



## **CHAPTER SEVEN**

### **Local Development**

#### **7/1 Introduction**

Achieving a comprehensive and balanced development among all regions and governorates is an essential target of socio-economic plans. There is a consensus that decentralization is crucial for obtaining such a goal. Based on that, a comprehensive map for needs' identification has been prepared. The plan reflects a joint-effort of local units' citizens and governorate executive officials, in addition to experts in the field of planning from the Ministry of Economic Development and the Ministry of Local Development.

The overall cost of the Plan's projects is estimated in the order of LE 122 billion, covering potable water, sanitation, infrastructure, education, health and other human development sectors.

#### **7/2 Main Objectives**

##### **The local development efforts aim at:**

- Achieving a balanced growth that combines economic efficiency and social equity.
- Supporting fiscal and administrative decentralization. Effectuating public participation in the development planning process.
- Narrowing the income gap between urban and rural areas as well as focusing on rural development to curtail migratory movements to urban centers.
- Encouraging local investments and increasing private sector and civil society's participation in governorates' development plans.
- Supporting areas with development potentials to overcome population concentration in the Delta and narrow strip of the Nile Valley. Creating



more job opportunities and reducing income disparities between Upper and Lower Egypt.

- Enhancing non-traditional exports of small enterprises located in new communities.

### **7/3 Local Development Pillars**

The four main local development pillars embraced by the Sixth Five-Year Plan are as follows:

**First:** Encouraging investment and giving priority to the development of Upper Egypt.

**Second:** Deepening fiscal and administrative decentralization and promoting public participation.

**Third:** Preserving natural resources and environment.

**Fourth:** Merging gender in the development planning process.

#### **(A) Encouraging Investment and Giving Priority to the Development of Upper Egypt**

##### **Through:**

- Activating the governorates' role on all levels to encourage free enterprises initiatives, improving investment climate through streamlining regulations, ensuring good governance and transparency, providing well-prepared investment maps, assuring land access at reasonable prices, and easing licensing procedures.
- Establishing investment services centers, and upgrading human skills through specialized training programs.
- Completing the development of industrial estates under governorates' jurisdiction (64 areas including 17 enlisted in the Unified Plan), in addition to areas under the jurisdiction of other authorities (26 areas).
- Expanding youth employment projects in all governorates through community services' programs.
- Effectuating the "Public Lending" project financed by the Social Development Fund through governorates and NGOs. The project has already



started in 107 villages, districts and cities with total loans amounting to LE 107 million, in addition to a government subsidy covering loan interest differential equivalent to about LE 10 million.

- Increasing lending resources of the Local Development Fund affiliated with ORDEV. The value of loans offered in 2004 reached about LE 162.2 million, covering 51.4 thousand small projects for youth and women in all villages' governorates. These projects have provided about 86.5 thousand jobs.
- Assigning special credit channels in the Local Development Fund for handicrafts, small industrial enterprises and non-handicraft activities in urban areas.
- Expanding lending schemes for handicrafts workshops in cooperation with SFD, Ministry of Finance, and Cooperative Production Federation.
- Enlarging the base of production cooperatives supervised by localities in order to support small enterprises, through the provision of production inputs and marketing, in addition to consolidating their activities by securing training, technical support, and quality control, as well as reinforcing the role of Cooperative Production Federation. It is worth mentioning that the number of production cooperatives amounts to 475 basic cooperatives all over Egypt, in addition to 15 unions and public cooperatives.
- Increasing governorates' support to small enterprises through easing land access, license issuance and renewal, and facilitating implementation and operational procedures, in addition to provision of soft loans and credit facilities.
- Completing the establishment of the database project for 32 thousand young persons within the framework of the scheme of Local Development Information Center. Those youth work constantly on updating local development data base for all sectors. Moreover, they execute a detailed survey relating to Egyptian households' living conditions (about 14 million families in urban and rural Egypt). A survey of about 2.5 million families has already been done with their data entry at the centers affiliated to the project.



