

Arab Republic of Egypt

Ministry of Housing & Utilities and Urban Development

National Social Housing Program

Implementing partner
Housing and Development Bank (MOHUUD), [list Development Partners]

31, March 2011

List of Abbreviations

EC	European Commission
EFCBC	Egyptian Federation of Construction and Building Contractors
GCR	Greater Cairo Region
HDB	Housing & Development Bank
MOHUUD	Ministry of Housing, Utilities and Urban Development
MOF	Ministry of Finance
MOPIC	Ministry of Planning and International Cooperation
NHPC	National Housing Program Coordinator
NOPWAS	National Organisation for Potable Water and Sanitation
NPC	National Program Coordinator
NSHP	National Social Housing Program
NUCA	New Urban Communities Authority
PMU	Program Management Unit
PC	Project Coordinator
USAID	United State Agency for International Development
WB	World Bank

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I. The Action

1. Description

1.1 Title

National Social Housing Program

1.2 Location(s)

Egyptian cities

1.3 Amount Requested

Total cost of the project per year (100%)	Amount requested per year from Development partner (50.17 %)
3,343,444,000 USD	1,676,777,000 USD

1.4 Summary

Egypt has gone through historic events recently. The move to democracy has been an aspiration come true. The whole world watched and admired the Egyptians transforming their country. However, this did not come by free. It involved a significant cost – mainly economic, due to the drop in economic activity in Egypt all through the Egyptian revolution period. The loss is estimated to be in the range of several billion dollars.

This project resembles part of a rescue/stimulus package to help put the Egyptian economy back on track. Young Egyptians who attracted the admiration of the whole world need to feel that their revolution is not coming to their detriment. They need jobs and homes (shelters). This project utilizes the construction sector of Egypt – which is known to spur other economic sectors – to provide these young Egyptians with just that: jobs and homes/shelters.

The project aims at providing low cost housing for Egyptian citizens to guarantee housing right for the poor and those below the poverty line as well as build the capacities for effective and efficient implementation of the National Social Housing Program (NSHP).

The project will provide capital investment to support the construction of housing units for the poor. This finance will underpin the ability of limited income citizens to pay the price of the housing units as well as those provide housing for the vulnerable under the poverty line. In addition, the project will promote the effective targeting of beneficiaries, efficient management of land values, and bridging the cost-price gap. Furthermore, the project will seek the creation of job opportunities in the housing sector including the adjustment of policy frameworks.

The Program will also include two major components: training as well as a maintenance component. The training component will ensure that adequate training will be provided across the governorates in which the project will be implemented for the various construction trades – a highly needed skill that will enhance Egypt's human resource in that sector. The maintenance component will ensure that the units built will be properly maintained across time which will ensure the sustainability of the project.

The Ministry of Planning and International Co-operation will be the focal point and national coordinator of the project. The stakeholders will include the Ministry of Housing, Utilities and Urban Development, together with its various constituencies: Housing and Development Bank, New Urban Communities Authority and other infrastructure providing organizations.

2. Background

2.1 Urban Context in Egypt

Egypt has a population of approximately 80 million people with an annual increase of 2%. The poor and the youth constitute, respectively, 20% and 60% of the population. Geographically, although Egypt spans 1 million square kilometres, the majority of the population lives on agricultural land in the Nile valley in an area estimated at 5% of Egypt.

The urban population is estimated at 38 million representing 48% of the population. Out of the urban population, 23 million inhabitants representing live in unplanned areas. The extension of unplanned areas on agriculture land – whether due to natural increase in population or migration in search of job opportunities – has become a major challenge for the Egyptian government.

Over the past years the Government has implemented three land-related national programs. The first program, the new urban communities program, was launched in 1975 with the aim to establish 43 new cities of which 23 cities have been established to attract the increase in population. The second, the urban planning and development program, was launched in 2004 with the aim of preparing strategic urban plans to control the sprawl of unplanned areas over agricultural land. Lately, the desert villages program was launched in 2007 with the aim of creating new communities close to existing cities and large villages to attract, again, the increase in population to desert areas.

The sprawl on agricultural land has been attributed to both the lack of public lands to provide housing in existing villages and cities, and to the reluctance of population to relocate to emerging new cities far from existing job opportunities. A couple of new cities, namely 10th of Ramadan and 6th of October, have matured into vibrant industrial cities after 25 years from inception.

