
**Helwan New Community Plot Allocation by Use**

<u>Use</u>	<u>Number</u>	<u>% of Total</u>
Commercial Development	1,301	18.7
Model Housing Estate	186	2.7
Publicly constructed Flats	1,729	24.8
Sold to Target PACD	1,151	16.6
Committed for sale to Target	1,964	28.3
Uncommitted	612	8.9
<b>Total</b>	<b>6,943</b>	<b>100.0</b>

Table 2 shows that of the total 6,943 plots, 5,276 were originally planned to be developed on the sites and services concept for the target group (i.e., those not included in the commercial development or Model Housing Estate). If plots associated with the delays in infrastructure development (i.e., those allocated to publicly constructed flats by EAJP) are removed from the total, there remain 3,727 available for development according to the original project plan.

Of these 3,727 plots, at project completion it was expected that 3,115 would reach the target beneficiaries by the development means intended by the project. This represents 55% of the plots that could have been developed in this manner, which in itself is a significant demonstration that the project overcame early implementation difficulties. Said another way and more impressively, perhaps this number represents 83.5% of the plots that were available at the time of the completion of infrastructure and CHF's proposal of the self-financing scheme.

Thus, despite the complicated history of the HNC, this significant result should be noted with satisfaction by GOE policymakers. By providing access to land and long-term finance, and placing responsibility for construction with the home owner, if it

---

so chooses, Government could reduce the scope of its involvement in the housing production process for the low-income earner and concentrate its efforts and resources on the critical areas such as land assembly, infrastructure development, and facilitating access to long-term credit, which low-income families would be unable to overcome on their own.

In addition, the self-financing mechanism being developed by HNC considerably lessens the amount of public capital required to produce housing. Approximately three-fourths of the total capital needed for housing construction can be derived from plot down payments and sale of commercial/residential plots. Clearly, this innovation has great potential for encouraging Government to adopt the lessons to be learned from HNC into housing policy.

The high demand for plots at HNC, as typified by the sales of all Neighborhood 4 plots in less than a month, indicates the social acceptability of this housing solution. It is apparent that Helwan factory workers are satisfied with the program.

### ***Lessons Learned and Recommendations***

Although plagued by difficulties from the outset, the major lesson to be drawn from the HNC is that the concept that it was intended to demonstrate—that alternative methods for producing affordable, low cost housing, acceptable to low-income Egyptians through coordination of public and private efforts—has been demonstrated. Such an approach does seem to offer a viable alternative to the Government.

Indicators of success include the success of the initial marketing, the high demand by workers for plots, the general effectiveness of group organization, and although technical difficulties associated with getting construction underway slowed progress, the conclusion of favorable construction contracts and the beginning of construction. These are impacted somewhat by limited progress by EAJP with cooperative registration and establishment of the loan fund program. In general, all indicators suggest that implementation would be successful and that an expanded rate of marketing should be pursued in order to achieve the goals of the project.

The concept of the self-financing model developed by CHF offers considerable promise as a project funding technique. However, as a Government agency, EAJP has experienced considerable difficulty retaining funds generated by projects. To date, no funds generated from plot down payments have re-flowed into construction lending and no market rate plots have yet been sold.

Experience and lessons learned to date have bearing on the future development and replicability of the HNC loan program. The major recommendations in that regard are:

- EAJP explore gaining permission from the GOE to implement fully the aspects of the self-financing system which are based on capturing reflows generated by the project.
- EAJP complete all necessary loan origination work and, thereby, save the borrowers the 2% fee charged by CFE.
- EAJP streamline the process of signing sales contracts; involving fewer EAJP staff and by signing the contracts on-site.
- EAJP develop and institute technical assistance measures which provide well grounded assistance to the owners and encourage the use of more rational and creative housing designs.
- EAJP develop the construction supervision program in a manner which leads to eventual control by the cooperative.
- EAJP provide a greater range of housing design choice (structural and architectural) and pursue more flexible building permit procedures on the part of Helwan District.

As mentioned earlier, the delays and cost overruns with regard to the installation of the physical infrastructure in the HNC negatively impacted the rest of HNC development. However, difficulties in this aspect of the project did not invalidate the project as a whole; similarly, for the reasons stated earlier, CHF believes, that these problems should not be seen to invalidate the idea of undertaking future projects similar in concept to the HNC. As a result of the experience gained in this demonstration project, successful implementation of affordable, self-financing sites and services schemes is possible. The EAJP has itself considerably matured as an organization and would be much better equipped to define the requirements

---

for, tender and manage the infrastructure development. Moreover, if standards were to be lowered to the levels originally contemplated or service levels reduced, significant improvements in affordability could be realized.

### **Task Five — Design and Evaluation of Building Methods and Building Products for Low- Cost Housing**

The project design included an experimental building materials system (BMS) and program, which was expected to result in reduced owner buildout costs of the HNC core housing. In addition, it was anticipated that any construction methods proven successful in the project might potentially have a far reaching impact upon the Egyptian housing sector in general.

Overall research and implementation responsibility for the BMS program was to be focused within the technical affairs section of EAJP/PIU. Construction and testing of the systems was to be incorporated as part of the model housing estate in the Helwan New Community (HNC). The technical assistance to the program was a complex arrangement; to be shared by three different consultants:

- *The Arab Bureau* - responsible for the design of the HNC core houses
- *BWN joint venture* - responsible for planning, design and construction management of the HNC infrastructure and the model housing estate.
- *CHF* - as "in-house" advisor to EAJP, responsible for assisting the agency "to develop innovative, practical low-cost improvements in shelter design and building methods for use in the Helwan New Community and the upgrading areas."

### **Review of CHF Work**

The project paper focused upon development of modified/conventional construction systems for core housing combined with research programs for low-cost, labor intensive floor/roof systems. The "low-tech" approach was resisted initially by

some EAJP engineers and their design consultants, who favored development of more sophisticated prefabricated construction systems.

In January 1981, CHF organized and designed a BMS workshop intended to resolve the technology issue and provide the program with research and development priorities as well as direction. This workshop was attended by all the project participants, including USAID. The group participated in a BMS criteria ranking exercise using a World Bank-developed matrix analysis for the determination of appropriate building technology. The consensus of the group was that building materials and systems should be selected primarily on the basis of:

- Capital cost
- Adaptability to local construction technology and capacity
- Functional performance
- Replicability (of the project)

After reaching this consensus on appropriate BMS development strategy, CHF worked jointly with the Arab Bureau and BWN to prepare a research and testing plan to include three innovative floor/roof systems as an experimental demonstration in the HNC model housing estate. It was subsequently decided by EAJP that the model housing estate contractor would have responsibility for installing these experimental systems. This arrangement proved unsuccessful, however, as the contractor claimed that BMS construction conflicted with the construction work program of the model housing estate.

CHF suggested that BMS construction would be more effectively approached as a research project. EAJP concurred and agreed to assign BMS implementation and evaluation responsibility to a team of researchers using a local "experimental" contractor. CHF was requested to sub-contract the research and evaluation services of EGY-TECH Group.

Concurrent with this activity CHF worked with the Arab Bureau to amend the HNC core housing designs to incorporate a "standardized core." The original core house designs selected by EAJP each had a uniquely different kitchen/bath core. CHF recommended that by using a standard core con-

---

figuration for all expanded core house designs EAJP would achieve considerable savings in core unit construction costs and facilitate the adaptability of new building systems.

### ***End of Project Status***

Much effort has been expended upon Building Materials Research - not for its own sake but as a cost efficiency mechanism, in order to make housing construction more affordable and space efficient, and, if possible, more attractive.

After the difficulties with the experimental construction in the HNC model housing estate, EAJP decided to discontinue BMS experimentation *per se* since adequate costing information was unavailable. CHF advised EAJP to include a viable "reduced cost" construction alternative as part of the owner build-out program in neighborhood 3 of the HNC. This was done. The contractor who offered to construct these buildings was however, unable to reduce construction costs for ground floor construction enough to be competitive with local, informal contractors using conventional building materials and techniques.

The beneficiaries were interested in this alternative and preferred the superior appearance, but conventional construction was chosen by the owners for Neighborhood 3. The initial savings were more important to them than the higher quality.

Although this recommended system was clearly superior in terms of appearance and ultimate cost savings, these savings developed too late for the floor-by-floor builder concerned initially with his

ground floor costs. Nonetheless, CHF endorses this system and believes that it should be used in multi-floor, low cost construction.

### ***Lessons Learned and Recommendations***

The aim of the BMS program was to research and develop practical methods for lowering the costs of housing construction and building materials; not to contract and build a specific number of housing units. Hence the necessity to focus upon the research and evaluation elements should be emphasized. There is a Building Materials Research Center (BMRC) that is a part of the Ministry of Housing. This type of research should at least be coordinated with the (BMRC) and EAJP should have focused on cost.

Throughout this project, there have been examples of "engineering" dominance of project implementation. This is one of those examples. The "engineering" concerns were pre-eminent, rather than cost-savings. The BMS research and evaluation program faltered when EAJP again encountered difficulties with the new construction contractor and proceeded to focus upon construction completion rather than research and evaluation.

Controversy over the core housing issue and the subsequent deletion of the core units from the project effectively suspended all further BMS activity until the last year of the project. In retrospect, the Building Materials Research Program should have been streamlined and simplified or else eliminated from the overall project because of the energy and distraction caused. Instead of contributing to project success, it detracted from it.

### ***Endnotes***

1. It should be noted that CHF did not have a primary technical assistance role in design and planning of infrastructure or core units other than to the extent where designs affected target beneficiary affordability. The HNC planning and infrastructure designs were executed by a joint American/Egyptian engineering and planning consultant; whereas the HNC core house and community facility designs were the responsibility of a local architecture and engineering consulting firm.
2. At the time of PCR writing USAID had requested the Ministry of International Cooperation to approve LE 10 million for additional construction financing in the HNC.
3. This expectation is based upon the commitments made by USAID and EAJP and is contingent upon the LE 10 million in construction loan financing being made available as planned.

# IV. Community Upgrading

*Informal community residents have benefited from an integrated program of community upgrading whereby the provision of home improvement credit, water supply, sewage and solid waste disposal has improved the quality of life in both home and community. The physical impact of this program can be seen in the photos of the Arab Rashed community taken five years apart.*



---

---

## IV. Community Upgrading

This section presents a general overview of the activities associated with the Community Upgrading component of the project and reviews the technical assistance provided by CHF to EAJP/PIU with regard to development of the Community Upgrading Program.

### *Program Overview and Objectives*

The goal of Community Upgrading was to demonstrate that socially acceptable housing and community facilities could be provided (improved and restored) in informal settlements in a manner which allowed the GOE to recover a substantial proportion of its investment. The purposes of the project were to demonstrate that Community Upgrading was an effective replicable approach to meeting the shelter needs of Egypt's low-income urban residents, with the hope that the experience would lead to the incorporation of the concept as part of national housing policy.

The initial Project Implementation Plan of October 1981 outlined four fundamental objectives of the upgrading program:

- To improve the physical environment by the installation of water supply, sewerage and drainage systems in the existing communities;
- To mobilize private resources for improving existing housing stock by providing home improvement loans; to encourage such investment by legalizing informal areas through a process of survey, subdivision, recordation and sale of title to residents;
- To provide community facilities which are needed to serve the existing communities,

through a process of site acquisition, development programming and building;

- To mobilize community leaders and organizations, to engender a spirit of community cooperation and to bring about concerted action which is directed to community improvement.

In addition, a program of vocational training, as a distinct part of Community Upgrading, was identified in both the Grant Agreement and Project Paper. This training program was intended to supplement the supply of craftsmen and small contractors available for the project.

More specifically, the upgrading component was to demonstrate that:

- public subsidies for services could be reduced by altering standards and recovering costs from beneficiaries;
- lower and more flexible standards would reduce the per-capita cost of infrastructure and housing, and
- a housing finance system with rationalized interest rates could be extended to low income households, enabling them to improve and conserve the existing housing stock.

The projected output of the Community Upgrading program as outlined in the Project Paper called for provision of basic infrastructure services of water, sewerage, improved road access and site drainage as well as community facilities of nine schools, four health and three community and vocational training centers in six informal communities in Helwan and north Cairo (Ain Shams). In addition, the residents of the communities were to be provided with access to home improvement financing consistent with their income as well as

---

land title which would serve both as security for long term credit and as a mechanism for recovery of on-site capital development costs. For logistical reasons the Ain Shams settlement in north Cairo was later dropped and two additional communities in Helwan were taken on.