- **The National Project for Upper Egypt Development** is one of the priority projects in the development plan. In order to effectuate this project, the government adopts a group of mechanisms, including:
  - \* Establishing a holding company for Upper Egypt development with a total capital of LE 100 million. The main task of this company is to identify investment opportunities, mobilize savings for investment in production activities that can raise Upper Egypt residents' earnings and improve their living conditions. Examples include transportation, processing of agricultural crops, and local raw materials- intensive manufacturing.
  - \* Providing a package of investment incentives to augment job opportunities. An amount of LE 1 billion is allocated for this purpose, in addition to other incentives, like offering lands for free, facilitating license procedures and providing technological services and vocational training.
  - \* Implementing the road project extending from Assiut - Sohag to the Red Sea to stimulate development, especially in the field of land reclamation, mining and quarrying.
  - \* Completing the duplication of Cairo - Aswan western desert road.
  - \* Establishing and developing specialized ports to enhance river transportation efficiency.
  - \* Developing airports in Upper Egypt, and upgrading Assiout airport.
  - \* Providing essential fund to complete infrastructure services at targeted industrial areas in Assiout and Sohag governorates.
  - \* Implementing a number of projects in Upper Egypt (e.g., food-processing in Beni Suef, garment manufacturing in Menya, flat glass production in Assiout, sugar refinery in Qena,....etc.).
  - \* Completing delivery of potable water to all villages. Expanding the project of upgrading slum areas, by supplying electricity and other public utilities.
  - \* Delivering natural gas to houses in Upper Egypt to provide clean and cheap energy. The project has already started in Beni Suef and will last for three years to cover all other governorates till Aswan; over four stages with a total length of 735 km.
  - \* Expanding the establishment of youth and sport centers. Providing required lands to establish open playgrounds in Upper Egypt governorates.



## **(B) Deepening Decentralization and Promoting Public Participation**

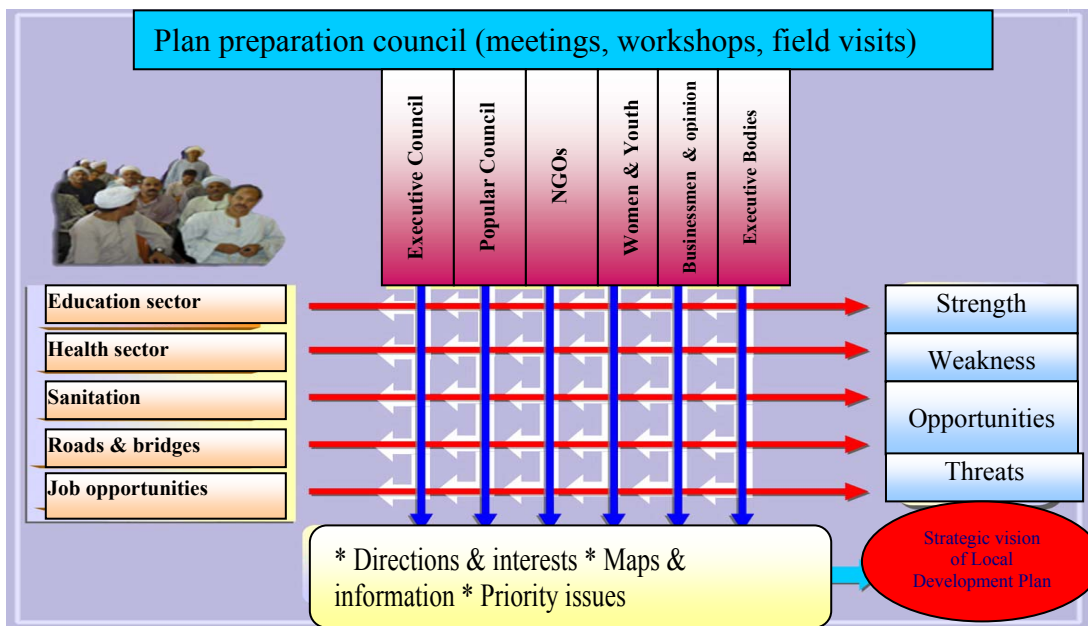
The concept of participatory participation is based on the following:

- **Planning from Below** ... This means that preparation of a local development plan should start from the village, district and city level, being more capable of needs' identification and projects' selection in view of familiarity with local conditions.
- **Intense adaptation to local reality** ... to achieve better understanding of existing potentials and conditions.
- **Wide public participation** ... to reflect actual needs and proper balance of benefits among different stakeholders within the local community.