2.2 Poverty in Egypt

Disparities between Urban and Rural areas in Egypt are significant. Nearly 77% of the total poor live in agrarian areas where the poverty rate is more than 2.5 times the rate in urban areas. Rural Upper Egypt is the most vulnerable region where the poverty incidence (40%) is almost double the national average (19.6%). Similarly, disparities are also noticeable between regions. The poverty rate increases in Upper Egypt to 32.5% reaching 39.1% in rural areas. On the other hand, the poverty rate in Lower Egypt is 14.5% and as low as 5.7% in urban governorates.

Egypt's commitment toward mitigating the severity of poverty is represented in the explicit recognition to reduce poverty to 15% by 2011/2012 in the Sixth Five-Year Plan for Economic and Social Development (2007- 2012). This goal is based on national poverty lines, taking into account that Egypt has already fulfilled its international commitment toward reducing extreme poverty (at the rate of \$1 per day) by half.

2.3 Construction Sector

The construction sector in Egypt contributes significantly to generate job opportunities and income to skilled and unskilled workforce in formal and informal sector - more than two million are currently working in construction, representing an average of 8 percent of total employment. According to the Ministry of State for Economic Development (2008), the sector is ranked fifth in overall employment and rank fourth in private sector employment after manufacturing, agriculture and trade. Furthermore, the construction sector is the leading sector in creating job opportunities for a wide range of skills. The construction sector absorbed 9.6 percent of total employment. Around 86 percent of the two millions working in this sector are working in informal establishments, and more than two thirds of these are wage workers.

2.4 Previous Housing Programs

The government of Egypt has over the past 50 years implemented several housing programs. Before 1952, the major housing activity was carried out by the private sector. Large rental housing schemes were promoted by foreign firms (up to 1,000 units). Then, the government did not engage in preparing for or implementing national housing programs.

After 1952, direct Government intervention in housing started with the aim of providing economic housing units at modest rents affordable to low income families. At its peak, the production of state housing was 10,000 units annually representing 37% and private sector produced 17,000 units annually representing 70% of the total formal housing produced annually and estimated at 27,000 units.

In early 1970s, the Government started a program to provide prefabricated housing units. The government imported eleven factories to speed up housing production for low cost housing. The construction cost proved to be higher than conventional systems and, consequently, only 10,000 units had been constructed. In mid 1970s, a housing program was also launched by the Government to encourage the ownership of public rental housing by tenants – the offer required 10% down payment and the rest to be amortized over 30–40 years. In 1978, the Government launched a land-based cooperative housing program for public housing. For these cooperatives, the land was provided by the state at cost price and the construction finance was also provided by the state for 10% down payment and a 3% interest rate. Units were sold at about 27,000 LE for 3 room apartments and about 30,000 LE for 4 room apartments. At its peak 1,000 cooperatives were active. Regrettably, the program failed to produce low income house.

Unlike the previous two decades, the first half of the 1990s witnessed a slowdown of construction growth due to unfavourable public investment trends that accompanied the implementation of Economic Reform and Structural Adjustment Program (ERSAP). Since the mid-1990s, the rate of growth of the construction sector fluctuated considerably. It peaked in some years due to unprecedented growth of hotels and power plants construction (1996/98), and declined to moderate and low rates with the recessionary trends that hit the Egyptian economy late 1990s to early 2000s.

In 2005, The National Housing Program (NHP) was instituted with the aim of building 500,000 units over a six (6) year. As of end of December 2009, 235,000 units and land plots have been delivered to beneficiaries and about 190,000 units are under construction. The program has been implemented through seven sub-programs providing variations on three main strategies to provide: 1) land plots, 2) rental units and 3) ownership units.

2.5 Housing Demand

Given the 80 million in population and increase at rate of 2%, the annual demand on housing is about 400,000, units out of which the urban demand is estimated at 70% demanding 280,000 units. The demand for low income housing is estimated at 65% of the total demand resulting in 180,000 units demanded. The calculation resonates with the upper estimate of housing demand has been estimated at 300,000 units per year (WB 2008) two third of which, i.e. 200,000 units, are needed for low income housing.

