FOREIGN AID AND POWER RELATIONS: THE GOVERNMENT OF EGYPT, USAID AND HOUSING IN HELWAN

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by

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In memory of my father

Adel Taher

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ABSTRACT

Foreign aid, power and housing are the three key issues covered in this thesis. The focus of the thesis is on aid and the relationships that it triggers, and the role that power plays in shaping these relationships. This will be examined in the context of housing.

The thesis explores the way in which power impacts on inter and intra donor-recipient relations. While the economic relation in aid has been often the preoccupation of those engaged in this debate, the political relationship has been often overlooked. This research shows that an appreciation of the role that politics in general, and power in particular plays in aid, is necessary for an understanding of the aid process.

In order to form a complete picture of this process, both the planned intervention (policy-planning-implementation) and the community side, were covered by the research. This included the examination of the interactions between and amongst different collective actors as well as the impact of such interactions.

The research thus examines the particular relationship between the government of Egypt (GOE) and the United State Agency for International Development (USAID), which has gone through numerous changes over the last two decades, highlighting the way in which it had been predominantly a political relationship.

A housing project, co-funded by the GOE and USAID, targeting factory workers in Helwan, an industrial suburb of Cairo, was studied. The uniqueness of this case is that it was an attempt by USAID to change GOE housing policy. On the one hand, the analysis looks into the inter-and intra relationship between the different actors involved in the project. On the other hand, these various and complex relationships are examined in terms of their impact on two communities who were involved in the project.

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I would also like to thank all staff members of EAJP for the support, the space and the time they gave me. They were extremely kind to me and I will never forget their help. I would also like to express my thanks to the staff members of CHF and USAID.

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To my dear father, whose sudden and untimely death has left a huge vacuum to deal with, I would like to extend my gratitude for being who he was and for having taught me so much about love and life. I am sad he is not around to read this work and to see the outcome of long discussions we had in his study late at night.

Last, and most definitely not least, my love and thanks to my mother and sister, who have always been there for me. They have both, in their different ways, given me support when I needed it most.

LIST OF ABBREVIATIONS

AB
Arab Bureau for Design and Technical Consultations.
The role of AB consisted of the design and preparation of contract documents for houses and community facilities.

The
Agency
The Executive Agency for Joint Projects (EAJP)

BWN
Basil- WBTL - Nassar
Joint U.S. Egyptian venture for planning, architecture-engineering, procurement, construction, management and supervision.

CFE
Credit Foncier Egyptien
The Project bank, a nationalised Egyptian Bank specialised in real estate lending.

CHF
Cooperative Housing Foundation
U.S. consultant to the Project to provide technical assistance to the Egyptian Agency for Joint Projects. Its role consisted of advisory services for Community Associations, Housing Cooperatives, the Home Improvement Programme, the Mortgage Loan Programme, evaluation of experimental building Systems and institutional building systems (evaluations, training and financial management and financing). The proportion of U.S. to Egyptian staff is around 70 to 30 percent.

EAJP
Executive Agency for Joint Projects (the Agency for short)
The Egyptian agency created to implement the Helwan Project and future Projects of the same nature. All the EAJP staff is Egyptian.

GOE
Government of Egypt, the co-funder of the Helwan Housing Project.

HILP
Home Improvement Loan Programme
A loan programme for the home-owners of the upgrading areas.

LDT
Local Development Team
The EAJP-CHF team responsible for community development in the Upgrading areas.

MOH
Ministry of Housing

NR
Nathan Report

PIU   Project Implementation Unit
            Unit within EAJP

PP   Project Paper

PCR   Project Completion Report

USAID   . United States Agency for International Development

CHAPTER 1

INTRODUCTION

I THE PREMISE

There seems to be a general agreement that power is an elusive concept, difficult to define and even more difficult to study. However, in trying to understand what dominates a relationship such as that of donors and recipients of aid, to have veered away from power would have been to veer away from the crux of the relationship. This was a realisation that came out of eleven months of fieldwork in Egypt. The objective of the research was to reach an understanding of the relationship between the U.S. Agency for International Development (USAID) and the Government of Egypt (GOE). Since it would have been difficult to study a relationship out of a particular context, a housing project that was under implementation at the time was chosen as a case study to provide such a context. This thesis is therefore about aid as a political relation, with a particular emphasis on power relations exemplified in the context of a housing project. It is also about how the political relations at all levels and the dynamics that they trigger, influence the process of a development project and how it impacts on the populations it is targeting.

Both the aid and the housing literature tend to have an economic bias. What this thesis will be attempting to do is to demonstrate that the political side of both aid and housing is as important in our understanding of both processes.

II BACKGROUND

USAID's presence in Egypt was at its peak in the mid seventies under President Sadat's Regime (1970-81). In 1975, a decision was made by the U.S. government to give full support to Sadat's policies, namely peace with Israel and the newly introduced Open Door Policy, by dedicating to Egypt $1 Billion a year in aid. This amount, which is the largest by far given to any

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country and only equals the amount given to Israel, was the beginning of a somewhat unique relationship between USAID in Egypt and the GOE.

One of the largest USAID projects at that time, was the Housing and Community Upgrading For Low Income Egyptians Project[1], was initiated by USAID in 1976. The Project, with a budget of $160 Million, was co-funded by the GOE and USAID. This housing project, which was the first large scale 'non-conventional' housing initiative in Cairo, is located in Helwan, which is an industrial suburb 30 Km south from the centre of Cairo (see Appendix 1 for maps). The main goal of the Project was "..to demonstrate the viability of a new approach to housing policy in Egypt for low income families in a manner that allows the GOE to recover a substantial percentage of its investment" (USAID Project Paper, 1978). The main policy changes that USAID was seeking were among others: a switch in the GOE's emphasis on middle to low-income families; a reduction in subsidies by reducing standards; and to encourage mobilisation of private savings for investment in housing (Ibid). (see Appendix 2 for full list of objectives). The GOE had been predominantly involved in the construction of public housing or 'conventional housing', which was, according to the thinking of the time, an inefficient housing solution for low income populations.

There were two main components to the Helwan Project: an upgrading and a sites-and-service component. The Project was meant to upgrade seven 'squatter' communities with a population of around 200,000 (Project Completion Report, 1988, p. 1). What started as the core housing component, Helwan New Community (HNC), was located on unoccupied land that was subdivided into 10 neighbourhoods, including 7,200 plots with infrastructure and services for a population of around 100,000 (Ibid). The Helwan Project which was meant to be finalised in 1984, was officially finished in 1988, with some of the components still under completion at the

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[1] Throughout the thesis, it will be called here the Helwan Housing Project, or simply the Helwan Project.

time the fieldwork for this thesis was carried out in 1989. One major deviation from the original plan had occurred in 1987, leading to the building of public housing in five of the ten HNC neighbourhoods (see Appendix 2, table summarising the Project components).

III HYPOTHESIS

The aid relationship by its very nature creates a dynamic that contributes to shaping the processes of donor led development. This dynamic which is largely political, is often not acknowledged. This study will be examining a particular housing case in Egypt to demonstrate the importance of recognising the impact of this relationship, focusing on the following hypothesis.

The Helwan Housing Project failed to meet its objectives as a result of the inherent contradictions between USAID project formulation and Government of Egypt housing policy on the one hand, and between the housing approaches of these intervening agencies and the needs of the low income target populations on the other. The contradictions originate in the very nature of aid relations, the different political and economic interests of the agencies, institutions and communities involved in the Project, and the degree to which they were able to advance their interests through the exercise of power and control. This is manifested throughout the different phases of the Project from formulation to implementation.

IV METHODOLOGY

The methodological approach to this study is to follow the different phases of the Project process examining the way in which inter and intra relationships between and within different institutions, agencies and target populations have evolved and the way that these relationships have impacted on the process itself. The impact will be examined in terms of the manner that the relationships within the project process has shaped the Project and in turn how

this has impacted on the populations it was meant to reach. In other words, the thesis examines both the institutional side of the project as well as the populations involved. The thesis will follow the process from its initiation, its formulation and its implementation.

A. RESEARCH QUESTIONS:

There are thus two levels of research questions:

1. The policy - implementation level:

- What were the different housing policies of the major two agencies involved in the project?

- What were the elements available that helped/hindered the different agencies to implement their policies?

- To what degree and in what manner did the power relations between the different agencies influence the project process?

- What was the direct and indirect impact that such power relations had on the target groups?

2. The communities - target group level:

- What were the interests (in relation to the project) of the different actors/groups in the upgrading community?

- How did the power relations between these different groups in the upgrading community affect the process of the project?

- What was the impact of the project on these power relations in the upgrading community?

- What was the socio-economic impact of the project on the different target groups (upgrading community and public housing residents)?

B. METHODS OF DATA COLLECTION:

Data collection, both secondary and primary, took place over a period of eleven months over two stages. The first, was between October and March 1988-89 and the second was between May and September 1989. This was

followed by a number of short visits over the following year. The secondary data collection included mainly the examination of project documents and studies written on the upgrading communities. I was also able to access memos and meeting minutes. However, there was little that could be learned from them as they were often schematic and included nothing much on substantive issues. The primary data collection methods included observation, structured and semi-structured interviews, in-depth interviews and discussions.

At the policy and implementation levels, semi-structured interviews and discussions were conducted with employees in the Ministry of Housing (MOH), USAID, the Cooperative Housing Foundation (CHF)[2] and the Executive Agency for Joint Projects (EAJP)[3] (the latter to be termed 'the Agency' throughout the thesis). Many days were spent in the Agency offices in Helwan, where observations and long discussions were carried out with staff. It was possible to observe how various discussions and decisions were taking place as well as interaction with members of the public.

At the community and target group levels, structured and semi-structured interviews were carried out as well as in-depth interviews and participant observation. Arab Rashed, one of the seven upgrading communities, was chosen as a case study[4]. Research was carried out both with the leadership of the community, and with members of the community. Neighbourhood five, which was the first to be inhabited at the time of the fieldwork, was the site of the research in Helwan New Community (HNC). In both cases, structured

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[2] The American Technical consultancy office hired to support the Egyptian implementation agency EAJP.

[3] This is the Egyptian Project implementation agency.

[4] The reason for choosing Arab Rashed was primarily because there has already been some research carried out there which gave me some basis of knowledge for the place.

interviews were carried out with an adult male or female member[5] of 200 households[6], as well as discussions with other members. Of the 200 in each of two places (Arab Rashed and the Helwan New Community) 20 households were randomly selected for in-depth interviews. The latter were visited periodically over the period of the fieldwork (For more details see Appendices 3 & 4).

V THE STRUCTURE OF THE THESIS

The thesis has nine chapters including an introduction and a conclusion. Chapter 2 is the conceptual chapter which covers the main issues and debates in the three bodies of literature that this thesis touches, namely: aid, power and housing. Chapter 3 is the chapter which lays the basis for the context of this thesis. It briefly covers the political economy of Egypt, the history of USAID in Egypt, the housing policies of GOE and USAID at the time of the Project, and the conditions under which the Helwan housing project was implemented. Chapter 4 traces the way in which the Project was initiated and the different stages it went through during the pre-implementation phase. Chapters 5 and 6 are about the upgrading component of the project, looking into the institutional as well as the community processes that occurred during implementation. Chapters 7 and 8 are about the Helwan New Community, again from the institutional as well as the population viewpoints.

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[5] I interviewed one of the 'main adults', a man or a woman, ie not necessarily the head of the household- the latter in my view an elusive and in many cases a meaningless unit of analysis.

[6] A household is defined here as a unit that includes members living under the same roof, and who share the same resources.

CHAPTER 2
AID, HOUSING AND POWER: A LITERATURE REVIEW

I INTRODUCTION

Aid, housing and power are three areas, each with a vast literature, theory and range of debates. The purpose of this chapter is by no means to cover all three. It will however raise issues in these three bodies of literature that will provide a conceptual framework to analyse the various processes under study in this thesis. It will critically examine the way in which both the literature on aid and on housing tends to be dominated by an economic rather than a political analysis. It will also explore ways in which the power discussion can be approached in a manner that makes the use of the concept less elusive. To achieve this, the focus of the discussion on power will be largely methodological rather than theoretical.

II FOREIGN AID: THE ECONOMIC DEBATE

This section will attempt to summarise, as well as critically examine some of the most important points of discussion that the aid literature has covered focusing mainly on issues related to the analysis of this thesis.

A. BACKGROUND TO FOREIGN AID:

Foreign aid is defined as "an instrument used by a government to strengthen the economy of another country" (Krueger et al, 1989, p. 1). It is money transferred on concessional terms by governments of rich countries to the governments of poor countries (Mosley, 1991, p.3). Its main goal, as seen by most donor countries, is "to promote long-term economic growth in recipient nations" (Bergner, 1985, in Bandow, 1985, p.25).

The first major foreign economic assistance programme was the Marshall Plan, officially the European Recovery Programme. It was put together in

1948 to revive the war-torn economies of Western Europe. The Marshall Plan was hardly under way when the developed countries turned their attention to problems of economic growth and stability in the developing world (Krueger et al, 1989, pp. 1-2). During this period assistance was increasingly extended to former colonial territories by the U.K., France, the Netherlands and Belgium (Ibid, p. 34). This was followed by the emergence of bilateral aid agencies such as the American Agency for International Development, the German Ministry of Economic Cooperation and the British Overseas Development Administration (Cunningham, 1974, p.2). On the multilateral side the World Bank was created in 1944, followed by the United Nations in 1945 (Op.cit, p. 34).

Aid flows may be multilateral or bilateral[1]. Foreign aid generally includes three types of aid, namely military assistance, disaster relief and development assistance. While they are sometimes blurred together, they are mainly three discrete types of foreign aid (Bergner, in Bandow, 1985, p.25). This thesis focuses on bilateral development assistance aid.

B. THE AID DEBATE:

The aid debate consists broadly of two major views held by the supporters of foreign aid on the one hand and its critics on another. While the former mostly belong to the political 'right' the latter is a mixture of the 'right' and the 'left'. A middle ground also exists, mostly emerging in the late 1980's and 1990's.

The following is a brief summary of the main issues raised in the aid discussion with a focus on the opposing views held within the debate. The major shortcoming of this debate, which the following discussion will stress, is the domination of an economic rather than a political analysis of aid.

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[1] Multilateral aid is from a group of countries or an international organisation while bilateral aid is from one country to another.

1. The supporters of foreign aid:

The major argument of those who support foreign aid is that the 'third world' needs the economic contribution from the West in order to achieve growth. Foreign aid is based on the rationale that the insertion of aid funds into a recipient economy sets in motion a causal chain of positive influences in the following broad manner: aid leads to increase in domestic investible resources which then give rise to an increase in domestic investment which result in more rapid rates of growth (Riddell, 1987, pp. 103-105). This view of economic growth originates in the 'two-gap model' which identifies a gap existing between domestic savings and investment or between foreign exchange demand and supply, and thus the role of foreign aid (Chenery and Strout, 1966).

Conventional aid theories are traced back to the Keynsian growth model. This marks the beginnings of the creation of aid theory which developed in the 1950s and 1960s. Walt Rostow was the first one to relate Keynsian growth theory to the economic purpose of providing aid. He saw the need of 'poor countries' for a 'take off' stage into self-sustained growth. This 'take off' was to be helped through the provision of foreign aid (Riddell, 1987, p.87). While using the Keynsian growth model, theorists like Rostow, Chenery and Strout (1966), also placed emphasis on the need for structural change to create the conditions necessary for growth to occur. Both highlighted the need for human capital and infrastructure investment to achieve more rapid development (Riddell, 1987, p.86). Aid's role was seen as allowing developing countries to improve their standards of living, build up their infrastructure, create industrial sectors and establish social services faster than otherwise would be possible for them (Arnold, 1985, pp. 159).

Those who support this view are categorised by White as belonging to the 'supplement economic theory' school. This is the school that maintains that aid constitutes a supplement to the recipient's own resources and see a positive

relationship between aid and the total volume of resources available for development (White, 1974, p. 104).

According to Mosley the 'case for aid' can be summarised under three arguments. The first is the 'distributive case' argument. This is the argument that sees the conditions of poor people in the 'third world' as not acceptable and a situation that can be relieved by the transfer of income from those who have more in developed countries. The second, the 'allocative' argument, is based on the existence of multiple imperfections in the market for capital investment and loan finance in developing countries which could be alleviated by aid. And the third, the 'stabilising case for aid', proposes that aid flows can augment world aggregate demand and relieve unemployment particularly in developing countries (Mosley, 1991, p.5).

As the above brief review shows, the supporters of aid recognise the need for 'third world' economic growth, and believe that this would be achieved with Donor support. Very little analysis has been carried out in this discussion about whether aid has actually achieved this goal nor what were the implications of foreign aid for recipient countries.

2. The critics of aid:

During the 1970s foreign aid was under almost continuous criticism from both the radical left and the radical right (Krueger et al, 1989, p. 6).

> "Criticism of overseas aid unite the radical left and the radical
> right against the middle. But two groups of radicals arrive at
> the same conclusion -distaste for aid flows- by a different
> process of reasoning" (Mosley, 1991, p.13).

Most of those who hold this view belong to the 'displacement economic theory' school. Displacement economic theories, in opposition to 'supplement theories', see foreign aid as a substitute for, rather than a supplement to the recipient's own resources. The latter is seen to be consequently switched

from development to non-developmental expenditure. The availability of aid is, according to these theories, seen as a soft option which induces the relaxation of recipient countries' investment effort (White, pp. 104-105, 1974). Those of the political right see aid as a distortion of market forces. Those of the 'left wing' persuasion have argued that because aid goes to the elite, it concentrates benefits of development in the hands of the rich (Ibid, p.122). Savings mobilised through domestic taxation of the rich which would have been necessary if aid was not available, would have transferred resources to more productive uses (Griffin, 1970, in White, 1974, p. 123).

Influential 'rightist' critics of aid in the 1970's and 1980's are rooted in neo-classical economic theory (Friedman, 1966; Bauer & Yamey, 1957). At their most extreme, these critics give no place to aid. They argue that its nature, as a form of intervention channelled to recipient governments, frustrates the free operation of the market, distorts the price system, and impedes private sector development (Riddell, 1987, p. 157).

In addition to the negative economic impact of aid, a number of authors also raise the negative structural changes that aid brings about. It is seen as contributing to the creation of a large public sector and central planning institutions, both perceived as obstacles to economic development. "Access to external resources obscures the economic inefficiency of public enterprise and distortions resulting from planning and control occurs" (Krueger et al, 1989, p. 6).

Bauer, who seems to be the 'high priest' of the 'right', responds to the central argument of those who support aid by their argument that without it 'Third World countries cannot evolve', by saying: "..if a country...cannot readily develop without external gifts, it is unlikely to develop with them" (Bauer, 1972, p. 100).

> "In fact, external donations have never been necessary for the
> development of any society anywhere. Economic achievement

depends on people's own faculties, motivations and mores, their institutions and the policies of their rulers" (Bauer, 1991, p. 7).

As for 'the left', their major criticisms focuses on the wider qualitative effect of aid on the receivers of aid rather than looking only at its impact at the macro-economic level. They are interested in examining the type of growth it has achieved and who it has benefited. They mostly look at issues of redistribution, and the role of the state and the economic elite in both donor and recipient countries. Some of the hard-liners among these critics tend to view development assistance as:

> "..an imperialist conspiracy - as an instrument designed to reward the political, economic and bureaucratic elites of the developing countries of acquiescing in the exploitation of their resources and people" (Hayter, 1971, p.76).

From a populist perspective, (Griffin and Enos, 1970; Franke and Chasin, 1980) the costs of modernisation are seen to be borne by the poor, and the gains realised by the wealthy. In contrast to critics of 'the right', those of 'the left' analyse this as being the result of the weakness of the public sector in dealing with both external and internal organised interests (Krueger et al, 1989, p. 6).

Most of the leftist critics (Baran, 1973; Franke & Chasin, 1980; Jalee, 1982; Wallerstein, 1975) have the root of their argument in the dependency school. The main focus of dependency theorists is on the external influences that distort the process of development (Seers, 1981, p.15). One of their main arguments is that poverty in the 'third world' is a consequence of the penetration of market forces into the peripheral 'third world' from the capitalist centre. Self reliance is inhibited by the surplus in the economy being siphoned of by foreign capital and its representatives, in alliance with the state power in the periphery, which is in the hand of a small elite (Riddell, 1987, pp. 135-136).

Some 'leftist' authors (Lappe, 1980; Seers, 1981; and Myrdal, 1982) also focus their analysis on the role of the state of recipient countries and the way they represent the interests of a minority, the economic elite. Aid, as they see it, supports this relationship rather than going towards the alleviation of poverty. Aid is seen by Hayter and Watson as an attempt to preserve the capitalist system in the 'third world' by providing the regimes and elite with resources which contribute to their already existing power, a power they use to continue to exploit the poor (Hayter and Watson, 1985). These views follow the ideas of neo-Marxist theorists such as Poulantzas (1975), Althusser (1969) and Miliband (1969) for whom the role of the state is central to such analysis.

C.   THE AID DEBATE AND THE QUESTION OF WHETHER AID ACHIEVES ECONOMIC GROWTH:

The key relationship between aid and the economic growth performance of the 'third world' has in fact not been appropriately proved or disproved in the literature.

Questions that do not seem to have been answered are: why is there still a need for aid if it was only meant to facilitate 'take off'? What has gone wrong over the last thirty years of aid? There are those, like Arnold, who are of the firm belief that in some cases there seems to have been an actual deterioration of the economy despite aid and few developing countries have broken free of aid dependence (Arnold, 1985, p.163-164). However, to what extent have such conclusions been substantiated? Most, even from within the aid debate, agree that "..unfortunately, a great deal of the discussion on the effectiveness of aid and other capital flows to date has been somewhat polemical" (Lele and Nabi, 1991, pp.3-4).

Riddell (1987) and Mosley (1991), amongst others have tried to find an answer to this question by examining figures coming out of empirical studies carried out in the 'third world'. Most reach the same result, which is that the

figures are not conclusive. Mosley, for example, argues that empirical results show no statistically significant correlation in any post-war period, either positive or negative, between inflows of development aid and the growth rate of GNP in developing countries when other causal influences on growth are taken into account. This, Mosley explains, contradicts development agency reports which show that projects are generally successful and that, on balance, overseas aid is an efficient instrument for the generation of growth in developing countries. These conclusions, he adds, are simply not consistent with the bleak macro-level results reported in empirical analysis (Mosley, 1987, p.139).

Mosley's own conclusion summarises the inconclusive effectiveness of aid. His view very much reflects the new mid-way position that has emerged in the late 1980s and early 1990s among those engaged in the aid debate.

> "Stripped of its bare essentials, the case for development aid is that it increases growth rates in some developing countries, improves the standard of living for some poor people, and offers the prospect of doing better in the future for both. That is all" (Mosley et al., 1991, p.234).

The above brief discussion can lead one to safely say that the aid debate, both at the theoretical and the empirical levels, has failed to reach any conclusive results about the economic effect of aid. This raises a number of questions: Does this mean that aid is one of those issues that are so elusive and complex that analysts cannot really deal with them? Is the incapacity to reach conclusive results due simply to inadequacies in the economic analysis of aid? Or is it that, without dropping the economic approach to aid, an additional type of analysis is needed to give more insight into the problematic of aid?

III   POLITICAL ANALYSIS OF FOREIGN AID: RELATIONSHIP BETWEEN DONORS AND RECIPIENTS

When examining the aid literature, one is struck by how little work has been done to analyse the actual relationship between donors and recipients,

especially at the political level. Although the economic relationship is undoubtedly vital and will be included in the present analysis, this thesis will primarily examine the political aspects of foreign aid. The focus is thus on recognising that the aid relationship is primarily a political relationship. It also examines the extent to which this relationship plays a role in shaping aid and influencing its effectiveness.

Bandow, who is among the few who have protested about the lack of political analysis in the literature, puts this point very simply: "The bulk of foreign assistance flows from government to government. This form of transfer politicises economic decisions" (Bandow, 1985, p.xix). Montgomery argues that an understanding of foreign aid operations as a whole cannot be reached without a study of the politics of aid. "Its purposes and its achievements, its origins and its operations, its giving and its receiving, all involve conflicts of ideology and power" (Montgomery, 1962, p. 3).

> "Perhaps the greatest objection to aid is that it is provided for
> political reasons rather than to promote development; the end
> results, therefore, are also political" (Arnold, 1985, p.167).

In his revision of aid theories, White explains that while economic theories dominate aid literature, there are a minority who apply political or 'transactional' theories in their analysis. Analysis of aid as transaction leads on to the identification of the patterns in this transaction, and to the formulation of theories concerning the interests of the users and how their interests are pursued. He distinguishes between two kinds of political theories. First, there are the 'donor oriented' theories, concerned with aid as an instrument of foreign policy. In this case the focus is on the interests of donor countries. Second, the 'recipient oriented' theories, concerned with aid as an instrument of domestic politics. These theories are concerned with the interests of recipient governments vis-a-vis competition with other groups at the national level (White, 1974, pp. 104-108).

One of the limitations of studies which undergo a political analysis of aid is that they often stop at merely identifying recipient and donor interests. Donors and recipients are also often seen and studied as separate entities and the relationship between them is less often investigated. It is to the understanding of this relationship that the thesis will attempt to make a contribution.

A. FACTORS CONTRIBUTING TO THE UNDERSTANDING OF THE POLITICAL RELATIONSHIP BETWEEN DONORS AND RECIPIENTS

Given that the aid relationship is a relationship between governments, those of the donor's and the recipient's, it is inevitable that there should be factors originating in the very nature of such a relationship which play a role in shaping and impacting on its outcome. The outcome in this case is whether aid succeeds in reaching its pronounced goal: development. Three factors, that play a role in this process, which are critical to this research, will be discussed here: the first is the interests of donors and recipients; the second is the contradictory goals of aid; the third, and most important, is the manner in which aid is administered and its inherently interventionist nature which stems from the nature of aid policy itself. These factors will all be analysed in the light of how they ultimately lead to a relationship where the exercise of power by both actors dominates the process of giving and receiving aid.

1. Interests of donors and recipient in the foreign aid context:

The aid literature discusses the interests that both recipients and donors have in foreign aid. However, this discussion often stops at the identification of these interests rather than a more in-depth explanation of their implications. Interests of donors and recipients are important in so far as they help to understand how much they influence decisions around aid. They are also helpful in understanding what is at stake and how much is invested in the giving and receiving of aid. The importance of such a discussion lies in

adding to an understanding of the complexity of the aid relationship and explains one of the reasons for its politicisation.

a. Donor's interests:

While donors' interests might be seen by some as an illegitimate reason for giving aid, in fact, short of personal interests, institutional, national and international interests are pronounced by most donor governments themselves as being part of their rationale for giving aid. Most use a defence rationale, an economic rationale, a political rationale, as well a humanitarian motive (Black, 1968).

This discussion is often triggered by concern on the part of the public and politicians in donor countries about aid policy. There are, on the one hand, groups within the donor countries who need persuading that aid needs pursuing and there are on the other hand, those who are lobbying for aid to be increased. It is the former group to which governments seem to give most attention.

Donor governments appeal to a variety of explanations to legitimise their granting or withholding of foreign aid to the 'third world'. National self-interest, commercial considerations, historical links, political goals and the straightforward desire simply to accelerate economic growth in less developed countries are all motives that have been acknowledged as directly affecting policies governing aid flows over the last 25 years or so (Riddell, 1987, p. 3).

The international and national interests are highlighted by most donor governments by stressing the political interests abroad and economic interests at home. In the U.S., for example, President Nixon's major policy statement on aid was clearly built on the principle that it would correspond to American private commercial interests (Hart, 1974, p. 163). Political interests in aid are about making and supporting allies through helping in 'stabilising' (Rossiter, 1985, p. 69).

"Encouraging development, or at least attempting to do so, is good politics: economic as well as military aid can help attract allies, and to the extent that it works, increase domestic stability in friendly nations, reducing both external and internal threats" (Bandow, 1985, p.xvi)

External threats, which in the case of the U.S. was the Soviet Union up until the nineties, have lately been replaced by internal threats in different 'allied' countries. Islamic fundamentalism in the Middle East is perceived as one such great threat.

Global self-interest may be served by helping developing countries reach the point of economic take-off which will help remove potentially explosive trouble spots that otherwise could affect an entire region (Arnold, 1985, p.161).

"..we in rich countries, may have some self-interest in doing so in order to reduce social tensions which inevitably will grow if the rich parts of the world remain an island of affluence in an ocean of poverty" (Norbye, 1983, p.32).

In addition different institutions in donor countries may have different vested interests in aid giving. The defence ministers see aid as a means of winning, and holding the political and military support of the 'third world'; trade and employment ministers see it as a means of winning a foothold in the markets of 'third world' countries creating jobs at home; ministers of overseas development see it as a means of promoting growth in 'third world' countries for the benefit of both those countries and the World economy (Mosley, 1991, p.5).

Large firms, for example in the housing sector, such as construction material factories and contractor firms, also have interests linked to the export of goods and expertise in the 'third world'. Some donor countries insist on tied aid, which is the linking of aid disbursements to the procurement of goods and services in donor countries. In these cases in particular, the interests of these groups are guaranteed. There are institution and individual consultants whose

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careers depend upon the aid process continuing: they are mostly technical assistance personnel 'who go round the world from one assignment to another' (Arnold, 1985, p.168).

One of the reasons it is important to know about the interests of donors in aid is to have an insight into what is behind various donor policies regarding aid. For example, Jay and Michalopoulos propose a method of understanding the way in which donor interests play a role in aid allocation. They explain that there is abundant statistical evidence that donor interests rather than general consideration of efficiency of recipient countries' policies and needs have dominated the country allocation of bilateral assistance (Jay and Michalopoulos in Krueger et al (ed), 1989, pp. 70-71).

It is knowledge of these interests that can be the most potent tool for recipients to use in their negotiations, bargaining and manipulation strategies in relation to donors. This, as this thesis will show, can eventually change the balance of power in the aid relationship.

b. Recipient interests:
There is much less discussion in the literature about the recipient's interests in aid. This is a serious weakness as understanding the nature of recipient interests in aid would obviously give another level of insight into the obstacles to the effectiveness of aid. One of the reasons that recipient countries, or more accurately recipient governments, do not try to alter the practices of foreign aid, is that this might affect their interests. "Powerful vested interests on both sides ensure that aid continues, whether or not it promotes sound development" (Arnold, 1985, p.168).

As in the case of donors, there are different groups within recipient countries whose interests are served by aid at the national, institutional or personal levels. Recipient Government vested interests in aid is often in the support it gives them in holding onto their positions. This may again include

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economic and political interests. Bandow explains this by saying 'fragile, non-democratic third world' governments need aid money for their survival. "Despite their rhetoric, recipient governments may not be genuinely devoted to development". They use aid money for strengthening their own power (Bandow, 1985, p.xx). McNeil also argues that:

> "It is ministers who are those most concerned. The minister wants to receive as much aid as possible, provided it is not accompanied by leverage which unduly constrains his [her] freedom of decision" (McNeil, 1981, p.54).

As is the case for donors, not only governments have interests in aid. Governments are joined by members of local elite whose careers are often fostered by external relationships (Arnold, 1985, p.168). There are also all the counterparts of the donors, such as contracting, consultancy, research and other firms who want aid to continue whether or not they believe in its effectiveness. Donor policies are rarely ever challenged for this reason. This goes back to the discussion raised by neo-Marxists about the possible alliance between the state and the elite, and their mutual interest in aid at the expense of the poor. Another key alliance which is crucial to the understanding of the aid relationship, is the 'unspoken' alliance between donor actors, recipient governments and local elite. In other words, as the discussion in this thesis will demonstrate, alliances can cut across national and international actors. These alliances, as will be further discussed below, are not static, they shift over time.

2. 'Confusion' between development goals and non-development goals:

As shown above, most donors readily admit that their involvement in aid comes out of various political and economic interests. The main disagreement they may have with critics of aid is not about whether they do or do not have interests in aid, but rather to what extent these interests interfere with

development goals. Some critics of aid maintain that non-developmental goals are the main reason for the failure of aid.

> "Not only is economic development for the recipient at times viewed by donors as secondary to the pursuit of these objectives but the two can directly conflict on occasion. Pursuit of non-developmental objectives-whether political, cultural, or commercial- through economic aid can potentially have a seriously detrimental impact on aid effectiveness" (Jay and Michalopoulos in Krueger, 1989, pp. 68- 69).

In a study of USAID, Rossiter distinguishes between development and strategic goals that govern aid administration. He proposes that the confusion between the two levels of goals accounts for the failure of economic aid to achieve its developmental goals. He explains that development mandates and diplomatic policies conflict in U.S. foreign assistance programmes. The U.S. foreign assistance mandate started in 1962 by making no distinction between diplomatic-strategic and humanitarian-development goals (Rossiter, 1985, pp.15-24). The later Mandate of 1973, while more development oriented still did not manage to remove USAID from the control of the State Department, which is motivated largely by diplomatic and strategic goals (Ibid, p.221).

It is argued that the confusion in aid goals, is in the first place, due to the real confusion of policy makers themselves as to why aid is given. The lack of clarity of the goals is in turn transmitted to the civil servants. Consequently, two messages about aid are given: one to the electorate and the other to the international community - as to why aid is a 'good thing'. In the U.S. for example, at the beginning of the 1970s, the Peterson Report, although in favour of increased aid, recommended "to establish a framework of principles, procedures and institutions that will assure the effective use of assistance funds and the achievement of U.S. national interests". Foreign policy in the U.S. has not changed since (McNeil, 1981, p.52).

Not all donors, however, allow strategic goals to dominate or to get confused with development goals. For example Scandinavian aid represent an important

stride away from either the strategic goals or the concerns of post-colonial responsibility. Swedish aid laid down several basic principles early on in the 1950s which help guarantee immunity of aid from political or strategic considerations. Examples of such principles include determination of needs by recipients, funding mostly goes to project aid and participation of recipients in running such projects (Browne, 1990, pp. 126-127). The question of how effective their aid efforts are, and how this is changing under new political leadership, is of course to be examined.

3. The interventionist nature of foreign aid:

Another factor which plays an important role in the politicisation of aid is its interventionist nature. Not all aid is implicitly conditional. However no aid is devoid of conditionality. Aid is rarely ever a matter of just a transfer of money from donor to recipient. Most aid is conditional on some change in policy in the recipient countries. When it comes to policy then one is dealing with politics.

Mosley et al. (1991) in their study of concessional loans given by the World Bank, provide a good illustration of the discussion of policy interventions. Conditions attached to such loans are not just the usual conditions of repayment. They include that the recipient government must fulfil changes in some of its previously chosen policies (Mosley et al p.xiii, 1991).

> "The point at issue is how far pressure of this kind, which is quite overt, constitutes 'political influence' and how successfully it can be imposed on a reluctant government. ...as a rule conditionality consists of a requirement that the recipient adhere to policy conditions which the Bank, and sometimes also the IMF, have already laid down for the country" (Mosley, 1991, p.39).

The idea of conditionality and use of leverage is essential, and perhaps inherent, in the policies of major financial agencies currently concerned with

the general economic policies of development, that is the WB, the IMF and USAID (Ibid, p. 20)

> "It is quite widely assumed in developed countries that 'leverage', or the use of aid to influence the policies of developing countries in one way or another, is necessary and desirable" (Ibid p. 22).

The notion of 'satisfactory' economic policies relates again to the discussion about interests and the contradictory goals of the donors (Haytor and Watson, 1985, p. 24). Western donors have been accused of using the conditions attached to their aid as a means of forcing non-aligned developing countries with mixed economies away from state socialism and public ownership and toward free-market capitalism. International lending and aid-giving institutions -the IMF and the WB and its offshoots- make their loans conditional to recipient countries' provision of a climate favourable to private investment- particularly western foreign private investment. Western bilateral agencies exert strong pressure on 'Third World' countries to make them 'co-operate' with multinationals.

> "Aid policies are used to cement economic dependence: aid projects are tied to Western firms; aid is denied to countries which have tried to nationalise multinational enterprises; but it flows with abundance to countries which provide tax havens for foreign companies" (Heatley, 1979, p.27).

Again, as in the case of most aspects of foreign aid, not all donors conduct aid at the same level of interventionism. The choice is whether the donor wishes to play a pro-active or a reactive role. A donor who chooses the active role will find itself driven to set up an ambitious aid agency with specialists in each country and each economic sector. The supreme illustration of this choice is that of the U.S. At the other end of the spectrum is Austria in the 1970s, which uses its sectoral ministries to react to proposals with a minimum of inter-ministerial co-ordinating machinery (Cunningham, 1974, p. 3).

The important questions here are, how do recipients react to conditionality? And to what extent does sovereignty become an issue? The majority in recipient countries wish their governments to exercise full independent control over all major policy decisions, unless that control is willingly and voluntarily delegated to others. "They do not wish to lose the independence they have gained relatively recently" (Mosley et al, p.3, 1991).

While the generally held view, mainly by governments of recipient countries, is that aid is a 'good thing', certainly some, at different points of recent history, have found the strings attached to such aid unacceptable. In general, civil servants in recipient countries share the view that they need assistance and that, provided it can be obtained at reasonable cost, it should be accepted (McNeil, 1981, pp.55-56). However, the use of leverage in imposing policy is antagonising to most, especially to politicians. Ministers do not enjoy having to change their policies to satisfy a donor, and civil servant do not like to submit monthly progress reports (Ibid, p.47).

Since recipient governments need or are made to believe they need aid money, and since the interests of some groups in recipients' country is tied up with aid, they, in various degrees, accept such conditionality. Some comply with the conditions attached, others just go through the motions and actually try and often succeed to various degrees, to evade the conditions. Some do this openly, others not so openly. However, there is also a body of opinion that rejects the acceptance of aid whatever the terms, either on principle or on the basis of its manifest failings. Aid, as White points out, may also elicit adverse reactions from conservative religious groups who are hostile to the values propounded by the advocates of economic development, from organisations representing the interests of small-scale manufacturers etc..(White, 1974, p. 137).

The tension, therefore which arises as a consequence of the interventionist nature of aid, is of a complicated nature, mainly due to the different individual

groups within recipient countries who to varying degrees will accept or reject conditionality. The conflict that arises, as the following discussion and indeed the whole thesis will show, creates the conditions which makes the exercise of power by various actors in the aid relationship inevitable.

C. CONCLUDING REMARKS ON AID:

The above discussion points at some of the factors that play a role in the politicisation of the aid relationship. It also shows that donor and recipient interests, the domination of strategic over development goals, and the non-consultative and interventionist nature of aid, influence the aid process in a way that is not conducive to recipient's development[2].

Before moving into the second major part of this chapter, it is important to stress an important point which was raised above. A predominantly economic analysis is not sufficient in grasping the complexity of foreign aid. The political dimension or the aid relationship has to be recognised before any real understanding of foreign aid and what shapes it can be understood.

IV HOUSING

The housing literature, like the aid literature, is extensive. Since this thesis is not a housing thesis but rather takes a housing project as a case study to examine a particular aid relationship, the literature covered here will only focus on the following questions: Does the housing literature give an equal weight to the three major actors: international agencies, 'third world' governments and their institutions, as well as the communities? In its examination of the role played by various actors, does the literature include both an economic and a political analysis? Does it examine the role played by the various actors in shaping the housing process? Is there a more specific discussion on power relations?

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[2] Used in its broad sense of the word. Difficulties with definition are recognised.

A. BACKGROUND: THE HISTORY OF HOUSING INTERVENTIONS IN THE 'THIRD WORLD'

'Third world' Government involvement in housing is a relatively modern phenomenon. Until the fifties, people in the 'third world' built their own housing. In the fifties and sixties, increased demand for housing in the cities led governments to initiate new housing policies. These were translated into large scale public sector provision of housing, ostensibly to the low income population. These public housing programmes are typified by tenement blocks of minimal sized flats of relatively high standard with individual utility connections (Wakely, 1988, p. 122).

These 'Conventional housing' policies, as they became known, proved not to meet the needs of the majority of the low income population. Indeed, the latter continued to build their own housing. The process of 'spontaneous self-help' begins mostly with illegal land acquisition and continues through different phases of construction until it gradually reaches varying levels of permanence (Harms, 1992, p. 38).

Turner (1963) and Abraham (1966) developed a new philosophy of housing which was based on their documentation of spontaneous self-help housing and what they found to be the enormous success of low-income people in building their own housing and producing basic services in the face of opposition to government agencies. Their work also showed that the poor were the central, rather than the marginal, group in the urban economy (Williams, 1984, p. 174).

The new philosophy found some favour with international agencies such as the World Bank. Self-help housing, if put under state control, was seen as potentially an approach that could correspond to international agency policies promoting market efficiency, privatisation and the minimisation of public

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funding in the 'third world'. Consequently the World Bank developed a housing package which was also adopted by other multilateral agencies such as UNCHS and bilateral agencies such as USAID. Funding was then made available with the conditionality that housing programmes must adopt the following set of principles: affordability, non subsidy, minimum cost, lower standards of plot size and infrastructure, cost recovery, replicability and charging market value of land, among others. For a decade or more, these criteria guided housing programmes in the 'third world' and some if not all were implemented to varying degrees.

Self-help housing policies, in the seventies and eighties, became synonymous with 'non-conventional' solutions and embraced two main kinds of programmes: upgrading and sites-and-services. Upgrading programmes as implemented by the state, support the existing housing situation of low income populations living in 'squatter' areas. In other words, reversing the previous policy of demolition, the support takes the shape of planning, technical assistance, services, infrastructure and resource provision (Harms, 1992, pp. 38-39) to households so that they can upgrade their existing housing. Sites-and-services are programmes where sites are provided to households, including infrastructure and in some cases core structures such as a sanitation unit. The users are then left to complete the housing unit (Ibid, p. 39)[3].

B. THE HOUSING DEBATE:

Although the housing debate is a wide debate, there is a recognised central discussion which concerns itself mainly with the viability of self-help, its meaning, applicability and impact. This debate is led by those who support self-help housing and those who are critical of it. While the debate includes a number of academics and practitioners in the field of housing, its two major proponents are Turner, whose ideas have greatly influenced the sponsorship

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[3] The latest World Bank housing policy advocates the total withdrawal of the state from the provision of housing, limiting its involvement to its role as 'enabler' (W.B., 1993).

of the self-help approach, and Burgess and Pardilla, who represent the major critics of self-help housing derived from their neo-marxist position.

1. The protagonists of self-help housing:

There are two major bodies of empirical research on which Turner (1963, 1967, 1972, 1976) and Abraham (1964, 1966), among other initiators of the philosophy behind the self-help approach, base their views. One is the failure of 'conventional housing' to meet the needs of the poor in the 'third world', the other is evidence that the poor are, and have always been capable of producing their own housing.

Concerning the first point, Turner argues that the housing projects which governments provided for low-income families were not only 'costly, rigid, stultifying and depressing' for their users but they could only house a relatively prosperous minority at the expense of the majority (Turner, 1967, p. 121). The second point comes out of empirical research which demonstrates that in the majority of the main cities of the 'third world', people themselves organise and help to build most of the new housing units without the real intervention of the state (Abioudum et al., 1987; Rodell & Skinner, 1983). Turner's views were influenced by the recognition of these facts which led him to redefine self-help in terms of: a social decision-making process related to the construction of a house and the relationships between a household and its immediate environment in this process (Rodell and Skinner, 1983).

For Turner, 'good housing' is more common where it is locally produced through network structures and decentralising technologies and managed by people themselves. In this sense, effective government housing strategies are those centrally administered policies that protect and make available scarce resources, ie. improving the service infrastructure, that will enable and stimulate the local provision of housing (Turner, 1972).

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In other words, what Turner is advocating is that the users ought to be the major actors in the housing process. They should be allowed to build their own housing without intervention except by the state in the role of supporter and provider of land and infrastructure. As the description of state self-help housing programmes shows, when translated into practice, the main focus of Turner's ideas were lost.

2. The critics of self-help housing:

While the critics of self-help housing might agree on the two premises of the supporters of 'self-help' housing concerning the limitations of 'conventional housing' and the ability of the poor to meet their housing needs on their own, they disagree that state self-help offers a better solution or that it can replicate spontaneous or 'artisanal' self-help.

One of the areas of discussion by the critics is that the basis for the rationale for self-help housing, which is the replication of spontaneous self-help, is basically flawed. Burgess argues State interventions into self-help housing "involved an acceleration of the process of subsumption of artisanal (or pre-capitalist) to capitalist activities" (Burgess, 1992, p. 86). The resulting increases in cost to the consumers put the projects beyond the access of the majority of those housed in the artisanal settlements, and often seriously prejudice the livelihoods of many of the households in project areas (Ibid).

A second area of criticism is what is seen to be Turner's role in de-politicising the self-help housing approach, by presenting it as a natural, spatial and technical process rather than a political, economic and social one. "Class contradictions and interests are either denied or considered of little relevance" (Burgess, 1989, p. 1117). In agreement with Burgess, Slingsby argues that the supporters of self-help housing have not entered a discussion of such pertinent issues such as interests, redistribution of wealth and power. They did not ask the question of whether "..the current market system is flexible enough to

permit these types of interventionist measures against the logic of its functioning". He also adds that the political consequences of a policy that seeks to achieve the integration of the poor into the economic and social networks and physical fabrics of cities, is also overlooked (Slingsby, 1987, p. 134).

A third, and perhaps the most important criticism of the self-help policy is that it is compatible with national and international capitalist interests and designed to maintain the status quo (Burgess, 1978). This follows the crux of the Marxist analysis (Pardilla 1974; Burgess 1978; Portes and Walton 1981) which is that no matter how self-help housing activities are organised, they are all articulated by the dominant capitalist mode of production and exchange, as well as by its boarder ideological and political structures.

Burgess makes the point that in fact it is these structural limits rather than the 'lack of understanding' by state bureaucrats of the housing problem, which are responsible for the inability of state housing policies-including self-help housing projects- to solve the low income housing problem (Burgess, 1989, p. 275).

3. The critics of the critique:

The critique of self-help housing has in turn been criticised. A number of authors who are engaged in the debate point out the need for self-help housing to be reassessed (Ramirez & Fiori, 1992). One of the points challenging the critics' views is their Marxist-structuralist interpretation of the state. They are criticised for not recognising that the state is subject to contradictory pressures, sometimes succumbing to the need to accelerate the pace of capital accumulation, at other times, to the need for social legitimacy (Gilbert and Linden, 1987, p. 129).

Another criticism relates to what is seen as the romanticisation of the 'artisanal' form of housing and the total denial of the capacity of state self-help housing to meet the housing needs of the low income population in certain circumstances.

> "The comparison that should be made, in any useful analysis of housing, is not between the idealised artisanal form and state self-help housing, but between unpleasant reality of partially serviced, self-help houses on purchased, if illegal, land, and state-inspired self-help schemes" (Ibid, pp. 132-133).

The impact of self-help on the commodification of housing is a further point of discussion. Fiori and Ramirez agree with Burgess that 'slow commodification of housing' does occur. However they see it as being the dominant side effect of self help housing only at the point of intervention (Ramirez & Fiori, 1992, p. 26). More importantly self-help housing generates new conditions for social organisations and negotiation between the state and the users (Ibid, p. 29). They end their argument by saying:

> "Today there is a need, in our view, for the detailed and patient reconstruction of the articulation between the process of 'commodification' and negotiation as the core of the self-help housing question" (Ramirez & Fiori, 1992, p. 30).

The conditions for negotiation and whether or not they exist, would vary differently from one context to another. The Latin American context probably would, as studies show, be more conducive to such developments. As in the case of other aspects of housing, it is almost impossible, as Fiori and Ramirez (1992) themselves argue, to analyse this issue out of context.

The above quotation illustrates the new direction in the housing debate towards a more political analysis. While economic implications of self-help housing are still considered crucial to the discussion, another level, that of negotiation is introduced. In this light, the community takes a central position in the housing process. The relationship between the state and the community

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is seen as progressing towards more of a dialogue rather than an interaction dominated by the state. However, international agencies and their roles and relationship with the state still seems to be marginal to the analysis. One reason for the exclusion of international agencies could be that the debate is mostly conducted in the context of Latin America, where the state rather than international agencies are at present the main sponsors of self-help housing.

C. THE ECONOMIC IMPACT OF SELF-HELP HOUSING:

As the review of the housing debate demonstrates, the discussion which dominates the housing literature is an economic analysis. The economic impact on the target population, is the issue investigated in most empirical research in the area of housing.

As mentioned above, the principles of self-help housing were designed to reach the needs of large numbers of low income people, yet at the same time drastically cutting down on public spending. The contradictions between these two broad goals often led to their failure in meeting their first goal. This is what many studies in the literature were designed to demonstrate.

> "The Bank sometimes appears to be its own enemy. A whole litany of principles - affordability, no subsidy, targeting upon the lowest income groups, minimum cost, lower standards of plot size and infrastructure, full cost recovery, replicability, market value of land, and so on have necessarily had to be formulated and applied. The principles come into conflict with each other and with practicalities" (Portes and Walton, 1982, p. 191).

Empirical research shows that these various principles have been implemented to different degrees in different contexts. Most importantly it also shows that in hardly any project have the implementors been able to follow the guidelines as set by the World Bank and other international agencies.

Affordability is one principle which is most thoroughly examined in the literature. Research has been interested in investigating one of the most blatant contradictions in self-help housing principles: targeting the low income population yet meeting cost recovery. The reason for the introduction of state interventions, was to bridge the gap between cost of housing and ability to pay. The question is, how can this be achieved when cost has to be fully covered by users with no government subsidy?

A central element in the affordability debate is the manner in which affordability is assessed. Early World Bank financed projects assumed that some 25% of household income would/could be devoted to housing (Mayo, 1987 in Wakely, 1988, pp. 128). Research shows that this estimate has frequently been far too high: 12-15% or even lower is a more likely proportion in situations where up to 70 to 80% of income may have to be spent on food alone (Wakely, 1988, p. 127). Empirical studies have shown that as a general rule, within the lower income groups, the lower the income of the household, the smaller the proportion of income that can be conceivably set aside for housing. A greater proportion has to be allowed for food and other essentials. Cost of food as a proportion of income, and the dependability of income, are by far the principal determinants of resources available for shelter (Tym, 1984, p. 211).

The World Bank definition of affordability has changed over time. It started by being defined around ability to pay. However, a group associated with the World Bank redefined the problem of inability to pay into 'willingness to pay' (Keare and Jimenez, 1983; Malpezo and Mayo, 1985). This has been challenged by research findings which show that low income households have little flexibility in their budget to be able to make such choices. It is thus unrealistic to assume that it is possible for the low income households to reduce other (essential) expenses in favour of housing (Mathey, 1992, p. 386).

Another issue related to affordability, is the reduction of standards of space and construction material. The principle behind this is to bring down the cost of self-help housing in order to guarantee affordability and cost recovery. The impact of such standard reduction is often studied. The general argument in this area is that although these measures have (in some cases) brought acceptable housing within the reach of low income households, this has resulted in plot sizes that are so small as to inhibit the chances of any substantial development of the dwellings over time (Wakely, 1988, 126). Studies carried out by Cabannes (1983) and Cheema (1987), have shown that some projects in Asia have reached sizes of site-and-services units and crowded sanitary facilities which made residences in fact uninhabitable (Mathey, 1992, p. 386).

Land tenure is another important principle of self-help housing as well as its impact on accessibility to housing has been also part of the present discussion. The question is: has regularisation of land tenure and the servicing of low-income settlements benefited or have they harmed the poor? The protagonists of self-help housing have only stressed the positive impact of legalising squatter areas and providing land tenure in both upgrading and sites-and-services projects. Zetter, among others, argues that improved tenure can create "instability rather than consolidation" as it often causes rents and land values to rise and "impose the additional cost of government land and property taxes with consequential effects upon affordability calculations" (Zetter 1984, p. 229).

Along the same lines, Mathey explains that land regularisation in addition to improved infrastructure, have been found to unavoidably increase the market value of sites and housing, and make areas more attractive for relatively higher income groups (Mathey, p. 387, 1992). This, as research has shown (see Daef, 1994) has led to the lower income residents either paying more or being pushed out. The displacement of the low income population as a result of the implementation of self-help housing is seen as one of its most negative

impacts. This area has increasingly become a matter of interest to researchers.

There is general agreement that the consequences of the conditionalities of most donor led self-help housing programmes, have meant that such programme have not reached the poor. Even World Bank evaluation studies confirm that the original target group of such projects was not reached, at the same time cost recovery was not achieved.

As is the case of other areas in the self-help housing discussion, there is another argument arising from recent studies showing that some forms of interventions can give different results. This position is a reflection of a new direction in the literature, mostly in the late eighties, which shows findings that reflect some promise for self-help housing in reaching the poor. These recent studies have tried to look at benefits in the long run. The findings have contributed to new arguments and promise a new level of discussion in the academic debate (Stein, 1991; Ramirez & Fiori, 1992). One of the new propositions is to support the formation of self-help housing projects, by enabling the transfer of resources towards the poor through open or hidden state subsidies (Mathey, 1992, p. 389). The 'enabling approach to housing' is the currently promoted housing policy[4].

D. THE POLITICAL DISCUSSION IN THE HOUSING LITERATURE:

As shown up to this point, the housing literature whether at the theoretical or empirical level, has concentrated on an economic analysis at both the macro and micro level. Even when the role of the state is discussed, or less

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[4] The 'enabling approach' to housing is a housing approach introduced by UNCHS and the World Bank (1987). It aims at providing the legislative, institutional, and financial framework whereby entrepreneurship in the private sector, communities and among individuals so that they can effectively develop the urban housing sector. Government roles are seen as enabling sector development (in Pugh, 1995, p. 64).

frequently, when international agencies are brought in, it is economic rather than political interests and alliances that come to the fore. One of the few exceptions to the rule are discussions around negotiation in housing (see Ramirez and Fiori, in C. Mathey (ed), 1992). Those engaged in the housing debate have themselves realised this shortcoming.

As discussed above, one of the major criticisms by Burgess (1989) of Turner's work is that it is apolitical. He argues that Turner sees both the state and housing only in a technical and administrative light.

> "It would be a fatuous exercise to try to assess such [self-help] projects solely on the basis of economic or technical criteria in a situation where demands for the means of collective consumption and housing, and the state's responses to them, are treated in political terms and are strongly articulated with questions of power" (Burgess, 1989, pp.300-301).

It should be recognise that although Burgess's work (1989) includes a political analysis, he seems to see it as separate from his main argument. The crux of his work derives from a Marxist economic analysis. Consequently, he and other self-help critics have been criticised for this shortcoming.

> "The intensity and extension of state intervention in a form of self-help housing policies depends fundamentally upon political circumstances. The understanding of those circumstances and their implications should be, in our view, the key issues in the self-help debate. We believe that it is here that the self-help critique has its most apparent limitations" (Ramirez & Fiori, 1992, p.6).

Fiori and Ramirez have started to incorporate more systematically a political analysis in their discussion of self-help housing. Their recent work (1992) on the potential for negotiation between the community and the state reflects this area of interest.

While not the focus of the housing literature, political analyses has in some way been part of three different yet interrelated areas of study. The first, which is at the periphery of the housing debate but has some influence on it, is the body of literature on urban social movements. The second, is the examination of the role that self-help housing might play in altering the political make-up of communities. The third, is the discussion around community participation, especially in the housing context.

The literature on urban social movement (Pickvance 1976, Lojkine 1978, Castells 1983) does touch on the social movements in the context of housing but only marginally. Pickvance discusses issues such as participation, protest and urban social movements (1976, p.200). Castells makes the point that urban social movements are rare and limited in scope and duration, that they are in fact 'the heart of a broader theory of urban social change' in that sense of a 'redefinition of urban meaning' (Castells, 1983). Lojkine calls attention to the role of the state in financing so-called 'economic' infrastructure such as roads, harbours, communication networks, at the expense of 'social' infrastructure such as housing as a trigger to social movements (Lojkine, 1978, p. 153).

More directly involved in housing as such, the second area of literature which include a political discussion, is the debate around the political impact of self-help housing on communities. The general view is that in one way or another state intervention will always have some sort of political impact:

> "State intervention will affect the form of community organisation by modifying community and state relations. The changes may increase 'social control' or may sharpen political conflict by encouraging class solidarity over the provision of infrastructure and collective services. The outcome will depend on the different kinds of state-agency operations" (Gilbert and Ward, 1985, p. 14).

Burgess further clarifies the way in which state self-help housing and upgrading projects can have an important function as instruments of regulation and control over the urban development process. He argues that in cases where communities are in some way involved in decision making, cadres are created as part of the institutionalised community development system in order to control the process rather than to facilitate real political involvement. Burgess then adds that even when there is not a high degree of institutional participation, "the ongoing process of paternalism, patron-client and political manipulation can weaken the collective structure" (Burgess, 1989, p.302).

Some aspects of the community participation literature also brings a political discussion in the context of housing. The on-going debate about the role of participation reflects such a discussion. The protagonists for community power see housing as a vehicle for communities to express some control over their own lives, and to redress political power from bureaucratic structures to smaller user-controlled groups. The World Bank on the other hand, justifies owner-built house construction and involvement of community organisation purely on the grounds of economic efficiency especially in terms of cutting down cost (Williams, 1984, p. 177).

Many of those on the political right see community self-help as a way of overcoming deficiencies by producing services and at the same time reducing dependence on the state. They see it as promoting self-improvement and independence, both cherished right-wing values. For those of the left, community action most importantly has the potential of raising consciousness. Between the two political extremes, many see community participation as a means of improving both material standards and increasing the community's role in decision making (Gilbert and Ward, 1985, pp. 175-177).

Paul, followed by Moser, distinguish between participation as a means and participation as an end. 'Participation as a means' is seeing participation as a way of achieving a particular goal, eg cheaper housing. 'Participation as an

end' is seeing participation in itself as the goal, as the goal to achieving empowerment. In a review of the experience of the World Bank, Paul discusses the different levels of the objectives of community participation. His definition of community participation is that it is "an active process whereby beneficiaries influence the direction and execution of development projects rather than merely receive a share of project benefits". The objectives of community participation are empowerment, building beneficiary capacity, increasing project effectiveness, improving efficiency and project cost sharing (Paul, 1987, p. v). These individual objectives can fit categorisation of participation as an end, and participation as a means (Moser, 1983; Oakley and Marsden, 1984).

Moser suggests that community participation could be studied, based on the finding answers to four basic questions. 'Why participation': is participation seen as a means or an end? 'When participation': does the community participate at the planning stage or only the implementation or maintenance stage? 'Whose participation', are the owners the renters, men or women who participate? And 'how participation', is it just given lip service or is consultation in fact about decision making issues? (Moser, 1989, p. 80).

This discussion around the political impact of state intervention on communities and the use and interpretation of community participation in housing, are of importance to the analysis of my case study. Both these issues have played a crucial role in shaping the process of the relationship between the state and its institutions on the one hand, and the communities involved on the other.

E.   DONORS, RECIPIENTS AND COMMUNITIES THEIR ROLES
       AND RELATIONS IN SELF-HELP HOUSING:

While a holistic, economic analysis is important to the understanding of a complex process such as housing and housing intervention, it is also crucial not to lose sight of the political nature of the various relationships that arise

from and effect the housing process. It is a process that encompasses international, national and community actors with their multitude of sub-sets of actors, and therefore it is impossible to imagine a scenario where politics takes a back seat. However such recognition is not enough. To reach a wider understanding of this issue, the political relationship needs to be studied directly.

There are two levels at which this can be done. The first is to identify and analyse who the actors and the sub-sets of actors are. This would include an understanding of the dynamics of the relationships between the different actors and the way in which their interactions is effected by who they are. The second level, which is the focus of this thesis, is not only to examine what governs these relationships in terms of ideology, interests and alliances, but to look into how these various components are advanced by the different actors over a particular process. In other words, how it is that different actors conduct themselves in order to achieve their goals? What tools do they use? How do these change and evolve over time?

The discussion of the first part of this chapter covers a description and analysis of donors and recipients of aid, their respective institutions and the relationship between them. Considering the first level of political analysis, how do these relationships apply to the housing sector? At the international level, agencies are responding to different institutions within and outside the governments they represent. There are different government bodies, administrators and politicians. There are also consultancy firms, construction industries and contractors[5]. The latter three groups may influence the housing intervention of international agencies through their political constituencies. Therefore any analysis at this level will need to take into account these sub-sets of actors and the relationship between them.

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[5] International agency funded self-help housing programmes often include the import of building materials as well as technical support and supervision from western firms.

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At the level of interaction between international agencies and 'third world' governments, the interventionist nature of self-help housing is quite overt. It is important not to forget that in the first place, self-help programmes in the 'third world' (and in some contexts to the present moment), are still implemented under economic and political pressure from international agencies[6]. The conditionality involved with self-help housing mean that 'third world' governments have to change some of their previously chosen policies. This, as discussed previously, immediately makes the relationship a political one setting up a particular dynamic that will differ from one context to another. The 'third world' state, in turn, is in no way a monolithic entity. Fiori and Ramirez argue that it would be an error not to understand

> "..the contradictory character of a state which is always
> ambiguously and tensely held between the immediate interests
> of capital accumulation and the long-term need for social
> stability; a state which becomes itself an arena of political
> dispute and struggle" (Ramirez & Fiori, 1992, p. 29).

As mentioned earlier, while the state often does act according to the economic interests of the dominant groups, it is above all a political entity which has to respond to public demand in order to keep its legitimacy. In the case of self-help housing, the state is often constrained by international agency conditions. At the same time the state has to respond to pressures from different bodies within and outside it (eg. political parties). There are two broad categories of bodies, local and central government bodies, which might have different positions concerning housing provision.

> "The administrative relations between central and local
> government exert considerable influence over low-income
> housing programmes. These relations are largely influenced by
> the 'de jure' and 'de facto' patterns of accountability. In
> theory, at least, the simplest systems should be found in the
> one-purpose organisations with a simple hierarchical command
> and accountability structures. However, even in these
> organisations there are cleavages and alliances which make 'de

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[6] This is particularly true of Africa.

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facto' control far more complex than might appear" (Amos, 1985, p. 165).

Examining one or the other bodies of government, Walton points out the contradictions within them. He explains that both within each and between each of the groups involved in self-help housing projects "there are generally wide, even violent, divergences of views" on which housing approaches are relevant. In particular, there are often powerful people in government who do not believe in the general self-help approach, and thus project preparation and implementation take place against strong and influential opposition. There is often conflict between the progressives and the reactionaries in government (Walton, 1984, p. 188).

Again a great deal would depend on who the programme or project implementing agency is. It might be a government agency or an NGO. The way they would relate to other government bodies (central or local), to international agencies or community would vary greatly. Moser argues that the most important constraint faced by implementing agencies [NGOs] is a political constraint. When community participation and decentralised, local control are feared by national governments, agencies are unable to adequately include community participation components in projects (Moser, 1989, p. 119).

This brings the discussion to the relationship between the government and the community.

> "There are few comparative analyses which identify the reasons
> for the variations between state-community relations. As a
> result there are few general statements about the factors that
> have shaped state-community relations, the covert and overt
> motives for state involvement, and the relationship between
> party politics and neighbourhood organisation" (Gilbert and
> Ward, 1985, p. 16).

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Housing projects generally then become "immersed in a web of politicking within and between bureaucracies", leading to lack of coordination, delays in the delivery of materials, technical assistance and finance. Even those projects that have a stronger horizontal linkages based on cooperative work and strong community sentiment will find it difficult to resist the political process that accompany institutional participation (Burgess, 1989, p.304).

The community itself, as in the case of the other aggregates of actors, is also in no way homogenous. There are different groups operating such as leaders, both constituency and/or traditional, different party supporters, home-owners and renters, men and women etc.. Important dynamics resulting from their roles and positions as well as economic and political interests cannot be overlooked. Looking at leaders for example,

> "..leaders who present themselves as responsible for the 'whole community' often turn out to be firmly tied to one particular faction or kin group and may put forward views and solutions which are quite contrary to those of their neighbours" (Walton, 1984, p. 194-195).

Vertical alliances can also play an important part in shaping the role that leaders play in self-help housing projects. Their position vis-a-vis political parties will greatly influence their position.

The second level of political analysis is about the way in which such relationships, as they were briefly described above, are articulated. While actors, their roles, interests, ideologies and relationships might be touched upon to various degrees in the housing literature, the way in which they are put into action, or, in some cases inaction, is ignored. Since neither the aid nor the housing literature provide support in this area, a third body of literature, that of power, will have to be examined.

V THE CONCEPT OF POWER: METHODOLOGICAL APPROACH

As shown above, while power is often part of the discussion of both foreign aid and housing, it is rarely central to either. Discussing the foreign aid literature, Mosley states that he was dissatisfied with the analysis in the literature which denies the link between aid and political power (Mosley et al, 1991, p. xii). The same can easily be said of the housing literature.

Power and power relations have been studied in different disciplines: anthropology, sociology, political science and international relations among others. There is a general agreement among whose dealing with power, that it is a complex and 'slippery' concept. Some even suggest it should be avoided totally.

The inclusion of such a difficult concept as power relations is however unavoidable. As will become clearer as the analysis of this thesis progresses, it is the reality of the situation under study that dictated that this was an issue that had to be examined.