In this respect, the Sixth Development Plan (2007 – 2012) reflects the government eagerness to effectuate the role of community participation in preparing local development plans, and to emphasize the application of the “concept of decentralization” [fig. (7/1)] .

**Figure (7/1)**

### **Community Participation Framework**





**The importance of strategic planning lies in the following elements:**

- Controlling available resources and maximizing usage' benefits.
- Effectuating local integration and full involvement in the development planning process.
- Integrating village and district development plans to ensure proper coordination at the governorate level [fig. (2/7)].

**Figure (2/7)**

**Phases of Preparing Strategic Planning**

Village Environment	Strategy Formulation				Strategy Implementation			Evaluation & Follow up
External environment	Message	↓						
General external environment		Goals	↓					
			Strategy	↓				
Private external environment				Plans	↓			
					Projects	↓		
Internal environment						Budgets	↓	
Village structure							Procedures	↓
								Performance
↑	↕	↕	↕	↕	↕	↕	↕	↓
Feedback								

**(C) Preserving Natural Resources and Environment**

**Through:**

- Completing the boundary (cordons) of 676 villages and 54 cities, and preparing geographic maps for 588 villages in eight governorates (Sharkia – Gharbia – Dakahlia – Kafr el Sheikh – Menoufia – Damietta – Kalyoubia – Beheira); in addition to preparing aerial photography to track new changes as from 1985.



- Stopping aggression on agriculture lands and solving problems pertaining to construction on agricultural lands with no irrigation sources.
- Completing drainage coverage and water channels crossing intensively inhabited areas, expanding greenery, and reallocating warehouses, graveyards outside the villages and cities' boundaries.
- Preserving the River Nile from any source of pollution in cooperation with the Ministry of Water Resources and Irrigation, and in conformity with the Environment Law.
- Ensuring optimal usage of mineral resources.
- Paying special attention to Sinai and the New Valley, concerning the horizontal expansion of agriculture and the location of manufacturing activities as well as population settlements.

#### **(D) Gender – based Development and Planning:**

One of the main objectives of the development plan is women empowerment and narrowing gender disparities. The plan's focus is on enhancing women participation in the development process to improve their social and economic conditions. An integrated plan has been prepared for the empowerment of Egyptian women on all governorates level. The plan has been a result of a joint effort exerted by a large teamwork comprising popular councils, executives and NGOs, with the participation of experts from the Ministry of Economic Development, Universities and Scientific institutes and in coordination with the National Council for Women.

The total cost of projects aiming at the enhancement of women is estimated to be about LE 139 million, of which 53% is to be directed to Upper Egypt and frontier governorates. The projects are in the sphere of education, health, poverty eradication and economic empowerment, in addition to social care, public awareness, information technology and tourism.



## \* **Integrated Rural Development**

Integrated rural development is one of the main objectives of the Sixth Five-Year Plan, with special emphasis on Upper Egypt.

### **Among projects targeting rural development are the following:**

- **Establishing (400) villages in the desert inland.** This project is estimated to absorb about (4) to (5) million inhabitants. To enhance the settlement process, the government is supplying main utilities and preparing physical plans for designated villages.
- **Municipal Initiatives for Strategic Recovery (MISR Project).** The project aims at achieving a tangible improvement in the quality of life – through tackling poverty problems in 10 governorates, of which 7 are located in Upper Egypt (Menya – Qena – Beni Suef – Fayoum – Assiut – Sohag – Luxor). It includes the establishment of 58 centers to accommodate 14 million citizens in 1500 villages.
- **Environmental Project.** The aim of this project is to develop energy technology tailored to rural areas. The project has been applied in four poor remote villages, serving 500 household units in each village.

