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**TECHNICAL ASSESSMENT OF GOVERNORATE
LAND MANAGEMENT UNITS**

submitted to USAID/Cairo by

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PREFACE

This report presents the findings of a technical assessment of the Land Management Units (LMUs) established in the urban governorates of Egypt as part of the Local Development II Urban Project of USAID/Cairo and the Arab Republic of Egypt.

The technical assessment was carried out under contract with USAID/Cairo by David Sims, urban planner, and Mustafa Abd el Aziz, local administration expert, in May and June 1992.

During this assessment the investigators enjoyed the full cooperation of all persons and institutions that were contacted. In particular, they would like to thank the Secretary Generals and other officials of the governorates of Suez, Port Said, Giza, and Cairo, the staff of the Land Management Units in these governorates, the staff and consultants of the technical assistance contractor, Wilbur Smith Associates, the chairman of the General Organization for Physical Planning, and also the staff of the Office of Local Administration and Development at USAID/Cairo. In all cases opinions were freely expressed and relevant material readily provided.

Technical Assessment of Governorate Land Management Units

EXECUTIVE SUMMARY

Under the LD II Urban Project, Land Management Units (LMUs) have been set up in six governorates of Egypt. This is a technical assessment of four of them which are established and operational in Cairo, Giza, Port Said, and Suez. The main purpose of the assessment is to evaluate the degree to which LMU activities have helped develop rational land management systems and practices in these governorates.

The Benefits of LMUs

LMUs are new administrative units which work closely with other governorate departments to undertake the development of land, such as the upgrading of slum areas, developing new urban areas, and the redevelopment of inner city sites. They provide their governorates with the technical capacities to identify and undertake these projects, with the aim of recovering the cost of development through land sales and other revenue generating mechanisms.

Such activities in urban governorates of Egypt represent a great opportunity which is yet to be grasped. The potential benefits include:

- * providing basic needs for the many thousands of citizens living in random settlements and slums
- * providing new space, complete with infrastructure, for future housing, industrial, and other developments
- * giving governorates the technical capacity to attract investors and enter into joint ventures with other entities
- * allowing these developments to be financed out of the governorates' own financial resources and assets

Progress to Date and Main Issues

To date efforts at establishing functional LMUs have had mixed results. In the four pilot LMUs reviewed, the institutionalization -- in terms of staffing, administrative structures, and integration in governorate operations -- has been good. So

too has been skill development -- in terms of both formal and informal staff training, ability to carry out land studies and prepare projects, and ability to apply the concepts of rational land management. There also appears to have been an impact of LMUs on wider governorate policies towards local resource mobilization. However, in terms of actual project implementation, results to date are not so good, but it appears that the issue is more one of delays caused by external factors than problems with LMU capacities. More serious -- in terms of the whole LMU concept -- is the failure to resolve completely the legal issues surrounding LMU financial independence and the ability to retain revenues for re-investment.

LMU achievements must be viewed within the context of local government in Egypt and the difficulties that governorates face in carrying out their mandate for local development. Seen in this light, and realizing that sustainable institution and capacity building is a long process, the results to date are not at all disappointing.

Furthermore, considerable momentum has been observed. At the present time it seems that all four LMUs reviewed here are on the move, taking on more responsibility and making their presence more strongly felt.

In the opinion of the assessment team, it would be tragic were past efforts to go to waste and the current momentum checked. The LMUs can probably function at their present levels without any more outside technical support, but it will be hard for them to sustain the current momentum, expand to their full potential, and grasp the opportunities that lie before them.

This is perhaps the crucial issue -- that of opportunities still to be grasped. Urban development in the larger towns in Egypt has suffered from the lack of mechanisms for rational land management and financial sustainability to support physical development plans, and at present LMUs are the only institutions that begin to provide this. They may only be a first and hesitant step, but unless more steps are taken vast opportunities could be lost.

Recommendations

It is recommended that support be given to existing LMUs in order to capitalize on past achievements, maintain momentum, and gain maximum benefit. Two levels or degrees of support are proposed:

- (1) A minimum level of support would be aimed at maintaining current LMU momentum in the four LMUs of Suez, Port Said, Giza, and Cairo and also to support LMU activities in the other two urban LMUs (Alexandria and Qaliubia) as need arises and interest is expressed. To be effective, this

level of support should be available as soon as possible and should run for a minimum of three years. The kinds of support envisioned would be technical assistance and be made up of the following modest and cost-effective elements:

- * Establish a forum for the exchange of information and ideas among LMU staff. On a regular (monthly or bi-monthly) basis, the LMU staff of all governorates should be able to meet and discuss problems and solutions to them, exchange ideas, express needs, and in general reinforce each other's efforts. Meetings could be revolving, that is taking place in one different governorate each time.
- * Undertake at the highest levels of MLA (and specifically in the Legal Affairs and Organization and Administration Departments) a review of the legislation governing the Economic Housing Funds, with the aim of preparing model executive regulations, for adoption by governorates, which clearly provide for separate revolving funds for State land development, to be managed by LMUs or other similar departments.
- * Set up an annual seminar on land management to which MLA undersecretaries, the governors, secretary generals, and other governorate officials (as well as LMU staff) would be invited. This would follow on the success of the Land Management Executive Seminar held in February 1991 and could be modeled roughly after it.
- * Complete the provision of needed equipment to LMUs, based on functional need. Each governorate LMU could use more equipment, and a small fund to allow purchases should be set up, with needs defined by LMUs themselves.
- * Establish a small fund for technical studies which LMUs could tap for social surveys, feasibility studies, joint venture project designs, design competitions, etc. which are beyond the internal capacities of the LMUs themselves. Local private sector consultants would be contracted and managed by the governorate LMUs themselves.
- * Establish a small fund for basic training of new LMU staff and practical deepening of skills already acquired by existing staff. These would allow LMU skill development through existing training programs and institutions in Egypt.

(2) A more intensive level of support is proposed which would assist LMUs in reaching their full potentials. It would be a mix of technical assistance and the setting up of a central revolving fund for LMU projects. Ideally these recommendations should be put in place by mid-1993, but with a mechanism whereby this support to LMUs is conditional on their progress under Level (1) above and on the full commitment of their respective governorate's leadership. This support would have the following elements:

- * Establish a central revolving fund to which governorate LMUs can present proposals either for project seed capital or for project loans. Full justification from both social and financial aspects would be required. One possibility would be to allocate from future Local Development funds a reserve for such a purpose, with approved monies being channeled through a subfund of each governorate's Economic Housing Fund.
- * Strengthen the inventory and protection processes for State lands in governorates where LMUs are operating. This would involve considerable support to Amlak Departments in terms of computers and associated software, survey equipment, training, vehicles, and perhaps funds for aerial photography.
- * Launch on a pilot basis a complete computer-based Land Information System in Cairo, Alexandria, and/or Suez governorates (where the need is greatest, in terms of urban expansion and opportunities presented by considerable State lands).

It is also recommended that, over the long term and depending on the results of the assistance proposed under (1) and (2) above, an effort be made at replicating the LMU concept in other governorates. A precondition would be active interest on the part of the candidate governorates. In this effort some of the staff of existing LMUs and local consultants involved with them would be the core "propagators". A modest level of technical assistance would first be required, with a second level of more considerable support tied to progress.