A. SOME METHODOLOGICAL IMPLICATIONS OF THE STUDY OF POWER:

Different approaches to the study of power explicitly or implicitly propose a methodology through which power relations can be observed. These methodologies include techniques of the study of power and choice of indicators, the choice of the unit of analysis, other elements important in the study of power and forms of power.

1. Techniques and indicators of the study of power:

While most of those who studied power did not discuss the tools they employed in their analysis of it, their definitions of power often implicitly reflected them.

Among the schools that focused on the study of power is the pluralist school. The pluralists, to whom Dahl (1961), Polbsy (1963), and Presthus (1971) belong, have extensively dealt with the concept. Dahl defines power as follows: "A has power over B to the extent that he can get B to do something B would not do otherwise" (Dahl, 1957 cited in Debnam, 1984, p.3). Their methodological approach, the ' decision-making' approach, was designed to answer questions about the distribution of power in society. This approach was based on the premise that power holders in a society could be identified through the examination of important decisions. Their studies were based on working back from important decisions to those who participated in them (Poulantzas, 1969, p.73). Polbsy, for example, argues that identifying who prevail in decision making seems to be 'the best way to determine which individuals and groups have more power in social life (Polbsy, 1963, p.113). Decision making was thus the indicator of the power intervenor (Barnes, 1988, pp.10-11).

The pluralists were primarily criticised for what Lukes describes as their 'one dimensional' view of power (Lukes, 1974, p.15). The pluralist approach did not attempt to study why an exercise of power is successful. Such explanations, Joseph maintains, would involve taking into account the resources of the power holder and the perceptions of the subjects of power. Such categories, she adds, were excluded because they would not easily be amenable to empirical verification (Joseph, 1988, p.8). In other words, the pluralists did not try to study why certain actors had power nor did they look into how this power was exercised.

The neo-elitists have also been interested in the study of power. Their approach originated in the work of Batrach and Baratz. However, since they never explicitly defined what they meant by power, Debnam suggests the following definition to reflect their work:

"...power can be said to have been exerted where there is a conflict of values between A and B; where A threatens B with severe sanctions in the event of B's noncompliance; where A's demand, and the severity of the sanctions, are rationally perceived by B; and where A gets his way with B's compliance" (Debnam, 1984, p.6).

The neo-elitist approach, described by Lukes as a 'two-dimensional' view of power, focuses on the examination of both decision-making and non-decision making. Batrach and Baratz define a decision as 'a choice among alternative modes of actions' (Batrach and Baratz, 1970, p.39) ; a non-decision as a 'decision that results in suppression or thwarting of a latent or manifest challenge to the values or interests of the decision-maker' (Ibid, p.44). They argue that the pluralist approach takes "no account of the fact that power may be, and often is, exercised by confining the scope of decision-making to relatively 'safe' issues" (Ibid, p. 6).

Barnes criticises both the pluralist and neo-elitist methodologies for simply looking at the effect of power in a given social relationship rather than examining also the power holder and the power process itself.

"We are brought to the point where power is said to reside and then, at the last moment, we are made to look away from the power itself, as it were, to its consequences. Whatever produces these consequences: that is power" (Barnes, 1988, pp.6-7).

The neo-elitist, like the pluralist approach are also criticised by Lukes and Frey for not including conflict between goals and interests of power holders and power subjects in their study of power (Lukes and Frey cited in Wrong, 1979, p.130). It is through the criticism of both approaches that Lukes comes up with his own approach to the study of power. His definition of power is that "A exercises power over B when A affects B in a manner contrary to B's interests" (Lukes, 1986, p.27). What he calls his 'three dimensional' view of power implies that power can occur in the absence of actual, observable conflict, which may have been successfully averted despite implicit potential

conflict. This potential, however, may never in fact be actualized. What one may have is a latent conflict, which consists in a contradiction between the interests of those exercising power and the real interests of those they exclude. The latter may not express or even be conscious of their interests, yet the identification of those interests ultimately always rests on empirically supportable and refutable hypotheses (Lukes, 1974, p.18).

Despite his comprehensive criticism of other schools' methodological limitations, Lukes was unable to propose a methodological solution that would go beyond the identification of power holders, when it is that they exercise power and the conflict they cause for those over whom they exercise power. Why and how power operates was not worked through in his methodology. "How power is identified was left to the cryptical brief terms of the purportedly crucial definition" (Debnam, 1984, p.2).

The Marxist-structuralists offer a different and more challenging approach to the study of power. Their main disagreement with the decision-making approach is that power should not be studied at the level of the self-conscious action of individuals. They consider power to be a result of a whole system of constraints which exist in a society. It is these constraints that the structuralists see as determining the nature of decisions which a society makes and which also influence their outcome. To them participation in decision-making by itself, could not then be taken as an indication of the distribution of power in society (Joseph, 1988, p.58). Poulantzas explains that the fundamental defect of the conception of decision-making is that it succumbs to a voluntarist conception of the decision making process without placing it in the structure within which this process occurs (Poulantzas, in Lukes (ed), 1986, p.144).

Althusser's structuralist-Marxism has led him to a holistic view of power, with important methodological implications. His analysis of power has taken the form of an analysis of the structures which support the exercise of power in

society. It is assumed that power does not exist merely because people feel powerful, or alternatively, oppressed. Power is a result of the way in which society is organised and it exhibits itself in relationships of domination and exploitation. It is built into social structures and practices (Joseph, 1988, p.49). For Althusser and for those who adopted his approach, practice is class practice and power is a term which refers to the sphere of class struggle (Ibid, p.50).

Poulantzas defines his concept of power as "the capacity of a social class to realise its specific objective interest" (Poulantzas, p.104, in Lukes, 1974, p. 54) Poulantzas maintains that within the framework established by structures the relative power of different classes will depend upon economic, political and ideological organisation of class (Joseph, 1988, p. 64).

> "The economic process is class struggle, is therefore relations of power- and not just economic power. In the case of classes, power comes down to objective positions rooted in the division of labour: it designates the capacity of each class to realise its specific interest in a relation of opposition to that capacity in other classes. It is therefore impossible for power to escape economic relations" (Poulantzas, 1978, p. 36).

To study power, Poulantzas suggests a 'relational theory of power'. He argues

> "..as applied to social classes, power should be understood as the capacity of one or several classes to realise their specific interests". "...The capacity of one class to realise its interests is in opposition to the capacity (and interests) of other classes: the field of power is therefor strictly relational" (Poulantzas, 1978, p.147).

Interest in the context of class, advancement of interests and degree of other's resistance through their own advancement of interests are thus Poulantzas' major indicators for the study of power. Poulantzas' methodological approach

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is useful in the context of this thesis especially in terms of his 'relational theory', though less so in terms of orthodox class analysis[7].

The relational theory helps in the examination of international agencies and 'third governments', as well as 'third world' governments and communities. It provides an interesting tool in understanding to what degree power is exercised in so far as it is allowed by the other actors. However, the findings of this thesis will challenge Poulantzas's structural determinism. The issue of choice which has little space in his theory of power, the choice of certain actors not to exercise power, ie 'inaction', proves to be a crucial characteristic of power relations in this research. Another problem with structural determinism, is the assumption of implicit ownership of power by certain classes and the static implications of such a supposition.

Foucault's conception of power although methodologically elusive, provides an extremely important dimension to the understanding of complex and dynamic power relations as examined in this thesis. Foucault argues that power "..is not to be taken to be a phenomenon of one individual's consolidated and homogenous domination over others, or that of one group or class over others" (Foucault, 1980, p. 98).

> "It is never localised here or there, never in anybody's hands,
> never appropriated as a commodity or piece of wealth. Power
> is employed and exercised through a net-like organisation. And
> not only do individuals circulate between its threads; they are
> always in the position of undergoing and exercising this power"
> (Ibid).

Foucault's definition challenges one of the most serious methodological shortcomings of the study of power as a static phenomenon. It seems to offer

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[7] This thesis will examine mostly relations between national and international agencies at the policy level, between ethnicity, leadership and tenants and owners at the community level. Class will only be one dimension of the political analysis of power relations.

a way out of the Marxist-structuralist determinism which assumes that those who have political and economic control have monopoly over power.

On the other hand, many of the problems that arise with Foucault's theory of power are related to the way in which his concept of power is '..generalised to such an extent that it loses any analytic force' (McNay, 1994, p. 104). While this might be the case, what Foucault provides is an opening up and a challenge to any sort of determinism when it comes to the holders of power. It is this very opening which Foucaults' definition of power offers which enables the exploration of the issues raised in this thesis to take place.

2. The unit of analysis: holistic versus individualistic:

While this discussion deals with a number of important and complex issues, one of the centres of the debate is about the context of the analysis of power. There are those who propose that power is held and exercised by individuals, others see it only in the context of structures.   The question is: ".. if we say that information about actors is essential to any discussion of power, then what is to count as an actor?" (Debnam, 1984, p.16).

Methodologically the unit of analysis is generally divided into 'individualistic', ie. seeing the power relationship as being exercised by individuals, or 'collective' or 'holistic' implying structures, classes, institutions, society etc. Lukes calls this the dichotomy between structural determinism and methodological individualism (Lukes, 1974, p. 54).   The methodological divide, needless to say, has crucial implications in the study of power.

When power is analysed by the pluralist and neo-elitists for example, actors in power relations are in fact individuals and small cliques and or factions. On the other hand, for marxists, structuralist and functionalists, actors are collectivities or structures.

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Most of those who study the literature on power agree that the majority of the contributors to the study of power belong to the individualistic rather than the holistic approach. Barnes argues that Weber, Dahl and Wrong assign power to individuals rather than institutions or entire societies. Although some sociologists such as Parsons (1960), Deutsch (1968), Poulantzas (1978) and several others, think of power as "..essentially a structural property manifest in an entire society rather than its constituent individuals", the mainstream of sociologists and political theorists assigns it as a property of the individual (Barnes, 1988, p.6). Wrong describes how decisionists, elitists and pluralist, "..are all prone to locate power in the resources of the individuals rather than in impersonal organisations" (Wrong, 1979, p.133).

In his criticism of the individualistic approach, Lukes argues that its formulation facilitates moral and evaluative objectives. By defining power as individualistic one can fix responsibility for action or inaction (Lukes, 1974, p.6). Lukes himself was however criticised for not offering a solution and for ending up retreating to the same base in methodological individualism that he sought to demolish (Debnam, 1984, pp.17-18).

Althusser, who adopts a holistic approach to the study of power, "..has pitched his discussion exclusively at the level of structures because he feels that individual action cannot be considered in isolation from the social situation.."(Joseph, 1988, p.11). Certain concepts associated with the problem of power such as concepts of interests, or exploitation, would refer in Althusser's theory to aspects of objective structures rather than to attributes of individuals. The significance of the experience and perceptions of individuals can only be understood by reference to the structures of the formation (Joseph, 1988, p.57). Arendt acknowledges the primacy of collective resources in her definition of power when she writes:

> "..power corresponds to the human ability not just to act but to
> act in concert. Power is never the property of an individual;
> it belongs to a group and remains in existence only so long as
> the group keeps together" (Arendt, 1970, p.44).

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"The large bureaucratic structures of the modern world suggest" ...that "..organisations may be collective or corporate actors sui generis, wielding and accumulating power that serves neither the goals and interests of their members, nor a minority of organisational leaders, nor, for that matter, of outside individuals or groups to which the leaders are accountable. ..it is for their own self-aggrandisement" (Wrong, 1979, p.140).

Joseph explains that the structuralist approach "...has tried to go behind the study of individuals who exercise power to the structural conditions which 'place' these individuals and define their roles. It has tried to show how the intentions of people and their actions are influenced by factors outside their control and it has tried to provide concepts which can be used to analyses these systemic constraints" (Joseph, 1988, p.60). The structuralists have also been criticised for their holistic approach.

"The structuralist approach to power has faced the problem of providing concepts by which structures can be linked to action. In attempting to avoid an approach which awards independent significance to individual action, theorists have taken the opposite position of not giving action any explanatory role in their theory".

Giddens thus finds that the main methodological weakness of the structuralists is that individual action, consciousness and experience are excluded from the analysis (Giddens, 1976, p.121 in Joseph, 1988, p. 66).

While the above theories conceptualise the existence of power either among an individual/s or within structures, one cannot avoid the question: Does it have to be one or the other? Is it not the case that the individual range of possibilities to exercise power is drawn out of structures that allow this individual to exercise a certain form of power at a given time? Is it also not true that there are individuals who would chose to exercise power or not, who would exercise one form of power rather than another within the same structure? In other words, while power of individuals might be drawn out of structures, some individuals while probably restrained by the boundary of such

structures, can exercise a level of choice in the way they exercise power. Other individuals, under certain circumstances might even challenge these structures. Foucault, according to McNay, offers the possibility of power being exercised in all contexts.

> "Power underlies all social relations from the institutional to the inter-subjective... To understand power, therefore, it is necessary to analyse it in its most diverse and specific manifestations rather than focusing on its most centralised forms such as its concentration in the hands of a coercive elite or a ruling class. This focus on the underside of everyday aspect of power relations Foucault calls the microphysics rather than the macrophysics of power" (McNay, 1994, p. 3).

While the analysis of this thesis would favour an inclusion of both the 'macrophysics' and the 'microphysics' of power, the latter will be primarily analysed in the context of the former. What this means is that while the exercise of power (conscious or unconscious), action or inaction might be exercised by individuals, this exercise is as such because the contextual structure allows it. This again does not deny the possibility that structures also allow the possibility for challenge and change.

3. The forms of power:

In order to study power in all its complexity, various forms of power need to be recognised. The only distinction made above in terms of forms of power is the general categorisation of whether it simply implies action, or also include inaction. In fact a clear definition of various forms of power with its various strategies and tactics is crucial.

Wrong, in his discussion of forms of power explains that the classification of forms of power as ideal types by no means imply that all actual power relations can be neatly subsumed under one or another labelled form. "..Most power relations are mixed, exhibiting qualities of contrasted types interwoven into an apparently inseparable blend" (Wrong, 1979, pp.66-67). Wrong

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distinguishes between different forms of power such as force, manipulation, persuasion and authority. Manipulation and persuasion, he argues, are the more interesting forms due to their subtlety and effectiveness (Ibid). Manipulation, as the thesis will show, is in fact an important form to recognise when examining the relationship between donors and recipients of aid.

Galbraith suggests another range of forms of power. These are condign, compensatory and conditioned power.

> "Condign power wins submission by inflicting or threatening appropriately adverse consequences. Compensatory power, in contrast, wins submission by the offer of affirmative reward...Conditioned power...is exercised by changing belief" (Galbraith, pp.213-214 in Lukes, 1986).

Deutsch discusses the range of power. He defines it as "the difference between the highest reward (or indulgence) and the worst punishment (or deprivation) which a power-holder can bestow (or inflict) upon some person in his domain)" (Deutsch, 1968, cited in Couloumbis and Wolfe, 1982, pp.66-67). A government expenditure on foreign aid and technical assistance would be reliable and valid indicators of reward-oriented range of power (Couloumbis and Wolfe, 1982, p.71). There is also room for both condign and conditional power, which as this thesis will show, could or could not be acted upon.

Different forms of power can intersect with different stages of power relations. To borrow Blowers' three stages of the social system, power relations can go through a dormant, passive and active stage. He explains that a situation may be dormant when there is no conflict; passive when the potentiality for conflict emerges but is resisted by various means; and active when conflict can no longer be contained and expresses itself demanding resolution through political action (Blowers in Healey et al (eds), 1982, p.143).

Related to stages of power, Law distinguished four themes that are employed by sociologists in the understanding of power: 'power to', 'power for', 'power storage' and 'power discretion'. Power storage is the potential to exercise power and power discretion is the choice to exercise power or not to (Law, 1991, pp. 169-170). Foucault, Law explains, does not believe that power can be stored because power "..is exercised rather than possessed " it is not "...acquired or preserved" (Foucault, 1979, p.27 cited in Law, 1991, p. 169). Law however argues that to reject 'power storage' is to ignore the techniques and strategies by which power is created (Law, 1991, p. 169).

'Power discretion', as Law discusses it, is a very interesting concept as it is not only a theme and a stage in a power relation, but also part of the strategy. The power not to act is a necessary tactic in a power situation . Barnes also discusses the importance of recognising power discretion. He explains that the 'power holders' concentrate not only on capacity for action, but discretion in its use. They hold the potential not only to act but the potential to chose between different lines of action (Barnes, 1988, p.73). In concluding his discussion of these themes of power, Law says: "I want to touch on the effects, the methods and the techniques that actors use to store and secure discretion in the development of power" (Law, 1991, p. 172).

In general, when forms of power are examined, the analysis stops at identifying what form of power is used in a particular social context. What this fails to do is to recognise the possibility of the co-existence of several forms of power in a particular power relationship and the fact that they could also change over time. Different forms might be used at different stages of a given relationship, depending on the strategies and tactics that might be needed under particular conditions.

The dynamic nature that characterise power relations in terms of its forms, tactics and strategies have been particularly well captured by Foucault. He argues that one must conduct an 'ascending' analysis of power, starting from

the infinitesimal mechanisms, which each have their own history, their own trajectory, their own techniques and tactics, and then see how these mechanisms of power have been- and continue to be invested, colonised, utilised, involuted, transformed, displaced, extended etc. (Foucault, 1979, p. 235).

What Foucault implies here is a methodology that assumes forms, strategies and tactics of power are dynamic. It is the very examination of how these change over time and why, that is interesting as well as challenging.

4. Elements which are key to the understanding of power relations:

Various methodological approaches to the study of power include a number of elements which are considered to be linked to the exercise of power and thus to its examination. In his review of the literature on power, Debnam (1984) tries to dissect the different methodological approaches to the study of power by examined which 'elements' are included by various theorists. Rather than going into this analysis in great detail, it would be useful to examine just two such elements and how they are considered necessary to the understanding of power relations.

Interest and conflict, which themselves are complex concepts, are among others, elements that are examined when power relations are analysed. These elements are often implicitly rather than explicitly included in the different methodological approaches to the study of power. The aid theoretical discussion also very much focuses on these two elements. The difference is that it stops short of analysing how interests and conflict are manifested in the way the relationship of recipients and donors is conducted. Putting it in the context of power relations helps in this analysis.

'Interest' is a complex theoretical concept which is closely tied into the concept of power. As the above discussion shows, the word 'interest' was

mentioned many times whether in definitions or approaches to the study of power. It is not only a complex concept but also it is difficult to access.

It is primarily the marxist-structuralists who strongly advanced the link between power and interest. It is important to point out that interests are used by theorists, such as Althusser for example, as objective structures rather than attributes of individuals (Joseph, 1988, p.57).

Poulantzas argued that 'if functions of the state in a determinate social formation and the interests of the dominant class in this formation coincide, it is by reason of the system itself, the direct participation of members of the ruling class in the state apparatus is not the cause but the effect" (Joseph, 1988, p.59). Interest is central to Poulantzas' definition and method of the study of power.

'Interest' inevitably raises the issue of conflict. 'Conflict' is another element of power which seems to be crucial to the understanding of power relations. There is disagreement within the power debate about whether conflict is a necessary component of power. Dahl writes that it is " a necessary though possibly not a sufficient condition that the key issue should involve actual disagreement in preferences among two or more groups" (Dahl, 1958 cited in Lukes p.13). Conflict, according to that view, assumes to be crucial in providing an experimental test of power attribution: without it the exercise of power will, it seems to be thought, fail to show up.

Giddens, on the other hand is unwilling to connect conflict to power. He argues that while conflict and interests are linked, conflict and power are not. He explains that the relationship between power and conflict is a contingent one: "..as I have formulated it, the concept of power, in either sense, does not logically imply conflict". This stands against some uses or misuses of perhaps the most famous formulation of 'power' in the sociological literature, that of Max Weber, according to whom power is 'the capacity of an individual

to realise his will, even against the opposition of others'. The omission of the 'even' in some renderings of this definitions is significant: then it becomes the case that power presupposes conflict, since power only exists when the resistance of others has to be overcome, their will subdued. It is the concept of 'interest' rather than that of power as such, which relates directly to conflict and solidarity. If power and conflict frequently go together, it is not because the one logically implies the other, but because power is linked to the pursuance of interests, and people's interests may fail to coincide (Giddens, 1993, p.112).

As shown in previous section, interest is very much the centre of discussion in the aid debate. This makes the discussion of interest in the context of power relations of particular importance to the analysis of this thesis.

B. CONCLUDING REMARKS ON KEY METHODOLOGICAL ISSUES:

The above discussion shows how different approaches have tried to study power through the identification of who has power, maybe to a lesser degree why they have power or how this power is exercised. It also examines how power is exercised and how and why relationships of power change over time. While this thesis does not adopt a purely Foucaultdian analysis of power relations, Foucault's ideas about the way in which power could be conceived provide a crucial insight into the understanding of the findings of my research. Had an exclusive structuralist methodological approach been adopted, an understanding of the complex and dynamic relations that characterise the process studied in this research would have been missed. While Poulantzas' conception of power is an interesting and useful one, it does not go far enough to explain the power relations that exist among actors beyond the boundaries of class, the various possibilities of holding power and losing power over time and the possible challenges to seemingly unquestionable power holders.

The discussion about forms of power, while it provides a very important tool to the understanding of power relations, does not go far enough either. As mentioned above, forms are not static, one form does not have to be characteristic of one power relationship. In this sense, Foucault's analysis offers a very interesting view of the dynamic character of strategies, forms and tactics that dominate power relations. It is the examination of these changing and dynamic forms, tactics and strategies over the process in a particular context, that can help understand most about power relations.

VII CONCLUSION

The three bodies of literature provide in their different ways a conceptual framework for the analysis of this thesis. While the foreign aid literature provides a basis for the understanding of donors and recipients and the role they play in the aid context, it is lacking in terms of examining the relationship itself, in terms of including a political discussion and in terms of examining the populations of recipient countries, their roles in the aid relation and the impact that the latter has on their lives. The housing literature, while sharing the same weakness of the exclusion of a rigorous political analysis in the understanding of the housing process, adds the dimension of populations of the 'third world' and the impact that state and often donor led interventions have on them. The third body of literature on power provides this missing dimension of a political analysis. While acknowledging the difficulty of reaching a workable operational definition of power, there is enough in what Poulantzas and Foucault offer, to attempt an exploration of power relations and the dynamic they set in the context under study. Indicators of power, forms of power and units of analysis in so far as they are seen as dynamic, also provide useful tools for understanding power relations.

CHAPTER 3

THE CONTEXTUAL FRAMEWORK:
AID AND HOUSING IN EGYPT

I INTRODUCTION

The relationship between the Government of Egypt (GOE) and USAID as exemplified by the Helwan 'Housing and Community Upgrading for Low Income Egyptians' project, can be better understood when put in the context of Egypt's political economy in the last two decades. This chapter briefly attempts to cover what has been a very dynamic and complex process in the modern history of Egypt. The first part will deal with the political economy of Egypt since the 1952 Egyptian Revolution and the role that aid played during this period; the second part will give some background about the housing situation of Cairo and the various government interventions to deal with it; the third part, will be a brief background on the Helwan Housing Project.

II THE POLITICAL ECONOMY OF EGYPT AND FOREIGN AID

After centuries of foreign occupation, Egypt gained its independence in 1952. Two major policy shifts have happened since then, one towards socialism, the other towards capitalism. Throughout its post-revolutionary years, Egypt has relied heavily on both multilateral and bilateral economic aid. It started by getting aid predominantly from the U.S. and Russia. Then, in 1965, the U.S. stopped all aid to Egypt, resuming it again in 1973. Egypt also received multilateral aid from the World Bank (WB), International Monetary Fund (IMF), and the International Bank for Reconstruction and Development (IBD), as well as from the oil rich Arab states in both multilateral and bilateral form.

One way of looking at the recent history of Egypt is to examine it according to three phases following its presidents, Nasser, Sadat and Mubarak. During

these three phases its relationships with aid donors has gone through a number of changes. Since this thesis examines the relationship between USAID and Egypt, the focus in the following sections will be predominantly on this relationship. Also, while Egypt receives various types of aid such as military, food and development aid, given the focus of this thesis only the latter will be discussed in detail.

A. THE NASSER PHASE (1954-1970)

Having led the Egyptian revolution of 1952, Nasser became President of Egypt in 1954 after an interim government presided over by Mohamed Naguib for two years.

1. The Political Economy of Egypt under Nasser:

Shortly after the Egyptian revolution, the new government headed by Nasser took major steps towards political, economic and social reform. Between 1952 and 1954, Egypt underwent a phase of uncertainty during which the new regime was establishing its legitimacy and gaining full independence from the British (Ibrahim, 1982, p. 379). Following this phase, and until 1960, a new tendency toward the nationalisation of the economy started. This led to rapid capital formation by the state. While the beginnings of an inclination towards socialism started in the early fifties with anti-capitalist rhetoric in official statements, socialism was not introduced until 1961 (Abdel Fadil, 1980, p. 2). What follow was a socialist transformation phase between 1960 and 1967 during which much of the Egyptian economy became an almost completely planned system under the control of the public sector (Aliboni, 1984, p. 19).

Starting in the mid-fifties, a number of measures were taken in order to achieve some kind of 'development nationalism' as part of the socialist achievements. These measures included the nationalisation of the Suez Canal [1956] as well as the nationalisation of other major foreign investments [1956-1966], followed by an ambitious industrialisation programme (Ayubi, 1991,

p. 333). Redistributive measures were also undertaken through a series of land reforms (1952 and 1962) and the increasing reliance of the government on taxation and subsidies as transfer mechanisms (Abdel Khalek, 1982). Free education from schooling through to university, free health delivery and guaranteed public sector employment to university graduate were also introduced.

In the early sixties Egypt accomplished significant transformation of its economic structure achieving its highest rate of growth since the beginning of the century while at the same time reducing income inequality (Amin, 1981, p. 439). Nasser's socialism was defined in the Charter of National Action (1964), as the pursuit of 'sufficiency and equity'. By sufficiency he meant the expansion of the nation's total production of wealth and by equity he meant a fairer and more equitable distribution of income in society (Abdel Fadil, 1980, p. 2).

On the foreign front, Arab nationalism as well as 'non-alignment' dominated Egypt's foreign policy. At this stage of its history Egypt was the exemplar state as far as the third world was concerned (Ayubi, 1991, p. 333). It became, in the early 1960s, a 'Third World political Mecca' and the headquarters for many national liberation movements. Cairo became a major meeting place for Arab, African and non-aligned summits, and Egypt's international status and power reached its peak during this time (Korany, 1986, pp. 91-94 cited in Ayubi, 1991, p. 334). Most Egyptians had a great deal of pride in their newly acquired independence and the leadership role they had achieved.

The 1967 war and the humiliating defeat by Israel, was a devastating shock for Egyptians. The defeat resulted in Egypt experiencing a deep crisis and a great loss in its strides towards development and a sense of autonomy and leadership. This led to a 'stagnation phase' (Ibrahim, 1982, p. 381). The Egyptian economy experienced an 'arrest of the tumultuous growth' of the

previous years (Aliboni, 1984, p. 20). This was a result of the use of a large proportion of the country's resources for military expenditure causing a sharp decline in socio-economic investment (op-cit, p. 381).

2. Economic Aid during Nasser's Presidency:

Aid was received from various donor countries. Both the USSR and the U.S. contributed generously during most of this stage. Nasser's decision to exchange Egyptian cotton for Soviet weaponry in 1955, then reaching an arms agreement with the Czechs, "thrust Egypt onto centre stage in the unfolding drama of the Cold War in the middle East" (Burns, 1985, p. 1). Egypt, at the same time turned to the U.S. for economic aid, which the latter saw as an ideal way to develop American influence in Egypt. Between 1958 and 1965, Egypt was the largest consumer of U.S. food aid (Morris, 1977, cited in Burns, 1985, p. 134). During this period the Soviets helped industrialise Egypt while the U.S. helped feed its work force. "Nasser had succeeded in diversifying his dependency, thereby increasing his room for manoeuvre" (Waterbury, 1983, p. 404).

By the mid-1960s Nasser's criticism of the U.S., especially around the Aswan High Dam episode[1], intensified. These criticisms were met by threats from the U.S. to withdraw its support for Egypt. Nasser reacted by announcing that Johnson could take his aid and 'drink from the sea'[2]. This is when U.S. and Egypt relations 'reached their nadir' (Burns, 1985, p. 1). Johnson described the situation as follows:

> "Nasser's attitude towards the West grew more and more hostile and his speeches more inflammatory. It became impossible to maintain congressional support for even token

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[1] The Aswan Dam was of great importance, as the Americans were approached first to finance it but turned the request down giving technical reasons for their refusal. The Russians agreed to fund the dam. This put Egypt firmly in the eastern block.

[2] This is an Egyptian idiom that closely corresponds to the English idiom of 'he can go and jump in the lake'.

assistance to Egypt" (Johnson, 1971, p. 290, cited in Waterbury, 1983).

Nasser's defiance of the U.S. was highly acclaimed by the Egyptian public. Egypt was then left relying primarily on Soviet aid. In the early years, Soviet aid programmes showed sensitivity to Egypt's nationalist fervour. No explicit political or military attachments were sought by the Soviets and their project assistance was unconditional. It did not directly call for changes in Egypt's economic policies. However this changed after the 1967 war with Israel which left Egypt vulnerable and reliant on the Soviet Union for its security. This led to a larger Soviet presence and their interference in domestic politics (Weinbaum, 1986, p. 30).

The late sixties were a time when many of Nasser's policies came under examination. The alliance with the USSR was put into question, and changes in aid relations started to emerge. However, real changes in terms of aid relations were introduced later, during Sadat's presidency.

The years between 1952 and 1967 in Egypt's history left a very important mark on the majority of Egyptians, especially the young and middle aged during this period. Not without its faults[3], these years of socialism, Pan Arabism, leadership of the Non alliance movement and defiance of the West, left many Egyptians with a national pride that later events might have threatened but, by and large, were unable to erase. Nasser's era and the impact it had on Egyptian psyche is of crucial importance in understanding, among others, the strong feelings of jealously over sovereignty which coloured Egypt's relations with donor countries over the subsequent years. This issue will be discussed further in the course of this thesis.

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[3] One of the Nasser era's most serious shortcomings was lack of democracy and freedom of speech.

B. THE SADAT PHASE (1970-1981)

Following Nasser's death in 1970, Sadat became president of Egypt. It was however only after the 1973 war with Israel, which was considered a political success by the GOE, that Sadat gained political legitimacy in Egypt.

1. The Political economy of Egypt under Sadat:

Sadat's era from 1970 to 1981 saw a withdrawal from Nasser's socialism. Sadat's own capitalist leaning and adoption of a pro-West ideology in addition to the interests of a powerful emerging national capitalist class and pressures from the West, led to new economic and social policies. The full implementation of these policies was restrained by strong opposition from the majority of Egyptians both within and outside government.

The retreat from Nasser's policies started slowly but gradually accelerated. One of the major changes in the economic policies at that time was Sadat's so-called 'Open Door Economic Policy' or 'Infitah'. This policy, which was enacted in 1974, called for the revitalisation of the private sector, opening the door to foreign and Arab investment, revoking some aspects of Land Reform law and included steps towards the devaluation of the Egyptian currency (Ibrahim, 1982, p. 382).

The introduction of these policies not only received the acclaim of the West but were enthusiastically welcomed by a minority of Egyptians, mostly upper middle class entrepreneurs who were ready to take advantage of them.

> "As often happens under post-populist states, a new middle class established itself into a new bourgeoisie of wealth and power defending the status quo from mass demands and advancing its interests through reintegration into the world capitalist system" (Hinnebuch, 1981, pp.442-443).

Although Sadat had promised to provide every Egyptian with economic prosperity, by the late seventies it became obvious that 'infitah' had not

produced the general prosperity that had been promised (Burns, 1985, p.188). These policies left the majority of the population disillusioned and dissatisfied.

For two years (1975-1976) the International Monetary Fund (IMF) and both Western and Arab creditors requested that Egypt makes its economy even more accessible to the world market. After some resistance and as a result of these pressures, Sadat announced in 1977 that certain food subsidies would be lifted. This announcement was received by angry demonstrations in major Egyptian cities[4]. The 'food riots', as they were later termed, led to several days of uncertainty regarding Sadat's stability (Sullivan, 1987, pp. 134). Consequently the government had to go back on its decision and resorted in later times to cutting down on subsidies gradually and without official announcement.

Other redistributive measures were also gradually withdrawn. The goal set in the sixties to extend basic services to all Egyptians was quietly abandoned. This meant a neglect of basic welfare programmes, the deterioration of social services and growing inequity in the distribution of income (Waterbury, 1983, p. 223).

Despite the fact that Sadat was seen as having done a U turn on Nasser's policies, the former, until the end of his presidency, was in fact unable to dispense with all of the socialist policies. The fragile political situation of Egypt dictated that a sort of uncomfortable co-existence between capitalism and socialism continued. This was one of the major criticism of Sadat's regime from right wing Egyptians, international lending agencies and the West in general, especially the U.S.

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[4] Egyptians are not known for mass political demonstrations. Other than student demonstrations, Egypt had not witnessed such outcry since before the 1952 Revolution. For the first time since the Revolution, troops were called out to control civil disturbances. At least 79 were killed in Cairo alone.

In terms of foreign policy, Sadat took more drastic measures which put him firmly in the Western bloc. Relations with the West were resumed in 1974, and new aid agreements were established. At the same time he expelled the Soviet military experts from Egypt. This caused a drastic breaking point with the Soviet bloc which ended with Sadat unilaterally abrogating the Soviet-Egyptian Treaty of Friendship in March 1976 (Burns, 1985, pp. 186-187).

The peace treaty with Israel in the late seventies, was another highly controversial step that Sadat took and which changed the course of history. This separate peace treaty, besides meeting opposition from a large number of Egyptians, cost Egypt its Arab allies. It brought about the ostracism of Egypt politically and economically by most of the Arab world (Weinbaum, 1986, p.38). Sadat's trip to Jerusalem (November, 1977) and his signing of the Camp David agreement (September, 1978), was the last proof that the U.S. needed to see in Egypt, and mostly in its president, of a real Arab ally in the Middle East.

Summing up Sadat's era, Sullivan describes his policies as a 'roller coaster' from Pan Arabism and Soviet alliance to pro Americanism and cold peace with Israel (Sullivan, 1987, pp. 49-50).

2. Egypt and foreign aid under Sadat:

The majority of aid that came to Egypt during Sadat's time was from USAID. It is during the middle of Sadat's presidency that USAID's presence in Egypt reached its peak. It is also during this stage that the Helwan project started.

The active role that the U.S. played in the resolution of the conflict during the 1973 war, marked the beginnings of the resumption of relations with the U.S.

> "Indeed they rushed into each other's arms. The U.S. and a
> pliable IBRD immediately mounted a large aid programme, and
> Egypt reciprocated by legislating the open-door policy. The

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great event of this honeymoon was Richard Nixon's state visit to Egypt in June 1974, a last and futile effort to save himself from the effects of Watergate. Nixon and Sadat issued a joint communique that forecast an era of cooperation and prosperity" (NYT, June 15, 1974, in Waterbury, 1983, p. 401).

In 1975, the U.S. and IBRD offered Egypt a huge aid package, committing the U.S. to $1 billion a year in economic aid. This U.S. economic assistance programme in Egypt was the largest of its kind since the Marshall Plan (Burns, 1985, p. 1). As it has been described by Burns:

> "The Ford Administration had no all-encompassing development strategy in mind when it began to shower economic aid upon the Sadat government in 1975 and 1976. U.S. assistance was viewed in Washington primarily as a political tool, designed to impress Egyptians at all levels of society with the value of Sadat's American connection" (Ibid, p. 183).

Aid to Egypt comprises of three types, namely Public Law 480 (PL 480) food for peace, project aid and commodity transfer aid. The first, PL 480, comprises mainly the provision of wheat and wheat flour; the second, Project Assistance include the direct funding of projects in form of grants mainly covering infrastructure, agriculture, health and education sectors; the third, Commodity Import Programme including raw materials, capital goods and consumables from U.S. suppliers (Abdel Khalek, 1982, pp. 457-459).

The yearly amount of aid to Egypt, as was decided in 1975 and for the following twenty years, constituted the largest given to any other country in the world with the exception of Israel. Egypt receives more U.S. economic aid than the rest of Asia (excluding Israel) and the Near East combined. However, the size of aid to Egypt is not the only element that makes this relationship unique. Most important of all is the congressional commitment that a fixed amount a year has to be spent. This means in fact that financial penalties used by donor countries elsewhere do not apply in the case of Egypt.

It also means that money in the pipeline must be spent by the end of the financial year, otherwise it is aid officials who have to answer for the delays.

> "With Washington's committed to authorising more than $1 billion yearly in economic aid, it effectively denies itself an important means of leverage over Egyptian economic policy. AID officials cannot with much conviction threaten to withdraw or withhold funds from the government" (Weinbaum, 1986, p. 132).

However U.S. aid to Egypt is 'tied aid', meaning that projects are chosen on the basis of USAID priorities. They follow its set conditions, equipment and material have to procured from the U.S. and U.S. consultants and contractors are given contracts. The aid agreement with Israel is different. The U.S. delivers the whole amount of yearly aid in cash with no interference in how it is spent or managed (Handoussa, 1990, p. 110).

These features which are particular to USAID's aid agreement with Egypt are crucial to the shaping of the USAID-GOE relationship and will be further discussed in terms of their impact on the Helwan Project.

3. Key elements which played a role in U.S. support:

In order to reach a better understanding of the kind of relationship that existed at the signing of the Helwan Housing Project agreement and the years after, it is crucial to review the conditions that led to the whole USAID programme in Egypt.

While a number of elements were responsible for the huge commitment on the part of the U.S. to Egypt, there are three major elements in Egypt's political and economic affairs which had an impact on U.S. financial aid to Egypt.

a. 'Infitah' the Open Door Economic Policy:
Following the 1973 war and the restoration of diplomatic relations with the

U.S., Sadat started showing tendencies towards wanting to move away from Nasser's socialism. The role of the U.S. in encouraging this new direction through the offering of aid, was reciprocated by the 'Open Door Policy'. In accordance with the 1973 Congressional directive to foster private initiative, USAID has thus been 'a direct actor in the Open Door Policy' (Waterbury, 1983, p. 156).

The U.S. therefore had much at stake in the success or failure of Sadat's economic policies. Popular approval or at least acquiescence in Egypt's political realignment could not be sustained unless measurable progress in reversing economic trends were undertaken. This could be achieved through broad gains in employment, income and consumption.

> "Infitah's' affinity with Western economic principles and practices and the obvious expectations of massive Western aid and investment ensured that the U.S. above all, would be perceived as patron of Egypt's economic liberalisation" (Weinbaum, 1982, p.35).

In support of Weinbaum's analysis Burns also argues that the billion-dollar-a-year programme aid was a key element in Sadat's plans for economic liberalisation; "moreover it offered tangible proof of the deepening American commitment to the Sadat regime" (Burns, 1985, pp. 186-187).

b. The Food Riots:

While Sadat was slowly implementing his 'Infitah' policies, the U.S. and other donor and debtor organisations, were pushing for a faster pace of reform. This was the reason for Sadat's announcement of the lifting of some food subsidies. Therefore, the 'food riots' were seen by some as the real turning point in USAID policy. As a senior AID official explained in an interview, the food riots were a confirmation that the "poor were desperate and needed immediate attention" (Interview with a policy level USAID official, 1988).

Western pressure to undergo drastic economic reforms were proven to be unacceptable in the Egyptian context. The Riots enabled Sadat to argue more convincingly with his financial backers that their fiscal demands were not politically feasible (Weinbaum, 1986, p. 143). Since this incident the White House and the American embassy in Egypt have often taken up the GOE's position, overriding their own AID mission office in Egypt[5]. Their main concern is that political stability is primary, and therefore Egypt should not be pushed too far, too fast (Sullivan, 1987, pp. 134-135). The food riots had such an impact on both GOE and U.S. officials in Egypt that the event kept being used by both as an example of what might happen if increased pressure is put on Egypt to adopt economic reform.

c. Peace with Israel:

As mentioned above serious efforts were undertaken by the U.S. to bring peace between Egypt and Israel (1974-1979). Sadat's cooperation during the peace negotiations was seen as deserving reward, thus the decision for the commitment of further economic assistance to Egypt.

The amount of economic aid given, as several political analysts concluded, was seen by U.S. officials as being a product of political calculation and not the result of assessment of Egypt's needs and absorptive capacity. It was an amount close to what was given to Israel. This was seen as a way to reinforce Sadat's commitment to his partnership with the American Government (Burns, 1985, pp.183-184).

The loss of Arab allies and opposition at home gave the U.S. another reason for supporting Sadat economically. They found that "..without an economic 'peace dividend' underwritten by millions of dollars of U.S. aid, there could be no guarantee that the Sadat regime will survive" (Ibid, p.190). In fact the

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[5] As the findings of this thesis will show, AID mission officers sometimes get involved in meeting the programme or project goals under their supervision, and loose sight of the wider political goals of their government.

connection between U.S. aid, and Sadat's peace treaty has been made explicit by many U.S. officials, an example of which is the following statement included in a USAID document:

> "Egypt shares with the U.S. a strategic interest in the stability of the region and commitment to peace. An important aspect of this shared interest is the economic assistance programme. The basic rationale [for the aid programme] was to demonstrate to Egyptians the real benefits associated with the political course their leaders had taken" (CDSS, 1989, p.i and p. 1).

Interviews in USAID confirm this view. When asked about the reason for the long commitment of USAID to Egypt a USAID interviewee answered: 'Have you ever heard of the Camp David Agreement' (Interview, USAID, 1988). In fact, both Egypt and Israel in the late 1970s were receiving huge amounts of aid to further their negotiations. In other words "...the U.S. tied its economic assistance programme to the twin goals of sustaining the peace process and maintaining economic conditions favourable to Sadat's survival" (Waterbury, 1983, p. 401).

To conclude this section it is important to point out that the conditions that led the U.S. to this huge commitment to Egypt remained crucial to the nature of the aid relationship throughout the twenty years of its history. The dominance of a political and strategic rather than a developmental character of the aid relation is key to this relationship and will be discussed throughout this thesis. The following quotation summarises this point clearly.

> "The motives of American aid to Egypt are political in the first place, economic in the second and developmental third. Politically, American aid is in some ways a celebration of the end of Egypt's divorce with Israel. Economically, it helps to promote sales of arms and grain. Yet, mostly to preserve the image, it also has to pay some attention to Egypt's developmental needs" (Ayubi, 1991, p. 338).

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As the discussion in the last chapter around aid shows, and as this thesis will demonstrate, the existence of a multitude of goals in the giving and receiving of aid, often lead to results damaging to developmental goals. Often the latter are sacrificed for the advancement of political and economic interests.

C. THE MUBARAK PHASE (1981-)

1. The Political Economy of Egypt under Mubarak:

Mubarak's economic policies very much followed in the steps of his predecessor, except that mounting foreign debts meant more pressure from lending organisations and donors to take more serious steps towards a fuller implementation of the Open Door Policy. A structural adjustment programme was also imposed by the IMF and the World Bank. The political sensitivity of such measures meant that this process was slow and not without resistance on the part of the government. While 'food riots' were the most important incident to demonstrate the reason for government reluctance to comply to Western pressure for economic reforms, the rise of Islamic fundamentalism became the main issue of the eighties and the nineties.

Unlike Nasser and Sadat, Mubarak's presidency saw no drastic policy reforms. A mixture of privatisation while retaining much of the public sector and state capitalism remained Egypt's most prevalent economic characteristic.

What was seen by some as stubborn refusal to change Egypt's policies is, as Sullivan argues, the result of uncertainty regarding the appropriateness of one set of policies vis-a-vis another. This uncertainty is not limited to economic planning and in fact afflicts much of the decision-making process in Egypt. 'Socialism or Capitalism?', this question continues to be asked by many Egyptian economists, politicians, academics and laymen (Sullivan, 1987, p. 48).

But foreign policy under Mubarak shifted way from that of Sadat. While Egypt remained very much under the confines of the 'Western Alliance', relations were slowly resumed with the Arabs, the Soviet Union, the eastern block and non-aligned countries. This new direction in foreign policy was met with the approval of the majority of Egyptians.

Egypt's general foreign policy dilemma, as analyzed by Ayubi, is how to survive and interact without compromising Egypt's sovereignty and independence beyond certain limits; how to regain her regional influence and her traditional role among Arabs without at the same time provoking Israeli declaration of war or U.S. withdrawal of economic and military support (Ayubi, 1991 p. 340).

The relationship with the U.S. saw some change from that which existed at the time of Sadat. Mubarak wanted to diminish the image of Egypt being the 'U.S. client'. At the same, with Egypt's dire economic condition and the government's inability to find other solutions, the economic dependency on the U.S. remained the same. In other words, Mubarak tried to strike the difficult balance of showing moderation in relation to his political alliance with the West, and more particularly the U.S., while keeping the economic relation intact. This meant, as Burns argues, that despite Mubarak's political position, and as a result of the Egyptian economy reaching a point were it had never been bleaker, it was more dependent on American assistance than at any other time since the post-revolutionary era (Burns, 1985, p. 201).

On its part, although its economic aid commitment to Egypt remained the same, for a number of reasons the U.S. became less inclined to give as much attention to Egypt's political sensitivities. A number of actions and policy decisions taken by the Reagan Administration created tension in the relationship between the U.S. and GOE. Examples of these were the U.S. signature of a strategic cooperation with Israel and the bringing down of an

Egyptian aircraft carrying the Achillea Lauro hijackers[6], but above all, the momentary refusal of the U.S. to re-schedule payments of the Egyptian military debt. The 'solution' to the latter was that the bulk of U.S. annual economic aid was to be advanced to the GOE in cash to be used to repay the debt to the U.S. Treasury (Ayubi, 1991, p. 337).

This kind of 'schizophrenia' is typical of the U.S. and GOE relationship. One way of explaining such measures, is that the U.S. disapproved of some of the GOE political and economic policies, and put economic pressures on Egypt in various ways. At the same time, wanting to retain its strategic interests with Egypt, the U.S. government continued to provide economic aid through USAID. Another explanation, which suggests a less monolithic policy, is that in fact different institutions in the U.S. do have different policies and interests vis-a-vis Egypt and act accordingly, often in contradiction to each other. This discussion will be continued below.

When it comes to the GOE relationship with Israel, it remained very much that of a 'cold peace'. As Israel stepped up its attacks on Lebanon and its oppressive policies vis-a-vis the Palestinians, Egypt protested. However, the GOE made it clear that it would never take measures that would jeopardise the peace agreement with Israel.

Mubarak was also keen to return to the 'Arab fold'. The first action taken that helped achieve this goal, was the recall of the Egyptian Ambassador from Israel in protest at the invasion of Lebanon. This was followed by the re-establishment of diplomatic relations with most Arab States in 1987 and readmission into the Arab League in 1989. The Gulf war, in 1991, dramatically reinforced Egypt's strategic position. By joining the coalition

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[6] Achillea Lauro was a boat with Western passengers which was hijacked by Palestinians. The Egyptian plane taking them out, as part of the deal for ending of the incident, was shot down by the Americans.

against Iraq, Egypt was able to return completely to the 'good books' of the majority of other Arab countries.

The Gulf war, and Egypt's role in it, however were not so positively received by a great number of Egyptians. The war, after all, meant that Egyptians were fighting along side Americans killing Iraqi people, ie siding with the West, and de-facto with Israel, against Arab Muslims. This war, in other terms, was a strong demonstration that the vulnerable balance of the relationship between Egypt, the other Arab nations, the U.S. and Israel, is potentially explosive.

Debts and economic reform accompanying structural adjustment, as is the case with many other 'third world' countries, was the predominant concern of Egypt in the eighties and nineties. Egypt is in the big league of debtor nations. By 1988 its total debt was not far short of $50 billion, amounting to half of Brazil's (the largest in the world), and equivalent to that of Argentina's. Despite its size, Egypt's debt does not represent such a serious problem to the large international financial community as do the large Latin American debtors. This is because Egypt's debts are officially-owed to governments rather than to banks (Butter, 1989, p. 123). Egypt is indebted to a number of countries primarily the US, France, Japan, Canada, Arab and Islamic countries (Ibid, p. 125).

The huge debts of the seventies and the early eighties culminated to a point when in 1986 alone, Egypt had to repay an amount of $5.5 billion ($2.9 billion original debt and $2.6 billion interests), in addition to late debt repayment of $2 billion. During this period, tourist revenues were on the decrease as well as petrol prices. The latter affected Egypt both directly through decreased export revenues, and indirectly by the return of large numbers of migrants who lost their jobs in Arab oil rich countries. The latter meant, among other problems, a serious reduction in remittance revenue (Amin, 1987, p. 104).

Therefore, as Egypt's debt grew larger, and the burden of servicing the debt became unmanageable, the government was obliged to consent to IMF's economic reform package which it has been pressurised to take on since the early eighties. The IMF package recommended for Egypt was to reduce the exchange rate of the Egyptian Pound, eliminate all subsidies, and raise the interest rate to higher levels together with tightening fiscal and monetary policies (Korayem, 1987, p.74). An IMF agreement was signed in 1987 leading to a ten year debt rescheduling agreement through the Paris Club (Butter, 1989, p. 124).

Despite the calling off of billions of dollars of debt, Egypt still needed to reduce its public deficit from over 20% of GDP to 6% within 1991-1992[7]. This involved increase in tax revenues and the removal of direct and indirect subsidies (Waterbury, 1991, p. 28).

The GOE and the debtors remained divided about the way to deal with the budget deficit, the level of nominal interests rates, the size of energy subsidies and the unification of the exchange rate. Subsidies remained the most politically explosive deficit issue. Budgetary subsidies account for 10% of GDP in the early 1980s, and although they were cut down to around 5%, implicit subsidies remain very high. These mainly affect the price of fuel, electricity and food. If implicit subsidies are included this amounts to around 20% of GNP in the eighties (World Bank Report, 1990, cited in Richards, 1991, p. 1724).

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[7] Although the fieldwork for this thesis was carried out in 1988-89, it is still useful to mention Egypt's political economy in the nineties. This is important in two major ways: first, it gives insight into the directions that the GOE was taking, which might not have been obvious at the time of the fieldwork; second, the way that the GOE dealt with the IMF and the WB, very much follows the strategies the former employed vis-a-vis USAID in the case of Helwan.

The position that Egypt took during the Gulf war of deploying its troops to help liberate Kuwait was compensated by the writing off of billions of dollars worth of military and economic debts by the US, Saudi Arabia, Quatar and Kuwait (Waterbury, 1991, p. 28). The U.S. cancelled $6.7 billion of military debt; Egypt's Arab Gulf allies cancelled an additional $6.5 billion, cutting the total debt to roughly $37 billion (Richards, 1991, p. 1728).

Shortly following that, and after long negotiations, the second large agreement was held in 1991 when a deal was made by official Paris Club creditors to cut Egypt's debts ($40 billion) by half if it successfully undertook IMF/WB reforms (Nicholson, Financial Time, 1994).

> "In May 1991 a letter of intent was finally signed with the IMF, followed by a WB Structural Adjustment Loan agreement. It is notable that these agreements commit GOE to implement a 'certainly comprehensive' programme and commits the GOE to 'genuine reform'" (Richards, 1991, p. 1728).

This agreement, as it was with previous agreements, was seen as promising 'real change'. However as previous experience shows the GOE still remained cautious about implementing it. The further devaluation of the Egyptian pound has become the next striking point in the IMF-GOE negotiations. The IMF is pressing Egypt to devalue its pound by anything from 25% to 40%. To this the GOE announced 'we will never devalue' (Op.cit, 1994). Mubarak's policies, especially as illustrated by the way he and his government have handled the debt situation, have been described as those pertaining to gradualism. The following analysis by Sullivan summarises this view:

> "Mubarak's government appears to speak with one voice by using one word: gradualism. It describes the pace at which the government is willing to undertake economic (and perhaps) political reform. Officials from various ministries ...all say Egypt agrees with foreign-aid donors on the need for economic reform as a prerequisite to development. Such reform will come about only on its own timetable, taking into consideration

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Egypt's political and social environment which, these officials say, USAID, the IMF and the World Bank and other donors ignore" (Sullivan, 1990, pp. 319-320).

One of the main reasons why for years the GOE has been able to secure foreign debt relief has been its ability to show its political stabilising role in the region to be in the interest of its creditors. Its strategy to deal with IMF, WB and other debtors, was to undertake slow and gradual reforms while at the same time undertaking a long series of negotiations, bargaining and stalling. For example it took the GOE five years of concentrated pressure to start implementing IMF's structural adjustment package. Later from 1988 to 1990 there was a continuous stream of IMF missions to Cairo with agreements 'to be signed' but not finalised. The support of the U.S., which responded to Egypt's political fragility seriously, was also used to the limit. The introduction of these reforms in this manner had enormous social, economic and political consequences. However, had they followed the pace the IMF and WB wanted, they might have been disastrous. The GOE's strategy, and the way it was portrayed in the media (mostly government controlled), was also politically apt. It was important that Egyptians were shown that organisations like the IMF and the WB could be defied which is important to Egyptian sensitivity to foreign encroachment. Of course this message was never accepted by those groups of Egyptians (Muslim fundamentalists and their supporters, among others) who reject outright what is seen as Western presence in Egypt symbolised by USAID, but also by the intrusion of the IMF and WB in what is seen as Egypt's internal affairs.

Despite what is seen by the debtors as 'too little too slow' (Shindy, 1984, CP, p. 11), enough economic measures were introduced to increasingly be felt by the majority of Egyptians. As the facts above show, although Egypt seemed to defy pressures for implementing full reforms, it in fact implemented them partially even before the signing the 1987 agreement. For example in 1982, some food subsidies were cut in an incremental carefully tailored approach

avoiding mass reactions. Price controls were lifted from some agricultural products (Weinbaum, 1986, p. 149). Investment in the private sector increased a great deal. The budget for the private sector in 1982-1987 was 24%, in comparison to 10% in the sixties and 17% between 1980-1982 (Ibid, p. 11).

The economic reforms led to a widening income inequality which most adversely affected Egyptians without family members working abroad, those tied to fixed income and small rural landowners (Weinbaum, 1986, p. 42). This coupled with the cutting down on subsidies on food, electricity and water, cutting spending on social services, namely education and health, as well as decreasing the size of the public sector and government support, has had enormous implications for the lives of the low income population.

The rise of Islamic fundamentalism in Egypt has been one of the most important political consequences of the deteriorating economic conditions of the majority of Egyptians. While economic factors are by no means the only reason for this movement[8], however there are no doubts it is one of its contributing factors.

> "The Islamic trend which was initially encouraged by Sadat[9], has found its main appeal among the young educated groups who have been hurt by the outcomes of 'infitah'. Such groups have now rebelled against this very State that has began to attack both its symbols and its institutions" (Ayubi in Tripp, 1989, p. 11).

The gradual withdrawal of the state from the provision of services and its inability to meet the population's needs left a serious vacuum which was filled

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[8] There is no attempt here to explain the reasons for Islamic fundamentalism in Egypt. It is a very complex problem and is beyond the scope of this thesis.

[9] In his effort to combat communism in Egyptian universities, Sadat encouraged the formation of a new political leadership, that of Muslem groups.

by private voluntary organisations (PVOs). The majority of these are Islamic charitable associations[10], which have developed efficient social services: schools, day care centres, hospitals, and clinics. Many of these PVOs are run by different Muslim groups who through gaining more legitimacy over the years have started to be more overtly political.

> "Mosques are providing alternative support services as foreign donors push Egypt out of such services in their effort to reform governmental policies" (Interview with CRS official, in Sullivan, 1990, p. 330).

2. The relation between GOE and USAID under Mubarak:

By the second half of the eighties, USAID funding to Egypt constituted more than double that given by other donors. By 1992, the total U.S. Economic assistance to Egypt was $18 billion. The distribution of aid comprised of 42% of economic aid money was in Project Assistance, 27.5% to the Commodity Import Programme, 21.3% in Food Aid and 9% in Cash Transfer[11]. The latter was introduced in 1984. These dollar grants assisted in the relief of Egypt's balance of payments problems and supported the Egyptian Government's efforts to undertake structural reform of the economy (Status Report, 1992, p. 1).

There is a continuing debate in the development literature about the merits of case transfers as opposed to other forms of aid. That aid to Egypt is 'tied aid' while all aid given to Israel is in cash transfer, is highly resented. USAID Cairo officials see themselves as caught between the GOE that wants to convert all economic assistance to cash transfers thereby terminating USAID's

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[10] This is a relatively new phenomenon in Egypt. While the Church, and other Christian organisations, have traditionally provided such services, the Mosque was, until recently, simply a place for prayer.

[11] Between 1984 and 1991, cash transfers totalled nearly $1.4 billion (Zimmerman, 1993, p. 85). Most of the cash transfer money was used in the repayment of military debts (Mitchell, 1990, p. 45).

presence, and senior officials in the U.S. government who would like to do the same (Springborg, 1989, pp. 274-275). The economic interests that the U.S. has in Food aid, Commodity Import and Project Assistance, is a major reason why they will have to remain part of USAID programme. As Zimmerman, who worked as a USAID desk officer for Egypt, argues "Many U.S. companies are nearly as dependent on the aid relationship as are the Egyptians" (Zimmerman, 1993, p. 93). (This issue will be discussed in more details in chapter 4).

In terms of USAID's sectoral priorities in the eighties and early nineties, it added to its repertoire in the following way: in addition to continuing funding projects in agriculture, health, basic education and infrastructure, human resources and local development have become new areas of interest in Project assistance. USAID also initiated programmes encouraging the private sector, such as the provision of credit to Egyptian private companies for the purchase of commodities and equipment from the U.S., and providing credit to small and micro enterprises (USAID Status Report, 1992, p. ii). By the mid to late seventies Egypt, and more particularly Cairo, was suffering from a serious deterioration of its infrastructure. Some of USAID funded projects in this area succeeded in tackling this problem (see Sullivan, 1987, pp. 118-119).

a. Policy dialogue and economic reform:

Policy dialogue was introduced as part of USAID in Egypt in the mid 1980s. In 1992 USAID Status Report contained the following statement:

> "Policy reform continues to be the centrepiece of the USAID programme, emphasising structural adjustment and sectoral reform measures that support movement towards a free market economy led by the private sector" (Ibid).

At the time of the introduction of a 'policy dialogue' USAID came to the conclusion that despite the infusion of one-fifth of total U.S. foreign assistance, the Egyptian economy showed few signs of 'taking off'. Therefore

there was general consensus on the necessity to 'more actively develop and utilise policy leverage' (Springborg, 1989, p. 257). This led to the decision of USAID increasingly becoming an instrument for achieving policy reform in the country. This newly emphasised direction, was announced in the Country Development Strategy Statement (CDSS), as follows:

> "Today, with a much improved infrastructure in place, attention has turned to the Government of Egypt's economic policy environment as the focus for the next stage of effort. The government's current economic policies are a meld of Nasserist socialism and 'infitah' capitalism. Neither is working well' (CDSS, 1989, p.i).

Another reason for the shift in policy, as explained by the CDSS, was that under its previous multi-sectoral and multi-project, combined with Congressionally-mandated assistance, USAID had limited leverage to press for reform (Ibid, p. 2).

Two basic channels were used to achieve this goal: the first was the introduction of a 'policy dialogue' programme; the second was its partnership in the process of reform initiated by the IMF and the W.B. Policy dialogue took the form of discussions between U.S. officials and GOE officials mostly at Cabinet level. The 'dialogue' meant in principle more interventionism in Egypt's internal affairs. A few years into the new approach, however, showed that this had little impact in terms of policy changes. These policies were oriented towards economic reform such as free market, cutting down on subsidies, privatisation etc., all measures pertaining to structural adjustment. Actually economic reform has been a part of USAID agenda since the 1970s, ie. long before the IMF agreement of 1986-1987 (Sullivan, 1987, p. 134). The second channel was the role played in debt negotiations. USAID saw itself as a partner in the economic reforms with other debtor organisations. As shown in the previous section, USAID's role was both as a partner and a buffer. Because the U.S. has since 1979 provided approximately two-thirds off all economic assistance to Egypt and because it

plays the leading role in the IMF and World Bank, it is the principle force behind these efforts (Springborg, 1989, 256-257).

USAID was thus seen as an 'active participant' in a 'donor consultative group' negotiating agreements with the IMF and the WB aimed at multilateral debt rescheduling.

> "We expect the IMF to take the lead on policy discussions regarding exchange rate unification ... USAID, IBDR and other donors will focus on policy issues such as agriculture, energy and industry" (CDSS, 1989, pp. i-ii)

b. Criticism of aid:

There are a number of social, economic and political reasons that USAID in Egypt has been criticised. It would be a big task to try to cover such criticism in this chapter. This section will only briefly summarise these points of criticism that seem to most influence Egyptian and American public opinion and thus have most impact on USAID and GOE relations. In 1982, the Al Ahram Al Ekdesady[12] published a number of articles criticising USAID in Egypt. A couple of years later the American University in Cairo organised a conference where a number of Egyptian and American academics gave papers reviewing and criticising USAID's role in Egypt. There were also addresses given by Egyptian politicians and senior USAID officials trying to answer the mounting criticism. Since then a number of intellectuals, politicians, academics and journalists have been engaged in a debate about USAID in Egypt. The Egyptian and American media have also covered what is often seen as USAID's blunders.

The criticism can be broadly divided into two large categories: first, the effectiveness of aid and its contribution to economic development; second, the political implications of the aid relationship.

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[12] This is a good quality publication and the most widely read Egyptian semi-official newspaper, Al Ahram.

In addition to the size and extensive involvement of aid in Egypt, USAID in Egypt is criticised for its allocation to what is seen as low priority programmes for the majority of Egyptians, and the concentration of funding for consumption rather than production (Bishai, 1984; Handoussa, 1984, 1987). Al Ahram Al Ektesady articles in 1982, criticised USAID in Egypt for promoting capitalism to the detriment of the poor (Weinbaum, 1986, p. 160).

The quality of these programmes and projects and their failure to meet their goals, has also been the focus of much criticism. There has in fact been no shortage of USAID project debacles to give the critiques of USAID plenty of support. Some of these are U.S. built buses [which were so noisy they were given the name 'the voice of America' by Egyptians], a sewage project in Alexandria which polluted the city's beaches, fish projects and bakeries that produced neither fish nor bread, and "a housing project that spent $100 million without producing one new dwelling" [referring to the Helwan Project]- and so the list goes on. These projects often got the attention of the media both in Egypt and the U.S.

> "As the number of such foul-ups has mounted over the years and USAID's position become more embattled, so has it become increasingly wary of projects that might attract negative comments in the media" (Ibid, pp. 275-276).

In 1992, CNN launched a wide attack on USAID in a four part series of 'Special Assignment'. A major issue covered in these programmes were high incidents of corruption among senior USAID officials and USAID contractors which was seen as USAID's 'criminal misuse of aid money'. The programmes also concentrated on what was seen as disastrous projects which did not only not reach their goals but actually harmed those they were supposed to help.

'Tied aid' is at the centre of the USAID debate. The comparison to 'pure aid' given to Israel is often made. Tied aid is seen as a 'protectionist' measure, which reduces the real value of the aid given. This, as Beshai among others, argues, leads to an extra cost which is the difference between the cost of importing from the tied source and the cost of a cheaper source (Bishai, 1984, p. 68).

This is a criticism often voiced by government officials dealing with AID, as chapter 3 will show. The amount of aid that goes back to the U.S. in the form of purchases of American goods and payments to American consultants as part of 'tied aid', is often seen as the most exploitative part of USAID. Estimates that 35% of U.S. funds are consumed by consultancy fees, or 75% covering the purchase of U.S. goods and services are often quoted (Springborg, 1989, p. 275). A major part of the funds are automatically re-channelled to American consultancy firms, research institutions and to the purchase of American machinery and equipment (Handoussa, 1987, p. 36). A large part of the debate around aid, and which has the most echo with the Egyptian public, is this area of U.S. economic interest in aid. One of the highly publicised Ahram Al Ektesady publications, is a thesis highlighting these issues (see Galal, 1988).

In the political arena, USAID's reliability and sustainability has also been a focus of discussion. Because USAID's goals since the late seventies have been justified more on political than on economic or development grounds, the impact of USAID is predicted to be as liable to fade quickly should U.S. policy-makers ever lose interest in Egypt or come to doubt its friendship (Weinbaum, 1986, p. 157).

One of the major worries of a number of Egyptian scholars have been what they see as the high visibility or the promotional side of USAID. The handclasp logo displayed everywhere, is seen as a symbol of this approach. The fact that USAID is so interested in local-grassroots level projects is seen

as their way of getting to research, visit and implement projects in villages and towns in Egypt. This kind of presence, which is viewed as seeking to develop a kind of loyalty from low income Egyptians is considered by many (including the GOE) as threatening and dangerous (see Morsey, 1988, p. 376 and Galal, 1988, p. 89).

U.S. officials on the other hand, take the exact opposite position concerning the issue of visibility. Lack of visibility for USAID achievements is seen as one of its weaknesses. "All of our work is under the ground, we never produced anything like the High Dam built by the Russians or even the Opera built by the Japanese", said one USAID official (1988).