Housing is provided by the public, private and informal sectors. The public sector provides 25%, the private sector provides 25%, and the informal sector provides an estimate of 50% (WB 2008) of the housing demand. Given that the urban sector demands 70% of the total demand and is distributed across income groups rendering roles as 65% low income housing, 30% medium income housing and 5% high income housing. Assuming that there is no change to the role of sectors, the contribution of the sectors is translated to the public sector providing 15%, the private sector providing 10%, and the informal sector providing 40%, of needed low cost housing. These rates

indicate that the total public housing program shall be 50,000 units assuming that there is no change in the role of other sectors of society, particular, the informal sector.

Given the loss of precious agricultural land to urbanization, mainly construction of housing, should increase the supply of housing in order to implement a shift in the market share in each of these sectors. The above contribution of the sectors to low cost housing can be readjusted to the public sector providing 40% the private sector providing 10%, and the informal sector providing 15%, of needed low cost housing (see table 1). Inverting the market share between the public sector and informal sector shall necessitate increasing the demand to 112,000 housing units.

According to USAID study on housing demand in Greater Cairo Region (GCR), the accumulation of urban housing demand in GCR in 2012 is estimated at 237,561 Units representing 50% of the urban demand. Providing an increase in housing supply of 87,000 units per year should negate the accumulated demand in five (5) years. The NSHP shall construct 200,000 units per year for the next five years to satisfy the demand on housing, contributing to 50% reduction of informal housing, and reducing the accumulated demand.

New demand - HH			
Pop	80000000		
Increase	2%	1,600,000	
HH	Perfamily	4	400,000

Urban Rural Divide - %			
Rural	30%		120,000
Urban	70%	100%	280,000
U Low	45%	64%	180,000
U Medium	20%	29%	80,000
U High	5%	6%	20,000

Institution Providing Housing - %			
	High	Medium	Low
Private	5%	10%	10%
Informal	0%	10%	15%
Public	0%	10%	40%
Total	5%	30%	65%

Institution Providing Housing - #			
Units	High	Medium	Low
private	14,000	28,000	28,000
informal	0	28,000	50,000
public	0	28,000	112,000
Total	14,000	76,000	182,000

Table 1: Housing demand

2.6 Housing Supply

Housing supply is affected by the availability of land, infrastructure, construction capacity, availability of building materials, and finance.

Land for housing can be provided either in new community under the direct management of The New Urban Communities Authority (NUCA), or in cities managed by local governments. Public land available in cities is scarce. The land available in cities is calculated as 3521 Feddan given the density of 60 units per feddan, the total amount of units that can be provided is 211,000 units. The land that can be provided in new communities for public housing is readily available. This will guarantee the implementation of the National social Housing Program through the first year and start providing infrastructure for un-serviced land. Provision of land thereafter will necessitate the allocation of desert land by Presidential Decree.

The provision of infrastructure will depend on both guaranteeing central facilities that provide the services to the edge of construction sites and to provision of infrastructure in the site and that is always associated with the construction project. Large sites allocated in cities might necessitate the extending networks to site or upgrading of central facilities. On the other hand new communities are managed in phases, one phase will be serviced and the second provided with infrastructure depending on the rate of urbanization. Land serviced in new communities can be estimated at 4500 feddan given the density of 60 units per feddan, the total amount of units that can be provided is 270,000 units in new communities. This will guarantee the extension of the NSHP for more than two years and start to timely provide infrastructure for un-serviced land to proceed with the provision of housing thereafter.

The construction capacity can be assessed based on the number and classification of construction companies in Egypt. The Egyptian Federation of Construction and Building Contractors (EFCBC) have indicated that there are more than 17,600 contractor companies classified into seven (7) levels (see table 2).

Registered Contractors in EFCBC (2010)				
Grade	Registered contractors			
	Number	%	Capacity (Housing units Production)	
			Actual	Maximum allowable
First	201	1.14%	201,000	201,000
Second	133	0.76%	53,200	133,000
Third	190	1.08%	57,000	114,000
Fourth	643	3.65%	64,300	257,200
Fifth	824	4.68%	32,960	164,800
Sixth	896	5.09%	17,920	71,680
Seventh	14,726	83.61%	0	589,040
Total	17,613	100.00%	506,380	1,530,720

Table 2: Registered Contractors in EFCBC (2010)

Both information related to actual contracts implemented in 2010 or the maximum funds allowable to bid for per year for each level indicates that, assuming that 25% of these contractors will be used for the NSHP, the contractors can build an estimated range between 156,600 to 382,700 residential units per year and this indicates that local construction capacity is suitable for the implementation of the NSHP.