The current status of the project shows that most of the physical, social, and institutional objectives have been accomplished. Water supply, sewer networks, road networks, schools, and community centers have been built. Community organizations have been strengthened and community participation has assisted the project to obtain community concurrence with plans and cooperation during construction.

About 3,000 loans have been made through the Home Improvement Loan Program (HILP). The HILP has been very successful, not only as a credit mechanism, but as a stimulation for substantial investment by dwelling owners, both of savings and of private credit leveraged by the HILP. Repayment of loans generally has been excellent. These repayments have been retained by EAJP in a special fund at CFE and recycled into additional loans. An additional loan program, the Small Enterprise Loan Program, was established and provided credit to more than 300 small business borrowers.

It is estimated that as many as 200,000 people, many of whom have directly benefited from the project, reside in the seven communities, some of which have grown rapidly during the project time span. Project benefits will spread to the future population as well, since the infrastructure provided has a design capacity sufficient to serve 300,000.

In summary, it can be said that the Community Upgrading program accomplished its fundamental purposes: benefits were directed to low income people, long-term credit was made available, community-level and individual participation was generated, physical and social infrastructure was created. EAJP/PIU overcame early management, structural, and technical difficulties to emerge as an agency skilled at managing upgrading. The housing improvements approach offered by upgrading activities has been demonstrated to provide socially acceptable and affordable solutions to shelter problems.

## **Issues and Constraints**

The original project schedule was unrealistic, especially since it relied on the assumption that a specialized agency could be established and be fully functioning virtually immediately after the project start-up date. After EAJP/PIU gained experience and technical capacity, and established an institutional structure which defined appropriate roles for it in upgrading, it developed into a competent and effective manager of comprehensive upgrading programs.

Although the Community Upgrading program has been largely successful, several issues remain. Some are project-specific while others are issues related to original project design aspirations.

### **Off-Site Sewage Disposal**

The planning and construction of water supply and sewage disposal systems in several upgrading communities was based on the assumption that the systems could discharge into the Helwan main off-site sewer line being constructed by the Cairo Wastewater Organization (CWO). However, this project lost its original funding, and, by 1983, it became evident that this sewer could not be completed on time. CHF strongly recommended that an alternative off-site collector be built to ensure that the systems being built in the upgrading areas could become operable. EAJP and USAID agreed to provide funding for this alternative off-site collector and planning reached the point where tenders were to be let.

However, for budgetary reasons and when CWO confirmed that the Helwan main sewer line would be ready only several months later than the off-site collector could be completed, EAJP and USAID decided not to provide funding for the alternative off-site collector. Thus, no construction took place.

Unfortunately, the Helwan line was not completed as expected, and it now seems unlikely that it will be completed and operational until after 1992. This means that the sewer systems installed in several upgrading areas are inoperable; moreover, they are likely to suffer physical damage from silting and accumulations of cement dust, despite being sealed, and will require renovation prior to becoming operable. Since the sewer systems cannot

---

operate, it has also been necessary to request that water connections to houses be halted.

The sewage disposal problem has deprived residents from gaining full use and benefits, especially health-related benefits, of the sewage and water systems. Not only has it disappointed the residents, but recovery of costs can not be accomplished until residents do obtain services. It requires a solution. At present the only alternative to timely construction of the off-site collector would be the far more expensive option of evacuating sewage by truck.

### **Technical Standards**

The project design linked reduced infrastructure costs to reduced technical standards. Standards have been reduced in several specific areas, such as reducing the size of water supply piping, which has also affected the size of sewers required. However, overall reductions have not been accomplished to the extent needed to significantly lower costs. The project experience on this issue points out clearly the difficulty of reducing standards when the main implementing agency has no responsibility for maintenance of the infrastructure to be constructed.

The agencies which do provide operation and maintenance have been reluctant to adopt reduced standards and have generally insisted on adhering to conventional solutions. Total project costs for infrastructure, however, have been kept at reasonable levels, despite inflation over the project time span, by reducing or eliminating some items, such as electric power supply and paving of most roads rather than by reducing standards.

### **Title to Land**

Providing title to land as a security for long-term credit by formal lending institutions has become a significant issue for USAID and it appears likely that further USAID funding of upgrading could be contingent on issuing of title. This clearly has proven an uncomfortable step for Cairo Governorate to take, since granting title in one area could imply that title will be granted in all informal areas. In addition, it is assumed that granting title would require payment by residents. While it appears that the Governorates are moving closer to resolving their doubts on the issue, project

experience shows that providing legal tenure is not essential to carrying out upgrading.

Overall, the experience gained with lending to low income residents of informal settlements has been very positive. Future upgrading programs should not be delayed simply because title may not be granted. Title is desirable, and perhaps necessary to enable formal lenders to participate with their own funds, but essentially not a constraint to providing infrastructure and recovering that cost.

### **Cost Recovery**

As stated earlier in this issue section, the delay in providing operable infrastructure has also delayed implementing cost recovery measures. Furthermore it is difficult to estimate the level of cost recovery which may be feasibly expected from providing upgrading services. The Project Paper did not define what "substantial" cost recovery would be, nor did it specify what mechanisms would be used. Community residents have at times argued that they should not be required to pay the full cost of services, because they have low incomes, an attitude which reflects the GOE's long-standing policy of subsidization.

Project experience suggests that residents of informal areas are as willing to pay for services as are other citizens. It is noteworthy that despite massive USAID country-wide assistance to GOE for water supply and sewage disposal, the levels of tariffs charged for these services have not yet moved to economic levels. It seems unreasonable to expect that the Community Upgrading program by itself should have accomplished a basic revision of government practice.

### **CHF Technical Assistance Tasks**

CHF's technical assistance role as consultant in the Community Upgrading program during its first two years of implementation was contractually limited to assisting EAJP to organize and strengthen existing community improvement associations as well as to develop of a home improvement loan program for the informal sector in conjunction with CFE. CHF tasks included preparing implementation plans and budgets, planning the process

---

of upgrading area identification, and selection, and promoting community involvement in the upgrading process. Tasks also included establishing loan program criteria and procedures as well as preparing promotional material.

Rapid program development and implementation during the initial period was constrained by the limited capacity of the agency responsible for the programs. CHF had to provide technical assistance to develop the management structure of EAJP while simultaneously assisting significantly in the performing of the specific staff activities for the client.

The Project Paper acknowledged a need for technical assistance from outside the MOH for the design, planning, coordination and management of the New Community program; however no such technical assistance provision was envisaged for the Community Upgrading program other than the contracting of Egyptian A&E firms for infrastructure design and supervision. The newly formed Project Implementation Unit (PIU) was charged with the task of planning, monitoring and coordinating what proved to be a very complex program of community upgrading.

Consequently CHF was called upon to fill these technical assistance needs and the CHF/MOH contract was formally amended in 1982 to provide EAJP/PIU with assistance and advisory services for community upgrading coordination as well as institutional development and training.

In summary, the three main CHF technical assistance tasks applicable to the Community Upgrading program were:

- **Task One**  
Organization of Community Improvement Associations and Housing Cooperatives
- **Task Two**  
Organization of Home Improvement Program
- **Task Six**  
Community Upgrading Coordination

As with the Helwan New Community, CHF did not have a primary technical assistance role in urban planning and infrastructure design. This role was fulfilled by local engineering and planning consultants who were also responsible for construction management and supervision.

The following sections provide an overview of each CHF technical assistance task relative to the Community Upgrading Program. CHF's work related to each task is reviewed, an end-of-project task status is provided and each task section concludes with a statement of lessons learned and recommendations.

## **Task One — Organization of Community Improvement Associations and Housing Cooperatives**

Integrated community upgrading as practiced in the Helwan project implied an objective of introducing a coordinated set of physical improvements which are the responsibility of the government, for example, sewer and water, while simultaneously encouraging and building upon the strengths and resources of community residents and their leadership.

The Project Paper, Grant Agreement and CHF's technical assistance tasks all emphasized the importance of community development within the project. CHF assistance was requested to help EAJP and local government with the development of community improvement associations in the upgrading areas. The cooperation and input of community residents and leadership were considered to be essential ingredients of the project design and implementation process.

### **Review of CHF Work**

**Staff Training and Program Start-Up** — CHF's overall role was to assist EAJP/PIU to establish a strong community development department and integrate their activities with the physical development activities in the project. The approach used by CHF to train the community development staff and introduce community organization techniques into the project was "learning by doing."

Early in the project EAJP began activities which it could quickly start up to gain the confidence of the community residents. During 1981 and 1982, EAJP with the assistance of CHF staff, began the trial Home Improvement Loan Program (HILP), established strong community development teams to work with existing community associations,

---

and began the urban planning and design of public facilities. Programs in vocational training, solid waste collection, literacy training, nursery school classes and organized youth activities were introduced in two communities. In addition, the trial Small Enterprise Loan Program (SELP) was designed and implemented. Throughout these activities, CHF staff worked with and trained the PIU in implementing these programs.

**Community Involvement** — During this period there was a strong emphasis on establishing a pattern of involving the community organizations and leadership in initiating, designing, and promoting the above programs. For example, the HILP program was promoted through community associations with the PIU and CFE field teams located in offices within the community.

Community residents, either directly or through their leadership, had substantial input into the urban planning process, proposed community facilities and priorities for improvements. A significant benefit of this approach was that as community residents gained confidence in EAJP/PIU they in turn provided active support for the program. Two cases in point: Residents in the community of Arab Ghoneim protected land planned for a school and community center from unauthorized encroachment. The first public facility constructed, an addition to the existing Rashed Community Association building, was jointly financed by the Rashed Community Association and project funds.

**Community Managed Programs** — Community associations, either existing or newly created ones, were the primary vehicle used by the project to introduce self-help projects. These included the vocational training program in Arab Rashed and Arab Ghoneim, a cesspit emptying program, solid waste program and classes in literacy training, youth programs and limited environmental improvements. The PIU community development teams and CHF staff worked closely with the associations to establish these programs and to provide equipment and administrative, financial and staff support. They also provided management training to the associations and assisted them in developing a more active voice within the Ministry of Social Affairs and the local Helwan administrative and political structure.

**Program Effectiveness** — Integration of physical design and construction with community development activities continued throughout the life of the project. There are several illustrative examples: Community associations were instrumental in resolving infrastructure design and urban planning issues and negotiating with residents who had to be relocated. An association in Izbet Sidqui received a sewage pumping truck and provided an efficient and profitable service to the residents of that community. In three of the communities, the associations assisted EAJP in redesigning a community center which was lower in cost and more appropriate to their needs than the designs previously used. In coordination with the Ministry of Social Affairs, the associations took over the management and maintenance responsibility for these facilities.

### **End of Project Status**

The success of the community development aspect of the upgrading program can be attributed to the fact that, from the start of the project, community development was an integral part of design and implementation. Active community associations are fully established in five of the seven communities. These associations have been key participants in the urban planning process, public facility programming and in facilitating infrastructure construction within the communities.

In particular, the EAJP/PIU community development department had a crucial role in the project. With CHF technical assistance, the department built up strong capabilities and established a sound track record in: promoting community awareness of upgrading benefits; encouraging the active involvement of local leaders and citizens both individually and in groups through self-help; and enlisting voluntary work and participation through registered associations. The associations were also instrumental in promoting the successful home improvement and micro-enterprise programs. Through the vocational training program in Arab Rashed, for example, a total of 376 students (through April 1988) received training in five different construction skills.

The project has demonstrated the effectiveness of setting up an outreach arm for the whole program through the PIU and its community development department. Through active community organi-

---

zations, low-income residents had an opportunity to participate actively in project design and implementation, and are now running and expanding their own self-help programs. A long-term benefit of the project is the communities' greater self-reliance and ability to represent their needs and priorities to responsible authorities.

### ***Lessons Learned and Recommendations***

While many of these sub-projects were successful, others did not continue without PIU or consultant support. Most notable is the solid waste program which, after an experimental phase in two communities, ended after the departure of the local consultant. This experience has shown that it is difficult to expect community associations to take on large scale projects which are normally the responsibility of the local municipality or have major factors outside their control. It is recommended that EAJP/PIU continue to promote the health benefits of good solid waste management to the community associations and to work with the associations and local municipality to re-establish simple, low-cost, solid waste collection programs in the upgrading communities.

Currently, with USAID-funded activity in the existing project coming to an end, the future role of the PIU community development team has to be defined. This team has the capability and necessary credibility to have a strong role in implementing land tenure and cost recovery programs in the existing communities.

The staff can also help to establish a new project. This can take two forms: First, the team could assist EAJP/PIU to expand the existing project, even in a limited scale, into other communities in Helwan. Second, if a larger upgrading project is developed in cooperation with the Cairo Governorate, they could play a key role in training Governorate staff and assisting in implementation.

