

## **THE POLITICAL AND SOCIAL AGENDA IN POLICY-MAKING IN THE URBAN SECTOR: THE CASE OF EGYPT (1950s-1990s)**

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### **Summary**

This chapter examines policy-making from a different perspective, particularly within the shelter sector: the impact of the macro-level political economy on micro-level intervention. To establish this relationship more precisely, a conceptual framework, which explores the effects of the role and nature of the state, foreign aid (USAID), and economic reform (World Bank/IMF), is utilized. This framework is deployed to investigate the interaction between these three key elements and how they affected shifts and changes in shelter policies in Egypt from the 1950s. By 1952 the government assumed a more central role in service provision with its socialist orientation. On the macro-political level, dramatic changes have taken place since then, but in effect were not mirrored with adequate reform on the structural or organizational levels, with regards to tackling the shelter needs of the country.

From the perspective of the shelter sector, the core of the chapter explores the role of the state as an interest mediator, throughout different periods. This reveals that the shelter sector always formed an important investment priority, susceptible to both internal and external determinants. Internal determinants are related to domestic priorities influenced by changes in the social structure, class interests, and resource allocation. External determinants concern the roles played by international agencies in

promoting development models in which the shelter sector plays an often uncertain role, or direct political pressure as a part of geo-strategic concerns. The state's receptiveness and ability to mediate are constrained by the extent to which external agendas fit or conflict with the state's development ideology, perceptions of equity, social justice and stability. Using an inductive approach, the empirical evidence is drawn from interviews with key figures in policy-making, as well as independent observers.

The chapter argues that in order to provide a refined understanding of the urban shelter question, it has to be put in its broader socio-economic and political context. Outcomes have generally been technocratic solutions to a problem that is largely structural in nature. The gap between the political and technocratic levels of policy-making and implementation is a central theme in the study. The distinctive responses to the shelter question, from both levels, over four decades in Egypt, and under a highly complex and rapidly changing political environment, are reflected in the outcomes. The findings suggest that: policy-making is an outcome of the interaction among the needs of the state (especially the autocratic tendencies of the leadership, and the technocrats) and external forces which determine policies according to a different agenda (geo-political); outcomes, therefore, may not be generated by a conscious policy-making process, but rather, directly, from political impact. The study also suggests that structural changes in development paradigms do not appear to be the main determinant of policy shifts. A combination of short-term and specific international objectives and national interests of the state appear to be more instrumental in policy shifts and modifications in approaches.

## **1. Introduction**

During the past few decades it has been recognized that there is a complex relationship between national development strategies and shelter policies in the developing world. Shelter provision appears to have been strongly driven by external as well as internal forces, with neither impacting nor exerting pressure in isolation from the other. This interaction is crucial in determining policies and outcomes. In this context, the state became a mediator between external and domestic interests. Externally, it had to respond to international donors pressing several agendas as a condition of financial assistance. These pressures vied with domestic interests of extending state legitimacy, but simultaneously resisting the potential threat which radical reform in the sector could constitute. On the other hand, and regardless of the development ideology, governments as well as international agencies have most often addressed housing through a pragmatic managerialist approach, which attributes the housing problem to technological or production factors such as the use of inappropriate technology or centralized bureaucratic organizations. This approach provides only "second level" analysis which fails to address the conceptual issues underlying the intervention processes. A structural approach is needed to place the housing question in its political, economic and social context.

To date, there has been little research within this context to examine the interplay between the forcefully promoted international policy of shelter provision and the interests of the state. How then does the state mediate these external pressures against domestic needs and interests? It is the link between foreign-state-local relationships which this chapter explores. The chapter argues that the shelter sector provides an

unusual and potentially informative medium by which to examine the role of the state vis-à-vis broader domestic and international agendas. Egypt provides a valuable laboratory to explore these issues. External development assistance has constituted the major source of finance and has played a significant role in shaping the priorities and approaches for the housing sector. The period under study (1950s-1990s) witnessed many turning points in approaches to development and in human settlements policies: the shift of development paradigm from welfare to market enablement, as well as the massive injection of foreign aid in the Middle East to bind the Camp David accords and the Egyptian-Israeli peace treaty. These dynamics were and still are evident, especially in Egypt.

In summary, this chapter advances two main propositions:

1. Whilst the state may be receptive to external pressure for aid, this reciprocity is constrained by the extent to which external agendas fit domestic needs and the social contract between the state and various class interests.
2. External assistance, aimed mainly at security objectives or balancing political interests, frequently has negative effects. The result has generally been distorted and inconsistent policy shifts, questioning the state's role in maintaining or producing inequality.