The availability of building materials, particularly cement and reinforcement steel rods, is central to the implementation of the housing program. The amount of cement produced is 57 million tons and amount consumed in Egypt is 61 million tons at a deficit of 4 million tons and the cement needed for 200,000 residential units per year is calculated at 3.5 million tons. Similarly, The amount of steel reinforcement produced in Egypt is 7 million tons and the amount consumed is 8 million tons at a deficit of 1 million tons and the amount of steel reinforcement needed by 200,000 residential units per year is calculated at 350 thousand tons. The cement and steel reinforcement produced nationally is at a deficit and since the National Social Housing Program practically intends to build 2.5 times the number of units previously constructed, we can safely infer that the available material will NOT suffice to serve the needs of NSHP and that the deficit will have to be imported. This might represent an opportunity of importing the material at a lower price.

NSHP shall endeavor to provide "Green Architecture" by re-visiting carefully the production of materials, construction site management, and the environmental implications of building fenestration. Careful consideration will be given to developing the material production and construction processes and implications it has on the sector so as not to delay residential unit production or raise the cost of residential units. Local knowledge shall provide well tested solutions and sustainable methods.

2.7 Maintenance Component

Experience has shown that without the adequate maintenance, properties will deteriorate and the sustainability of the whole project becomes in question. The project will therefore include a maintenance component in order to ensure that the built apartments maintain a minimum reasonable level of quality over the years. This maintenance activity will be done by specialized companies which will also contribute to the economy by providing an activity that will add to the value of the properties and at the same time create jobs.

2.8 Training Component

Egypt used to have a work force highly skilled and well-versed in the various trades of the construction sector. By time, this work force eroded due to exodus of skilled workers. It is time to rebuild that work force; a necessary component of any construction sector in a developing country. The project will utilize the training centres available in the various governorates of Egypt to provide intensive training courses to upgrade the labour force in the various

construction trades. This will integrate well with the major aim of the project: to upgrade human resources, to provide a skilled work force, to create jobs, to provide homes/shelters to the youth and finally to spur the economy.

2.9 Program Finance

The finance needed for the program will depend on the direct cost of the program and cost of leveraging finance over time. The total real cost of building the 70 sq.m residential unit is 100,000 LE. The following table shows cost components per unit .

Cost LE	Institution	Type 70 sq.m
In-kind Subsidy	MOHUUD	30,000
Cash Subsidy	MOF	25,000
Down payment	Beneficiary	10,000
Finance	Beneficiary	35,000
Total Cost		100,000
Finance cost	Beneficiary	41,700
Total Finance		141,700

Table 3: Cost component for low income housing unit

The in-kind subsidy includes land, consultancy, bidding, permits, site preparation, building, infrastructure, landscape and taxes, and excludes exceptional increase in prices, registration tax, and program management cost. The cost for housing unit is shown in the following table.

Cost LE 200,000 unit	Institution	Cost per unit	Total Bn LE
In-kind Subsidy	MOHUUD	30,000	6.0
Cash Subsidy	MOF	25,000	5.0
Down payment	Beneficiary	10,000	2.0
Finance	Beneficiary	35,000	7.0
Total Cost		100,000	20.0
Finance cost	Beneficiary	41,700	8.34
Total Finance		141,700	28.34

Table 4: Total NSHP cost per year for housing units

Beneficiary will provide finance for down payments adding up to the sum of 10,000 LE per unit with total finance of 2.0 Bn LE. The Beneficiary will need to pay the rest of cost of 35,000 LE with total payment of 7.0 Bn LE. In case the rest of payment is unavailable the beneficiary will need to leverage extra finance to pay mortgage at 9% over 20 years calculated for 70 meter units at 41,700 LE per unit with total payment of cost of finance and estimated at 8.34 Bn LE per year.

NSHP cost per year (200,000 units) is summarized in the following table. The finance can be distributed between government and beneficiaries as follows.