### **Task Two— Organization of Home Improvement Loan Program**

A fundamental objective of Community Upgrading was to mobilize private resources for improving existing housing stock by providing credit for home improvement through formal housing finance mechanisms (CFE) while at the same time preserving housing funds through the use of more realistic interest rates. Emphasis was to be focused upon developing means to assist the traditional and successful process of construction in informal settlements without obstructing the self-help improvement process.

The project has achieved these objectives through a program which provides informal sector target beneficiaries with technical assistance and home improvement loans at favorable terms and yet at greatly reduced level of subsidy. The loans have been quickly transformed into tangible housing improvements. Borrowers have added significant amounts of their own savings in making home improvements and have built a significant number of rental units which increases the national housing stock. The loan program was subsequently expanded to include a trial program of credit focused primarily towards the development and expansion of shelter related small enterprises.

#### ***Review of CHF Work***

CHF advisors worked closely with EAJP and CFE in the development of the Home Improvement Loan Program (HILP) and the Small Enterprise Loan Program (SELP) for the upgrading communities. CHF's technical assistance role in this process can be categorized as follows:

- Program design, organization and training
- Program promotion
- Program monitoring and evaluation

***Design, Organization and Training***— During the formative stages of the program, CHF assumed a major program design and implementation role, sharing its experiences from other countries with EAJP and CFE in designing the program. CHF arranged for EAJP senior staff to visit similar

---

programs in Panama and Peru. A pragmatic approach to program design was adopted in consideration of the cultural differences and sensitivities towards money lending concepts relative to the cost recovery goals of the program. CHF provided EAJP and CFE with recommendations on programming, organization, implementation procedures, eligibility criteria, work programs and monitoring systems. These recommendations focused upon the development of a program which best utilized existing Egyptian experience (implementors and beneficiaries) thereby achieving a higher potential for understanding and replicability.

Target group family income and affordability studies, based upon analysis of Helwan factory worker income and monthly household expenditures, were prepared by CHF in October 1980. Implementation of a trial loan program in Izbet Zein began in March 1981, showing mixed results. Based upon lessons learned from this trial phase, procedures were modified and full scale implementation of the HILP commenced in July 1981. As the program was expanded into other upgrading communities it was noted that the loan activity patterns differed substantially among the communities, therefore program design and organizational structure were modified accordingly to accommodate for local field conditions. By 1985 the HILP was fully operational and functioning effectively in six of the seven upgrading communities.

**Promotion** — As described in the previous section on Community Organization, the HILP was promoted through the community associations by the PIU/CFE field teams located in offices within each community. CHF staff advised the field teams on the socio-economic and technical criteria for the program, as well as the procedures for program implementation. As the loan program was expanded into larger communities, mobile field offices were used to concentrate HILP program promotion within distinct zones or phases so as not to conflict with ongoing infrastructure construction.

**Program Evaluation and Follow-Up** — The upgrading program and CHF's work were subject to a major USAID evaluation in mid-1984, which concluded that the HILP was reaching its project objectives and was financially viable. The evaluation recommended that the program be extended and restructured to arrange for financial institutions (CFE) to provide home improvement loans

from their own funds rather than only servicing loans made with GOE and USAID resources. To do that, either land titling or loan guarantees are needed to provide sufficient security to the lender.

Subsequent to this positive USAID evaluation of the HILP and recommendations for replication and expansion, CHF arranged management training programs in Egypt and the U.S. to strengthen the capability of EAJP and CFE to expand and replicate the HILP. EAJP and CFE senior staff training focused upon gaining a broader understanding of housing policy and finance as well as an in-depth look at the U.S. savings and loan system and its role in providing housing financing at the national, regional and local levels. Specifically, staff were trained in branch bank management and the operational aspects of computer applications to both main and branch bank operations.

**Small Enterprise Loan Program** — The Small Enterprise Loan Program (SELP) was designed in 1982 to enhance economic growth and social well-being of the upgrading communities through the promotion of income generation and employment opportunities. CHF assisted EAJP and CFE to develop the program in response to the need and demand of residents in the upgrading communities. It was part of an integrated approach to the development of these communities.

The Loan Program is nearly six years old. The original capitalization of LE 300,000 was loaned within the first three full years of operation. Since then, the loan program has been funded solely out of re-flows on original loans. The total amount of loans funded out of this program is now about LE 500,000.

Although extensive evaluation of the Loan Program has not yet been made and so goal achievements for the program are difficult to quantify, it is clear from case studies that there is real "income generation" as a result of these loans. Borrowers have made effective use of the credit opportunities to start and expand businesses. Many borrowers have taken additional loans and demonstrated an ability to continue business expansion.

### **End of Project Status**

The HILP has proven to be a successful pilot project. A housing finance system has been introduced which effectively serves the housing needs of the informal sector and has been well received

---

by the target beneficiaries. More than 2800 home improvement and home expansion loans, valued at nearly LE 4.5 million have been disbursed in the seven upgrading communities through August 1988. According to the USAID mid-project evaluation at least 15 percent of the HILP beneficiaries are below the 20th percentile of the urban income distribution and perhaps as many as 90 percent below the median. These beneficiaries are repaying their loans promptly, adding significant amounts of their own private resources and are contributing to the increase of urban housing stock. EAJPT technical supervision of traditional construction practices has assured improved structural integrity of these housing units.

The HILP has also contributed towards increasing the supply of rental housing units as well as leveraging private resources for additional improvements. Rental units constructed with loan funds are rented at prices affordable to low income families. In addition, beneficiaries have added about 50 percent of the amount of the loan from their own resources. The vocational training program in the upgrading community centers has also enhanced the HILP by providing a cadre of semi skilled workers in the building trades to help carry out the construction work.

The overall performance and experience gained with the HILP and SELP have been very positive. The 1984 USAID evaluation suggested the HILP be extended with further support in the form of subsidizing operating costs. Evaluation recommendations included the restructuring of the program to change the role of the financial agency from loan servicing to providing home improvement loans from their own funds. As of the PACD the HILP program for the upgrading communities has not been expanded nor restructured as recommended. This lack of program expansion, combined with the inoperable state of the water and sewer networks in all communities except Izbet Zein, has had an adverse effect upon program performance within the past year, during which the number of loans disbursed decreased considerably. Loan volume however remained somewhat constant due to changing patterns for loan requests of larger amounts. It is expected that the demand for loans for house connections and related plumbing improvements will increase once the infrastructure is made operational.

The ultimate purpose of this demonstration proj-

ect is to develop a substantial credit program for private sector construction of housing for low income Egyptians. Successful demonstration of project goals in the HNC and upgrading programs was intended to encourage financial institutions (CFE) to provide funding for low-cost housing construction and improvement as a regular part of their loan portfolios. Recently CFE has indicated willingness to fund an unsubsidized expansion program in the Helwan New Community at market rates of interest. They have taken a more cautious position however with respect to CFE sponsorship of housing credit programs for the informal sector (i.e. upgrading) until land title transfer or other forms of secure loan guarantees are established.

### ***Lessons Learned and Recommendations***

#### ***Inoperable infrastructure networks delay health related home improvement and recovery of infrastructure costs —***

The home improvement loan program was designed to provide target beneficiaries with access to credit for infrastructure connections as well as for home improvement. The program has been used mainly for expanding and improving the housing stock itself because the sewer and water networks are not yet operable in all communities except Izbet Zein. The reasons behind this issue have been discussed earlier in the PCR. Recovery of infrastructure costs from the beneficiaries cannot be accomplished until this infrastructure is operational and house connections can be made.

#### ***Formal building regulations, planning conflicts and standards have restricted informal sector home expansion loans —***

Through this and other upgrading projects the GOE has demonstrated general support for the legalization and upgrading of informal urban settlements. There has been little support however for a reduction of building and planning standards which recognize the density and circulation patterns which characterize informal development. In addition, sectoral planning agencies have frequently neglected to incorporate these informal areas into their planning. This has restricted the loan program to providing loans only in those areas or along certain streets which meet conventional planning standards.

---

***Formal lending mechanisms can effectively serve the informal shelter sector —***

At the beginning of the project there was considerable speculation concerning the risks involved in lending to the informal sector. CFE initially believed the proposed security standards insufficient, viewed the administrative costs to be prohibitive and predicted a 50% early default rate. As implemented, the USAID evaluation of the HILP found the loan repayment record excellent and the administrative costs for the program reasonable. The default and arrears record of the HILP to date supports the view that present loan guarantees are in fact sufficient.

**Task Six —  
Community Upgrading  
Coordination**

The projected output of the Community Upgrading program was indeed ambitious, given the magnitude and complexity of the project and its manifold objectives. The comprehensive structure of the upgrading program demanded that the design and construction of upgrading sub-projects were well integrated and coordinated with the other program components (i.e., HILP, community involvement, etc.) as well as acceptable to those agencies charged with the ultimate responsibility for operating and maintaining the services and facilities provided (i.e., water and sewer networks, schools, etc.)

In addition, the reduction of per capita costs for infrastructure, housing and related facilities through reduced standards and less costly construction techniques was also to be achieved. The implementation schedule in the Project Paper projected only one year for developing the EAJP/PIU into a fully functioning institution capable of coordinating and implementing this complex program within a limited time frame.

Consequently, CHF technical assistance was requested to assist the PIU in the coordination, planning and design preparation of contract documents' tendering and supervision of the work effort to provide infrastructure and public facilities. Specific CHF assistance in regard to this task included:

- document preparation
- design and planning review
- development of cost effective standards
- coordination with other agencies
- monitoring and evaluation

***Review of CHF Work***

Prior to 1982, due to the lack of counterpart staff, CHF team members had played greater role in the implementation of the community upgrading program than was originally contemplated. In 1982, CHF's technical assistance contract was amended to provide the newly restructured EAJP/PIU with direct assistance and advisory services for community upgrading coordination as well as institutional development and training.

***Document Preparation*** — Subsequent to the USAID approval of the first EAJP Project Implementation Plan in late 1981, CHF assisted EAJP/PIU in the preparation of pre-qualification criteria and requests for proposal (RFP) for comprehensive land use planning, infrastructure design and construction management services for the upgrading communities. Criteria were also established for the evaluation of the technical proposals as well as for the short-listing and selection of construction contractors.

CHF staff also provided EAJP/PIU with staffing requirements and position descriptions for the PIU field teams responsible for the monitoring of infrastructure and community facility construction and its coordination with the other upgrading programs.

***Design and Planning Review*** — During the early stages of the project EAJP executed most community facility designs and some infrastructure works completely in-house, a procedure which proved costly in terms of time and the limited technical resources at hand. It was soon recognized that a comprehensive area approach towards the planning and designing for upgrading was the most efficient and expedient process for delivery of upgrading services in a timely fashion. The subsequent use of local design and planning consultants for the communities to be upgraded has now enabled EAJP to deliver multiple designs within a short time frame.

---

CHF advised EAJP and the local consultants on upgrading design and planning criteria and participated in the review of all urban plans and designs for infrastructure and community facilities. As part of the design and planning process, CHF also provided EAJP/PIU with site selection criteria and assisted in the review and selection of new upgrading areas.

After designs were approved, CHF technical staff assisted the joint EAJP/USAID technical review committee in reviewing all tender documents and contractor's bids.

*Development of Cost Effective Standards*—Infrastructure design and service standards were subjects of considerable debate between EAJP, design consultants and the sectoral agencies. It was obvious that much work had to be done and battles fought with service authorities if the program objectives were to be fulfilled. For these reasons, EAJP asked CHF to provide specialist engineering assistance to advise on systems and standards for upgrading infrastructure. The report prepared in mid-1981, presented EAJP with ideas on approaches to the design and implementation of an infrastructure upgrading program, with particular emphasis placed on standards. This document was subsequently translated into Arabic and was distributed to EAJP technical staff and to the consulting firms invited to submit proposals for upgrading planning and engineering services.

Throughout the life of the project CHF has been a strong advocate of alternative and less costly standards. Some lower standards of planning and road reserve widths recommended by CHF have been adopted, which has helped minimize the number of demolition and relocation cases and enabled EAJP to construct basic community facilities which meet immediate needs of the existing population.

However, by and large, there has been little overall reduction in design standards which affect recoverable costs. For example, the standard of fire control requirements have proven to be the dominant factor affecting the sizing of water pipes, thereby offsetting the potential cost savings of substantially reduced on-plot water supply design standards. Initial sewer designs included "Y" connections to the sewer mains in lieu of the traditional connections to manholes; however, the standard was subsequently disapproved by the sewerage operations authority (GOSSD).