ACRONYMS

GIS	computer-based Geographic Information System
GOE	Government of Egypt
GOPP	General Organization for Physical Planning (under MHNC)
LD II Project	Second Local Development Project of USAID and GOE
LIS	computer-based Land Information System
LMU	Land Management Unit
MHNC	Ministry of Reconstruction, Housing and New Communities
MIS	Management Information System (a component of LD II Urban Project)
MLA	Ministry of Local Administration
TA	technical assistance
TA Contractor	The LD II Urban technical assistance contractor (Wilbur Smith Associates)
USAID/Cairo	United States Agency for International Development - Cairo Office

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1. INTRODUCTION AND METHODOLOGY

1.1 Objective of the Assessment

This technical assessment of Land Management Units (LMUs) responds to the Scope of Work, a copy of which is provided in Annex I. The assessment is to "evaluate the degree to which the LMU activity has helped develop rational land management systems and practices in urban governorates".

The Scope of Work asks the assessment team to look at LMU activities in terms of land management skills developed, degree of institutionalization, impact on governorate policies, and the sustainability and replicability of the LMU concept. In these tasks, stress is to be laid on (1) assessing progress to date, (2) identifying issues, and (3) providing recommendations.

Thus the overall approach is to produce findings that will help the GOE to decide on the value of LMUs in local urban development and to consider future actions which take full advantage of what are to date pilot efforts.

1.2 Method of Investigation

Analytically, the investigation was aimed at identifying both the strengths and opportunities of the LMU concept as applied in the pilot efforts and also the weaknesses and constraints to their effectiveness performance as mechanisms to improve and expand the capacity of local government to plan, implement, maintain, and finance improved municipal services. Thus a wide scope of investigation was required, one which looked first at the overall context of local administration and the realities of urban land development in Egypt. Success or "movement" of the LMU concept could then be measured against this context. Discrete subject areas were identified to assess progress to date and address issues raised. These were: (1) degree of institutionalization, (2) degree of skill development, (3) success in identifying and preserving the government land resources, (4) success in project development, (5) progress in applying mechanisms of cost recovery, and (6) impact on wider governorate policies. The more general issues of LMU sustainability and replicability could then be addressed separately, and finally recommendations could be put forward.

As agreed with USAID, the more evolved pilot LMUs were investigated. These were the four LMUs in the governorates of Suez, Port Said, Giza, and Cairo. The pilot LMUs in Alexandria and Qaliubia were not specifically covered.

The total period of investigation covered four weeks. The first two and a half weeks were occupied with collection and review of relevant material, field visits, and interviews with a wide range of persons (see Annex 2). The last week and a half were spent in analysis, report preparation, and presentation of findings.

2. BACKGROUND

It cannot be overemphasized that any assessment of the value and impact of LMUs must be viewed within the context of local administration and existing means of land management at the local level. Although the subject is complicated and there is a vast and growing literature about it, an attempt is made here to give a short overview of issues directly related to the assessment.

2.1 Local Administration and Local Development in Egypt

The 26 governorates of Egypt are the focal points of local administration and, as affirmed in successive legislation, are the main bodies responsible for local development, accountable to elected popular councils. They are led by governors appointed by the President, under which are the secretary generals and the main administration or "diwan", composed of numerous administrative departments. In parallel, and nominally under the governorates, are directorates which represent in an individual governorate the central line ministries and agencies. Under the governorates and reporting to them are the *markaz* and village administrations (in the case of the 22 rural governorates) and *hay* administrations (in the case of the 4 urban governorates). These sub-governorate administrations also have elected popular councils to which they are accountable.

One of the paradoxes in Egypt is that, while responsibility for local development has been "decentralized" to the governorates, the control over government monies to finance this development has not. Governorates rely almost entirely on annual central government allocations and centrally administered loans to finance both recurrent costs and capital investments. Sources of local revenue are weak, rarely exceeding 20% of total expenditures, and governorates in any event have little chance to retain these revenues. The result is very much a climate of financial

dependence from the center, with most governorate efforts focussed on obtaining as much as they can in each fiscal year. In effect there are little or no discretionary funds for governorates to manage. As a result, there is no incentive to raise local revenues and mobilize new local resources. (For a review of governorate financing and budgeting, see Wilbur Smith Associates, LD II Urban Project, Local Resource Management Pilot Project, Nov. 1991).

This situation has existed for decades, in spite of repeated attempts by governorates and by local development programs to begin to reverse the dependency on central finances (and it might be added, on centrally administered foreign aid grants). In this context, the success of the pilot LMUs in promoting cost recovery and local resource mobilization must be measured in modest terms.

It should also be mentioned that governorate administrations are like those found throughout the Egyptian government, characterized by considerable bureaucracy, by a large and partially redundant army of employees who are poorly paid and whose appointments are as much rewards for completing formal education as they are based on functional need, and by administrative budgets that are always insufficient. Low staff motivation is endemic. The ability of institutionalizing a new concept such as LMUs must be seen in this light.

Finally, it should be noted that decision-making at the governorate level is concentrated with the governors themselves. Their powers are considerable and their executive staff look to them for almost all important decisions and initiatives. Thus, unless a governor is convinced of an innovative approach and actively supports it, it is likely to be still-born.

2.2 Land Management and Planning at the Local Level

By law, governorates are responsible for the preparation and execution of town plans, physical improvements, and urban development projects within their administrative boundaries, as long as these meet physical planning and construction regulations, are endorsed by the relevant executive and popular councils, and respect master plans which have been approved by the central government (the General Organization for Physical Planning). Since 1979, prior authority to develop most desert lands outside inhabited areas has been given to the Ministry of Housing and New Communities (MHNC).

All lands that are not private (freehold) or specifically owned by central ministries or special government authorities are State lands whose control and development are the responsibility of governorates. This means that, in many governorates, significant vacant lands are theoretically available to governorates to

develop or assign to other entities. However, there are many competing interests involved and in practice governorate authority over these lands is often compromised. (See also Section 6 below.) The nature of urban land markets in Egypt (with high and rising land prices) makes land a key asset for governorates, but also makes others keenly interested in capturing this valuable asset.

Governorates (and in some cases city councils or "municipalities" within governorates) have administrative divisions to control State lands (called Amlak departments) and to carry out local planning (physical planning departments). Traditionally these units have been weak "reactive" entities, hardly dynamic planning units -- either in terms of guiding development in new areas or creating and executing land development projects. Mostly their roles have been limited to protecting State lands, assigning them for public housing and other purposes, and setting down road widths in areas already under development. Technically and in terms of trained staff these governorate level units have been very weak.

The weakness of governorate-level urban planning and land management -- and the negligence of central government towards it -- reflects in part a conscious national policy of focusing urban development in new desert areas, the responsibility (and budgetary resources) for which have been given exclusively to the MHNC.

There have been various efforts in the past 15 years to support governorate-level land management and planning, with overall disappointing results countered by one or two striking successes. The lessons learned seem to be that (1) institutionalization is a lengthy process requiring flexible support, (2) the governorates must feel that they are benefiting and in control (rather than some arm of the center), (3) the interest and support of the governor must be engaged, and (4) projects should be realistic, feasible, and relatively simple to manage.

2.3 The LD II Land Management Component

The pilot LMUs being assessed in this report are creations of the GOE supported by the LD II Urban Project. It was aimed at the six governorates of Cairo, Alexandria, Giza, Qaliubia, Port Said, and Suez. A technical assistance contractor, Wilbur Smith Associates, was charged with the task of providing technical and institutional assistance. This assistance began in early 1988 and is due to finish at the end of 1992.