The major point of contention against USAID's role in Egypt, has always been that of sovereignty. The worry that USAID officials constitute a 'shadow cabinet' as it is been termed by some, is very much at the heart of this line of criticism. With USAID's vast mission in Cairo, approximately 350 permanent staff members (number in 1989), its size surpasses any other mission in the world (USAID in Israel was at this point run by 3 employees). Real worries about what the mission is up to started when detailed and penetrating data gathering and research, that was financed by American funds in Egypt in the early eighties, alarmed many Egyptians (Ayubi, 1991, p. 338). The degree of interference in Egypt's affairs has always been questioned. The GOE's perceived compliance to USAID meddling in Egypt's policies, has been tied into the interests that Egyptian capitalists and officials have in the preservation of the relationship.

> "When a ruling elite decides to pursue a development strategy
> based on foreign capital, it follows that all necessary steps will
> be taken to ensure and entice its creditors" (Dessouki, 1981,
> p. 413).

As a reaction, a large majority of Egyptians question whether the price paid for the taking of aid is worth it. Therefore growing numbers of Egyptians

"..appear willing to forego U.S. economic support if that is the necessary price to end perceived U.S. affronts to Egypt's pride and dignity" (Weinbaum, 1986, p. 157)". The key to understanding USAID in Egypt is that it is predominantly strategic in character. This, as mentioned above, has coloured the whole relationship, and will be the focus of the discussion in this thesis.

III THE HELWAN HOUSING PROJECT AND HOUSING IN EGYPT

USAID, in its attempt to identify areas to invest in, saw housing as one of the countries' priorities. Housing is one of the major shortages in terms of social provisions in Egypt, particularly in urban areas. Cairo's housing problem is one of the gravest in the world. Governments over the years have not been able to cope, and the majority of Egyptians have had to find often unsatisfactory solutions on their own. The GOE interventions were seen by USAID to be failing to solve the increasing housing problems mainly because of old fashioned and ineffective housing policies. USAID then decided to 'demonstrate' a 'new' housing approach with the view that it would be adopted by the GOE in its future housing policy. This 'new' housing approach, namely sites-and-services and upgrading have, as discussed in chapter 1, been tried with various degrees of success in a number of 'third world' countries, mainly in Latin America.

When the agreement for the Helwan sites-and-service and upgrading project was signed in 1978, it was the first of its kind in Egypt with the exception of another project funded by the World Bank. The latter, the Egypt Urban Development Project, was introduced in 1977.

Since one of the most widespread phenomenon of the housing situation in Cairo, is squatter areas, upgrading was seen to be the most appropriate strategy. Sites-and-services, was seen to be a way of meeting some of the housing shortage, and a way of providing units in Helwan for those workers who live far away and have to use public transport. Not only were housing

problems targeted in this project but also transport problems. The latter figures quite highly on the list of USAID objectives.

Housing in Helwan is in fact a microcosm of the housing situation in Cairo. Because it is a major industrial site in Egypt, hosting a potentially sensitive urban population, it has over the years been the site of various housing developments and interventions. Helwan is composed of old neighbourhoods of upper and lower income housing, old villages, squatter areas, public housing of the sixties and of the seventies, as well as one of the five new satellite towns, the 5th of May Town. Initial discussions about the Helwan Housing Project started in 1976, with yet another attempt at meeting the housing needs of Helwan factory workers (see Chapter 4).

A. THE POLITICAL CONDITIONS THAT LED TO THE HELWAN HOUSING PROJECT:

The Helwan Project was initiated at the very time when USAID had committed its full support to Egypt. This was just after the Camp David agreement and the introduction of 'Infitah' policy. As discussed above, realising how these policies had caused Sadat's vulnerability at home, U.S. officials decided that they should start identifying projects to meet the needs of the low income population. In other words, USAID saw that its role was to fund Projects which were identified as serving low income groups in order to insure the survival of the regime.

> "The State Department had no undertaking as dramatic as the construction of the High Dam upon which to pin American prestige, but it was hoped that the cumulative political effect of a collection of smaller projects would rival the enormous symbolic impact of the High Dam" (Burns, 1985, p. 183-184)

The Helwan housing projects was one of the first of such 'smaller project'. When asked about the conditions under which the Helwan Housing project

was initiated, the reaction from USAID officials in Cairo was that at that time the mood was 'everything for Egypt'(Interview, USAID official, 1988)

B. CAIRO'S HOUSING PROBLEM:

The housing problem in Cairo is huge and complex. What follows is a very brief description of the problem and some of its causes. Cairo is one of the largest cities in the world. Its population went from half a million at the turn of the century to 12 million in 1992, representing around 22% of the total population of Egypt. The population increased by a rate of 19.3% between 1976 and 1986. By 1986, Cairo reached a density of 28,258 inhabitants per square kilometre (CAPMAS, 1988).

In addition to natural population increase, migration from rural areas account for a large proportion of this huge increase in Cairo's population, especially over the last forty years. As a result of the decreasing capacity for agriculture land to meet the needs of rural populations, and the attraction of city life, rural populations accelerated their migrations to the city in the 1970s. Several reasons have been identified for this increase in migration: the location of major industries, relatively better services and public utilities in cities and the surpluses of farm labour (Rugh, 1984, p. 236).

Considering that Cairo's urban structure and its public facilities were laid down (in the forties) for two million people, the consequences for such huge increases in the population in terms of both housing and infrastructure shortage is immense. Various Egyptian governments have failed to deal with these problems over the years and the impact of this is most acutely felt by the poorer majority of Cairo's population. In fact housing interventions failed to meet the housing needs not only of the poor, but even of middle income Egyptians.

Therefore, given that a large proportion of Cairo's population was shut out of the urban housing market, they were left with no alternative but to find illegal shelter on publicly or privately owned land. It is estimated that squatting accounted for over half of all housing construction activities in Cairo between 1975 and 1985 (USAID, 1985, p. 35).

Most low income neighbourhoods, as well as newly urbanised villages recently incorporated in the city of Cairo, have seemingly reached saturation point. Yet more and more pressure is put on space year after year (Rugh, 1984, pp. 20-21) . They have become some of the most densely populated areas of the world. One of the strategies for dealing with land scarcity in these neighbourhoods is to subdivide houses and apartments into smaller, often one room dwellings. In turn the owners of these houses, often subdivide them to accommodate their adult children and their families and sub-let other units to raise some extra income. In these cases cooking and most often toilet facilities, are shared by as many as five to six households. This overcrowding often leads to dire living conditions. Having reached saturation point, other methods of coping with housing shortage had to be explored.

Different squatting methods became widespread in Cairo. Rooftops represent one of the last stages of urban crowding. Dwellings were constructed on rooftops using banged-together wooden sheds composed of boards and roofed with corrugated tin roofing. It is estimated that around half a million live in such rooftop dwellings in Cairo (Potter, 1985, p. 86). The cemeteries of Cairo also constitute a living space for an estimated one and a half million inhabitants.

Most widely and rapidly spreading however are large squatter areas around the fringes of Cairo. Most of these communities have settled on farm land or government owned land which is largely desert land. Because of their illegality, they are outside official city planning and management limits and therefore do not receive government services and facilities such as paved

roads, piped waster, sewers and solid waste collection services (Oldheim, 1987, p. xv). However, though limited and often inadequate, most squatter areas managed over the years to get access to such facilities through various means and strategies. Unlike the case of many other 'third world' countries, construction materials and standards in squatter areas are generally little differentiated from other lower income 'formal' neighbourhoods. The inhabitants of squatter areas are quite heterogenous. Some are rural migrants and others are urban dwellers who either escaped from other more crowded Cairo neighbourhoods or could not afford them. In terms of income level, squatters are varied. They may belong to the poorest of the poor or the middle classes. Recently, as the present research shows, more and more of the latter group have increasingly been forced to live in squatter areas.

Government reaction to squatter areas have been precarious over the years. Squatters do violate many laws. However it is rare for the government to take punitive actions against them. Although there have been a number of eviction incidents over the years, this by no means was done systematically. Both the political sensitivity of such actions, and the government's inability to find alternative solutions to the serious housing shortages, have inhibited it from taking strict measures against squatters, and generally turning a blind eye to the whole situation.

C. GOVERNMENT HOUSING INTERVENTIONS:

In order to put the Helwan Housing Project into context, this section will briefly review the different attempts made by the Egyptian government to deal with Cairo's housing problems over the years.

Since the early fifties, housing policies have gone through various stages: from a series of unsuccessful attempts to house the poor to complete neglect. In the late 1950s and early 1960s, the state in its 'redistributive' effort under Nasser, got involved in building public housing units to accommodate the low

income population. These buildings were typically five story walk-ups, composed of two to three roomed apartments of between 30 and 60 square meters. These were rented at heavily subsidised rents, where the room cost was one Egyptian pound. In 1962-1963 alone, 21,000 units were built nation wide (Waterbury, 1982, p. 335). However these units failed to meet the needs of the ever-growing population of Cairo and most often they did not reach the poor. Although these housing units were affordable to low income groups, the majority went to lower middle income groups, many of whom were government employees.

This by no means suggests that the public housing provision of the sixties was ineffective. In a city like Cairo where the majority of the population, not only the poor, suffered from housing shortage, public housing in the sixties was an attempt towards a real solution. While the design of these buildings produced small, unattractive and monotonous units, over the years the inhabitants of these flats were able to transform them beyond recognition. The way the blocks of buildings were spaced allowed for extensions. Many of the inhabitants were able to extend their flats by one to two rooms. The creativity and organisation that it took, has been studied and used as examples for policy in other third world countries (see Tripple and Wilkinsom, 1987). The decision to locate public housing projects in major streets of Cairo in the sixties, was also advantageous in that the inhabitants were close to markets, workshops, schools and hospitals.

> "This policy of integration of the urban poor into the city reflected the governments' concern with social goals which included preservation of the social fabric and minimisation of economic hardship involved in relocation" (Hassan, 1984, p. 59).

Parallel to building public housing, government policies at that time were highly protective of renters. Rent control laws were issued which cut down rents by 50%, and owners were neither allowed to raise the rents nor to end

a rent contract. Though controversial and with negative results in the long run, especially in terms of the rate of new construction and maintenance, this law, at the time, allowed access to secure shelter for thousands of households.

In the seventies, under Sadat, fewer public housing units were constructed. The cost of meeting the housing deficit was considered beyond government means and such populist measures were increasingly seen as distortions of the market efficiency needed for development (Hinnebusch, 1981, p. 452). The hope was that unfettered private consumerism would generate a 'trickle down' effect. Rent control laws also started to be gradually relaxed. The state however announced that it would mitigate the disparities in the availability and distribution of housing in three ways. The first was to continue to build housing at subsidised rent. The second was to provide public land and subsidised credit to building co-operatives. The third was to construct new towns in the desert in close proximity to Cairo and Alexandria (Waterbury, 1983, pp. 341-342).

In the early eighties, the Egyptian government started reviewing its housing policy by reducing standards and size, minimising subsidy and emphasising cost recovery (El Gohary, 1991, p. 44). The major housing interventions in Cairo from the late seventies to the present, was the construction of new towns. In 1977, the GOE decided the only way to solve the huge housing problem was through a national decentralisation strategy. Out of this an ambitious national development project of constructing Satellite and New Towns on desert land was launched (Jenssen, 1981, pp. 211-212). The policy of constructing these towns was to redirect urban expansion where it does not threaten precious agriculture land. LE600 million were spent on this project up until 1985. The four New Towns, approximately 60 Km large cities, were meant to be autonomous centres. The four Satellite Towns, were around 30 Km from cities and were meant to be only partially autonomous (Feiler, 1990). The isolation of the New Towns meant that the spread potential of new towns to effect the economic and social development of a certain hinterland

or periphery was lost (Jenssen, 1981, p. 212-213). The other policy that also governed these towns was that it was targeting owner occupiers thus changing GOE rental policy in public housing. This meant that it was only affordable to middle income earners and not the poor. As a result of these new housing policies, and especially in the more remote towns, and despite huge shortage in housing, large number of plots remained empty. For example three of these towns had around 85% of the plots unoccupied (Feiler, 1990).

In an attempt to fill these empty units, the MOH has tried several strategies one of which was to use them for reallocation. For example as a result of a slum clearance carried out in 1980, a number of households were reallocated to the new town of Madinet Al-Salam. Research shows that this move has caused huge social and economic hardship for these households. The town is situated two to nine kilometres beyond Cairo airport. Although workshops were available for sale, most of the reallocated men and women could not afford them. Among the many problems that occurred as a result of such a move was that most breadwinners had to commute to seek work in the inner city having to bear the cost and the long hours spent on transport (up to two to three hours a day) (Hassan, 1984, pp.60-61).

IV CONCLUSION

As this chapter shows, Egypt's last forty years have seen a number of policy changes under its three presidents. It is in the light of these changes that the relationship between the GOE and USAID and the way it has evolved over the years can be explored. Sadat's pro-Western position, especially following Nasser's rejection, in the context of Egypt's strategically important position, have led to a unique relationship between Egypt and the U.S. While Mubarak and his government did not quite carry through his promise to be a devoted political, and even more important, economic client of the U.S., the aid relationship has not been interrupted. The way in which this fragile

relationship has been maintained reflects a prominent characteristic of Mubarak's regime.

The GOE under Mubarak is a regime that has proved in many respects to be reactive rather than proactive. The long and constant 'reaction' to foreign organisations, even though often resistant, seems to be all consuming. Little over the last decade and a half has been invested in economic development. It appears to many that the main goal of Mubarak's regime is to survive; and in the process, not to push any group or entity far enough for them to take drastic measures against Egypt in general, and against the government in particular. These entities include on the one hand the debtor organisations, and countries like the U.S., other Arab countries, Israel; and on the other hand the majority of the Egyptian public with its growing discontent and manifesting itself most clearly in the rise of Islamic fundamentalism.

As this chapter demonstrates, various U.S. institutions, and most particularly USAID, have not been simply at the receiving end of the GOE strategy of 'gradualism', but are at the same time an instrument in its implementation. The U.S.'s role as go-between with the IMF and the W.B. is an important example. But also, and even more importantly, the U.S. has also tried to help the GOE to pacify Egyptian discontent with the growing conditions of economic hardship. These various dynamics will be considered in the examination of the relationship between USAID and the Egyptian government through its manifestation in the Helwan Housing Project.

CHAPTER 4

THE INITIATION AND FORMULATION
OF THE HELWAN HOUSING PROJECT

I INTRODUCTION

The manner in which the Helwan Housing project was initiated and the
negotiations that took place before, during and after the signature of the Grant
Agreement, were crucial in shaping the project process and its impact. This
chapter will deal in some detail with the key stages of this process and the
various dynamics that emerged from the various relationships between the
major actors involved at this early stage of the Project.

II INITIATION AND SIGNATURE OF THE GRANT AGREEMENT

While the idea for the Helwan Housing project emerged in 1975, the actual
signature of the Grant Agreement took place in the middle of 1978. It is
important to examine the events of this stage of the project in the context of
what was happening in terms of the U.S. and GOE relations around the time
of the signature of the agreement. As chapter 2 shows, from mid to late
1970's, the time the Project was being decided and the Grant Agreement
signed, Egypt's peace negotiations with Israel were on the way, with the U.S.
as intermediary. Sadat was initiating his "Open Door Economic Policy". The
majority of Egyptians were feeling increasing economic pressures, reflected
in the 'food riots'.

The U.S. was in full support of Egypt during this period and the fact that the
U.S. role was politically motivated was never denied by American officials.
As Stone, the head of USAID in Cairo, said:

> "The U.S. wants above all to help stabilise and strengthen
> Egypt so that it can continue to pursue a peace oriented foreign
> policy and be a strong and reliable friend to its allies." (Stone,
> 1984, p.5).

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In Washington, U.S. assistance was seen as a "..political tool designed to impress Egyptians at all levels of society with the value of Sadat's American connection". (Burns, 1985, p.185)

A. THE INITIAL 'IDEA' OF A HOUSING PROJECT:

The director of USAID housing office during a visit to Egypt in 1975, suggested to USAID Cairo office that USAID headquarters would be interested to fund a big housing programme in Egypt (Interviews with USAID officials, 1988). A series of studies were then initiated and funded by USAID in 1976-1977 to evaluate the housing situation in Egypt. Based on the result of these studies, a joint U.S. and Egyptian consultants' team prepared a report entitled "Immediate Action Proposals for Housing in Egypt" (The Nathan Report[1] (NR), 1982, p.5). "The highly subsidised nature of public housing and continually rising construction costs" (Project Paper, 1978, p.1) were identified in the report as two of the major reasons for housing shortage in Egypt.

Following the thinking of the time around 'non-conventional' housing, USAID decided to fund a project that would be a 'demonstration' project to change GOE's housing policy. Egypt's 'conventional' housing policy of building public housing in the shape of five story walk-up apartments, was found to be an inefficient way to solve the housing shortage and presented an extra load on the Egyptian economy. Consequently, the report stated that 'the GOE budgetary resources devoted to housing even though increasing, are clearly inadequate to the needs of Egypt's poor' (Project Paper, 1978, p.1). The team then suggested a number of guiding principles for immediate action such as: reducing cost by reducing size and standards; increasing level of cost recovery; and establishing a housing programme to meet needs of the lowest income people (NR, 1982, p.5).

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[1] The Nathan Report is the first independent evaluation done by an American firm. It will be extensively quoted here as it is a good, quite objective document that covers the early stages of the project.

Following the "Action Proposal" USAID decided to embark on another series of studies to identify specific housing demonstration projects. Consequently, the Office of Housing financed three studies that were conducted by U.S.-Egyptian firms in mid 1977.

The reports recommended five housing projects, among which two were the 'Helwan upgrading' and the 'New Cooperative Community' projects (NR, 1982, p.6). USAID chose the two Helwan projects which it decided to combine into one, including both the upgrading and 'new community' components. The idea then was to co-finance a housing project which would demonstrate the possibility of a 'new' approach to meeting the housing needs of the low income population. As one USAID key official explains, Helwan was chosen because it was inhabited predominantly by factory workers, with the idea that they represent a vulnerable and potentially politically explosive sector of the population (Interview, CHF consultant, 1988).

As described in chapter 3, the economic and political situation was such that the majority of the population who were not getting any of the benefits of peace and the economic opening to the West, were seen as a threat to the regime. That was the basis for the choice made by USAID of the target population. Factory workers were seen by U.S. consultants and officials as a sensitive political group who are often subject to political unrest. A CHF consultant explained that to meet factory workers' needs was a way to pacify them and win them over (Interview, CHF, 1989). This explanation was supported by a USAID official who said that the sentiment at that point was: "Let us support little factory workers. They are a strong political group, we cannot afford to anger them" (Interview, USAID, 1989).

The notion that factory workers are the most likely political group to rebel under economic pressure at that time in the history of Egypt, would not have been held by those with better knowledge of the Egyptian context at the time.

And in fact, as this thesis will partially show, political unrest with the rise of Islamic fundamentalism in the late eighties and nineties came from elsewhere.

B. THE PROJECT PAPERS:

While the original estimate to produce the project papers was six months, it took USAID about 18 months from April 1977 to August 1978 to prepare the Implementation Plan, Project Paper and Grant Agreement (NR, 1982, p.6). The Project Paper which was prepared by CHF in coordination with USAID, instead of being ready in November 1977, received final approval in July 1978. It was based on a number of reports contracted by USAID and produced by U.S. firms. These reports covered a range of areas: an environmental assessment (done in accord to USAID regulation), a finance and credit report, and an engineering and feasibility study (NR, 1982, pp. 6-7). The Project Paper covered the technical, financial, economic and institutional aspects of the Project.

C.   THE SIGNATURE OF THE GRANT AGREEMENT AND NEGOTIATION WITH MOH:

USAID documents written at that time suggest that all the stages prior to the signature of the Grant Agreement involved negotiation and even 'working together' with the GOE. Interviews with USAID officials describing how procedures normally go, also supports that. However interviews with the Agency and CHF staff as well as close reading of the documents, show that the involvement of GOE at this stage was nominal.

The first real negotiations between USAID and the GOE started after the Project paper and Grant Agreement were written and ready for signature (1978). According to a high level MOH official who was directly involved in the negotiations, the 'new' housing approach was seen as an interesting experience at that point. The atmosphere was quite relaxed in terms of GOE and U.S. relations for this was the height of the Sadat era. The only objection that the Egyptian team had at this point was about the high fees to be paid to

U.S. consultants. "Their budget for U.S. consultancy fees was $17 million but we bargained with them till we got it down to $5.7 million" (Interview, ex-high official in MOH).

In accordance with the USAID agreement with Egypt, the GOE has to contribute 50% of Project budgets. According to the rate of exchange at the signature of the Agreement this meant that USAID was to be responsible for $80 million and GOE LE56 million. The latter sum was decided to be partly in kind (Land etc, estimated at around LE35 million) and partly in cash (around LE10 million). The estimates given by the Egyptian negotiators about the value of the land, were in fact quite inflated. This 'deal', according to MOH and the Agency officials, was something the Egyptians were proud at having achieved in their negotiations with USAID (Interviews, 1988-89).

It seems that nothing else other than these two points was negotiated and that all the conditions in the Project documents were "well received by the GOE" (NR, 1982, p.6). This fact later received harsh criticism from the Agency staff members at all levels. They saw that this was a key reason for problems they faced throughout the history of the Project (Interviews, the Agency, 1988-89).

Reports, as well as various announcements from high USAID echelons, insisted that procedures for funding projects entailed that the GOE submit proposals and that USAID responds to them. Once projects are approved, then it is claimed that the GOE is a full partner in negotiations throughout the project phases. These claims are then contradicted by statements such as:

> "..although the AID Cairo mission now is more actively discussing project progress with Egyptian officials, the Egyptian government continues to have a minor role" (U.S. General Accounting Office Report, 1985, In Morsey, 1986, p.375).

D. THE NATURE OF USAID-GOE RELATION DURING THIS STAGE:

This stage in the life of the Helwan Housing project was crucial in shaping the process of the project and the relationship between USAID and the GOE. The main problem was that USAID ignored GOE priorities, and thought that it could use its leverage through funding a huge project to change policy without GOE involvement.

While USAID's ultimate goal in Egypt has always been a strategic one, it saw itself achieving it best through helping the GOE towards a more efficient path of economic development. Introducing new policies, housing being one of many, was thought to be a means towards this goal. The words of a senior USAID sum up this position:

> "AID sees itself as a developer rather than a bank. We deal with projects that help in changing policy. This is our way to help run the Egyptian economy" (Interview, Senior USAID Official. 1988).

The assumption on the part of USAID was that because of the position it held in Egypt, all it needed to do in order to change a policy was to demonstrate how it could work. So in the case of the Helwan Housing Project, as a USAID official explains, the USAID was not interested in the success of this project as an end in itself, it was interested in changing policy (Interview, USAID Official, 1989). Among other aims, it wanted to create a new economic system which will encourage the mobilisation of private savings and would guarantee cost recovery while cutting down on subsidy; to establish lower and more flexible planning and building standards; give land tenure to 'squatters', by-pass the established bureaucracy by creating an autonomous new institution (the Agency) to implement the Project and other similar projects (Project Paper, 1978).

USAID seemed, in this case, to have completely ignored the fact that Egypt had its own agenda. It also underestimated how difficult it would be to try

and alter it. As a prominent former diplomat explained:

> "Some of our expectations about the political value of economic aid in Egypt seem incredible in retrospect. But you must remember that we were new to the game" (interview in Burns, 1986, p,7).

In his discussion of the way the relationship between USAID and GOE could be improved, Hopkins argues that not only do the priorities have to be mutually agreed upon, but they must be justifiable in terms of the internal norms of each of the two bureaucracies in the context of the political process of each of the two states (Hopkins, 1984, p.38).

While USAID came up with a package all laid out in the documents, GOE did not offer an alternative package, it did not state its objectives, conditions or policies. The natural questions then to ask at this point is why GOE accepted the Project Paper as it was? Why did it not negotiate for conditions closer to its own objectives? Why did it not even explain that the conditions offered did not fit the complex reality of the Egyptian political, economic and bureaucratic system?

What most interviewees agree to is that USAID was offering funds for which the GOE was in great need and therefore did not reject the proposal. They did not want to alter any of the conditions for the project because they did not want to jeopardise getting the funds. As described by a number of interviewees in the Agency, while there might have been one or two senior officials in the MOH who were interested in a new approach to housing, the rest of the negotiating team were really not convinced of its viability in the Egyptian context (Interviews, the Agency and MOH staff, 1988-89).

In addition to that, as shown in interviews with the Agency staff, the signature of the agreement was not taken seriously by the GOE. The signature was not seen as a final commitment. The idea that eventually the government would

be able to do things their way, was predominant. In other words, the GOE appeared to view this stage differently from the Americans. While the latter spent a huge amount of time and money to produce the Project "BOOK", the GOE on the other hand saw this stage as a formality they need not worry too much about. As Hopkins explains, Egyptians involved in such projects see the Americans as relative newcomers who insist on more studies in order to convince themselves that the program direction is right. The Egyptians, however feel they would rather get on with the program than spend time doing studies (Hopkins, 1984, p.43). Other reasons given by interviewees for the low level of negotiation on the part of the Egyptian team at this stage, was, as one CHF Egyptian consultant said:

> "They were poor negotiators because they were ignorant of
> what upgrading and sites-and-services meant so they were
> intimidated by all the jargon and were unable to discuss it in
> detail"(Interview, CHF Egyptian Consultant).

Another added:

> "If you look at the list of the Egyptians that signed the
> agreement you would find that they were all politicians, or
> bureaucrats or professionals. There were no technical people
> which explains the many technical weaknesses in the Grant
> Agreement" (Interview, Egyptian CHF consultant, 1989).

This view was supported by an employee in the legal department of the Agency who argued the following:

> "If there was a legal consultant on the team we would not have
> been suffering now from so many problems. The Grant
> Agreement is full of legal loopholes" (Interview, the Agency,
> 1989).

Others including some USAID interviewees, put most of the blame on USAID for the many problems that came out of this stage for the project. Their main point was that the Helwan Project should not have taken off when there was

no agreement on the objectives from GOE. This, one official added, was the basic reason for the obstacles that inhibited the Project's progress (USAID Official, 1989).

There is also a general agreement that the objectives that USAID put forward were too numerous, too varied and many did not fit Egypt's reality. This was confirmed by a CHF consultant who had long years of experience with the Project. He said:

> "..many of the objectives were unrealistic. For example cost recovery. You cannot make cost recovery as an objective when this contradicts so many other policies in the country. This was however typical of projects agreed on in the mid seventies in Egypt" (Interview, CHF Employee, 1988).

In short, USAID came with a whole package of changes ignoring the existence of an already complex well established system. Whether it was ignorance of this complexity that made USAID act in this way, or that it did it thinking that it could overcome it through such a high budget Project, or it was a combination of both, is a question to be investigated. Whatever the reason, the result was quite detrimental to the Project, as will be shown below.

III THE TENDERING AND CONTRACTING PHASE

The major activities that occurred during this phase were the creation of the Agency and bidding and contract negotiation.

A. THE CREATION OF THE AGENCY:

In response to the Grant Agreement, a ministerial decree was issued pertaining to the establishment of the new agency (EAJP) to implement agreements held with foreign governments. The Chairman of the agency is delegated the authority of the minister to deal with the personnel, financial and administrative affairs of the agency (Ministerial decree no.48). The description of the role of this institution, as it appears in the Project Paper is as follows:

> "An implementation unit in the MOH headed by a director,
> will be directly responsible for orchestrating the inputs of the
> various agencies and for overall management, supervision and
> evaluation of the Project. He will be guided by the decisions
> of the steering committee which will be chaired by the MOH"
> (Project Paper, p.15).

The employees of the Agency, engineers, accountants, administrators and social workers, were all selected from within the MOH. They were given 75% more than their Ministry salaries[2].

B. THE BIDDING FOR CONTRACTOR AND CONSULTANT FIRMS:

From the time of the signature of the Grant Agreement in mid-1978 until early 1980, the main activity was around bidding and contract negotiation for the three main consultancy firms responsible for the implementation of the Helwan Project.

The Project Paper implementation schedule estimated that the target date for two of the three U.S. consulting firms to commence work was October 1978. In fact the actual work started in 1980. The delay was due mainly to the long bidding procedures and contract negotiation.

Competitive USAID bidding procedures have been among the most time consuming and criticised feature of the usually cumbersome U.S. aid bureaucracy (Weinbaum, 1986 p.102). In interviews with the Agency and CHF staff, there were many complaints about how unduly long and complex USAID bidding procedures were. The procedures as shown in USAID documents, include the following steps: public advertising in the States; invitation for bids with precise specification and all terms and conditions; public opening and reading; evaluation; award to responsible bidder with lowest responsive bid (Project Implementation Paper, 1988, p.v-7).

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[2] This was in the shape of bonuses, but in fact were fixed. This is the only way that government employees can be paid extra money.

These procedures which the Project documents indicated took between four and six months, the Agency interviewees said took much longer. Three of the old timers on the Project argued that this was another reason why U.S. consultant firms should not have been involved. "The U.S. firms do not only use up most of the Project budget, but it takes ages to recruit them" one of them explained (Interview, 1988). On the other hand USAID officials, while admitting to the long procedures, maintained that this was the only way to go about it efficiently. In his analysis of USAID-Cairo, Weinbaum explains that USAID's rigidity has forced its clients to "endure a labyrinth of details and delays" (Weinbaum, 1986, p.101).

Delays and obstacles occurred with each of the three major contracts with U.S. firms. The CHF contract was one of the major contracts in the Helwan project. CHF was the consulting firm contracted to provide technical assistance to the Agency. Its responsibility consisted of advising, assisting and training staff members of the Agency (NR, 1982, p.i). USAID-Cairo wanted to select CHF, as it was already involved with all the preliminary studies, without having to go through the usual bidding procedures. However USAID-Washington insisted on competitive bids. CHF was evaluated and selected in agreement with the MOH toward the beginning of 1979. Then contract negotiations started, and CHF submitted a cost proposal for $5 million. The original cost for this contract was, as it appears in the Project Paper, $2.8 million. The then chairman of the Agency objected to the $5 million, saying that the contract price was too high, and that they did not need nor did they want technical assistance (NR, 1982, p.12). This fact, which was confirmed in an interview by another ex-chairman of the Agency and by CHF staff, was the reason that CHF had to submit another proposal (Interview, 1988). It cut down the terms of the contract and reduced its team size and came up with a budget of $1.9 million (NR, 1982, p.13).

The second major contract was that with Basil-WBLT-Nassar[3] (BWN). As it appears in the Nathan evaluation and as interviews with the Agency and CHF staff indicate, the architect-engineer contract was an issue for objection by the Agency and the MOH. Again as soon as BWN's submitted a cost proposal of $15 million, the Agency and MOH objected to using an American firm. The original cost estimate in the Project Paper was $3.69 million. Although this cost was not escalated for inflation, it was still way below BWN's proposed budget. After four reduced proposals were submitted, the contract was finally signed at the price of $5.6 million in the middle of 1979. The negotiations thus took one year to be completed and the work did not start until the first quarter of 1980 (NR, 1982, pp. 13-14).

The participation of an Egyptian firm in the design of the HNC houses was part of the Grant Agreement. Thus the contract with the Arab Bureau for Design and Technical Consultation[4]. A number of the Agency employees however claimed that it was as a result of pressures on their part that USAID accepted that an Egyptian firm be involved. The Agency seemed to consider this to be one of their negotiation conquests.

It took USAID more than a year to evaluate the list of Egyptian architectural and engineering firms responsible for the design of the HNC housing solution. After the AB was selected at the beginning of 1979, the negotiations for this contract were again delayed. The contract was finally signed in mid 1980 after the price was reduced to LE330,000 (around $4925,300) (NR, 1982, p.15)

In addition, a number of Egyptian firms were contracted for the design and installation of the infrastructure in the upgrading areas as well as in the

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[3] This was a joint American-Egyptian firm. They were responsible for planning, architecture-engineering, procurement, construction, management and supervision.

[4] The Arab Bureau was contracted to design and prepare contract documents for the houses and community facilities.

building of community services. Again the Agency interviewees claimed that they pressured USAID into accepting that this work should be done by Egyptian firms. A USAID interviewee however said that the bidding was announced in the States but no American firms applied. He explained that the contracts were too small to attract Americans (Interview, Egyptian USAID Employee, 1989).

Contracting, as with the bidding process, started by being quite complicated and time consuming. However, after procedures between USAID and the Agency were simplified no major delays occurred.

C. THE IMPACT OF THIS STAGE ON SHAPING THE PROJECT PROCESS:

It is important to stop at this point and try to look into the most significant issues raised during this stage and the impact they had in the shaping of the Project process.

The first issue here is around the creation of a new agency to implement the Helwan Project. USAID thought that by creating a new institution it would achieve the following objectives: to establish an institution to be responsible for future Projects within the GOE; and to avoid the difficulties in the Egyptian bureaucracy and to speed-up implementation[5] . However, as the Project process shows, the effect was the opposite. Interviewees explained that the newly developed institution took a long time to get established and assume its role. They explained that the Agency started off being weak, and although it later gathered momentum it still did not have enough power to fight on all fronts (Interviews with USAID, the Agency and MOH, 1988-89). So instead of being a dynamic institution able to execute new ideas, by the mere fact that it was a new institution in an established government

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[5] Since the creation of EAJP several similar institutions were created which are government institutions but with a mandate to carry out functions that are meant to cut out bureaucratic delays.

bureaucracy, it was paralysed by entrenched obstacles and had to face a real battle with all. Also the fact that the Agency was never given legal autonomy was a reason for its limited authority.

Reading through the USAID Project documents one is struck by the obsession with this new institution. It seemed as if the whole project was only a means to reach this end, ie to create a new institution. "The Helwan project can be used to develop an institutional capacity to carry on the program in other regions of Egypt" (Helwan Housing and community upgrading, 1984, p.4). Therefore by creating this new institution, all the pressure was put on the Agency to negotiate a controversial Project. In trying to by-pass the bureaucracy a number of the most key institutions and agencies were felt alienated and as a result they caused delays throughout the life of the project. One of the major institutions that the Project managed to alienate most was the Governorate and then later even the MOH[6].

The second issue is about the reluctance of the Agency to employ U.S. firms. The negative effect resulting from lack of proper negotiation on the part of GOE over the Grant Agreement, first became apparent at the contract negotiation stage. It took only a year after the Grant agreement was signed, for the MOH and the chairman of the newly developed the Agency to challenge one of its terms. The cost given by the U.S. firms were seen to be extremely unreasonable. The objection that U.S. consultants were not necessary, immediately arose. While both the MOH and the Agency might have known that their objection would probably not reverse the agreement, they used it as a point of bargain. They did succeed in pushing the cost down, which they considered to be a victory. However by the end of the Project, as will be shown in the next chapter, the U.S. firms' budget got way beyond even the U.S. firms first estimates.

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[6] This will all be discussed more fully in the next chapters.

USAID interviewees were very clear about the inevitability of employing American firms. As one senior employee said: "AID is tax payers money, they like to see that they get something out of it" (Interview, USAID Senior Employee). A CHF consultant added:

> "Americans hate the idea of aid, they basically don't care about the outside world. The only way to convince them is to show them through various ways that it is of benefit to them" (Interview, CHF American Consultant).

The issue of employing U.S. firms will remain a hot issue of discussion throughout the Project and a source of major complaint from most Agency staff as well as Egyptian consultants working for CHF. The cost of employing them was seen as eating up most of the grant. Their role as assistants and trainers was also unacceptable on the part of the Agency staff, who saw them as having inferior capabilities to their own. This created a great deal of resentment among Egyptians on the Project, which affected the relationship between them and their American counterparts. The American consultants, contracted by the Agency and at the same time playing the role of the consultant, trainer and adviser resulted in tension around 'who had power over whom'. More of this analysis will come up in the next chapter.

While the previous phase consisted of negotiations between USAID and GOE represented by MOH, in this last phase the Agency resumed its role in the Project, and added a new actor to the project.

The Agency was meant, at the point of its creation, to take control of the Project with both USAID and MOH as support institutions. However what actually happened was that the Agency allied itself with MOH and was, at different stages of the Project's life, in a more or less confrontational relationship with USAID. The role of both USAID and MOH as described in the Project documents was supposed to be basically that of funding and monitoring. However, as described above, the whole discussion around U.S. consultant firms showed that USAID was forceful in pushing things in

accordance to the Grant Agreement. Project documents and interviews show that USAID officials felt things were slipping out of their control. What they thought was a final non-negotiable document, i.e the Project Paper, was being challenged. According to both CHF and USAID interviewees, the fact that the Egyptians were questioning such a basic item in the Agreement, came to them as a real shock. It was only then that they realised that they had a battle on their hand.

While the Agency in its alliance with MOH officials did not win the battle over the U.S. consultants, a battle they probably knew they would not win, they did however succeed in pushing down the fees. This alliance between the Agency and MOH, as will be shown in the next chapter, did not always remain as such. This triangle between the Agency, MOH and USAID proved to be quite dynamic, with alliances shifting all along the Project process. It very much depended on the different interests of each of these three actors and how they would gain most if they allied themselves with a particular actor against the other around different issues.

IV PLANNING AND DESIGN PHASE

The Agency played an important role during this phase. It became responsible to reviewing and approving the plans and designs produced by the U.S. and Egyptian firms. It also acted as coordinator between these firms on the one hand and the Egyptian agencies and institutions responsible for giving planning and design approvals on the other hand. It was also responsible for the design of community facilities in the upgrading communities. CHF's role was to help the Agency in its activities, especially the managerial and supervisory ones. It also started to take the role of go-between, between USAID and the Agency. After CHF stepped in, USAID started taking less of an active role in running the project. Its role was mostly to approve plans and designs. BWN's role was mainly technical. It worked on the urbanisation plan and the design of the Helwan New Community (HNC) infrastructure. It also spent

time negotiating around keeping to the standards as they were set in the Project Paper.

The Arab Bureau was responsible for the design of the Model Housing Estate (MHE). Its position was to push Egyptian standards, rather than U.S. standards as they appear in the Project Paper. Finally, the main role of the Governorate and various utility operation agencies during this stage was to give approvals on plans and designs. Their position was absolute refusal of USAID proposed standards.

A. THE HELWAN NEW COMMUNITY:

Empty desert land was chosen for the Helwan New Community (HNC) component of the Project. This was the site for 7, 200 plots with infrastructure and facilities to serve a population of around 100,000.

1. The Urbanisation plan:

This phase started with the preparation of the Urbanisation Plan for Helwan New Community (HNC), which began in the middle of 1980. The Plan was the first job executed by the U.S.-Egyptian venture BWN. They worked with the Arab Bureau and CHF to produce this document (HNC Urbanisation Plan, 1985, p.11). While it was estimated that this stage would be completed in four months, it took ten months. A number of agencies had to review the plan before it could be implemented. As stated in a USAID document, the long and complicated procedures were for the following reason:

> "..it became necessary to reconcile fundamental differences of approach in terms of requirements of the Ministry, the comments and recommendations of various consultants, and the project goals as outlined in the Project Paper, as well as the basic agreements originally reached between the governments of Egypt and the United States" (Ibid, p.22).

It was claimed, in that same document, that each stage of the development of the plan was done in coordination with the General Organisation of Physical

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Planning in order to ensure that all requirements were done in accordance with Egyptian practice (Ibid, p.11).

This fact was denied by both a number of the Agency staff as well as in the Nathan Evaluation Report. The major problems occurring during this stage was that the BWN team members did the preliminary design work in Athens and the urbanisation planning in New York. BWN which expected to receive quick approval for its plans, got a rejection from the Agency. The major reason given for this rejection was that BWN presented the agency with only one final plan instead of alternative plans[7]. BWN was consequently given an extension to prepare alternative plans and make a number of revisions. This took about six months to finish, after which one of the plans was finally approved by the Agency (NR, 1982, p.17).

2. Design of the Infrastructure:

The second stage, the design of the infrastructure, started at the beginning of 1981 and finished in the middle 1982. Besides the General Organisation of Physical Planning and the Planning Review Board, various sectoral agencies also had to give approval to the designs. Because these agencies were not involved in the design process, and because of the 'new' standards[8] used and of course because of their own complicated bureaucracy, it took a long time to get the designs approved. They were rejected by most of these agencies and asked to be redesigned according to Egyptian standards.

An attempt was then made following the suggestion of CHF, to solve this problem. A committee was formed with representatives of the different sectoral agencies as members. This however was not done in the spirit of having them participate in the process. The main purpose was to co-opt

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[7] This is not necessarily a requirement when dealing with Egyptian firms. In this case difficulties were imposed because they are 'American and should know better'.

[8] The standards suggested were lower than Egyptian standards.

them. This fact was quite shamelessly admitted in the Project document. One Agency high echelon employee said that these people were paid a fee to attend the committee as a bribe in disguise (Interview, the Agency, 1989). As Gabele argues in his evaluation (1987), these sectoral representatives felt they were 'serving two masters' [the Agency and the sectoral agency they belong to]. This, he explains, led to last minute rejections 'when the representative was wearing his 'agency hat' (CHF, Evaluation of Upgrading Construction, 1987, p. 12).

The end result was that the 'new' standard were still rejected. For example, one among the agencies that objected was the Electricity Board. They asked for the electricity system to be redesigned. BWM explained in a memorandum, that the changes requested were not due to errors in the original design, but to the system selected by BWN. The latter argued that this system was completely acceptable in the United States. As a result of the objection of the Board, the system had to be redesigned to a "rather complex one costing considerably more money" (BWN memorandum, 1982, in NR, 1982, p. 224). Therefore, in all cases, BWN had to comply with the local authorities' requirements on standards rather than on the requirements as shown in the Project Paper. As a result, according to BWN estimates, the sewer system cost 20% more than a comparable American design, and the electric system 60% more (Ibid, p. 227).

3. Procurement of Materials:

Another activity which occurred during this phase was the procurement of American materials and equipment for the project. Approximately $12,000,000 (15% of USAID contribution to the budget) worth were imported during the planning and design phase (HNC Urbanisation Plan, 1985, P.13). Like the contracting of U.S. firms, procurement of materials from the U.S. represents another major issue for resentment on the part of the Agency team

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and some of the Egyptians among the CHF staff[9].

4. The Design of the Model Housing Estate (MHE):

The design of the Model Housing Estate (the model housing for the sites-and-services) was the responsibility of the Arab Bureau. This activity took place between the middle of 1980 and the beginning of 1982. There were two issues of disagreement over this work: one was the lot size; the other was the foundation designs. Another major issue of disagreement was around lot size. Not only did the Planning board disapprove of the lot size as designated in the Project Paper, but so did the Agency and the Arab Bureau. The Egyptian standards exceeded by far those established by USAID in the Project Paper. This debate took several months to settle as the Arab Bureau wanted the lot size to be 150 Sq meters while USAID insisted on 50 Sq meters [10]. At the end it was decided that the size of the lots would be closer to USAID's plan (Ibid, p.226). The problem around foundations was about the soil conditions and the most appropriate system of foundation (NR, 1982, p.21). This issue around foundation proved to be a very controversial one during the implementation phase.

B. UPGRADING ACTIVITIES:

Hardly any work at all took place towards the upgrading component of the project in 1980. A plan was set by CHF to identify one of the communities in which to start upgrading activities. One of the major reasons for the delay was that Agency staff was only interested in HNC and would not, at this stage, spend any time on the other components of the Project.

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[9] This will be discussed at greater length in the next chapter.

[10] Reduction of plot sizes is very much part of donor led housing policies at the time (chapter 2).

In mid 1981, the contracted Egyptian planning and engineering firms started producing the urban land use plans and infrastructure designs of the upgrading areas. As in the case of HNC, because of the lower standards proposed by the Project, long delays occurred in getting sectoral agency approvals. This was due to rejections on the part of these agencies on the basis of unacceptable standards. Therefore major redesign work had to be undertaken with little overall reduction in standards affecting recoverable cost (CHF, Evaluation of Upgrading Construction, 1987, p 10).

As the next chapter will discuss more fully, the issue of standards was seen, by USAID and CHF as one of the largest failures of the Project. USAID interviewees argued that Egyptian officials insisted on the best standards just because of the American money in the Project. This, they explained was why the standards they requested were the same as those used in the best neighbourhoods of Cairo. These facts were denied by the Agency employees who said that infrastructure standards were uniform in Egypt, that they do not vary from upper to lower income neighbourhoods. These standards, as one of the Agency previous chairman explained, have never changed since they were introduced by the British early this century (Interview, CHF Egyptian Consultant 1989).

The design of the community facilities, which are part of the upgrading activities, did not have to go through many delays. They were designed in-house using standard government designs (Op cit, CHF, 1987, p.8).

C. MAJOR IMPLICATIONS OF THIS STAGE OF THE PROJECT:

The role of the MOH became quite eclipsed during this phase while other institutions became more predominant. The main actors that played a role during this stage were: U.S. firms (including CHF), the Agency and Sectoral agencies. The dynamics of the relationship between them was mostly set off, at this phase of the Project, by the issue of standards, cost recovery and replicability. Again the USAID assumption that the signature of the Grant

Agreement meant that all GOE agencies and institutions would change their regulations for this Project, was challenged. This was further complicated by the fact that all these agencies and institutions were approached after the planning and designing was done and they had no involvement in the process. This meant that the whole purpose of early involvement and being engaged in a dialogue which might have led to some changes, was not achieved. While USAID did not have an active role during this phase except in supporting BWN in its effort to lower standards, many of the obstacles that occurred during this phase were due to the approach it took in the first stages of the Project. The alliance here was between the Agency and the sectoral agencies. What the Agency wanted to do was to speed up the operation but not necessarily convince the Egyptian agencies to accept the lower standards.

As a result the sectoral agencies had the last say each time with the exception of the case of lot sizes in HNC. No changes occurred in standards which meant that one of USAID's most important objectives failed to materialise.

The second major issue is around the roles of key agencies and Project management. The issue of who was supposed to do what and what were the boundaries of each of the three key agencies i.e the Agency, CHF and USAID, becomes prevalent during the design and planning phase. Because management roles were not clearly defined in the Project Plan, a certain degree of confusion occurred at this stage especially between the Agency and CHF. The latter found itself involved in the everyday management of the Project. There were many complaints in CHF documents and in interviews, that the Agency used them to perform a large proportion of specific Agency staff activities (Internal document/mid-term evaluation, 1984, pp.ix-x). What was actually happening was that the Agency staff members did not see the relevance of having an American agency providing them with training and technical assistance. Interviews with the Agency staff members show that although they might have learned some things from CHF staff, they often felt they had much longer experience, more knowledge and higher levels of skill

than CHF consultants. Many of the Agency interviewees questioned the consultant status of most CHF members. They found that most were too young, had not much experience outside their countries and were basically bureaucrats rather than experts. The best quality they found they had was that they spoke the same language as the funders, and were good at writing reports.

This is basically how CHF undertook the important role of go-between. USAID also found this role convenient. They knew CHF was aware of the score i.e. what the Project was expected to achieve. Therefore by working closely with the Agency, CHF had a better chance advancing the ideas of the Project and at the same time keeping USAID informed of the progress of events. It was then that USAID became less obviously involved in the Project, something which until this point was an issue of resentment on the part of the Agency.

V CONCLUSIONS

USAID in its position of co-funder had the potential of absolute power, at least in terms of allowing the Project to go ahead or to terminate it. The Project Paper and Grant Agreement were approved by the GOE, they constituted a legal document, USAID had the money at its disposal with a veto power over expenditure and had all the backing of a well established bureaucracy to help it carry out the work. So a number of possibilities were available to USAID to exercise a large degree of power and control over the Project process. However, USAID chose not to exercise its power.

The fact is that USAID reserves the right to veto the expenditure of any USAID funds financing proposed programmes, plans or activities that USAID staff judges will not adequately meet the objectives set by such programmes (NR, 1986, p.143). Also, as much as aid could be offered as an incentive to reinforce certain desirable behaviour patterns on the part of the recipient

country, aid could also be denied as a political sanction for behaviour considered contrary to USAID interests. Various levels of sanctions could be used ranging from terminating aid given to a particular country, to refusing to increase the amount of aid, or to suspending funds committed to a certain project (Burns, 1987, pp 4-5). Knowing these facts about how USAID usually operates raises the question of why they did not exercise their rights in these cases. In the words of Galbraith, this means USAID chose to remain at a 'passive stage of power' (Galbraith, 1986, pp. 213-214). In other words it did have the potential to exercise power, but chose not to. Their decision for 'inaction' could also be categorised, using Law's language, as 'power discretion' ie the power to chose not to act over the choice to act (Law, 1991, p. 34). This, while it explains what their decision was in this case, still does not answer why they took this decision.

USAID only chose to use the Grant Agreement in the case of employing U.S. consultants and the procurement of U.S. materials while it chose not to, over the issue of standards. It did not use its leverage to insist on the issue of standards despite this being crucial to the whole 'demonstration' purposes of the Project, and the fact that it meant the need for subsidy, no cost recovery and non-replicability. This perhaps raises the question of interest. Perhaps, USAID's interest in the commercial side of the Project outweighed that of the principle of changing GOE approach to low income housing cost and efficiency. What could be seen as 'Conditioned power'[11] was again not exercised.

Both the MOH and the Agency chose not to fight the huge, and seemingly, impenetrable bureaucracy of the sectoral agencies to stop the lowering of standards. Long delays occurred and there would have been unlimited delays had USAID not compromised on the standards. In this case, while on the surface the MOH and the Agency had no power, it in fact was able through

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[11] 'Conditioned power' is a term used by Galbraith (1986, pp. 213-214) to describe power used to change the belief of others.

the use of manipulation, which according to Wrong, is one of four forms of power which alongside persuasion, is an extremely subtle, and at the same time effective form of power (Wrong, 1979, pp. 66-67).

The question of why the relationship between USAID, MOH and the Agency was conducted in this manner can only be fully understood, when put in context of the further development of the Project process. This will be examined at more closely in the following chapters.

CHAPTER 5

UPGRADING: INSTITUTIONAL RELATIONS AND IMPLEMENTATION

I INTRODUCTION

The discussion in this chapter will be around the Upgrading component of the Helwan Housing Project. As the Project progressed, relations and roles of different agencies, institution and organisations became more defined and alliances developed. To demonstrate how the interaction of the different actors shaped the upgrading process, this chapter will describe some of the upgrading interventions with a particular focus on these relationships.

As described in the last chapter, during the early stage of the Project USAID had apparent control as it had in its grasp the Project Paper (PP) with a signature from the GOE agreeing to all the conditions on the 'new' housing approach. It also had a clearer vision, in comparison to its Egyptian counterpart, about what it wanted to achieve. As the Upgrading component of the Project progressed the rules of the game started shifting. The Agency started to consolidate itself as an agency in its own right with its own approach which, without openly stating it, continued to be largely in disagreement with most of the principles of the PP. Well into the implementation phase, various GOE agencies, in their role of review and approval of plans and designs, continued to turn down proposals that did not comply with their guidelines.

II BACKGROUND: INSTITUTIONAL REFORM

As described earlier, the Project objective was not only to implement a housing project. It also aimed at introducing reforms into GOE institutions. The creation of the Agency was the most direct attempt at this reform. However, the institutional reform goal was not only to create a new agency with new ideas. The Project was also seen by USAID as a 'means' to cause

radical changes in a number of existing Egyptian institutions. This was over ambitious, as USAID and CHF interviewees admitted in retrospect (interviews, 1988-89).

Both attempts, as this thesis will demonstrate, failed to a large extent. USAID took it for granted that its relationship with the Agency[1] would become a comfortable patron-client relationship. This did not happen and was challenged early on by the Agency senior staff. The Agency resented what they saw as USAID interference (Interviews, 1988-89).

USAID also believed that the implementation of the Helwan Project with its new approach would challenge the policies, procedures and guidelines of sectoral agencies and would eventually lead to drastic reforms in their old approach to housing. Not only did this hope prove impossible to achieve in those organisations included by design in the PP, but it was even less likely in the multitude of other agencies and organisations which were de-facto part of the process and were totally beyond the influence of USAID and the Project.

III THE DESIGN AND PLANNING PHASES OF UPGRADING

While issues of design in Upgrading were discussed briefly in the last chapter, since issues of design and re-design continued well into the implementation phase, more detail will be covered here. Seven 'squatter' communities in Helwan were identified for upgrading. The upgrading component of the Helwan Project necessitated that the Project staff worked through Community Based Organisations (CBOs). This meant that the first step in starting work in each of the seven communities was to identify such organisations. In some of the communities, one or several of these were fully developed, in others they were less so. For the latter case, the Project staff gave support for such CBOs to take shape so as to be the local counterpart for the project.

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[1] USAID was after all the creator of the Agency.

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A. DESIGN OF THE 'COMMUNITY DEVELOPMENT PROGRAMME':

The community Development Programme included a number of components: a vocational training programme in two of the upgrading communities, a cesspit emptying programme, solid waste programme, literacy classes for women and men, and youth programmes for men.

The Project Completion Report (PCR) explains that the Agency community development teams and CHF staff worked closely with the CBOs to establish these programmes and to provide equipment and administrative, financial and staff support. They also developed management training for the associations and assisted them in developing a more active voice within the Ministry of Social Affairs[2] and the local Helwan administration and political structure (PCR, 1988, p. 31). Closer reading of Project papers as well as interviews with the Agency and CHF staff and members of community associations, raises a number of questions about the nature of the role the Project played in the development of these associations and the degree of the latter's involvement[3].

Egyptian consultancy offices were hired to provide solid waste and collection designs in the upgrading communities. The work was carried out by two different consultants in 1981-1982 (Evaluation of Upgrading Construction, 1987, p. 31). Each used a different system, one a modern motorised system and the other the traditional system of donkey and cart. It took them around eight to ten months to design the system after a study of circulation, cost, etc. Then the two systems were tried out as pilot studies in Rashed and Ghoneim (two of the upgrading areas). One of the consultants hired, explained that long discussions then followed between USAID and CHF about which system

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[2] All CBOs and NGOs have to be registered with the Ministry of Social Affairs. Requests can, and often do, get turned down if there is any suspicion around political affiliations.

[3] These issues will be discussed in more detail in the next chapter.

to use. They decided they did not want the donkey and cart system, which the consultant suggested, and chose the motorised system of collection suggested by the other consultant. He said that he tried to persuade them that the traditional would be best for various reasons: the system worked perfectly well even in upper income neighbourhood; the cost would be one fifth of the motor car system; and the 'zabaleen' (garbage collectors), are close by and they use a technology of dispensing of garbage which avoid pollution. However, he added, they still chose the motorised system (Interview, Egyptian Independent Consultant, 1989). Based on that choice, as documents show, cars were purchased from the U.S. to be used in the upgrading areas. The intention was that the cars would be handed over to Community Associations, an issue which as time progressed, became a source of conflict.

B. DESIGN OF LOAN PROGRAMMES:

Home Improvement Loans Programme and Small Business Loans Programme were seen as two of the most successful and important innovations introduced by the Project. CHF and the Agency were responsible for the design of the two programmes. Since the procedures followed for the planning and implementation of Small Business Loan Programme are similar to the Home Improvement Loan Programme, and since the latter had a much larger impact on the communities, it will be discussed here in detail.

The Home Improvement Loan Programme (or the Loan Programme for short) was designed to provide Helwan informal community residents with access to credit for improving their homes. The objective of this was to make a major departure from past Government and private efforts in Egypt in providing long-term housing loans. The new approach was to provide loans at "..modest interest rates intended for the lower income residents of informal settlements with nonetheless an expectation of significant cost recovery" (Mid-Evaluation Project Report, 1988, p. 12).

Household income and affordability studies, based upon analysis of the Helwan factory worker income and monthly household expenditures, were prepared by CHF staff in 1980. Implementation of a trial programme in Zein (one of the upgrading communities) began in March 1981, showing mixed results. Design modifications occurred accordingly. CHF's role as consultant was to assist the Agency to develop the Loan Programme. This constituted the establishment of the loan programme criteria and procedures, as well as preparing promotional material (PCR, 1988, p.33).

Following the Project Paper requirements, a semi-national mortgage Egyptian bank, the Credit Foncier Egyptien (or the Project Bank) was contracted to establish a branch bank operation in Helwan and to accept savings and deposits of beneficiaries and administer the Loan credit programme in the upgrading areas. Once the Project Bank took over its responsibilities on the Programme, it refused to follow the Programme plan concerning eligibility criteria. Adjustments were made accordingly which represented yet another fundamental defiance to what was a crucial attempt at introducing a new policy by USAID.

This was another serious shortcoming of the programme, which was expressed as such by CHF interviewees, was around eligibility criteria. The PP stated clearly that the loans were to be provided to the low income population and the only condition to get a loan is that the clients should be permanent residents. The Project Bank however objected to this condition maintaining that as the target population had no legal title to the land, only a salary[4] could be used as a guarantee to replace legal title. Reports as well as interviews show that CHF tried to push the Agency towards insisting on the application of the terms of the agreements as laid out in USAID documents. ".. CHF believes the Agency is obligated by the terms of the PP to establish a mortgage loan programme for lower income Egyptians" (NR, 1982, p. 123).

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[4] The condition was that only salaried people (this mostly means men) can get loans. A non-salaried person needs two salaried people to act as the formers' guarantor.

Again, here it seems that CHF found itself alone trying to reinforce PP conditions. Interviews with the Agency staff showed that they actually supported the view of the Project Bank concerning eligibility criteria. Most thought the Programme as it was, was already too generous and that it was already quite a risk to lend people money on what they considered to be very fragile guarantee (Interview, Agency Employee, 1989).

The failure to establish eligibility criteria to include community members involved in the informal sector, seems to be the most serious shortcoming of the Loan Programme. This is particularly true in the case of women who are largely involved in the informal sector. The implications of such a failure are of great interest in the context of this work. Again here as in the case of standards and land tenure, it was the will of an Egyptian institution [the Project Bank] which was to prevail. This again shows how the Egyptian side used the tactic of not questioning any of USAID assumptions, but when the time came, it simply implemented things in its own way. As shown above, most Agency staff were in no way convinced that more flexible criteria should be applied. The fact that they did not make these convictions known was because they knew they really did not have to. They knew the Project Bank would do it for them, as sectoral agencies and the Governorate had done before, and consequently would take the blame alone. In that manner they avoided a confrontation with USAID and at the same time got the Programme to take the shape they wanted. The question to ask however is the same question asked before about standards, that is, why is it that USAID did not put up a bigger fight? Could they not have said 'easier eligibility criteria or no money for the Programme'? The same answer applies here: things were already far behind schedule so they just wanted things to proceed. Both the bank and the Agency knew that and used it.

C. REVIEW AND APPROVAL OF THE UPGRADING WORKS:

The review and approval of designs took 31 months (Mid-Project Evaluation, Report, 1984). After plans, designs and redesigns were completed they had

to be approved by all agencies directly and indirectly involved in the Project. The first stage of such reviews and approval was obviously done by the Agency. The Agency, advised by CHF, went through the upgrading designs and planning criteria and participated in the review of all urban plans and designs for infrastructure and community facilities (PCR, 1988, p. 36) before they were sent to the other agencies.

1. USAID review, approval and monitoring:

Once designs and plans have been completed and were given Agency approval, they were then presented to USAID for its review and approval. There was a great deal of criticism on the part of the Agency and CHF staff about how time consuming USAID review and approval process was. One Agency interviewee said:

> "The Americans are even worse bureaucrats then the Egyptians. The review and approval procedures of USAID took ages. They hold a big share of the responsibility for the long delays of the Project" (Interview, Agency Employee, 1988).

The system of review and approval applied did not always go smoothly, as there was controversy around the level of intervention USAID had the right to exercise. The question was whether USAID's signature was a simple formality or whether it had the right to interfere in the running of the project ie in the actual decision making. This issue took a long time to be resolved as it seems that the role of USAID was never clearly spelled out. In the Mid-Project Evaluation of the Project this issue is discussed as follows:

> "The covenants and conditions precedent to disbursement of project funds set forth in both the Project Paper and the Grant Agreement between USAID and the MOH give USAID very broad review and approval powers, and the right to veto the use of any USAID funds for expenditures deemed technically inadequate to meet the objectives of the project" (Mid-Project Evaluation Report, 1984 p.109).

Therefore, while the right to approve disbursements gave USAID an important monitoring role in the Project, it did not clearly indicate to what degree USAID could have a say in the running of the Project. The Nathan report described how USAID considered it had within its prerogative the right to recommend and even require the incorporation of USAID conceived improvements. Thus USAID undertook its own technical review and the appropriateness of a sewage plant, for example: size, cost, specifications, and location were appraised. It also then made recommendations regarding design and, further, made its approval contingent on the acceptance of those recommendations (NR, 1982, pp.143-144). The Mid-Project Evaluation also reported that against the Agency advice, on a number of occasions USAID suggested some design changes which were subsequently rejected by Egyptian sectoral agencies, and the whole operation caused more delays (Mid-Project Evaluation Report, 1984 p.69).

The discussion around USAID's level of control in the Project started when in one of the coordination meetings the vice chairman of the Agency at that time raised the following questions:

> "Project success requires team work. What role does AID play in the team? Policy? Technical advice? Monitoring? When does AID have the 'right' to participate? And when should it wait for an invitation? Which subjects should our consultants discuss with AID and which only with permission from the Agency?" (NR, 1982, p.142).

Complaints about USAID's desire to be at all times in full control of the Project were also voiced by CHF staff. A senior staff member informed the Nathan team that USAID requested CHF to share work plans and programme concepts papers with USAID for its review and comment prior to submission to the Agency. Typically, such requests, when granted, were followed by instructions on how work should proceed or in what form a programme component should be structured. This use of CHF to control project direction, a CHF official complained, put CHF in an awkward situation with

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its clients [the Agency]. As a response, the Agency chairman at the time, requested that CHF can respond to USAID inquiries only when put on paper (Ibid, p.141).

The issue of USAID interference was followed up later and brought to a senior USAID official by the chairman of the Agency. The latter responded by saying that USAID approval was for management purposes only:

> "..they should not be concerned with, for instance the size, location or enrolment of a school or health service. USAID should be concerned only that the necessary actions are undertaken to implement the Project successfully and that records should be kept so that progress can be monitored and audited" he said (NR, 1982, p.144).

USAID also took some steps to try to reduce its administrative involvement by instituting the Fixed Amount Reimbursement (FAR) system. This system limited the approval and review process to a single programme action, such as for instance the construction of a school (Ibid, p.143-144). One of the major reasons for the confusion around the level of involvement is that 'Host Country Contracts', of which the Helwan Project is one, appears to have a lack of internal guidelines defining the role of USAID in such projects. Subsequently, the Agency chairman stated that his understanding was that USAID's role was to be limited to administrative approvals, monitoring progress and technical assistance on progress (Ibid, p. 144).

Interviews carried out with the Agency and CHF staff as well as evaluation reports show that although these early discussion did clarify a number of issues, the problem remained more or less the same for another three years into the Project. "At the beginning of the Project USAID was a nasty partner interfering and applying close supervision. Later things became much more relaxed, even lax." (Interview, CHF Consultant, 1989).

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2. Sectoral agencies reviews and approvals:

As mentioned in the last chapter, before implementation, the designs and plans had to be ultimately approved by GOE agencies responsible for design and those who later are responsible for operation and maintenance. In the case of the Helwan Project the number of agencies that fell under this category was seven for the infrastructure and six for the community facilities.

Chapter 4 showed how the original urbanisation plans for the whole project (including HNC and upgrading) were rejected by the GOE sectoral agencies because of their refusal to approve lower standards. This issue will be discussed here in some detail, specifically around upgrading.

a. Standards:

As mentioned in previous chapters, one of the objectives of the Project was to 'demonstrate' to the GOE that a reduction of public sector housing subsidies can be achieved through reducing standards of housing. The Project Paper, had called for:

> "..the introduction of new, innovative site planning and physical design solutions... which will substantially lower the per capita costs of infrastructure and housing below current public sector practice in Egypt" (Mid-Project Evaluation, 1984, p. 84).

However there was insistence by the sectoral agencies that upgrading designs incorporate existing Egyptian standards and existing Egyptian master plans (Ibid, p.116). Documents explain that the Agency, in its role as the implementor of the Project, tried to get the approval of the designs with no success. The agencies would not change their minds. Consequently there were long delays as initially none of the parties involved wanted to compromise. Eventually, when it was realised that nothing would change the minds of the agencies, a decision was taken by the Agency and CHF that the infrastructure designs would have to be readapted following Egyptian

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standards. However, responding to on of the objectives of the PP to achieve cost saving, the new plan included a reduction in road width which meant no access for ambulances (Ibid, p.60), the use of compact and unpaved roads, and the elimination of the electric network (CHF internal document, Mid-Project Evaluation, 1984, p.x). The redesign of the infrastructure was executed by the same Egyptian and expatriate consulting Engineering firms which did the original designs.

It is clear that although the Grant Agreement was signed by the GOE approving lowering standards, when it came to the execution such signature was irrelevant. For the standards to change, an Agency senior staff member said, a signature is never enough, "..rules and regulations must change through long political, legal and technical channels" (Interview, Agency employee, 1988).