There still appears to be no clear consensus among EAJP technical staff, their design consultants or the sectoral agencies regarding the reduction of standards for upgrading. Without a strong proponent within EAJP for more flexible standards, there are many, including the design consultants, who view the standards issue as a deterrent to rapid implementation. Recognizing this, as well as the project budget limitations, EAJP for the most part has chosen to take the approach of reducing the level of services provided rather than reducing most design standards themselves in order to lower costs.

*Coordination with Other Agencies*—The 1984 USAID mid-project evaluation identified the design review and approval process as a major issue affecting project implementation. The securing of approvals from sectoral agencies had proven to be one of the major obstacles in the process. EAJP responded by forming design review committees composed of members of the EAJP technical affairs department, the local consulting engineers, USAID and senior engineers representing the various utilities agencies. CHF staff served as technical advisors to EAJP and represented the agency on these committees.

CHF was instrumental in the formulation of an inter Agency steering committee (Upgrading Coordination Committee) which is an effective, formal forum for coordination and resolution of related upgrading issues. All relevant agencies as well as EAJP/PIU key staff, consultants and contractors are represented on this committee. The committee has greatly assisted in resolving design and implementation problems, particularly those requiring action by other agencies outside the EAJP.

Coordination and integration of the various upgrading sub-projects with the other program components was facilitated by the comprehensiveness of the technical advisory services CHF provided to EAJP/PIU. For example, community association involvement was instrumental in resolving infrastructure design and urban planning issues and negotiating with residents who had to be relocated. Likewise, the home improvement loan program was phased so as not to conflict with infrastructure construction activity.

---

**Monitoring and Evaluation** — The USAID mid-project evaluation in 1984 observed that although the upgrading program was making progress toward meeting most of its objectives, progress on physical infrastructure construction had been limited. The construction implementation period which followed was viewed as the critical test of EAJP/PIU capability to implement such programs in the future.

During the latter half of the project, EAJP/PIU implementation capability increased, and CHF shifted the focus of its technical assistance away from implementation toward monitoring and evaluation and construction progress, with the intention of improving project implementation and providing guidelines for future project development and subsequent implementation.

As construction progressed CHF technical staff reviewed the construction progress reports prepared by the local construction management consultants. These progress reports and field observations by PIU, USAID and CHF staff formed the basis for the Upgrading Coordination Committee (UCC) meeting agenda which was prepared by CHF. CHF progress reports also served as a regular means of monitoring and evaluating the progress of upgrading construction.

In late 1987, in cooperation with EAJP and all relevant agencies, CHF conducted an evaluation of the design and construction process for the upgrading program. The evaluation reviewed the technical process for planning and design; tendering and contracting; and implementation of the works. It also assessed the performance of these components, especially relative to program objectives. General evaluation conclusions were that upgrading construction implementation was proceeding satisfactorily and meeting project schedules, yet some outstanding program issues remained unresolved. Recommendations were provided for resolving these issues. The evaluation culminated with a three-day workshop at which all agencies and project participants discussed the evaluation findings and recommendations.

### **End of Project Status**

EAJP/PIU have developed and demonstrated a strong capability to coordinate and implement community upgrading programs. This is evidenced by the fact, at the PACD, that all physical infra-

structure and community facility construction had been substantially completed and within the project budget. Basic infrastructure services and community facilities had been provided to the projected populations of the seven upgrading communities at an average per capita cost of approximately LE 100. (See Annex C for a detailed breakdown of upgrading costs.)

Although construction of on-site services and facilities has been successful, considerable work remains in the areas of cost recovery, land titling and insuring the future operation and maintenance of the various components. These issues have been previously discussed in this PCR and in the 1987 evaluation of upgrading construction. In summary, the major issues which must be resolved are:

- Rapid off-site sewage disposal solution to insure operation of on-site infrastructure networks
- Identification of off-site sewage disposal solution for Izbet Sidqui
- Establishment of program for construction of house connections
- Establishment of trial programs of cost recovery and land/title transfer
- Establishment and promotion of labor intensive, community managed solid waste program
- Establishment of mechanism to insure future operation and maintenance of infrastructure and community facility investment.

### **Lessons Learned and Recommendations**

Major issues affecting the implementation of the upgrading program could have been avoided at the program planning and site-selection stages of project development. Before detailed planning begins on future projects, it is essential to resolve all planning and land use conflicts and to guarantee the provision of long term or interim off-site infrastructure supply/disposal networks. The project has also demonstrated the importance of securing concurrence from concerned sectoral agencies on program policy objectives (e.g., standards/cost recovery, etc.).

---

Experience and lessons learned to date have bearing on the future development and replicability of the upgrading Program. The major recommendations affecting program viability and replicability are:

- Cost recovery and land title/transfer programs will require local governorate involvement in concert with EAJP/PIU upgrading implementation expertise.
- Emphasis on beneficiary training is required to promote program benefits (health/environmental) and encourage more community driven programs and participation.

- Mechanisms must be established to insure the continued operation and maintenance of upgrading services and facilities provided.

The Community Upgrading Program has demonstrated the effectiveness of this alternative approach to responding to housing supply problems of low income Egyptians. There is a very high demand for the upgrading of informal areas, with the waiting list of communities applying for the program far exceeding the funds presently available for this purpose. The project objectives were achieved within the project budget and at a reasonable per capita cost.

## ***Endnotes***

1. The communities included in the Upgrading Program, shown in Figure 2, are Izbet Zein, El Bagour, Ghoneim Baharia, Kafr El Elw, Rashed, Ghoneim, Izbet Sidqui.
2. This technical assistance was complemented by other CHF tasks focused on branch banking, institutional development, training and financial management. CHF performance on these tasks are reviewed in the section on Institutional Development.

# V. Institutional Development

*Long term benefits of the project will come from the development of an agency capable of implementing and replicating similar programs on a large scale. Beneficiary participation and training are also major factors. Vocational training of construction skills facilitates upward mobility of Egypt's youth and community health education promotes project benefits and encourages community participation.*



---

---

# V. Institutional Development

This section provides an overview of the institutional development activities in the project and summarizes the technical assistance provided by CHF to EAJP/PIU and CFE in developing their capacity to implement and coordinate the activities of the project and to be able to replicate such programs on a larger scale in the future. Each of CHF's tasks applicable to institutional development is discussed individually and in detail.

## *Overview and Objectives*

To accomplish specific project purposes and to provide broad assistance to the housing sector in the future, project design included establishment of a new public agency. There was to be development of an effective housing institution with substantial scope and capacity for coordination, which would:

- Implement the project
- Benefit the housing sector as a whole
- Provide a vehicle by which project experiences could be translated into policy

The USAID project paper outlined this agency's functions, with emphasis on development of a project implementation unit, and the USAID-GOE grant agreement provided for considerable assistance to it.

Early in 1979, GOE established the Joint Housing Projects Agency, now the EAJP, to be the implementing unit for the project. As indicated by its name, however, the agency was given a broader mandate than outlined in project preparation

documents. EAJP was intended to be the implementer of not only this project, but to develop as a specialized implementer of other jointly-funded (donor-GOE) housing projects, giving it more potential to become a policy formulating body.

In keeping with its project role, the early focus of the agency was on development of a Project Implementation Unit (PIU) for the New Community and Upgrading components. Reflecting its role as a government agency intended for more than one project, EAJP also included a number of departments for various functions, such as finance and administration, technical services, legal affairs, and economic and cooperative affairs.

Early organizational difficulties led to a restructuring of EAJP in late 1983, stimulated by CHF's advice on organization and definition of responsibilities and roles of the PIU and central departments. PIU received a formal structure. Relationships and responsibilities of PIU and EAJP departments were defined and clarified. A department of implementation affairs was established, reflecting the major role within EAJP of project implementation, and the mechanics of departmental coordination and duties were delineated. This restructuring significantly improved EAJP's capacity, in general as an institution and in terms of implementation capacity.

In addition to improvements in EAJP capacity, the establishment at mid-project of an inter-agency steering committee for the upgrading component (the Upgrading Coordinating Committee (UCC)) led to improvements in EAJP's ability to obtain planning approvals and coordinate project inputs executed by other agencies. The steering committee has been a useful and fairly successful method

---

of sharing information, accenting problems, and producing strategies for progress.

Overall, EAJP's internal organization is now well structured and provides EAJP with the basis for sound operation. Manpower capacity has improved considerably due to extensive programs of training and promoting of qualified staff. Evidence of these improvements is shown by the fact that the Upgrading activities, which EAJP had barely been able to begin by 1983, have since that time been substantially completed. Evaluations of EAJP's work in upgrading areas are consistently positive, and verify the opinion that EAJP has developed a considerable capacity to carry out such projects.

In addition to the creation of EAJP, project design provided for enhancement of the capability of the semi-private Credit Foncier Egyptien (CFE). Specifically, technical assistance to CFE was to promote the organization of private sector housing and consumer banking services by enhancing its electronic data processing capacity and improving its scope of services and managerial capacity. Emphasis was placed on increasing the access by lower-income people, specifically the project beneficiaries, to formal sector sources of housing finance, by means of increased levels of service and innovative mortgage lending.

## ***Issues and Constraints***

Initially EAJP experienced considerable organizational difficulty rising from confusion and conflict between the work of PIU and the work of the remainder of EAJP. This problem was due to a lack of formal organizational structure defining the implementation role of PIU. This lack weakened institutional effectiveness in the project implementation and disrupted EAJP's early development. By mid-1983, the original date anticipated for project completion, EAJP had developed considerable technical and administrative capacity but was weak institutionally. EAJP and PIU were subsequently restructured as previously described.

During the same period, the EAJP also encountered significant manpower problems, especially at the mid-management level. Even by mid-1983, capacity at middle levels was extremely low, contributing to institutional weakness and causing

high reliance on technical consulting firms. In effect, EAJP was benefiting little from project experience, which flowed to private firms and not to EAJP through its employees. Approval and adoption by EAJP of CHF recommendations for overcoming manpower problems by focusing on attracting qualified entry level staff, providing extensive training, and promoting trained staff internally led gradually to a considerable improvement in capacity, especially in the implementation-oriented areas of planning, monitoring, tendering, and contracting.

However, EAJP has yet to fill a number of staff positions, especially PIU positions related to construction management, resulting in a heavy work load for the PIU General Manager and the general manager for Upgrading. EAJP has tended to rely on staff from the operations section of the central department for technical affairs for construction management, although they are not specifically responsible for project implementation. Lacks in EAJP's supervision of construction work now being carried out in the HNC by contractors hired by plot owners are partly explained by this fact. Nonetheless, it has caused a situation which requires attention.

Perhaps the greatest problem now facing EAJP is the fact that, despite the intention that it would implement various jointly funded projects, the USAID project has been and is now almost its sole occupation. Although more time will be required for EAJP to complete the Helwan Housing and Community Upgrading project, USAID's involvement is ending. It is apparent that lack of new projects poses a dilemma for EAJP, and it is unfortunate that the institutional capacity developed, especially in regard to upgrading, may now dissipate as that component draws to a close.

## ***CHF Technical Assistance Tasks***

CHF's technical advisory role in institutional development was a complex one. The overall objectives were to assist and train EAJP and CFE to implement and coordinate the existing project and to increase their institutional capacity to develop and replicate such programs on a larger scale. CHF technical assistance to EAJP/PIU focused upon

---

evaluation and new project development, organizational development and training as well as financial management assistance. Technical assistance to CFE was directed primarily at increasing the bank's capacity to administer small loans through electronic data processing and the establishing of a branch bank for project beneficiaries.

Principal CHF tasks included: preparation of organization charts and position descriptions, preparation of evaluation and training plans, project participant training, development of financial management and accounting systems, project budgeting, evaluation of project components, as well as new project identification.

EAJP and CFE were also provided with specialized CHF assistance for the design and procurement of electronic data equipment and received CHF training in the uses of this equipment.

In summary, the four main CHF technical assistance tasks applicable to Institutional Development were:

- **Task Three**  
Organization of Housing and Consumer Banking Services
- **Task Four**  
Project Evaluation and New Project Development
- **Task Seven**  
Institutional Development and Training
- **Task Eight**  
Financial Management and Accounting

This CHF assistance was closely linked with those tasks specific to the New Community and Community Upgrading components of the project. For example, successful development of the loan programs (HILP and SELP) required a concerted institutional working relationship between EAJP, CFE, CHF and the project beneficiaries.