Total Cost Bn LE	Type 70	Total Bn USD
MOHUUD	6.0	1.0
MOF	5.0	0.83
Beneficiary	9.0	1.50
Finance	8.34	1.39
Total	28.34	4.72

Table 5: Total NSHP cost per year

The total finance needed for NSHP per year is 28.34 billion LE for the 200,000 units.

Duration	Cost Bn LE	Cost Bn USD
Year 1	28.34	4.72
Year 2	31.74	5.29
Year 3	35.55	5.93
Year 4	39.82	6.64
Year 5	44.60	7.44
Total	180.05	30.02

Table 6: Total NSHP cost (inflation 12%)

The total finance calculated for program over 5 years is 180.05 Bn LE or 30.02 Bn USD.

Two finance options can be contemplated to support the poor. They are:

Alternative 1:

The development partner can support the beneficiary in overcoming the cost of finance resulting from 9% interest rate on payments over 20 years calculated at 41,700 LE per unit resulting in total of 8.34 Bn LE for 200,000 units equivalent to 1.39 Bn USD.

Alternative 2:

The development partner can support the beneficiary in cost 10,000 and 35,000 LE per unit resulting in total of 9.0 Bn LE for 200,000 units equivalent to 1.50 Bn USD.

Alternative 2 is superior in the following ways:

1. The donation will enable the finance to build the residential units in comparison to alternative 1 where part of building cost is delayed in beneficiary installment and mortgage will not be able as the unit does not exist, bridge financing through local government might be possible but increasing partnerships will increase the risks.
2. In Alternative 2 there is no need for instalments and consequently finance cost and the donation can be transferred to beneficiaries through the contract.

In addition, the Development partner shall provide infrastructure cost to ensure that site are prepared yearly for delivery of housing units. 200,000 units will require about 3333 feddan at 60 units/fed. The cost is estimated at 143 LE/ sq.m at a total cost of 2.0 Bn LE equivalent to 0.33 Bn USD.

The following is the finance plan: The total cost of NSHP is calculated at 20.0 Bn LE to be divided as follows:

1. MOHUUD will support the program with land and infrastructure worth 30,000 LE for 200,000 units for total 6.0 Bn LE in addition less 50% of infrastructure cost at 2.0 Bn LE for total cost 5.0 Bn LE representing 25% of total finance.
2. MOF will support the program with subsidy of 25,000 LE for 200,000 units for total 5 Bn LE representing 25% of total finance.
3. Development partner will support the beneficiary with 45,000 LE for 200,000 units for total 9.0 Bn LE in addition to the cost of central infrastructure at 1.0 Bn LE for total of 10.0 Bn LE representing 50% of total finance.

2.10 Challenges

Through the implementation of national housing programs several core problems need to be addressed. These core problems are related to: 1) affordability of housing, 2) provision of land, 3) speculation on housing units.

Affordability of housing is a major problem related to both the high cost of residential unit and what can beneficiaries afford. The real cost of a 70 sq.m is 100,000 LE. The beneficiaries with income up to 1280 LE will provide several down payments adding up to the sum of 10,000 LE and can pay an installment not exceeding on average 320 LE over 20 years (one third of income). Assuming that the government will provide subsidies both in-kind 30,000 LE and finance of 25,000 LE, the targeted beneficiary will afford 45,000 LE. What the beneficiary cannot afford is the cost of financing 320 LE monthly at 9% over 20 years which yields an extra charge of 41,700 LE.

Provision of public land in cities is a major barrier in the implementation of national social housing programs. The land ownership structure in cities favours the private sector. Although the National Urban Planning Program has provided strategic plans for 4500+ villages and 150+ cities to date and has planned for the extension of cities, it has not effectively provided lands for the allocation of services or national programs such as housing. While the constitution protects private property and although the legal framework provides for conversion and readjustment of land, the inability to implement the law hinders the effective implementation of national housing programs. The core problem lies in the reluctance of citizens to move away from their daily jobs to emerging new communities that do not provide for jobs or family life. Urban planning procedures have to be revised.