Despite their knowledge of this fact, the Agency staff as executive of the project and responsible to implement it within the framework of the PP document, went through the motions of pushing for the lower standards. Whether they did this thinking the rules would change because of the nature of this particular Project, or whether they were just doing it to demonstrate their good will to USAID, is not totally clear. The interviews carried out around this issue did not help to reach a conclusive answer. It became clear at this stage that the Agency staff themselves were not convinced of the viability of lowering standards. Instead of openly opposing USAID, they decided to leave it to the agencies to do it for them. They felt that their position would be undermined vis-a-vis USAID had they openly showed resistance to one of the major principles of the Project. Their power lay in their knowledge that the agencies would not give approval. This meant that what they wanted all along would be executed without them having to compromise their position vis-a-vis USAID. This was the same strategy that the GOE officials who signed the Grant Agreement employed. This remained

one the strongest strategies that the Egyptian side used to get their own way throughout the Project.

In other words, the apparent alliances at this point of the project was, on the surface, between USAID, CHF and the Agency on one side, and GOE agencies on the other. The reality was that USAID helped by CHF were pushing a reluctant and unconvinced Agency to persuade GOE agencies to change its housing policy. The Agency simply went through the motions to keep being in USAIDs 'good books' and at the same time helped to maintain the status quo by supporting 'old' policies it really saw no reason to change.

b. The Upgrading Coordination Committee:
The bureaucracy of the sectoral agencies is such that the process of approval is very time consuming. Even the process of getting approvals for orthodox plans is extremely lengthy. After it was clear that the issue of lowering standards was a lost cause, the Agency, with the technical assistance of CHF, finally formed an inter agency steering committee (PCR, 1988, p.36). The function of this committee was not about lowering standards but simply to provide a formal forum for the resolution of revised designs and land acquisition. It was given the name the Upgrading Coordination Committee. It was formed by members of all the sectoral agencies involved, as well as representatives from Cairo Governorate, Helwan District Authority, the Agency, consultants and contractors.

A number of CHF and USAID interviewees criticised the Agency for not having followed the PP plan to get this committee working earlier. At the early stages of the Project, the senior staff of the Agency rejected the idea of the committee as a waste of time. As a number of senior Agency interviewees explained later on, and after the leadership of the Agency changed hands, the idea to finally get the committee into action was seen as the only way to get the procedures to run more smoothly. "The Agency had

to fight on too many fronts with all these ministries and agencies. Very little time then was left for the actual work", one of the Agency interviewees said (Interview, Agency Employee, 1988). An ex-Agency senior staff member said:

> "These people were not going to do the work for nothing. Our only way to guarantee that procedures do not take endless time was to get them on our payroll. This had to be done under the umbrella of fees for attending committees"[5] (Interview, Agency employee, 1989).

CHF interviewees saw that although this tactic seemed to work it did not provide long term solutions. One of the CHF interviewees explained that:

> "The Agency staff in their relationship with GOE agencies acted like businessmen...forgot about process and changing policy. They just saw each bit as a hurdle that they had to overcome" (Interview, CHF consultant, 1989).

3. Land tenure and governorate control:

The provision of legal land tenure was one of the main Project objectives of the upgrading component[6]. Yet by the official end of the project, the land title issue had not been resolved [7].

It was only in 1984, four years after the start of the implementation of the upgrading Project, that the GOE started to address the issue of selling land to squatters in Egypt. A series of laws were issued, starting with Law 31/84, which empowered Governorates to dispose of land through negotiated sales.

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[5] There is a system in Egypt where it is possible to pay members for attending certain committees. In this case to get the committee members to attend and give resolutions this semi-legal way of providing incentive was seen to be necessary.

[6] The land tenure status of the 7 'squatter' communities are either 'hekr' which means land owned by the state and leased on a long-term basis, or encroachment.

[7] In fact this problem was not resolved until I last checked in 1996

The various decrees issued in 1984-85 did not define the modalities of land transfers. This meant that Governorates were given wide discretionary powers to define their own operational procedures (El-Messiri, 1989, p. 3). It took another three years for Cairo Governorate to set up such procedures, but subsequently there were still title allocation and procedural obstacles which resulted in no sales taking place.

The success of the Upgrading Component of the Project relied on a resolution to the land tenure issue. The two main reasons for this were first, to provide secure access to housing to the target group and thus to encourage investment, and second, and most importantly for the Agency, to recover costs.

A number of the Agency staff had originally taken the position that this land belonged to the Project and therefore the Governorate had no right to it. One of the Agency interviewees argued:

> "The Governorate is giving us trouble about the land. This
> would have been another source of funds for us. They claim
> the land belongs to them. How could it be theirs if it is part of
> our capital in the project? The land is counted as part of our
> share of the $80 Million." (Interview, Agency Senior
> Employee, 1989).

Most staff in the Agency however realised that the question of land title would not be easy to resolve and that actually the Grant Agreement does not change the fact that the land belongs to the Governorate[8]. Once this fact was established, long negotiations took place between the Agency and the Governorate around land tenure, during which the latter was adamantly against the principle of granting land titles. The Governorate's main argument was that granting title in one area could imply granting titles in all informal areas in Cairo (PCR, 1988, p.29). This was another confirmation that the law changes a regards land ownership were in fact totally disregarded by the

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[8] All state owned land is in fact considered as under Governorate control.

Governorate. The latter still held the position that as owner of the land it had no intention to sell to 'illegal' occupants. Commenting on this point, a USAID employee said:

> "The Governorate find that giving land title to squatters is revolutionary. They think these areas should be bulldozed and developed. Of course they could never really do that but they still do not want to let it go" (Interview, USAID Egyptian Employee, 1988).

Another USAID senior official added:

> "The Governorate has always been dead against giving land titles. Only now after long negotiations with the Agency they are just starting to consider the possibility" (Interview, USAID American Employee, 1988).

The Agency and CHF interviewees explained that CHF Egyptian staff played a very important role in the long negotiations with the Governorate. One of them said:

> "We have been working very hard with the Governorate to get the land issue off the ground. We need to get our share[9] in order to meet cost recovery. They have been absolutely uncooperative for a long while. However through years of dialogue they are starting to finally accept the idea. Now the major problem is that they are setting unrealistic figures for the price of land", (Interview, Egyptian CHF Consultant, 1989).

According to the Agency and CHF interviewees the Ministry of Housing's (MOH) support would have been crucial in this respect but that they were not interested. The MOH was embarking at this point on building New Cities, and any other housing initiative was considered a waste of time. Their signature of the Grant Agreement was again a formality and they never

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[9] The Agency had made a deal with the Governorate that it would take a percentage of the price of land which would cover the expense of the water and sewage pipes provided by the Project.

intended to implement such drastic policy changes such as giving land titles to squatters. Therefore when approached by CHF and the Agency to put pressure on the Governorate, they refused to cooperate (CHF and the Agency Interviews, 1988).

While the Agency staff went through the motions of trying to solve the problem of land titles, some among the senior staff were quite ambivalent about it and seemed to support the views of the Governorate. This represented a real paradox since resolving the issue of land tenure was in fact in the interest of the Agency. Its survival as an organisation was reliant on cost recovery which primarily was to come from the selling of the land in the upgrading communities[10].

As the above discussion shows, land tenure seems to be one of the rare issues where USAID, CHF and in some ways the Agency, were on the same side. Interviews showed that they all agreed land title was an essential component and that the governorate refusal was a big drawback to the development of upgrading, cost recovery as well as any chance for replicability. However, and was in the case of standards, it was the Egyptian Government agencies that had the last say in the matter. USAID officials seemed to believe[11] that if they had worked with the Governorate rather than the Ministry of Housing, the Project would have had a better chance. Arguing along these lines, a USAID official said:

> "We should have worked with the Governor not the Minister. The former was never a participant which led to problems of the land tenure and cost recovery in the upgrading areas. And also lots of delays occurred in other things, obstacles that were created because he was not involved. Prices went up because

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[10] The Agency was created to run the Helwan Project but with the view that it would also run similar future projects. This meant that, in the case no new projects were being funding, funds would be available from the Helwan Project to be used in other upgrading areas. Without this money the Agency as an institution was under threat to be dissolved.

[11] This was at the time the research was being carried out.

of the delays. Consequently it is either the [Egyptian] Government or the people who will have to pay for the extra cost" (Interview, USAID Senior Employee, 1989).

It is important to remember that the role of the governorate as owner of the project land was never discussed at the early stages of project negotiation. When at a later stage their involvement was inevitable, the obstacles they created came as a total surprise to USAID. When USAID discusses 'lessons learned', or what it will do if ever it funded another upgrading Project, it holds the view that in future projects it would work with the Governorate not the Central Government. The question to ask is to what extent does USAID realise that in taking this path it would be overlooking the range of other obstacles that Central Government, if marginalised, would in its turn be capable of creating.

IV IMPLEMENTATION OF THE PROJECT

Implementation of the upgrading work started three years after the signature of the agreement, two years behind schedule. Even then, owing in part to lack of staff, the project started in only three communities (NR, 1982,, p.165). The Project documents explain that the implementation of the upgrading components occurred in the following sequence: The first programmes implemented was the Loan Programme [1981], followed by the construction of the community facilities[1982] and then the infrastructure [1985](Mid-Project Evaluation Report, 1984, p.138).

While the previous section of this chapter describes the issues that were raised in the design of various programmes, the following section will get into the implementation of these same programmes.

A. IMPLEMENTATION OF THE LOAN PROGRAMMES:

The Loan Programme organisation, training, promotion and monitoring was the responsibility of the Agency assisted by CHF, while the financial

management was the responsibility of the Project Bank (PCR, 1988, pp. 32-34). The first steps towards the implementation of the Loan Programme started in 1981. By 1985 it was fully functioning in six of the seven upgrading communities (Ibid, p.33). By 1988, the time of the completion of the Programme, 2,800 loans had been given to the value of LE4.5 million. The average loans was between LE1,000 and LE2,000 (CHF Evaluation Report, 1989, p.9).

The Programme started with social workers going from door to door explaining the system of the loans. The head of the Agency social worker's team, explained that there was a lot of resistance as the first as people were too apprehensive to 'borrow from the Government'. This meant for them that there could be real danger if they could not meet the repayment of debt. 'Our job', she added, 'was to reassure them' (Interview, Agency Employee, 1989). Another problem, as the next chapter will show, was that people were reluctant to get involved in a repayment system which involved interest.

According to the Agency interviewees, inhabitants of the upgrading areas quickly realised that to be part of the scheme meant they were de-facto given legal tenure. This was what really got the programme going. Some suggested that there were a number of borrowers who decided to get involved in the scheme just because they needed this security and not that they needed to do any construction. Consequently, in mid-1983, pressure was applied for the introduction of a new condition around obtaining a licence for any building construction, a requirement which necessitated proof for land title (Mid-Project Evaluation, 1984, p.13). This meant that there was a freeze on the programme which was lifted at the start 1984 after long negotiations between the Agency, the Governorate and the Helwan District. The agreement was that borrowers were not allowed to use the money in building new units or in using up more land. (Ibid pp. 44-45) These restrictions were not seriously controlled and therefore borrowers were able to ignore them. At the beginning of the Programme the borrowers were given access to subsidised

building materials, which cut the prices down by 30% to 50%. In 1985 subsidies for building material were cancelled nationwide which had a really detrimental effect on the Programme (Interviews, 1989).

Otherwise, Project reports as well as interviews with the Agency and CHF staff show that the Loan Programme was seen to be a success, maybe even the greatest success among the upgrading activities. There were however some reservations which were expressed about the limitations of the Programme. The first of these was about the loan acquisition procedures. They were described as cumbersome and excessively time consuming. Applicants for the loans had to deal with a team composed of social workers from the Agency, an engineer-technician from the Agency and a staff member from the Project Bank. Another issue that was raised was that although the original objective was for home improvement, the loans were actually used for expansion of the units and even the rebuilding of houses. Nathan's evaluation team made the following observations:

> "Construction followed the standard pattern: red brick bearing wall or skeleton frame with brick infill. No difference in quality was noted between the initial construction and the expansion funded through the programme" (NR, 1982, p.72).

The reports show contradicting views in the evaluation of the usage of the loans and its benefits. In one report the fact that loans were used for expansion rather than for improvement was seen as positive, in others as negative. One thing that this ambivalence demonstrated was that the Agency and CHF did not really establish what the purpose of loans was.

B. COMMUNITY FACILITY CONSTRUCTION AND INFRASTRUCTURE:

After the long delays in the design and approval, the community facilities (schools, CBOs and clinics) followed by the infrastructure construction finally started in the upgrading communities. It seems that construction did not face too many problems except those relative to management and coordination.

The institutional structure being what it was, coordination and getting things done on schedule were the major problems that faced construction. The actors directly involved in construction were the Agency assisted by CHF in their capacity as managers, coordinators and supervisors. Then there were the two major engineering firms overlooking the contractor's work. In the case of the community facilities, the Agency in its role as designer was responsible for the close supervision of work. While the supervision of the infrastructure was left to the engineering firms, the Agency still had the responsibility for overall supervision.

In addition coordination problems, Project reports and interviews identified encroachment on land reserved for the Project, as being one of the major problems that occurred during construction. This problem was seen to be a result of failure to identify and reserve land at each site (Mid-Project Evaluation Report, 1984, p.84). One of the Project reports explain that encroachment was mostly due to the long span of time that occurred between design and construction. "Often these long waits were caused because of poor planning, lack of coordination or change of mind" the report argues. In one of the upgrading communities, for example, there was a delay of more than two years between completion of original designs and the eventual commencement of construction (Evaluation of Upgrading Construction, 1987, p.24).

The major way that the Agency, at the suggestion of CHF, found to solve this problem was to seek the help of community leaders and also community members. In some areas members of the community representatives dealt with this, in others the Agency had to resort to the Helwan District and even the police (PCR, 1988, p.28).

A CHF report suggests that the involvement of the community residents in ensuring that land identified for facilities remains vacant may be an effective

mechanism to use in the future (Mid term Evaluation, p. xii). This, it seems, was successful in one out of the seven upgrading communities.

It is interesting that it was largely the problem of encroachment that got Project personnel to discuss 'community participation'. Actually CHF consultants and the Agency staff often categorised 'good cooperating' communities and successful leadership by the extent to which land encroachment was or was not prevalent[12].

1. Water:

With the exception of the delays caused by the disagreement over standards, the installation of water networks occurred without major problems. However there were certain discrepancies between what appears in reports on one hand and information collected through interviews at the Agency and Arab Rashed[13] on the other. The first discrepancy is about the proportion of houses to which water lines were connected, the second is around whether or not water pipes were in fact functioning.

It is stated in evaluation reports that the water supply and sewer network designs were based on providing services to each house wherever possible (Mid-Project Evaluation, p. 86). When interviewed the Agency community team members confirmed what Rashed interviewees said about water pipes being connected only to houses in the main streets. This meant that those living in side streets had to pay for their connections to be installed[14].

2. Sewage:

While the sewage network was being constructed, there was a growing uncertainty that the off-site collector to which the network was to be

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[12] This issue will be discussed more fully in the next chapter.

[13] The case study for this thesis.

[14] More will be discussed in the next chapter.

connected would be completed on time. However as the reports show, as the construction had already started, 'there was no option but to go ahead' (Mid Term Evaluation, 1984, p. vii).

The original plan was to dispose sewage effluent from the sewage network installed in the upgrading areas into the Helwan Waste-Water Master Plan Dorsh system, a Project funded by the European Common Market. In 1983, it was realised that the Dorsh system would not be completed as expected in 1985. In view of the expected delay and the necessity to have a system in place to serve the upgraded communities, USAID and the GOE agreed to finance construction of an off-site collector and a sewage treatment plant that would collect and divert all waste-water and sewage disposal of the upgraded communities to the Tebbin Sewage Treatment Plant. The cost of this arrangement, at that time was about LE4 million or $4.8 million[15]. Also in January 1985, USAID-Egypt agreed to rehabilitate the Tebbin Sewage Treatment Plant to handle additional flows generated in the new communities. The rehabilitation was completed in November 1986 at a cost of about LE6,76 million (about $5 million at the 1986 rate of LE1.35) (The USAID Audit Report, 1988, p.32).

Consequently the Agency prepared a contingency plan for construction of an interim off-site collector to serve the upgrading areas (Mission Response to Audit Report, 1988, p. 8). However in 1986 and after the publication of the advertisement of bids and the approval of the short list of qualified firms, USAID and the Agency reversed the decision made two years earlier and agreed to cancel the plan based on the assumption that the Dorsh system would soon be able to address the needs of the upgraded areas. Later, in 1988 it was announced that the Dorsh collector would be completed in 1992 (USAID Audit Report, 1988, pp.32-33).

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[15] The 1985 exchange rate was of $1 = LE0.83

In its response to Audit criticism, USAID Mission in Cairo explained that the off-site construction of infrastructure was not originally a part of the scope of the Helwan Project. The decision to drop it was taken after an engineering review concluded that it would not be cost effective to construct and it would be eventually redundant. This again was based on the assumption that there would only be a six months delay between completion of the upgrading community infrastructure and completion of Phase I and part of Phase II of the Dorsh scheme (Response to the Audit Report, 1988, p.8).

Project reports as well as CHF and the Agency interviewees explained that since all the upgraded community sewage networks were completed in mid-1988, this meant that sewage lines were completed but not operational. This also meant that the lines would be in place but not connected for at least four years, while the water connections in these areas were operating already. The effect of this miscalculation, in hindsight has been seen unanimously as disastrous.

As mentioned in the USAID report, the safety of the unused sewage network could not be assured. Also, the construction company's one year guarantee would have expired by then (Audit Report, 1988, p.33). A CHF report also explains that the sewer system was likely to suffer physical damage from silting and accumulation of cement dust and would require renovation prior to becoming operable (PCR, 1988, p.28). According to a CHF consultant the cost that would eventually be needed for rehabilitation of works in about 5 years would prove to be higher than the cost estimated for the interim off-site collector (Evaluation of Upgrading Construction, 1987, p.35). This is in addition to the cost of health hazard and the cost the community had to bare, paying for sewage disposal. This view was confirmed by the Audit report which argues the following:

> "There is a possibility of deterioration of the approximately
> $7.4 million cost of unused systems. Also the continued use
> of substandard facilities by occupants of the upgraded

communities increases their exposure to acknowledged health hazards"(Audit Report, 1988, pp.32-34).

The Agency staff also supported the view that the off-site collector decision caused a lot of harm. One senior staff member said:

> "The refusal of USAID has immense consequences. God only knows, but I would not be astonished to find that the upgrading communities are using the sewage pipes anyway. This would lead to a real disaster" (the Agency, Interview, 1989).

As the above quotation illustrates, the Agency members blamed the off-site collection decision on USAID. Although the Project and Audit reports describe the decision as a joint one between the Agency and USAID, all the interviews show that it was solely an USAID decision. Both the Agency and CHF interviewees said that they strongly supported the construction of the alternative off-site collector. While USAID reports as well as staff interviewed on the subject maintained this decision seemed to be a valid one at the time it was taken, both the Agency and CHF interviewees criticised the decision bitterly. A senior Agency architect explained:

> "After the sewage plant plans were ready for implementation USAID refused to carry it out. They hired this American consultant who gave a decree that it was not cost effective. They were very stubborn, and no argument on our part would make them change their minds. This really made me furious as a lot of money and time was spent on the [alternative] off-site design" (the Agency, Interview, 1989).

A CHF consultant with long experience of the Project argued that the reason for the sewage-water problem now is that USAID is very much into 'hardware'.

> ".. they rushed into building sewers before knowing where the waste water will be collected. The off-site collector should always be ready first. It is like putting the cart before the horse. And all this to save $5 million" (Interview, CHF staff member, p.19).

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A senior CHF consultant who came after the off-site collector decision, commented:

> "There are two basic rules about upgrading: one, sewage comes in before water; two, don't put in pipes before you know where they will go. When USAID decided to get involved directly in the decision making it led to these unfortunate results" (Interview, 1989).

A senior Agency staff member who was around during that time explained:

> "The USAID Project Director then was a very reasonable man. But he had to accept the decision of the AID consultant who, based on promises that Dorsh will be ready soon, said no to the alternative. But who takes such promises seriously? I later discovered that what was behind the whole scene was that this AID consultant was backing another company that lost the bid. This was proved by the fact that he said: 'O.K I will reconsider my position, only if you go through another bid'" (the Agency, Interview, 1989).

Corruption accusations towards USAID and its consultants were also made by a senior ex-official in the Ministry of Housing. He said: "..they are highly corruptible". He added that at one point he had complained to the director of the USAID Cairo mission about an AID official which led to the latter's immediate expulsion. He said to the director: " This guy stinks". He was choosing contracting offices who asked for higher fees and it was obvious he had deals with them. Many do such things, he added. "This is the reason why there is such a fast turn over at USAID, it helps avoid the corruptibility of their position" (Interview, Senior MOH official, p.6).

The off-site collector 'affair' remains one of the most controversial issues in the upgrading project. The extent of the harm this decision caused to the communities will be closely examined in the next chapter. It is crucial however to discuss here what it meant in terms of the relationships of the actors involved. First of all, one can see here that for the first time the alliance of USAID and CHF was broken around this issue and CHF and the

Agency were on the same side. However the Agency was completely helpless in this case and was unable to exercise any form of power. In an interview with a USAID staff member, he challenged the fact that the Agency was powerless in this situation.

> "This was a wrong decision from the part of AID and is now under investigation by the auditors. However the Agency went along with it because upgrading always assumed second position. The Agency chose to use all its bargaining powers only for the Helwan New Community negotiations"(USAID Interview, p.19).

This accusation that the Agency was not really interested in upgrading was also often brought up by CHF interviewees. The latter argued that the Agency staff were mostly interested in seeing new units built and that the viability of upgrading was always questioned. Interviews with some Agency staff did confirm these views. Although most said things like 'upgrading is the only solution for squatter areas' they also tended to call 'squatter' areas 'cancerous' and 'filthy' and were worried that upgrading may encourage their expansion.

The lack of understanding and interest in upgrading, as CHF interviewees argued, seems to have been also shared by USAID. One senior CHF staff member said:

> "Upgrading was fashionable in the 1970's and this is why USAID wanted to finance this Project. As USAID staff members in charge of the Helwan Project were mostly engineers, they saw this Project as an infrastructure rather than a housing Project". (Interview, CHF staff member, 1989).

Another CHF interviewee argued:

> "They [USAID] consider urbanisation as evil. Deep inside they do not believe in upgrading because this would encourage urbanisation and rural-urban migration. What they do not understand is that rural people don't migrate for water and

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sewage but for employment" (Interview, CHF staff member, 1989).

There is no doubt that if the views expressed by CHF interviewees are right, then this explains a lot about the way both the Agency and USAID acted all along in the Upgrading Project. However when the Helwan New Community component will be discussed, and considering that both organisations were interested in this component, this issue will have to re-considered.

3. The Management and Supervision of Upgrading Works:

Management and supervision was primarily the responsibility of the Agency. An Agency team, headed by an engineer, had the responsibility to make sure that works of infrastructure and building of community facilities were done according to plan. The other team members were two technical assistants and two social workers whose role was to liaise with the community (Evaluation of Upgrading Construction, 1987, p.23). There were long delays caused by a shortage of senior field engineers (Ibid, p.25). This shortage was mainly due to low Government salaries (even with the extra 75% Agency staff received), and the differential between salaries in the public and private sector. This made it difficult for the Agency to retain and to recruit staff. The absence of senior as well as middle management posts had a critical effect on the rate of project implementation (Mid-Project Evaluation Report, 1984 p.101). In order to solve this problem, CHF recruited and paid at a private sector wage level, mid level and upper level management staff for the Agency (Internal Document, Mid-Project Evaluation Report, 1984, p.101).

The role that CHF played in this respect was crucial, if somehow questionable. Interviews as well as reports raised the question of replicability and how most of those employed by CHF, instead of the Agency, would leave at the end of the Helwan Project taking with them the expertise they gained. This was in fact what happened even before the end of the Project, when things started to slow down. The best of the CHF Egyptian staff had already

found work in other foreign-Egyptian firms. Another problem caused by the employment of Egyptians by CHF on behalf of the Agency, is that most of these people had split loyalties and often in situations where the Agency, CHF and USAID disagreed, were not sure whom to support. On the whole they supported USAID and CHF views on upgrading. The Agency employees were also ambivalent about the CHF people because on the one hand they often had more respect for their capabilities than they had for the American staff, on the other hand they resented their high pay and their support for American concepts (Interviews, CHF and the Agency, 1988-89).

Another issue that raised a lot of discussion about CHF's management role, was around the level of their involvement in the actual carrying out of the work. At the end of the first year, the first CHF team leader, reported that CHF had at the Agency's request found itself undertaking tasks beyond the contract. It explained that it executed work directly rather than in its role as advisor. Despite CHF's effort to sort out this issue the problem remained unresolved. The question is whether it was realistic to expect that the Agency, as a newly founded agency, should have taken the full load for implementation. The Project was in motion and time tables had to be met (NR, 1982, p.130),

> "..under such pressures, development goals such as replicability and technology transfer tend to yield to the demand of Project execution" (Ibid).

Throughout the Project, CHF tried to define its proper role and to have its position accepted by USAID and the Agency. The Mid-Project Evaluation Report explains that in numerous memoranda and several contract amendments CHF had tried to formulate its position. This was a response to criticism it received from both USAID and the Agency either for working in areas outside its scope of services or for failing to meet contractual obligations (Mid-Project Evaluation Report, 1984, p.107). Commenting on this point, one of the CHF upgrading consultants said:

"The Agency tended to rely on us to do things for them, take the ball and run with it which we often did. This was not supposed to be our role" (Interview, CHF staff member, 1989).

Another CHF interviewee also explained:

"The Agency formed a real dependency on CHF. They relied on us too much. They wanted us to implement, not just advise which was not our job" (Interview, CHF staff member, 1989).

On the other hand the Agency had its own views about CHF staff which perhaps contradicts the fact that it was reliant on the latter. Many Agency interviewees said that CHF often brought 'incompetent' consultants in who were not really needed, just for the over-heads and to give work to their CHF staff who have very little to do in the States. However they found that as CHF staff spoke the same language as USAID, they should handle the reports and other communications required by the latter. This, most Agency staff saw was the main role of CHF.

V CONCLUSION

It is important at this point to try to pull together some of the most important issues that were unresolved in the Upgrading Component. It is also necessary to analyse these issues in terms of the way they fitted into the Project process and the way in which this process was shaped by the relations of power and control between the key actors involved.

The major issues which had the strongest impact on the result of the Project, as identified throughout this chapter, were the off-site collector, standards, land tenure, cost recovery and eligibility criteria. All these elements were interrelated in that the failure to implement one meant that the others also could not be implemented. The fact that land was not legalised meant that eligibility criteria to get Loan Programme was limited to salaried employees. The failure to lower standards, to give land tenure, and to produce a

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functioning infrastructure meant that cost recovery could not be achieved. All this also ultimately meant that the effect of the Project on the target population, although positive in some areas, was not so on the whole- either things did not improve or the effect was clearly negative[16].

USAID's assumption was that the Upgrading Component as laid down in the PP would be followed. Strong financial backing of USAID plus the U.S. expertise of a consultant office, and a newly created Egyptian agency with absolute loyalty to the Project, were considered by USAID as a recipe for success. As shown in this chapter, one by one these assumptions were challenged. One of the first challenges was in the way the Agency made it clear from the beginning that it refused a patron-client relationship with USAID. Then throughout the Project process, and although there were no more such confrontations between the Agency and USAID, the former consolidated as a fully functioning agency in its own right. In the early days of the Project, the Agency had very little to say about the guidelines of the Project, the organisational structure, the financial system or the involvement of certain institutions such as the Project Bank for example. The Agency also had very little control over funds. It therefore had to find its own areas of power and control. Its major strength came from the knowledge it had about the functioning and dynamics of other GOE agencies. This combined with the fact that it was not pressured for time, meant that it did not need to openly oppose the principles of the PP. Its major strategy was simply to leave it to the GOE agencies to this job for them. It also managed to find leeway accessing more funds through CHF, such as using the latter to employ and pay for consultants for the Agency.

Although, as shown above, with the exception of the off-site collector (and even here the extent to which the Agency really wanted it implemented is questionable), the Agency employees were ultimately able to get programmes

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[16] This will be discussed in more detail in the next chapter.

implemented following the conventional approach with which they felt most comfortable. The question that still remains is why USAID allowed it. After all, it had the signature of the GOE on the PP, had veto over expenditure, and eventually was primary funder of the Project. One answer is that USAID just wanted to spend its allocated budget, without causing a political confrontation, something that could have happened had they withdrawn the funding of the Helwan Project. The Agency, and other Egyptian agencies knew that the Congressional Agreement[17] with GOE signed in 1975 made the possibility of such an action very difficult. The Agency, as well and MOH senior staff, also knew USAID's main job was to spend the money in the pipeline, and by this stage of the Project a huge amount of budget finance was stuck in the pipeline.

USAID, as argued in the Mid-Project Report, although eager to see that funds were properly utilised and that tangible results were produced with investments, should have remembered that a lasting impact would have been achieved only if the programme and approach were accepted and institutionalised by the GOE. This realisation should have prompted USAID to be cooperative, responsive and creative in the way it monitored the project, albeit within the guidelines of USAID policies and procedures (Mid-Term Project Report, 1984, p.114). As shown in this chapter, USAID took a very active role at the beginning of the Project which had negative rather than positive results. This however changed over the years of the Project. As USAID lost control over the Project development and saw it deviate from the original principles, it seemed to have reached a point where it wanted the Project to be completed at any price.

CHF's role and its access to power also changed over the period of the Project. While CHF's alliance with USAID was expected by all parties

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[17] The Congressional Agreement, as mentioned in chapter 1, include that a fixed amount of initially $ 1 Billion to be spent on AID in Egypt annually.

involved, CHF always maintained that the Agency was their client[18] and that they were doing their job in the boundaries set by the Agency. In fact, and although the Agency kept questioning the level of CHF staff's skills, they were the only ones who had real knowledge about what upgrading meant. As shown above, neither the Agency nor USAID had any experience serious in upgrading. This put CHF in a very privileged position. Also, and as time progressed, the role of go-between meant that CHF had made itself indispensable to both the Agency and USAID. The level of CHF's control in the Project also increased greatly after it was given the responsibility to hire Egyptian consultants on behalf of the Agency. The latter were often high calibre professionals and they were knowledgeable of Egyptian rules, regulation and strategies which gave an extra strength to CHF's knowledge of the Egyptian context.

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[18] CHF was hired by the Agency to be their advisers in the Project.

CHAPTER 6

UPGRADING COMMUNITY: THE CASE OF ARAB RASHED

I INTRODUCTION

Up to this point the thesis has focused on the planning and management side of the Project. In this chapter the discussion will be about Arab Rashed, one of the seven upgrading communities which was chosen for this study[1]. This chapter is the result of six months of regular visits, observation, discussion and interviews with both 'leaders' and community members. 200 households in the community were selected using cluster sampling. 34% of the interviewees were women and 66% were men. Structured interviews were used (with closed and open-ended questions) and more general discussions were also hold with the spouse, if available, as well as with other members of the household. 20 households out of the 200 were also visited regularly over a period of five months for more in-depth interviews and discussions with both women and men. Interviews were also carried out with personnel who were responsible for the planning and implementation of the Upgrading component. The major focus of the description and analysis will be on the way Project implementation and interaction between the Agency and the community has played a role in the internal relationships of various groups in the community. Again the dynamics of the relationships will be viewed through the way in which the use of power and control of various actors have influenced the Project process.

As the last chapter shows, the upgrading targeted informal communities in Helwan with 200,000 inhabitants (PCR, 1988, p.1). The upgrading activities included Home Improvement Loan Programme and 'Community Organisation', the construction of water and sewage networks and community facilities (Ibid, p.8).

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[1] The other six communities are: Izbet El Bagour, Sidqui, Zien, Arab Ghoneim, Ghoneim El Balad and Kafr El Elew.

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This chapter will be divided into two basic parts. The first part will cover the history and development of Arab Rashed as a community. This will put the Project into context as well as trace the various dynamics operating in the community prior to the Project. The second part will be a description and analysis of the changes in inter community relations which did or did not change with the Project.

II DESCRIPTION OF ARAB RASHED

'Arab Rashed' takes its name after the 'Rashed' clan. The reason that 'Rashed' is preceded by 'Arab', is that they consider themselves Arabs in two ways: one, 'Arab' is used to mean Bedouin, or nomads; two, Arab also refers to the fact that they come from the Arab Peninsula. While Egyptians are also considered Arabs, their identity as 'Arab' is complicated. To put it simplistically, whenever Egyptians identify themselves as Arabs, the majority would do so as part of their political rather than ethnic or cultural identity. The settlement of Arab Rashed lies to the south-west of the city of Helwan and occupies an area of 21ha. A textile factory on the south and west completely isolates the community along this perimeter, while a cemetery and bus garage form the limits of the development at the northern end and a road and a railway station define its boundaries on the Eastern side. There are two main entrances to the community. The first is the Garage Street, which is a wide paved road[2], and the second is the Cemetery entrance which is bordered by swamps of both solid and liquid waste.

The physical characteristics of Rashed, are in fact not much different from any other poor neighbourhood in Cairo except that it is perhaps less overcrowded than most. Most of the community streets are unpaved[3], they are narrow and dusty. The main streets in Rashed are about four to five meters in width with

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[2] The road was paved by the Project.

[3] With the exception of the main roads built by the project.

no side walks. These are crossed by narrower alleyways and dead ends. Built in benches to the outside walls of houses are a common feature. Men often sit there and socialise.

Around 30% of houses are of the old village type construction, made of mud or reinforced concrete mostly built in the 1950s. Those are one to two floors, some quite spacious with 4 to 6 large rooms. Some are subdivided into separate rooms with shared bathrooms, and rented out, or occupied by the owner's adult children. Some have had additional floors added on from the early seventies onward. There are also less sturdy and smaller 2 to 3 floor buildings and these constitute about 35% of buildings. These are composed of small apartments of on average between one and two rooms. Again bathrooms are shared in these cases. Around 25% of buildings were built in the late seventies onward. They were built with reinforced concrete and of relatively good quality, and are often between 3 to 4 floors, with small to medium size apartments (two to three rooms). Five to six story buildings still constitute a small minority of around 10% of buildings. Of the last two types of housing, the ground floor is divided into commercial and service shops (see photos of Rashed, p. 157).

In 1982 the population of Arab Rashed was 16,000 and in 1989 it was estimated to be 25,000. With a population density of 625 per/ha in 1982 and a maximum density of 1400 per/ha, the predicted saturation population is 28,500 persons (Helwan Housing and Community Upgrading for Low Income Egyptians, 1984, p. 16). The Rashed population, is again little differentiated from the majority of the overall urban population. The average household is composed of 5.9 members, the average number of children is 4.2.

72% of households were composed of nuclear families, and 28% were extended families. The survey shows that 92% out of the main adult males and only 12% of the main adult females were economically active (see Table 6.1 for details).
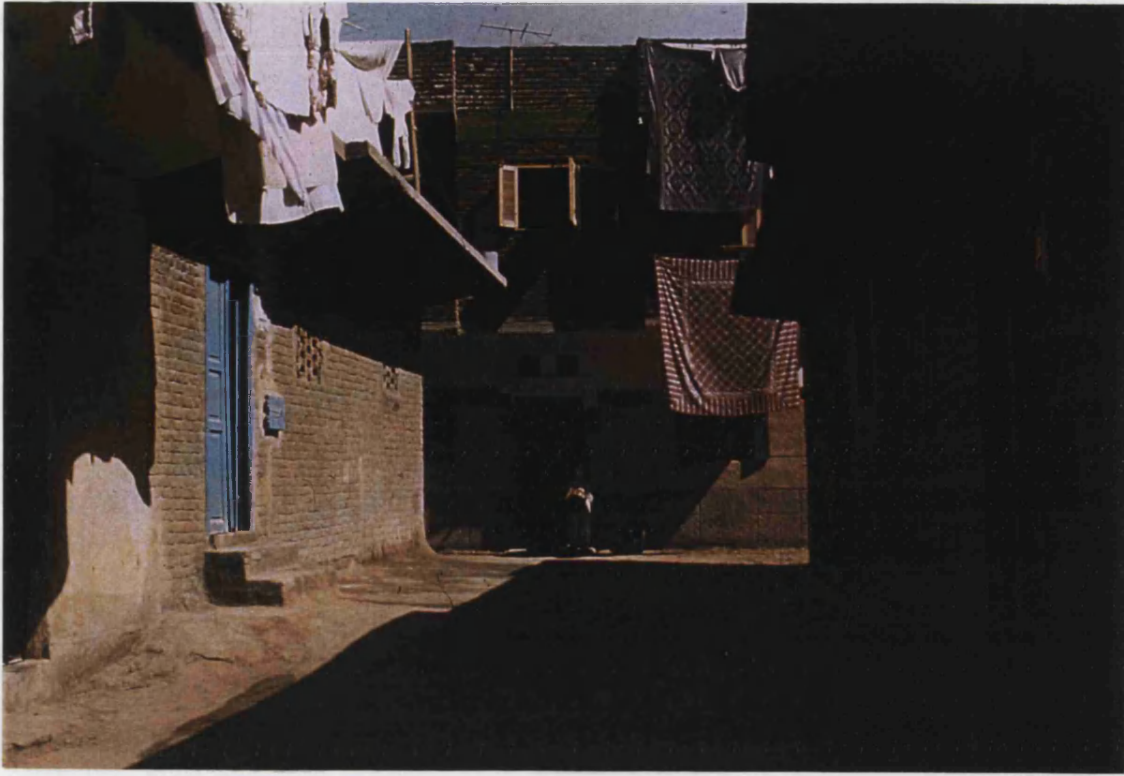
Examples of the residential environment in Rashed (1988)

Table 6.1

Percentage distribution of adult males and females by economic activity

Economic Activity	Men	Women
Factory workers	46	16
Informal sector - services	16	42
Informal sector - commerce	5	12
Skilled workers in the private sector	20	
Civil servants	7	30
Service staff in government (e.g. guards, cleaners)	6	

A. THE HISTORY OF THE AREA:

The settlement of Rashed came into existence when a number of families from the Ayaidah tribe settled there in 1944. Later, in the early sixties they were joined by rural migrants first from upper and then from lower Egypt. In the seventies, a number of Caireens also came to settle in Rashed.

1. The origins and characteristics of the first settlers:

The settlement of Arab Rashed was named after Rashed Mahmoud El Sane', the elder of Arab aelat (families) who first settled in the area. According to the oral history, these families belonged to the Ayaidah tribe. As one of the Rashed elders explained, the Ayaidah' tribe originally came from north Yemen to Egypt at the time of Amr Ibn Al Ass Islamic conquest. It was one among 72 tribes that came from the Gulf, who had first lived in Sinai and in the Eastern desert as semi-settled bedouins (nomads).

Under the Ottoman empire, Mohamed Aly, as the history is told by the elders of Rashed, wanted to get them to settle and cultivate land. Some of the Arabs accepted the offer and in return for land, they settled in the East delta and acquired Egyptian nationality. Others, the Ayaidah included, refused. In order to keep their tribal political system they moved west. Some of them

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order to keep their tribal political system they moved west. Some of them then settled in Helwan in 1865, in the low lands of Helwan Al Balad and Al Saff[4] in the midst of agricultural land owned by the Pashas. As one of the elders of Rashed described, they got involved in the cultivation of the land as hired labour for the Pashas, who owned large plots of land, Ismael Pasha[5], for example owned 2000 feddans in Helwan (Rashed Elder, 1988).

Large factories started to be erected in Helwan. The first was the Silk Factory built in 1920. Then there were other major factories such as the dye factory in 1927 and the Cement factory built by the Danish in 1931. Helwan was also a winter resort where Pashas had their 'castles'. Parts of it were modernised when the main roads paved by the Khedewy[6] in the late 19th century (Rashed Elder, 1988).

Rashed Mahmoud El Sane', Rashed's head of the clan at the time (1930's), was given the job of head guard for the two main factories. He then started to help other kin to find jobs as guards for the other factories as well as for 'Pasha houses'. This meant that the Ayaidah had a total monopoly over the position of guards in the area. Those who were contemporaries of that time, said they were doing a very good job as guards for factories and palaces. They acquired a special status in the area because they were respected by all and known for their dignity.

> "The Pashas respected us because we respected ourselves and had treasured our dignity. The 'fellaheen'[7] on the other hand have no pride and accepted to be degraded and were thus treated like slaves" (Rashed Elder).

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[4] Two villages in Helwan.

[5] The grandfather of the last King of Egypt.

[6] The Ottoman ruler of Egypt.

[7] The Arabs of Rashed call their compatriots who are not of bedouin origin ,'Egyptians' or 'fellaheen' (peasants).

The position of guards, according to Rashed clan members, allowed them to have special relationships with the police as well as first hand contact with the Pashas. The old generation tended to romanticise this period saying that these were 'the good old days'. They explained that contrary to what is claimed, the Pashas were very humane and 'once you showed you had dignity they treated you with respect'. These 'good times' as they described them ended for them when the 1952 revolution came. The police had a stronger hold after this and they lost their privileged position of keeping law and order. The "children of nobodies started to show muscle on us"[8], one of the elders exclaimed referring to the policemen.

Up until the 1952 Egyptian revolution the Rashed families retained their tribal political system. Their tribal authority, as one of the Arabs proudly explained, embraced all those belonging to the Ayaidah tribe from Bayad to Sinai, transcending territorial boundaries. Each clan was headed by a <u>Sheikh Fekra</u>. At the time of the King, the Arabs of Rashed explained, they were left free to live their Arab life. They were permitted to escape the 'slavery' that the Egyptians had to endure. They were, for example, not drafted into the army (Arab Elder, 1988).

> "The Arabs were not asked to enrol in the army nor were they
> mobilised to work in national works such as digging the Suez
> Canal or the annual work of fighting the floods by putting
> <u>guereed</u> (reed) on the banks of the Nile and its canals. The
> Arabs refused to participate in what they considered to be the
> slavery of the Egyptian peasants. Even the British knew this
> about us" (Arab Elder, 1988).

With the Egyptian revolution of 1952, the 'Arabs' were all issued identity cards as Egyptians and the tribal system was formally abolished. Commenting on this one Rashed elder said:

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[8] This echoes very much what ex aristocracy would say about this period.

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"Nasser did glorious things but he took away from us our rights as Arabs. Although we had to abide by Egyptian rules in terms of having Egyptian identity cards botakat, registering for birth and death certificates and inscribing in the army, we however managed to retain the old system of tribal authority and tradition (Rashed member, 1988).

As this chapter will show, although the Arabs of Rashed have been fully integrated in the wider Egyptian civil society and political system, there is no question that their identity is still very much tied into their Arab-bedouin roots. They still see themselves as Arabs and have great pride in having retained their tribal political system for as long as they could and 'not giving it up' like other Arabs who did in the last century. This and their sense of superiority vis-a-vis the 'Egyptians' has had very important implications in general for the way the community developed over the years, and more specifically for the power relationships between Arabs and those who settled later in the community.

2. The development of Arab Rashed as a community (1944-1978):

A massive flood in 1944 destroyed the huts in the low land of Helwan, including those of the Rashed families' homes in Al Saff. The Arabs explained that they were saved by the Red Crescent[9] which was then under the auspices of Princess Fawzia[10]. They were relocated to the higher lands of what is now the settlement of Arab Rashed (Arab Elder, 1988)[11].

3. Population expansion:

For a few years the only inhabitants of the new area were Rashed families. Helwan, in the meantime, was becoming a fully developed industrial city that

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[9] The equivalent of the Red Cross.

[10] The sister of King Farouk, the last King of Egypt.

[11] One of the Arabs telling the story said he tried to dig out the Red Crescent archives to find the document that describes this incident but could not find them.

attracted workers from all over the country.

The second half of 1950's witnessed a heavy industrial boom, especially in 1957 when large factories such as the Iron and Steel factory were built. This meant a large number of job opportunities were available. In response, rural migrant all over the country came to find jobs and settle in Helwan.

The Government, in an attempt to provide housing to these migrants, embarked on building five story public housing units, massaken, in the centre of Helwan. These units however only accommodated a small proportion of workers. The majority was left to find housing for themselves. They settled in the several communities, such as Rashed, around Helwan.

Inhabitants of Rashed explained that the first migrants who settled in Rashed came from Upper Egypt (South of Egypt). A number of male workers were recruited to work in the cement factory in Helwan in the middle of the 1950's. They were followed by more of their male relatives and acquaintances who also came to find work in Helwan. They were then followed by people from Lower Egyptian (north of Egypt), mostly recruited for the textile factory in the early 1960's. The third, and most recent group of migrants who settled in Rashed, were those coming from other parts of Cairo. This category, who started coming in the mid 1970's, came to find cheaper housing rather than work. Describing how the migrants first came to settle in Rashed, one of the early migrants from Upper Egypt said:

> "One member of the family would come and send back for brothers, cousins and friends. Then once they are settled, slowly go to bring back their women and children. My cousin came here in 1962 hiding from a family feud, found a job then sent back informing me there were jobs available, so I followed" (Migrant from Upper Egypt, 1989).

Another migrant explained that the reason some people came to Rashed was

that in many places, like for example Fayoum[12], there were no job opportunities except agriculture.

> "When your father is a tenant and does not need lots of hands the children are sent to school and no longer want to work on the land. This is what happened to me and most of my brothers. At the age of sixteen I came here and worked in a bakery" he said (Interview, 1989).

Another added:

> "Most of those who came to work in Helwan were villagers who were in Cairo for their military service and did not want to return to their villages. Their success in settling down and finding jobs in the city encouraged other members of the family to follow them" (Interview, 1989).

The pattern of how migrants came to Rashed follows Abu Lughod's description of the way Egyptian migrants settle in cities usually choosing to live in areas of the city that retain basic similarities to the village (Abu Lughod, 1977). Such a pattern was also found to have been predominant in other areas, especially in recently urbanised villages which were integrated into the Cairo metropolis (Taher, 1986).

While the description of the settling-in seems like a natural and smooth process, it was in fact not devoid of conflict. Although the settling in of migrants in Rashed was not resisted by the Arabs, the integration of those migrants into the community was never complete. Discussions with both Arabs and early migrants show that the relationship between Arabs and migrants was based on mutual obligations binding the two parties. The migrants had to abide by the 'urf (customs) of the Arab owner in exchange for giwar (rights of protection) the Arab would provide. That was the cornerstone

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[12] A village in the north of Egypt.

of a patron-client relationship[13] between Arab and migrant. This system of patronage dominated the early years of the development of the Rashed community and has not completely disappear even today. The migrants kept mostly to their village of origin identity and retained their own system of leadership. The most respected and often wealthier member of the village of origin would be considered kebeer el ela (the elder of the family). His[14] role was mostly restricted to solving disputes among members of the village of origin or to represent them in intra-village disputes.

Underlying all the aspects of Rashed life is the dichotomy that exists between the Arabs and the migrants, who are all 'Egyptians' or 'fellaheen' as the Arabs call them or 'newcomers' as they arrived and settled at a later stage in the area[15]. The latter resented the Arabs for their claim on the settlement and their 'presumed superiority'. When talking about the migrants the Arabs imply that the 'fellaheen' are in Rashed settlement out of their generosity as they 'allowed' them to settle on their land. This however did not seem to be the only reason why they see the migrants as deserving less in the community. The migrants are seen to be these 'fellaheen' who do not hold the same strong traditions and customs that the Arabs hold. They above all, are viewed by the Arabs as not having the dignity and self respect that they the Arabs have. The 'fellaheen' or 'Masreyeen' were also seen to be less Muslim then the 'Arabs'. As one of the Arabs put it: "They are Muslimeen seif (Muslim of the sword)

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[13] Patron-client as it is used here means '..a bond of personal obligation being used by the patron to subordinate the client to his/her will. For the client, to enjoy the protection and material resources controlled by the powerful, has to return loyally the benefits received" (Chubb, p.6).

[14] Kebeer el ela is a status only given to men in this society.

[15] 'Newcomers' is a term used to describe those who have settled in urban Egypt in an area previously occupied by a distinguishable social group, for example an old village that was incorporated in the city. They are often considered as 'newcomers' even if they had been in the community for decades. All that it matters is that they came after the original inhabitants (see Taher, 1986).

not like us 'Muslimeen ressalaa' (Muslims of message)"[16] (Arab elder, 1989). The Arabs in Rashed take this as a very important fact which, as they explained, was the reason why an Arab man can marry a 'fellaha' (peasant woman) while an Arab woman is not allowed to marry a 'fellah' (peasant man)[17].

While all migrants or 'newcomers' are considered as inferior by the Arabs, there is a noticeable hierarchy among the former. Those from upper Egypt are more accepted than those from lower Egypt while the Caireens come at the bottom of the ladder. Those from Fayoum [lower Egypt] hold a special status because of their tribal origins. The fact that this preference corresponds with the order of the migrant's arrival to Rashed, is probably not reason enough for the hierarchy. The Upper Egyptians are seen by the Arabs as having more characteristics in common with themselves than the others. Also because many settled in the fifties, they were able to acquire large plots of land which made of some of them landlords, thus with high status.

The 'newcomers', on the other hand, also have their dislikes for the Arabs of Rashed. The biggest complaint about them is that 'they think they own the place' and that they stick together and only look out for their own interests rather than the those of the community in general. They were also often described as grabbers, opportunists, greedy and even dishonest. Some were also described as lazy and large consumers of drugs. They are criticised for having too many wives and too many children. Some added that the Arabs were backward people and one proof of that is that it took them a long time to realise the importance of education and that only this last generation of

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[16] This refers to the belief that the Arabs from the Gulf became Moslems because they believed in the religion while the others, like the Egyptians, became Muslims as a result of loosing the war at the time of the Arab conquest. This means they became Moslems out of fear not out of conviction.

[17] This seems to follow the same rule that governs marriage with non Moslems. In Islam men are allowed to marry non Moslem women while women are not allowed to marry non Moslem men.

parents are sending their children to school. When discussing the Rashed community with the 'newcomers', many expressed their dislike for the community especially those who came from Cairo in the late eighties.

(see table 6.2 on origins of community members in my sample).

Table 6.2

Percentage distribution of female and male interviewees and their spouse by place of origin

Place of Origin	Women	Men
Upper Egypt	52	55
Lower Egypt	20	20
Arab Rashed	18	15
Cairo	8	10

3. Housing:

When the Arabs first settled in the area, they felt, for the first time, secure enough to build permanent houses. Omar (1988) explains that there were two major factors that contributed to this security. One is that they were allocated this land by a legitimate institution headed by the Princess. Second the fact that the new location was on high land, meant they felt sheltered from natural disasters. They thus built solid houses on large areas of around 1500 and 2000 square meters. They used random stones and cement dust for their walls and dried straw covered with a layer of cement dust and mixed mud for their roofs. They were thus transformed from Arab kheich (Arabs in tents) to Arab heit (Arabs in walls) (Omar, 1988, p.36).

In 1956, Law 344 was issued forbidding construction without a licence. In response, the inhabitants of Rashed sought to obtain licenses. They were denied the licenses and announced as illegal occupants of Government land.

The land that they occupied was given the status of <u>hekr</u> [18], i.e Government owned leased land. In response they registered the land they already occupied as <u>hekr</u> land. This meant they had to pay rent to the Government as well as taxes, which they have been doing since then. They also registered larger plots of land to ensure that they had legitimate rights to them (Ibid, p.79). The new system did not change their view that the land is rightfully theirs. They nevertheless decided to go along with the Government and pay rent. This was their way to play the Government's game in order to be left alone until the time would come when they could prove their claim to the land. Meanwhile, they subdivided and sold land to the 'newcomers'.

In the period between 1944-1956, land in these areas had no market value. It was only when the first migrants came to Rashed that land started to be seen as a commodity owned by the Arabs. The 'fellaheen' were seen by the Arabs as having no claim on the land. Therefore they had to buy the land from the 'legitimate' owners, the Arabs. The first arrivals were thus sold pieces of land of around 500 square meters. Some Arab interviewees said that the price that the migrants were charged was symbolic; others claimed that the land was given to them for nothing. This was denied by some of those who acquired land at the time.

> "They came [the migrants-newcomers] here and we allowed them to build their houses on our land. Most of the Arabs did not charge for this land. I personally have around me, on my land, five house that I did not charge for", one Arab said (Interview, 1988).

By the 1960's a clearer commodification of housing was established. The increased demand for housing over the years, as well as the increased profit

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[18] This is land owned by the State and leased on a long term basis to the occupants of the land. Squatters may in some cases be granted this status (Regulation of Land Title, 1989, p.1). The conditions that govern 'hekr' land means that the land has to be already occupied. So if a house is pulled down, the land is no longer in-lease and the tenant cannot add units on the house horizontally either.

that monopoly on land has proved to be, led the Arabs to build one to two-roomed houses and sell them to 'newcomers' instead of selling just land. These houses were paid for in instalments over a number of years.

Most houses in Rashed were incrementally built by adding more rooms over time. In the late sixties red brick started to be used for construction, and roofs were replaced. Thus rooms and even floors were added, and they were consolidated over the years. Unlike the misconception that squatters build shacks or potentially collapsible houses, a number of engineers from the Agency and CHF confirmed what some of Rashed inhabitants said about the solidity of their houses. One American CHF consultant said:

> "Egyptians, when they build for themselves, build well. Housing in squatter areas in Cairo might not be aesthetically nice but it is always strong and permanent. When the foundation of the Rashed Cooperative building were checked, there was so much iron and cement that the building could easily take another three floors. People in the squatter areas build conservatively even wastefully" (Interview, CHF Consultant, 1988).

In the early seventies the Rashed settlement started expanding by building on the fringes. Because of the increased demand and increased value of land, the Arabs reduced the sizes of plots from 500 to 200 or 150 square meters. While houses up to this point were mostly of village type style[19], one to two floors apartment buildings started to be erected, similar to those in other low income urban building in Egyptian cities.

The construction of houses as well as the additional units were done by local contractors. They were usually paid for in instalments. This was a system that helped home owners, even among the poor, to improve and expand their houses. The local contractors were usually second generation Arabs. This meant that the Arabs had monopoly not only over land but over construction

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[19] These were typically one floor houses, made of mud brick and with straw roofs, with rooms surrounding a courtyard.

as well. Until the late seventies the majority of houses in Rashed were one floor houses, some had a second floor while very few were three floor houses. One of the early migrants who is the <u>kebeer el ela</u> of Bani Sweif in Upper Egypt, said that he was the first to build a three story house in Rashed and people called it the 'tower of Rayess Mostafa'[20] (Interview, Upper Egyptian Migrant, 1989). Migrants often boast that they were the ones who brought about change and 'civilisation' to the area. It is their way of challenging what they see as the alleged superiority of the Arabs. Because they came at a later stage than the Arabs, they were the first to abandon the rural style of housing design and materials and started using more modern material and building in the style prevalent in urban Cairo at the time.

The rental system was introduced when not only relatives but <u>baladyyat</u> (people from village of origin) came to live in Rashed with migrant owners. In these cases some had to pay for their rooms. This was frowned upon by Arabs who found renting out rooms in one's house degrading, and another reason to despise the '<u>fellaheen</u>' who have 'no respect for customs or privacy'[21] . Later Arabs also started renting out rooms, but as they claim, only in houses they owned and did not live in. The introduction of the rental system in Rashed meant that the Arabs were losing their tight grip on the housing market. They still had control over land and construction, but no longer absolute control over who settles in the community, where and under what conditions. They were also slowly losing the patron-client relationship that they were so careful to preserve. This, rather than their desire to protect customs and privacy could be the real reason for their harsh criticism of migrant home owners renting out rooms.

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[20] 'Rayess' is a term of respect.

[21] Privacy here refers mostly to the segregation of women. The 'Arabs' here saw themselves as more respectful of this tradition than the 'Egyptians' or '<u>fellaheen</u>'.

Although it was the migrants who introduced the rental system, it was eventually the Arabs who made the most of it. While migrants tended to rent out rooms in their houses, the Arabs started constructing apartments of different sizes to rent out. In no time they were making a business out of renting out housing units for those who could not afford to buy land or houses. By the mid-seventies land was getting scarcer and prices of both land and construction material went up. This meant that demand for renting accommodation increased drastically. As will be shown below, the rental business underwent a real boom when the Home Improvement Loan Programme was introduced in 1981 and rent went up.

According to estimates of those who work in the construction business and other informed inhabitants in Rashed, the price of one meter sq of land was LE1 in 1958-59, LE1,5 in 1968-69, LE17 in 1978-79 and LE90 in 1988-89. Rental accommodations for one room and shared toilet was around LE6 in 1978-79 and LE20 in 1988-89. Rent for two rooms and shared or private toilet was around LE20 to LE25 in 1978-79 and LE40 to LE45 in 1988-89.

In this survey, out of the sample of 200 households, 61% of the interviewees owned their homes, while 39% were tenants. 44% of the latter paid an average of LE15 in rent, 29% paid LE25 and, 21% paid LE35 and 6% paid LE45.

B.   THE POLITICAL SYSTEM-LEADERSHIP AND COMMUNITY
       ORGANISATION:

How did a settlement like Rashed, which is considered by the authorities as an illegal settlement, manage to organise itself and form a fully functioning community with both an internal organisation and link with the wider society? This section will deal with the political and organisational process Rashed went through and the role that different leadership and social groups played in this development.

As shown above, when the community was still in its early stages of development, the tribal political system was the predominant system. The Arabs also succeeded in building a link with the wider society through their position as guards. Their success in creating networks with people in authority, like the police and district level employees, meant that such relationships were not completely severed even with the political changes that occurred after the 1952 Revolution. When the migrants settled in, they also had to abide by the rules of the Arabs both because of the existence of a clearly established internal political system and the monopoly of the Arabs over land. The internal affairs of the ae'lat as well as of the mahaliat were dealt with vertically following the tribal system in the case of the Arabs and the kebeer el 'ela the case of the migrants. However when it came to community level issues it cut across 'ethnic'[22] lines and that was when patron-client relationships prevailed. The position of power that the Arabs held, however, still did not translate into their being seen as leaders by the migrants.

Since most of the links to the authorities were through the Pashas and factory owners, after the 1952 Revolution, the Rashed communities' links with the authorities weakened for a while until they found another way to establish new contacts and networks. New community organisations developed in the 1960's which provided the community with new opportunities. The first of such organisations was the Youth Club which developed out of the efforts of a group of young people of both Arab and migrant origin. It was a new forum for decision making as well as a new link to the outside world that allowed for a younger leadership to develop away from that of the elders of the community.

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[22] Ethnic as used here is seen in the broader sense of the word, meaning that people felt they belonged to a certain group different from another.

In 1968 a group of young men got together and formed a group who built their own headquarters for a youth club[23]. The idea came when a group of young men who played soccer in sahat cha'byia[24] wanted to have their club and their own space in the community. They approached the appropriate local channels, the elders of Rashed, to help them get permission from the Helwan District office. The elders rejected the idea and refused to help on the grounds that they saw no good coming from it (Omar, 1988, p.44). So the young men approached the District Office directly and got permission to use a vacant area used as a sewage dump. They then collected money from the community, filled in the sewage basins and erected the building which they named Rashed Youth Club. As those were times under the Nasser Regime, when such youth activities were encouraged, the District's Director attended the opening ceremony and declared the club a legitimate institution under the auspices of the Ministry of Youth (Ibid, p.46). The elders of Rashed did not welcome this whole venture as it was the first time that such a communal activity took place without their involvement nor even their approval. This was the first challenge to their patronage position both as Arabs and as elders.

The youth club was not just a place for entertainment and for playing soccer. It was also a place where young men met and discussed community matters. It also provided a forum for the first time for both Arab and migrant men to come together. It was however soon realised that since the club was linked to the Ministry of Youth (a non political institution), it was not allowed to organise politically and therefore had very little power. The club members felt they needed to be more active in a political institution in order to get their voice heard. They encouraged Rashed community members to run for the

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[23] Youth Clubs started to be erected in cities and villages of Egypt in the early 1960's as part of a scheme providing all young people, not only those belonging to high income families, with a chance to enjoy sports and other recreational activities. These clubs are supported and supervised by the Ministry of Youth and Sports. The attention and support given to these clubs in the sixties has faded greatly over the years.

[24] They are similar to Youth clubs only they are just open fields mostly used for soccer.

Itehad El Araby El Ishteraki (Arab Socialist Union)[25] elections representing Helwan El Balad[26]. They consequently organised meetings and campaigned for candidates. Nine inhabitants of Rashed, mostly Arabs, won the elections and joined the Itehad El Ishteraki as representatives of Helwan El Balad.

This second major venture organised again by the youth of Rashed was done this time in a way to include the elders. This meant the latter did not feel left out and thus gave all the support that was needed. The elders also saw this as a new opportunity to regain some of their position with the authorities (Rashed elder, 1989). The Club provided a headquarters for the Rashed National Assembly members. Very importantly, members of the Itehad El Ishteraki, because of their position, were able to make contacts with Government officials in key Government institutions.

One of the most important results that came out of being part of the Itehad El Ishteraki was to get electricity and water installed in the community. Up to 1969 the community of Rashed had no infrastructure connections. In the case of most squatter areas in Cairo, infrastructure is a rare commodity. The government maintained now as it did then, that it had no obligation to extend infrastructure to what it considers are 'illegal settlements' and finds it convenient to ignore the existence of such settlements. This however does not mean that 'squatters' do not have their own means to get such services. Their ability to do so depends greatly on their resourcefulness and ability to organise and establish contact with the right people. The Rashed settlement was able to get a limited piped water system installed and electricity in 1969. Up to that point water was fetched from public taps close by, a small canal at some

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[25] El Etehad El Eshteraki (the Arab Socialist Union) was the Government party. It developed from the National Party which replaced all parties in 1957. The bases for the Arab Socialist Union was units in schools, factories, villages and city districts (Hopwood, 1982, p.91).

[26] A Helwan district.

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distance from Rashed or from the neighbouring factories[27]. The system of sewage disposal was that of septic tanks which were periodically evacuated using evacuation cars. This system was still in use in Rashed up to my last visit to the community in 1990.

A limited piped water system was installed. In addition to three public taps, water connections were built only into those houses whose owners could afford to pay for them. Those who were around at the time explained that water and electricity connections were installed through peoples' own efforts. For example in the case of the electricity, the people did the digging, bought the cables, then hired people to install the wires. Commenting on this point, one of Rashed interviewees said:

> "It was through our own efforts and no thanks to the Government that we were able to turn this settlement into a fully functioning community. We got water and electricity with the help of Salem Tamaa [a Youth Club leader at the time]".

The Itehad El Eshteraki was however abolished in 1975- it was seen as representing too much of Nasser's ideology. Some of its functions were taken over by another institution the Majlis El Mahali (Local Council). Only two members of Rashed were elected for this council in the late seventies[28].

One of these two was Salem Tamaa, a young Arab man who really shone in the community during this period of the late sixties and seventies. He worked in the Helwan District Office, where due to his having been a member of both the Itehad el Ishteraki and later the Majlis El Mahali plus his charismatic qualities, he established good contacts in the District. Although stories told

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[27] In fact even after the Project had introduced a wider and improved water network, 22% of households in my sample still had no water connections in their houses.

[28] The Majlis El Mahali at the time this study was done(1989) had ten members from Hewlan El Balad, none of them from Rashed.

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about him might have been exaggerated by the fact that he died at the young age of 32, there is no question that he was an active and a born leader who did a lot of good for the community. His was a name community members, both Arab and migrants, mentioned often when issues around leadership where raised during this research. People said things like "..since Salem died there is no one who really cares for this community".

When the Itehad el Eshteraki was abolished, Salem Tamaa was one of a small group of young people who thought of the idea to create a new organisation in Rashed which would be equipped to provide social services to the community. Services, as a member of this new organisation said, "..that was Government duty to provided to us, but never did". The youth club was not seen by this group of young people as being the right forum for such a task. The majority of the members of this new group that initiated and built the new organisation were Arabs.

An unused piece of land, close to the entrance of the Community, was chosen as the place to erect the new building for the Community Development Cooperative. The Cooperative was to operate under the supervision of the Ministry of Social Affairs. Some of the present Cooperative committee members explained that a committee of thirty of them was formed to gather donations which went towards the building of the Cooperative. There were many volunteers, they worked in 24 hour shifts, got the builders in the community to work for a reduced wage and those who had no skills just helped with the digging, carrying etc. "Sometimes we worked during the night as it was summer, and we all enjoyed it tremendously. It gave us such a sense of achievement", one Cooperative members explained (Interview, 1988).

The Cooperative was ready for operation in 1977. It had a nursery, offered adult education classes for women and men and sewing classes for women. It also provided a meeting place where men gathered in the evenings for

entertainment purposes and to discuss community issues. Most saw the Cooperative as their new link to the formal institutions outside the community.

Unlike the Club, the Cooperative was not seen as a challenge to the Arab's position in the community. Since the founder of the Cooperative, Salem Tammaa, was an Arab, and since he managed to include the elders in the creation of the new institution, he gained the support of his kinsmen. Although the newly developed younger generation's leadership was given some level of autonomy from the elders, the alliance between the two was never broken. This alliance, and support of the Arabs for the Cooperative was the reason the Cooperative is often seen by the community of Rashed as an Arab institution. While there is a strong Arab presence in it, the Cooperative is in fact in no way predominantly Arab. For example five out of the nine members of the Cooperative committee are migrants, all of originally from Upper Egypt. All committee members are home-owners and four out of the nine are contractors. Therefore the Cooperative committee members represent a relatively privileged stratum of the community. This might justify why, while in fact not all Arab, they are viewed as being exclusively so.