## **2. An Overview of Egypt's Shelter Problem**

Government policies have cumulatively failed to tackle the housing shortage in Egypt. This is due either to an inability to provide housing directly for financial and capital reasons, and the failure to create an environment conducive to efficient market operation, or simply because of technical failures. Egypt's housing problem is an outcome not only of high population growth and urbanization, but also of the way the government has dealt with the problem since the 1950s. Thus the interaction between domestic and external factors was further compounded by the unprecedented rate of population growth and urbanization, which was also interlinked to the state's national development ideology. Egypt's population is estimated to have totaled only 2.4 million at the beginning of the nineteenth century. Since then, it has roughly quadrupled twice, once during the nineteenth century and again during the last 75 years. The population at the end of the twentieth century was estimated at 60 million.

The population problem in Egypt extends beyond rapid increase. The urban population is growing much faster than the population of Egypt as a whole. Between 1947 and 1960, Egypt's population grew at a rate of 2.4% annually, while the urban areas grew at a rate of 4.2%. The percentage of the total population residing in urban areas was 19% in 1907, 34% in 1947, 38% in 1960, and 44% in 1976 and 1980. More than half (55%) of its population will soon be officially designated as urban.

Underlying the shortage in housing supply is the inherent problem of the financial and capital systems in the country's mode of supply. In Egypt, all the four main official bodies financing the formal housing sector have failed to meet the current housing need. The government itself supplies publicly financed housing under two systems: either owner-occupier or rent through official unions. This excludes lower-income groups,

which neither possess the capital needed upfront for the first system, nor the income stability for installments for both systems. Banks have also failed to reach low-income groups, preferring to target formal middle- and high-income housing. Conditioning loans to collateral, such as land tenure and building permits, excludes low-income groups in informal areas. The General Authority for Building and Housing Co-operatives (GABHC), like the banking system, also excludes low-income groups since its benefits are only limited to officially co-operative members with registered land. Finally, the shift by international development agencies to liberalization and “enabling markets to work”, has even denied low-income groups access to schemes such as sites and services and upgrading.

In parallel, the level of housing investment has not matched housing need, population growth, or the increase in the level of average incomes. Limited in scale, the public housing program increased the strain on public resources and channeled resources to the relatively better off.

Paradoxically, the 1986 census (see Tables 1 and 2 below) shows that housing units outnumber the families residing in urban and rural areas. This is because many middle- and high-income families possess more than one unit, while those of a low income either share a unit or are left to squat on government land, contributing to the widespread growth of informal areas.

<b>In urban areas</b>	No. of housing units	5,858,971
	No. of families	4,586,872
	Surplus	1,272,099

<b>In rural areas</b>	No. of housing units	5,455,567
	No. of families	5,145,856
	Surplus	310,711

Table 1. Housing surplus estimates in Egypt, 1986

Cairo and Alexandria are singled out in Table 2.

<b>Cairo</b>	No. of housing units	1,734,100
	No. of families	1,361,578
	Surplus	372,522

<b>Alexandria</b>	No. of housing units	797,560
	No. of families	642,699
	Surplus	154,861

Table 2. Housing surplus estimates in Cairo and Alexandria, 1986

At the same time, the proliferation of slums and shantytowns from the mid-1970s was a direct reaction to a combination of factors. The shift from tenancy to owner-occupier contributed to putting the formal housing market out of reach of low-income groups. Next, there was a decline in private investment in low- and lower-middle income housing. The responsibility for such areas was not claimed by any formal agency: the Ministry of Housing dealt only with “formal” licensed dwellings while the Ministry of Reconstruction was only concerned with “new communities”.

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### **Biographical Sketch**

**Dr. Mohamed Hamza** is an independent development consultant. He is currently an advisor to the United Nations Mine Action Program in Afghanistan on management training, development and capacity building of the indigenous Afghani NGOs working under the UN umbrella. Dr. Hamza is also a visiting fellow at Cranfield University, UK, and a research associate of the Stockholm Environment Institute, Oxford.

Following a long career as a development practitioner and an extensive experience with international development organizations—World Bank/UNDP, USAID, and the Near East Foundation—Dr. Hamza taught, conducted and supervised research at the Disaster Management Centre, Cranfield University and, prior to that, in the School of Planning, Oxford Brookes University. He provided expertise covering areas such as: Globalization, development and structural factors in risk and vulnerability; the impact of the wider development context on disaster management and intervention; rapid urbanization in the developing world and increased risk; structural adjustment and issues of preparedness and mitigation; participatory techniques in assessment and appraisal and the politics of community involvement in risk reduction. Dr. Hamza has provided consultancy in Sudan, Jordan, India, Eritrea, Pakistan, Afghanistan and Egypt.

Dr. Hamza's academic research concentrates on three areas, and has produced a series of publications. The first is the increased disaster vulnerability of urban areas in the developing world due to forces created by structural adjustment and economic globalization. The second is the impact of the political economy, foreign aid, and the more recent economic reform and structural adjustment program on shelter policies in the Third World. The third area is land development and infrastructure provision for low-income group housing needs, in the context of the recent shift towards market-oriented provision and enablement.