## \* **Local Development Policies**

### **These policies include the following:**

- Continuing financial support for youths in coordination among governorates, social development fund and banks.
- Continuing the effectuation of the role and performance of localities, attracting local skills to enhance the efficiency of investment offices in governorates, training and rehabilitating local leaders and increasing the integrity among regions for achieving national development goals.
- Reconsidering the administrative division of the state, providing governorates' access to desert lands.



- Reconsidering authorities of elected local councils, for achieving more popular participation and strengthening the relationship between these councils and executive leaders in governorates.
- Effectuating the role of NGOs and specifying their tasks in the fields of eradicating illiteracy, preserving environment, promoting development projects, as well as the role of different cooperatives in governorates.
- Expanding the projects of Productive Families, Shorook and wide-spreading handicraft industries in urban and rural areas.
- Consolidating the relationship between regional universities and scientific research centers in governorates.
- Submitting the projects that are implemented by central bodies to governorates after preparing technical staff capable of managing these projects.
- Re-planning large cities and determining their cordons.
- Developing small and medium-size towns, encouraging new activities and projects to reside in these cities and connecting them with road network.
- Modernizing economic maps of regions and localities according to their comparative and competitive advantages and real assessment of local resources, taking into consideration possible overlaps among local units at governorates level and other governorates of the region.
- Continuing the effectuation of decentralization through:
  - Consolidating the decentralization of the decision-making process in collaboration with central authorities.
  - Increasing the governors' authorities in several fields.
  - Deepening local decentralization through authority empowerment of the heads of "marakez", districts, and village local units.

### **Local Development Investments in the Sixth Plan**

Total government investments allocated to local development in the Sixth Plan are about LE 159 billion, of which about LE 86 billion are distributed among different governorates and regions.



**The distribution of investments among governorates is subject to the following criteria:**

- ☒ Actual local needs in different governorates.
- ☒ Achieving more equity among different regions by paying more attention to deprived areas, and eliminating regional economic and social disparities, based upon governorate's major human development indicators.
- ☒ Assigning first priority to Upper Egypt governorates.
- ☒ Commitment to support local decentralization to ensure proper fund allocation and project selection according to real needs and costs.
- ☒ Preservation of agricultural land, while considering the needs of urban expansion.
- ☒ Implementing national projects to modernize Egypt and redrawing present demographic map.
- ☒ Motivating private sector local participation, through provision of infrastructure services required for investment activities, and easing licensing and operation procedures.
- ☒ Establishing desert inland villages in Upper Egypt by constructing 400 villages according to well-defined standards and criteria. Government investments in Sixth Plan are distributed among regions and governorates, so as the share of Upper Egypt governorates (Fayoum, Beni suef, Menia, Assuit, Suhag, Quena, Luxor, Aswan) will be about LE 27 billion, representing about 32% of total government distributed investments; whereas other governorates capture about LE 58 billion [Greater Cairo (19.3%), Delta (16.2%), Canal Region (9.2%), Alexandria (8.8%), Frontier Governorates (2.4%), in addition to the national project of sanitation in villages which covers different regions (12.1%)].

As for the distribution of government investments in the Sixth Plan among economic activities and sectors, sanitation projects capture about one quarter at



the national level (one-third for Upper Egypt governorates). Education and health account together for about 21%, water, irrigation and land reclamation nearly 16%, and transportation about 15%.

Concerning the first year of the Plan (2007/08), Upper Egypt governorates occupy first priority as their share amounts to about LE 4.6 billion, nearly about 32% of total distributed government investments which amount to LE 14.5 billion (including the project of desert inland villages and the national project of sanitation).

As for the remaining regions, their share is likely to reach about LE 10 billion [Greater Cairo (19.5%), Delta (16.0%), Canal (11.3%), Alexandria (10.6%), Frontier Governorates (2.4%), in addition to the national project of villages' sanitation which covers different regions (8.7%)].