Competition between the Club and the Cooperative started when the latter offered to get both institutions together under the same management. However, because funding from the Ministry of Social Affairs to the Cooperative was more generous then that given by the Ministry of Youth to the Club, this was seen to be a threat to the latter. As members of the Youth Club explained, they feared that the Cooperative would try to monopolise them and that they would be annexed to them, like a take over (Omar, 1988, pp. 52-56). The competition and bad feelings between the Club and the Cooperative was complicated by the way in which members of the former were perceived to be the majority migrants while those of the latter predominantly Arab. As a result the two institutions worked parallel rather than together and each decided to consider the other as irrelevant though an

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irritant. Discussions around the relationship between the two organisations showed that Cooperative members were dismissive of the Club members, the latter were resentful of the Cooperative. This relationship, as will be discussed later, became openly hostile after the Upgrading Project started.

III THE ARRIVAL OF THE PROJECT

As the last section of this chapter shows, Rashed in 1981 was a functioning community with established internal organisations with links to government institutions. It also had solid if not aesthetically pleasant housing, a market, mosques, clinics and pharmacies. As is the case in the majority of squatter areas and even some formal low income areas of Cairo, it lacked a comprehensive water, sewage and garbage disposal systems. It also had no schools. Children had to walk between 30 and 40 minutes to the nearest school.

A. PERCEPTION OF SQUATTERS BY PROJECT IMPLEMENTORS:

The last chapter shows how the GOE agencies that had to give permissions for upgrading activities, created various obstacles because they were basically against the idea of the Project. The Government position was that 'squatter' settlements are illegal. While they could not eradicate them because it was politically impossible to do so, they chose to ignore them. They believed that upgrading such settlements meant that they were given the green light to expand and spread. In fact, informal settlements are spreading at a rate of 400 hectares a year in Greater Cairo (EQI, 1986, p.1).

Now the question is, how did those who were responsible for the implementation of the Helwan project view 'squatter' areas? Obviously the way 'squatters' were seen influenced the way the project progressed especially in the sphere of community organisation and participation. Interviews with the Agency, showed that most maintained stereotypical ideas about squatter populations. 'Squatter' areas were often perceived to be inhabited by a

homogenous group of people, rural migrants, who live in shacks that were on the verge of collapse, and surrounded by 'filth and disease'. Opinions about them and whether or not they needed help, were derived from sentiments which were and continued to be at best paternalistic and at worse contemptuous. The Agency employees went through intensive training organised by CHF around new approaches to housing solutions. They were thus supposedly sensitized to seeing 'squatter' areas as a 'fait accomplis', and to dealing with them instead of ignoring them or wishing to bulldoze them. Despite that, most still had ambivalent feelings about 'squatters'.

As one senior Agency engineer puts it:

> "Squatters have always been punished by the Government by refusing to provide them with water and sewage. I agree that it is dangerous to encourage such cancerous expansions. However this project is helping them have a better life, they are Egyptians after all!" (Interview, the Agency, 1988).

Another Agency interviewee argued:

> "Squatters are all over Cairo, there is nothing we can do to stop that. We therefore can help them live a better life. This Project, for example, changed the lives of the people in the upgraded areas from the life of animals to that of semi humans' (Interview, the Agency, 1988).

An Agency interviewee said:

> "The upgrading is the only way to guarantee that those who live in squatter areas live a better life. The problem did occur already and the only way to salvage it is by giving the people proper facilities. It was proved that people move faster than the Government. Upgrading is forbidden in fear that it will encourage expansion. In fact expansion is going very fast anyway and nothing can curb that. The squatter areas are everywhere, they are filthy and a cancerous growth. The fact that very little is done to deal with this problem just shows how few people around care about this country" (Interview, 1989).

Another senior staff member while acknowledging that the idea of Upgrading is good in principle, did not always see upgrading as a good solution as it

depends on the location of the squatter area. Some of the areas that were upgraded in this project, he explained, are in close proximity to the Nile. Such locations should be kept for luxurious neighbourhoods. These areas should have been pulled down and luxury flats and tourist hotels built on them. He added:

> "The inhabitants of the squatter areas could have been transferred to one of the new cities. A similar thing happened in an area called El Mohamady were there were huts and so on and the whole area was wiped out and a garden is replacing it. The people were transferred to Al Salam City[29]. It was the perfect solution and the best way to clean the area. The same should happen in a neighbourhood like Boulac[30]. It should be wiped out and another Zamalek should be created" (Interview, 1989).

If after the ten year experience to the Helwan Project, a senior Agency employee still believes in bulldozing and displacing people to remote areas, one wonders what the implication of that is on future housing policy in Egypt.

There were various reasons given for why 'squatter' areas need upgrading. An ex-senior Agency employee explained that Cairo's 'civilised' areas are composed of about 4 million people, the remaining 6 or 7 million are 'squatter' settlements. The latter who have no services, he explained, blame it on the Government which is seen as the enemy.

> "This results in intifada (uprising) because these people are envious of those who are privileged in society. People in Zamalek[31] pay 5pts for the meter of water while it costs squatter people five pounds. They are excused if they burn down Cairo. So to provide them with service is not just out of social awareness but mostly for 'our' own security. I live in

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[29] One of the five New Cities built in the desert.

[30] This is a well established old low income neighbourhood with an estimated population of half a million.

[31] An upper income group neighbourhood which is used by all Egyptians as the example of wealth especially in the context of social injustice.

Mohandeseen[32] and we are surrounded by hungry people, those living in Meet Okba[33]. There are increasing numbers of robberies. Those people living on the fringes come in for work, they see how the wealthy live and they wonder why they do not get a piece of the pie. I sat with Brown [director of AID] and explained all that to him". He added (Interview, the Agency, 1989).

When it comes to USAID staff, although upgrading was originally the idea of their organisation, the tendency of some was to think that upgrading was a compromise. When they spoke about upgrading, the question was whether in fact this was a viable solution or whether it was just a patch up job. One USAID official who was involved in the Project at its beginnings said:

"AID officials who planned this Project were not housing people but rather infrastructure experts. They had doubts that upgrading would work. They only did it because it was fashionable at the time" (Interview, the Agency, 1988).

A CHF consultant confirmed this view by saying that it was the Urban rather than the Housing department that dealt with the Project. So they knew nothing about housing, only infrastructure.

CHF consultants, as it seems, were the only ones who knew about Upgrading Projects and Community Organisation. However their approach to both, as the rest of this chapter will show, tended to be conservative and limited to getting the job done efficiently.

One of the most interesting points raised in the discussion around why squatter areas should be upgraded, is the view shared by both the Agency and USAID that 'squatter' areas if neglected further will turn into areas of political unrest and revolution. Squatters and slums are identified by USAID as 'the phenomenon of urban marginality' which is a seen as potentially threatening

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[32] Another higher income neighbourhood.

[33] A low income community located in the middle of Madinet El Mohandeseen.

'hot beds of revolution'. This view led USAID to get involved in extensive urban aid Programmes in Third World countries (Mayo in Moser, 1989, p.91). Quite prominent in the minds of both Americans and Egyptians involved in the project, especially those at policy level, was that the project served to appease and pacify potentially dangerous elements in society,. To have better access and thus more control over squatter communities was a motivation that quite a few officials from both sides had.

These were some of the ideas and attitudes that coloured the project process in the upgrading areas. The mismatch of the preconceived ideas and stereotypes held by the employees and the community 'representatives' about each other was one of the important elements that influenced the interaction between the two sides. The other mismatch came out of the different interests that project staff and community representatives had in the project. The former was trying to get a job done with as little difficulty as possible. Their lack of respect for the communities, their rights and collective wisdom meant that they overlooked their real needs and interests. The communities, as the next section will demonstrate further, had little involvement in the process, with the exception of those who were identified as the leaders. The latter's interests, in the case of Rashed for example, was to get the best out of the project for their own interests, especially as regards gaining more legitimacy as leaders and consequently more power in the community.

B. COMMUNITY ORGANISATION AND 'PARTICIPATION':

Community organisation and participation became important components of the 70's and 80's housing projects. It became one of the preconditions included in international funders' 'packages'. Community participation, in particular, is at the centre of debate in the housing and development literature raising several issues among which are its viability, exploitative potential and promise to communities for more access to power. While the first two issues are not of particular relevance to this study, the power issue is. The existing power relationships in Rashed prior to the introduction of the Upgrading

project were discussed in the last section. This section will discuss the way in which this was shaped over the ten years of the project.

Community organisation was one of the upgrading objectives cited in the original Project Paper. CHF in its capacity as the only organisation involved in the Helwan Project that had any expertise in upgrading, was responsible for community organisation. Thus, a community organisation conceptual framework was prepared by CHF and presented to the Agency (Nathan Report, 1982, pp.161-162). Community organisation, as defined in the various project papers, was limited to the involvement of local community organisations and leaders rather than community as a whole. Existing community organisations (eg Rashed Cooperative) or new community organisations created for the purpose of the Project, were to participate in the planning and maintenance of community facilities as well as to protect land designated for facilities from encroachment (Project Paper Excerpts on Community upgrading, 1987, p.10). The community in general and its involvement in the Project was given lip service. They were to be informed about the components of the Project and asked to cooperate in keeping facility sites available. The definition of community organisation and participation as it appears in one of the documents is as follows:

> "Community organisation techniques are extensively used to encourage community participation. Community associations initiate and manage their own community facilities, solid waste collection and septic tank services and other community programmes...Working with community associations, comprehensive urban planning ensures that the construction of schools, sewer and water, roads, electricity and other community facilities meet the needs of the residents in each community" (Helwan Housing and Community upgrading, 1984, pp.5-6)

Many similar projects are criticised for their use of the terms 'community' participation when in fact it was 'leader's' or 'local association's' participation. Most of the implementors did not really see the distinction between leaders, associations and communities. There were two major

problems which coloured the community organisation and participation process from its early stages. The first was around the identification of who the leaders were in term of the degree to which they really represented their communities. This operation, as will be shown below, seems to have been done quite haphazardly, which had important implication for the power dynamics within communities. The second was that even these community leaders were not involved from the onset of the Project.

Project papers as well as interviewees, when discussing the issue of community participation, claimed that the upgrading communities were involved in the decision making every step of the way. In fact, as was shown in the previous chapters, there was no mention of the community in the pre-implementation stages of the project. They were contacted only at the time of implementations after all the plans as well as choice of contractors was decided. The following quotation is just one of many that show that the communities were in no way part of every step of the Project:

> "After the original plans/designs were executed and as they were getting reviewed for approval, the Agency started to establish contact with two of the upgrading communities where implementation of the Project was to start" (PCR, 1989, pp. 30).

The implementation of 'community organisation' followed a number of steps. These steps, as described in the Project documents, started with the identification of the leadership of each community. Then through this leadership the community was informed about the upgrading components (Mid-term Evaluation, 1984, p.121). Then community organisations and the communities they represented, participated in determining priorities among upgrading interventions, specified sites and contributed in the design and planning (Evaluation of Upgrading Construction, 1987, p.30) Lastly, they were taught how to use and maintain the facilities and programmes after installation (Mid-term Evaluation, 1984, p.121).

Each of these steps will be discussed in the following section trying to point out the implications of the activities undertaken in the community organisation and participation process and the manner in which they were implemented.

1. Identification and establishing rapport with leaders or local organisations:

The Agency Community Development Team (CDT) with the Egyptian CHF social staff[34], approached those they saw as the leaders of the upgrading communities to involve them in the Project. In most upgrading areas, easily identifiable local organisations were seen as the forum where leadership operated. In the case of Rashed, the Cooperative represented everything the project implementors needed. Again lip service was paid to the inclusion of other leaders, but this was limited to the CDT asking the Cooperative members to invite other leaders to attend meetings. In fact early meetings seemed to have been conducted in this manner, but this formality soon disappeared.

In other communities where local leadership was less visible, newly created community institutions were developed to deal with the Project. In this case centres were built and members were recruited by the Agency team (Oldheim, 1987, p.105).

After the first steps of establishing rapport and describing the Project components to the community organisations, the CDT, the Project Completion Report explains, then worked closely with the organisations to establish these programmes and to provide equipment and administrative, financial and staff support. They also developed management training for the organisations and assisted them to develop a more active voice within the Ministry of Social Affairs and the local Helwan administration and political structure (Project

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[34] The differentiation between the EAJP and CHF staff was not made by the Cooperative nor the Club, they were all referred to as members of EAJP

Completion Report, p.31). The following stage was to use these organisations as 'the primary vehicles' to introduce 'self-help' projects.

There are three major assumptions in this approach that can be easily challenged. The first is that leadership is easily identifiable and that outsiders can 'create' it if it seemed to be non-existent. The second is the way the Project reports talk about 'introducing self-help' as if the very existence of these communities is not a product of self-help. The third assumption is that the staff of these organisations, which have been functioning for years, need to be taught how to deal with political institutions. Obviously these associations and communities were able to survive in a hostile environment by being highly organised, knowing every trick in the book and becoming experts at dealing with Government.

While Project papers and interviews with the Agency and CHF employees and Cooperative members, left no doubt that the Cooperative of Rashed was the legitimate leadership of the community, this fact does not seem as clear to community members. When the leadership of the Cooperative was discussed with the Rashed community, this 'fact' was questioned. Most saw the Cooperative as the place where services such as the nursery or illiteracy classes are given. Some of those who did see it as fulfilling other roles such as solving disputes or the place where meetings are held to solve community matters, said that the Cooperative used to hold an important place in the community only when Salem Tamaa was alive. They saw the Cooperative, at the time that the fieldwork was taking place, as an organisation that only serves 'their own people'. 'Their people' meant in some cases the Arabs, the Upper Egyptians or the home owners, depending on who was saying it. Commenting on this point one of the CDT said:

> "Most migrants reject the leadership of the Arabs in the community. This is one reason they do not accept the leadership of the Cooperative because it is seen as Arab dominated" (Interview, 1988).

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The manner in which leadership was identified and the impact of that on community organisation will be described and analysed in great detail below. However, in order to help put the next sections into context. some of the implications of this process will have to be clarified at this point.

There is no doubt that CDT were aware of the existence of other forms of leadership in Rashed. It however decided to ignore this fact and work only with the Cooperative. No effort was made to create a forum where various significant groups in the community were represented such as the Club members, migrants, and tenants. Women of all groups where also marginalised from the process. The CDT actually seemed to have encouraged factionalism and splits in leadership to achieve its own interests and to keep in control. As will be further clarified below, they used the competition that existed between the Cooperative and Club to keep the former in line.

In order to understand this point more fully, it is important to examine the Project's objective in attempting to implement community organisation and participation. Both documents and interviews show that the main purpose of involving the community was to get the various upgrading activities implemented successfully. 'Community participation' followed a recognised pattern which as Moser describes, it entails that the community organisations protect sites, maintain services and promote programmes. In other words community organisation is seen as a way to achieve efficiency, a means to improve Project results rather than linking participation to empowerment (Moser, 1989, p.83).

2. Informing and promoting the project:

After the contact with the Rashed Cooperative was made and support to the Project was guaranteed, the Cooperative members were asked to invite community members and leaders to meetings about the Project. The first meetings were about informing the people about the project. Other meetings

followed which were promotion rather than informative meetings. The latter meetings were mostly about the Home Improvement Loan Program.

The first meetings were mostly of a public relations kind where a number of community members and leaders were invited by the Cooperative, as a way of gaining legitimacy and support. While Cooperative members claimed that these meetings were open to all, community members with whom this issue was discussed said they were never invited to such meetings. Very few even knew of the existence of the meetings.

In fact, as interviews show, only 7% knew of the existence of the project as a whole. Most only knew of one or two components (75.5%). 17.5% did not know of its existence at all. 27.5% acknowledge the achievement of the project in building the school, 22% mentioned the infrastructure, and 16% the loans. Most said the project was implemented by the Government. Some gave the credit for these achievement to Salem Tamaa the previous Cooperative committee chairman. They said that it was due to his efforts and his contacts that the Government finally fulfilled some of its obligations towards the community (Interviews with Rashed community members, 1988-89).

When asked about why community members knew so little about the Project as a whole, Rashed Cooperative members said that it was their intention not to promote the Project, as a 'big Project' funded by the Americans. They said they did no want to provide the latter with the propaganda they wanted.

When it came to the Home Improvement Loan Programme, this was another matter. The majority of people in Rashed knew that the loan came from the Americans. Special meetings were organised for the promotion of the Loan Programme, where this time everyone was invited. Both the Agency and Cooperative interviewees explained that it took a long time to get the loan scheme accepted by the people. Very few people applied for it at the beginning. Most Rashed inhabitants, as it was described in Chapter 5, were

suspicious of the loan, they were worried what the consequences would be if they could not repay the loans, and they were worried about the religious implications of the interest. Reba, which is the practice of loans with interest, is considered a sin in Islam [35]. This led the CDT to organise meetings to promote the Programme and try to reassure people that there were no risks involved. Religious people were also invited to interpret the loan system that tried to make it religiously acceptable.

While the Loan Programme has already been discussed chapters 4 and 5 from the institutional point of view, the discussion here will be from the community point of view. When discussing their role in the promotion of the Loan Programme, the Cooperative members said that without their support the Programme would never have taken off. This was one of the examples brought up by the Cooperative members of how nothing could have worked without their support. This issue was usually brought up in the context of what they saw as the Agency letting them down at the later stages of the Project. Commenting on this point, one of the Cooperative committee members summed up what most of the others said about it, as follows:

> "The successful implementation of the Loan Programme was a proof that the Agency could do nothing without us. They tried the loan system in other areas but they failed because the people were suspicious. Here also there was discomfort because of that interest business. But we gave the people the green light which immediately made it acceptable" (Interview, 1989).

While the Loans Programme was introduced in 1980, it took about a year for the Rashed inhabitants to feel comfortable enough to apply for loans. 610 loans were given in Rashed for an average of LE2000 per loan. Loans were used mostly for the completion of the construction of houses, adding a floor

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[35] This is a highly controversial issue in the whole of the Muslim world. The discussion is mostly around banking and whether or not dealings with the banks is against Islam. Religious people are engaged in the debate and those among them who condone are criticised by some for being 'Government people'.

or fixing a roof. The loans were used as follows: 41% for complete houses, 34% construction of two rooms, 17% construction of one room, 6% construction of 3 rooms (CR, 1988, Appendix C). In my survey, of the 53 who took the loans, 35% rebuild their houses, 23% added a floor, 15% fixed the roof, 7% built additional rooms and the rest did repairs, repainted walls etc.

Because of the failure of the Project implementors to obtain land tenure for the community, the eligibility criteria to get loans was limited to home owners who were salaried employees. Formal salaried employment was the only collateral the bank would accept instead of land ownership. Those involved in the informal sector had to have as guarantor someone who is a salaried employee. This meant that the majority were in fact excluded from the loan programme. In this sense this Project was no different from any old housing project in Egypt which only gave access primarily to Government employees, something that was against the basic principle of this particular 'demonstration project'.

As already mentioned in the last chapter, one of the major reasons why the home owners in Rashed found the idea of the loans attractive, was that it gave them de-facto legal tenure. The idea was that no one could really challenge the legality of their home ownership when they were part of a Government loan scheme. This fact led home-owners, Arabs, in the majority, to get a stronger hold on their position and many were further encouraged to get access to more land and build more houses, mostly for rent. As Omar describes in her research, since they did not need expansion (they already had enough house space), the Arabs chose to reconstruct their homes (Omar, 1987, p.86). New building materials were used which allowed them to keep up with migrant housing built or expanded at later stages to their own houses. All this led to another construction boom from which contractors, mostly Arabs, benefited. Discussing this point, a member of the Cooperative community and a contractor said:

"The loans helped the local contractors and local builders to find jobs which led to a general economic boom in Rashed. Now the same people are suffering from unemployment. Labourers used to have us contractors on waiting lists, now they look for us to say they are available if we needed any work to be done" (Interview, 1989).

Again the knowledge that four out of the nine Cooperative committee members are contractors, also helps understand their enthusiasm for the Loan Programme. Their close involvement in the Programme by being both its main promoters as well as providing the headquarters for the operation played an important role in enhancing their political leadership and, in some cases, their economic position.

3. The impact of the Home Improvement Loans:

In Rashed, the Home improvement loans were given to 580 home owners (53 of the 200 household in the sample). Because of the condition regarding public sector employees, 53.5% of home-owners interviewed were denied access to the loans. Arabs and those of Upper Egyptian origin[36], some of the others claimed, because of their connections to the Cooperative leadership, were able to get loans even when they did not fit the eligibility criteria, which caused resentment.

The repayment of the loans, according to most of the borrowers, constituted a financial burden mostly to those who had no tenants or economically active children. Home owners who took loans had to pay between LE20 and LE35 a month for 15 years in instalments. While the majority complained that this has been causing them financial hardship, most admitted they would never have been able to improve their houses or add new units had it not been for the loans.

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[36]My survey shows that 50% of those who took loans were Upper Egyptians, 27% were Arabs, 16% were from Cairo and 7% Lower Egyptians.

The instalment repayment had, in turn, serious implications for tenants. Not only were they not allowed to get a share in the benefit of the loans, but their already vulnerable position as tenants was further jeopardised. Many home owners who took loans and made improvements or added units to their housing, and who had tenants, put up the rent. Those who could not afford to pay extra rent, were often asked or forced to leave. Research carried out in Rashed in 1991 which specifically examines displacement of tenants, show that the introduction of infrastructure in the area has attracted a number of higher income households to Rashed who were able to pay higher rents. This meant that the original tenants had to compete with the newcomers and some could not afford the new rents. Of a sample of 126, 14 tenant households were forced to move out (Daef, 1994 p. 90). In 1986, an adjacent squatter area started to develop on what was marshy land with hazardous environmental conditions and had no infrastructure, not even electricity. By 1991, 360 plots were occupied. Half of the 33 households in Daef's sample in this area were found to belong to the same category of Rashed tenants had been forced out of their homes (Ibid, p. 243).

There were a number of reasons for such displacement, which are common to upgrading Projects in general. However in this case there was the added complication that the Project components were in fact not completed. With the issue of land tenure unresolved, the community was still considered 'illegal', and tenants were in a vulnerable position. One does not have to be around the community very long to notice the tension that exists between home owners and tenants. Most tenants live under the threat of losing their homes as they have no binding legal claim to their rented accommodation. Very few have contracts as home owners are reluctant to issue such documents. With the increased demand for housing, tenants often accept to rent housing without a contract because it is just a matter of taking it or leaving it. Although Egyptian law[37] protects tenants in the sense that owners

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[37] This law is at present (1996) under revision

cannot expel tenants who have been living in units for over two years even without contracts, this law is not always enforced. Because the tenants of informal settlements feel more vulnerable than others, few resort to the authorities. Another reason why they often do not complain to the police, is that owners often have contacts with the police and tenants have learned this lesson very quickly. The owners are also often in a position to harass tenants and make their life so miserable that they give up and they move out. As tenants describe it, and as was witnessed during the research, owners often use various strategies to make life uncomfortable for them. They pick fights around the use of water and electricity, around the children of tenants being noisy etc. The intimidation and harassment of tenants often got quite vicious and many stories are told about this. As one member of the CDT who worked for a long time in Rashed explained:

> "Tenants cannot rely on the law to protect them. What it all boils down to in the end is who is tougher and whether the tenant can bare the intimidation and abuse of the owner" (Interview, 1988).

The owners on the other hand complain that tenants are reckless, that they mistreat the property and throw water in the septic tank which causes overflows and 'harm the houses' foundations'. They also blame the tenants for the ever increasing charges in water and electricity bills[38]. One owner was complaining about the children of the tenants saying".. as they are walking they brush themselves against the walls of the house, they will cause the walls to wear down".

There are two major reasons why owners often want to get rid of their tenants. The first is when they want the space for their own marrying children. The second reason is when the owners want to raise the rent and the

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[38] Electricity bills are usually kept in the name of the owners to prevent tenants from using these bills as proof of their tenancy.

tenants refuse to comply, or cannot afford it. In this case they want to get rid of them and rent out to others who are willing to pay more.

With the implementation of the Loan Programme this whole problem was greatly exacerbated. The home owners, in getting de-facto legitimacy to their home, acquired even more power over the tenants. The loans also provided them with new ways of getting rid of their old tenants. In many cases, as many of the tenants explained, they lost their houses when loans were used to rebuild the house or for other works. In these case, tenants were asked to leave supposedly until the work was done (from a couple of months to a year). At their return, the tenants were asked for a raise of up to 300% in rent. The rent per room went from LE5 to LE10 in the sixties and seventies, to LE15 to LE30 after the introduction of the Project. Those who could not afford this increase were not allowed back. In this process many lost their rooms.

When asked about this issue, the Cooperative members confirmed that there were indeed many problems between owners and tenants. They said that there was a committee formed by one of the Cooperative members called the lagnat al mossalahat (reconciliation) committee which deals with such fights. The member explained that the committee's role is to mediate and try to find a middle ground solution to help both parties. Another member of the committee also said :

> "The biggest problems between people here is a problem
> between owners and tenants due to the former's greed. I am
> well known for mediating in such problems. A tenant would
> come to me with his complaints and I would give a judgment.
> Even newcomers to the area know of me. People would come
> to my house and even if I am just back from a long day of
> work I go with them to solve their problem" (Interview, 1989).

Few of the community members know about this committee. Of those who did, most said they did not think the committee was fair. They explained that they tend to be biased to the owners.

The Loan Programme has had important implication for the power relationship between home owners and tenants. The role that the Cooperative played, in its promotion of the loan, is also important in terms of its position on the one hand vis-a-vis the community and on the other vis-a-vis the Agency and CHF. The Cooperative was seen by those who did get the loans as the facilitating link between them and the Project. Depending on whether the loan was judged to be positive or negative for those who got it, the Cooperative gained or lost points in terms of its status in the community. For those who were excluded from the Loan Programme, either because they worked in the informal sector or were tenants, the Cooperative's bias toward 'their people' was confirmed. After the initial resistance of the community to the loan and the role that the Cooperative played in promoting it, this created a feeling among the CDT that it actually needed the Cooperative to make the programme a success. The Cooperative, on the other hand needed the Project to strengthen its position and acquire the status of the strongest leadership in the community.

3. Setting priorities, approving design and location:

As discussed in chapter 5, project documents and interviews show that one of the activities in community organisation was the participation of community organisations in the decision making around choosing services they needed, designs of community facilities and location of such facilities. However, as discussions with Cooperative committee members show, the meetings held around such issues were often one-sided. The 'community representatives' were not allowed to suggest changes in design or choose locations. When they did they were told by the Agency that these were technical matters, and that they must just take it or leave it. One of the members of the Cooperative committee said:

> "They claimed that the whole project was built on community
> participation. What they did was ask us here to arrange for
> meetings where we would invite the members of the
> Cooperative's committee, traditional leaders and the Club

committee. We did that. Then what it amounted to was them describing to us the part of the Project under discussion. If we objected to a point they said 'no this is technical, do you want it as we describe it or not at all?' So of course the person who objected would shut up in fear that the other members would accuse him of losing this part of the deal" (Interview, 1989).

A favourite example that was given to illustrate this point was the discussion around communal septic tanks which were built for water disposal in the interim until the sewage started working. There was a big controversy about the design, the location and maintenance of these tanks. The fact that the tanks soon became dysfunctional, made the septic tank issue an even better example of how things went wrong when the Agency and CHF did not listen to the Cooperative.

> "They [the Agency] decided to override us about the septic tanks. We have been building these tanks for years, we know our soil, but they decided they knew better. The result is they are not working and all this money was wasted" a Cooperative member explained.

Another added:

> "There were seven of them built and they cost about LE300,000. The Agency insisted on building it in a way we told them would not work. They did a study, and based on it, decided on the locations. We told them this will not work as they were in the midst of the houses. One of them said it should not be too far so that women don't have to walk to dispose of the water. But now you can see we were right. The pits started to fill up, get blocked, attract insects etc. This caused the residents around the pits to fill them up with cement to block them completely. We told them [the Agency-CHF] to get someone to maintain and supervise the tanks they said 'no get your own people'".

Cooperative members also explained that the engineers did not put enough openings for the water to go underground. The few openings were close to the surface which made it dangerous for the foundations of the houses. The result was that the bottom which was filled with pebbles became impermeable

and so there was a constant overflow. They added that the fact that the evacuation cars only came once week made it impossible to keep the tanks from overflowing. Concerning this issue, an Agency employee who worked in Rashed for many years said:

> "The Rashed people raised objections about the communal septic tanks, they did not like the idea, nor the location. But of course the views of the engineers always win in the end. The inhabitants misused the septic tanks and that is what blocked them. They are an immature community. These tanks cost LE68,000" (Interview, 1989).

Most Agency employees argued that there was nothing wrong with the technical side of the septic tanks. They said that the community members thought they know it all, while they know nothing about engineering matters. They were blamed for wanting to interfere in everything. "We consulted them in all matters which made them want to take it too far. At one point we had to put them in their place as they became too big for their boots", a CDT member said. The Agency employees blamed the failure of the system on people's misuse of them and they often used quite strong words about the community members' 'ignorance' and 'filth' One Agency senior employee said:

> "The people in the upgrading areas are dirty. No point in upgrading services when people themselves are not upgraded. They must be educated to live like human beings" (Interview, 1989).

When asked about the misuse of the tanks, Cooperative members explained that it is true that the women were not used to separating used water and solid waste.

> "The septic tanks were covered with a grid so the solid things in the dirty water, accumulated and rotted and were covered with insects. It is true that this is because the women lack the awareness but we told the Agency to employ someone to guard and clean up regularly, but they did not" (Interview, 1989).

A member of the Club committee in his resentment at not having gained anything from the Project, commented on this saying:

"There was not enough awareness raising of how things should be used and maintained . The septic tanks are all blocked and who is responsible? Now because there is no place to get rid of used water, filth is everywhere. Our football court is the peoples' favourite place for dumping dirty water and garbage. I feel that if we put up a wall around it we will cause more filth all around Rashed. It seems like we are doing the Project people and the community a big service" (Interview, 1989).

Another example of what a member of the Cooperative calls a 'community participation' disaster, was the manner in which a decision about the width of the main entrance road to Rashed was taken. The road went in between the Cooperative building and the football court of the Youth Club. The width that the Cooperative asked for meant that it would encroach on the court, which caused the Club members to protest. In recalling the incident, a Cooperative member said that the Agency had suggested that the width of the road be 8 meters and they wanted it to be 12 meters (see photo, p.198 for construction of road).

"Because this time they could not say it was a technical matter" he added," they decided to do what they wanted by creating a problem between us and the Club. They went to them with our two proposals and naturally the Club asked that the road be 6 meters".

At that point, four years into the Project, as one of the Club members explained, the Youth Club had a very bad deal from the Project. They had given up a large piece of land for building the primary school and did not get anything in return. Not only were they alienated from even the nominal sharing in decision making, but many promises given to them were broken. They had been promised that the Youth Club building would be expanded and that a fence would be built around the football court, and they got neither. They decided consequently that they would not compromise on this matter.

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The road under construction in Rashed

The Cooperative then suggested that they and the Club members should meet to settle their problems. According to the Cooperative members, the CDT however insisted, against the latter's advice, that this was a matter to be decided in a public meeting. As a result of CDT's coming and going between the Cooperative and the Club, and making a big issue of this, Cooperative members explained, the day of the public meeting ended up with half the 150 people present in hospital and the rest in the police station. The CDT was late for the meeting, arguments started which led to fist fighting.

Cooperative members explained that while there were always hostilities between them and the Club, in the past, they were still able to have joint meetings. After this big fight over the road this stopped. The CDT was blamed for that. Club members however said meetings between them had stopped long before that, but they agreed that the CDT meddling had aggravated the situation.

Both Cooperative and Club members agreed that the CDT played the Cooperative off against the Club on several occasions to stir up problems between the two organisations. A Club member explained that when the Cooperative caused the CDT any problem they resorted to the Club to get the Cooperative back in line. He added: "This is what they did in other communities as well. They played leaders off against each other in order to weaken leadership and strengthen their own position" (Interview, 1989). This point of view was confirmed by Cooperative members, as one of them said:

> "When they [CDT] felt we were dissatisfied with some aspects
> of the project, they decided that things had gone to our head
> and we needed to be taught a lesson. They did that by
> resorting to the Club as a way of showing us we were not
> indispensable. When they found the club was no use to them,
> they came back to us" (Interview, 1989).

This discussion brought out examples of what the CDT actually did in order to keep control over other upgrading communities. Ghoneim was one of the communities that Cooperative and Club members used as an example to prove their point. The Agency and CHF also spoke of Ghoneim as a community where leadership was unsuccessful, but for different reasons.

Cooperative and Club members explained that Ghoneim did not have an institutionalised leadership, so the Agency felt the need to create one. Therefore a cooperative building was erected and a leadership was formed for the purpose of the Project. But, they explained, the new leadership was weak and the Agency soon realised that they were not doing their job well. So the Agency created problems in the community which led to the destruction of the previously existing leadership as well as the newly created one. To prove the potential danger that the CDT could cause to leadership, one of the Cooperative members said:

> "The agency was not able to mess up our leadership here
> because we are well established and strong. However in
> Ghoneim because the leadership of the cooperative was created
> by the Agency, they were fragile. When the Agency decided
> to put them and the other leadership up against each other it
> destroyed them both" (Interview, 1989).

A Club member also said that from the way the CDT behaved in Rashed, he could understand how they 'messed about' the leadership in Ghoneim. A CHF consultant argued that experience in upgrading areas showed that when leadership was created artificially, community organisation did not work. "It worked in some areas where there was real leadership. When leadership was created for the purpose of the Project it did not work", (Interview, 1989). The CDT said that Ghoneim had a weak or corrupt leadership, so they had to create a new one. One of the CDT explained that:

> "Sometimes the leadership is not successful. In Ghoneim for
> example the head of the new Cooperative was a crook, he took
> the money for a building in his pocket. We were able to get
> the people to unite against him" (Interview, 1989).

This stage of the Project implementation in Rashed, is the phase that shows best how the power struggle between various actors materialised. The 'informing and promoting' phase had left the Cooperative confident that it was indispensable to the success of the Project. It had maintained its role as the sole representative of the community and succeeded in keeping all other leadership at bay. The CDT not only went along with this monopoly over representation, but it encouraged it. However, during the 'priority and design' phase, when the Cooperative disagreed with the CDT over issues like the septic tanks or the road, then the CDT found ways to threaten this monopoly by resorting to other leadership structures in the community.

4. Preventing encroachment:

The fourth and the most important component of 'community organisation' and participation for the Project implementors, was the prevention of encroachment on land designed for construction of facilities and services and then later the protection of the sewage network. As the Evaluation of Upgrading Construction put it:

> "..ensuring that further encroachments which might jeopardise
> works to benefit the community do not occur..is probably the
> most important aspect of community participation in upgrading
> programmes" (EUP, 1987, p.31).

Thus, the Agency and CHF measured the success of community organisation by how much community organisations failed or succeeded in preventing encroachment. Community organisations were put into two categories, those who cooperated and those who did not. Organisations which prevented encroachment described as having 'cooperated' with the Project. In other words, cooperation was not measured by their involvement in the decision making or in the actual implementation of upgrading activities, but rather by how seriously they took their policing role. The Rashed community was always given as an example by the Agency and CHF staff as one of the best communities in this role.

5. Maintenance and running of community service:

The last activity that community organisation was to achieve was the maintenance and running of services, especially the evacuation of septic tanks and garbage collection. In Rashed, these activities became the responsibility of the Cooperative after the upgrading Project completion in 1988.

With the water network installed and the sewage network still not in operation, the septic tanks needed to be more frequently evacuated. There were always private sector cars servicing Rashed, but the higher demand for their services led to higher charges (around LE8). As a result, a number of evacuation cars were purchased by the Agency with the intention of handing each community a car under the supervision of community organisations. When the Project ended, however, the cars were left to operate in the communities (with a charge of LE5) on the condition that they would still belong to the Agency, that they would be driven by an Agency driver and that it would remain in the Agency garage. The arrangement was that the community organisations would get one third of the service charge for running the car and the Agency two thirds. The Rashed Cooperative saw this as a great injustice and a breaking of the promise that the car would be handed entirely over to them to run as well as to keep the revenue. Long negotiations occurred around this issue but the Agency would not change its mind. It was yet again an example of the difficulty that the Agency had in letting go of control over the Project. The Cooperative then tried to get its own way by refusing to pay the Agency. After a number of letters were exchanged, the car was withdrawn. After about six months, the Cooperative reluctantly decided to give up and pay what it owed to the Agency and got the car back on the terms of the latter.

The dispute over the evacuation car caused a lot of resentment on the part of the Cooperative members. They claimed that the Agency had promised them full control of the vehicle but had changed its mind. They saw this as just another disappointment, one of a long list of broken promises. One of the

Cooperative members said:

> "The way we ran this vehicle was a great service to the
> community. They only had to pay LE6. After the vehicle was
> taken back by the Agency the private sector took the
> opportunity to exploit the people by raising their price from
> LE8 to LE10. In the meantime the car was collecting rust in
> the Agency garage just because they don't give a damn about
> us" (Interview, Cooperative member, 1989).

Another added that as a result of withdrawing the car, people who could not afford to evacuate their septic tanks regularly which caused overflows (Interview, 1989). The Cooperative members also found it unacceptable that they were doing all the work of taking orders and organising the rounds and that they should get so little in return. "Also isn't it unfair that the revenues should go to the Treasury when we could use the money for the benefit of the community?" one of the Cooperative asked (Interview, 1989).

Commenting on the issue of the evacuation car, the Agency staff explained that there was no way they could just give it to the Cooperative. They said that they had never promised such a thing since the car is Government property and its revenues had to go back to the Government. The Cooperative, a member of the CDT said, was just trying to win a bargain, that they were being greedy. "They wouldn't pay their dues so we held back the car to teach them a lesson", he added (Interview, 1989).

The evacuation car was not the only service the Cooperative was supposed to run. As the last chapter shows, two intensive studies were undertaken in Rashed to decide on the most suitable garbage collection system. The final decision was that modern vehicles were to be purchased instead of using traditional garbage pickers. This resulted in the purchase of vehicles from the U.S. to be run by the community organisations of the upgrading areas. These however, unlike the evacuation cars, never left the Agency garage. The Agency staff explained this was a result of administrative problems with the customs. It seems they were brought in by cutting through some of the red

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tape which became problematic later. The problem of these vehicles was unresolved until the completion of this research in 1989.

Although the Cooperative members knew that they may never get to see the garbage vehicles, they seemed reluctant to find another alternative. They blamed the Agency for the accumulated garbage everywhere in the community, but they were worried that if they found another solution they would definitely not get the vehicles. They risked losing the evacuation car and were willing to wait for years to get the garbage vehicles, in both cases to the overall detriment of the community.

IV CONCLUSION: THE AFTERMATH OF THE PROJECT

The upgrading process in Rashed highlights a number of important issues regarding the relationships between different actors as well as the resulting impacts, both economic and political. The major set of actors involved on the organisational level were: the Agency-CHF, the Cooperative and the Club; on the community level, there were the landlords and the renters. Rashed, in both its organisations and its community, had their 'ethnic' divisions of 'Arabs' and 'Egyptians'-'fellaheen', the latter again including the Upper and lower Egyptians, as well as the Cairenes.

In terms of the relationships between the Agency-CHF and the Cooperative, the conflict that occurred around the evacuation of the septic tanks, though on the surface of little significance, was in fact a catalyst for the power struggle that developed over the years of the Project. It illustrated the complaints and resentments that each party had towards the other. At the start of the Project there was a potential conflict in the relationship between the Agency-CHF and the Cooperative. The Cooperative was suspicious of what the Project intended to do in the community. The Project implementors held negative stereotypes of squatter communities. However, pushed by their realisation that it was in both their interests to establish a good relationship between them, they managed to create a seemingly harmonious one. The Agency-CHF knew they

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needed the Cooperative as a way into the community as well as the Cooperative building as a headquarters for their work. The motivation was never that of community 'participation as an end'-it was a purely 'as a means' to have a local headquarters in the community[39]. The Cooperative on the other hand was delighted to resume the role of representative of the community, and if not real, at least nominal partners in the decision making process. The fact that a government agency was dealing with the Cooperative as the community representative was in fact giving the latter some sort of legitimacy in this particular role which it previously did not have. In fact, as discussions above show, many community members denied the representation of the Cooperative because of the Arab domination in it. Renters also raised the issue of alliance of the Cooperative members with landlords. The issue of representation of the Cooperative was doubtful.

The alliance between the Agency-CHF and the Cooperative did not last long. The superficial harmony between the two started to 'crack' when the Cooperative started to disagree with the CDT and the latter made overtures to the Club to show the Cooperative that they were not indispensable. The relationship then went through a number of ups and downs during which each party tested the other on how far it could go without breaking the link.

When the Project ended, the Cooperative members were left disillusioned. They felt that the Project implementors did not deliver all the goods. They felt that they had been used by the Agency-CHF and were not given what they were promised in return. In addition to the vehicles, the Cooperative members said they were promised a health centre, a preparatory school and a post office. "We provided them with a place to work, helped them in every way but they broke many of their promises" (Interview, 1989), was a typical comment of Cooperative members. They also said things like: "they [the Agency/CHF] used us a lot at the beginning then they dropped us when they

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[39] I refer here to Paul (1982) and Moser's (1984) typology reviewed in Chapter 1.

did not need us any longer" (Interview, 1989). They explained how they were always told they were the best community that the Project had worked in, but then in the end all the other communities got better deals.

The relationship between the Cooperative and the Club, which had always been conflictive, was left even further damaged by the Project. This was the result of the Project singling out the Cooperative as its headquarters as well as later using the already existing competition between the two leaderships to keep the Cooperative in check. This, it seemed, was very much a strategy the Agency employed to maintain its powerful position during the Project process.

Another major criticism about the Project that the Cooperative members agreed on was that the Project "killed" community mobilisation. They said that before the Project, people were always willing to participate in doing things for the community. The major examples given as proof of community initiative was the financing and construction of both the Club and the Cooperative buildings. "Now when we ask the people for financial or other kinds of contribution, they say "let the Americans do it", a Cooperative member said.

In terms of the community members, most resented what was seen as neglect on the part of the Government, and in this particular case, the Agency, of their needs and interests. They felt they never got any services from Government and always had to resort to their own resources to make the area habitable. Most had very little notion about what the Upgrading project in its entirety was all about. Only those who were involved in the Loan Programme and those who were seeking land tenure, knew to varying degrees of the existence of a project that was implemented by a government agency, ie, the Agency. Those who took loans saw the Agency and GOE in general as making profits out of the poor. They complained that the interest were too high and often brought up the issue of interest as a sign of defiance to religion, 'something the Americans can impose, but a Muslim Government

should never accept'. Land tenure and the difficulties they faced, was blamed on a '...greedy Government that is trying to make a profit out of the pockets of the poor'. The renters saw the project as an example of the '..alliance that always exists between the haves and the haves nots'. The alliance here was perceived to be between the Government, the landlords, and the Cooperative members (the latter groups mostly seen to be Arabs) on the one hand and the renters (mostly newcomers) on the other.

Therefore, overall, the impact of the Project on Rashed, was to widen the already existing splits and often exploitative relationships between and among community organisations and community members. The split was broadly between 'Arabs', landlords and Cooperative on the one hand and 'newcomers', renters, the Youth Club on the other. Since the majority of Arabs are landlords they were able to get the most out of the Project. The Cooperative, which is dominated by Arabs, were in support of this process. Since the Club was marginalised during the Project process, 'newcomers' had no channels of representation.

Therefore, while the Project was meant to meet the housing needs of whole communities, the failure to recognise social diversity resulted in the exclusion of some groups. At best they were marginalised, at worst they were left worse off. The Project's impact on the housing market resulted in tenants having to pay higher rents, and/or suffering harassment from landlords, and in some cases losing their homes. They were the major losers in the Upgrading component of the Project.

CHAPTER 7

INSTITUTIONAL RELATIONS:
THE HELWAN NEW COMMUNITY

I INTRODUCTION

The Helwan New Community (HNC) is the second component of the Helwan Project (see Appendix 5 for plans of the HNC). As described in chapter 4, the HNC was intended to be the development of a new town with around 7,200 plots, to house approximately 100,000 factory workers and their families. The location of the HNC is in a desert area south of Helwan (see map in Appendix 1). Serviced land, with infrastructure and community facilities, and plots were to be sold to factory workers for them to build their own houses. The main goal of the HNC component was to demonstrate to the GOE that a new approach to housing is viable. However, and due to many constraints, the core housing[1] concept to be followed in the HNC was changed to Sites-and-Services[2] and then eventually, half of the HNC was built as complete flats. The MOH decided to build three and five floor walk-up flats, a return to conventional housing on the same site which USAID had chosen to prove that conventional housing was the 'wrong' approach. This decision was the most interesting development which occurred during the implementation of the HNC, and perhaps the most controversial in the whole Project.

The construction of the HNC met with long delays, mostly due to conflict between the main actors involved and their conflicting views and interests. The reasons for these delays were the subject of an official investigation. In the introduction to one of USAID's Audit reports, the team explained that the main purpose of its investigation, is the need to understand why "as of June

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[1] Buyers are provided with a serviced plot of land, a toilet and/or kitchen and a loan to construct the rest of the house.

[2] Buyers are provided with a serviced plot land, and a loan to construct the rest of the house.

1988 , not a single low-income family occupied a house in the new community.." (Audit Report, 1988, in Lessons Learned, 1990, p.iii).

This chapter will follow the different phases of the implementation of the HNC, with an attempt to understand the different dynamics between actors that were triggered by this part of the Project process.

II BACKGROUND

The implementation of the HNC component of the Project started in 1983 and is still on-going while this thesis is being written. The HNC went through a number of phases which will be discussed in detail in this chapter. After the design and planning discussed in chapter 4, the first phase of the implementation was the installation of the infrastructure which began in 1984, the construction of the Model Housing Estate (MHE), followed by the construction of three and five storey walk-up apartment buildings, and then lastly the 'construction by owner' units. There were thus two construction methods being followed: In five of the ten neighbourhoods of the HNC, the conventional approach to housing in the form ready-made flats; and in the remaining five neighbourhoods the non-conventional Sites-and-Services .

By the time this research was ending, workers and their families were starting to settle in one of the five 'completed flats' neighbourhoods, and housing construction was underway in another two neighbourhoods. These three neighbourhoods consisted of 4,750 units. In the Sites-and-Services neighbourhoods, a total of 1,151 (one neighbourhood) have been sold to target factory workers who were receiving loans to construct their own units (Progress Report, 1988, p. 14).

III INSTALLATION OF THE INFRASTRUCTURE

The construction of infrastructure was originally scheduled to start in 1982. However because of design and contract delays it actually started in 1983. Scheduled to finish in 1986, this meant that the construction was to take 75

rather than the planned 40 months (HNC Urbanisation Plan, 1985, p.3). Actually only one neighbourhood was handed to the Agency by the contractors in 1986 (CR, 1988, p.16) and all the infrastructure construction work was finished by 1988. Five years after the initial completion date CHF was able to announce that: "Despite its history of implementation frustrations and delay, the New Community is now on the brink of achieving project purposes and has the opportunity and resources to do so" (CR, 1988, p. 14).

What then were reasons for the long delays? Different interviewees had different reasons to give for the delays, and the lists are often long. However basically three reasons emerged. The first two were seen by the Egyptians to be the most critical. These are: first, that the material and equipment had to be imported from the U.S.; and second, that the predominantly American firms were hired to do most of the design, construction and supervision work. The third reason, mostly identified by USAID, was the lack of cooperation of other agencies such as the Governorate, tax and custom authorities.

Despite the fact that there were few technical problems that arose during the construction of the infrastructure, the process was interrupted mainly by the bureaucratic and political reasons mentioned above. The issues of the use of American firms and the purchasing of U.S. materials were documented in chapter four, in relation to earlier stages of the Project. In the implementation stage, these issues continued to emerge as major sources of conflict.

With respect to purchase of U.S. products, the discussion was about the increase in the agreed price, which raised the issue of why U.S. products were promoted in the first place. The procurement of American materials and equipment for the infrastructure was estimated in 1985 to be approximately $12,000,000 (HNC Urbanisation Plan, 1985, p.67), about 25% more than the original estimate. Part of this increase was as a result of the Consultant's cost in procuring the products which was originally estimated to be $310,000. The actual fee requested by Basil-WBTL-Nassar (BWN) was $814,000, which meant an increase of $504,000 (BWN letter, 1985, p. 3). Some opposition

newspapers got hold of this fact and objected strongly. They criticised USAID for using most of the funds which are supposed to be invested in Development Projects, for the purchase of U.S. material and paying huge sums to American firms. In response to this, BWN wrote a letter to the Agency chairman explaining the reason for the rise in fees. He said that it was the result of delays in procurement because of delays in the design schedule. In addition, the letter explains, that "..to satisfy all the regulations of USAID and the Egyptian Government it was necessary for the Consultant to hire additional staff to accomplish the work" (Ibid, p.3).

The rise in the price of purchased products aggravated the Agency and again made them question both the initial agreement to procure from the U.S. and the reason that led the GOE to accept such 'unreasonable' conditions. When asked about this point, one senior MOH employee who was among those who signed the Grant agreement, said:

> "We were led to believe that the purchase of equipment and material from the States and the use of American ships was a must. Later we discovered this was in fact negotiable. Transporting the goods on Egyptian ships could have been much cheaper" (Interview, 1988).

The Agency staff members explained that the cost of the procurement was not the only problem. The procedures around importing also caused long delays, a problem, they argued, that could have been avoided had Egyptian material been used. While USAID staff blamed most of the obstacles that occurred during the construction of the infrastructure on these long and tedious procedures, they however disagreed with the argument that the solution to this problem was not to import the product in the first place. They explained that the problems were caused by GOE bureaucracy - rigid rules and the lack of coordination that exists between different institutions (Lessons Learned Report, 1990, p. 28).

Although USAID funded Projects are exempt from both customs and taxes by Presidential decree, the laws within the responsible institutions were not,

apparently, consequently altered. Accordingly neither gave up on their regular import rules. The obstacles created by both the Tax Department and customs were described by the Agency senior employees as a manifestation of the dislocation of different GOE institutions from each other. The rules and procedures that govern these institutions, they explained, remain unchanged despite new high level Government agreements, even Presidential ones. This pattern can be explained in terms of bureaucratic inefficiency. However, as some of those engaged in the area of policy analysis (Braken, 1981; Grindle, 1981; Clay and Shaffer; 1984) would argue, it is all too easy to blame bureaucrats for the non-implementation of policy. They contend that it is in fact lack of political commitment of policy makers which result in elements such as rules and procedures are not being put into place, obstructing implementation.

Many incidents that occurred during this stage, were a result of the different and sometimes contradictory rules present in GOE bureaucracy[3]. An incident that occurred during the import of some materials for the construction of the HNC infrastructure is a good example that illustrates this point. At one point, delays in customs occurred because of laws governing types of material that are allowed to be imported into the country. One ex-senior Agency staff member describes the incident as follows:

> "One time we [the Agency] had this big shipment of material (cables and pipes) liable to rusting. They were left in Alexandria port for six months. Meanwhile we were running around trying to clear it. One of the obstacles was that it is forbidden to import anything that is produced in Egypt 'Kanoon tarcheed al esterad'[4]. So we had to get a letter from the cable company saying they did not produce this particular size of cable. But then we had to pay a ground fine which of LE150,000. We bargained and got it down to LE4,000" (Interview, 1989).

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[3] There are, for example, new laws and a legislation which does not override older ones and policies that are not carried through in procedures etc.

[4] An import control law.

USAID employees often argued that another reason why importing products took so long was that the Agency staff did not perform well in its job as 'facilitator'. The delays in the release of products from Customs, were seen by the Project Evaluation team as a sign of the Agency's lack of political clout (Lessons Learned, 1990, p.28). This view, although seen as unfair by the Agency staff, cannot be disregarded. It is true that different Egyptian agencies can cause obstacles for each other, but finding solutions faster than it took the Agency to achieve, is not unheard of. Therefor a legitimate question is whether the Agency really wanted to solve these problems efficiently and quickly. Was it not that every obstacle that occurred which proved USAID's conditions in the Project Agreement wrong, a point in the Agency's favour? This will be further discussed below.

Perhaps the most important issue that arose during the construction of the infrastructure, was the high cost of the contractors. Conflict resulted in infrastructure cost over-runs largely because of the increased expatriate consultant engineering costs. Negotiations and renegotiations around fees often became so conflictive that it caused the work to come to a halt. The arguments were mostly between the Agency on the one hand and BWN and Perini on the other - with USAID asked by both sides to arbitrate, and always, according to the Agency staff, 'taking the side of the Americans' [Perini and BWN]. Around this point, The Project Completion Report argues:

> "The focus on the problems resulting from infrastructure construction, particularly on contract disputes and cost conflicts between the Agency and the expatriate construction contractor detracted attention from other project components. In particular, planning for housing development was neglected" (CR, 1988, p.14).

Both BWN and Perini charged higher fees than the amount agreed upon in the original contracts. Since the Helwan Project follows the system of 'Host Contracts'[5], the Agency had to give its agreement to any financial changes to the initial contracts. In the case of BWN, though reluctantly, the Agency

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[5] Explain different kinds of contracts.

gave its agreement. However in the case of Perini, it refused the request for claims that amounted to $7 millions. Despite the Agency refusal, USAID went ahead and paid Perini, an action that infuriated the Agency staff. In response, USAID in an attempt to appease the Agency's anger, decided it would not pay the extra amount from the Project's budget. The agency staff explained that USAID was put under pressure by congressmen to support Perini's request. An Egyptian CHF consultant commented:

> "The capitalist system is at work here. The Agency refused to
> cooperate in the case of Perini. The Perini firm supports a
> congressman in the States, he is asked to help their case, he
> puts pressure on USAID and the latter responds by paying
> Perini" (Interview, 1988).

The Perini case, the Agency staff members argued, was not the only case of U.S. firms' greed, as they saw it. American contractors, they argued, relied on USAID backing and therefor they had no reason to restrain themselves from making huge profits. When the Agency staff, whether senior or junior, are asked about what they thought of the Project, their predominant answer was: 'They gave us with one hand and took it back with the other'. They would explain that if you add the $19M to BWN, the $10M to CHF, and the $27M to Perini this totals $56 millions, ie two thirds of the U.S. share of the project budget (Interview, 1989). The initial amounts agreed upon were $5, $7, and $15 millions respectively[6]. The increase in fees in fact defies what was a victory of the early negotiations between USAID and the GOE when the latter pushed down fees to be paid to U.S. firms (see Chapter 4).

In reaction to these claims that the U.S. firms overcharged for their work, BWN came up with a number of justifications. One of these was that due to the delays in construction that the budget for supervision had to be increased (BWN, 1985, p.3). In answer to this an Agency senior employee argued that the American firms were able to increase their profit, due to a clause in the contract which is part of the American system, whereby firms get paid until

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[6] A footnote on inflation.

the work is done and not according to deadlines. He added: "this was the reason they kept stalling" (Interview, 1989). The view that American consultants intentionally delayed the work in order to make more money, was held by many Agency and Egyptian CHF staff, a CHF Egyptian consultant said:

> "The long delays during infrastructure construction benefited the American consultants and contractors, the meter was running and they were making more and more money at the expense of the Project" (Interview, 1989).

The issue of the U.S. firms and products, as shown below, was not only criticised by Agency staff.

> "Participants of the USAID design team", the evaluation team suggests, "..had a large vested interest in making the Helwan project happen because of their ideological bias and for future potential contracts and job posting which resulted in a more optimistic position during the preparation phase" (Lessons Learned, 1990, p.3).

This view was pushed a step further by an ex-GOE senior employee who was present at the signature of the Grant Agreement. He suggested that there might have been corruption underlying the choice of U.S. contractors (Interview, 1989). However, an Egyptian CHF consultant argued that USAID should not be criticised for hiring American consultants. The Egyptians who signed the Agreement share the responsibility for agreeing on this condition.

> "USAID did not cheat anyone, they were clear from the start. They stated in the Project agreement the conditions pertaining to U.S. equipment and materials as well as U.S. contractors. So if the GOE did not like it they should have refused then. But to sign the contract then later object is unacceptable" (Interview, 1989).

This view was also shared by a senior Agency staff member who said:

> "USAID has this clause in the grant agreement that American consultant offices are to be hired for the project and that

American products are to be imported. They cannot be criticised for that--it is a patriotic stand. Also about the products, they cannot allow that products to be imported from Russia for example"[7] (Interview, 1988).

When Agency staff were unable to influence the Project process, they often traced the reason to the initial Grant Agreement. Those who represented the GOE in the signature of this agreement are then bitterly criticised for their weakness and lack care for Egyptian interests. They saw many of the items of the Agreement to have been drawn up in a way that deprived them of having control over the Project process. This was seen by many Agency staff members, especially senior staff members, as making their job in influencing decision making around the different Project stages very difficult.

The tension that occurred during the construction of the infrastructure between the Agency, the U.S. firms and USAID, was mainly the result of Agency staff feeling that the Project had deviated from a development project to a 'money making business' for a number of American firms. USAID's role in making it possible to exploit the situation to their benefit also influenced the relationship between the Agency and USAID staff. While the Agency and USAID's relationships in other stages of the programme varied from indifference to irritation, the situation here was more serious. Hence the Agency's, perhaps not overtly, obstructive behaviour in dealing with other GOE agencies. When it came to the issue of U.S. consultants and contractors or material, because of the Congressional-GOE agreement on tied aid, USAID was able to exercise its power to get this part of the Grant Agreement implemented. However when it came to material being released from Customs, manipulation was used by the Agency to cause obstructions. In this particular situation, only another Egyptian agency could shift the decision of the one employee whose guidelines say that the materials violate the import rules. They would know the right moves and above all, have the will to solve the problem. USAID found itself powerless in this situation.

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[7] This was the time prior to the end of the cold war.

IV THE CONSTRUCTION OF THE CORE HOUSING AND THE MODEL HOUSING ESTATE

According to the Project Paper, the idea of the HNC was based on the principal of core housing. The size of the plots was to range from 50-65 square meters. The unit was to start from a basic wet unit[8] of 4 square meters and range up to a 30 square meters three room house. Most were assumed to go up three floors (Lessons Learned, 1990, p.15). A feature of the project was the construction of model houses for prospective buyers to select from. A Model Housing Estate (MHE) was therefor built as proto-typical demonstrations of the different construction stages of different plot sizes. The 186 units were completed at a cost of $1,920,795. In 1984 (Audit Report, 1989, p.12), the MHE was completed by MAK (the Construction Company) and formally accepted by the Ministry of Housing in 1984 (HNC Urbaninsation Plan, 1985).

Again there were delays in the construction of the MHE. It was ready for public viewing in the spring of 1984. This was more than 36 months after the Urbanisation Plan was approved. According to the Grant Agreement the MHE was to be completed in 1980 ie four years earlier (Audit Report, 1988, p.12). The construction of the MHE, BWN who was responsible for the supervision of the work carried out by MAK, explained, took 27 instead of 10 months due to delays caused by soil problems (op. cit., 1985, p.3).

In laying the foundations of the MHE, the engineers encountered serious soil problems, identified as shifting clay soil. Accordingly, construction was stopped and new foundation designs were made (Audit Report, 1988, p.13). There was disagreement between the Arab Bureau and BWN on how to deal with the problem, but finally, with USAID intervention, the American choice was followed and construction went ahead. Not too long after the completion of the 186 units, serious cracks appeared in the walls which showed that the construction of the foundations was faulty. Consequently the Agency hired

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[8] Meaning the toilet.

a consultant whose conclusion was that the contractor did not discover the true nature of the soil through inadequate soil testing, and therefore did not construct suitable foundations (Ibid, p.13). Thus the MHE units, which were initially intended to be sold, were left empty with no decision taken about how they could be put to use.

In discussions of the MHE, interviewees raise two important issues. One is a discussion on the quality of the soil and the choice of the project site. The second is the contractor's 'bad' technical choice and, again, USAID's partiality towards American consultants.

> "USAID interfered in every step and every operation. AID staff are not a technical staff, they are administrators and experts in monitoring. They just blindly backed the Americans when there was a disagreement. This led to too many mistakes occurring" (Interview, 1989).

The site of the HNC was selected during the feasibility study stage of the project, based on the recommendations made by a representative of the consulting firm in charge of the project's study work (Lessons Learned, p.8). Many reports, including the Audit Report, concluded that the site selection was poor and that inadequate soil testing had been done. The engineering feasibility report does point out under its technical soundness analysis that 'development of the new site is difficult due to the presence of underlying limestone' (Lessons Learned, 1990, p. 9).

In the Agency's opinion, as argued by a senior employee who joined at the later stages of the Project:

> "The major problem of this project is the choice of the site. It is not suitable for low income housing because of the nature of the soil. The foundations are extremely expensive. The cost of the foundations is five times as much as the cost of foundation in land with no problems. As it is now, it equals the cost of the building itself, which is ridiculous especially when it comes to low income housing. Choosing a site is in itself a science.

When it comes to making a final decision about the choice of a site, it is not enough to make exploratory soil testing. But they did just that!" (Interview, 1989).

This view was supported by the 1988 USAID Audit Report which investigated the matter of the site selection and concluded that there was no evidence that the designated area was tested for soil characteristics before its selection in 1978. Soil testing, the report adds, occurred only in 1980 at the same time as the Urbanisation Plan was designed. All those interviewed by the USAID Audit team agreed that the soil testing was not sufficient and that testing should have been done before any construction took place (Audit Report, 1988 pp.9-10). Early evaluations discussed this issue reporting how the Project Paper acknowledges the difficult site conditions and anticipates high excavation cost noting that extraordinary care must be taken to adapt dwellings to the existing topography. However, it further notes that most of the site provides optimal conditions for economical construction of foundations (Nathan, p.37). In other words, testing did show problems but because it was not sufficient testing, the problem was identified in an area smaller than it was later discovered.

Further testing showed that in addition to the thick layer of clay running through it, the site was used as a storm drainage area and a garbage dump. The Audit Report also reveals that two senior Egyptian Engineers agreed that it was well known that the area of the HNC was covered with a thick layer of clay. One of them said he gave his advice that it was an unsuitable site before the final decision about the site was taken, but '..nobody listened'. Commenting on this point one CHF consultant said:

"The site was surrounded by another public housing project as well as squatters from each direction. The logical thing for those who chose the site was to wonder why this particular stretch of land was left empty. Obviously everyone, including squatters, knew about the land, but not the HNC experts" (Interviewee, 1989)

Not everyone agreed that the site decision was a bad one. Although critical of many aspects of the project, the Lesson Learned Report argues that the site "..was actually in an excellent location for housing. It was located on the new ring road that was under construction in Helwan" (Lessons Learned, p.16, 1990). Although all the Agency interviewees blame USAID and its American consultants for the choice of the site, early evaluations such as the Nathan evaluation convey that MOH also thought of the selected site as being the best choice. The report also adds that all parties were aware of the potential difficulties and cost penalties (NR, 1982, p.37).

In having to deal with a problematic site, a decision had to be taken about the best technical approach for construction. When the construction of the MHE started, the Arab Bureau which tested the soil, questioned whether area D, the area where the MHE was to be constructed, should be used at all. BWN conducted a study on the area and concluded that it foresaw no problem (Nathan, p.37). They suggested a technique that would deal with the difficult soil conditions, which the Arab Bureau did not accept as viable. The differences around this issue took about ten months to resolve. At the end, work resumed due to BWN insistence and USAID support. Consequently, MHE construction went ahead and major cracks developed in the units (Lessons Learned, 1990, p.27).

In both the case of the site selection as well as the technique chosen to remedy the resulting problem, the tendency was just to get on with things at the lowest cost possible. This, in both cases gave the exact opposite result in the long run and affected the results of the project through delays and extra cost for both the Project and the clients.

The Agency staff saw MHE with its cracked walls as a symbol of the inadequacies of U.S. firms and USAID. The MHE was considered by the Agency as the first tangible proof that the Egyptians were right and that had they done all the work, none of this would have happened. For the first time during the implementation of the HNC, the balance was tilted in favour of the

Agency. Despite the enormous waste in money and time that the failure of the MHE represented, the Agency staff members seemed to have welcomed it as it was their chance to take control of the Project at this point.

A decision was taken by both the Agency and USAID to convert the core housing approach of the HNC to Sites-and-Services, or as the Project Reports call it 'construction by owner' approach. There were many reasons given for this change in approach, one of which was that the core units were rejected by the potential buyers. Another, which seemed a more plausible reason[9], was that cost overruns meant that the budget could no longer afford to build core units (CR, 1988, p.14)

V THE DECISION TO BUILD COMPLETED FLATS

In 1984 the Minister of Housing at that time[10], on his first visit to the site, rejected the idea of Sites-and-Services and gave instructions to build 3-story walk-up buildings. As visiting sites, is one of the jobs ministers are expected to do, he came to see how the 'notorious' project was doing. His aim was to announce to the press that 'x' number of units would be ready for consumers by a certain date, when he would come back to cut the ribbon. What he found was something totally different, something that was progressing slowly with, in his view, unpromising results. He declared that he found it a waste to give one plot to one family when the same plot could house three families. This major change in the project, which meant a return to the sixties and seventies GOE approach to housing policy, was not seriously opposed by any of the agencies involved, including USAID. This led the Agency to undertake the Project's first major housing effort. A decision was taken to build 4,972 flats in three of the ten neighbourhoods. With the assistance of the MOH, the Agency obtained a loan from the Egyptian General Organisation of the Building and Housing Cooperative and subsequently began construction of the

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[9] More plausible because no where else in the Project did buyers' wishes really matter.