The land management component was only one of seven components of the overall urban local development project, and it was a relatively small one. Practical efforts at setting up LMUs began at the end of 1988, after a six month "diagnostic" period. The first

"milestones" -- the legal establishment of the LMUs by the participating governorates and appointment of staff -- took varying periods of time, and in every case progress was dependent upon the interest on the part of the respective governors. Thus in some governorates significant progress has been registered only recently.

3. OBJECTIVES OF LAND MANAGEMENT UNITS AND OVERALL PROGRESS TO DATE

3.1 Concept and Objectives of LMUs

An LMU is an administrative unit within a governorate which provides a much needed focus on land management, acting in concert with other governorate departments, but concentrating on project development and financing through local resource mobilization of that development. Antecedents to the LMU concept include the Planning and Land Development Agencies in Ismailia and the LMUs proposed as part of the Extension of Municipal Service Project in Giza and Cairo.

The objectives of the LMU effort as part of the Local Development II Urban Project were:

- * establishing LMUs in the six participating governorates, to the extent that they these units become systems capable of sustaining themselves administratively and financially.
- * creating effective land management capacities in the participating governorates
- * achieving a high level of cost recovery in upgrading and new land development projects sponsored by the LMUs
- * promoting appropriate physical planning and rational land development
- * undertaking projects which will benefit the urban poor both directly and indirectly

3.2 Progress to Date

Given these ambitious objectives of the Land Management Component set out in 1988, what have been the achievements after four

years? Table 1 tries to summarize this, to allow the reader an overview of progress in 15 discrete subject areas.

As can be seen, most targets have been achieved in the four governorate LMUs under review. This is especially true of the "softer" areas of staffing, training, administrative structures, etc. However, achievements in this area should not be belittled, as they reflect a concrete commitment on the part of the governorates to the LMU concept. (See discussion in Sections 4 and 5 below.)

The main shortcomings are found in two areas: execution of projects (in terms of actual expenditures and physical improvements) and in hard, proven arrangements for project-specific or overall LMU financial independence. (See discussion in Sections 7 and 8 below.)

3.3 Overall Progress -- Evolution and Momentum

It is important, in an effort which is by and large an institution-building and "concept-selling" one, that the evolution and momentum generated are considered in any assessment. In each governorate a separate "story" could be written about the passage of four years of promoting LMUs, with advances on many fronts, checks and delays in others, and even re-starts in some cases. In no governorate has steady, even progress been recorded. Yet overall, at least in the four governorates reviewed, considerable evolution has been achieved and, at this time, the momentum is considerable. This is especially true considering two things: (1) that the LMU concept has had to push against a countervailing inertia within governorates -- in departments that either see LMUs as threats to their powers or something inappropriate for local government, and (2) the all important requirement of a governor's personal interest in LMUs has required, upon a change of governor, a period to re-promote the idea.

4. INSTITUTIONALIZATION: PROGRESS AND ISSUES

This section deals with institutionalization of the LMU concept, in terms of administrative and legal formulation, staff appointment, logistics and equipment, integration within governorates, and relations with other actors.

TABLE 1

OVERALL LMU PROGRESS TO DATE

* -- good
 + -- fair
 . -- poor

governorate

ACHIEVEMENTS / CAPACITIES	SUEZ	PS	GIZA	CAI
Administrative Formulation of LMU	*	*	*	*
Director and Staff Appointments	*	*	*	*
Space and Equipment	+	+	+	+
LMU Integration in Governorate Structure	*	+	+	+
Staff Basic Skills	*	*	*	*
Project Development Skills	*	*	*	*
Staff Motivation & Enthusiasm	*	*	*	*
Managing the State Land Resource	+	+	.	.
Demonstration Project Design, Analysis & Management	*	*	*	*
Demonstration Project Implementation
New Project Development	*	+	+	+
Projects & Meeting the Needs of the Urban Poor	*	+	*	.
Verbal Agreements for LMU Financial Independence	*	*	.	.
Solid Mechanisms for LMU Financial Independence	.	+	.	.
Impact of LMUs on Governorate Policies	+	+	+	.

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4.1 Formulation of LMUs

In the four governorates reviewed, LMUs and their governing committees have been formulated by governor's decrees. The actual administrative structures have themselves evolved over the last three years in different ways in each governorate. This in itself is a positive point, reflecting a formulation process which was truly internal to each governorate, rather than something imposed from without.

LMU administrative structures, as they presently stand, vary considerably in the four governorates reviewed. All are located within the governorate "diwan" and reporting to the Secretary General, but the models of Giza and Port Said are small "units" either under larger Departments are separate, whereas in Suez and Cairo the LMUs have attained the status of General Administrations, a higher level (and one which allows the LMU director to assume a higher degree in the civil service).

Of the four LMUs, Suez is the most comprehensive administratively, in that it is a General Administration which has brought together Physical Planning, Amlak, and Projects under one umbrella. This may ultimately be the best formula, but one is hesitant to suggest that there is such an "ideal", since the administrative nature of an LMU reflects the internal needs and political realities of the governorate in which it has been formed.

In Giza a branch of the governorate LMU has been established at the Giza City level. This arrangement could be an interesting model should the LMU concept be applied to other rural governorates at a later date.

All of the LMUs have had discussions with their governorates' Directorate of Organization and Administration about the appropriateness of the organizational structure, and it appears that there are no problems. However, none of these directorates have yet endorsed the structures and forwarded them to the Central Agency for Organization and Administration for approval.

Overall, LMU administrative frameworks appear quite good, at least for the functions and responsibilities that they currently undertake. They are still (with the exception of Suez) quite small and have not really developed their own internal structures. As their work increases, it appears that they should be able to deepen and expand.

4.2 LMU Director Appointments

In all four cases capable directors have been appointed from among governorate staff, usually those who have considerable experience in related areas (e.g. from the Amlak or Physical

Planning Departments). This has gone a long way to mitigate any possible administrative jealousies, and it has also meant that there are tight personal links to other departments with which LMUs must deal. Much of the success of LMUs depends on these persons and their abilities to promote LMU projects within the governorate, to maintain relations with other departments, and to identify and have new staff appointed.

4.3 The Appointment of Core LMU Staff

An enthusiastic cadre of core staff have been appointed to the LMUs in all four governorates. As with LMU directors, these persons usually come from related departments within the governorate. The method of "secondment", by which an employee is seconded from one administrative unit to another but maintains his rank, salary, and seniority in the original unit, is the most common form of appointment. This avoids having to create new administrative positions (with the attendant problem of finding a budget for it), but it restricts the range of choice of personnel and can, in some cases, create a situation of split loyalties. To date no personnel have been appointed by direct contract or as a professional consultant for the simple reason that funds do not exist.

4.4 LMU Logistics and Equipment

For the four LMUs small but adequate office space (for the moment) has been allocated within governorate buildings. The LD II Urban Project has provided modest funds for furnishings and equipment, and individual LMUs chose how to spend these funds, reflecting their own priorities.

All LMUs could do with more job-related equipment. In particular, survey equipment, vehicles, air conditioners, or computers are needed to complete equipment support.