The speculation on housing units rises from the subsidy the government provides to bridge the cost-affordability gap. The housing unit is in many cases sold off to liquefy the subsidy in land, infrastructure and cash that has been provided in past housing programs. The MOHUUD in many cases is

only able to ensure that the beneficiary will not be allocated another public housing unit. The National Social Housing Program proposes to resolve the issue contractually by transferring only capital allocated to beneficiary and collect the subsidy of the unit if sold on the market. This approach will need the implementation of the rule of law and foreclosure procedures; these procedures, inspite of their risks, are necessary to protect the housing market based mechanisms and effectively implement housing mortgage.

3 Project Objectives and Results

Given the recent popular revolution demanding equitable policies, the National Social Housing Program represents a pillar in satisfying the demands. The National Social Housing Program will provide shelter for those in need whether residing in inappropriate housing, in life threatening areas or elsewhere as well as provide job opportunities in the construction sector – a low skill labour intensive sector– to contribute to the reducing of poverty in the long term. Ensuring the financial support needed and bring forward innovative durable solutions for the challenges at hand will provide a program that celebrates and endorses the changes on the state level.

3.1 The overall goal

Ensure shelter rights in Egypt.

3.2 Specific Objective

National Social Housing Program for the poor and the most vulnerable population implemented.

3.3 Expected Results

With the provision of a comprehensive situation assessment and an appropriate capacity building support to MOHUUD and implementing organizations, the expected results of the project will be:

- a. Effective provision of shelter to the vulnerable.
- b. Effective contribution to social justice.
- c. Effective land management to provide public land at the city level.
- d. Effective management of subsidies to limit speculation on units.
- e. Effective use of resources to provide job opportunities for the poor.
- f. Effective monitoring, review and updating of program.

3.4 Project Results

The project will support state and local governments in revising urban planning and development policies in seeking to provide land for social programs related to services and housing. The program brings together local stakeholders to address land, infrastructure, housing, services and local economy including the

implications on social justice sought by vulnerable groups to improve their living conditions. The main pillars supporting the project are as follows:

a. Social Justice

The National Social Housing Program will, in delivering housing units to the vulnerable, provide a genuine sense of social justice. The program will bridge the mistrust experienced by years of neglect and apathy to unacceptable living condition in unsafe areas where life is threatened and/or housing condition are unacceptable.

b. Effective Targeting

The management of a National Social Housing Program will necessitate the effective targeting of beneficiaries ensuring the abolition of speculation on land and residential units leading to delivery of units to higher groups.

c. Rule of Law

Rule of Law is the entry point for both providing social justice and effective action. The function of law is to provide social justice. Furthermore, Laws provide the policy and procedures to protect and collect public wealth when squandered. Ensuring the protection of public wealth will ensure the effective targeting of the vulnerable for others that do not have anything to gain in their misguided quest of wealth.

d. Environmental Aspects

The National Social Housing Program will review and integrate different green and environmental aspects through energy efficient designs, integrated of renewable energy technologies, biological waste water treatment, etc. However, these aspects may increase the cost of housing units.

4. Key Activities

The project will provide capital investment and technical support to the MOHUUD. The capital investment will serve to support the vulnerable in bridging the cost-affordability gap until a higher standard of living becomes a reality enabling all to provide basic necessities. The technical support will focus on assessing housing policies and provide capacity building for implementing agent, on bring together a national partnership in implementing the program and a global partnership on knowledge innovation and management.

Specifically the project will implement the following key activities:

- a. Review and assess current legislation and policies with a view of ensuring equitable pro-poor policies that enable access to land and housing,
- b. Review current legislation and policies and ensure implementation of relevant procedures that protect against speculation on public assets;

- c. Establish procedures for NSHP performance monitoring, review and update.
- d. Implement institutions development and training of Construction and Housing Bank to manage exclusively housing programs, institute and implement policies to provide labour intensive job opportunities.
- e. Enhance and integrate knowledge management capacity of national partners.
- f. Build 1,000,000 residential units over five years at 200,000 units per year for the poor and vulnerable.
- g. Establish management, maintenance and security teams for social housing sites and procure necessary equipment.

5. Beneficiaries

The project will target MOHUUD and its institutions as well as local government to strengthen their roles in managing or contributing to the National Social Housing Program. To ensure effective implementation, the project will target and build the capacity of professional training centres to enhance the capacities of contractors and skill of construction workers and engage them effectively in the process of construction. And finally the project will ensure effective delivery of housing program for the benefit of the poor and vulnerable.