[10] He was known to be against the idea of the project.

apartments for sale to the target group. Although it seemed at one point that the conventional mode of development would take over the entire HNC programme, this did not occur in the end (CR, 1988,p.14). The next three neighbourhoods were sold as plots to be developed with accordance to the site-and-service concept.

1. The reasons for the decision to construct flats:

The result of this change meant a conventional take-over, thereby defeating the Project intentions with regard to the demonstration of the combined public-private sector approach. Considering that the main goal of the Project was to 'change Egypt's housing policy', this decision, therefore, can easily be considered the most controversial and the most confrontational in the whole Project. Not only did the Project fail to change policy, but the GOE managed to build 'conventional' housing on the very site chosen to demonstrate the viability of such a change. This was the final demonstration of how self-help housing, whether core housing or Sites-and-Services, was never acceptable to the GOE.

The Minister of Housing at the time was building New Towns in the Desert, and was therefore not interested in any other housing intervention. Beyond the five cities under construction, all that he and other senior MOH officials, could consider at all positive was the number of housing units added to the stock every year. Hence a completed unit with second and third stories, was seen as more in congruence with this goal.

The reasons cited above show why the MOH/GOE wanted conventional housing. What is less understandable is the reason why the Agency welcomed the idea. The agency staff, and more specifically its senior staff, underwent training, attended workshops both in Egypt and in the U.S., as well as visited countries where self-help housing projects were successful. They were thus prepared and seemed to be the promoters of this 'new' approach. So what happened? In the opinion of CHF interviewees, the Agency staff responded

to the pressure put on them by the Minister of Housing to give up on Sites-and-Services because they never really bought the idea of self-help housing. "Their acceptance for it was superficial, they never really internalised it". This is why they so easily gave up on it" one CHF staff member explained (Interview, 1989). Another added, "..the Agency staff jumped at the idea of Public Housing. They felt that 'this is something we know about' (Interview, 1988). the Agency staff were also apprehensive about the ability of the poor to build 'proper' housing. They were convinced the sites-and-services would simply turn into a slum area-something they did not want to be associated with. Therefore the Agency staff could not fight the controversy over the acceptability of the self-help housing concept. Also, "outside pressure to produce housing led the Agency to undertake the project's first major housing effort" (CR, 1988, p.15).

> "After the appearance of the cracks in the MHE everything seemed to have been brought to a stand still and we were starting to despair. We therefore welcomed the Minister's decision and the fact that he provided us with the funds needed. Finally things started moving" (Interview, the Agency, 1988).

The view that public housing would also mean more units was shared by most Agency as well as some Egyptian CHF consultants. A senior Agency interview said:

> "It is ridiculous to give a plot of land to one worker when you can give it to five. Also the sites-and-service system for speculation, renting and even selling is easy. It will be more an investment than a way to finding a solution to a housing problem" (Interview, 1989).

Introducing a new dimension, a CHF Egyptian consultant added, "I personally think that by benefitting a larger number of people, Public Housing is more equitable than Sites-and-Services" (Interview, 1989). There were only a small minority of the Agency staff members who opposed the idea of reverting to conventional housing, one of which was a senior employee who said:

"The politicians, when they come and visit the sites they give
orders that no one opposes. They usually know nothing about
the project, and they destroy things by saying one word which
cost millions of pounds" (Interview, 1989).

Although most of the reasons discussed above seem to be legitimate reasons

why the Agency staff welcomed the idea of the construction of flats, the

reason that seems most to have influenced their decision was that it was their

opportunity to finally be in control of the Project. The Agency staff, some of

them 'la créme de la créme' of the MOH, were treated by USAID and the

U.S. consultants as trainees whose job it was to learn a new trade, that of

'unconventional' housing. All along, when they objected to the technical

approach of the American Architect-Engineers, they were told 'this is how

core housing or Sites-and-Services Projects are built'. Then when the cracks

in the MHE appeared this was finally an indication of their professional

stance. The MOH decision came at a good time. They felt then that 'the

Americans have been wasting a lot of money and time and produced nothing,

it is our chance to show them real results'. Suddenly they were allowed to do

something within their expertise, and the funding for it came from the GOE.

They were finally in charge.

2. Why did USAID accept the change in approach?

The even bigger question is why USAID did not oppose the Minister's orders.

Why did it accept such a challenge to its authority if not a breach of the

contract? As described previously, the purpose of the project was to

demonstrate alternative methods of utilising 'scarce GOE resources', and to

rely upon significantly greater participation from Egyptians in solving their

housing problems (Answer to Audit Report, 1989, p.1). Answering the

question of why it accepted the MOH decision, a senior USAID official

explained:

"USAID did not provide leadership, it simply left things to
drift. It accepted GOE stalling which led to accepting things
against Project principles. The decision to build flats is an
example. Nothing was happening for a long time so GOE

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decided to achieve something quickly and in their view efficiently" (Interview, 1989).

A CHF senior staff member said that USAID gave in so easily to the construction of the flats because those who were involved in the project were mostly engineers who themselves knew very little about housing. "What seem to have upset them most was the tearing down of infrastructure[11] rather than the building of flats" (Interview, 1989). Another CHF consultant argued that by the time the decision to build flats was taken, policy in USAID had shifted from hardware to process. "The interest changed from construction in the 70's to process ie decentralisation in the 80's", he added (Interview, 1989). This view was indirectly supported by USAID officials who in their discussion of the Helwan Project, seemed to view it as a big mistake that would never be repeated. They all said that USAID had no intention of getting involved in housing projects again[12].

Another senior USAID interviewee said that the reason why AID did not put up a fight was that the change in project direction came as a result of an order given by a Minister. This meant that it was a political decision and in this case USAID is sensitive about taking issue.

This latter view that so-called political decisions cannot be challenged by USAID was rejected by an AID official who was leading the new USAID 'policy dialogue' initiative in Egypt. In answer to the question about how USAID operates when there is a shift from a grant agreement on the part of a host country, in this case Egypt, he said:

> "When things are done against the Project agreement we send the recipient government a bill with all or part of the amount we have already spent. No country relinquishes its old policies easily. We therefore need to do a bit of head-knocking

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[11] During the construction of the flats, the original infrastructure was torn down. This will be discussed further later in the chapter.

[12] And they never did.

sometimes, ..because of our special agreement with Egypt we cannot withdraw money and send it back to the States. We just pour it into the Waste Water Projects which absorbs a lot of money. We however did not have to resort to such a measure in this Project" (Interview, 1989).

He then added: "GOE has its way of embarrassing us. We also have our visitors from Congress and so we have to show them results" (Interview, 1989). A similar view of how USAID operates, was described in one of the USAID evaluations as follows:

"Once under way, if major disagreement on policy arise there are only two viable options: 1) cancel the project; 2) stop the project and reach a new agreement on policy and objectives which is acceptable to both parties. USAID chose to do neither, it took a non-viable course which was a constant struggle with the GOE over all aspects of the Project in a never ending dialogue which led to delays, mismanagement and mistakes" (Lessons Learned, e.s 1990, p.2).

This latter view was supported by an Egyptian CHF staff member who argued that "USAID acted very suspiciously around this decision. They played dumb and decided to ignore things until it was too late to reverse the decision" (Interview, 1989).

In fact USAID found itself in a corner. It was desperate to see results, to see housing units built and occupied. Most importantly, it was desperate to spend the money in the pipeline.

3.   Other institutional and technical reasons that made the construction of flats possible:

Besides the fact that the Agency supported the Minister's decision and that USAID did not put up a fight against it, there were other reasons why the diversion from one of the main goals of the Project was so easily executed. The policy changes as well as high staff turn-over in all the major institutions involved in the Project, played a major role throughout the Project process. As the Audit Report points out, a key element in construction is the continuity

of Project management so that there is a clear, consistent and agreed-upon approach to what is being done. The Project suffered a great deal from the continuous turnover of key personnel from both USAID mission and the GOE. The lack of continuity resulted in a changed approach to the project which dramatically altered the way in which it was executed, reflecting a fundamental change in its project goal (Audit Report, 1989, p.12).

One of the favourite arguments of USAID, the Agency and CHF interviewees' is how most of the Project's difficulties are a result of this discontinuity. The MOH and Land Reclamation, a senior Agency official explained, also went through different stages of being part of or separated from the Ministry of Reconstruction. He described the changes as follows:

> "When MOH and Land Reclamation were again annexed to the Ministry of Reconstruction, the Agency staff was then transferred to the Land Reclamation building. It was just physical relocation, but has its significance. The Minister then did not want anything to do with the Project and the result was good as we were given the freedom to work without interference" (Interview, the Agency, 1989).

An Agency engineer added:

> "The major reason for the problems we got from the MOH is this marriage and divorce of the Ministries of Housing and Reconstruction. Those who did not believe in the housing part so did their best to weaken the Project and even sabotage it" (Interview, 1989).

Most interviewees would go to great length to count all the different MOH Ministers and USAID project directors during the project's 'long life'. The Minister of Housing who negotiated the contract, an Agency senior employee explained, 'understood and liked the principal of self-help housing'. He was gone after one year and was succeeded by four other Ministers, none of whom accepted the Project. The Minister who followed, as described above, was seen to be the most adamant opposer to the Project. This is always illustrated by the exclamation: "During his seven years in office, he never visited the

site!". Everyone argued that the main reason he is so against this project is that he saw New Cities as the only answer to housing in Egypt. As a senior ex-ministry of Housing employee said: "New cities are his baby-that is all he is interested in" (Interview, 1989). The Minister who came next was the one who decided on the public housing. An Agency interviewee argued that because he was a military man by background, as was the head of the Agency at the time, he needed to assert his position in the hierarchy (Interview, 1989).

Generally, as one of the senior Agency staff members argued, the politicians do not understand the Project and they do not support it.

> "The main problem is with Ministers of Reconstruction as they do not care about type of housing, infrastructure and so on. All they care about is how many units are built. Housing is a different thing-its a whole livable place, not only concrete" (Interview, 1989).

It was not only the MOH which had such a high turn over of senior staff, but also USAID and the Agency. AID had six Project Directors during the Project. The responsibility of Project Director is to work closely with the project implementers, monitor the progress of the Project and coordinate all contacts between them and USAID. The fact that there were so many, each with his[13] own views and approaches, had an adverse effect on the Project's progress. Some, CHF and the Agency staff explained, interfered and meddled in the internal affairs of the Agency which made the latter defensive and distrusting. Others did not know their job which hindered the Project's progress.

The same goes for the Agency chairmen, again there were six of them, during Project. Although most Agency and CHF staff members agree that at least three were good, this, they argued, did not help the Project. Each had different ideas about the Project and different techniques in handling the

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[13] They were all men

various actors involved in it. Commenting on this point, an Agency employee said:

> "Not only is high turn-over problematic, but it is complicated in our case because, we Egyptians, when we get a new position, we destroy everything our predecessor has done and want to start all over again" (Interview, 1989).

Many of the issues raised in this section could apply to the Project as a whole. Because the decision to build flats is the most flagrant example of the contradictions that characterise the Helwan Project, these more general issues were often raised when the decision to revert to conventional housing was discussed. For example the discussion above about the lack of continuity of leadership, although it had a negative effect on the Project as whole, it was most blatant in this case.

Another similar sort of issue that this discussion raised is the fact that when a demonstration Project is to be attempted, it should be done on a smaller scale than the HNC project. The Lessons Learnt report suggest that:

> "A more modest Project should have been introduced and finished more quickly. Helwan was too large, and even if it had not had technical problems it would have taken years to construct; so there is ample time for those people opposing the concept to drag their feet and attempt to get it changed--exactly what happened" (Lessons Learned, 1990, e.s.p.2).

As will be shown in more detail elsewhere, the size of the Project was discussed very often by all agency interviewees, who all agreed with the latter report that for a 'demonstration project, the size of the Helwan Project was ridiculously large. Changing policy was also brought up frequently.

> "Experience has shown that donors cannot buy policy changes even when the amount of funding is substantial. Policy change comes about only when the host country is convinced of the wisdom of the policy change as it applies to their own political, economic and social conditions. In Egypt these conditions never developed" (Lessons, p.13, 1990).

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The design of projects should take into account local practices and approaches. "...Sites-and-Services were very much 'in vogue' in the late 1970's...As described by one person 'this was a concept seeking a project in Egypt'" (Lessons Learned, 1990, e.s. p.5)

VI CONSTRUCTION OF THE FLATS

The construction of the three and five story walk-up apartment buildings started in 1988. 4,972 flats were under construction in Neighbourhoods 1,2 and 5. The bidding for the construction which was a national bid[14], was won by a large Egyptian contracting firm, which was to build the units following the same design specifications originally drawn for the Sites-and-Services. There was one major problem that occurred during construction which caused further delays and was grossly wasteful of Project money. The infrastructure connection modules[15] which had already been laid had to be excavated in order to lay the foundations. Three different reasons were given for the excavation. The first was that the difficult soil conditions necessitated that digging had to go deeper than anticipated and thus the connection modules had to be dug out. The second reason was the decision to change to apartment buildings necessitating the redesign of the infrastructure. The third was that the original decision to install the modules before the foundations was a mistake. In other words, there was a disagreement on whether the excavation was necessary because of the soil condition, of the greater number of people to be catered for in the flats or the technical impossibility to put in the foundations for flats after the infrastructure connections were already installed.

In their discussion of this issue, the USAID's auditors blamed the destruction of the infrastructure on the decision to construct three story buildings on land that had been serviced for self-help housing. They argued the following:

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[14] This part of the Project, as described above, came out of GOE funds. This meant the condition of involving American firms did not apply.

[15] These are the structures that connect individual units to the larger infrastructure network.

> "The Sites-and-Services concept of construction, which was
> implemented at a cost of about $30, was largely destroyed in
> neighbourhoods 1, 2 and 5 because of the deep digging
> required to put in a proper foundation after all infrastructure
> had been constructed" (Audit, 1988, p.10-11).

The Project Completion Report, on the other hand, explains that unit designs
and problems posed by unsuitable soil conditions made it difficult for
contractors to carry out the construction of the foundations without damaging
or destroying the infrastructure connection modules (CR, 1988, p.15). An
Evaluation Report supported the view that the problem lay in the fact that the
infrastructure was completed before the installation of the foundations.

> "This", the Report adds, "has proved to be a big problem.
> With all the sewage, water and electricity connections plus
> narrow streets, the contractors found great difficulties in
> digging out and building foundations without causing
> considerable damage to the connections" (Evaluation Report,
> August 1989, p.26).

The Lessons Learned Report also discussed this point, arguing that:

> "USAID apparently felt that the plot connection modules should
> be installed at the time that the overall infrastructure was
> constructed. The Egyptian firm felt otherwise; said that this
> was inadequate and that Egyptian contractors could not deal
> with such a construction technique. The Egyptians [AB and the
> Agency] felt it should be done when the housing unit
> construction started. USAID prevailed, and these connection
> modules were eventually broken off when the Egyptians went
> to deeper foundations (Lessons Learned, 1990, p.27).

In its analysis of this issue the Report further explains that, due to many
unsatisfactory technical decisions on the part of BWN, there was concern that
the firm was not qualified to undertake this type of project (Lessons Learned
Report, 1990, p.28). The Report then raises the question about the viability
of the initial decision to split up the design and supervision work, with BWN
doing the infrastructure and site work and the AB doing the design of the
community facilities and the housing.

"One can question why two contracts were utilised when the
design of the buildings and housing is so closely related to the
site and infrastructure design", the Report adds (Ibid).

The one point most Agency and USAID interviewees agree about is that this
problem could have been avoided if the work had started on one
neighbourhood, or even less, to check if things could work the way they were
designed. The Agency employees explained that those in USAID who were
in charge of the Project wanted to follow the Project Paper to the letter. They
just wanted to go from one stage to the next, first installing the infrastructure
and then starting on the construction. The Agency staff exhibited a great deal
of anger about the loss of money due to what they see is the U.S. contractors'
incompetence. Again they blame it all on USAID.

"Their insistence on installing the infrastructure connections",
one the Agency senior staff said "cost us a lot. Now USAID
finally admitted that the design was a mistake. Foreign
consultants, even those who know very little, are very
arrogant. They always feel that they know better than the
nationals" (Interview, 1989).

Most complained of what they saw as constant interference and pressure on
the part of USAID which was behind many problems such as the foundations
of the HNC.

"I heard that in Israel USAID does not deal with project
implementation-they give them the grants and that is it. In
Egypt they cause a lot of harm by their interference, often on
issues they know nothing about. This waste caused by the
infrastructure damages was investigated by the auditors and was
the reason for senators coming to visit the site" (Interview,
1989).

Looking closely at the issue of the infrastructure excavation one can only
wonder how much pressure USAID had to exert on the Agency to go along
with the American technique. Did the Agency staff really put up a fight at the
time of the construction of the connection modules for what they saw to be the
right order of construction? Or, as some USAID employees claim, did they

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only start objecting when the foundations construction started and problems occurred? According to a USAID staff member: "The Agency employees always say 'we told you so'"(Interview, USAID, 1989). Another added:

> "It was only after the departure of the consultants that the Agency started to complain about them. Any mistake they now blame on them. They say 'Your Americans did this or that, or, it was their decision, their advice'" (Interview, USAID, 1989).

Around the point of how far the Agency really did argue its case, an Agency engineer said:

> "USAID takes advantage of us because some of those who headed the Agency were weak and could not stand strongly up enough for what we all agreed were the right technical solutions. When AID threatens to withdraw its money the Egyptians weaken and in that way USAID was able to 'ride us and dangle their legs'" [16] (Interview, the Agency, 1989).

It was difficult to find out whether, in the first place, AB and the Agency found that the American's technical solutions were not viable during the time of execution or judged them as such in retrospect. And if indeed they were initially against them, whether because this was a new approach to housing construction, the Agency staff, were intimidated into thinking that maybe this is how it is done. Also the fact that USAID gave its support to the American consultants might have been another reason the Agency felt that USAID was then to be held responsible for any disasters should they occur.

VII THE CONSTRUCTION OF SITES-AND-SERVICES

While the construction of the flats in three neighbourhoods was struggling along, thinking was going on about the future of the rest of the neighbourhoods. The Minister of Housing who gave the order for the completed flats, only stayed in office for one year. Since, in any event, his

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[16] This is an Egyptian expression. It means that the person riding thinks of the 'ridden' as one would think of a donkey, ie that the one riding is the master and expects nothing but obedience from the 'ridden' and the one 'ridden' accepts his/her position.

decision was never put on paper, and the new Minister had little interest in the Project, there was an opportunity for change. CHF staff, who were the only people interested in Sites-and-Services, suggested to the Agency to return to the original Project plan for the rest of the neighbourhoods. The Project Completion Report announces that:

> "Sites and services was not totally defeated as in the end, as a result of partially the institutional maturity of the Agency and the development of a self-financing scheme, the Project is proceeding along the lines originally intended" (CR, 1988, p.14).

As will be shown later, the decision to go back to the original plan was not to apply to all the remaining neighbourhoods. Also both of the reasons given by the Report concerning the 'maturity' of the Agency and the development of a financing scheme, are questionable. A number of reasons were given as to why the Agency consented to again go back to the Sites-and-Services, but the most plausible was the unavailability of funding from the GOE to build completed flats. Since USAID would only finance Sites-and-Services, the decision was then to go ahead and sell serviced plots in two out of the remaining seven neighbourhoods.

After CHF came up with the self-financing scheme, a scheme that provides loans to the plot buyers to construct their housing, USAID was willing to fund as much as LE11,000,000 ($5,000,000). This amount covered 100% of the construction loans, providing funds for as many as 1600 participants for foundation and ground floor construction. Disbursement of these funds was contingent upon three conditions: actual plot sales and actual commitments of construction loans; demonstration of the successful progress of the implementation of the Construction Loan fund; and following the basic principles of the Grant Agreement that participants or groups of participants should take the responsibility for construction and not GOE (Project Memorandum, August 1987, pp. 1-2).

Although the Project Reports considered the reversal to plot selling rather than completed flats a triumph, the actual manner in which the so called Site-and-Service was implemented actually defies the very purpose of this approach. As described in Chapter 3, the main purpose of Sites-and-Service is to let the owners build on their plots, choosing their own design and building material, following their own means and their own pace.

Because the Agency staff never accepted the idea, they planned the construction process in a way that put them in complete control at every stage. In their view, this was the only way to 'prevent the creation of a slum'. Two long lists of steps had to be followed, the first to get the plot contract, and the second to complete the construction of the unit. In order to get a plot contract, there were eight steps to take. These steps, including screening for eligibility criteria, submission of a long list of documents, filling out applications, down payment for the price of the land, signature of the contract and the designation of plots. With this contract, each buyer was eligible for a bank loan for construction.

The plots, 1,151 in the two neighbourhoods, were then grouped into blocks (30 to 40 plots per block) and representatives of each block were chosen. This was a very important step, because the block representative, or 'block captain' as they were named by CHF, represented all block members during construction on a volunteer basis. Again this was a deviation from the original plan. One of CHF's main roles in the HNC was, in addition to devising the loan scheme, to form cooperatives out of the plot purchasers. However, mainly because the system of cooperative in Egypt is different from that in the U.S., and because the Agency was really not interested, it was not implemented. Consequently, the role of the cooperative was taken by the block captain which was to assist plot purchasers with unit design, soil investigation, supervision of plot construction as well as having access to the Agency and the Bank (CFE) for all financial transactions.

The choice of the 'block captain' as some buyers and even the Agency staff described it, was very haphazard. Often the members of a block did not know each other, and were not given enough time to find out about each other. They were told by the Agency staff that they belonged to a particular block and were asked to elect a representative on the spot. As a result, in some cases the person who volunteered for the position got it. In other cases, it was the person who, during the long and tedious steps of applying, proved to be the most enterprising person and 'who seemed to know his way around', who was chosen. The arbitrary manner in which the 'block captains' were chosen and the key role they were given during the construction of the plots turned out to have very important implications.

There were ten steps that had to be followed from the time of the acquisition of the plot till the completion of the construction of the ground floor. The first steps had to do with the choice of contractor, the supervising engineer and the soil investigator. The Agency gave the block representatives a list of 'trustworthy' contractors, engineers and soil experts from which they had to choose. When asked whether the buyers could get their own people, the Agency staff said :

> "Yes, they could, but they have to meet certain conditions.
> The person has to belong to a registered firm, he has to have
> been in the construction business for at least five years amongst
> others" (Interview, 1989).

The Agency staff explained that hiring people outside the list was discouraged. They explained that they had had a few bad experiences where things went wrong when a contractor or engineer outside their list was given the job.

Commenting on this issue, an Agency staff member said:

> "They are free to choose whoever they want. However we told
> them that if they get ripped off or face any other problem they
> should not come to us. They will have to bear the
> consequences of their choice" (Interview, 1989).

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The next step was to get permission from the Agency if buyers want any minor changes in the house design. Again, as the Agency interviewees explained, very few changes could be allowed in the design, indeed any change is strongly discouraged. This point was seen by the buyers as a great imposition on their choice of the house they want to live in. Many of the buyers tried to make changes in the designs which the Agency rejected. One of the major design changes wanted by buyers was to build balconies, a feature all Egyptians like to have in their houses. This was turned down because, as some Agency staff argued, it was a trick that would allow the owners to make horizontal expansions in the future. Others said that the street width was too small for balconies. An Agency staff member said: "If they build balconies they will touch. There is simply no space for this".

Space was seen by most buyers as a crucial problem. Not only were there complaints that the streets were very narrow, but that the plots were also very small. The size of the plots was a highly controversial issue. Commenting on this a CHF staff member who has long experience in sites-and-service projects said:

> "The main purpose was to make it tiny so as to force vertical expansion and to control speculation. This simply shows how little all the agencies involved in the planning and design know or care about housing and peoples' housing (Interview, 1988).

Returning to the construction steps; after the initial steps had been taken, the construction of the units themselves were divided into six steps, each step to be following a schedule controlled by deadlines. Payment for each stage was done after the construction was checked by the Agency technical staff. When all the requirements were seen to be met, the captain of the block was given 'approval vouchers' and with invoices from contractors he could then approach the Project Bank (CFE) to receive payment.

Although the original plan was that the loan would cover the expenses of the foundations and the first floor, in fact it did not. Because of all the reasons

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mentioned above, the delays in the construction of the infrastructure, soil difficulties and excavations of the infrastructure modules, the cost went up. According to the Agency, the loan covered 80% of the cost, and according to some buyers and contractors, the loan covered only 60% and even less. One very angry buyer complained that more and more money was requested from the contractor, and that he had to add as much as 50% in addition to the instalment paid by the bank at every stage of the construction process. When confronted by such complaints, the Agency staff said that this was not their responsibility, that of course things cost more than the original estimate but that the buyers have to cover the difference: 'Do they expect everything on a silver platter?', an Agency staff member exclaimed (Interview, 1989).

Having been told initially that the loans would cover the cost, most of the buyers did not make provisions for these extra sums of money they had to pay to the contractor. Many complained that they found themselves in a tight financial situation. The fact that they had to meet the demands of the contractors before the work went on, and since the deadlines put by the Agency also had to be met, very little choice was left but to pay.

The description above shows the tight control exercised by the Agency whereby virtually no leeway was left to the buyer to do any of the decision making regarding design, material, builders, timing for construction or payment. In addition to these difficulties, the Agency devised the system in a manner which allowed one person, the 'captain of the block', who was not even properly elected, to have the say in all decisions concerning the construction. The 'captain of the block' acted as a go-between and the buyer had no direct contact, either with those who were supposedly hired by him/her or with the Agency. This often made the buyers feel like they were completely cut off and had absolutely no say on a house that is supposedly being built for them, a house they owned. One does not have to be in the Agency headquarters for long to find out how many problems were created by such a system. Many buyers complained about alliances being formed between the 'captains of the blocks', the contractor and the engineers.

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Complaints were often around foul play. One buyer was saying: 'We all wonder how come most of the captains are already building their second floor? where did they get the money from?'.

The Agency, in response to the many complaints about the representation system, said that there was no way to change it. They added that they could not deal with each buyer on his/her own, that it was enough to deal with 16 'block captains' and the huge paper work and supervision that this entails. They also maintained that because the design of the blocks were such that houses share foundations and walls, the construction needed a high level of coordination that would be difficult to achieve. The immediate question that comes to mind is, if this was the case, then how are the buyers expected to do it without the Agency when they start expanding vertically? Any knowledge about how Egyptians have been building and expanding houses for generations, clearly proves that they are indeed capable of a high level of coordination as well as ingenuity. That houses are built and rooms added, horizontally as well as vertically, if not aesthetically pleasing, shows a high level of creativity.

However the Agency staff, when talking about the 'beneficiaries', do so in a manner that gives them very little credit. They are often seen as 'ignorant', 'not capable of rational decisions', 'they do not know what is best for them'. Consequently 'they have to be kept under tight control and supervision in order to protect the HNC from them lest they turn it into a slum'.

How it is that the housing construction as described above is called 'builder by owner', 'sites-and-service' or 'self-help' housing is difficult to justify. The only difference it has in comparison to the completed flats is that it is horizontally expandable. It would have been very interesting to add much more to the discussion about what the buyers thought of the Project and its effect on their lives. However this will not be possible here as the houses were still under construction and the inhabitants of these neighbourhoods had not moved in yet at the time this research ended.

VIII CONCLUSION

This chapter, in its review of the HNC component and the manner in which the reversal to conventional housing was made possible, raises many of the issues that the Project as a whole raises. It clearly shows the resistance on the part of the government to changing its policy, the conservatism of Egyptian government agencies and their vested interests in retaining the status-quo. It also shows the tendency of USAID to give in for the sake of economic and political interests at home and abroad, including keeping the 'pipeline' flowing. The very clear split between Egyptian and American views, their interests and the way they chose or chose not to use their potential power, while underlying the whole of the Helwan Project experience, is crystallised during the implementation of the HNC.

As the implementation of the HNC progressed, the conditions that allowed that the whole goal of the HNC to be defied, were in the making. In order to satisfy the condition of hiring U.S. firms and importing U.S. goods, long delays and high costs were the outcome. There were direct and predictable reasons for the delays and costs, such as the long GOE bureaucratic complexities, the high cost of import of materials and transportation. There was also unpredictable reasons for the delays such as the MHE site choice and foundation disaster. The other was that the inadequate division of labour between Egyptian and American firms in the construction, the most obvious result of which was the excavation of the infrastructure connection modules.

For five years, unlike in the case of upgrading component of the Project, the Agency was more or less marginalised from the main decision making process. It seems that the objections they made about construction techniques were not heard by USAID as it went along with the American choice of technique. This raises the question of whether these objections were made loud enough to be heard. Then, during a stage of the Project when USAID was in a weak position, a visit from the Minister of Housing tilted the balance in favour of the Agency. Finally they were in control and USAID accepted

the decision. From this moment, and even in the case of the so called 'sites-and-service' neighbourhood, the Agency was and continues to be in-charge. Now USAID in turn did not object, as at this point they only wanted to see the Project completed and the budget spent.

Considering most of the reasons given about why USAID gave up on such an important aspect of the Project, leads to the conclusion that in fact they would have lost more by insisting on the initial approach. Both the high cost of the delays in infrastructure installation and the cracks in the MHE had weakened their position. There were huge amounts of money blocked in the pipeline, and as discussed earlier, it is the primary job of USAID in-country to spend its budget on time. Above all, the media[17] in the U.S. was starting to use Egypt and particularly the Helwan Project as an example of USAID inefficiency and members of Congress where pouring in to visit the Project and wanted to see results. All of these were successfully used to the utmost by the MOH and the Agency to advance their own interests.

The big question then is how did all that happened during this phase of the Project affect the target population? The next chapter will discuss this issue at great length.

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[17] CNN produced a documentary which was very damning of USAID (see chapter 3)

CHAPTER 8

THE EFFECT OF THE PROJECT
ON THE HNC FLAT BUYERS

I INTRODUCTION

"The sign calls these houses `Helwan New Community for
Low Income Egyptians'. This is not `new', it is not a
`community', it is not `for low income'. It is low cost, low
quality, low space, low facilities and low service housing".

This was an opinion given by one of the many discontented flat owners about
their new housing. The last chapter described the implementation process of
the Helwan New Community (HNC) component and how it led to the decision
to build and sell flats instead of plots. This chapter will be about the
population of Neighbourhood Five, the first of the five neighbourhoods of
completed flats in HNC to be occupied. A number of housing blocks were
ready for habitation in the summer of 1988 and occupants started to move in
shortly afterwards (see photos, pp. 243-244).

Neighbourhood 5 is composed of three story high buildings with two flats on
each floor. Two blocks of the buildings were constructed back to back with
a court yard in the middle. The blocks of flats were built following three
models of different sizes: A, B & C, of 56.25, 67.50 and 84.37 sq. meters
respectively (see Appendix 6 for house types). They were then distributed to
the applicants according to the formers' income and their household size. The
buildings, built in bricks, were left without plastering. Services and facilities
such as shops, schools, places of prayer and clinics were not yet constructed
at this stage.

The discussion in this chapter will be examining, as chapter 5 did in terms of
the upgrading component, the impact that the Helwan Housing Project had on
the its target population. It will be testing the second half of the hypothesis
presented by this thesis, that the project contributed to the vulnerability of the
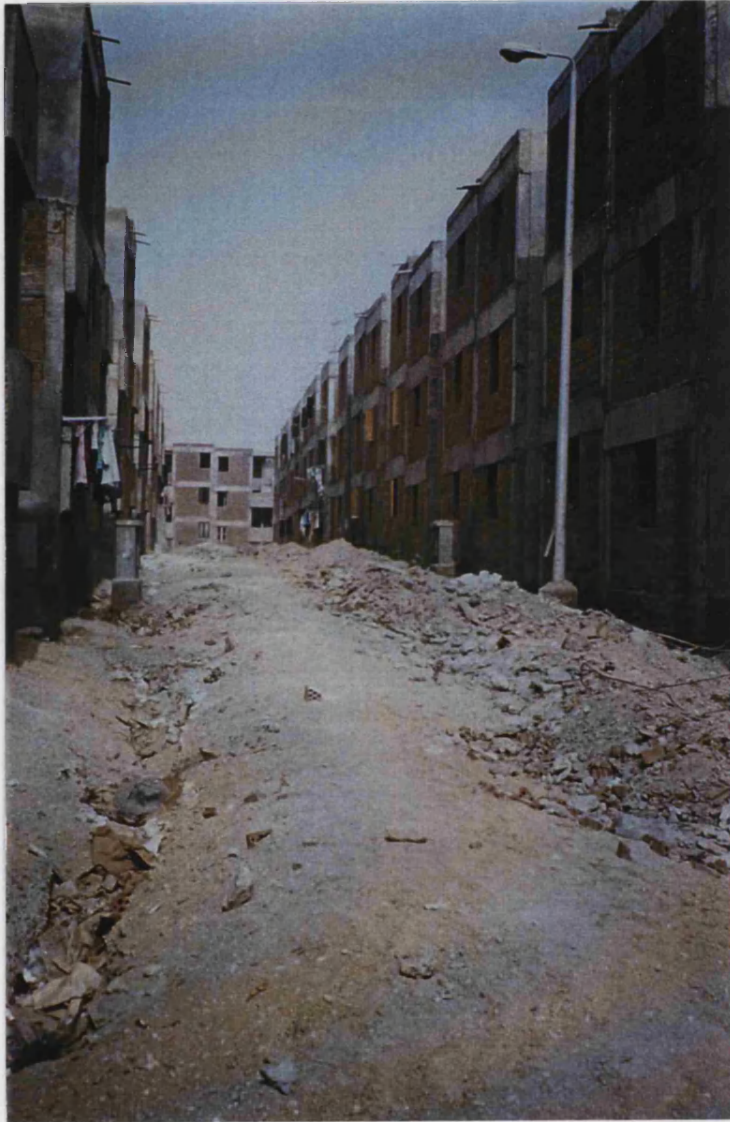
An example Neighbourhood 5 under construction 1988

Entrance to a block of flats, Neighbourhood 5

population it was meant to be serving. The chapter will start with a brief description of the social and economic conditions that were most directly affecting the lives of the population of Neighbourhood 5 at the time that they were moving into the flats. Following this, there will be a closer examination of how the buyers of the flats view the Project, their opinion of the Agency and USAID, the economic and social effect of the Project on them and the way they were coping with the new situation.

II BACKGROUND: THE POPULATION OF NEIGHBOURHOOD 5

At the time of the fieldwork, there were around 270 flats occupied. 200 of these were randomly selected for the survey. 57% of the interviewees were women and 43% were men. Structured interviews were used for the collection of the data (with closed and open-ended questions) followed by more general discussions with other members of the household. 20 households among the 200 were also visited regularly over a period of four months for more in-depth interviews and discussions with both women and men.

198 of the 200 buyers were male public sector factory workers. Although there was no conditions that excluded female factory workers from buying flats, the assumption of all those involved[1] was that the flats were for heads of households, interpreted as men only.

In terms of the general characteristics of the households in the sample, 91% of them were nuclear families, and the rest were extended families[2]. 30% of the couples had been married for 6 to 10 years, 26.5% for 11 to 15 years and 17.5% from 1 to 5 years. The majority of the households had young families.

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[1] This includes USAID, the Agency and CHF staff, factory administration as well as the factory workers themselves.

[2] Most of the households with extended families (80%) including the father and/or mother of the adult male.

Among the 185 households with children, there were 309 children under the age of 6. The average household size of the new occupants was 5.12 (see table 8.1 for different sizes of households and table 8.2 for origin of occupants). Table 8.3 outlines the interviewees' level of education.

Table 8.1
Percentage distribution of household by size

Household size	Percentage
1-3	13
4	22
5	27
6	21
7-10	16

Table 8.2
Percentage distribution of female and male interviewees and their spouses by place of origin

Place of Origin	Women	Men
Upper Egypt	34	38
Lower Egypt	30	30
Cairo	25	24
Helwan	10	8

Table 8.3
Percentage distribution of female and male interviewees and their spouses by level of education

Education level	Women	Men
Illiterate	74	63
Read and write	7	3
Primary	4	9
Preparatory	1	8
Secondary (regular)	-	1
Secondary (technical	12	13
Tertiary	1	3

Following are some of the social and economic conditions affecting the lives of the inhabitants of Neighbourhood 5.

A. CUTS IN REAL WAGES AND THE EMPLOYMENT CRISIS:

The Egyptian government, as the largest employer in the country, has provided secure work opportunities to millions, both in the civil service and public sector employees. GOE had a strict policy against lay-offs. The deterioration of the economic situation internationally and nationally as well as the introduction of measures pertaining to Structural Adjustment[3] meant that government employment policies could not be maintained. The rate of growth of expenditure on wages dropped from 23.1% in the 1984/1985 budget, to 15.6% in the 1985/1984 budget to 5.4% in the 1986/1987 budget. This was a response to IMF recommendation to slow down the rate of growth of public sector employment (Korayem, 1987, p.68). In 1987 real wages of government workers fell to nearly half of their 1973 level while it fell to 90% in public enterprises in the same time period (WB, 1991, p.95).

Economic recession and the newly introduced economic policies negatively impacted on real wages of those already in employment, and most seriously restricted new entrants to the labour force in the public sector. With the private sector not expanding, as the 1980's progressed labour force growth outpaced employment. Open unemployment climbed to 9.2% in 1986, an increase from 7.4% in 1976. Three quarters of the 1.2 million labour force looking for jobs in 1986 were 16 to 25 years of age and slightly over 84% were graduates of secondary and post-secondary schools (WB, 1991, p. 94).

These were the conditions with which the population of HNC had to cope with at the time they moved into their new flats with their new financial obligations. Since the buyers were all public sector factory employees they

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[3] Although Structural Adjustment policies were officially introduced in 1992, the GOE had already slowly started to implement some of its policies by the second half of the eighties.

were therefore all in employment. However, their real wages had fallen. They were also affected indirectly by shortages in employment opportunities in two ways: some of them were unable to get second jobs; other members of the household, especially women and adult children, could not find work.

1. Employment and wages among Neighbourhood 5 factory workers:

The great majority of flat buyers, as mentioned above, were male factory workers, 60% of whom were mid-level skilled workers, 23% high-level skilled workers, 11% white collar workers in factories and 6% service workers (e.g. guards).

Wages in the industrial public sector consist of the basic wage, monthly incentives, as well as a portion of the profits which are distributed yearly according to profits and overtime. In the public enterprises, as in the case of other government employment, salaries are paid monthly.

The so-called incentive system in public sector industry, consists of the payment of an extra amount, which is a percentage of the fixed wage (a wide range from 25% to 200% of the pay). The incentive system, in theory, comes out of profits. However, up until 1988, incentives were not a real reflection of profit. They were more or less a fixed additional percentage of the wage which helped to supplement the wage without the sum being a long term legal obligation. Incentives were therefore totally relied on and were considered by the workers to be permanent (Interview, 1989).

The major discussion around incentives was about their recent decrease and fluctuation. Most of the factory workers in Neighbourhood 5 explained that about two and a half years previously (1986/1987) incentives started falling.

> "When incentives are just 25% of the pay, this amounts to very little if your pay is already small. There has been a drop in incentives during the last three years and especially in the last

three months. This is what the Steel and Iron factory incident[4] was all about. These are workers who do a hazardous job, it negatively effect their health, so they need to be paid more to deserve compensate for this. They now have to pay the price in prison" Abu Mohsen explained[5].

For some, workers over-time payments for working extra hours was a way of dealing with the increase demands of living expenses. In addition, a drop in availability of extra working hours was seen as another reason preventing most from making ends meet. In some factories there was no longer extra work available. In others there was a ceiling put on the number of extra hours for each worker, as there was increasing demand for it. Abu Leila said:

"I do as much extra working hours as there is extra work. But it is not enough. After the system of shifts was introduced in my factory there is no more extra hours. Now we have a maximum of one hour a day and seven hours if we work on a Friday [the rest day] but we can only do that every third Friday" (Interview, HNC, 1989).

The decline in real wages for public sector workers made multiple job holding a necessity for financial survival for most. Although it is illegal for government employees to hold a second job, the law governing this is very loosely reinforced and second jobs are quite widespread. It was estimated that one out of five public sector workers hold a second job (WB, 1991, pp.96-97). Government jobs were often kept for security and the second job, which was often in the informal sector, helped the household to survive.

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[4] During the fieldwork, workers in the Iron and Steel factory in protest at decreases in incentives, went on strike by organising a sit-in in the factory. The response of the Government was to send in fully armed police, who shot bullets in the air injuring several workers.

[5] 'Abu', means father and 'Um', mother. 'Abu' or 'Um' would then be followed by the name of their oldest son or in case a man or women has no male children, by the name of their eldest daughter. This is the traditional respectful way to address adults with children. (Note: all names of interviewees used in this thesis are fictitious).

The discussion about what interviewees thought of second jobs centred around the increasing difficulty of getting such jobs and the implication that this had in terms of survival strategies in an increasingly demanding situation. In most cases whether they did succeeded in getting a second job or not, around 70% of the factory workers interviewed expressed a need to do so.

Some explained that they were obliged to do unskilled work, such as for example street vending, because they no longer find work were they could use their skills. There were also those who spoke of having had second jobs but the newly introduced legislation in the late eighties put a working time limit on all service workshops which had to be closed by eight in the evening[6]. This meant that workers had a more limited number of hours they could work in those workshops. For those who said they did not have another job, most agreed that they could not see how they could survive without another job with the economic situation in Egypt being what it was. They argued that even skilled labourers and educated people could not find employment, which left those who are looking for a second job with very little hope. "The whole country is at a stand still, there is no money and consequently no work", Abu Mohsen said "What job can one find? No one finds jobs nowadays. There are educated people who do unskilled jobs because of unemployment" Abu Salah commented.

2. Employment among other household members:

Since 98% of the home owners were male factory workers, when examining potential income earners among other household members, this included women, mainly wives and daughters, sons and other relatives. Reliance on second income earners is obviously very important for low income households; in my sample only 11% of households had a second income earner, two thirds of which were women. Women in Egypt, and especially

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[6] Up to this point there were no deadline for retail or service closures. Some shops opened all through the night.

low income women in urban areas in Egypt, face big obstacles in finding work opportunities or income earning activities[7]. In the HNC only 8% of women were income earners and half of them only started working after the move.

A number of women in HNC started working to help pay the instalments. Most women expressed their wish to contribute to the income of the household, however they did not feel the economic situation was favourable in terms of work opportunities. There were also problems, especially among those with young children related to the demands of reproductive work and in particular to child-care. Since very few (2%) moved with a mother or mother in law, the latter obstacle to their mobility was particularly problematic.

Six women started little stands in front of their houses selling such things as cold drinks, biscuits, candies and batteries. These little businesses did not often prove to be economically viable, and, in some cases, caused problems with their men folk. With respect to his wife's new activity of selling foodstuffs in front of the house, Abu Ali was complaining that his colleagues, who are also neighbours, are teasing him mercilessly about it. He explained that he wanted to stop all this in order to save face, but that he simply could not do it as his pay plus his after hours work could not in any way support his family of eight.

Women's work is seen by many men and some women as 'shaming'. The man has to be seen as the provider. If his women folk work it means he has failed to do his job as a man. There were many who made comments like: 'The man is the provider. Islam did not encourage women to work'. Or even more emphatic, as one man whose wife is a secondary school graduate said: 'Islam forbids women to work. The money that she will make will go on

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[7] Considering the difficulty around definition of 'work', especially in trying to capture women's work, probing questions as well as discussions and observations were used to get information on this issue.

clothes and as well as to pay for bad nurseries for the kids. "I would rather sell my clothes then let my wife work. I am too hot blooded for that".

With respect to other household members, there were only 9% of households with extended family members living in the flats. This is a small proportion compared to Rashed which had 25% of its households as extended families. Only three of those belonging to extended families contributing to the household income. Of the sons who were out of school between the ages of 14 and 28, (19 in all), only five were working and contributing to the household. The rest were either in military service[8] or unemployed. Of the daughters who were out of school, between the ages of 13 to 23, (27 in all), only three worked and contributed financially to the household.

Among school leavers or potential school leavers, boys of 12 years and above usually start working as apprentices during the summer holidays if they are still in school or find a permanent job if they have left school. In HNC, as was the case in Arab Rashed, it has become an increasingly slim possibility for these boys to find jobs. As the situation of unemployment was worsening, more experienced workers remained in their old jobs instead of moving on. This left little chance for younger job seekers to find jobs.

The fact that most households (89%) were dependent on one income earner had enormous implications for the survival strategies of the inhabitants of the HNC. The sudden rise in expenditure which resulted from their move to the new residences, resulted in the need to find alternative sources of income and to get some members of the household to consider seriously bringing in an income for the first time. As a result some established social values were re-evaluated and re-negotiated.

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[8] All males above the age of 18 must do military service unless they are university students, in which case they do their service after graduation.

B. PRICE INCREASES: FOOD:

At the time of the field work, while incomes were at a standstill or decreasing, the cost of living was increasing sharply. Food is a major expense for low income populations. According to World Bank estimates, the lowest income category of households in Egypt spend 75% of their income on food (WB, 1991, p. xvii-xviii). Discussions on price increases in HNC always centred on food items. 91% of interviewees said that food constituted their highest monthly household expense. The survey shows that average household expenditure on food per month was LE82.5. 12.5% said they spend LE40 to LE50 on food, 32% of households estimated that they spend between LE90 to LE100, 22% said they spend LE120 to LE130.

A large proportion of Egyptians (93%) rely on buying subsidised food using ration cards (Ibid., 1991, p.54). From 1970 and for a decade and a half, the cost of the ration subsidy programme grew dramatically to the point where in the mid-1980's the cost was almost 20% of the total government budget. In 1989 cost containment measures were introduced. This involved three components: raising ration/subsidy prices, reducing the number of items included, and reducing the quantities subsidised. The government reduced the size of the 'Baladi'[9] loaf from 160 grams to 130 grams, ie in fact price per more than tripled (Ibid., p. xvii-xviii). Between May and August 1989 the prices of foods consumed by the lowest income urban consumers increased by 40%. Approximately 80% of this price increase for food is due to the higher price of bread (Ibid.).

Bread is the staple food for Egyptians in general and for low income Egyptians in particular. Each meal of the day is composed of what is called 'ghomoos'[10] which is the main dish accompanied by bread. The quantity of

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[9] 'Baladi' means traditional. 'Baladi' loaf, is a flat, round and thin loaf with some similarity to pitta bread but with higher nutritional value.

[10] 'Ghomoos' usually cooked food that is eaten with bread.

the 'ghomoos' depends on affordability, in some cases a regular plate of vegetable could feed a household of five or six if eaten with two or three loafs of bread by each. Until 1978 the loaf of bread cost one piaster (pt). There was an attempt by the government then to raise it to 2 pts, which led to the large scale food riots, leading the government to go back on its decision. However the size of the loaf gradually became smaller and the price rose gradually this time without a formal announcement[11]. In 1988/89 the price of the smaller size was 5 pts, and in some areas 10 pts.

When discussions were carried out around living expenses, the price of bread always came on top of the list of priorities, accompanied with heightened expressions of outrage. The issue was often presented by a calculation of how much is spent on 'bread alone' every day and what this meant in terms of monthly expense. If one considers that each adult member of a family consumes between 4 and 6 loafs of bread a day and each child between 2 and 3 in an average household size of 5.12, this amounts to around 17 loafs a day which would cost 85 pts a day. This means that the average family in HNC, as in the case of Arab Rashed spent around LE25.5 a month on bread alone. Um Soad, the mother of four children all under the age of 10, said that she buys LE1 worth of bread a day.

The discussion of the price of bread often brought back the memory of the food riots of 1978. This raised the issue of "why people protested then and they are not protesting now" as Abu Leila asked. The most prevalent argument was that having Emergency Regulations[12] means that people are scared and to prove this the example of the Iron and Steel factory incident was brought up again.

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[11] A senior USAID official said that this was US advice to the GOE.

[12] Emergency Regulations were introduced after Sadat's assassination in 1981 and were never lifted. One of the items of these Regulations is that police have the right to make arrests and imprison individuals if they are among a group of more than five and are seen to be causing a disturbance.

In addition to the price of bread, the price of other food items was also discussed at great length. The majority argued that some of these items had recently become beyond many of these household budgets. There were many comments said like: 'Just a year ago pasta was for 16 pt, now it is for 80 pt. The price of rice went from 60 pt last month to 80 pt this month'. Both pasta and rice were part of the rationed food items. The consumption of milk, which is seen as a major nutrient for children, had also been cut down by many households. This, perhaps more than any other, was given as an example of the very real sacrifices various members of households were making. Feelings of guilt that children are no longer properly fed, were often expressed, mostly by mothers.

The inhabitants of HNC held very strong views about the reasons for the rise in the cost of living. The government was seen by the majority to be responsible, some blamed it on the local economy and some saw it as a result of world economy.

Government's lack of care, corruption and alliance with of 'those who control the economy in Egypt' were seen as the major reasons for the rise of prices. Government, for the majority of the interviewees was seen as a 'non caring' entity that does nothing to help its people. Their comment on government's explanation that prices are up because of Egypt's debt, is that the debt exists as a result of the 'big people and their theft and the money they keep in Swiss banks'. Ex-Ministers were seen as a major groups among '..those who control the economy'. There was a great deal of talk about how they used their positions to ensure they become successful businessmen after they leave office. Their money '..in Swiss Banks" was often referred to as ..'probably enough to repay Egypt's debts'.

The question many raised, was why should the poor pay for it? "They make as much money as they want, the money of the people goes to their pockets so there is no more money so there is borrowing and debts and it is the poor

who pay the price" is a very commonly made statement by the inhabitants of Neighbourhood 5. Another is: "It is not true that we are a poor nation the country is rich in resources but all the money goes to the powerful". Senior politicians were seen as uncaring individuals who are ignorant about the 'regular citizen' struggle to live.

> "They do not believe that people are suffering. What do they know about us? They say do not believe opposition papers. Why would we not believe them and believe the government? The government over the years have been promising that the poor will be taken care of. All we have seen is more and more hardship"

C.   WITHDRAWAL OF FREE SOCIAL SERVICES: THE CASE OF EDUCATION:

The rise in education expenses was always cited by the populations of HNC as an example of a sector that affects their lives most. The establishment of free social services such as education and health, was considered by most as one of the major achievement of the Egyptian revolution[13]. According to the World Bank report, the Ministry of Education expenditure per capita or per student was reduced by a fifth in the late eighties (WB, 1991). Authorities have instituted modest fees to compensate for the decline in budgetary allocations for supplies and other non-wage expenditures. There was increasing evidence that the cost of education was becoming prohibitive for the parents in the poorest population groups and that dropout rates in low income areas were on the rise as a direct consequence (Ibid).

The cost of education however did not stop at the introduction of a 'modest fee'. The distribution of free books and note books was also cancelled. In addition in the late 1970s the Ministry of Education institutionalised the practice of group tutoring within government schools. This involves offering after-hour tutoring where groups of children who needed extra help would be

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[13]   See Chapter 3.

given extra lessons for a 'nominal fee'[14]. The reason given for this system was to control the practice of group tuition which had become endemic in all schools[15]. This however never succeeded in getting rid of private lessons[16]. The so-called group tutoring in schools meant that half to three quarters of the students were pressurised into attending, and due to the large numbers per group, the lessons if given at all, were ineffective. This meant that students were still forced to receive private lessons often by the same teachers, and this again, as will be shown later often occurred under duress.

Therefor a student has to pay the annual fee of LE20 to LE30 in primary education, which according to WB estimates, represent 5 to 7.5% of the yearly income of a government employee (WB, 1991, pp.117-118). In addition, LE3 to LE5 Egyptian pounds a month per subject for in-school tutoring, plus LE5 to LE10 per month for private tutoring were paid out. In addition to this there are also books, school uniform, shoes and often transport. 24% of households estimated that they spend between on average LE15 per month per child on education while 19% said they spent around LE20.

Despite the additional expenses for education, most parents in HNC still attempted to keep their children in school.

The above is a summary of the conditions in which the buyers of the flats found themselves at the time of their move to the new flats. The move and the impact of the Project, as my hypothesis states, contributed to their

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[14] Around LE5 per month in the late eighties.

[15] This system, which started to be practised on a large scale in the eighties, meant that smaller groups within each class would get extra tutoring from their teacher in school after hours for a fee.

[16] Only the very top students of a class are exempt from attending these lessons, and sometimes not even them.

vulnerability. A number of case studies illustrate this point in more detail (see Appendix 7) [17].

III THE ECONOMIC IMPACT OF THE PURCHASE OF THE NEW FLATS

Most buyers were pleased that they were able to get access to new flats, Three major reasons for the attractiveness of the new housing were cited: 35% of the buyers said that they found the best feature of the flats to be that they were going to be home-owners for the first time. 30% said that the location, so close to the place of work of the factory workers, was the most positive feature of the flats. 13.5% said that having no landlords, who are always 'a source of trouble' was the what they found most rewarding. However, the fact they had to wait for so long to get the flats, on average 3 to 4 years, had been a source of many problems - the most serious of which was the increase in the price of the units.

A. THE DILEMMAS POSED BY THE INCREASE IN THE PRICE OF THE UNITS:

When the fieldwork in Neighbourhood 5 started, the buyers had been moving in over the previous three months. Some had moved in to stay, and others were still going back and forth between their old accommodation and the new flats. Several reasons were given for why the latter could not settle down. Most common of these were that their flats still needed repair and/or decoration, or that the family had to stay behind because of children's schools.

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[17] The way in which the Helwan Project contributed to the vulnerability of the HNC residents in the context of the wider economic situation will be illustrated with four case studies representing four categories of households in terms of the degree of the impact of the Project on them.

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During my first visits all that the inhabitants of the flats spoke about was the financial burden caused by the purchase of the units[18]. The common theme that ran through this discussion was around the question of how a Project could possibly be for low income people when it was so expensive.Most of the buyers argued that low income people could not afford the price especially after it was increased. Some argued that they felt 'cheated' and 'trapped' as the price they were promised went up considerably. They explained that meeting the payment demands meant indebtedness and sacrifices. A few (around 12%) said that although they were disappointed by the price increase, they could still afford it. Most of the latter had also been paying high rents before. The buyers speculated on a number of reasons for the increase in price. They saw it as a result of lack of care about their welfare, poor management and corruption among others.

A number of the new arrivals had their story to tell about how, when they first heard of the Project, they felt it was their way out of what they described as difficult and sometimes impossible housing conditions. When they did apply in 1984, they thought they would get affordable housing in a matter of a few months.

It was only in 1986 that they were given more details about the price and system of payment. Although many did not have the cash to make the down payment, they thought it was an amount they could raise in one way or another. In fact in 1986 when the contracts were signed, the down payment was set at LE600, LE700 and LE800 for models A, B and C respectively. These amounts, the buyers were told, represented 10% of the cost of the units. They were also told that the rest would be paid over 30 years with 4%

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[18] I very clearly presented myself as a research student who is totally independent of the EAJP, the Government or USAID. I am sure that initially some of the people I visited still thought I could influence things. But as the time passed, most started to realise I had no leverage and could not influence Project conditions.

interest. Many explained that having calculated what this meant, they figured they would have to pay around LE15 to LE20 monthly.

By the time the buyers signed the contract they found that they had paid 150% more than was first promised. They had to pay LE1551, LE1781, LE2391 as first instalments and the monthly payment were set for LE35, LE38 and LE42 for models A, B and C respectively. Thus, having planned for a budget which they felt was affordable, by the time they moved in the price had, they argued, had gone well beyond their means. Abu Soad, whose household is composed of a wife and four young children explained:

> "If you add the first instalment to the monthly instalments plus
> the 4% interest to the bank, this would amount to LE16,000.
> If the cost as announced by the Agency ranged from LE6,000
> to LE8,000 where does the rest of the money go?" (Interview,
> 1989).

There was a lot of discussion about what was seen as the injustice of the situation that led them into paying so much more. Abu Amr, one of the A model flat buyers, was highly organised in terms of paper work and keeping records for all the payments. He produced his receipts and explained the following:

> "They [the Agency] first said they will take 10% of the price
> of the unit as first instalment, but they themselves did not know
> what the price would be. In 11/1987 they said that the value of
> the land and the unit was LE6000 for model A. We were asked
> then to pay LE687. In 20/7/1988 we were told that the value
> of the flat went up to LE9000 and accordingly we were asked
> to pay another LE703. Two months later, at the time we were
> handed the flat they [the Agency] said the price of material and
> labourers went up again and we had to pay another LE161.
> Then we had to pay seven month of rent LE277 in 8/1988 plus
> LE50 for the price of writing a contract which in fact is not
> signed yet. I got my unit in May 1989" (Interview, 1989).

As was often explained by the buyers, they were never informed of the new increased price. They kept getting bills one after another. The stories were

often about how the factory workers, all men in this case, came back from work feeling desperate and frustrated after receiving yet another bill demanding more money. They would sit and discuss it with other household members. The discussion was often about dropping the whole plan to buy the flat or thinking of yet other ways of raising the money. In order to raise more money, the choice was often between selling more precious belongings, and/or borrowing from different sources. What seemed often to be agonizing decisions, were not always taken on the basis of consensus. As the different stories were told, it appeared that it was one of the partners who was more eager to go ahead and buy the flat no matter what. Depending on who in the household was the most desperate to go to the new housing, it was this person who kept pushing for ways to reach this goal. As will be shown below, the consequences of these different levels of eagerness to move, proved to have quite damaging effects on the household at a later stage. Um Mostafa who lived with her in-laws and was very miserable in her housing arrangement described how she kept pushing her husband to meet the payments:

> "Every time he came home with this angry and determined look in his face I thought 'oh God not another bill' and it was. You will not believe the effort I had to make to persuade him to go along with it. I was desperate and was therefore ready to sell everything we had to move. The last thing I sold was the television which we had recently bought and had not even finished paying its last instalments" (Interview, 1989).

Abu Manssoor who felt this was his last chance to get out of the 'dark hole', as he described his old room, said that he had to trick his wife into selling the fridge to meet the last payment.

> "She had given up and did not want to hear about Helwan any more. But I was not going to let go. Not after all we already sold. Not after all this time", he added (Interview, 1989).

In addition to all this, most buyers found it necessary to fix things in the house to make it 'habitable'. The units were handed to the buyers with unpainted walls, floors covered in dried cement stains, water taps that did not

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work, pipes that leaked, doors and windows that did not close properly and electric wires which were not connected properly. Many of the buyers decided, often because they had no choice, to live in the flats without spending any more on repairs and wall painting. Others, either because they could afford it or borrowed money, spent often large amounts of money improving their flats[19].

Despite the increase in price and additional expenses, most buyers said they felt too involved to let go of the flats at this stage. The argument was that despite the price which was seen to be beyond their means, they felt it was very difficult to withdraw and just forget about the possibility of moving to a new apartment. In fact, penalties were set for those who withdrew from the Project. A number of examples were given about how colleagues of the buyers who did withdraw had lost money. Abu Haguer explained:

> "Some withdrew their money but lost money in the process as
> they had them pay for all the paper work for the last three to
> four years. Not only did this shatter their dream but also had
> them loose money" (Interview, 1989).

Discussion around this issue showed that despite their predicament, most (83%) found themselves in a position where they had been waiting for 4 to 5 years for this place and had invested in it emotionally and financially and were unable to let go at this late stage. There were many reasons discussed about why most found it nearly impossible to withdraw from the Project. Some had to do with real tangible reasons such as loss of money. Other reasons given were the difficulty of forgetting about the new apartments at this stage. As is implied in Abu Haguer's explanation, loss of money was not the major reason for many to withdraw from the Project. Rather it was the 'shattered dream'. What seemed to be really bad housing conditions, led many buyers not to turn down the HNC flat even if it was economically crippling. The main argument was that they were left with no real choice. Abu Soad said:

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[19] This issue will be discussed at more length in second part of this chapter.

"People are forced to pay this price only because they have no choice" (Interview, 1989).

Abu Haguer said that he lived with his family and paid only LE3 a month. "My wife", he added "insisted to move to be independent". Um Haguer explained:

> "We lived with another eight people, plus us five sharing three rooms. It was so crowded and I did not get to even speak to my husband without everyone getting involved in our discussion".

Abu Mostapha who also said he suffered from over-crowding described his old housing situation as follows:

> "We were crammed into two rooms with two other families. All of us shared one bedroom and the rest with in-laws[20]. Here we are paying a lot and we are living far from our married children, but things were getting unbearable" (Interview, 1989).

Um Mostapha added that although the housing situation was very hard, she could have borne it except that her husband insisted on the move.

Other than over-crowding, other physical housing conditions were also mentioned as reasons for accepting the HNC flats. Abu Leila, among others described his previous house as follows:

> "I was forced to take it because we lived in very bad conditions in the basement and had no proper windows. The electricity had to be on all day plus there was a constant flow of water" (Interview, 1989).

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[20] Generally, according to tradition, second generation couples would live with the husband's parents. Increasingly, however, due to the housing crisis, if there was no other choice they would live with the wife's parents. This can reflect negatively on a man's pride.

There were various descriptions of areas that lacked infrastructure and suffered from disastrous environmental conditions. Ma'ssara was one of these[21]. Talking about his neighbours Abu Amr, who had lived in Ma'ssara over the last ten years explained:

> "I thought of withdrawing but found that in a place like Manshiet Nasser the key money is LE3000 and rent LE70 per month. Others, like my neighbour lived in poor conditions in Ma'ssara, no water, pollution from cement factory. These really had no choice (Interview, 1989).

There were also many accounts about landlords and the harassment that they as renters experienced from landlords. These stories echoed those that were told in Arab Rashed (chapter 6). To escape from such harassment was perceived by many as such a priority that the financial burden had to be tolerated. In most such cases the landlords having been informed that the HNC buyers were moving out, had started making plans for the empty units. The fact that the latter had to stay on for four or five years, led to an even worse situation whereby the landlords getting impatient and increasing the bad treatment. Um Salah told the story of their landlords, who wanted her rooms to use as a workshop.

> "They harassed us all in the most horrible way. We were in the lower floor and they occupied the first and second floor. They threw dirty water on our clean washing and garbage at our door-step. They did not miss any occasion to pick fights with me and my husband. They even hired a boy to beat up our children. We complained to the police but did not manage to get their protection" (Interview, 1989).

Abu Soad explained:

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[21] Ma'ssara is located north of Helwan, on the Cairo-Helwan road. It is an extremely polluted area as it is in close proximity to the Cement factory. All trees around the area have calcified. It also lacks infrastructure, and is therefore surrounded by both liquid and solid waste.

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"Owners do their best to get rid of the renters to get others who would pay more. This is the plague of our times. To be told that there was a chance of old renters moving out is bliss for them. Going back on it means real trouble" (Interview, 1989).

The argument about the issue of feeling trapped in a situation that was not a real choice, brought out feelings of frustration because the HNC Project was chosen rather than other available housing opportunities. 15th of May City[22] which is only about 7 km south of HNC, was the second alternative offered to Helwan factory workers in the early eighties. It is one of the New Cities which started to be built in the late seventies. As many others did, Abu Hamid described his regret and frustration at not choosing to buy in 15th of May City saying:

"I feel an absolute fool as I had a choice between May and here and I chose here. This was in 1981. The first instalment in May City was LE900 and the monthly rent LE34. Here the deal was to take a plot and a loan to buy my own house. I thought that as an American project financed by America it would be special. I therefore chose it as I thought then that it was a better deal both in terms of money and quality" (Interview, 1989).

Describing how he envies his cousin who had the luck to choose to buy in May City, Abu Soad said:

"If you look at May City you would know what a bad deal we have here. Considering what we ended up paying here, the cost of May City which I thought was beyond my means, is very reasonable. Not only that, but the apartments are larger, they have balconies overlooking beautiful gardens, there are large shopping centres, mosques etc" (Interview, 1989).

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[22] 15th of May City is one of the satellite cities, located about 30 Km south of Cairo. By 1989, around 13,000 units were built of which 80% were inhabited.

Discussing this point Abu Aly, who has serious health problems[23] but has two jobs to support a family of seven, said:

> "We were trapped into this Project. We found ourselves paying more and more. If we had known about the price from the beginning it would have been impossible for us to buy here. In 1985 we were offered an apartment in May City for LE900 first instalment, but we thought it to be too expensive then. When two years later I heard of this project and it was for LE700, I thought it was O.K since we were living in terrible conditions. Then they started asking for more, so we started selling our things one by one till we have nothing now as you can see" (Interview, 1989).

'Feeling trapped' was very much a feeling that most of the flat buyers felt. However the feeling was not restricted to the flats. It encompassed a much wider awareness and resentment about powerlessness in general and lack of control over their lives. This implicit resentment was underlying many of the discussions around their lives and especially their relations with others, eg their previous landlords, the Agency or Government.