4.5 LMU Integration in Governorate Structures

As mentioned in Section 4.1 above, a direct LMU vertical link to the Secretary General within the governorate "diwan" is the most appropriate position. Horizontally, each LMU has developed its own formal and informal links with related units such as amlak, physical planning, expropriation, projects, and financial departments and to the housing directorate, and these appear sufficient, as long as they continue to evolve in parallel to the work load.

4.6 LMU Relations with the Community

In formal terms, relations with the governorate and district popular councils as elected representatives of the community seem to be good, at least in terms of obtaining formal approvals for projects. Where slum upgrading projects are taking place (e.g. Kafr El Maamal in Suez, Manshayet El Bakari in Giza, and El Kabbouti in Port Said), the LMUs have taken care not only to inform citizens but to solicit their active support.

4.7 LMU Relations with Other Actors in Land Development

There are many other actors in the land development scene, and each governorate has to deal with what are sometimes very powerful entities (such as the Armed Forces, the Ministry of Development, and the Suez Canal Authority.) Given that governorates are not always able to have their way, relations appear as good as can be hoped. The key issue is that LMUs can provide vital technical support to governors and secretary generals in their negotiations and dealings with these other actors. This appears to be the case, for example, in Suez. The stronger the LMUs become (and particularly if they become strong financially), the more beneficial they can be in this sense.

Relations between governorates and the central planning authority, the General Organization for Physical Planning (part of the Ministry of Development) are currently not ideal. The concept of LMUs, with the ability they give governorates to develop land, appears to GOPP to give them the license to ignore planning regulations and master plans. This is mostly a case of misunderstanding, and both LMUs and GOPP should develop better technical links to help remove such misunderstanding.

Relations have not been established with private land developers for the simple reason that in Egypt, except in the tourist sector, such entities do not really exist. In Suez, preliminary discussions are underway for a kind of joint venture with Arab Contractors for development of the corniche, and investment banks are being considered for another project.

Relations with private developers of individual sites, which do exist in Egypt (investment banks, joint venture companies etc.) have not yet been established, and this is one area of great potential.

5. SKILL DEVELOPMENT: PROGRESS AND ISSUES

This section deals with LMU skill development, in terms of LMU staff training, ability to develop projects, promoting the LMU concept, and staff motivation.

5.1 LMU Staff Training in Analytical and Planning Techniques

The basic education levels of core LMU staff are much the same as found in technical departments throughout the governorates. That is, employees are either graduates of technical secondary schools or have degrees in engineering (especially agricultural engineering) or commerce. No LMU staff have higher degrees in urban planning or related subjects.

The TA contractor conducted a number of training courses for LMU staff aimed at improving their basic analytical and planning techniques, with the use of computer software prominently featured. These courses were successfully completed and generally appreciated, although there was some criticism that the courses were too simplistic and rigid. In addition, study tours were arranged to the University of Michigan in the USA and to Turkey, and these were universally liked.

Also, the TA contractor produced a considerable amount of training manuals and guides on general planning and project development. Although these were appreciated, they were perceived as too abstract and too lengthy. Their sheer number seems to have diluted their effectiveness. However, they are valuable as they will remain as permanent reference material for the LMUs.

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5.2 Skills in Project Development

The TA contractor, as part of the training program, also conducted courses on project scoping, design, feasibility, management, and implementation. Actual candidate LMU projects in each governorate were used as case studies.

The impact of these studies was universally good, as they allowed a "hands on" feel for applying techniques. The working up of project presentations were valuable not only for skill development but for the practical task of promoting LMU projects.

Perhaps the only criticism with this approach was that it concentrated on only one project, and treated that project as a pure, separately accountable project amenable to standard feasibility analysis. For training, this was perhaps necessary. But in the "real world" of the governorates, where no projects are strictly compartmentalized financially and where it is better to promote a number of projects in parallel, this approach had its drawbacks.

5.3 Training Spinoff: A Forum for Linking LMUs

One of the most beneficial effects of the training program was that it brought LMU staff from all governorates together on a regular basis. In formal and informal discussions, LMU personnel could share ideas, analyze common problems, and provide valuable cross-reinforcement for what is, after all, an effort at institutional innovation. The value of such a "forum" was universally recognized as one of the key successes of the whole TA effort.

5.4 Selling the Concept at the Leadership Level

A two-day conference on land management was arranged by the TA contractor at a hotel in Cairo, attended by most of the governors and secretary generals of the participating governorates. This event was instrumental in capturing the interest of the governorate leadership in the concept and usefulness of LMUs in local development. In creating a kind of competition among governorates, the process was strengthened.

5.5 Staff Motivation

Crucial in any institution-building is the stimulation and maintenance of staff morale and motivation. At present these are at a high level among LMU staff, mostly due to the sense that things are being accomplished and that their efforts are being recognized. A major factor in this is the support (in terms of training, equipment, and advice) that has been given through the TA contractor. In the absence, at least to date, of any official mechanisms for financial rewards for performance to supplement extremely meager government salaries, such indirect "incentives" seem to be the only way to maintain the high level of motivation. (This situation may change when projects reach the stage of land sales by auction, as there is a formula for a small percentage of the proceeds to be used as bonuses for those involved in these projects.)

5.6 Appropriateness of Computers in Skill Development

Staff of all four LMUs have received training on the use of standard computer software, and all but Suez have one PC computer loaded with this standard software and some customized programs written with the help of the TA contractor's MIS section.

In general this level of computerization is sufficient for LMUs for their current levels of operation (with the caveat that Suez needs hardware and more general training and also more customized software could be provided to all LMUs). However, with expanded

work and functions more computerization would be needed. This is especially true were support to be given for State land inventories and protection, and/or were true GIS/LIS pilot systems to be installed in one or more governorates. (See also Section 13 below.)

Computers and computer training for LMUs have, however, an important added dimension. they represent one of the only ways at present to motivate staff (as discussed in the above section). Thus it is probably better to err on the side of generosity when considering computer support to LMUs, as long as such support does not reach the level that it (1) deflects interest from project activities and (2) prepares staff for the wider private market for computer skills.

6. IDENTIFYING AND MANAGING THE LAND RESOURCE: PROGRESS AND ISSUES

The philosophy behind LMU projects relies on exploiting State land assets, and this implies that these assets are available to governorates for development. How have LMUs fared to date in helping to identify and preserve this land resource? This question is particularly important since the record of the past has shown that State lands are poorly inventoried and protected (with encroachment by both private individuals and government enterprises common), and that parcels of such lands are assigned to government entities irrationally and excessively. This is partly due to past attitudes that such lands have little or no value to governorates themselves, and partly because of the tremendous pressures for such land put upon governorates by diverse interests. Further complicating the issue is the common practice of the electricity and other utilities authorities of installing their lines across State lands with no regard to the future development potential of such lands.

The very presence of LMUs -- with their mandates for land development and sale -- have improved governorates' conceptions of the value of State lands. This is particularly true in Suez, in Port Said, and recently in Cairo. Haphazard State land allocations in the past have shrunken this resource to the extent that governorates are very constrained, and now that there is a way of putting a real value on such lands their attitudes have improved remarkably.

On an operational level there has also been improvement, although this remains largely ad hoc. Since LMUs have all forged good

working relationships with the Amlak Departments (which are responsible for State lands), LMUs are able to inject a better technical rationale for their recording, preservation, and release. Suez Governorate has gone the furthest in this, partly because it has a large amount of State land, and partly because of the administrative integration of the LMU with the Amlak Department.