The following sections provide an overview of each CHF technical assistance task relative to Institutional Development. CHF's work related to each task is reviewed, and end-of-project task status is provided and each task section concludes with a statement of lessons learned and recommendations.

### **Task Three — Organization of Housing and Consumer Banking Services**

Credit Foncier Egyptien (CFE), a real estate bank, was designated as the institution which would provide banking services to mobilize savings and secure mortgage credit for home ownership within the Helwan New Community and home improvement loans in the upgrading communities. To assist CFE and modernize its administrative procedures, the project provided for the introduction of automated services through data processing equipment and software and technical assistance to introduce consumer oriented banking services to CFE's portfolio.

An additional objective was to introduce a data processing capability into the EAJP/PIU. The Ministry was also to receive equipment and technical assistance in computerizing its administrative and project management functions.

#### **Review of CHF Work**

The discussion of CHF's specific technical assistance role with CFE can be broken down into two areas: establishing an electronic data processing capability and providing program advice and training on banking practices.

The purpose of installing electronic data processing equipment at CFE was to improve the capability of the bank to service a higher volume of loans, facilitate the complicated accounting associated with the graduated payment of mortgage systems, switch from an annual to a monthly loan collection program and to initiate a consumer oriented housing banking program, especially for low-income borrowers.

**Electronic Data Processing**— Early efforts focused on determining the relationship between CFE and EAJP and determining the computer equipment needs for both agencies. In May 1981, Texas Instruments and its local representative, Sakrco, were awarded the contract by EAJP and USAID to provide computer equipment for three sites, related software, and training for CFE and EAJP/PIU staff. The three designated centers were: the CFE main office in Cairo, the CFE branch bank located in Helwan and the PIU offices in Helwan.

---

Site preparation and equipment delivery took longer than anticipated. In addition, delays were occurring in the development of software systems. These considerable delays in installing the equipment were due in part to a cumbersome contractual relationships which made it difficult to resolve ongoing issues and problems.

Under the terms of its contract, CHF was providing technical assistance in this regard, to CFE (in essence the client) under its contract with EAJP, through short-term consultants specialized in installing computerized banking services. This arrangement proved unsatisfactory in terms of CHF's ability to control service provision and assure its acceptability. Therefore, in mid-1984, CHF proposed that a full time computer advisor be appointed locally under its technical assistance contract. It was envisioned that a full time advisor could provide consistent and ongoing technical assistance to overcome the problems confronting the installation of the computers. In addition, the advisor was to assist the EAJP and CFE in expediting the delivery of software.

In January 1985, the CHF computer advisor proposed a radical reconfiguration of all equipment in response to the changes which had occurred in the project. The reconfiguration did not entail new purchases but a reallocation of equipment between the three sites to match each agency's needs better.

**Software and Training**—During 1985, CHF further expanded its local EDP staff to provide additional assistance to EAJP and CFE in software development, training and management of computer activities, site preparation and equipment installation and testing. CHF's role was expanded primarily to compensate for the lack of delivery of software systems from the local Texas Instruments supplier. CHF took over the primary role for software development and training, resulting in the following systems:

**CFE main office:**

- general ledger system
- training system
- payroll system
- loan system

**CFE Helwan branch:**

- general ledger system
- training system
- loan system

**EAJP/PIU Helwan office:**

- general ledger system
- payroll system
- project management system

Training of the CFE and EAJP/PIU staff was provided through overseas and local training courses. Yet the most effective training occurred through the intensive on-the-job training provided through the CHF EDP staff. In addition to software development, courses in computer systems and languages were designed and taught by CHF staff. This training has equipped computer personnel in both agencies to be able to develop software and operate the computer centers.

**End of Project Status**

The general ledger, savings and payroll systems and programs were modified, delivered and are currently in operation at the CFE Cairo office. The staff is fully trained in systems analysis and are operating the hardware and using the software without outside assistance. The comprehensive loan system, originally to be developed as part of Sakrco's contract, was modified by CHF. The final modifications will be completed by CFE's data processing staff.

At the Helwan branch bank, the general ledger and savings systems are in use by the bank staff. The project loan system, developed to assist the bank in automating loans for the New Community and Upgrading is 80% complete and will be completed by the CFE data processing staff.

For the PIU computer, the general ledger and payroll systems were modified, delivered and are currently in use by the PIU personnel. The general ledger system was developed in coordination with CHF's accounting advisory services. In addition, a new system was developed to collect data on project beneficiaries and to allocate units in the HNC according to the criteria established by the project. The personnel in the Cooperative Ownership department have been trained in its use.

The project management system developed by Sakrco is unacceptable and unusable. CHF has proposed that EAJP/PIU purchase a ready made project management system for use on the new PC's which will be installed by NCR.

---

Although, the Texas Instruments computers are operating in all three locations, several unresolved issues with the local supplier, Sakrco, have delayed the official acceptance of the equipment. Consequently, Sakrco's letter of guarantee is still being held. Maintenance continues to be a problem especially at the PIU site where the computer is underutilized due to equipment failure.

### ***Lessons Learned and Recommendations***

Despite the problems faced with the installation and operation of the TI computers, it is important to note that the project did meet its overall objective. Automated banking and administrative functions were introduced and are now a standard operating procedure for both institutions. At the CFE Cairo main office, the successful operation of the computer and software helped to overcome an inherent suspicion of the ability of computers to automate standard bank functions. A mark of success is that CFE, on its own, has begun to explore replacing the TI computers with more modern computers.

The following recommendations are offered to assist EAJP and CFE with future EDP requirements:

- The Sakrco letter of guarantee should be liquidated and certain items deducted from their fees payable, and the procedures for the official and final reception of the equipment should be completed.
  - EAJP's responsibility for maintenance services for the CFE and training of staff should be terminated. The EAJP through its contract with Sakrco and CHF has fulfilled the intention of installing and providing initial operation of the computer equipment.
  - The integrated network of ten (10) PC's which will be installed by NCR should eventually replace the TI mainframe computer in Helwan. The PIU TI computer and related equipment should then be disposed of according to GOE governmental regulations. The EAJP should, at a minimum, transfer its main printer to the Helwan branch bank. Otherwise the EAJP could sell or transfer the equipment to CFE or another agency that could better utilize it.
- Expanded training courses should be initiated for the EAJP/PIU staff in the use of the new personal computers and their related software. The data processing staff should be reallocated to other departments which will be using the PC's. If the EDP staff is to remain, it should be a smaller core staff which can provide assistance and support to other EAJP Departments using the PC's.
  - For CFE, plans should be developed to replace the existing TI equipment with new up-to-date computers. The chosen supplier should have a strong local representative that is capable of providing continuous service and supplies to the bank.

### **Task Four — Project Evaluation and New Project Development**

The Helwan Housing and Community Upgrading Project was intended to be a demonstration of approaches which would be used subsequently on a larger scale to assist urban development in Egypt. New project development activities and evaluation undertaken by CHF during the project reflected this approach.

#### ***Review of CHF Work***

***Project Evaluation*** — Evaluation of the project and its components has been undertaken by CHF, USAID and outside consultants. Within its contractual tasks, CHF has always made the distinction between evaluation for the purposes of improving project implementation and comprehensive impact evaluations for the purpose of demonstrating results; CHF was responsible for the former. Thus, CHF's emphasis has been on assisting EAJP with short internal evaluations to improve project performance and larger periodic evaluations on crucial project components. Comprehensive evaluations of the project were done by outside agencies.

Institutionalizing EAJP's monitoring and evaluation capability through the EAJP Monitoring and Evaluation Department, as describes later, was also a focus of CHF's technical assistance.

In 1984, CHF prepared an Implementation Plan for Project Evaluation. The plan outlined evaluation

---

tasks, proposed schedules and assigned responsibilities for implementation. The plan was based on the assumption that project components would be completed as scheduled. While many of the tasks listed were completed (upgrading evaluation), others were not evaluated or were incorporated into other project activities, most notably new project development (institutional analysis, cost recovery, etc.) Those which were not accomplished were for project components which were not yet implemented (e.g. Mutual/Union formation in the New Community) or had decreased in significance to the project or future project.

CHF progress reports served as a regular means of monitoring and evaluating project components. Presentations to the EAJP Steering Committee and workshops were other methods used by CHF to assist EAJP in monitoring and evaluating project components. Monitoring and evaluation forms and reporting systems were developed and used by the PIU and EAJP. In addition, the monthly coordination meetings for the New Community and Upgrading served as a particularly useful means of monitoring project progress and resolving implementation problems.

*New Project Development* — In the late spring of 1984 USAID conducted an evaluation to assess progress in the community upgrading program. The overall evaluation was positive and USAID expressed the interest of fostering new upgrading projects. Concurrently, CHF, with the approval of EAJP, fielded a new project identification team of CHF U.S.-based consultants and resident advisors. Working with EAJP, the Giza and Cairo Governorates and USAID, the team identified 12 new sites in the Cairo and Giza Governorates, which were suitable for upgrading.

Subsequently, USAID wrote a Project Identification Document (PID), with CHF input. With EAJP concurrence, CHF provided USAID specific background reports to define a new project, particularly with regard to project components, site identification, costs, credit mechanisms and the institutional relationships between the EAJP and the Cairo and Giza governorates. These reports were incorporated into the annex of the PID which was formally approved by the USAID Cairo mission in May 1985 with USAID Washington unconditional approval in February 1986.

A draft project paper for the new Urban Development Support (UDS) project was developed by CHF under the direction of the USAID project officer through the remainder of 1986 and submitted to EAJP and USAID in November of the same year. The UDS project remained inactive for some time due to a lack of funding within USAID.

In late 1987, interest was renewed within the Cairo Mission for the UDS project. CHF spent considerable time working with the USAID project officer to resolve issues between the UDS and the local development (LDII) project and also worked with the project officer to revise the UDS Project Paper. After considerable internal debate USAID has delayed a decision over future funding of UDS.

For the past year CHF has worked closely with EAJP to strengthen its ties with the Cairo Governorate. Politically and legally, the problem of providing services, land tenure, initiating cost recovery and directing the growth of informal squatter settlements is within the Governorate's jurisdiction. As part of the current project's objectives and fostering the development of a new project, CHF provided institutional support to the Cairo Governorate to initiate action on cost recovery and land tenure as a possible precursor to a new upgrading project. The upgrading of additional sites in Helwan are now included in the Governorate's Five Year Plan.

Throughout the project, CHF assisted EAJP in promoting both the concept of upgrading and desirability of a new project among Egyptian policy makers and bilateral donors. Numerous presentations were made to Ministers of Housing, senior Governorate officials, USAID and other officials of bilateral agencies. Briefing reports, proposals, slide shows, site visits, exchange programs, observational participation in conferences and workshops were the methods used to promote and encourage new upgrading projects.

An upgrading conference was proposed as a primary means of communicating the success and importance of upgrading for policy makers in Egypt based on the experiences gained from projects in Egypt (Helwan, Ismailia, Manshiet Nassar) and other Middle East countries (Morocco, Jordan, Tunisia).

---

Promotion of the basic principles of the HNC to local and international housing and urban development officially occurred throughout the life of the project. However, development of new sites-and-services projects was not actively pursued during the project life since the HNC could not actively demonstrate the advantages of the approach early enough in the project.

### ***End of Project Status***

New project development activities for community upgrading and the HNC will continue through the next year. Under an amendment to CHF's specific support grant from USAID, funding has been provided to develop designs and guidelines to promote the development and institutionalization of land title, cost recovery and community upgrading programs for the informal shelter sector. Also, some additional assistance to HNC is provided for, to help it realize fully project objectives. Such a result may have the desired demonstration effect that this approach to housing supply has some validity in the Egyptian context.

In addition a portion of this funding will be used to support development of a private sector construction credit program for the HNC beneficiaries, intended to encourage CFE to provide funds for low-cost housing construction and improvement as a regular part of their loan portfolio.

### ***Lessons Learned and Recommendations***

Experience and lessons learned to date have bearing on the future development and replicability of both the community upgrading program and the loan programs. The major recommendations affecting program viability are:

- GOE and USAID should continue to pursue joint implementation of cost recovery, land tenure and new upgrading project activities between EAJP and the Cairo Governorate.
- EAJP Monitoring and Evaluation Departments should evaluate the progress of the HNC owner buildout for purposes of measuring the permanence of the self-financing system as a model for future program replicability.

## **Task Seven — Institutional Development and Training**

The project, somewhat ambitiously, assumed that a newly created agency (EAJP) could quickly implement a large scale project with components and an approach which were unfamiliar to the implementing agency, the donor (within the context of Egypt) and other government agencies with which coordination was required.