Sanitation projects capture alone about 17% of distributed governmental investments in the 2007/08 plan (this rate increases in Upper Egypt governorates to reach 25%), followed by education (13%), transportation and storage (12%), water (9%), agriculture, irrigation and land reclamation (8%).

The Ministry of Local Development and affiliated authorities are in charge of implementing projects costing about LE 11 billion, accounting for 13% of distributed government investments during the Sixth Plan. The central ministries are in charge of investments amounting to about LE 75 billion.

As for distributed investments in the first year of the Plan (2007/08) which reach about LE 14.5 billion, the share of the Ministry of Local Development and affiliated authorities is estimated to be about LE 2.6 billion, i.e. 18% of total.

### **\* Total Targeted Local Investments in the Sixth Plan**

These investments are estimated in the order of LE 11 billion, of which LE 7.6 billion for local administration. They are generally funded from the public treasury, as the National Bank of Investment provides about LE 8.5 billion



(72%). A sum of LE 2.5 billion is to be provided through self-finance sources, while foreign grants and loans are to contribute by only LE 57 million [table (7/1)].

**Table (7/1)**

**Ministry of Local Development Investments  
During The Sixth Plan by Source of Finance**

(LE Million)

Item	Treasury	Foreign Loans	Foreign Grants	Self-finance	Total	Percentage (%)
Public Bureau (Central)	3380	-	-	-	3380	30.6
Local Administration (Governorate Level)	5040	36	21	2543.5	7640.5	69.1
General Secretary of Local Development	8	-	-	-	8	0.3
Handicraft Industries and Productive Cooperation Agency	0.8	-	-	-	0.8	
Cairo Authority of Cleaning & ornamenting	20	-	-	-	20	
Giza Authority of Cleaning & Ornamenting	12	-	-	-	12	
<b>Total</b>	<b>8460.8</b>	<b>36</b>	<b>21</b>	<b>2543.5</b>	<b>11061.3</b>	<b>100</b>
<b>Percentage (%)</b>	<b>76.5</b>	<b>0.3</b>	<b>0.2</b>	<b>23.0</b>	<b>100</b>	

As illustrated in table (7/2), Delta region captures about 21% of total local administration investments, followed by Upper Egypt region (20%), Greater Cairo (16%), North Upper Egypt (15%), Alexandria (12%), Canal (8.5%), finally Middle Upper Egypt (7%).

The share of transportation is about 51% of total local investments, followed by electricity (24%), health, education and culture services (13%), utility sector excluding potable water and sanitation (12%).



**Table (7/2)**

**Sixth Plan Investments for Local Administration  
By Region and Economic Sector**

(LE million)

Region	Lightening equipments	Transportation	Utilities	Services	Grand Total	Percentage (%)
Cairo	249.9	625.2	112.0	250.6	1237.7	16.2
Alexandria	128.1	601.1	88.6	91.3	909.1	11.9
Delta	304.8	861.5	353.8	84.4	1604.5	21.0
Canal	164.9	388.0	42.5	54.3	649.7	8.5
North Upper Egypt	320.7	537.3	101.1	202.3	1161.4	15.2
Middle Upper Egypt	187.6	199.1	102.0	46.1	534.8	7.0
South Upper Egypt	497.2	644.4	102.4	299.3	1543.3	20.2
<b>Total</b>	<b>1853.2</b>	<b>3856.6</b>	<b>902.4</b>	<b>1028.3</b>	<b>7640.5</b>	<b>100</b>
<b>Percentage (%)</b>	<b>24.3</b>	<b>50.5</b>	<b>11.8</b>	<b>13.4</b>	<b>100</b>	

**The main quantitative targets of the Ministry of Local Development Plan and its affiliated bodies are the following:**

- Covering canals and drainages with a length of 3000 km.
- Completing the infrastructure of the Technology Valley.
- Purifying Al Tamsah Lake in Ismailia.
- Paving local roads with a length of 1200 km.
- Paving roads inside cities and villages' entrances with a length of 5000 km.
- Purchasing 40 thousand lightening pillars with their accessories for cities, marakez and villages.
- Completing some pedestrian bridges and establishing 30 new bridges.
- Implementing projects relating to health services, child and women development, youth and educational services, in addition to completing and upgrading traffic, civil defense and security projects.