Yet the situation is far from perfect. Whereas LMUs in conjunction with Amlak Departments have achieved remarkable results on project-related State lands (see Section 7 below), overall inventories of State lands are still inadequate, maps are poor and out of date, records are archaic and unorganized, equipment is severely lacking, and there are neither proper procedures for withdrawing land assignments which have been abused nor for evicting those who encroach. Without improvements in this area, the long run sustainability of land development using State lands will be seriously compromised.

7. LMU PROJECT DEVELOPMENT: PROGRESS AND ISSUES

This section deals with LMU project development, in terms of ability to prepare and analyze projects, fund and implement demonstration projects, identify new projects, and create projects that address the needs of the urban poor.

7.1 LMU Demonstration Projects: Scoping, Design, Analysis, and Approval

Each of the four surveyed governorate LMUs have at least one demonstration project identified and "in the works". In terms of the ability to scope, design, analyze, plan, and obtain approvals, the three LMUs of Port Said, Suez, and Giza show a good capacity for project development. (Cairo, whose LMU became operational only recently, seems to be developing this capacity.)

The TA contractor provided varying degrees of technical support in these endeavors; this support was not crucial, but it helped transfer techniques, train personnel, and speed up the process.

Most demonstration projects deal with residential areas, but LMU projects can also involve commercial and industrial zones.

7.2 LMU Demonstration Projects: Funding and Implementation

To date no LMU project has reached the stage of physical implementation, i.e. where capital funds obtained by LMUs are actually spent on infrastructure and other physical improvements and revenues are generated. In Suez, Port Said, and Giza the LMUs are "on the ground" in the sense that land parcels are being surveyed, citizens are involved, and/or land has been cleared and other agencies are providing services, but in all cases actual LMU implementation has been held up, although this situation could improve at any time.

The TA contractor and USAID are perhaps overly concerned about this lack of project achievement. Given the context and the way governorates operate, an irreversible momentum seems to have built up. In any event this does not call into question the capacity of LMUs to implement projects, but rather points to a more fundamental issue: that of LMU financial independence and mechanisms for cost recovery, which is discussed in Section 8 below.

During project development a meager amount of LD II block grants were made available as grants for some LMU demonstration projects. These funds were so small, and their availability so uncertain, that they could not be considered either true "seed capital" or ways of leveraging governorates to proceed with LMU projects.

Yet having a source of start-up funding is absolutely essential for projects where land sales cannot start until a certain amount of infrastructure has been installed. LMUs have sometimes been able, on an ad hoc and informal basis, to wrestle funds from their governorate's own budgets or to attract civil works to their sites. The amounts have always been small and dependability always in question, and this raises the issue: from where will LMUs obtain the hard capital needed to launch ambitious land development projects?

7.3 New Projects: Identification and Development

A test of LMU momentum and future effectiveness is its capacity to look ahead and begin to track other projects which are potentially both feasible and needed. In this sense results are positive:

- (1) In Suez a considerable number of possible residential, commercial, and tourist projects are in various stages of development and negotiation, and their diversity shows that the Suez LMU has a good perception of the dynamics of land markets.

- (2) In Cairo the LMU, although only recently formed, has shown flexibility by switching priority to an opportunity to redevelop an area of Zawiya El Hamra, while maintaining interest in its first candidate project in Qattamiya and starting studies on the redevelopment of Ashish El Turgoman.
- (3) The Giza LMU has not identified other projects and is concentrating on its demonstration upgrading project of Manshayet El Bakari, but this seems logical, since the overwhelming need in Giza is to apply the same upgrading techniques to the many spontaneous settlements found on the fringes of Greater Cairo where millions of inhabitants live in unplanned and service-deficient areas.
- (4) In Port Said emphasis remains on the original upgrading and redevelopment project in Hay El Arab, but the LMU is also taking over and revitalizing the ongoing Kabbuti upgrading project and is actively investigating other potential projects.

7.4 LMU Projects and Meeting the Needs of the Urban Poor

Since most LMU projects in the four governorates surveyed involve the upgrading of poor areas, these projects can definitely be said to be meeting directly the needs of the urban poor.

However, this can not be said for certain other possible projects. Because LMU projects must be financially feasible and the main source of revenue is the selling of serviced land, there is a potential contradiction: that to gain maximum revenue land must be developed for its highest use which, in most cases, means either commercial or high-end residential space. As long as the proceeds from these land sales ultimately go to improvements which serve the urban poor, this contradiction can be avoided. However, this brings up again the issue of mechanisms for LMU financial independence which is discussed in the following paragraphs.

8. FINANCIAL INDEPENDENCE AND COST RECOVERY: PROGRESS AND ISSUES

To date the most disappointing aspect of the LMU effort has been the inability to ensure beyond a doubt that the revenues generated from LMU projects can be freely used for project development,

in spite of considerable efforts to set up administrative and financial mechanisms to allow this. This casts a shadow over the whole concept.

The issue is a legal one, or more precisely one of legal interpretation. Briefly put, the situation is as follows: Law 43 of 1979 (and its executive regulations) require that the proceeds of the sale of State land "prepared for building" go to a governorate's Economic Housing Fund. The monies in this fund can only be used (1) to finance housing for low-income families as part of the national housing plan (2) to finance infrastructure associated with this housing or (3) to be invested in projects that bring a return to the fund. The wording allows different interpretations, and although LMU personnel and the TA contractor have developed good arguments and proposed mechanisms to allow LMU project finances to enjoy budgetary independence within the Economic Housing Fund or in parallel to it, there are others within the governorates which prefer a narrow, conservative interpretation, one which basically says: "It is good and well to develop and sell State lands, but income from it should only be spent on public housing."

The degree of flexibility allowed in interpretation varies from one governorate to the other, and ultimately depends on the commitment on the part of the governorate executive leadership (who are members of the board of directors of the fund) to the LMU concept. Thus the results of the debate are not by any means in yet, and much hinges on the continued momentum of LMU efforts and their ability to set precedents. This issue may not be as serious as it appears, and in Port Said and Suez at least formulae which satisfy all sides seem to have been found, but these have yet to be tested.

Perhaps had this issue been tackled from the beginning and repeatedly throughout the last four years as a true lobbying effort involving legal experts who could speak the language of legal advisors and of the MLA and governorates, it would not remain such a stumbling block. In any event, what is needed now is for such lobbying to be undertaken now, in parallel with the momentum already gained in other LMU activities.

It is interesting that Cairo Governorate, not noted for its dynamism, quickly issued a decree to set up a separate account within its Economic Housing Fund for the LMU's Qattamiya project when it thought that grant funds for this project were to be made available through LD II. The funds never materialized, but it demonstrates how the possibility of outside financing can have a profound impact on even conservative governorate attitudes.

It should also be noted that this legal issue need not be a problem if the management of the Economic Housing Fund (which is in effect the governorate leadership) takes a dynamic point of

view and employs part of the proceeds of the fund as roll-over investments in land development, which is definitely allowed by law. This will require a wider acceptance of the concept of local resource mobilization at the governorate level. (See also Section 9 below.)

9. IMPACT OF LMU'S ON GOVERNORATE POLICIES

Have LMU activities had an impact on overall governorate policies toward land management and local resource mobilization? Given

(1) a tradition in Egyptian governorates of almost total financial dependence on the center and weak, "reactive" land management as described above in Section 2, and

(2) the fact that TA efforts to establish LMU have been modest, at least in comparison to other LD II components,

the answer must be a qualified yes.