The objective of CHF's ongoing institutional advisory assistance was to assist the EAJP, and even more specifically the Project Implementation Unit (PIU), to develop an integrated institutional framework and insure coordination of the physical, financial and social components of the project. The development of evaluation and reporting systems and the design of a comprehensive training program were also incorporated into CHF's scope of work. An equally important objective was to enhance EAJP's capacity to respond to housing and community upgrading issues at a policy level.

### ***Review of CHF Work***

Prior to 1982, CHF's institutional development role was confined to individual advisors working with and training counterparts within the EAJP/PIU although CHF did advise the EAJP/PIU on its overall organizational and training needs.

In 1982, this specific task was added to CHF's technical assistance contract in response to a need to offer full time advisory services on training and institutional development. It became evident that one reason the project was not moving quickly was that EAJP, as a newly formed agency, was still sorting out its organizational structure and trying to recruit qualified personnel at the same time it was designing and implementing a large and complex project.

CHF's technical assistance efforts can be broken down into the categories discussed below:

***Organizational Development and Management*** — Initial CHF work in this area was to diagnose the organizational and manpower relationships within the PIU and EAJP. This was done through comprehensive surveys, evaluations and analysis of the organizational structure. Proposals were

---

then developed to introduce a management system and an organizational structure which responded to the unique needs of the project. This process was repeated at different times within the life of the project. The primary objective was to define clearly the implementing roles and responsibility of the PIU and its relation to the central departments within the EAJP.

The PIU is responsible for implementing all aspects of the project once it moves from design to the implementation phase. Through CHF's assistance and lessons learned through implementation, the PIU was restructured to enable it to improve its work. Descriptions and functions for each department within the PIU have been developed, job descriptions written, and clear lines of communication and authority have delineated between the PIU and the central departments within the EAJP. A new senior management position was created to oversee the management of different PIU's. The organization is now in a position to field different PIU's for various sub-projects in anticipation of new projects jointly implemented by the EAJP and Governorates.

In addition to working with the PIU, CHF provided organizational systems and position descriptions for the central departments within the EAJP.

Other examples of CHF technical assistance to the institution also reflect the problems encountered when establishing a new agency, and so also some of the difficulties encountered by the project itself. CHF assisted with the following:

- Developing a filing system for the PIU.
- Conducting a workshop on the contracting and tendering process to develop procedures for overcoming implementation obstacles.
- organizing workshops within the upgrading communities between EAJP/PIU and the community leadership.
- Reviewing personnel requirements, especially for critical positions which the project required.
- Establishing employee performance standards, work load merit and bonus systems.

*Planning, Monitoring and Evaluation* — A planning and monitoring network has been created

around a central unit for planning and monitoring within the EAJP. Formal functions, staff descriptions, reporting forms and systems were developed within CHF assistance. Training was provided to the staff members in the basics of planning and monitoring. In addition, substantial on-the-job training occurred through the work of individual CHF advisors and the staff of the Planning and Monitoring Department. The department now has an IBM compatible computer which the staff uses to produce financial reports.

In addition, an information, statistics and documentation center has been established as part of the planning and monitoring department. The center is responsible for collecting, updating, classifying and documenting data and information to help in planning and monitoring in general and in the process of decision making in general.

*Training* — Training and the establishment of an ongoing training program and a training department were an important element of CHF's advisory role. Training occurred at two levels, local training and overseas training.

Through CHF assistance, a Training Department was established in 1984. Job descriptions were developed and personnel were designated for the department. Initially, CHF developed multi-year training plans for the agency. This included an annual training plan for use of USAID overseas training funds and local courses.

Both overseas and local training substantially exceeded the amounts set forth in the Grant Agreement:

- A total of 38 person months of overseas training was provided. Overseas courses included project management, project and program planning and evaluation, training for trainers, cooperative education, computer applications, international loan negotiations, project procurement and contracts as well as specific courses in sites-and-services and community upgrading. In addition, observational visits and training were provided to senior EAJP and CFE managers.
- Local training occurred in various local institutes and training centers over the past five years. In addition, an average of 53 person months of training was conducted annually with a total of 265 person months.

- Observational visits to other similar projects were included in the training program. These included local projects such as Ismalia and international projects such as a sites, and services and community upgrading project in Amman, Jordan. CHF facilitated a training and observational exchange program between EAJP and the Jordanian Implementing Agency. Funding was provided by the Ford Foundation.

*Institutional Development and Policy and New Project Formulation*—The EAJP, as an independent agency within the Ministry of Housing, has substantial authority to implement its projects. Yet project experience illustrated that the agency required additional autonomy if it was to pursue project objectives fully and act as a policy spokesperson for upgrading and sites-and-services projects within the Ministry.

Concurrent with CHF's work to begin planning for a new project in 1984, an effort was made to convert EAJP into a General Organization. This would have allowed it to retain revenues and pursue projects with Governorates in a more independent manner and develop more flexible salary scales and organizational structures.

After a considerable effort on the part of EAJP and CHF, final approval was obtained from the Minister of Housing and other various governmental organizations. Unfortunately, when the decree was submitted to the Ministerial Committee for Policies, the committee requested that the Minister review the option of making EAJP a public company. The EAJP felt strongly that this option was not in their interests and would not assist them in meeting their mandate.

Recently, CHF has assisted the EAJP in its efforts to obtain a scaled-down version of a general organization status which will, at a minimum, give the agency the authority to maintain the revenues it collects from credit and cost recovery programs.

Another policy-oriented task pursued by EAJP with considerable assistance from CHF was planning for an international Upgrading Conference, intended for senior Egyptian policy-makers. Local and regional projects were to be illustrated and senior experts in various areas of community upgrading were to attend.

Unfortunately, after considerable planning and effort, the conference was indefinitely postponed.

CHF also analyzed and advised the EAJP on its relationship with the Cairo and Giza Governorates in order for it to implement a new upgrading project. The roles and responsibilities of EAJP and the Governorates in planning and implementing new projects were actually negotiated and accepted by all parties. A coordinating committee has been established to begin new project planning and the implementation of a cost recovery program.

### **End of Project Status**

As an implementing institution, The EAJP has gone through a lengthy project learning curve and subsequent adjustments to its organizational structure. Technically and organizationally, it is now capable of implementing complex projects with multiple components.

In particular, the PIU and its active field teams have built up strong capabilities and established a strong track record in:

- illustrating the needs and desires of beneficiaries in project areas;
- promoting community awareness and engaging the active involvement of local leaders and citizens in self-help efforts; and
- initiating and supervising complex infrastructure, public facility and credit programs.

Training is now integrated into the personnel system. The planning, design, tendering and contracting, and monitoring and evaluation functions within the EAJP central departments are in place and functioning well. EAJP/PIU has also established good coordinating mechanisms with other governmental organizations which have a role in any new project the agency may undertake. More importantly, EAJP, and the individuals within the agency, understand the concept of community upgrading, sites and services and self-help owner build-out.

### **Lessons Learned and Recommendations**

A major inhibiting factor in terms of the projects demonstration purposes was that no formal link-

---

ages to allow EAJP to enter the national policy dialogue with lessons from its project experience were established. Partly for this reason, the direct impact on national policy envisioned at the time of project preparation has not occurred, although some policy changes have been made and, as discussed throughout the PCR, at the project/local level, various other changes have been brought about as well.

EAJP/PIU implementing capability is strong, however its influence on housing policy in Egypt is not. It is still a project-focused agency which at this time does not have a new project to focus on. EAJP and bilateral donors should continue to foster a coordination and implementing role with the Cairo Governorate to pursue new project development.

Efforts should also continue to pursue an EAJP organizational status which allows greater independence in revenue generation and retention.

## **Task Eight — Financial Management and Accounting**

For the purpose of this report, various CHF tasks have been incorporated under this section. These include the development of the financial and accounting systems, budget preparation, financial analysis, cost recovery and the development of project implementation plans.

The objective of the financial management and accounting task was to develop systems to enable the PIU to manage contract payments, monitor fiscal progress, control expenditures and obtain and manage the funds necessary to implement the project.

To assist the EAJP to evaluate project financial considerations, financial analysis of various sub-projects activities was required. In addition, the analysis of capability for project costs and cost recovery mechanisms for the Helwan New Community and Community Upgrading that were affordable and replicable received considerable attention through the life of the project.

Implementation Plans provided the overall umbrella for the EAJP and USAID to plan and update the project planning and finances. In addition,

they provided a vehicle for both agencies to come to agreement on overall project objectives.

### **Review of CHF Work**

**Accounting System** — The project needed to develop an accounting system rapidly to integrate the various demands of different accounting and financial reporting methods of the PIU, EAJP, CFE and USAID.

Financial analysis, cost estimates and reporting systems were developed early in the project to initiate the cost sharing agreements and reimbursement process with USAID. Early in the project, CHF staff actually undertook these activities until the EAJP/PIU staff was sufficiently trained. The reimbursement process based on Fixed Amount Reimbursable (FAR) agreements became a crucial source of funds for EAJP to implement project components.

The design and acceptance of the double-entry accounting system was a source of considerable controversy throughout the life of the project. The PIU had been using an adapted version of the "Pratt System." from the beginning of the project through mid-1984.

In 1982 CHF proposed an alternative system which it felt better served EAJP/PIU's needs and actually reflected the project's unique accounting and financial reporting requirements. Through 1983 and into 1984, CHF provided EAJP with further studies, illustrating the differences between the Pratt system and the CHF designed accounting system. In September 1984, the EAJP Chairman requested CHF to implement a simple single-entry system.

This temporary single entry system was successfully used by the PIU while the double-entry system designed by CHF was being further developed and adapted for the TI computer. A complete general ledger system was developed and teams formed between CHF and PIU staff to implement the system successfully. The system covers the financial period from July 1, 1983 until February 23, 1988. In addition, a manual was developed to assist the staff in the use of the accounting package.

**Financial Analysis/Cost Recovery** — Financial analysis, cost estimating and the development of cost recovery mechanisms were developed for the

---

EAJP either by CHF or by outside contractors. Cost Recovery and affordability issues are further discussed in the sections of this report covering the Helwan New Community and Community Upgrading components of the project.

The development of cost data and the subsequent financial analyses were targeted to specific sub-projects. They were used to evaluate specific project components and provide EAJP with recommendations on how to proceed with these sub-projects. A listing of these various studies are illustrative of the issues facing the project over its life. In addition to the major studies listed in the bibliography of this report CHF provided EAJP with considerable financial analyses, usually in memo form, in response to specific project issues.

**Budgeting** — EAJP's budgeting process can be broken down into three basic activities, budget preparation, obtaining funds and expenditures. In all three cases, the project's needs conflicted with the normal GOE budgeting process. Certain project components could not receive funds because they did not exist as categories in the GOE budgeting process. This was especially the case for credit and community development funds. EAJP did succeed, after considerable difficulty, in obtaining credit funds under the legal umbrella provided by the Grant Agreement.

In the early stages of the project, CHF assisted EAJP in developing its annual budget. Over time, as all parties became more familiar with the project and financial reporting systems were strengthened, the budgeting process became stronger. In recent years, CHF's involvement in the budgeting process diminished significantly.

In 1984, CHF worked closely with the EAJP to develop its submission for the most recent GOE Five Year Plan. A Funding request for a new upgrading project was submitted in the Plan but subsequently not included in the current Five Year Plan.

**Implementation Planning** — The Implementation Planning process served as the overall financial and program planning tool for the project. Major revisions to the project were documented and agreed to by GOE and USAID through the Implementation Plans. The CHF advisory team played a key role in assisting EAJP to develop and update project implementation plans.

The first EAJP Project Implementation Plan, developed in 1980 and revised in 1981 with the assistance of CHF, was a condition precedent for the first disbursement of USAID funds. Subsequently CHF assisted EAJP to develop the 1984 Implementation Plan which was used by EAJP and USAID for continuous project planning and the basis for evaluation of project costs and performance.

The 1986 Implementation Plan Update, accepted by USAID, served as the final official Implementation Plan for the project. The key features of this plan were:

- The ability to track budget and expenditures for EAJP and USAID budget allocation against actual project elements, and
- New financial cost sharing agreements between USAID and EAJP based upon the new U.S. dollar / LF exchange rate.

Due to its computerized format, it was easily updated, particularly when there were significant changes in the exchange rate or changes in project components. During the last two years of the project it served as a flexible financial and program planning tool for both agencies.

### ***End of Project Status***

After years of effort, EAJP is essentially operating under two accounting systems which operate more independently than they should. The governmental accounting system, which is part of the standard GOE accounting system, prevails over the project accounting system. The project accounting system, which is a more effective "project" financial system, is in place and can be completed by the EAJP/PIU to "close the books" on this project. It can also be used by the agency for any new projects it begins.