### \*Targeted Investments of the First Year of the Plan (2007/08)

The investments of the Ministry of Local Development and its affiliated bodies are about LE 2.6 billion, of which nearly LE 1.8 billion for local administration. The National Bank of Investment loans are estimated to be approximately LE 2.1 billion (81%), whereas LE 458 million are to be provided through self finance, and LE 42 million through foreign grants and loans [table (7/3)].

**Table (7/3)**

#### **Ministry of Local Development Investments in the 2007/08 Plan by Source of Finance**

(LE million)

Item	Treasury	Foreign Loans	Foreign Grants	Self-finance	Total	Percentage (%)
Public Bureau (Central)	845	-	-	-	845	32.3
Local Administration (Governorate Level)	1260	36	6	458	1760	67.3
General Secretary of Local Development	2	-	-	-	2	0.1
Handicraft Industries and Productive Cooperation Agency	0.2	-	-	-	0.2	0.0
Cairo Authority of Cleaning & ornamenting	5	-	-	-	5	0.2
Giza Authority of Cleaning & Ornamenting	3	-	-	-	3	0.1
<b>Total</b>	<b>2115.2</b>	<b>36</b>	<b>6</b>	<b>458</b>	<b>2615.2</b>	<b>100.0</b>
<b>Percentage (%)</b>	<b>80.9</b>	<b>1.4</b>	<b>0.2</b>	<b>17.5</b>	<b>100</b>	

Delta region occupies about 21% of total investments of public bureau of governorates, followed by South Upper Egypt (20%), North Upper Egypt (15%), Alexandria (12%), Canal (8.5%), finally Middle Upper Egypt (7%).

The share of transportation sector reaches about 50% of total investments of Public bureaus, followed by electricity sector (24%), utility sector excluding potable water and sanitation (13%) and health, education and culture services (nearly 12.5%). [table (7/4)].



**Table (7/4)**  
**Investments of 2007/08 Plan for Local Administration**  
**By Region & Economic Sector**

(LE million)

Region	Lightening equipments	Transportation	Utilities	Services	Grand Total	Percentage (%)
Cairo	54.7	148.3	25.0	57.1	285.1	16.2
Alexandria	31.7	132.1	21.0	24.7	209.5	11.9
Delta	69.7	198.9	79.8	21.2	369.6	21.0
Canal	39.5	88.7	9.0	12.4	149.6	8.5
North Upper Egypt	74.9	125.6	24.2	42.8	267.5	15.2
Middle Upper Egypt	43.4	46.0	23.0	10.8	123.2	7.0
South Upper Egypt	106.3	147.4	51.5	50.3	355.5	20.2
<b>Total</b>	<b>420.2</b>	<b>887.0</b>	<b>233.5</b>	<b>219.3</b>	<b>1760.0</b>	<b>100.0</b>
<b>Percentage (%)</b>	<b>23.9</b>	<b>50.4</b>	<b>13.2</b>	<b>12.5</b>	<b>100</b>	

**The main quantitative targets of the Ministry of Local Development Plan and its affiliated bodies during the first year of the Plan (2007/08) are the following:**

- Purchasing 15 thousand lightening pillars and their accessories for cities, marakezs and villages.
- Paving local roads with a length of 800 km, and intra-city roads with a length of 3000 km.
- Completing some pedestrian bridges and establishing 13 bridges in all governorates.
- Covering canals and drainages with a length of 1500 km.
- Developing the hinterland of some governorates in Upper Egypt.
- Completing the infrastructure of the Technology Valley.
- Purifying Al Temsah Lake in Ismailia and upgrading Upper Egypt villages.
- Gradual implementation of health, women development, youth and educational projects.

Tables (A/20 – A/23) in the Statistical Appendix illustrate the details of targeted local investments during the Sixth Plan and its first year by governorate and source of finance.