In the four governorates surveyed, there was a change in attitudes felt at both the leadership and technical levels which represented a departure from the past (at least the past as known by the assessment team). The LMU projects were well known, and so was the revenue value of State lands and the need for better governorate land management. This was particularly evident in the understanding that (1) prime urban land which is presently underutilized should be developed to a higher and more logical use, and (2) that there is a possibility of upgrading slum areas and regularizing land tenure, rather than just ignoring these areas.

Of course, it is difficult to say what priority LMU activities are assigned compared to the multitudinous responsibilities of a governorate, and governorate officials are well practiced in telling visitors what they perceive their guests would like to hear. Yet the impression remains that a perception change was in the air.

How significant is this change? It is difficult to say. But what has been the success of other LD II Urban components, with all of the resources devoted to them, at "mobilizing local resources" and instilling a need for roll-over local capital funding? If this comparison were made, the small and still tentative impact of LMUs on their governorates' policies would likely be seen to be quite favorable.

10. SUSTAINABILITY OF EXISTING LMU'S: A KEY QUESTION

What is the likelihood that the LMUs in the four governorates reviewed will be able to continue and progressively expand their work, on their own, without any further outside support? This question is crucial, as technical assistance under the current LD II Urban Project is drawing to a close.

In the LMUs of Suez, Port Said, and Giza the momentum is good, staff is enthusiastic, and projects seem to be appropriate. (In Cairo there seems to be similar positive signs, but it is too early to be certain.) But to what extent will this momentum continue in a climate void of any support, where LMUs will have to rely on their own resources and those of their governorates to carry out their functions and continue to expand? To assess this, a crude checklist can be constructed of crucial sustainability factors or capacities, as shown in Table 2.

As can be seen, it can be expected that administratively and technically current levels of LMU efforts can be maintained. What is much less clear is the ability of LMUs to continue with their momentum and to expand, taking on roles which would have a significant impact on local resource mobilization and urban land management in their respective governorates. It would seem that, without outside support, the realization of the LMU potential would be lost.

The issue of LMU financial independence colors all discussion of sustainability, introducing an unknown factor which is impossible to assess at the present time. But it is likely, were the momentum to fulfill the LMU potential to continue, that this would in itself be an important factor in resolving this financial issue.

11. REPLICABILITY OF THE LMU CONCEPT IN OTHER GOVERNORATES

Should the GOE entertain the idea of establishing LMUs in some of the 20 governorates which have not been part of the LD II Land Management component? Is this feasible, and does the need warrant it?

TABLE 2

SUSTAINABILITY OF LMUS

* -- good
 + -- fair
 . -- poor
 ? -- unknown

SUSTAINABILITY CAPACITIES	governorate			
	SUZ	PS	GZA	CAI
Maintain Present Administrative & Management Efforts	*	*	*	*
Maintain Present Technical Efforts	*	*	*	*
Implement Existing Demonstration Projects	*	*	*	?
Consolidate LMU Administrative Structure	*	+	+	*
Deepen Functional Links with Other Governorate Departments	*	+	+	?
Hire More Staff	*	+	+	+
Train More Staff
Reward & Motivate Staff	.?	.?	.?	.?
Obtain Needed Equipment
Inventory, Manage, and Ensure Rational Use of State Lands	+	.	.	+?
Identify New Projects	*	*	+	*
Plan and Analyze New Projects	+	+	+	+?
Implement New Projects	+	+	+	?
Obtain Funds as Seed Capital for New Projects
Obtain Funds for Special Project Surveys and Studies
Resolve Issue of LMU Financial Independence	+?	+?	.?	?
Manage Independent LMU or Project Budgets	+	+	+	+?

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This question can be answered affirmatively from the following points of view:

- (1) Several governorates which control extensive tracts of State land could benefit from better management of that land and begin to use it as a mechanism for cost-recovery. Likely candidates would be the governorates of North Sinai, South Sinai, Marsa Matrouh, the New Valley, and the Red Sea. (Although in the Red Sea past tourist development has already taken out most State land with development potential and, in any event, control of most State land has been transferred to the Ministry of Tourism). Also, the Upper Egyptian governorates all have State lands along the desert fringes, but most is controlled not by the governorates but by either the Ministry of Development and New Communities, the Ministry of Land Reclamation, or the Egyptian Antiquities Organization. Ismailia Governorate, which has a significant State land resource, already has what could be called an LMU.
- (2) There is a need for more rational use of prime urban land in many middle-sized cities in rural governorates. In particular, warehouses and workshops should be removed and the vacated land converted. LMUs could be appropriate mechanisms for this, but such "decanting" requires relocation sites, and these cities suffer from a total absence of fringe State land.

On the other hand, the question can be answered negatively from a number of points of view:

- (1) The six urban governorates where pilot LMUs have already been set up represent at least 61 % of Egypt's total urban population (12.9 million out of 21.1 million urban inhabitants according to the 1986 Census). It is in these governorates, especially those of Greater Cairo and Alexandria, where the greatest overwhelming need for both rational land management, financially-sustainable projects, and upgrading of poor areas is to be found.
- (2) As stressed throughout this report, the LMUs already established in the urban governorates are themselves hardly mature, and it would seem logical to ensure that they fulfill their potentials before seeking repetition. After all, the setting up LMUs in the urban governorates has proven to be a lengthy effort requiring significant TA inputs. Could the same level of effort be justified in other governorates where there would be diminishing returns?

- (3) Ultimately, the success of LMU projects depends on gaining a reasonable return on land development. It is in the large cities of Egypt where land markets can give such a return.

Thus, overall, the idea of replicability of the LMU concept in other governorates seems of secondary importance compared to the need to strengthen and expand the existing pilot LMUs. However, this does not imply that such an idea has no value, and recommendations presented in Section 13 below include an element of replicability.

12. CONCLUSIONS

It should be apparent from the above discussion that to date efforts at establishing functional LMUs have had mixed results. In the four pilot LMUs reviewed in this assessment:

- * the institutionalization -- in terms of staffing, administrative structures, and imbeddedness in governorate operations -- has been good
- * the skill development -- in terms of both formal and informal staff training, ability to carry out land studies and prepare projects, and ability to apply the concepts of rational land management -- has also been good.
- * the impact of LMUs on wider governorate attitudes and policies towards local resource mobilization and land management is measurable.

However, in terms of actual project implementation, results to date are not so good, but it appears that the issue is more one of delays caused by external factors than problems with LMU capacities. More serious -- in terms of the whole LMU concept -- is the failure to resolve completely the legal issues surrounding LMU financial independence and the ability to retain revenues for re-investment.

As mentioned above, LMU achievements must be viewed within the context of local government in Egypt and the difficulties that governorates face in carrying out their mandate for local development. Seen in this light, and realizing that sustainable institution and capacity building is a long process, the results to date are not at all disappointing.

Furthermore, a considerable momentum has been observed: at the present time it seems that all four LMUs are on the move, taking on more responsibility and making their presence more strongly felt.

In the opinion of the assessment team, it would be tragic were past efforts to go to waste and the current momentum checked. The LMUs can probably function at their present levels without any more future outside support, but as shown in Section 10 above, it will be hard for them to sustain the current momentum and expand to their full potentials and grasp the opportunities that lie before them.