The PIU accounting staff are fully trained in implementing the project accounting system, entering data into the computer and producing the financial reports built into the system. In addition, a manual was developed to assist the staff in use of the accounting package. When the Governmental Accounts Unit (GAU) provides the PIU Accounts Unit with budget expenditure information, the PIU staff can complete data entry and produce trial balances for the project budget.

---

## ***Endnote***

1. Rapid computer technology development/ evolution outpacing project development and lack of a strong local computer representative contributed to the difficulties experienced with the TI equipment.

# Annexes

---



---

# Annex A

## List of CHF Advisory Staff, Short-Term Advisors and Sub-Contractors

### Resident Advisor Team (chronological listing)

<u>Name</u>	<u>Position</u>	<u>Dates</u>	
Robert Mills	Financial Advisor	Feb. 1980 -	April 1980
Steve Silcox	Cooperative Housing Advisor	Feb. 1980 -	June 1983
Jac Smit	Team Leader/Planner	April 1980 -	Sept. 1981
Paul Gabele	Architecture/Engineering Advisor	June 1980 -	July 1984
Jim Keen	Housing Finance Advisor	Aug. 1980 -	Sept. 1981
Sawsan El Messiri	Home Improvement Program/ Social Development Advisor	Jan. 1981 -	Aug. 1988
Charles Billand	Senior Advisor/Team Leader	Nov. 1981 -	May 1986
Jeffrey Stubbs	Economic and Finance Advisor	Dec. 1981 -	Dec. 1984
Youssef Ramzi	Accounting Advisor	June 1982 -	June 1983
Albert Wahba	Engineer/Upgrading Advisor	Feb. 1983 -	Aug. 1988
Hassan Belassy	Accounting Advisor	June 1983 -	June 1984
Paul Shirey	Community Organization Advisor	June 1983 -	Oct. 1986
Salah Zaki	Institutional Development/ Training Advisor	Aug. 1983 -	Aug. 1988
Barry Frazier	Architect/Planning Advisor	July 1984 -	July 1985
Youssef Ramzi	Accounting/Financial Training Advisor	July 1984 -	Aug. 1988
John Driscoll	Program Development/ Information Advisor	Nov. 1984 -	Aug. 1988
Essam El Rifai	Computer Advisor	Dec. 1984 -	Aug. 1988
Robert Williams	Architect/Planning Advisor	July 1985 -	Sept. 1986
Jack Boatright	Senior Advisor/Team Leader	Mar. 1986 -	Aug. 1988
Jon Wegge	Cooperative Advisor	Dec. 1987 -	Aug. 1988

---

## Short Term Advisors

<u>Name</u>	<u>Purpose</u>
Chris Banes	Engineering standards/upgrading evaluation
George Behymer	Branch banking/credit advisor
Shari Berenbach	Small enterprise program development
Charles Billand	Land tenure and cost recovery
Jaime Bordenave	Project training plans
Rick Chehab	Project budget/financial analysis
Agustin Costa	UDS project development
John Driscoll	Project evaluation/implementation plan
Jack Edmondson	UDS project development
Paul Gabele	UDS project development/HNC buildout/upgrading evaluation
Judith Hermanson	UDS project development
John Mason	Evaluation planning advisor
Neil Mayer	Credit sector analysis
Jaime Rodriguez	Cooperative legal advisor
Mokhtar Saleh	HNC market research/cost analysis
Lawrence Salmen	Project Manager/impact evaluation
Morris Simon	UDS project paper development
Fred Terzo	Project implementation plan/organization plan
Jon Wegge	HNC self-financing model

## Sub-Contractors

### Institute for Financial Education (IFE)

George Cardis	CFE training plan
William Halliday	Computer consultant
Neil Hunt	Computer consultant

### Nash - Vigier

Mona Serageldin	Institutional analyses/implementation planning
-----------------	--

### Environmental Quality International (EQI)

Haguer El Hadidi	UDS project paper development
Linda Oldham	UDS project paper development
Hussein Tamaa	UDS project paper development

Dr Adel Fareed	BMS research and evaluation
----------------	-----------------------------

Shams El-Dine Khafagy	Legal review of HNC by-laws
-----------------------	-----------------------------

---

---

# Annex B

## Bibliography of CHF Reports

### Bibliography of CIIF Reports

1. *Housing and Community Upgrading Program Implementation Plan (draft), Implementation Plan for the Upgrading Program*, EAJP/CHF (June 1980).
2. *Cost Analysis of the Helwan New Community Project*, Metwally/Shahin (October 1980).
3. *Financial Analysis and Evaluation, Helwan New Community Evaluation Plan*, CHF: Advisory Team (October 1980).
4. *Impact Evaluation of Housing and Community Upgrading Program, Draft Framework*, CHF: L. Salmen (October 1980).
5. *Engineering Infrastructure Design and Standards, Helwan New Community*, CHF: C. Banes (June 1981).
6. *Engineering Infrastructure Standards and Systems, Community Upgrading*, CHF: C. Banes (June 1981).
7. *Engineering Infrastructure Design Standards, Systems and Costs, Helwan Project*, CHF: C. Banes (June 1981).
8. *Assessments of Pre-Feasibility Study*, Metwally/Shahin (September 1981).
9. *Implementation Plan, Housing and Community Upgrading Program*, EAJP/CIIF (October 1981).
10. *Market Research, Helwan New Community Residential Comparables*, CHF: Mokhtar Salch (November 1981).
11. *Community Upgrading Standards Report, Arabic Translation*, CHF: C. Banes (November 1981).

- 
12. *Small Enterprise Training and Loan Program, Trial Phase Program Document*, CHF: S. Berenback (February 1982).
  13. *Income Data on Helwan Factory Workers, Helwan New Community*, CHF (March 1982),
  14. *Training Needs of Project 263-0066, Report and Recommendations (two volumes)*, CHF: J. Bordenave (April 1982).
  15. *Reconsideration of the Feasibility Study, Financial and Cost Analysis, Helwan New Community, Metwally/Shahin* (June 1982).
  16. *Evaluation, Trial Small Enterprise Loan Program*, CHF (1983).
  17. *Institutional Development of JHP/PIU*, CHF: J. Bordenave (May 1983).
  18. *Helwan New Community Owner/Membership (Introduction), Slide Show (Arabic and English)*, CHF (June 1983).
  19. *Helwan New Community Owner/Membership (Owner Build-out), Slide Show (Arabic and English)*, CHF (June 1983).
  20. *Helwan New Community Owner/Membership (Community Associations), Slide Show (Arabic and English)*, CHF (June 1983).
  21. *Monitoring and Evaluation Manual, EAJP/PIU New Community Project*, CHF: J. Mason (November 1983).
  22. *Implementation Plan for Project Evaluation, Housing and Community Upgrading Project*, CHF: J. Driscoll (March 1984).
  23. *Credit Foncier Egyptien*, CHF: G. Bchymmer (April 1984).
  24. *1983 Project Implementation Plan (draft)*, EAJP/CHF (April 1984).
  25. *Housing and Community Upgrading Program Description, Slide Show for Two Projectors*, CHF: C. Billand, J. Driscoll (May 1984).
  26. *Briefing Book on Helwan Housing and Upgrading Project, Community Upgrading for Low Income Egyptians*, CHF (June 1984).
  27. *Briefing Book, Eng. Mohsen, Minister, Ministry of Housing*, CHF (August 1984).
  28. *New Upgrading Project Development -- Phase I*, CHF: J. Edmondson, J. Hermanson, A. Costa, M. Serageldin (August 1984).
  29. *Community Upgrading, An Urban Development Policy in Egypt*, CHF (September 1984).

- 
30. *New Settlements, An Urban Development Policy for Egypt*, CHF (September 1984).
  31. *Proposal for Funding Urban Development Policy Initiatives to Administrator Peter McPherson, USAID*, CHF (October 1984).
  32. *Small Enterprise Loan Program Manual*, CHF: Y. Ramzy (October 1984).
  33. *Assessment of Upgrading Construction Program, Recommended Strategy for Implementation*, CHF: P. Gabele (November 1984).
  34. *New Upgrading Development, Institutional Analysis*, CHF: M. Scrageldin (December 1984).
  35. *Urban Development Support, Analysis of Proposed Upgrading/Sites North Giza*, CHF: P. Gabele (December 1984).
  36. *New Community Upgrading, Summary of August 1984 Report -- New Upgrading Development - Phase I*, CHF (December 1984).
  37. *Electronic Data Processing Training Program for EAJP*, CHF (April 1985).
  38. *Build-out Manual (English Version), Helwan New Community*, CHF: P. Gabele (April 1985).
  39. *Build-out Manual (Arabic Version), Helwan New Community*, CHF: P. Gabele (April 1985).
  40. *Implementation Plan Evaluation for Housing and Community Upgrading*, EAJP/CHF (May 1985).
  41. *Housing and Community Upgrading for Low Income Egyptians, Progress Report for Ministry of Housing*, MOH/CHF (May 1985).
  42. *Urban Development Support Project, Implementation Plan Guide for Upgrading of Informal Communities*, CHF: P. Gabele (August 1985).
  43. *Community Upgrading, Status of Construction*, CHF: R. Williams (September 1985).
  44. *New Upgrading Development (Project Paper), Institutional Analysis*, CHF: M. Scrageldin (October 1985).
  45. *New Upgrading Development (Project Paper), Credit Mechanism in Community Upgrading*, CHF: N. Mayer (October 1985).
  46. *Proposed Five Year Plan, 1987-1992*, CHF (October 1985).
  47. *New Community Solid Waste Disposal, Feasibility Study*, CHF: Y. Ramzy (October 1985).

58

- 
48. *Fiscal Report, 1980-1985*, CHF (November 1985).
  49. *Accounting Guide Book*, CHF (1986).
  50. *Accounting System for the PIU, Housing Development and Community Upgrading*, CHF (1986).
  51. *Cost Estimates for the Helwan New Community*, CHF: Mokhtar Saleh (1986).
  52. *Visit to Upgrading Projects in Jordan, Financial Report*, CHF (January 1986).
  53. *Project Summary, Helwan Housing and Community Upgrading for Low Income Egyptians*, CHF (January 1986).
  54. *Projects Accounting Guidelines, 1987-1992*, CHF (February 1986).
  55. *Urban Development Support (UDS), Project Paper*, CHF: M. Simon (May 1986).
  56. *The Appropriate Organization Form for EAJP*, CHF: S. Zaki (June 1986).
  57. *Implementation Plan Update for Helwan Housing and Community Upgrading Project*, EAJP/CHF (October 1986).
  58. *Urban Development Support (UDS), Project Paper*, CHF: M. Simon (October 1986).
  59. *Chart of Accounts, English and Arabic Copies*, CHF (November 1986).
  60. *Self-Financing System for Developing Seven Neighborhoods in the Helwan New Community*, CHF (November 1986).
  61. *Land Tenure and Cost Recovery for Helwan Housing and Community Upgrading*, CHF: C. Billand (December 1986).
  62. *Project Costs and Cost Recovery Analysis, Helwan New Community*, CHF (February 1987).
  63. *Income Study for Helwan Factory Workers*, CHF (April 1987).
  64. *EAJP and PIU Organization*, CHF: S. Zaki (May 1987).
  65. *Status Report of Implementation Plan*, EAJP/CHF (May 1987).
  66. *Loan Program*, EAJP/CHF (May 1987).
  67. *Helwan Upgrading Project (Recent Achievements)*, EAJP/CHF (May 1987).
  68. *Helwan New Community (Recent Achievements)*, EAJP/CHF (May 1987).

- 
69. *Helwan New Community Project Cost and Cost Recovery Analysis*, CHF (July 1987).
  70. *Evaluation of Upgrading Construction, Housing and Community Upgrading Program*, CHF: P. Gabele, C. Banes (September 1987).
  71. *CHF Progress Report, Including Expanded Report: Helwan New Community Options for the Future: The Self-Financing and Owner Build-Out Systems*, CHF (June 1988).