B. COPING WITH INDEBTEDNESS:

86% of the buyers said that they had gone into debt to a number of sources to meet the increase in the price of the flats. The rest said that they their income and the way they manage it means that they were able to afford the new price of the flat without getting into debts.

Consequently, as was often argued, this left buyers with large debts which had to be repaid in monthly instalments. Besides borrowing from relatives and friends, buyers explained that there were two other sources that were used to borrow money. The first of these is the Project Bank, and the second is the Building Cooperative to which most factory workers have access.

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[23] He was taken by a friend to hospital during one of my visits.

Many of the buyers spoke at great length about the amounts borrowed and the implications of the debt repayments on their lives. They spoke about how, after the monthly repayments, they had little left for their every day expenses. Abu Leila, who is the sole earner in a household of seven with a wife plus five children under the age of five, gave a detailed description of the amount of debt repayments he had to meet every month.

> "I get paid LE106 a month. I have two debts to repay, one to the Building Cooperative in the company where I work, and this is for LE20 a month. The second is to the bank for LE26. Then there is the monthly rent of LE42. So if you add LE20, LE26, and LE42, this amounts to LE86 per month for the apartment alone. This leaves us with LE20 for all our other expenses. I used to pay LE5 rent" (Interview, 1989).

Others chose to sell some of their belongings, often in addition to borrowing. As is often the case with those who are in formal employment and have a fixed monthly pay, Egyptians buy electric household appliances and furniture through their place of work and pay them in instalments. This system means that each month a portion of their income automatically goes towards repayment. Having to sell what they have been paying for over months and months is obviously very hard. Many of the buyers had to do just that in order to get housing in the HNC and expressed a great deal of bitterness . Um Aly, one of those who spoke about this issue explained:

> "We sold everything for nothing to meet the payments. The TV we bought for LE350 and sold for less than half its price, the refrigerator was for LE600. We used it only for one year and sold it for LE200. Even the furniture we sold. All that remains is the bed and a couple of wooden chairs. All this and we are still in debt" (Interview, 1989).

Um Salah also said:

> "My husband says to you that we managed fine meeting the first instalment for the flat. I do not know what he means because we had to sell everything we owned for that. The coloured TV, the gas stove the fridge, the fan, everything and

we are still paying the instalments for some of these items"
(Interview, 1989).

Some of the men who talked about this issue were so furious about having to sell so much, that they did no even try to conceal that they had to sell some of their wives' and children's belongings. This, in regular circumstances, would be considered as shameful behaviour and men would not admit to having done it. Abu Mahmoud, among others, said bitterly: "This was an absolute disaster for us. We sold everything we owned. I had to sell my wife's and children's gold" (Interview, HNC, 1989).

Long discussion centred on the often dire situations that the HNC flat buyers were faced with as a consequence of indebtedness and loss of goods accumulated over the years. Despite long fieldwork experience in low income areas, I found the bareness of some of the flats in HNC quite unique. Most explained that the situation as it stands could not go on and that measures had to be taken in order to get extra income. Many of the men spoke of taking on extra jobs, but added that this was no longer easily available with rising unemployment. Some women were thinking of finding jobs for the first time and again no one was optimistic about the prospects.

The impact of the new economic situation on many of these household meant cutting down on expenses which met basic needs. Um Leila, mother of 5, was embarrassed and sad when she described how, for the first time, she had to cut down on buying essential food for their young children. "I cannot even afford to buy milk or eggs. I feel absolutely miserable that my children should be deprived of such basic food items".

C. INTRA-HOUSEHOLD TENSIONS:

The frustrations as well as the financial pressures of buying the flats has led to difficulties among many relationships within household, some quite

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serious[24]. As shown above, the decision to buy the flats in the first place and then to go ahead with the plan despite increases in price, was taken in a number of cases as a result of one member of the couple's insistence, rather than as a result of consensus. Many quarrels occurred about the resulting problems and a lot of blame was put on one or the other member of the couple. There were cases, such as that of Abu and Um Haguer mentioned above (p. 160), where they bought the flat as a result of her insistence because she hated being crammed in one room sharing with Abu Haguer's parents. All the financial problems that the household was facing at the time of the research are blamed on her. Although she was suffering trying to meet her responsibility to make ends meet, she was not allowed to complain.

In other cases, where it was the husband who wanted the move, as in the case of Abu and Um Sherif, the situation was reversed. In this instance, she was happy living in close proximity to her parents and, as she said, saved money through being provided with occasional meals by them.

> "I did not want to come here," she explained, "I was happy in my house surrounded by my family. We cannot live properly here when most of his [her husband's] pay is spent on debts and instalments. We are also so far from civilisation that to do my simplest shopping I have to take public transport which is an expense we did not have where we were before".

Putting his case forward, Abu Sherif said:

> "My in-laws made my life hell. They interfered in everything related to our life. I would be sitting in my house and find them in the middle of the room. We could not have an argument and my wife would let everyone interfere. She was completely unmanageable".

He went on to tell the story of their move to the flat. He said that when he told his wife about the house in 1984, she made a 'scene' as she did not want

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[24] I was conducting fieldwork in Arab Rashed and HNC, and could feel a significantly more tension between household members in the latter.

to move. She and her family wrote to the agency saying that he already had a house. The Agency summoned him. He told them that the flat he was living in did not belong to him but to his wife's parents'. Having proved his eligibility, they put him back on the list. He told his wife that he lost the flat and started paying for it in secret and tricked her into selling the fridge so he could meet the last request of payment. When it was time to move, he announced that they were moving the following week. She refused to follow him, so he left and stayed in the house for a month until his family and friends persuaded her to take the children and go to live with him.

She privately explained that she wanted a divorce, but her brother warned her that her husband would take the children. So she went just for her children regarding the move as a trial and if things got to be too much, she would leave. She said he hated everyone and here he did not mix with anyone, although others were trying. In response to her accusations Abu Sherif said that the occupants of the flats were "not my kind of people". She said "nowhere are people his kind of people".

In the above case there were obviously many problems between the couple. The move to the new flats might just have been the last straw. However, one cannot ignore the financial pressures and other problems that this move caused which helped inflame the whole situation. This is better illustrated in the case of another couple, Um and Abu Mohamed.

Abu Mohamed was one of the buyers who was not able to meet the monthly instalments of the flats and thus had not paid them since he had moved in. He saw his life collapsing and felt overwhelmed with all the financial demands he was unable to meet.

Um Mohamed, in order to make some money to help with the increase financial demands, found a job as a cleaning lady in a hospital. Her job meant long hours away from home. Abu Mohamed complained that the whole

move to the new flat was her idea and that now they were all having to pay the consequences. Serious rows started occurring, and although, as Um Mohamed explained, this was not new to their marriage, things deteriorated so badly that he started to beat her viciously and accuse her of unfaithfulness to him. She eventually left him, and he blamed it all on her 'newly discovered independence'. He said: "She started to make a few piasters and believed herself to be a human being. Let her go to hell". He said bitterly: "I have not paid them [the Agency] for three months now. Let them come and take my belongings, I have nothing left as you can see". And, indeed, he had not.

Since household rows are rarely a secret business in cases where living arrangement are in such close proximity, discussions about several of these cases was one of the favoured topics of conversation. Talking of individual cases often led to general discussions about the reason for what was seen by many, as a higher incidence of household problems as compared to where they came from. Many attributed this tension to difficulties in adapting to a new place but mostly to the financial difficulties faced by everyone. The argument was, as Abu Saleh, among others put it:

> "I think there are lots of rows between couples because of the amount
> of pressure that expenses are causing and because of the many needs
> that the family provider is unable to meet" (Interview, 1989).

D. THE QUESTION OF AFFORDABILITY AND ELIGIBILITY: 'HOUSING FOR LOW INCOME PEOPLE?'

If this Project was aimed at meeting the housing needs of the Low Income population, how did it come to cause such a financial burden on them? was a question asked by many. The big question that was asked by most in Neighbourhood 5 was 'where are the poor? No way can low income people afford this'. Like many others, Abu Mohsen asked about the definition of 'low income'. His question was about how Government assumed that a

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person with a fixed salary could raise such a large amount of money to meet the first instalment.

> "I am sincerely interested to find out what they [the Agency]
> mean by low income. They have this large sign at the door
> saying low income. What is their definition of that? We are
> all here on a fixed pay and they do know how much that is"
> (Interview, 1989).

Discussing the monthly instalments, Abu Aly, in his angry manner, asked :

> "Where is the low income population in the whole matter?
> Why did the agency ask for our pay receipts if they were not
> going to use them to estimate what we could afford to pay for
> rent?" (Interview, 1989).

Abu Ahmed also argued his point along the same lines saying:

> "These flats are absolutely beyond our means. I would like
> someone, anyone to explain to me what these people meant by
> low income housing. The monthly payment was supposed to
> be one fourth of our pay. It is in fact 55% of my pay plus
> incentives" (Interview, 1989).

The outrage about the increase in the price of the units raises the question of eligibility and affordability. None of those who met the increasing cost felt that they could afford it. Project documents and interviews show that although there might have been some concern about eligibility and affordability, they were dismissed as not really serious. After all, one of the major goals set by the Project Paper was to '..switch GOE's emphasis from middle to low-income families' (Gardner, 1990, p. 11). Based on this, the HNC Project was targeted to the lowest 60th percentile of the income distribution for the Helwan factories (Integrated Development Consultants (IDC), 1987, p.1). This changed over the years to exclude those who were below the 30th percentile. There was also a shift from taking basic salary to total salary of the head of the household as a measure of income. The condition was that housing costs were not to exceed 20% of income (Ibid, p.3).

The major argument held by the Agency employees was that the increase in the level of income, and the way in which eligibility criteria re-adapted over the years of the Project, matched the increase in the price of the units while affordable to the target group. USAID auditors were however unsure about this point. They raised the question of affordability in their report of 1989 and 1990, expressing concern about whether or not buyers would be able to meet the required payment. To satisfy their enquiries USAID local office contracted a consultant to carry out a study to investigate the issue. The conclusion of the study was that more than half of the buyers were paying more than 20% of their salaries for housing, with some paying up to 37% (IDC, pp.13-14). This, according to WB estimates, is 12% higher than the percentage of income that low income population could afford. It is 20% to 25% higher than the estimates of other research in other countries (In Wakely, 1988).

The IDC report goes on to explain that actually the measurement of affordability based on head of household salary was not accurate as there is the possibility of secondary incomes of wives and sons. In other words there is no affordability problem because the income of other members of the household would contribute to the payment of the instalments. The argument however did not really hold when the survey that was carried out showed that only 8% of second generation and 12% of wives had access to income (Ibid, p.9). In my research, as shown above, it is even less, at 2% and 8% respectively.

In short, although the Consultants' report suggests more flexibility in the system of repayment, such as extending the period for some to 40 rather than 30 years, it limits the number of those for whom the units are unaffordable to only 10% of the buyers. This percentage, the consultant admits might be an underestimation. The problem of affordability is avoided by the explanation that eligibility is based on total rather than basic salary, the argument that

other household members are income earners and that the affordability picture improves with the passage of time (Oldheim, 1987).

Interviews with Agency senior employees raised further doubts that the measures of eligibility and affordability would be revised in the future. The Agency staff interviews revealed that most hold the basic view that the whole question of affordability was a big fallacy. They believe that factory workers make a 'lot of money' out of working over-time and by having second jobs- that they pretend to be poor in order 'to get an easy ride'. There were a number of comments like "but they make more money than I do", or "don't believe them, they pretend to be poor because they think they can get things for free" or "you researchers are so naive you believe everything you are told".

In other words, stereotypes about working class people dominated the Agency's views around this issue. Very few of the employees had any empathy for what was reported about economic hardship caused by the terms of the Project. They not only accused the 'beneficiaries', as they call them, of deception about their income, but they also accused them of being parasites 'who got used to getting everything for nothing' and that 'it was time they paid their due'. Some also suggested that by getting them to invest money in housing, the Project was actually 'saving them from their vices'. A number of the Agency employees went as far as to argue that by committing them to pay a fixed proportion of their pay monthly, this meant that the Project was 'helping them from using their extra money on bad habits such as drugs or taking on a second wife'.

Although affordibility and eligibility were at one point 'hot issues' in the Project, both the Consultant's report and the Agency misconception seem to have put it to one side.

E.   ESTABLISHING RESPONSIBILITY:

Throughout the discussions with the inhabitants of Neighbourhood 5, the issue of who was responsible for their predicament kept cropping up. They had feelings of bitterness and anger about being at worst cheated and at best let down. These feelings were not only directed towards the Agency, but the Government in general. Most were less clear about the extent of the role that USAID played in the decision around pricing. While most, as will be shown in the next sections, blamed USAID with respect to other 'sides' of the Project, it was exempt of blame for the price.

The blame directed to USAID was mostly indirect. Some said they were puzzled by the fact that the Project used an American grant, and that they [the buyers] still had to pay so much. Expressing such concern, Abu Mohsen asked:

> "How can this be an American Project, financed by American
> aid money and yet we have to pay back the full cost of the
> units plus a 4% interest? If the money is a grant, that means
> it is not returned to the Americans. So why pay all this plus
> interests. Who is going to get this money?" (Interview, 1989).

Abu Salah argued:

> "If the Americans were more involved in this Project, none of
> this playing around would have happened. We [Egyptians]
> always say that foreigners have no morals. Well I think they
> have much more conscience then we do" (Interview, 1989).

Other people, like Abu Hamid, saw that the problem resulted from the involvement of American money which meant more chance for foul play.

> "All the people involved in the project stole from it and the
> Americans know nothing about it. This stealing did not occur
> in May City because it involved Egyptian money which is
> easier to supervise. It was easier to know how it was used and
> where it went. Because this was American money, the playing
> around was easier" (Interview, 1989).

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Most of the anger was directed towards the Agency. The buyers argued that the Agency staff intentionally misinformed them about the price. They said that although the Agency employees had explained that inflation was the reason for the increasing cost over the years, they did not believe this was the real reason. They felt that the Agency lied to them in order to get them to buy the units.

With the Agency being a Government institution, blame was often also generalised to the Government. This led to long discussions, about how the buyers felt about the Government as they have been experiencing it, especially during the last decades. The discussion generally focused on how Government basically 'does not deliver to the poor' because personal interests always come first. The Project was seen as an illustration of just this phenomenon. Accusations that simply everyone is corrupt, dominates most conversations among Egyptians. In the case of the HNC inhabitants, finding reasons for their hardship which are to do with other peoples' greed and corruption, seemed to be their way of expressing their anger and resentment.

Some repeated a rumour that a group of the old Agency senior staff stole LE5M and escaped. The extra amount of money that the buyers have been asked to pay, the rumour goes, is to compensate for the loss. Others accused the engineers who were seen to be in a conspiracy with the contractors to make more money.

Abu Hala, one of the more bitter inhabitants of the neighbourhood said:

> "There was no proper supervision on the part of the Government and that is why the cost went up. I do not believe this business of the prices of construction material. First of all the materials are the cheapest possible. Second it is well known that when signing a contract there is a clause that says that the client will not be responsible for a rise in price, so who are they fooling? The thing was done for the mutual gain of

contractor and the agency, 'chaiilni wa a chaiilak'"[25] (Interview, 1989).

In their anger about the money they had to pay, the buyers needed to have a concrete enemy to blame and they chose the most obvious. USAID, on the other hand, not being directly in the picture, was viewed by some in the role of the generous provider who was not allowed to give as much as it wanted because of those in the middle, whose lack of care or greed resulted in those on the receiving end not getting it.

Some of the buyer's views reflected that everyone had 'a piece of the cake' and that if Government had a chance it would have had its 'slice' as well. Abu Salah was one of those who felt that everyone who had a chance made a personal profit out of the Project. He described it as a hierarchy of people who made money.

> "The contractor ate[26]. The engineer who is supposed to make sure the work is done properly also ate, or else the work would not have been of the quality you see. The agency also did the same. In short there are lots of people who got fat out of this project. If it is true what we are told, that some people high up do not like this project it must be that they did not have the chance to eat as well (Interview, 1989).

Others saw the Government in an exploitative role, wanting to get the most out of people even, the poor. Abu Hani, who claimed that he had inside information from people he knew at the Agency said:

> "I was told by people at the agency that the price went up because at first the MOH and the Governorate did not attach any value to the land as it was just unused desert. Therefore they gave it to the project for free. After the infrastructure was

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[25] This is an Arabic expression that would literally translate 'you carry for me, I carry for you', meaning you do me a favour and in return I will do you a favour. The 'favour' here often has a negative connotation, ie it is often not straight.

[26] An expression used for those who embezzled or were bribed.

installed they became greedy and asked for a price. As a result, it is us, the poor, who are paying the price (Interview, 1989).

Greed was one of the words most used. Many made comments such as 'These prices show us that the private sector is not more greedy than the Government (Interview, 1989).

By asking for interest, many saw the Government as exploitative of people's need for housing in a way to make money instead of providing services to the poor. Abu Mostapha argued:

> "In the past Government used to help the poor to survive by providing extra services for them. Now they are making a profit out of us. I cannot understand how a Government takes interest from the poor" (Interview, 1989).

Abu Mervat's argument, like many others, was about the unfairness of Government:

> "Why does the Government have to burden me so? I am a hard working labourer, I pay my taxes. Why not try to make my life less difficult so I can work and produce better? How can I be expected to have any loyalty to my country now? This is the country of the rich, it does not belong to us (Interview, 1989).

Abu Hamid condemned squatters and questioned the logic of Government in dealing with different situations:

> "We are punished for doing the legal thing. This is what our Government is like. If you look here in front of us you will see squatters on the edge of Atlas[27]. They have no right to the land like many others around the country. They are people who are willing to take a risk and they often win. It is money like that the Government is losing which it is compensating by

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[27] Atlas is another big Public Housing Project built in the sixties. It is right next to neighbourhood 5.

over-charging people like us who are unwilling to defy the law" (Interview, 1989).

IV SPACE, DESIGN AND CONSTRUCTION PROBLEMS

While the price of the units took the larger share of discussions that went on in Neighbourhood 5, most buyers also had a great deal to say about the quality of the units.

A. SPACE:

Compared to other public housing projects, the units in Neighbourhood 5 are considerably smaller. As mentioned above, the size ranges from 56, 67 and 84 sq meters while the minimum size in housing built in the 50's and the late 60's housing was 85 sq meters. In May City, the average size of units in 95 sq meters.

The reason for the smallness of the flats is that, as discussed in the last chapter, they were built on the same plots which were designed for Sites-and-Services. The size of the latter were small as more space was to be achieved by vertical expansion. Considering this is no option in the case of ready-built flats meant that buyers were stuck with tiny rooms and no space for expansion. In most five story public housing buildings in Helwan, occupants were able to build one or two room extensions to their flats. This involved the provision of a five story framed concrete column and/or brick structure to any side of the existing building (Tripple and Wilkinson, 1987, p.239). This ingenious solution to finding an answer to some of their marrying children's housing problems, was facilitated by the fact that there was enough space between blocks to allow such expansion. This option of external extension is denied the HNC inhabitants, as space between blocks was

intentionally restricted to avoid what the Agency staff see as a 'potential disaster'[28].

Having to live in such confined conditions was thus seen by many of the buyers as being highly unjust. Inhabitants of models A and B obviously felt the most frustrated. As discussed earlier in the chapter, buyers, again were not allowed to choose which model they wanted to buy. A complicated, computerised system was used to allocate different models to buyers. Through trial and error, a system whereby points were given to level of income, number of household members and age, among others, was devised. The system did not always work, and there were often cases where a household of six or seven members were allocated the smallest units. Many of the buyers found no sense in the system of allocation and were furious that they had to accept things as they were, no matter how unfair they found them. In their effort to pacify angry buyers, the Agency staff explained to them that there was no question of unfairness since the selection was all done by computers. This explanation was, as expected, met with a great deal of cynicism. Comments such as 'show me this Mr.Computer, I would like to ring his neck' were made.

Housing scarcity in Egypt means that there is very little residential mobility. Household members often stay in one residence over their life time. Increasingly also, even in urban areas, adult male children will marry and stay with their parents, as very few can afford to find a place of their own. As a result, overcrowding is a very real problem. For the Helwan factory workers implied buying a unit in HNC means that most probably, this would be their house for the rest of their lives. Therefor, finding that they have to live in tiny spaces involved a whole future of uncomfortable housing conditions. It also means that marrying children have no option but to leave or stay and live in very difficult conditions. Discussing these issues, many of the flat

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[28] This they saw as the creation of a squatter style settlement-something they did not want to be seen associated with.

inhabitants again questioned the reason why they were given such bad living arrangements. Again questions were raised about the Agency, Government in general and USAID.

Abu Ali, among others raised the question of why such small units were built, since the usual problem of scarcity of land was not at issue.

> "We can't understand why they were so stingy with space when land is so cheap here, it is only desert. They [the Agency] say it is the Americans who decided on size, but if this is true why did they accept it? Of course all they care about is to save as much money from the building expenses to go to their pockets" (Interview, 1989).

Um Ali added :

> "The apartment is too small. We have five children, two of them are teenagers. We arrange our sleeping so as my son sleeps in one room and me, my husband and four daughters share the second room and the hall way space" (Interview, 1989).

The idea is that the room the son (nineteen years old) is occupying is seen as potentially his when he gets married. He will bring his wife to live there and then in the future his children will probably also share the room.

Some of the buyers had to leave members of their extended family behind because of lack of space. While some members of the household saw this as a disadvantage, others were glad to have independence from in-laws. Lack of choice was however a source of complaint. Abu Mahmoud who felt responsibility towards his mother and kid brothers explained:

> "Why are the apartments so small when we are in the desert? We requested a three room one, they gave us this tiny apartment. My mother and my two youngest brothers refuse to come now because of lack of space" (Interview, 1989).

There was some blame also put on USAID. Resentment was very much directed against the Americans for basically '..wanting us, the Third World, to remain in our place and not develop'. Abu Soad was one of those who held such views.

> "Americans want us to live in bad conditions and never improve. They lend us money as long as they can guarantee that we will always be reminded of our place as inferior beings to them. Yet they want us to be full of gratitude to them. This is part of their plan to strip us of our pride" (Interview, 1989).

B. THE INTERIOR DESIGN OF THE UNITS:

The smallness of the rooms was also compounded by the absence of balconies in model A flats as well as badly located balconies in models B and C. Balconies in a hot country like Egypt, are an absolute necessity. They are used during the day to hang the washing, provide children a space to play, and in the evening they provide a space to sit with the family and enjoy the nice cool breeze. In HNC where balconies are available, they are located on the inside of the block looking onto the courtyard rather than onto the street. This means that balconies of adjacent apartment look onto each other, and are so close that the neighbours could literally shake hands from their individual balconies. Being so exposed means that balconies cannot be used freely especially by the women. Many buyers saw this as a very big disadvantage. Abu Soad who lives in a model A flat explained:

> "We have no balconies so where is my wife supposed to hang the washing? Also there are no spaces for children to play and I do not like my daughters to play on the street, especially because a road will be built right next to us here. The balcony would have provided the children with a breathing space. I told the people at the agency that I want to build my own balcony, even if this means taking out of the space of the room. They refused my request saying 'this is an American project, we have to keep the design as it is'. Even the balconies in models B and C are quite useless as they overlook each other" (Interview, 1989).

Many women complained about feeling cooped up in the flats with no breathing space. They explained that they have to keep the balconies shut all the time as well as the window shutters closed because there is no privacy at all because of the way the units are built.

The inhabitants of the HNC saw that the fact that it was an Americans design, the only justification for why the units were built in such an unsuitable manner. Many said things like 'this explains it. Westerners have no problem with privacy, they do not mind unrelated men and women mixing and being exposed to each other'. This they however found as no excuse for the execution of the design. Their argument was that they accept that Americans do not know better, but what they could not accept was why the Egyptians, ie. the Agency, accepted such a design.

Abu Haguer said:

> "I can understand that the Americans find no problem sharing
> balconies, and not caring that their wives are seen half naked
> by their neighbours. But we are Muslims. This is completely
> unacceptable to us. I don't blame the Americans, it is our
> people that I blame. What these designs show is that they [the
> Agency] just do not give a damn"

Abu Hamid, along the same lines argued:

> "OK they made the designs in this way but they are not
> Muslim, how would they know how we like to live as
> Muslims. If they had told the agency to put a rattle or a bell
> on our mosques would they have accepted?" (Interview, 1989).

Similarly the courtyard in models A also caused big problems. The adjacent apartments of the ground floor share one courtyard which is accessed by a balcony door. This meant that there was no separation between the two balconies which again have privacy as well as security implications. In
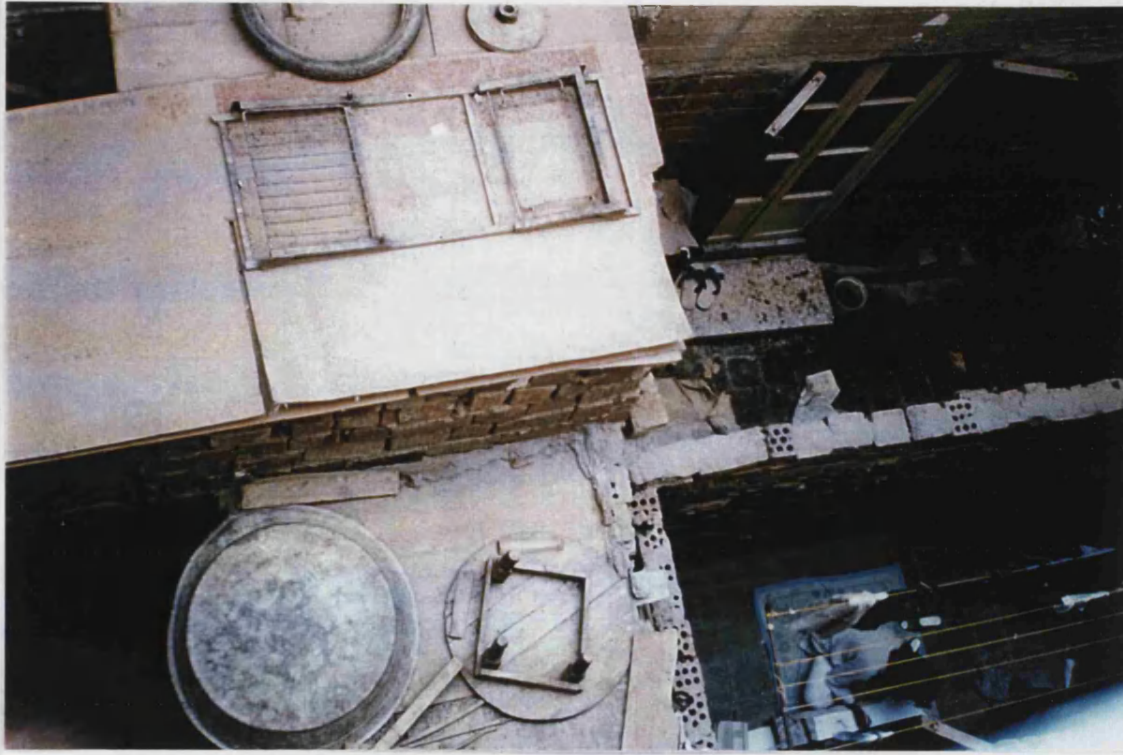
The first stage of partitioning and appropriating the courtyard
in Neighbourhood 5 (1989, aerial photo)

The second stage of appropriating extra space through the
construction of outer walls - Neighbourhood 5 (1990)

response, the first thing that most of the ground floor inhabitants did was to build a wall to separate this space. They found it very strange to share such a space which they mostly used for hanging the washing. This was pointed out to me frequently with interviewees asking with indignation 'Did you ever see such an arrangement?'.

The Agency objected strongly to the partitions that were built through the buyer's initiative. Their point was that the courtyard belonged to the inhabitants of the three floors and did not belong to the ground floor owners alone. This space, they explained, was provided to compensate for the absence of the balconies and was to be used for hanging the washing. Their first reaction was to come round and pull a few partitions down. This however caused so much havoc that they resigned themselves to the fact that they should leave this matter alone[29].

Another major problem in the interior design which also has to do with privacy, is the size and especially the location of the toilet in flats model B and C. The toilet in these two types of flats opens onto the centre room-hallway, which is used as a living room. This means that every time someone needs to use the toilet they have to go through the living room, which makes it quite a public affair. In addition the flimsy doors of the toilets results in the person feeling exposed. In the presence of visitors, who will always be received in the living room, this becomes an embarrassing exercise, especially for the female members of the household. Many complained that they were unable to use the toilet when there are male visitors. One or two of the women even said that when there were visitors, they would make sure there are no men at the neighbours' and go to use their toilet!

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[29] These partitioned spaces were subsequently roofed to create a small room, and the other floors followed suit. This meant the courtyard was filled in (see photos, p. 285).

C. THE QUALITY OF THE CONSTRUCTION OF THE BUILDINGS
    AND THE INFRASTRUCTURE:

In addition to the size and the design, the quality of the construction was identified by the buyers as the third major problem with the flats. The way the infrastructure connections were installed seemed to be on top of the list of construction problems. It only took two months of living in the flats, to show that there were serious faults. Sewage and water overflow was already in evidence during the time of the fieldwork (see photo, p.287). Subsequent visits showed increasing evidence of the problem. When asked about these problems, the Agency staff denied they were a result of bad construction but blamed it all on inhabitants' misuse of the facilities. They kept commenting that there are problems because `..these people are ignorant, and do not care about keeping their environment in order'. The inhabitants on the other hand complained that toilets get easily blocked, leakages occur and cause high levels of damp which result in a high incidence of electrical short circuits. Abu Aly explained that the sewage connections served facing blocks which means that if a pipe is blocked in one of the apartments, not only are all the units blocked there, but cause blockages in the block facing it.

>"There are overflows already occurring. It is unforgivable
>really. Not that we are not used to sewage overflows. Where
>we lived before we suffered a lot from that. But it was an old
>area and the pipes were disintegrating. There is no excuse here
>where everything is supposed to be new. It is basically an
>engineering mistake that is causing the problem. These people
>[the Agency] simply have no conscience" (Interview, 1989).

While Abu Aly blamed it on the Egyptian engineers, Abu Mervat directed his blame to the Americans.

>"The Americans were responsible for the infrastructures and
>they did a poor job. Everything is already falling apart. There
>are leaks in the water and sewage connections and the cables
>are melting. When they left they probably did not give the
>infrastructure plans to the Egyptian which meant that when the
>latter started the construction, they had to do it through guess
>work" (Interview, 1989).

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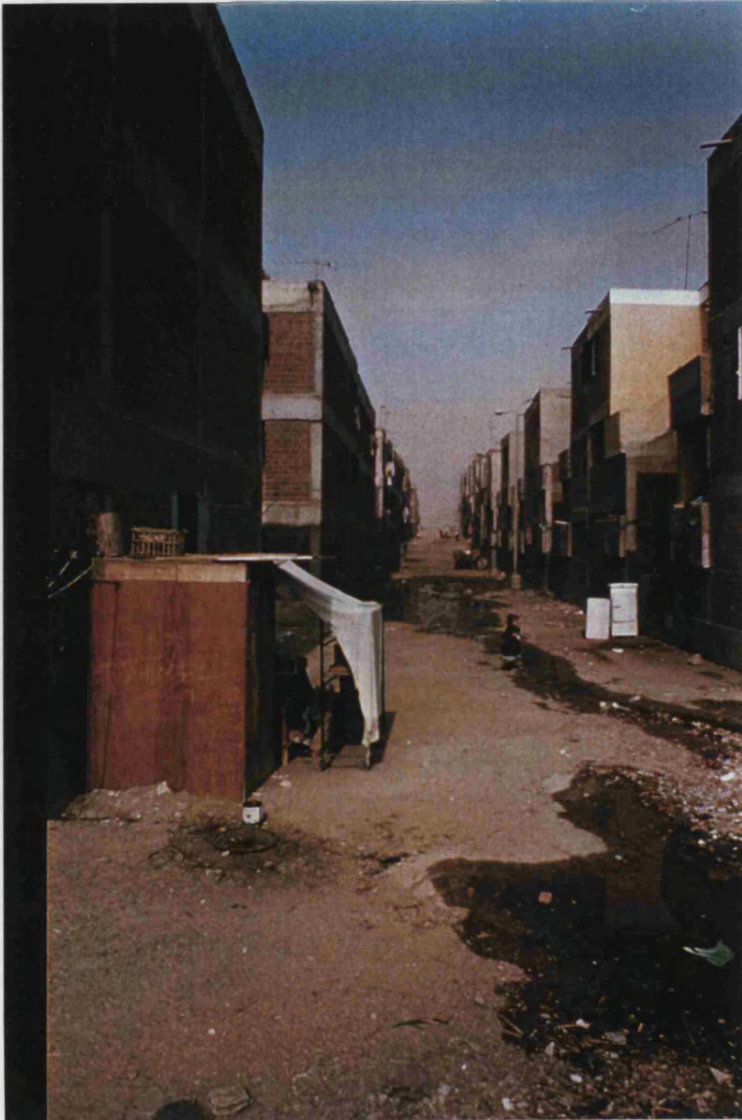
Water overflow problems in Neighbourhood 5 (1990)

The problems faced by the buyers led to some feeling insecure about the permanence of the flats. Abu Salah, who was a quiet man who lived in very bad housing conditions previously said:

"I feel that the houses will not survive more than three or four years. As you can see there are already leaks everywhere. I found a serious looking patch of damp on my wall. The Agency engineer who came to check it said 'the neighbours upstairs must have left the tap on'. This is nonsense as the neighbour was not even here yet and the leak is not in the ceiling, it is close to the floor. The ceiling has got holes in it and the walls have little cement and mostly sand. My son [2 years old] was playing with a pen in a small hole in the wall. It was so fragile it just crumbled and made a big gap?" (Interview, 1989).

There were also many who talked about cheap building material and the bad finishing of the units. The Agency staff admitted that in the effort to cut down on cost, and attempting to achieve cost recovery, many of the features expected in the finishing of the units were left out. The outside of the buildings, including the balconies, unlike any other public housing project, were left without plastering or painting. The inside walls were plastered but not painted. The basins and water faucets were also of bad quality and badly installed. The cement tiling on the floors, in addition to its inferior quality and the sloppy manner in which it was laid down, was all stained with building materials which was found impossible to clean.

Like many others who were disillusioned with the quality of the flats, Um Nawal said:

"There is nothing good about these flats except that the floor is dry. We lived on the ground floor where it got inundated with water every now and then. When I heard of this project I thought we were saved. However there are so many problems here one cannot believe it" (Interview, 1989).

Abu Aly also said:

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"I always lived in public housing. First, when I was a child,
in housing built at the time of Nasser in Helwan, the apartment
was 85 sq meters and my father paid PT 185 a month rent.
Then we left that apartment for my brother and his family and
moved to May city in a flat of 95 sq meters for LE48. I never
saw such bad conditions as there are here" (Interview, 1989).

Many of the inhabitants of Neighbourhood 5 spoke of what they thought was
the reason for the poor quality of work. They argued that there was a great
deal of subcontracting that occurred. Abu Salah and Abu Hassan, who live
in adjacent apartments made it their business to get to the bottom of things.
They explained that the big contracting firms sub-contracted to smaller ones
who in turn gave the job to even smaller ones, who to make a profit employed
cheap labour, children who were paid very little. "This" , Abu Hassan added,
"meant that lots of these contractors made money for nothing and also meant
that work went from more to less capable hands". They said that they had
been observing the construction work of the unfinished units in the
neighbourhood. They pointed out the fact that the construction was actually
done by children of twelve to sixteen.

The Agency's lack of proper supervision, or as many saw it, self interest, was
blamed for the issue of sub-contracting. Abu Aly, among others, accused the
Agency for "..allowing the contractors to sub-contract to others. Obviously
they are making a profit out of this too or else why should they accept such
arrangements?" (Interview, 1989).

Many buyers said they had to re-do the wiring as it was very badly and even
dangerously done. The evidence of such poor work was obvious even to an
unexperienced eye. All the mistakes had to be repaired by the buyers which
was another expense that few could afford. Like many others Um Leila
voiced her resentment saying: "No repairs are made by them [the Agency],
although all the problems are a result of their mistakes. All the repairs are
made by us and we pay and pay and pay" (Interview, 1989).

A number of buyers complained about the lack of interest among the Agency staff in providing the minimum support for at least getting undamaged or incomplete units fixed. Abu Samir described it by saying:

> "They are absolutely passive. They do not get involved in anything. In May City the work was done very well. No mistakes were made there because the staff take responsibility for maintenance. Here we get an apartment full of problems and they refuse to fix anything. The day we were given the units we were given no chance to object just had to sign after a quick look around the apartment" (Interview, 1989).

As shown above, while the discussion around the price and the quality of the construction brings out resentment towards the Egyptian (the Agency and the Government), when it comes to the design and the size of the units, USAID takes some of the blame. There was a clear division between the inhabitants of Neighbourhood 5 around how they felt about the role of USAID or as they call them the 'Americans'. As has already come through in the previous section, There were those who saw the Americans in a totally positive light, there were those who were sceptical, and then there were those who showed quite strong anti-American feelings.

Those who belong to the first category felt that because the 'Americans' were not involved in the construction, everything went wrong. They believed that if the 'Americans' had finished the job, this Project would have been what it was set out to be. Some, like Abu Ahmed, was convinced that it was the Egyptians who asked the Americans to leave[30] and that since then the Project had gone down hill (Interview, 1989). Abu Hala argued that he felt he had been fooled because the Project was advertised in a way that made people believe it was an American Project, financed and implemented by them, while in fact this turned out to be a lie.

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[30] He was referring here to the shift from the Sites-and-Services and the 'Americans' not being involved in the Public Housing.

> "When we first heard this was an American project we expected wonders. We saw the health centre they made like a glass pyramid[31] and we thought these apartments were of the same calibre. If they would have done all the work, there would not be all these problems we are suffering from. We all know how efficient foreigners are. You can see what they did with the underground" (Interview, 1989).

The Americans were however blamed for not supervising the work until its completion.

> "Having paid for the Project, the Americans should have supervised the work to make sure it was done properly. Because they did not, we are the ones paying the price" (Interview, 1989).

There were a few buyers who, in general held anti-Western views, and thought of the Americans as the real reason for their predicament '..because they do not care about us in the third world'. Others questioned the real motive that Americans have in giving countries like Egypt financial aid, and what this means in terms of what the latter are expected to do in return.

One of the stories that a number of buyers kept repeating, was the story of the American Congressman who was shown one the apartments during a visit to the site. The story, which was confirmed by the person whose flat was visited, was that this Congressman was brought to the flat and after looking around said: 'why do you have a poster on your wall showing Japanese scenery? Why didn't you choose one with American scenery? Don't you know that this is an American Project?'. The comment, which was probably said in what the Congressman thought was in good humour, was received as an example of how the Americans are not doing this for nothing. The argument was that Projects of this sort are to get people to be grateful and to have loyalty to the Americans and thus become sub-servient to them.

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[31] This was a building funded by USAID in the early eighties as part of a Ministry of Health programme constructing, and upgrading Primary Health Care Centres in Cairo.

Those with more ambivalent views about the American role, saw them as those foreigners who live in strange ways and who know little about the life of Egyptians and Muslims in general. If they did make mistakes it was out of ignorance and\or lack of care.

V FACILITIES AND SERVICES

> "They gathered us together in 1986 and gave us a talk about the wonders of the project, showed us a video and gave us refreshments. They made fools of us showing us all these wonderful things on video of what the housing project will develop into. It turns out to be less than any other housing project around here" (Interview, 1989).

Abu Mervat among many others explained how beautiful the Housing Project looked on video and in the model. There were mosques, schools, parks, shops and beautifully paved streets (see sketch in Appendix 8). However when they came the only primary school was not ready yet, there were no mosques, no shops and definitely no greenery or paved streets. What added to the grim atmosphere of the place were the fences all around and the checkpoint at the entrance.

A. THE AREA AND SERVICES:

Neighbourhood 5 was surrounded by a fence and there was only one entrance controlled by the Agency security guards. The Agency staff explained that there were two reasons for such security precautions. The first, they said, was because the construction work was not yet finished and therefore there were building equipment and material on the site. Having a security check point was a guarantee that no theft would occur. The second reason was that it was a way to keep a check on what furniture is brought in and out of the neighbourhood, a way of controlling speculation. If furniture was brought in,

the ID[32] and proof of ownership had to be shown. In cases where these are not on the list of legitimate buyers, then it would mean that someone else had bought the flat. Likewise, if furniture leaves the premises then a check could be made.

Although most of the buyers knew the reasons for the precautions taken, they felt resentful that being the legal owners of the flats they were treated with suspicion as if they were all potential wrong doers. The set up as it was, added to the non-attractiveness of the area, they explained, which made them feel like this was not 'home' but more like a prison or a concentration camp.

> "We feel like we are Palestinian refugees, put in camps under guard. It is a horrible feeling to be surrounded by wires as if we were punished or something" Abu Hala exclaimed (Interview, 1989).

The question of supervision to prevent speculation was also raised. Some of the buyers said this was all a charade. In fact those who did want to sell their flats managed to do so as long as they struck a deal with the security guards. One of the senior guards, they explained, is making a lot of money by threatening people who want to sell their flat that they would be reported unless he got paid a commission.

Other than the inconveniences mentioned above, there were also practical problems caused by the fencing. It meant that neither street vendors nor garbage collectors were allowed in. To buy daily necessities, women had to walk long distances and often also use transport, which meant extra expenditure of time and money. Garbage also had to be carried out, mostly by children of both sexes, and dumped at far distances.

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[32] All Egyptians above 16 years have to have an Identification Card which they must carry on them at all times.

Other than the fence problem, there were also complaints about the lack of greenery in the area. The Project area was again compared to May City, which had parks and green squares. In order to create a bit of greenery, some of the buyers started planting small squares of vegetables and flowers in front of their houses. Going through the neighbourhood, this was actually a pleasant sight. However a bulldozer came round and dug out the green patches. This was seen by many buyers as outrageous and inexplainable. Many, who already saw the Agency as an enemy, felt this was the last straw. Angry buyers, who for months have been asking the Agency to clear the area of rubble and sand and who were told that the Agency did not own the equipment to do it, were furious at the fact that suddenly a bulldozer was produced to destroy their plants. When asked about it, the Agency explanation was:

> "We know these people, they play innocent while in fact they were planting these patches in order to claim ownership of the land. If we leave it, they will eventually use it to build extra rooms ".

B. FACILITIES:

Many of the facilities that were promised to the buyers were not ready when the inhabitant of Neighbourhood 5 moved in around the months of June, July and August 1989. They were promised schools, mosques, health centres, nurseries, post offices and food cooperatives. While many of these facilities were under construction, some even close to completion, there was very little hope they would be functional for another year. The discussion here will only focus on the school and the mosque. The fact that these were unfinished in the case of the former, and not even started in the case of the latter, caused a great deal of controversy.

1. The school:

The buyers were told that by the new academic year, which starts in late September, the primary school would be open to accommodate their children.

Consequently, most parents with young children took them out of their old schools at the end of the academic year thinking they would be admitted to the new school at the start of the new academic year. As the new academic year approached, they made enquiries about the procedures to apply to the new school and were told by the Agency that the school was not ready for opening and that they would have to look for other schools. In total panic they started running around Helwan to find schools for their children. They were told by these schools that they did not have places for their children and that, anyhow they were not in these schools' catchment area. This obviously created enormous havoc as it meant that the children would lose a whole year staying at home for lack of available schools.

Some of the buyers were thus forced to re-instate their children in their old schools. Of these, some who were still in the process of moving in and had not left their old houses, decided to postpone the move until the new school was open. For those who either had already left their old housing or were unable to postpone the move, it meant that their children had to travel in some cases up to one hour away by public transport. There were a few buyers who were able to put pressure on the Helwan schools to accept their children through complaining to MP's or through sheer persistence and spending days going back and forth between the Ministry of Education, the Governorate and the schools. This left four of the households with the only options of taking their children out of school for that year and in two cases the decision was to take them out of school for good.

Again all the blame was put on the Agency and their lack of care for peoples' welfare. The prevalent feeling was that this was just another example of this 'disastrous' Project, run by 'uncaring people' with lots of broken promises. The Agency's explanation was that the construction of the school was finished but the problem was caused by a lawsuit with the contractor.

There were those who worried about what this meant in terms of money. In addition to the difficulty and waste of time taking young children to schools by public transport, the cost would be enormous. As, Abu Haguer, parent of three young children calculated:

> "This will mean that we will have to spend PT30 for the children plus PT20 for me or their mother a day. This would mean LE12 a month on transport alone. With all the rest of debts and monthly instalments where would we get the money to live?" (Interview, 1989).

Abu and Um Mahmoud, the parents of seven children, all under fourteen, said that their decision was to take them all out of school. To find schooling for them all and to meet the expenses was impossible for them.

2. The mosque:

Mosques were also promised and not delivered. For Egyptian Muslim men[33], even those who do not pray daily, the Friday noon prayer in a mosque is sacred. The mosque is not only a place of worship but also often becomes a meeting place to discuss issues concerning the neighbourhood or wider political matters.

Some of the men deciding they wanted to have their own areas on site for Friday prayer, chose an empty piece of land which was clear of rubble and sand, collected money and bought straw mats and a microphone. The Agency security guards asked them to stop praying on the site, saying it was trespassing and that this area was being designated for building a church. Having ignored the order, a few Fridays later, as they were gathering for prayer, a number of police cars arrived and arrested a couple dozen men. While most of them were released on the same day, they detained three of the men [those who had organised buying the mats and the microphone] for a few days accusing them of Islamic fundamentalism and trying to provoke ethnic

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[33] Women generally do not pray in the mosque.

tension. However, they were released after signing a promise that they would not use the area for prayer again. Abu Salem who was one of these three men, told the story in a combination of outrage and humour. He said:

> "I am no Muslim fundamentalist, I am not even a very good Muslim. I just wanted to be of help and so I organised the collection of the money. I simply wanted to have good relations with everyone and help create a sense of community among my new neighbours".

This whole matter, not surprisingly, raised a lot of angry feelings among the inhabitants of the neighbourhood. It also caused them to express anti-Christian feelings[34] which if not provoked in this manner, would not have come to the surface on this matter. It also brought out feelings of resentment that Christians might be favoured because this was an American Project. Abu Soad argument, which echoed what others expressed about the issue saying:

> "They made a big issue out of nothing. We chose an empty space to pray in and had no intention of building anything. Policemen came and said it was not allowed to pray here, that a church will be built here. I find this really bizarre. Why would the space designated for the church be in the middle of the houses here and the area for the mosque on the far side of the neighbourhood? Even though Americans favour Christians they should realise that we [the Muslims] are the majority here. In May City there are a number of mosques and not one church" (Interview, 1989).

The other view that came out of this discussion was that it was alright to have a church on site as long as there were also mosques. For example Abu Aly said:

> "We meant no harm by setting a place to pray, but it seems they do not want us to do anything here. It feels like a jail. OK we accept that this was the place of a church. So where is the mosque?" (Interview, 1989).

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[34] Anti-Christian feelings can be easily provoked and have been on the rise in Egypt since the late seventies.

There were those among the Muslim inhabitants who favoured the idea of a church. Um Haguer, who said that she knows at least two Christian households on their block, said that they had the right to a place of worship.

> "It is good they intend to build a church. That is a good gesture. This is a big Project and I am sure there are a lot of Christians. So what is the big fuss about?", she added (Interview, 1989).

This view was also held by Um Nawal who said:

> "This I think is a good idea. There is in fact no church in Atlas so it will serve both areas. A church is like a mosque for Muslims. They do have the right to pray just like us" (Interview, 1989).

The true motives of the Agency in this matter was questioned. Mainly three views were expressed about their role in the matter. One view was that the Agency staff was interested in the church because some of the senior management were Christians. The other saw the whole business of the mosque/church as just an excuse for the Agency to show muscle. The third view, related to the last, was that the Agency wanted to be in control and not allow the buyers to have a place to get together which might result in a general revolt. Expressing such views Abu Hala for example explained:

> "They wanted to created problems between Christians and Muslims in order to weaken us and keep in control. The prayer area was where we met to discuss issues about the Project, something they obviously did not want. They used the church excuse to prevent us from getting together" (Interview, 1989).

Abu Amr argued:

"There are here a maximum of 15 or 20 christians[35] so why a church? All the security people wanted to show is who is boss. The agency did not like the fact that we gathered for Friday prayer to complain about the project and make plans to find solutions (Interview, 1989).

The Christians with whom this issue was brought up seemed less aware of the details of the story and less willing to discuss it. Their argument was that this incident was just a manifestation of the trouble that the Agency staff have been causing from the start.

Had it not been handled by the Agency in a heavy handed manner, the issue of no mosque in the area would probably have not been seen as another nuisance relating to lack of facilities. However what actually started as a harmless community initiative, caused a great deal of controversy. As shown above, not only did the incident raise bad feeling between some Muslims and Christians, but it also brought up feeling of animosity against the Agency. The latter was seen as constantly wanting to prove it had overall control over the Project area and intentionally trying to sabotage any chances for collective action, even at the expense of creating ethnic tensions. Hatred for the Police and the 'awful treatment of innocent people' was also brought up. There were strong views expressed about the absolute power of the police which low income people have to suffer under. The Agency in bringing in the police, was seen as the ultimate example of the powerful being in alliance with each other against 'those who had no backing in this world, the poor'.

VI TENSIONS BETWEEN NEIGHBOURS

Having touched on how the inhabitants of Neighbourhood 5 felt about each other around the issue of religion, it is of importance at this point to go into more detail about how they felt towards each other around difference in

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[35] It is estimated that around 15% of Egyptians are Christians. According to Government census they are only 10%. This figure is denied by Christians who say Government is underestimating their numbers, which they estimate to be closer to 18% of the population.

general. Although they were all working in factories or companies in Helwan, they were by no means a homogenous group. This among other reasons meant that by living in such close proximity to each other, a great deal of tolerance was necessary. They may have had their work place in common, but would probably belong to very clear groups in the hierarchy of these institutions. This raised many problems whereby those who belonged to the higher strata resented having those whom they considered 'lower' to them as next door neighbours. As described at the beginning of this chapter, the inhabitants of HNC also came from a wide variety of backgrounds in terms of origin (rural-urban and Upper-Lower Egypt) and place of previous residence. Some came from old urban neighbourhoods, semi-rural areas, others from squatter areas, old or new, or from other Public Housing flats. This meant that they were used to different patterns of interaction and codes of behaviour among neighbours. Tensions were also caused by people's needs to establish territorial rights and boundaries. While such difficulties were to be expected, it seemed that tempers, as it was often argued by the inhabitants of the flats, were inflamed by the financial pressures that the buyers were experiencing.

In addition to the many incidents of disagreements and fights between the new neighbours that were reported during the fieldwork, it did not take long to be around the neighbourhood before such incidents also occurred in my presence.

There was a great deal of discussion around this issue. Abu and Um Soad, for example, explained that they had never had problems in their old house with owners or neighbours. They described how it was that when they left the place, they were waved goodbye by tens of people and they felt like the 'President being cheered by the People on the street'. They said that here things are 'a bit trickier'! To develop such warm feelings one had to be much more careful. Abu Soad's argument was put as follows:

> "Neighbours here are alright as long as one does not mix too
> much with them. Problems usually start with the children and

therefore we do not ever allow our children to play on the street. There are fights all the time here. It seems that instead of making the effort to make a good start in a new neighbourhood many think they must establish territorial rights by bullying their neighbours. Just a show of strength to show they are strong and everyone else must be on guard. A guy in the next building had a big fight with a woman neighbour because she was telling his son not to climb on the mound of sand and stones. He shouted at her saying 'this is Government property it is not your business'. All the lady was trying to do was to protect his son from injury. All he wanted from day one, was to show muscle".

Um Soad added that she makes a very big effort to keep out of trouble.

"Our neighbour downstairs who complained to you about her previous landlord having fights with her all the time. Well I can see how he was in the right. I make an effort not to tell her and her children to treat the apartment more kindly. They smash doors, they throw dirty water on the stairs, ...They would not accept any criticism from us, so I keep to myself, which requires a big effort on my part and I am not sure how much more I can take".

Talking about her other neighbours she added:

"The people on the ground floor use their courtyard for raising poultry which means absolute filth. The smell is unbearable and it is breeding flies and mice. We can see the horrible creatures running around. When we complained to the agency they said 'just write a petition and we will come and remove the whole thing'. We refused to do this. The last thing we want is to make enemies with our new neighbours" (Interview, 1989).

As shown by the above comments, there was often feelings that neighbours who had different standards of cleanliness or use of space, were inferior. Abu Salah comment is an example of such feelings:

"There are lots of fights because this project has collected people from only God knows what dumps. People should have been assigned places according to their social standard. It is bad organisation to put a floor supervisor for example with a

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low rank worker in the same apartment building" (Interview, 1989).

Abu Mohsen also said similarly: "Most of the fights are because many of those who took flats here come from such places as the Madbah, Imbaba and Nasseryia[36] (Interview, 1989).

Both Abu Salah and Abu Muhsein however agreed that most of the tension between neighbours was a result of the financial pressures that everyone is subjected to. "They are also all tense about money and they are therefore more easily inclined to take their frustration out through fights" Abu Salah said. "Being on edge does not help things either" Abu Mohsen added.
There were other comments about this, for example 'because of life's pressures people are starting to hate each other' or 'people are tense and therefore very little is needed to inflame them.

'Getting inflamed' was something that the inhabitants of Neighbourhood 5 saw a lot of. The following are three examples of fights which happened in my presence and which ended up with people at each others' throats.

The first of these incidents started when a child got into a fight with a neighbour's child. In a second Um Aly, was out on the street, as was Um Mohamed, the other child's mother. They started screaming at each other for having ill behaved children. Abu Aly, who kept out of it for a while suddenly decided to join the fight and started screaming insults at Um Mohamed and at her husband who was not around. He kept saying that her husband, Abu Mohamed, was not a real man because he left his children and his wife loose on the streets to attack people. He became totally hysterical, saying how this housing Project has gathered together the scum of the earth. The whole fight ended up with everyone involved screaming insults about the Project, the Agency and the Government.

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[36] Low income Cairo neighbourhoods that have a reputation for being rough.

The second fight was about the loss of a <u>keleem</u>[37]. It is the habit of Egyptians to clean their <u>keleem</u> as well as bed covers by shaking them in the open air and then hanging them in the sun. When she went out to fetch her keleem, Um Ibrahim found it was no longer there. She started screaming and using foul language, talking about the Project having allowed a bunch of thieves to get housing in what she had hoped was going to be a decent place to live. Challenged by a neighbour, she apologised to her and said she only meant to accuse Um Ahmed. Hearing her name mentioned, Um Ahmed came out of her flat in rage and grabbed Um Ibrahim by the hair and gave her a good beating. All the neighbours gathered around and the fight was brought to an end, but only after the most foul insults were exchanged and promises not to ever forgive each other. This fight was used by many as an example of lack of trust between neighbours which was caused by their lack of knowledge about each others background.

The third fight started when Nader, a seven year old boy, hurt his finger by playing with Abu Salem's bicycle. Seeing the blood, the neighbour Um Hassan said 'I knew something like this would happen. Didn't we ask this man (referring to Abu Salem) not to park his bike on the staircase?'. Hearing all the shouting, Abu Salem came out of his flat showing concern for the child. Seeing it was nothing serious, he turned to Um Hassan and said 'can't you mind your own business. All you are trying to do is to inflame the situation. You see that his parents are not complaining. Haven't you anything better to do ?". Then they start to exchange abuse until Abu Salem said 'he was not supposed to play with the bike anyhow, now he has learned his lesson'. Up until this point Abu and Um Nader had said nothing. This comment however enraged them and this got them all involved in the fight. At this point Abu Nader decided to join in. Again the three household members ended up directing their insults to the Agency and the Project,

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[37] Middle Eastern carpet made out of cotton materials cut in strips and woven manually.

damning the day they had decided to move into this 'horrid place with its horrid people'.

These, and many other fights which occurred during the time of the fieldwork, were often used by people to illustrate the difficulties that most are experiencing around fitting in and developing a sense of neighbourhood[38].

VII ACTIONS TAKEN BY THE INHABITANTS OF NEIGHBOURHOOD 5 TO IMPROVE THEIR SITUATION

The inhabitants of Neighbourhood 5 took a number of initiatives to try get their voice heard. There were many petitions written, and signatures collected, mostly about the price of the units. Copies were sent the Ministry of Housing, to the Governorate, to Parliament, to MPs and to news papers both national and opposition papers as well as to USAID.

Abu Samir explained:

> "We complained to the Director of the Agency. He said this is not my responsibility. Go to the 'hay'at el eskan[39]'. They wrote to them but no response. So who is responsible-the President? (Interview, 1989).

Abu Hassan, who has resumed a leadership role in an effort 'to get people to listen', said that he was going to pay a few visits to key places to explain the situation. When he spoke about it he was planning a visit to USAID. He said:

> "I am planning to talk to them about the price of the units. I also want to complain about the quality of work. They paid the grant, they must have a say", (Interview, 1989).

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[38] The neighbour is highly valued in Islam.

[39] A government institution responsible for housing.

He said that he took a petition to the Minister of Housing with many signatures, and all the latter did was to send it to the Director of the Agency. ' Big joke', he said.

> 'People in this block asked me to do this for them but they are relying completely on me and are offering no help. They even said they would cover the money lost because of absenteeism and money for transportation. I have not seen anything yet' (Interview, 1989).

More positive action was also under discussion. Abu Amr said that :

> "We meet in the mosque now in Atlas and decided that maybe we should not pay the rent for a few months. Some said: 'but what if it did not work and we had spent the money?' We thought then to have someone entrusted with the rent each month so that if anything occurred the money would be ready to be paid" (Interview, 1989).

While efforts were made to change things some comments showed pessimism and resignation.

> "People are writing a lot of complaints asking for reduction in the rent. This will not work. Prices are always going up, never reduced. Some went to speak to the new Director of Agency. He said he can't do anything as things were already decided when he took charge" (Interview, 1989).

"I do not think the price will go down. They will never let go of the interests and profits" (Interview, 1989).

VIII CONCLUSION

Visits, interviews and discussions in Neighbourhood 5 raise the very important question: were things really as disastrous as they seemed to be? Had these households moved to private housing, would they have faced fewer problems? To the objective observer, the answer to both question would probably be: no.

However, in terms of the reality of the inhabitants themselves, they had been promised and were expecting an affordable, real, good and long term solution to their housing problem. The project was an 'American' project. They were shown videos of beautiful green areas with schools and shops. They found themselves in flats that cost more, were smaller, and were of poorer qualities then they expected. All this at a time when their real wages were going down, prices of foods and services going up and options for the future getting more limited.

They felt 'trapped' in this situation. Of course they could have withdrawn, but as the majority explained, they had been expecting the move for over four years and often had no other options. What the experience had left them with was a strong feeling of powerlessness-a feeling they are familiar with and resent. Whether it is about their previous landlords, their place of work, police, legislation, Government and now the Agency, they felt helplessness and powerlessness. A strong implicit resentment about how people in their position had restricted choices and few opportunities to control their lives, dominated most discussions. However all this did not succeed in creating a sense of unity, of community. Perhaps this would eventually happen in time, but what was there at the time of the fieldwork was mostly a sense of alienation and of factionalism both in inter and intra household relations.

The Project did not attempt to establish a system of dialogue which would have started a democratic system of representation which could have helped to form a sense of community. Even in the Sites-and-Service neighbourhoods, the idea of block captain was executed in a manner that excluded the possibility of leadership and community spirit. The Agency was very keen to keep in total control of the HNC- something they could not achieve totally in the upgrading areas, and were struggling with in the Sites-and-Service neighbourhood which was just starting to develop. The two incidents with the digging out of the green patches and bringing in the police to clear the praying

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area, were the two most blatant examples of wanting to demonstrate to the population of the new neighbourhood that they were not to be defied.

USAID wanted to be and indeed was very much out of the picture. The conditionalities for the HNC of the Project Paper were drastically dismantled. However, when it came to issues of eligibility criteria, affordibility and cost recovery, the failure to meet any of them is not unique to the Helwan Housing project. The Project is similar to a great deal of housing projects implemented in the last two or three decades which have aimed but failed to reach the poor. The uniqueness that this Project represents is in its reversal to conventional housing and the conditions that made this possible.

CHAPTER 9

CONCLUSIONS

I INTRODUCTION

So who had the power? This thesis demonstrates that to identify who has power does not go far enough in understanding power relations. What is interesting about power relations is the role they play in shaping processes which involve a multitude of actors such as those between donors and recipients- or even a process of a project such as the one analysed here. Neither the decisionists, the pluralists nor the neo-elitists would be able to cope with the multitude of changing relationships and the length of the process that was under study. The structuralist-Marxists would be challenged by the power of those who should be in fact powerless. Poulantzas has more to say considering his 'relational theory' of power. His analysis gives a dimension to power relations which is less static and deterministic than that other structuralists. Foucaults' understanding of the functioning of power, while methodologically less directive, and perhaps for this very reason, allows for the fluidity needed to understand a process such as the one under study. Power was never dominated by one actor or group of actors through the process. It kept changing and shifting. Power was never 'appropriated' by any of the actors involved-not by USAID, GOE or other American or Egyptian institutions, nor by particular groups within the target groups. There were points in the process when particular actors had complete power, at other points where they totally lost this power, or chose not to use it. Exercising power or not, which might on the surface be interpreted as gaining or losing power, was often part of a tactical choice that aimed at keeping the relationship going. Basically, and no matter what the consequences where, the ultimate goal of all concerned was for this relationship to survive. A break in the relationship was in no one's interest. In the light of this, the strategy of different actors was often about prioritising which interests were worth fighting for and which were not.

The question of whether power was exercised collectively, as the structuralists maintain, or individually, as other schools such as the neo-elitists and pluralists propose, is also relevant to the understanding of these relationships. In fact the analysis of the Helwan Project demonstrates that while in general actors were able to exercise power within the confines of the structures they belonged to, some individuals within these structures were able to push the boundaries of these structures while others accepted their confines.

This concluding chapter will try, on the one hand, to recapture the changes in the power relationships that occurred during the Project and on the other to stress the way in which the Project and the way it evolved has impacted on the populations it was meant to reach. In other words, to re-address the hypothesis[1] presented at the beginning of the thesis that the aid relationship creates a particular dynamic in political relationships that needs to be recognised in order to be better understood. This is illustrated by the examination of the Helwan Project which failed to meet its objectives as a result of the inherent contradictions between USAID Project formulation and the GOE housing policy on the one hand, and the housing needs of the low income target population on the other hand. As a result, those who are meant to be served by such a Project, were not only left with less than they were promised, but in many cases with increased hardship.

II   THE POLITICISATION OF THE HELWAN PROJECT: POWER RELATIONS

The Helwan Housing Project started at a time when the US was gaining a new ally in the Middle East. It was a time when Sadat had defied Nasser's foreign policies by initiating a peace treaty with Israel which cost him his Arab allies. He had also made a full turn towards the West, cutting all ties to the Soviet Union. In addition he had implemented an 'open door policy' to seal his new policy directions. These drastic changes were all presented with a promise for

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[1] See hypothesis, p.3.

prosperity for all. All these policy changes, which occurred over the mid to late seventies, were welcomed by a small minority of Egyptians, were received with horror by some and left the majority with a mixture of apprehension, a feeling of loss of a cherished national and Arab pride at the same time as a desperate hope for a more economically comfortable future. The U.S.'s major agenda was to prove to the majority of Egyptians that the latter was indeed going to occur, because their President has chosen the right path. A Project like the one in Helwan was intended to be the kind of concrete proof of what opportunities this new direction presented.

While the U.S. and GOE never again had as close a relation as that of the late seventies, their mutual interests in keeping their alliance remained largely unchanged. Mubarak, while less of a friend to the Americans, still largely carried out Sadat's policies. Egypt has remained the U.S.'s strongest Arab friend in the Middle East. The most concrete proof of where Mubarak's loyalties lay, was Egyptian army forces joining the Americans against the Iraqis during the Gulf war (1990-91).

Accepting that aid is motivated by 'political interests abroad and economic interests at home'[2], it becomes quite clear how this influenced the aid relationship of USAID and GOE. Economic interests in this case could be satisfied directly through the creation of work for development workers and contractors, and the use of American products and transport, eg shipping. They are also satisfied indirectly, through the creation of what the U.S. views as the conditions most suitable for U.S. markets abroad. However, while U.S. economic interests in Egypt are substantial, if tested, political and strategic interests take the upper hand. Initially however, whether economically or politically motivated, interests vary from one U.S. institution to the other.

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[2] A quotation from Arnold, 1985, p. 161.

Members of the Congress, for example, see themselves as primarily accountable to tax payers, and need to prove that the yearly aid funding that goes to Egypt is money well spent. The views of members of Congress, who only occasionally visited the Helwan Project, were given a great weight, not only by USAID staff in Cairo, but also by the Agency and even the inhabitants of the HNC flats. USAID in their eagerness to show results, made compromises in the principles of the Project. The Egyptians knew about the importance of these visits and often used them to put pressure on USAID to make such compromises. The inhabitants of the flats, as well as Rashed Cooperative members, also knew that Congress visitors wanted to see proof that the Egyptian people were grateful and happy about U.S. support and threatened to complain to them- and to my knowledge they never did.