This is perhaps the crucial issue -- that of opportunities still to be grasped. Urban development in the larger towns in Egypt has suffered from the lack of mechanisms for rational land management and financial sustainability to support physical development plans, and at present LMUs are the only institutions that begin to provide this. They may only be a first and hesitant step, but unless more steps are taken vast opportunities could be lost.

From a hard, "business" point of view, the soon-to-end effort to establish LMUs can be seen as a tiny but risky investment with potential tremendous returns. At least four of the six LMUs seem to be making progress and could be on the threshold of beginning to reap these returns. Would not an additional small investment be justified, even if the results do not meet expectations?

For the potential of LMUs to be realized and for the opportunities to be grasped, the question comes down to political will on the part of governors and other leaders in local administration in Egypt. If they are convinced of the many benefits of the LMU concept, and if they support LMU activities in the coming years, then much can be done.

13. RECOMMENDATIONS

13.1 General Framework

This section gives recommendations on possible ways of capitalizing on the efforts made to date at establishing LMUs. These recommendations are directed towards the GOE and specifically the leadership of the Ministry of Local Administration. To the extent that they propose forms of technical assistance and capital funding, the GOE could solicit financial support from any number of donor sources.

Recommendations are divided into three kinds or levels of assistance:

Level One Recommendations:

These recommendations should be considered a minimum level of support required to maintain current LMU momentum in the four LMUs reviewed (Suez, Port Said, Giza, and Cairo) and also to support LMU activities in the other two urban LMUs (Alexandria and Qaliubia) as need arises and interest is expressed. To be effective, this level of support should be available as soon as possible and should run for a minimum of three years. The kinds of support envisioned all fall under the rubric of technical assistance and the funding required is very small.

Level Two Recommendations:

These recommendations represent a more intensive level of support for existing LMUs which would positively assist them in reaching their full potentials. It would be a mix of technical assistance and the setting up of a central revolving fund for LMU projects. Ideally these recommendations should be put in place by mid-1993, but with a mechanism whereby this support to LMUs is conditional on their progress under Level One and on the full commitment of their respective governorate's leadership.

Level Three Recommendations:

These recommendations aim at replicating the LMU concept in other governorates. In timing they would best be deferred until say end-1993 and should depend on the continued evolution and success of the existing LMUs. Of course, should particular governorates express serious interest in the concept at an earlier date, a way to meet this interest should be made possible.

13.2 Level One Recommendations

These recommendations propose a few simple, cost-effective elements which complement past institutionalization and skill development efforts and also aim at removing constraints to the fuller functioning of LMUs. They would need the endorsement and/or involvement of the MLA. Because of the immediacy of the need, these recommendations should also be taken into consideration by USAID and the contractor selected for the upcoming LD II

transitional phase.

- (1) Establish a forum for the exchange of information and ideas among LMU staff. On a regular (monthly or bi-monthly) basis, the LMU staff of all governorates should be able to meet and discuss problems and solutions to them, exchange ideas, express needs, and in general reinforce each other's efforts. Meetings could be revolving, that is taking place in one different governorate each time. The sessions would be semi-structured, with a moderator who would prepare materials and make arrangements as needed. One of the outputs of these sessions would be progress and analysis reports prepared by LMU staff themselves.
- (2) Undertake at the highest levels of MLA (and specifically in the Legal Affairs and Organization and Administration Departments) a review of the legislation governing the Economic Housing Funds, with the aim of preparing model executive regulations, for adoption by governorates, which clearly provide for separate revolving funds for State land development, to be managed by LMUs or other similar departments. (Also see (3) below.)
- (3) Set up an annual seminar on land management to which MLA undersecretaries, the governors, secretary generals, and other governorate officials (as well as LMU staff) would be invited. This would follow on the success of the Land Management Executive Seminar held in February 1991 and could be modeled roughly after it. The aim would be to heighten awareness of land management issues and also to present the progress and problems experienced by LMUs.
- (4) Complete the provision of needed equipment to LMUs, based on functional need. Each governorate LMU could use more equipment, and a small fund to allow purchases should be set up, with needs defined by LMUs themselves. Survey equipment, vehicles, and modest computer support are among the items which might be needed.
- (5) Establish a small fund for technical studies which LMUs could tap for social surveys, feasibility studies, joint venture project designs, design competitions, etc. which are beyond the internal capacities of the LMUs themselves. Local private sector consultants would be contracted and managed by the governorate LMUs themselves, and thus they would build up a capacity to obtain timely and relevant technical support for project activities.

- (6) Establish a small fund for basic training of new LMU staff and practical deepening of skills already acquired by existing staff. These would allow LMU skill development through existing training programs and institutions in Egypt.

13.3 Level Two Recommendations

Depending on the progress of LMUs in expanding their efforts and competence and also the results of the activities under Level One above, the following significant support should be considered.

- (1) Continue and deepen, as required, the support elements recommended under Level One above.
- (2) Establish a central revolving fund to which governorate LMUs can present proposals either for project seed capital or for project loans. Full justification from both social and financial aspects would be required. One possibility would be to allocate from future Local Development funds a reserve for such a purpose, with approved monies being channeled through a subfund of a governorate's Economic Housing Fund. The use of other funds, such as the Social Fund, could also be considered.
- (3) Strengthen the inventory and protection processes for State lands in governorates where LMUs are operating. This would involve considerable support to Amlak Departments in terms of computers and associated software, survey equipment, training, vehicles, and perhaps funds for aerial photography. (See also (3) below.)
- (4) Launch on a pilot basis a complete computer-based Land Information System in Cairo, Alexandria, and/or Suez governorates (where the need is greatest, in terms of urban expansion and opportunities presented by considerable State lands). The system would be result-oriented (linked to (1) and (2) above) and assistance would need to be organized in such a way to ensure that, once installed, there would be continuous updating and applications retrieval. Compatibility with other proposed systems (such as being considered at GOPP) would be required.

13.4 Level Three Recommendations

The aim of this longer-run effort would be to replicate the LMU concept in other governorates of Egypt. A precondition would be

continued progress of existing LMUs, particularly with the support proposed under Level One. Another precondition would be active interest on the part of the candidate governorates.

In this effort some of the staff of existing LMUs and local consultants involved with them would be the core "propagators". Modest level of technical assistance would first be required, with a second level of more considerable support tied to progress.

As a "model" the LMUs in Giza and Qaliubia would be the most appropriate, as they are, in administrative terms, rural governorates, and the relations they have worked out between the governorate and its towns could be easily repeated.

ANNEX I

SCOPE OF WORK

ARTICLE I. Scope of Work:

A. Introduction

The overall objective of the GOE Local Development Program, assisted by USAID, is to improve and expand the capacity of local governments to plan, implement, maintain and finance improved municipal services. The Land Management Units (LMUs) are an activity supported under the Local Development II (LD II) Urban Component. Pilot LMUs have been established and staffed in each of the six urban governorates with the mandate to develop governorate capabilities required for effective assembly, planning, and allocation of land for specific development projects. In addition to the establishment of technical and financial planning capabilities, mechanisms were to be designed and tested to involve private sector participation in new land development and area upgrading projects which include cost recovery.

Over the past four years, LMUs have received USAID technical assistance, training and equipment through the LD II urban technical assistance contractor Wilbur Smith Associates (WSA).

B. Objective

The purpose of this assessment is to evaluate the capacity of pilot governorate LMU's to undertake income generating land development projects, and recover costs over a reasonable period.