60

# Annex C

## Project Financial Summaries

SUBJECT: DISTRIBUTED PROJECT BUDGET  
 AREA : UPGRADING, HNC, ADMINISTRATION  
 DATE : NOVEMBER 1988

	IMPLEMENTATION PLAN		DISTRIBUTED PROJECT BUDGET	
	COST LE	COST U.S.\$	EAJP LE	USAID U.S.\$
<b>UPGRADING</b>				
DESIGN & SUPERVISION	2,034,760	33,000	1,131,030	1,056,248
INFRASTRUCTURE	14,960,593	0	6,169,673	4,598,558
PUBLIC FACILITIES	4,165,537	0	2,445,754	1,255,029
COMMUNITY ORGANIZATION	49,900	381,507	49,900	424,806
LAND PURCHASE	170,000	0	170,000	0
RELOCATION	0	0	0	0
CREDIT	4,942,503	0	2,372,015	2,282,966
Sub-Total	26,331,293	414,507	12,338,372	9,617,607
Contingencies	0	0	0	0
SUB-TOTAL	26,331,293	414,507	12,338,372	9,617,607
<b>NEW COMMUNITY</b>				
DESIGN & SUPERVISION	7,425,940	11,667,968	4,271,186	15,133,195
INFRASTRUCTURE	14,119,327	38,012,148	11,453,178	39,216,730
PUBLIC FACILITIES	2,584,210	0	2,360,826	98,596
COMMUNITY ORGANIZATION	0	0	0	0
LAND PURCHASE	8,000,000	0	8,000,000	0
MODEL HOUSING ESTATE	3,443,000	0	2,626,257	970,325
CREDIT	10,788,377	0	0	3,297,291
Sub-Total	46,360,854	49,680,116	28,711,447	58,716,137
Contingencies	0	0	0	0
SUB-TOTAL	46,360,854	49,680,116	28,711,447	58,716,137
<b>ADMINISTRATION</b>				
TECHNICAL ASSISTANCE	3,687,213	5,997,794	3,106,477	6,640,571
EVALUATION	0	130,979	0	130,979
TRAINING	0	316,465	0	316,465
BUILDING MATERIALS	0	0	0	0
EAJP/PIU ADMINISTRATION	4,540,770	0	4,540,770	0
CFE ADMINISTRATION	300,000	0	300,000	0
COMPUTER	473,000	357,650	351,536	505,127
EQUIPMENT/VEHICLES	110,332	0	110,332	0
MAINTENANCE/OPERATIONS	1,686,000	0	1,686,000	0
Sub-Total	10,797,315	6,802,888	10,095,115	7,593,142
Contingencies	0	0	0	0
SUB-TOTAL	10,797,315	6,802,888	10,095,115	7,593,142
<b>T O T A L</b>	<b>83,489,462</b>	<b>57,097,510</b>	<b>51,144,934</b>	<b>75,926,886</b>
TOTAL BEFORE CONTINENCIES	83,489,462	57,097,510	51,144,934	75,926,886
CONTINGENCIES ARE EQUAL TO	0	0	0	0
REMAINING TO BE ALLOCATED FROM GRANT AGREEMENT			4,855,058	4,123,114
CONTINGENCIES			0	0
TOTAL TO BE USED ASSUMING CONTINGENCIES ARE AVAILABLE			4,855,058	4,123,114

ASSUMPTIONS FOR FINAL CUSI--assumed full contract amounts will be paid by EAJP for projects underway and completed after PACD

NOTE--Final costs will differ based completion of sub-projects

Complete USAID Pipeline report of November 18, 1988, EAJP Report through June 1988  
 USAID Final Analysis of FAR Agreements dated October 16, 1988.

61

SUBJECT: UPGRADING DISTRIBUTED PROJECT BUDGET  
 AREA : ALL UPGRADING  
 DATE : NOVEMBER 1988

	IMPLEMENTATION PLAN		DISTRIBUTED PROJECT BUDGET	
	COST LE	COST U.S.\$	EAJP LE	USAID U.S.\$
<b>DESIGN &amp; SUPERVISION</b>				
Rashed	314,000	33,000	193,785	187,168
Ghoneim	246,740	0	123,370	148,338
Sidqui	823,294	0	438,012	423,926
Zein (incl.in Rashed)	0	0	0	0
Kafr El-Elw	182,026	0	91,013	109,433
Ghoneim Baharia	0	0	0	0
El Bagour	0	0	0	0
Off-Site	468,700	0	284,850	187,383
Sub-Total	2,034,760	33,000	1,131,030	1,056,248
Contingency	0	0	0	0
SUB-TOTAL	2,034,760	33,000	1,131,030	1,056,248
<b>INFRASTRUCTURE</b>				
Rashed	2,681,062	0	1,184,853	1,000,902
Ghoneim	3,000,999	0	1,136,398	931,721
Sidqui	3,684,244	0	1,215,810	1,093,081
Zein	896,986	0	467,717	351,494
Kafr El-Elw	2,124,795	0	701,102	731,752
Ghoneim Baharia	1,666,737	0	550,023	489,608
El Bagour(Incl.in Kafr E	0	0	0	0
Off-Site	913,770	0	913,770	0
Sub-Total	14,968,593	0	6,169,673	4,598,558
Contingency	0	0	0	0
SUB-TOTAL	14,968,593	0	6,169,673	4,598,558
<b>PUBLIC FACILITIES</b>				
Rashed	208,580	0	118,028	108,860
Ghoneim	1,739,109	0	1,016,613	750,824
Sidqui	930,160	0	348,688	252,860
Zein	0	0	0	0
Kafr El-Elw	683,269	0	474,017	91,790
Ghoneim Baharia	339,465	0	339,465	0
El Bagour	264,954	0	148,943	50,695
Sub-Total	4,165,537	0	2,445,754	1,255,029
Contingency	0	0	0	0
SUB-TOTAL	4,165,537	0	2,445,754	1,255,029
<b>COMMUNITY ORGANIZATION</b>				
Rashed	49,900	381,507	49,900	424,806
Contingency	0	0	0	0
SUB-TOTAL	49,900	381,507	49,900	424,806
<b>LAND</b>				
Rashed	170,000	0	170,000	0
Contingency	0	0	0	0
SUB-TOTAL	170,000	0	170,000	0
<b>RELOCATION</b>				
Rashed	0	0	0	0
Contingency	0	0	0	0
SUB-TOTAL	0	0	0	0
<b>CREDIT</b>				
HILP	4,342,503	0	2,222,015	2,182,608
SELP	600,000	0	150,000	180,358
SUB-TOTAL	4,942,503	0	2,372,015	2,282,966
TOTAL	26,331,293	414,507	12,338,372	9,617,607
TOTAL BEFORE CONTINGENCIE	26,331,293	414,507	12,338,372	9,617,607
CONTINGENCIES ARE EQUAL TO	0	0	0	0
Notes:				
Percentage Grant Agreement before Contingency			22.0%	12.0%
Percentage Grant Agreement including Contingency			22.0%	12.0%

bit

SUBJECT: HNC DISTRIBUTION PROJECT BUDGET  
 AREA : HELWAN NEW COMMUNITY  
 DATE : NOVEMBER 1988

	IMPLEMENTATION PLAN		DISTRIBUTED PROJECT BUDGET	
	COST LE	COST U.S.\$	EAJP LE	USAID U.S.\$
-----				
A. DESIGN & SUPERVISION				
INFRASTRUCTURE	7,095,940	11,667,968	4,106,186	14,934,801
PUBLIC FACILITIES	330,000		165,000	198,394
Sub-Total	7,425,940	11,667,968	4,271,186	15,133,195
Contingency	0	0	0	0
SUB-TOTAL	7,425,940	11,667,968	4,271,186	15,133,195
B. INFRASTRUCTURE				
Off-Site Construction	8,977,403	23,461,456	7,565,037	23,461,456
Procurement	622,929	11,098,688	622,929	11,098,688
Miscellaneous	3,743,906		3,265,212	390,068
Subtotal (All Infrastructures)	13,344,238	34,560,144	11,453,178	34,950,212
Contingency (Perini Claim)	775,089	3,452,004	0	4,266,518
SUB-TOTAL	14,119,327	38,012,148	11,453,178	39,216,730
C. PUBLIC FACILITIES				
Basic School	759,657	0	759,697	0
Union Center	311,209	0	155,605	67,654
Health Center	371,794	0	371,794	0
Coop.Food Shop	116,834	0	116,834	0
Vehicle Garage	148,800	0	80,981	30,942
Post Office	166,352	0	166,351	0
Police Station	8,079	0	8,079	0
Fire Station	131,706	0	131,706	0
Social Center	273,824	0	273,824	0
Visitors Center	63,711	0	63,711	0
Neighborhood Center	120,110	0	120,110	0
Office & Warehouse	112,134	0	112,134	0
Sub-Total	2,584,210	0	2,360,826	98,596
Contingencies	0	0	0	0
SUB-TOTAL	2,584,210	0	2,360,826	98,596
D. COMMUNITY ORGANIZATION	0	0	0	0
Contingencies	0	0	0	0
Sub-Total	0	0	0	0
E. LAND Purchase In-Kind	8,000,000	0	8,000,000	0
F. MODEL HOUSING ESTATE	3,443,000	0	2,626,257	970,325
Contingencies	0	0	0	0
Sub-Total	3,443,000	0	2,626,257	970,325
G. CREDIT	10,788,377	0	0	3,297,291
-----				
GRAND TOTAL	46,360,854	49,680,116	28,711,447	58,716,137
PERCENTAGE TO GRANT AGREEMENT BEFORE CONTINGENCY			22.0%	12.0%
PERCENTAGE TO GRANT AGREEMENT INCLUDING CONTINGENCY			22.0%	12.0%

63



No. of Home Improvement Loans Disbursed

During 1984, 1985, 1986, 1987,

1988

Community	1984	1985	1986	1987	1988 (As of 31/5)
Zein	1	6	4	1	0
Rashed	38	20	10	19	8
Ghoniem	113	81	64	47	18
Sidqui	61	157	49	79	18
Kafr El-Elw	91	145	40	58	25
Ghoniem Baharia	-	17	20	61	20
El-Bagour	-	-	-	10	1
<b>Total</b>	<b>304</b>	<b>426</b>	<b>187</b>	<b>275</b>	<b>90</b>

NUMBER AND TYPE OF IMPROVEMENTS DONE TO EXISTING ROOMS  
AND APARTMENTS THROUGH OCTOBER 30, 1987

COMMUNITY	TILING	PLASTERING PAINTING	ELECTRICAL	CARPENTRY (WINDOWS, DOORS)	STAIRS	PLUMBING	GENERAL FINISHING	TRENCH FOR CESSPIT	WOOD ROOF	IRON DOORS	BUILDING BATHROOM
RASHED and ZEIN	245	307	87	224	33	63	27	39	8	0	136
GHONEIM	471	506	252	896	169	32	20	186	0	40	248
SIDQUI	326	315	76	257	80	143	51	95	16	36	124
KAFR EL-ELW	300	300	179	1,038	370	17	12	241	0	39	113
GHONEIM BAHARIA	38	43	8	40	4	14	6	18	0	0	18
EL BAGOUR	6	5	3	7	3	4	3	3	0	0	4
<b>TOTAL</b>	<b>1,386</b>	<b>1,476</b>	<b>605</b>	<b>2,462</b>	<b>659</b>	<b>273</b>	<b>119</b>	<b>582</b>	<b>24</b>	<b>115</b>	<b>643</b>

SOURCE: Eng. M.Foda, PIU Manager of Upgrading

HOME IMPROVEMENT	LOAN PROGRAM	AS OF	OCTOBER 31, 1987		
SITE	START DATE	NUMBER LOANS	TOTAL VALUE	AVERAGE LOAN	SIZE
Zein	Feb. 28/81	86	86,540	1,006	
Rashed	July 1/81	583	709,185	1,216	
Ghoneim	Jan. 1/82	1,012	1,421,294	1,404	
Sidqui	May 5/84	415	870,054	2,097	
Kafr El-Elw	July 1/84	396	598,021	1,510	
Ghoneim Baharia	April 1/86	79	183,880	2,328	
El Bagour	May 1/87	9	23,670	2,630	
Total		2,580	3,892,644	1,742	

NUMBER OF NEW FLATS AND ROOMS BUILT  
THROUGH OCTOBER 30, 1987  
USING HOME IMPROVEMENT LOANS

(a) A complete flat can be two or three rooms, an entrance hall, a kitchen and bathroom.

Community	Construction of Complete Flat (a)	Construction of 3 Rooms	Construction of 2 Rooms	Construction of 1 Room
Zcin & Rashed	143	22	118	60
Ghoneim	332	97	136	76
Sidqui	55	18	65	18
Kafr El-Elw	197	--	2	--
Ghoneim Baharia	27	3	7	7
El-Bagour	4	--	--	--
<b>TOTAL</b>	<b>758</b>	<b>140</b>	<b>328</b>	<b>161</b>

- 66'