USAID headquarters, while protecting economic interests such as creating jobs and promoting industry at home, as well as respecting political interests (they are after all accountable to the State Department), also have to deal with development goals. They are therefore involved in pushing for economic and social programmes which fit into the overall development policies they are supporting at a particular point in history. They were promoting self-help-housing in the late seventies and early eighties and they wanted to change GOE housing policy. While this was their main goal, they were unwilling to withdraw or stop funds dedicated to the Helwan Project, let alone to withdraw or stop funds to Egypt altogether. They were thus unwilling to put in jeopardy economic and political goals.

There is also USAID in-country, which while following all of the above mentioned guidelines, is above all the financial manager of these programmes. Its main role is to monitor that programmes meet their goals and that the money in the pipeline is spent without major obstacles. Unlike USAID headquarters, there was no expertise on self-help-housing in the USAID Egyptian office, and no real political will to support this approach. There was however, the motivation to protect the conditions of the Grant Agreement.

The latter seemed not to be enough, considering the corner into which the Egyptian institutions were able to put them, the pressures from home to start showing results and again the unwillingness to cause a political confrontation.

Another set of American actors were the technical consultancy, engineering and contracting firms as well as the various industries supplementing material. Their important role in the aid relationship cannot be denied. While their interests are primarily economic, they rarely want to jeopardise their position vis-a-vis the host country, or go against the political interest of their own government. This inevitably politicises their interaction with all actors. In the case of Helwan, CHF was in no doubt about this position. Although most employees had professional integrity, political commitment to self-help-housing and various levels of technical expertise in the approach, their position in its uniqueness made them both powerful and powerless. They were powerful as go-betweens and powerless in influencing the Project process to follow more closely the self-help approach. USAID, in-country, as mentioned above, had no real knowledge about housing and the Agency wanted to revert to the conventional approach. At the same time CHF main office in the U.S., was mostly interested in the financial returns. From a professional point of view, this left CHF staff members in Egypt without allies. However, they had a political role and a certain amount of power, as go-betweens. This, while it often facilitated negotiation, did little in terms of the Project better meeting the needs of the target groups.

At the time of the signature of the Helwan Grant Agreement, the GOE was also eager to prove that Sadat's policies would pay dividends. The stakes were high, as the regime did not have popular support and their legitimacy was fragile. The majority of GOE officials at the time felt the GOE had taken serious risks in its new U.S. supported policies, and were therefor hopeful to get the support needed to deliver to the masses in order to achieve a much needed legitimacy. There were also those, among GOE officials who disapproved of the new tilt to the right, and these too needed to be pacified.

Housing as one of the major unfulfilled needs of the great majority of the urban population, was on the Government's priority list. In the case of Helwan, USAID was offering a co-funded $180 million Project, with GOE paying its share in unused land- in practice nothing. USAID was still a relatively unknown entity, and most GOE officials were unsure to what extent they had to comply with Project conditions without risking the loss of financial support. The fact that the Project had an approach of which GOE was not in favour seemed to be irrelevant at this stage. GOE needed the money and it needed the housing units. It did not see it fit to openly oppose USAID at this stage. In any case, generally, confrontation is the last approach that GOE officials would resort to in negotiations. It goes against their usual tactics of communication. While the Minister of Housing who signed the agreement, might have then been open to persuasion, other senior officials in the Ministry wanted to keep the status quo. For some, to let go of public housing meant to give up too many vested interests. For others, in their views the present policy had worked for Egypt, and they had no intention of changing this just because 'the Americans' wanted it. Questions of sovereignty were important to them. The Minister, who signed the agreement was shortly replaced by another, who remained in office throughout the history of the Project. He had a very clear agenda, new towns, not upgrading or Sites-and-Service housing.

Other institutions, who were totally marginalised during the early stages of the formulation of the Project, such as the Cairo Governorate and the sectoral agencies, also had interests in keeping the status quo, and their own position of power and control to maintain. While most knew they had to meet the needs of the low income populations, they did not see reason to sacrifice their own approach or their interests. What made their stand easier was that nothing in the legislation or procedures had changed and therefore, by opposing Project criteria, they were doing nothing against the rules.

These were, to recapture what was discussed in this thesis, some of the conditions that existed at the initiation, formulation and implementation of the Helwan Project. How did this then allow for the power relationships to evolve during the Project process? As mentioned earlier, the Project was initiated, formulated and funded by USAID. For the first three to four years of the Project, USAID had full power and control over the Project. It had as one of its conditions for the Project to create a new agency, the Agency, to run the Project. It made sure a number of American Firms were part of the Project, that materials were procured from the U.S. and that they were shipped on American vessels. It was in fact, at different stages, using 'condign' and 'conditional' power[3] (Galbraith, 1984, p. 33).

Through subtle acts of defiance, the Agency started demonstrating it was not going to accept the patron-client relationship that USAID meant to establish. the Agency, as a newly developed organisation would never have had the power to defy USAID had it not had the backing of the MOH, which was in fact hostile to the Project. There was also the important role of the Egyptian sectoral agencies, during the pre-implementation period of the Project which when it came to approval of designs and standards, refused to cooperate. The fact that there was a Grant Agreement signed approving lowering standards had no power over sectoral agencies whose procedures and guidelines have been unchanged for decades. The Agency was able to use this again to its advantage, as along side the MOH it mostly agreed with the position of those institutions. This was the first test put to USAID, the latter's failure or choice not to find another channel to put pressure on the sectoral agencies meant that in fact USAID did not have the authority over GOE that it claimed it had. This was a time when the Agency and MOH were starting to acquire more knowledge of USAID's limitations.

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[3] 'Condign' power refers to inflicting or threatening to adverse consequences; 'conditional' power is to use persuasion in order to change belief (Galbraith, 1984, p. 33).

During the implementation of the upgrading component, as chapters 5 shows, USAID mainly relied on CHF and other American and Egyptian firms to carry out the work. With its expertise limited mostly to infrastructure, it took a back seat in terms of the other components of the Project. The Agency on the other hand, while equally uninformed about upgrading, wanted to be part of every decision. It felt this was its first real chance to be in control of the Project. As chapter 6 demonstrates, most of its need to control was exercised in a top-down fashion in its dealing with the communities, giving very little leeway for negotiation or sharing in decision making. In addition, the failure to implement one of the major components, that of land tenure, was a result of Governorate refusal as owner of the land. The position of the Agency on this matter was ambiguous. While in general the employees knew of the importance of securing land tenure as a pivotal part to the upgrading approach, the majority at another level felt the 'squatters' had no rights to the land and that this could be the beginning of huge demands all over Cairo for the same kind of treatment. However, the Agency once again did not have to take a stand on this as it was the Governorate that was refusing. USAID also did not exercise its power, if indeed it had any in this area, to force the matter to be resolved. Had the issue of land tenure come up earlier in the process of the Project, it is not clear how the results would have been different. There was a level of learning between and among different institutions during the process of the Project that meant the limits of exercising their own will without causing major confrontation, had been established.

When it came to the HNC, as discussed in chapter 7, the major departure there was that of the flagrant defiance to the major goal of the Project- the reversal to conventional housing in half of the neighbourhoods. The Minister of Housing who had refused to visit the Project for his first three years in office, gave the verbal order to build public housing. The majority of the Agency employees, because this is what they really wanted from the start, presented this decision to USAID and CHF as a fait-accomplis. USAID, again put in a corner after delays and various engineering mistakes made by

American firms, and the pressure of money in the pipeline, let the Egyptians go ahead with it.

While different strategies as well as different forms of power were followed during the Project, at the end a more stable relationship emerged which took on a very particular character. While the Agency was critical of their colleagues in the MOH for not being tough negotiators at the time of the signature of the Grant Agreement, in fact were not doing any better. There was never any open negotiation with USAID nor with CHF about the way the Agency really wanted out of the original conception of the Project. Their power was that of manipulation[4], often through passive resistance, while USAID's power was 'dormant' power[5] which tilted the power balance towards the Egyptians. This was a perfect match for a non-confrontational, mistrusting, and subversive relationship which ended up in a most unsatisfactory 12 year Project.

Mistrust was rife and accusations about all sorts of misconduct between different actors were a common occurrence. Underlying all this was basically a lack of understanding and knowledge of each other. USAID and the Agency officials accused each other of corruption, nepotism, inefficiency, dishonesty and ignorance. They were, in general, not able to talk to each other, they felt they spoke totally different languages. What neither the Agency nor USAID realised was that they in fact had more in common than they thought they had. One very important similarity is their perception of the poor, and the reason why they need to be reached through development Projects. It is this perception that perhaps was the most influential in the Project's approach to the target groups. The majority of senior staff in both USAID and the Agency, saw the main aim of the Project as a means to pacify what are

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[4] Manipulation is one of many forms of power according to Wrong (1979).

[5] 'Dormant' power is a term to describe a stage in power relations when those who may exercise power decide not to in order to avoid conflict (Galbraith, 1984, p. 33).

potentially a threatening section of the population. To meet some of their needs is to stabilise a potentially dangerous situation. Very little was said in interviews and discussions about social equity, or citizenship or human rights.

III IMPACT OF THE PROJECT ON THE HNC AND RASHED POPULATIONS

The contradictions between the policies, approaches and interests of the different actors in the Project had produced results that were not necessarily in the interest of another set of actors- the target populations. Delays in implementation was one of the most damaging effects of the Project. Although Egyptian bureaucracy is known for these delays, this was of a particular quality, as it was predominantly a deliberate delay. The Agency had time on its hands as it was not in its interest to get the Project finished. It was created to run the Project and other similar Projects, but there were none of the latter in the pipeline. In stalling, it knew that it was putting the squeeze on USAID who wanted to see results, reaching a point where they did not care what kind of results. Other Egyptian institutions had no reason to rush the procedures, they had no interest in this Project, and therefore sat on decisions for long periods of time. USAID, especially at the beginning of the Project, in following its own bureaucratic procedures also caused long delays. CHF did not want to see the Project end fast either. Its contract was tied to the completion of the Project and therefore had no fixed deadline.

As chapters 6 and 8 describe, there were some very tangible negative impacts on the target population. Perhaps most were unavoidable[6]. Perhaps had the inhabitants not been part of the Project at all, they would have had an even worse deal. However they were part of a government Project, funded by the 'Americans'- they were part of a Project that promised a great deal. It

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[6] Most self-help housing schemes of this era faced problems around eligibility criteria, affordability, cost recovery and displacement among others. What is however particular to the Helwan Project was that it managed to combine the problems of both 'conventional' and 'non-conventional' housing.

promised among other things, land tenure, access to infrastructure and affordable good quality housing.

Obviously the impact of the project on the upgrading population was different from that of the HNC. The most observable difference is that while the Project had a direct impact in the HNC, for the majority, in the upgrading community, it had an indirect impact. On the other hand, given that it was dealing with an established community, its impact on inter and intra community group relations was more potent in the upgrading community.

Land tenure, as mentioned above was not resolved for the upgrading communities twelve years into the project. Last inquiries into this matter in 1996, indicate that a compromise might have been finally reached but it was still not certain it was going to be implemented. The impact of the delay in implementing land tenure raises ambiguous issues. On the one hand, land tenure was the most attractive part of the Project for home-owners, as their property was finally going to be made legal. Not getting land tenure not only affected this sense of security. Since land ownership was meant to have been used as collateral, this resulted in limiting eligibility to loans, mainly to formal sector employees. While according to some self-help theorists (eg Burgess), land tenure in squatter areas leads to the commodification of housing and puts it 'beyond the pockets of the poor', in this case the simple promise of land tenure achieved this. Also the combination of receiving loans and improving housing without legal tenure, was the best conditions possible for home-owners to get rid of low paying tenants. The latter had few legal rights since they, by proxy, were considered illegal tenants. Displacement of the poorest, which is perhaps inevitable, seemed to have happened on an especially wide scale.

In the HNC, the inhabitants of Neighbourhood 5 were given only de-jure land ownership. Six home owners share the ownership of the land on which their block is built. As chapter 7 shows, the initial approach to the HNC also

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offered the possibility for vertical expansion- giving opportunities of extra income if owners chose to rent out those extra units or giving possibility for housing to younger generations. In that case land would have been owned by individual households. Since buyers were not given the right to choose which type of housing they received, the opportunity to have land ownership was lost to those who bought Neighbourhood 5 flats.

Since the plots were already subdivided and serviced, the decision made by the Agency was that the size of the apartments would remain as planned. This meant that what was seen as an appropriate size for a ground floor of a house, became the size of the flat. This made them by far the smallest flats in the area, if compared to neighbouring public housing flats built over the last three decades. In addition to this, because of the rush to build them and the available budget, there were also many design and construction problems. At this stage, the buyers had very little choice in terms of turning down the flats, having already waited for on average 5 to 6 years from the time they were promised housing. In other words, had the Project from the start been 'conventional' housing, the units would have been bigger, probably better built and above all would have been ready much earlier.

Most problematic of all was the increased price of the units and the debts and economic pressures the monthly instalments created. This was again the direct result of the delays in the Project and the rise in costs of materials, labour etc. In comparison to the HNC the financial burden which the project created on Rashed inhabitants seems less dramatic. In the latter case, there is the direct financial impact of loan repayments, and the price paid for the installation of the infrastructure in side streets. Indirectly there is the cost of house improvements of those who chose, during the construction boom, to do them without taking project loans, and the increase rent for tenants. However, the opportunity to improve housing conditions were there and did give some positive results. Local contractors as well as builders also benefited a great deal from the boom.

In terms of infrastructure, despite a number of problems, there had been some improvement in the physical environment of Rashed. However the sewage was non-functional, the garbage collection system worked only for a few weeks and water connections were only accessible to those living on the main streets and those who could pay for extensions to side streets. In the case of the inhabitants of HNC, the infrastructure, though already showing faults, was working.

Another level of impacts the Project had was that on intra-and inter-community group relations. In the Rashed community, the Project has had quite a detrimental impact at different levels. The 'social team' in the Agency and CHF seemed to have had no problem allying itself with the most powerful in the community at the expense of the least powerful. It provided the conditions by which landlords were given 'carte blanche' to advance their interests at the expense of the renters; it supported the cooperative leadership against that of the Youth Club, and in doing this it in was mostly supporting the 'Arabs' rather than the 'newcomers'. It dealt only with men and totally left out women. The Project social team, and this includes CHF consultants, actually left the community more fractionalised than ever. It played on already existing exploitative and competing relationships in order to keep control of a complex process it was in fact inexperienced in handling. It defined community participation as the participation of leaders, and within this limited definition of participation, it even neglected to identify and seek legitimate representation. There was never a chance given for real negotiation, or space for expressing needs and interest of different groups in the community.

In the HNC, again there were no lines of communication established for flat buyers to discuss matters with the Agency staff. The latter acted in a dictatorial manner, and perceived the occupiers of the flats with suspicion- as a potential source of trouble. Perhaps it was too much to expect that something different would occur in the Helwan Project in a society where

democracy is so curtailed at all levels- a society where to challenge authority is far from the norm, starting from the level of inter-household relations, in schools, to members of parliament and senior government officials. However, given that the Helwan Project was meant to be a pilot study, it was a lost opportunity for trying something different.

Both target groups experienced the Project as a confirmation about how their government treats the poor. Because of the different kind of relationship and different experiences that occurred during the Project, the Rashed and the HNC populations had slightly different views around this. In Rashed the resentment was mostly about what they saw as Government wanting to make a profit from the poor through high interest rate loans. This often raised discussions about what is seen as Government greed and corruption and how it makes its money out of the poor rather than the rich. There was also resentment, especially from the tenants, about how the government always supports those who have against those who do not. The loans were very much seen as an example for this pattern. No one in authority was considered to be sympathetic to the plight of tenants who because of the loans, were either paying extra rent, being harassed to do so or had lost their housing altogether.

The major resentment of the HNC residents was around the price of the units. In both communities, the government was accused of always giving promises and not delivering. Discussions were triggered about how the situation of the poor is always in decline, and that this is because Government does not care. Education was most often given as the example of this- of how inaccessible education has become and how the present Government was returning to pre-revolutionary Egypt policies when the poor were 'to be kept in their place'. Discussions about government being scared of mass anger and therefore using police brutality, under Emergency Laws (in operation since 1981), to keep control of the poor were also brought up in both communities. Both the Iron

and Steel, and the prayer site incidents, were often brought up by HNC inhabitants as examples of Government oppression.

There were different views about the U.S., however none of them very passionate. They were mostly accused of wanting to keep the 'Third World' as it is and seeing its populations as less than human. They were seen as non-believers who promote loans with interests and do not respect privacy in housing design, both basically against Islam. In these cases however, the ultimate blame was addressed to the GOE which 'should know better' and not accept such conditionality. However the latter was accused of being the 'American's servants', doing everything they are told.

The notion that GOE does everything the US wants it to do- that GOE is totally powerless in this relationship, is shared by the great majority of Egyptians including those considered to be best informed of Egyptian affairs. The generality of this notion, as this thesis has shown, will need to be re-assessed. What was most interesting in following the way the Project evolved was that it shows that all actors, most of all the Egyptians, had potential power. Some chose to use it, others did not. This choice was part of an overall strategy, perhaps not always conscious, of prioritising interests at a particular point in time. It is this fluidity and movement of power, that makes Foucaults' explanation relevant.

IV   USAID AND GOE RELATION: WHAT DOES IT TELL US ABOUT AID?

Since the late eighties, the U.S. has been threatening to stop its yearly aid commitment to Egypt- a threat that, nearly eight years later, still has not materialised. In fact the yearly amount has gone from $1 billion annually in the seventies and eighties to $1.8 billion in the nineties. The U.S. goal for giving this aid to Egypt is still the same as it was in the mid-seventies. This aid is still under the umbrella of 'peace dividend'. While this is rarely discussed by the U.S. or GOE, Israel does occasionally make a statement

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referring to this fact.   In the last three or four years, relations between Egypt and Israel have taken a turn for the worse mostly due to Egypt's justifiably hard line against Israel's policies towards the Palestinian and other neighbouring Arab countries, especially Lebanon.   As a result, Israel would complain to the U.S. that Egypt is violating the spirit of the peace treaty spirit signed between the two countries and therefore 'aid for peace' should be withdrawn (Quotation from an Israeli Newspaper in Al Ahram, 1 July, 1996). This has not been the only defiance to the U.S. that GOE has been showing lately.   In fact over the last five years, the U.S. has also been criticised in Government controlled national media.   This however does not seem enough to deter the U.S. from its full economic support to the GOE.   There is a relatively new threat to the stability of Egypt which would make a withdrawal of economic support very hard.   Islamic fundamentalism has become a real threat in Egypt- a threat that the U.S. cannot afford to take lightly.   The increased economic hardship of the majority of Egyptians, means increasing support for fundamentalism.   If the GOE is put under any more economic pressure, an Islamic revolution is a real possibility.   This is a very clear message the GOE have used in its negotiations with the US, with the World Bank and with the IMF over the last decade [7].   Western countries and organisations increasingly see this as a real threat, and do not want another Iran in the Middle East.   In fact what was the fear of Communism has been replaced by a fear of Islamic Fundamentalism- what was the fear of the Soviet Union has become the fear of Iran.   This fear is not only an external one but also an internal one.   Acts of terrorism by Muslim Fundamentalists in the U.S. and Europe have brought this reality dangerously close to home.

Every incident that confirms this fear, starting with the food riots in 1978, the assassination of Sadat in 1981, to more recent outbreaks of violence in Egypt

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[7]   This argument has been the strongest one employed in negotiations over the enforcement of structural adjustment measures.   Egypt was able to postpone the full implementation of these measures for over eight years and have not till the writing of these line taken on all the new policies.

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and in the West in the nineties, are used by Egyptian negotiators. Aid to Egypt has therefore remained as politicised as it always has been. The GOE, as the Helwan Project has demonstrated, have been using this to its advantage and have been far from powerless in the relationship. Their main fight with the U.S. over the years - a fight they never won, was that they wanted to be treated like Israel, that is to graduate from 'tied aid'. Aid to Egypt came with conditions, and it would be interesting to assess how many of those were in fact met. The Helwan Project conditions were not met. The major goal behind this Project was to change Egypt's housing policy. According to the last USAID Lessons Learned Report:

> "Almost non of the original project objectives will be achieved. There has been no material change in GOE housing policy, no reduction of subsidies, no re-targeting of beneficiaries, and no extension of housing finance to lower-income groups and no change in the role of the private sector in Housing" (Gardner, D. et al, USAID Report, 1990, p. 12).

Not only were the objectives not achieved, but the 'new' housing approach was stopped from being implemented within the Project itself- a Project funded by USAID and with a Grant Agreement signed by the GOE. Another approach was then employed by USAID in Egypt and this was labelled 'Policy dialogue'. The purpose of this was to change Egypt's policies through dialogue. Considering what can be learned from the Helwan Project, it is interesting to consider whether the conditions for real dialogue are there in a relationship such as the one that exists between USAID and GOE. This is a highly political relationship, with huge interests at stake and it is totally devoid of trust. This is no doubt a key to the whole issue. A good start would be to recognise the very nature of this relationship and to bring this to the fore in any so-called 'policy dialogue'.

To reiterate, the question is not about who had the power, but how power played a role in shaping the process of one Project, one case in a particular context. The analysis of the Helwan Project and what it shows in terms of an

understanding of a particular aid relationship at a point in the history of USAID and GOE relations, is not directly transferable to other contexts. There is no doubt that the strategic position of Egypt and its unique aid contract with the USAID makes a particular case. Nevertheless, what this thesis was trying to illustrate, using a particular methodology, is not only how one set of aid relationships can give insight into the functioning of a particular context, in this case Egypt, but also elsewhere.

Most, including aid specialists, politicians and the general public, assume that recipients of aid are powerless. They also assume that aid is predominantly an economic transaction. The impact of aid is often measured against whether or not it had achieved its goal- development. Until this approach to the analysis of aid is challenged through different case studies such as the one presented in this thesis, an important part of understanding aid relations and how it affects donor led development will be missed.

APPENDICES

APPENDIX 1

MAPS OF THE HELWAN PROJECT

QALIOUBEYA

Damietta Branch

Rosetta Branch

Ismailia Canal

MATAREYA

EMBABA

GIZA

CAIRO

NASR CITY

GIZA

GIZA PYRAMIDS

MAADI

River Nile

HELWAN

SCALE

km 5 · 0 5 10km
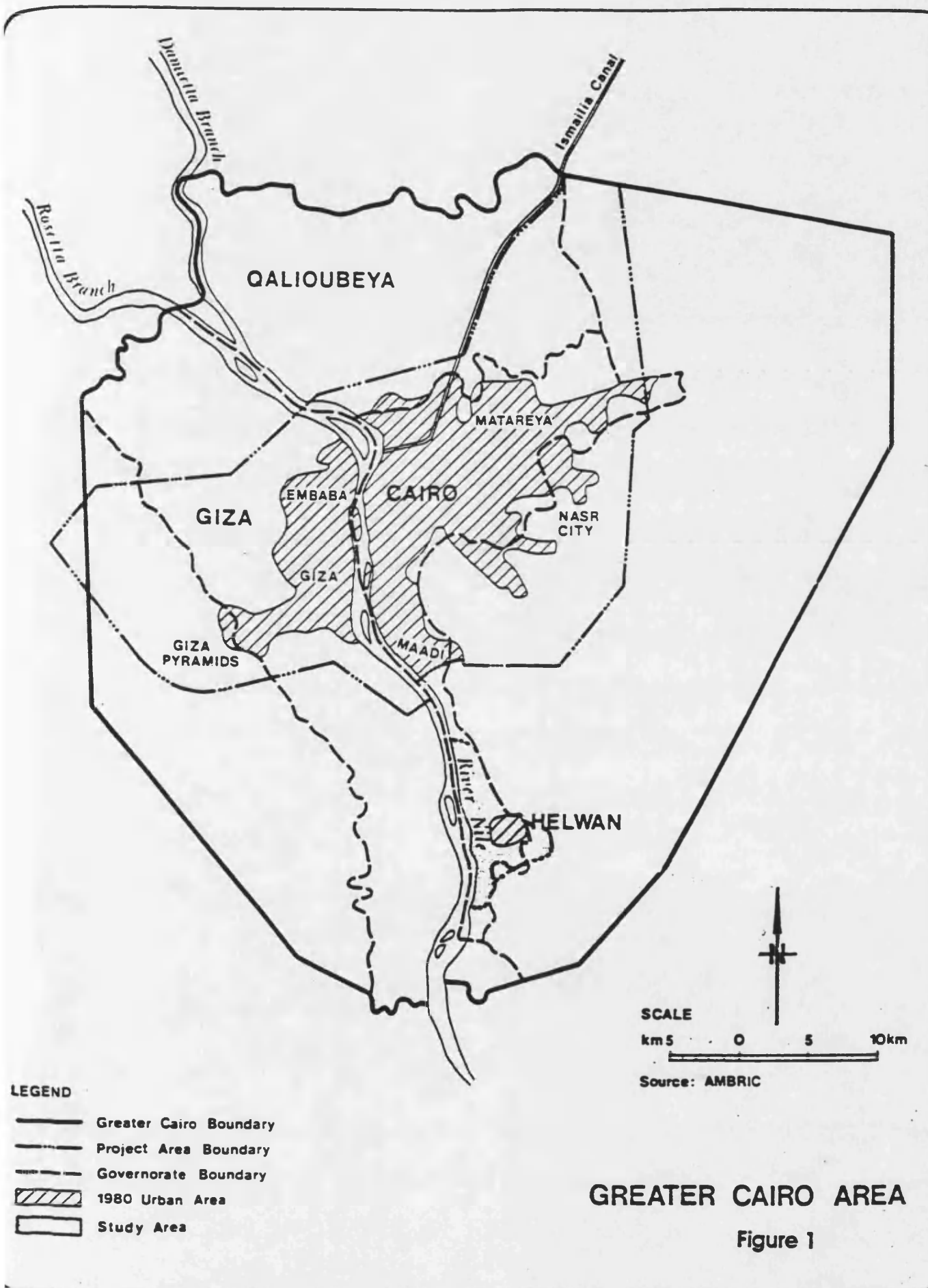
Source: AMBRIC

LEGEND

━━━━━	Greater Cairo Boundary
━ ·━ ·━	Project Area Boundary
━ ━ ━	Governorate Boundary
▨▨▨	1980 Urban Area
▭	Study Area

GREATER CAIRO AREA

Figure 1

HELWAN
NEW COMMUNITY

IZBET GENINA

GHONEIM
BAHARIA

GHONEIM

RASHED

KAFR EL-ELW

IZBET SIDI

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ES—PARSONS

ECG

PROJECT LOCATION MAPS

APPENDIX 2

OBJECTIVES AND PROJECT COMPONENTS
OF THE HELWAN PROJECT

The project objectives as they appear in the project paper include a series of overall objectives, policy objectives and working objectives. The following is a summary of the key objectives:

(1) To enhance the ability of the entire Egyptian housing sector to respond to shelter and community needs of the urban population, particularly for low income households [overall objective].

(2) To reduce public sector housing subsidies by scaling standards of plot size, infrastructure, house construction,and by seeking cost recovery from the target group according to their ability to pay [policy and working objective].

(3) To mobilise private resources for improving existing housing stock by providing home improvement loans; to encourage such investment by legalising informal areas through the process of survey, subdivision, recordation and sale of titles to residents [policy and working objective].

(PCR, CHF, 1988).

THE PROJECT COMPONENTS AS PLANNED IN 1978

Upgrading

Upgrading of seven existing
communities with an estimated
population of 110,000.

Helwan New Community

The development of
Helwan New community (HNC)
divided into ten neighbourhoods.

Services provided

1. Sewage
2. Water
3. Schools
4. Community centres
5. Home Improvement Loans
6. Small Enterprise Loans

Services provided

1. Sewage
2. Water
3. Electricity
4. Schools
5. Community centre
6. Health Centre

The Project as Implemented After
its Official Completion Date in 1988

Upgrading

Water and sewage pipes
installed but sewage
yet.

All buildings finalised
except for a number of centres.

Helwan New Community

A. Sites-and-Services

Infrastructure installed
but only two of ten nbs operating
were sold as plots.

B. 'Public Housing' flats

Five of the remaining eight
neighbourhoods were constructed
as three floor flats.

APPENDIX 3

IDENTIFICATION OF ACTORS INVOLVED IN THE PROJECT

A. Policy-implementation level:

The Egyptian side:

Central Government

Ministry of Housing
Egyptian Agency for Joint Projects

Local Government

Cairo Governorate
Sectoral agencies

Private sector

Construction Contractors

The American side:

Congress
USAID
Consultancy firms
Design and infrastructure contractors

B. Community-Target group level:

The upgrading communities:

Traditional leadership
'Young' leadership

Arabs (bedouins)
Migrants from Upper Egypt
Migrants from lower Egypt
Cairenes

Home owners
Renters

The inhabitants of the public housing flats

The inhabitants of Sites-and-Services

APPENDIX 4

STUDY POPULATIONS\METHODS

STUDY POPULATIONS	METHODS
A. POLICY/IMPLEMENTATION LEVEL: 1. THE EGYPTIAN SIDE	
Ministry of Housing (Women & Men)	Semi-structured interviews
Egyptian Agency for Joint Projects (Women & Men)	Observation & semi-structured interviews
2. THE AMERICAN SIDE	
USAID (Women & Men)	Structured & Semi-structured interviews
CHF (Consultants- Women & Men)	Semi-structured interviews
B. COMMUNITY/TARGET GROUP LEVEL: **1. The Upgrading community (Rashed)** The leaders:	
-Community Development Cooperative (Men)	Observation, discussions & semi-structured interviews
-The Youth Club (Men)	Semi-structured interviews
Members of the Community (Women & Men):	

-The 'Arabs'
    -Upper Egyptians
    -Lower Egyptians
    -The Cairenes
	Discussions, in-depth and structured interviews

2. The public housing residents (Women & men)	Discussions, in-depth and structured interviews

APPENDIX 5

PLANS OF THE HELWAN NEW COMMUNITY

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Plan of Helwan New Community

L E G E N D

WATER LINE IN PLACE

SEWER LINE IN PLACE

ELECTRIC CABLE IN PLACE

TELEPHONE CABLE IN PLACE

HELWAN NEW COMMUNITY

INFRASTRUCTURE CONTRACT

PROGRESS REPORT NO

النواحى المـاليــة المجاورة

المجتمع السكنى الجديد

هو مجتمع مخطط يشمل مساكن كاملة وأراضى مخدومة هذا المجتمع أقيم بواسطة الجهاز التنفيذى للمشروعات المشتركة التابع لوزارة التعمير والمجتمعات الجديدة والاسكان والمرافق ، بالاشتراك مع الوكالة الأمريكية للتنمية الدولية للمساهمة فى سد احتياجات العاملين بمنطقة حلوان . ويقع على الطريق السريع بحلوان غرب مشروع ١٥ مايو وبالقرب من مساكن أطلس.

وهذا المجتمع يسهل الوصول منه وإليه حيث توجد شبكة مواصلات رئيسية خاصة به إلى جانب مرور الاتوستراد بجوار الموقع .

المجتمع ينقسم إلى ١٠ مجاورات كل منها يحتوى على خدمات خاصة بها ويتم ادارة هذا المجتمع من خلال تنظيمات تعاونية من الأهالى المقيمين فيه .

وتحتوى المجاورة بالاضافة إلى أراضى البناء والحدائق على الخدمات التالية :

مدرسة اساسية   مركز ثقافى
مركز تجارى
مركز صحى مسجد مركز اجتماعى
مركز اسعاف
نقطة شرطة   نقطة مطافى

Helwan New Community
Source: Urbanisation Plan 1985

APPENDIX 6

HELWAN NEW COMMUNITY - HOUSING TYPES
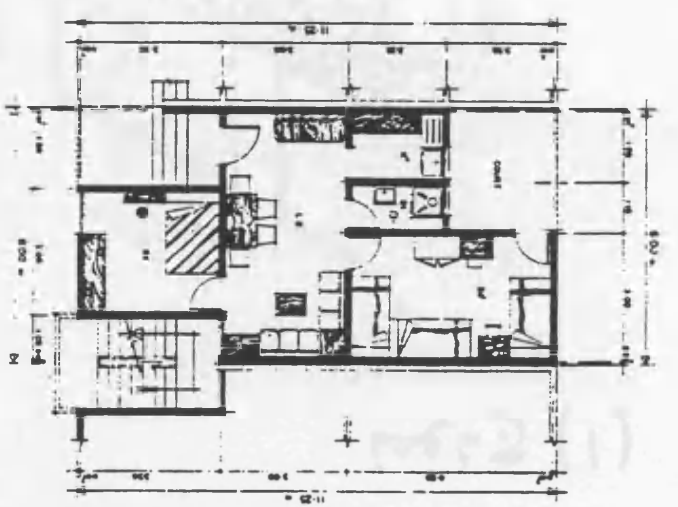
Housing Types

Source: Urbanisation Plan 1985
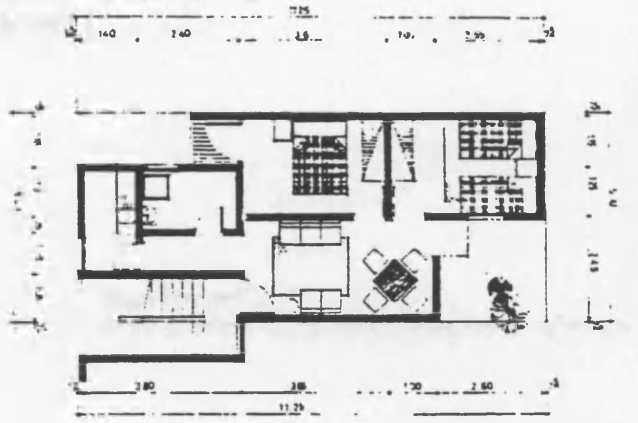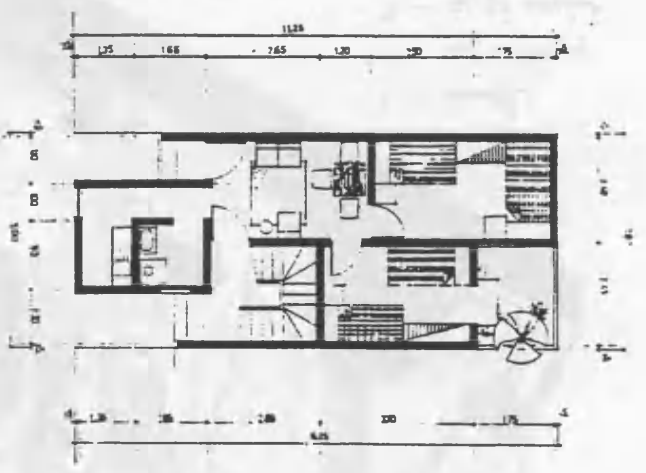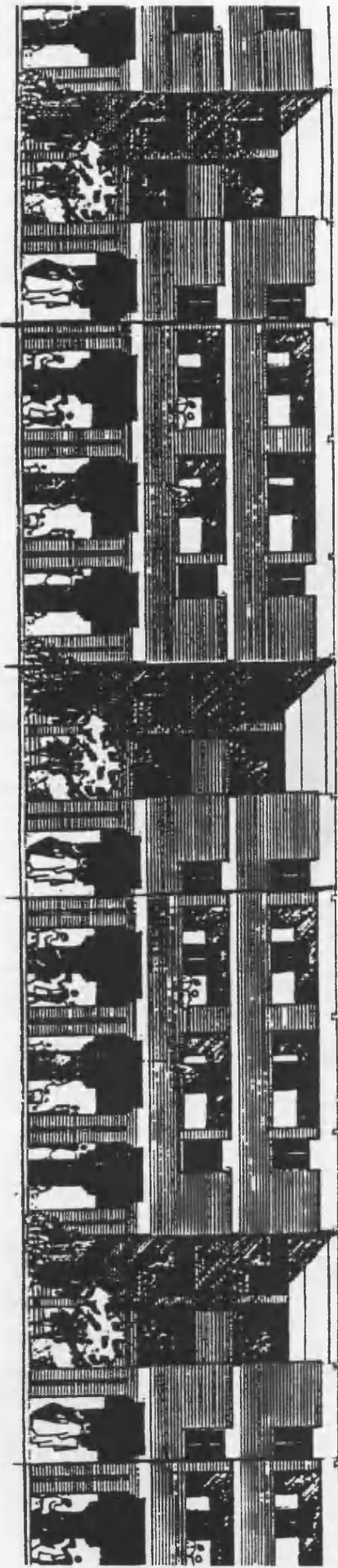
Type A2 5x11.25m²

Type A 5x11.25m²

Type B 6x11.25m

نموذج (١)

نموذج (أ)

المساحة الكلية = ٥٦,٢٥ م²

١ – المدخل
٢ – غرف النوم
٣ – غرفة معيشة
٤ – حمام
٥ – مطبخ
٦ – منور داخلى
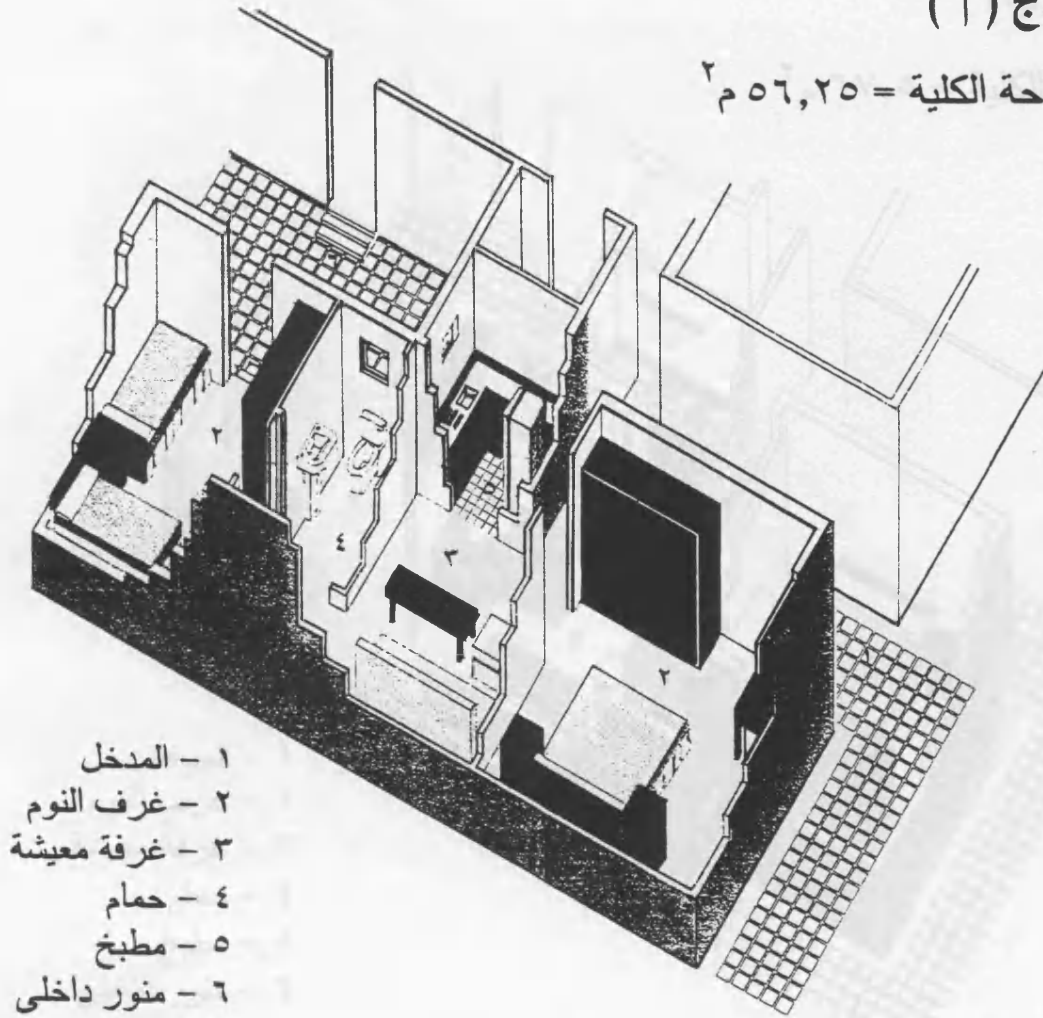
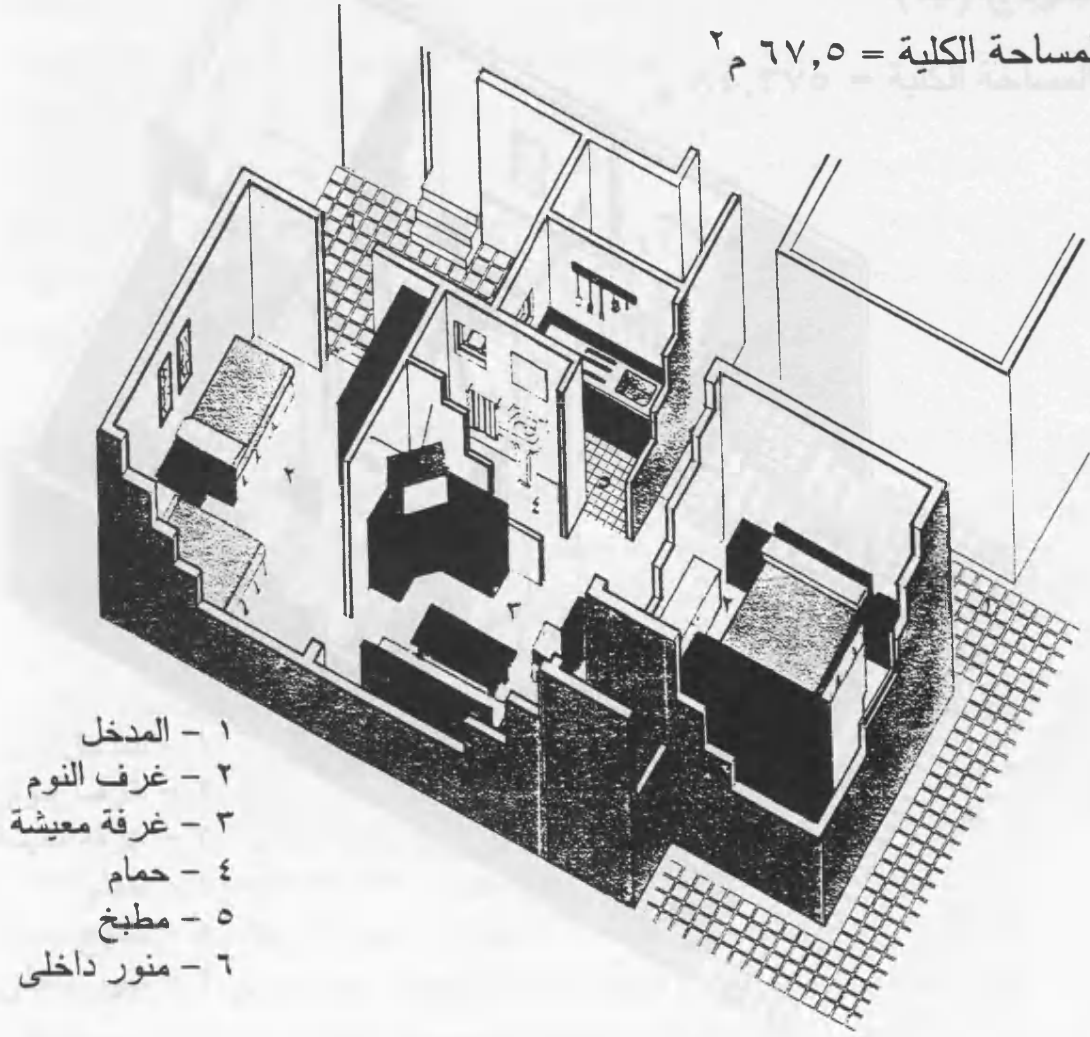يشترك كل نموذجين في سلم مشترك وحوائط مشتركة . الوحدة قابلة
للارتفاع بحد أقصى ٣ أدوار

Type A
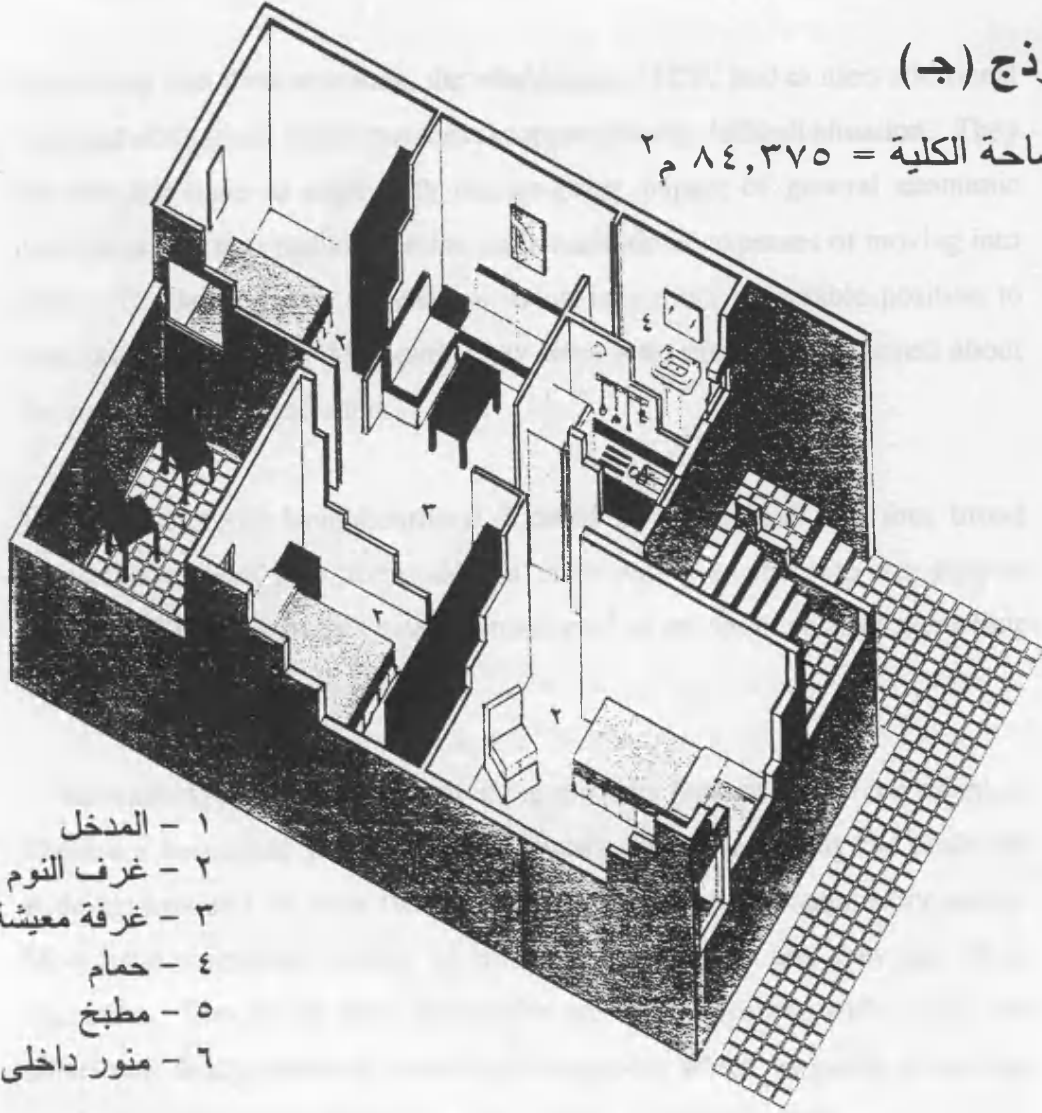Source: Urbanisation Plan 1985

نموذج (ب)

المساحة الكلية = ٦٧,٥ م^2

١ – المدخل
٢ – غرف النوم
٣ – غرفة معيشة
٤ – حمام
٥ – مطبخ
٦ – منور داخلى

يشترك كل نموذجين فى سلم مشترك وحوائط مشتركة . الوحدة قابلة
للارتفاع بحد أقصى ٣ أدوار

Type B

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نموذج (ج)

نموذج (ج)

المساحة الكلية = ٨٤,٣٧٥ م٢

١ – المدخل
٢ – غرف النوم
٣ – غرفة معيشة
٤ – حمام
٥ – مطبخ
٦ – منور داخلى

الوحدة قابلة للارتفاع بحد أقصى ٣ أدوار

Type C

THE IMPACT THE HELWAN PROJECT HAD
ON THE HNC RESIDENTS: FOUR CASES

By moving into their new flats, the inhabitants of HNC had to meet additional financial obligations which put them in a particularly difficult situation. They did not just have to cope with the on-going impact of general economic conditions, but also had to meet the sudden additional expenses of moving into units. The latter seems to have put them in a more vulnerable position to cope with the former. Moreover, they were little prepared or warned about the negative impact of either.

The inhabitants of Neighbourhood 5 could be subdivided into four broad categories around they were able to cope with the move to the Project housing. Four case studies have been selected to represent each of these four household categories[1].

1. The first category is very much in the minority (around 7% of the sample). These are household where the main income earner (generally the husband) is doing well and the wife (with two exceptions) is not economically active. Most have a smaller number of children than average and they are all in education. The flat of these households are well furnished, with sturdy and sometimes fancy furniture, electrical equipment which included a washing machine, refrigerator, television and perhaps a video machine.

ABU AND UM AMR:

This was a household composed of husband, wife and three children. Abu Amr and Um Amr were both 30 years old (average ages), Amr (the son) was 7 and Nada and Marwa (the daughters) are six and five. Abu Amr came from

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[1] Around 90% of households in the sample at the time of the fieldwork were composed of nuclear families.

a small town in upper Egypt and Um Amr came from the city of Helwan. They had been married for eight years, during which time they lived in the city of Helwan in two room, sharing a bathroom with other tenants, with no running water. They paid LE25 a month in rent.

When the research was carried out Abu Amr, who is a university graduate, worked in the Cement factory as an accountant. He was paid around LE250 to LE300 per month depending on incentives (120% to 170% of the pay).

Um Amr who described herself as a housewife, had never been to school. Amr was in primary school, Nada and Marwa were to join him the following year. High education achievement for all three children was seen by both parents as one of their major goals in life.

The flat, although type 'A' [2], was comfortable and pleasant. The furniture was of good quality. All desirable electrical equipment were available: coloured T.V, washing machine, stove and refrigerator. Having this equipments in their possession, ie not having had to sell any of it, put them in the minority of the sample. Food, like the wide majority of the HNC population comes on the top of their list of expenses. They said they spent LE120 a month ie around 50% of their income, on food. The next was medical expenses, on which they spent around LE45. Then the third was the flat instalment of LE35.

The reason they gave for choosing to get a flat in the HNC was that they lived in crammed conditions without proper infrastructure far from Abu Amr's place of work. The flat however was costing much more than they had anticipated. Its poor condition, they explained, meant that they had to spend around LE600 to fix it. However compared to their previous living conditions, they said this was a better place to live.

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[2] Type A is the smallest unit of 56.25 Sq meters, containing two bedrooms, a bathroom and a standing space for a kitchen.

Abu and Um Amr were however not uncritical of the Project. They accused the Agency for not being straightforward about the price of the units which caused them and everyone else financial problems. Um Amr said "At one point we had to borrow money and become part of a game'ya[3], two things which we always avoided doing. I feel very uncomfortable about it".

They were both resentful at having to pay 50% in addition to the amount they were told they would pay in instalment. They said they understood that the price of building materials went up and thus had contributed to the rise in the price. However, they felt that the increase was mostly as a result of mistakes, like money lost on the Model Housing Estate, which they were now having to pay for. Abu Amr explained that he sympathised with those who are suffering, mostly due to this price increase:

> "There are many who were desperate enough to accept to pay much more for these flats than they could afford. The reason is that they lived in inhuman conditions before. They often have low pay and a large number of children. They are really cornered".

Abu Amr said that he and his family were doing quite well in comparison to others. He explained that he and his wife have an advantage over others who might have the same income, because they manage their money well and are clear about their priorities. He said that they never loose money on useless things, that he had to give up smoking in order to save the money for better use. The government was criticised for lack of planning and that "although the economic recession is caused by the world economic recession, things are so bad in Egypt mainly due to the debt crisis which is a result of mismanagement" Abu Amr commented.

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[3] A cooperative, which is a traditional form of saving through a rotating fund among a group of people.

2. The second category of households were those who were able to keep a certain level of control over their lives but were feeling the pressure from economic problems. It is estimated that this group could represented about 20% of the population of HNC. They generally had quite good incomes and had been quite comfortable financially before because they lived in low rent houses. However they felt overstretched after the move because of the present housing situation and the increase in living expenses.

ABU AND UM MOHSEN:

This was another nuclear household, composed of the husband, wife and again three children. 27% of the HNC had three children at the time the research was carried out and some had the intention of having more. Abu and Um Mohsen had been married for ten years. He was 37 and she was 30, Mohsen (the oldest son) was 9, Heba (the daughter) 7 and the baby boy Mohamed 8 months old. Um Mohsen was born in a lower Egyptian city (30%) and Abu Mohsen in Cairo (24%). They had lived in Cairo in a three room flat which contained a private bathroom but no kitchen and no water or sewage connections and had paid LE30 rent. Abu Mohsen had always been the sole income earner, working as a mechanic in the maintenance garage of the Cement factory making about LE230 to LE270 per month. He left school at the age of 15. Um Mohsen, had a middle level diploma and describes herself as a housewife. They lived in type 'C'[4] flat, and therefore had to pay LE2,391 as first instalment and LE42 in monthly instalments. The flat was well furnished, though scarce by Egyptian standards[5]. They owned a T.V a fridge and a stove. Their largest expenditure was on food (LE150) and their second on the instalments and repayment of debts which Um Mohsen said amounted to LE70 a month. They explained that in order to raise the money for the first instalment they had had to sell Abu Mohsen's share in his father's house, borrow from work and sell Um Mohsen's jewellery. They also spent

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[4] These are 84,375 Sq meter flats, with three bedrooms, a bathroom and kitchen.

[5] The majority of Egyptians like to furnish their houses with heavy, plentiful furniture.

LE2000 fixing the flat: painting, repairing the electric connections and the water connections in the kitchen.

Although, after being repaired, they really liked the flat, they thought that had they known it would be so expensive, they would have looked in the private sector. However they felt trapped and they felt it was impossible to go back. The Agency was blamed for the rise in price,

> "..they are making a lot of profit out of us. The so-called low income population. Tell me, how can a low income family have LE5000 in savings? Non of us can afford to save" Abu Mohsen argued.

Um Mohsen explained that before this move to the flat they were able to live without debts. "It is true that the old flat was small and we had no water, but at least we could sleep at night without worrying about debts", she said. Abu Mohsen added that he has had to borrow to cover his monthly expenses which means he was getting even more in debt. He added:

> "I am seriously considering finding work in the Golf to get us out of this vicious circle. This option will be painful for all of us, but I might still have to do it".

When asked about the option of Um Mohsen working, she argued that her children were still too young to be left on their own and that anyhow she did not think there were good paying jobs for women. She also did not see what she could produce at home to bring in an income. She explained that in each building there was dressmaker already. To the possibility of his wife working, Abu Mohsen added that idea of his wife working was out of the question. He said he would not be 'a real man' if he allowed it.

Discussing the wider economic situation they both agreed that things were getting more and more expensive and that the majority of people were unable to survive. The reason for this, they explained, was the 'population

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explosion'. Abu Mohsen said that there are too many mouths to feed. He added:

> "You can see this very clearly in the factory I work in. The more children a man has the more in-debt he is and the more harassed he looks. Single men are the ones who can afford to lend money to these desperate people".

No serious sacrifices seemed to have been made yet, but the threat of migration for Abu Mohsen was seen as a serious possibility. On the other hand there was no mention of having to resort to desperate measures such as to cut down on food, or take children out of school. Worrying about debt was seen to be upsetting to them, though not devastatingly so.

3. The third category which represent the majority of the HNC population (around 60%), are those who were really suffering hardship because of the unexpected rise in the price of housing. This category, who were having already struggling because the wider economic conditions, were made even more vulnerable by having acquired the HNC flats. This category of household were among those who had already had to review their priorities and made choices that might have entailed making real sacrifices.

ABU AND UM MERVAT

This household was composed of Abu Mervat, Um Mervat and four daughters. He was 35, she was 27 and the daughters were 12, 8, 5 and 2 years old. The couple had been married for thirteen years and both came from rural upper Egypt. They had been living with Um Mervat's parents in Cairo. Abu Mervat was sole income earner in the household. He made about LE175 as semi-skilled worker, and an additional LE100 driving a friend's taxi on Fridays. Both Abu and Um Mervat had never been to school. The two older girls went to primary school.

The flat was very simple, with basic furniture: beds, couches and tables. They also owned a black and white T.V and a stove.

Food was again on the top of their expenditure list on which they said they spent LE100, followed by the rent and the debts which amounted to LE92 per month. Abu and Um Mervat explained that they were desperate to leave his wife's family home as they were all squashed into one room, and although they had paid their share towards the rent (LE10), they were made to feel a burden. Um Mervat who was very distraught about the way they had been mistreated by her family, explained that she would not have minded selling all she had and borrowing from everyone to escape this daily humiliation. Indeed they did sell a newly stove for half the price they had bought. They also sold a coloured T.V and her wedding jewellery. They had also borrowed from Abu Mervat's place of work, a sum that he had to repay in LE50 monthly instalments.

Inflation was also getting to them. Um Mervat spoke at great length about the effort it took her to make ends meet. She was terribly stressed and felt guilty and inadequate because she had to drop a number of nutritious items from her children's diet. She said that it was perhaps alright to do without meat, but to stop giving her children eggs or milk was too much. She said her daughters were used to having their glass of milk daily. Now this was gone and she could only afford to give a smaller amount to the two year old. "When we are in the market, my daughter of five asks me about the names of fruits. They used to be at our table before. It breaks my heart", she said.

Other than sacrifices in terms of cutting down on food items, there were fears expressed by both adults about whether they would be able to keep their children in school. They said that this possibility would have never crossed their minds before as they did not want their children to suffer like they did for not having been educated.

These discussion inevitably raised the issue about the government and its role. Abu Mervat's opinion was that the rise in prices was not a reflection of scarcity of food in Egypt, but bad planning and corruption.

4. The fourth category, although in the minority (around 15%), are an important category as they personify the extreme end of how detrimental the Project was for some. These were households who were already in hardship and could barely make ends meet before the Project. The Project had then come along, they had taken part in it and were badly shaken by the consequences. They had sold all they had owned to meet part of the first instalment. They borrowed had from work, relatives and friends and the strain was so bad that inter-household relations were suffering seriously.

ABU AND UM MAHMOUD:

This was one of the few extended households among the population of the HNC It was composed of Abu Mahmoud, Um Mahmoud and seven children. In addition, his widowed mother and two younger brothers stayed with him for part of the year. All of them live in a type 'A' flat. Abu Mahmoud was 35, Um Mahmoud was 30, their children were five girls between the ages of 14 and 8 years and the two sons are 3 years, and 9 months. Abu Mahmoud's mother (Um Mohamed) was 50, her two sons were 10 and 8 years. Abu Mahmoud and Um Mahmoud were first cousins and were born in an upper Egyptian village. They had been married for 16 years during which Um Mahmoud had nine births (lost two children). They used to live in two rooms and shared a bathroom and cooking area with other households. They paid LE20 in rent.

None of them had gone to school, with the exception of one of the daughters, the youngest, who went to school for two years but was taken out when they came to the HNC. Abu Mahmoud worked as a semi-skilled labourer in a factory. He said he was paid around LE150 to LE200 per month. Um Mahmoud set up a little stall in front of the house selling biscuits and soft drinks. She said she made about LE100 a month.

Their flat had the minimum amount of furniture. Two beds, a couch and a few mattresses. Um Mahmoud said their two major expenses were LE100 per

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month on food, around LE62 on the instalment for the flat and repayment of debts. LE40 was spent on medicine. She explained that they had to drastically cut down on food, and were eating just enough to survive. They said they had come to HNC because they thought they would pay only LE23 on instalments per month. In order to raise the money, they had sold their T.V, Abu Mahmoud had borrowed money from work and they got involved in a 'game'ya' and they had even sold the girls' golden earrings. Talking about this issue Abu Mahmoud said:

> "This flat was an absolute disaster for us. We sold everything we owned and I am indebted to the factory for LE350. This means I pay LE17 a months towards this plus LE10 for the game'ya. All this in addition to the LE35 of the monthly instalments".

The small size of the flat also meant that Abu Mahmoud's mother and his brother could not live there permanently. This perhaps was considered a blessing to Um Mahmoud and even to Abu Mahmoud. However as the eldest son, his sense of responsibility and pride meant he had to take care of his mother and his young brothers.

Discussions with this household often centred around an unsympathetic government and the poor who had no hope to improve their lives. Abu Mahmoud said that he had hopes to educate his children and was still trying, but it seemed to him it was a loosing battle.

Um Mahmoud's selling in front of the house, despite the teasing and loss of face for her husband, in addition to the financial pressures, caused enormous tension in the household. However without her contribution, the household would have gone under, and could still do so.

A number of households, like this in fact had to leave the flats shortly after having moved in. They were unable to cope with the additional financial pressures. I was unable to get exact figures about this. However during the fieldwork, I came across at least four households who had chosen this option.

APPENDIX 8

SKETCH FROM PROJECT PUBLICITY BROCHURE
OF HELWAN NEW COMMUNITY
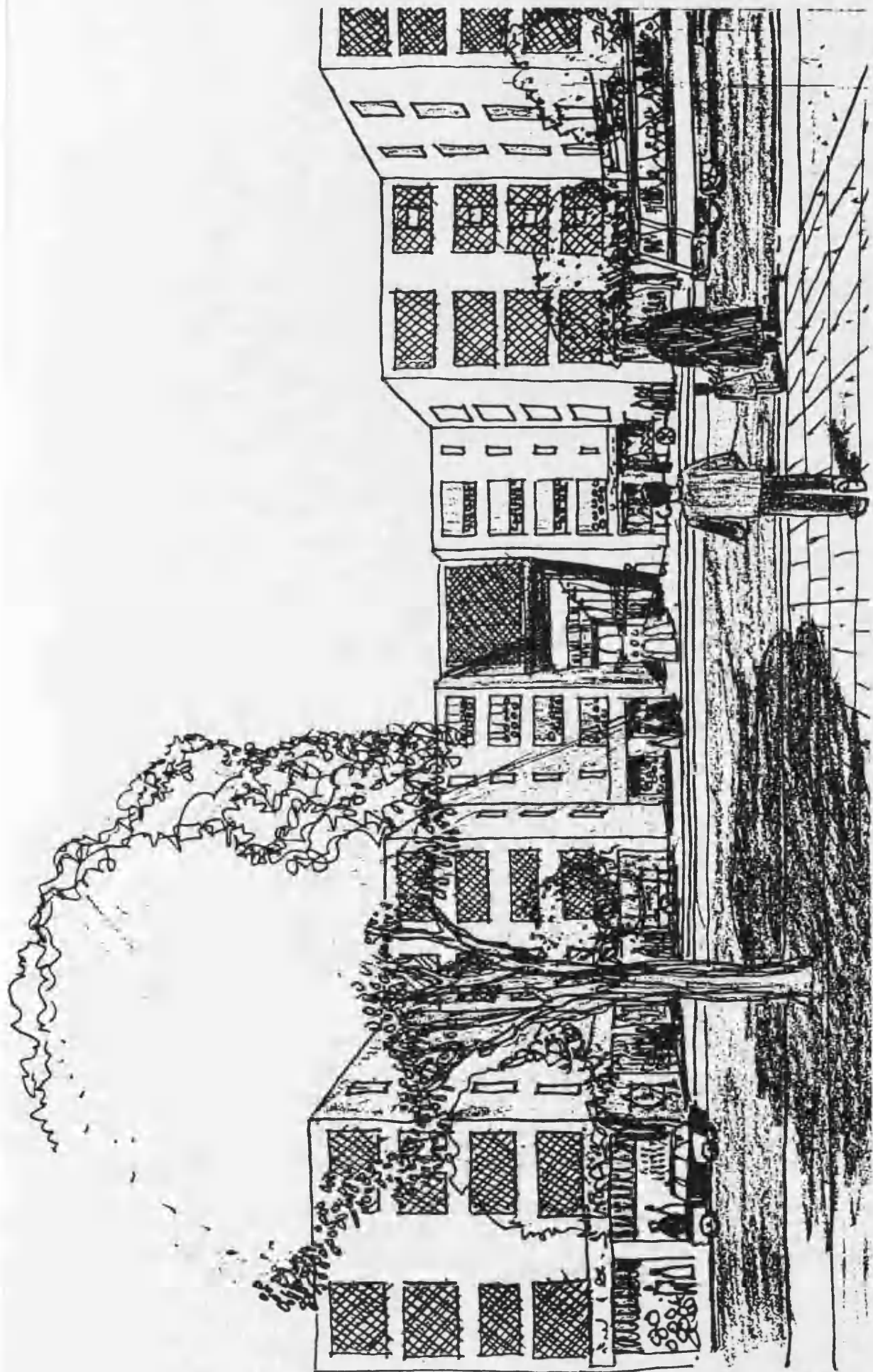
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