The assessment will specifically evaluate the degree to which the LMU activity has helped develop rational land management systems and practices in urban governorates. The team will review the governorate LM units, their outputs, assess the impact of these outputs, identify weaknesses and constraints to the effectiveness of their performance and determine the potential for replicability of these offices in urban settlements of other governorates. The assessment will also evaluate the appropriateness of the TA inputs.

C. Background

Over the past two decades, the Government of Egypt (GOE) has attempted to address urban growth pressures primarily through centrally subsidized housing and infrastructure programs and the establishment of new industrial communities. These programs have had limited impact in satisfying demand, but informal land development has absorbed the bulk of urban expansion, especially that of low income housing. Although most urban governorates maintain jurisdiction over large tracts of

vacant and/or underutilized land, rational development has been hampered by disputes over effective "ownership", legal restrictions on application of proceeds from development projects, widespread informal land occupation and the absence of sustainable, proactive land development approaches.

In this context, LD II initiated pilot LMUs to establish governorate entities capable of conceiving and coordinating productive land development. Their activity is to focus on planning and implementation of land development projects which produce rational land use, cost recovery and/or income generation, and the joint involvement of private sector resources. LD II planners recognized from the outset that this task would require both the development of technical planning skills and the capability to address potential legal, administrative and political impediments. LMU's were formed under LD II in the six governorates of Alexandria, Cairo, Giza, Port Said, Qualiubia, and Suez. Staff was appointed and facilities and equipment acquired. The professional staff members in each governorate come from diverse backgrounds, but mostly from the Urban Planning and Amlak Departments. The staff now has access to microcomputers and software for their planning activities and financial analysis, as well as for demographic and land data collection.

In-country and overseas training was provided, and several workshops held on planning principles, cost recovery techniques and land management information systems (LMIS) through which the LMU staff were to acquire skills for design of projects for developing new lands as well as upgrading existing informal settlements.

To date, five of the six urban governorates have initiated demonstration projects.

ASSESSMENT TASKS

The team shall review LMU activities, staff skills, procedures and outputs in three governorates. Working closely with governorate officials the team will assess progress to date, identify issues and provide recommendations on each of the tasks outlined below:

1. Land Management Skills. Interview LMU staff and review LMU pilot projects to determine the degree to which staff have acquired the skills to design and implement the land development process, to include project selection, data gathering and analyses, site utilization, physical and financial feasibility, cost benefit analysis and physical project planning.

2. LMU Impact. Evaluate the impact of LMUs on overall governorate policy towards land management including the extent to which cost recovery, revenue generation and effective mobilization of private sector resources are accepted and operable. Assess the actual, and potential roles of LMUs in contributing to rational land development and to sustainable local resource mobilization.

3. Institutionalization. Review relevant decrees, organizational structure, staffing and operational guidelines and practices to Order

determine the degree to which LMUs have been consolidated within the governorate administrative structure, both formally and informally. Assess LMU's vertical and horizontal relationships with other governorate entities, such as the governorate Urban Planning and Amlak (legal) departments and the General Organization for Physical Planning. Assess the degree to which financial sustainability has been instituted through cost recovery and resource mobilization mechanisms, the use of revolving funds, mobilization of private and public resources and others.

4. Replicability. Based on the results of the above tasks, the team shall comment on the appropriateness, costs and benefits of establishing LMUs in other governorates. They shall articulate any significant improvements in governorate land management attributable to the LMU and provide a rationale, if appropriate, for further replication of such capability. Identify constraints to replication and conditions necessary for appropriate development of LMU capabilities on a wider scale.

E. METHODOLOGY

For the purposes of this assessment, three governorates will be selected and concurred on by USAID and the GOE on the basis of population, status of LMU pilot projects, and other criteria. After reviewing relevant LD II project documentation and WSA reports on LMU activities over the past four years and interviewing USAID, WSA and GOE staff, the assessment team will conduct an orientation trip to the three selected governorates. The contractor will then prepare a workplan, specifying the proposed activities, their timing and anticipated outputs. Following approval of this workplan by USAID and the GOE, the assessment team will conduct detailed investigations in the three governorates.

In their field visits to the governorates, the team will interview governors, secretary generals, LMU board members and LMU staff; observe LMU operations and review their outputs, visit pilot project sites and, if ongoing, observe LMU training and LMU coordinator meetings. Interviews with GOE officials will normally be conducted in Arabic. Governorate documentation is also in Arabic.

Upon completion of document review and field work, the contractor will analyze data in light of the specific assessment tasks. They will present a draft report of findings and make a presentation. Upon receipt of comments from USAID and the GOE, they will prepare a final report. Reports will be submitted in both English and Arabic.

ANNEX II

PERSONS CONTACTED DURING ASSESSMENT

PERSONS CONTACTED DURING ASSESSMENT

Suez Governorate

Mr. Fayez Hashem	Secretary General
Mr. Salah Megahad	General Manager Governor's Office
Mr. El Sayed Adam	General Manager Financial Affairs
Mr. Mohamed Aziz Salem	General Manager LMU
Eng. Abd El Salaam Zaki	Director for Planning, LMU
Eng. Mohamed Makawi	Planning, LMU
Mr. Mohamend El Waziri	Reseach, LMU

Port Said Governorate

Mr. Ali Magari	Secretary General
Eng. Faiza Farah	Director LMU
Eng. Sawsan Kamel	LMU Staff
Eng. El Said Aly Enani	LMU Staff
Mr. Magdi Rashwan	LMU Staff

Giza Governorate

Mr. Mustapha Mansour	Secretary General
Mr. Mohamed Adel Abdallah	Assistant to Secretary General
Mr. Saad Kamel	LD II Coordinator
Eng. Rawia Fouad	General Manager for LMU and Amlak
Eng. Nahed Hassan Saleh	LMU engineer
Eng. Tarek Mohamed Khattab	LMU engineer (city)
Eng. Hala Abd El Fattah	LMU information systems
Eng. Mohamed Osama	LMU engineer

Cairo Governorate

Mr. Omar Abd El Akhar	H. E. the Governor of Cairo
Mr. Yehia Said	Director, Housing Directorate
Mr. Mohamed Abd El Fattah	General Manager LMU
Eng. Izzis Abd El Mesiih	Deputy General Manager LMU
Eng. Abd Allah Nagib	LMU engineer
Eng. Yousri M. Abd El Wahab	LMU engineer
Eng. Abd Allah Kotb Farag	LMU engineer

General Organization for Physical Planning

Eng. Sherif Kamel	Chairman, GOPP
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TA Contractor (Wilbur Smith Associates)

Mr. Richard Miller	Chief of Party
Mr. Richard Heald	Land Management Advisor
Mr. Michael Fouad	Land Management Consultant
Ms. Habiba Eid	Land Management Consultant
Ms. Sanaa El Aasar	Training Manager
Eng. Kamal Marcos	Land Management Consultant
Mr. Bruce Davis	Management Information Systems
Mr. Bruce McKrister	Operations Management & Economic Development

USAID/Cairo

Mr. Don Wadley	Office Director, LAD
Mr. Jack Kissiger	Urban Branch Chief, LAD
Mr. Ramah Talaat	Program Specialist, LAD
Mr. Seifallah Hassanien	Program Specialist, LAD/UAD
Mr. Mohamed Sallah	Program Specialist, LAD