Therefore, the following two target groups are the main beneficiaries: First MOHUUD and HDB shall in effect restructure their organizations, train their human resources and create effective partnerships in order to access global markets. Substantively this target group shall be instrumental in shaping the enabling conditions that support job creation and alleviating urban poverty. Through the implementation of the ambitious housing program to provide for both the new demand and accumulated housing demand using a modality that serves intensive job creation, these institutions, in tune with the recent development in Egypt, shall underpin the structural changes needed to leap forward. Second, the poor shall benefit directly by accessing shelter and job opportunities ensuring the minimum provision of needs and dignified livelihood. Most to beneficiaries are those below poverty line living most probably in slum areas often overcrowded leading to unhealthy and hazardous human living conditions, are amongst the most socially and economically excluded communities.

The core mandate of MOHUUD is to manage and provide housing in Egypt. Towards this end land, infrastructure and construction capabilities are planned for and provided. Most instrumental of the first target group shall be the Housing and Development Bank providing an organizational structure to manage the National Social Housing Program, and the General Organization for Physical Planning in seeking to provide an effective manage cities will bridge the divide between new communities and cities in Egypt.

II. Project Implementation

1. Modalities and Responsibilities

The Ministry of Planning and International Co-operation will be the focal point and national coordinator of the project and will liaise between the development partners and the local stakeholders regarding the project implementation.

The MOHUUD will assign the management of NSHP to The Housing and Development Bank (HDB), consequently strengthen its capacity towards successful implementation of policies and actions. HDB will coordinate with New Urban Communities Authority (NUCA) in allocation of lands and with National Organisation for Potable Water and Sanitation (NOPWAS) other national organizations in the provision of infrastructure. HDB will establish a program management team lead by a National Housing Program Coordinator. Furthermore, the management team shall coordinate with other ministries and local government to provide needed support in services including transportation, trade, health, and education – the provision of these services are crucial to efficient and timely occupation of housing units.

At the core of program management is the Nation Program Coordinator (NPC) leading the Program Management Unit (NPU). The NPC shall coordinate other management teams that might be employed. Each management team, lead by a project coordinator, will take the form of an autonomous body and will execute agreed upon functions as outlined in other related agreements. The teams shall meet periodically to coordinate with a NPC to ensure efficient and effective implementation.

The NPU led by NPC will conduct advocacy at different forums, consultative meetings and thematic workshops for improving housing delivery in order to give beneficiaries a voice to shape policies and set priorities that affect their lives in particular, the vulnerable. The NPC shall be selected by the Minister of Housing, Utilities and Urban Development. The NPC shall select the PMU staff.

The project will use national staff and expertise wherever possible, it will resort to international expertise when not locally available and to introduce new concepts, tools, knowledge transfer, and this will be done on a short-term bases. National consultants will be working together with the international experts on thematic areas of expertise to ensure transfer of knowledge, building capacities and introduction of new and innovative concepts. Office space has to be provided by MOHUUD and its institutions as required, office equipment has to be provided by for the team accordingly to perform their duties.

The project will make use of the services of short-term international consultants and one senior expert. Each consultant and expert will provide advice and training support to each outputs/results areas at different intervals throughout the duration of the project. The nature of the technical support will

vary from one area to the other, but it will concentrate on advisory support services and competency enhancement.

The implementation of National Social Housing Program will begin with verification of project sites and provision of infrastructure, review of building execution plans, and tender documents. The project management will proceed to recruit the supervising agent and tender the construction of project components. Furthermore, project management shall prepare, for the identification of sites and the provision of infrastructure for the next phases.

The implementation of the capacity building components will start with an assessment of CB needs and design a CB program and proceed to implement the program including technical assistance, institutional development, exchange visits and formalise partnerships. The CB program shall start with the agency in charge of managing the NSHP and shall proceed to consult on resolving and validating the challenges faced by the NSHP.

Steering Committee

A Steering Committee (SC) will be set up, composed of: Ministry of Planning and International Cooperation, Ministry of Housing, Utilities and Urban Development (chair), Ministry of Finance, Ministry of Local Development, and NPC the Development partner/s. Each member of the SC will have an equal vote except NPC. The Committee will assist development partners in monitoring and reviewing the technical, financial and administrative implementation of the project.

The SC shall provide guidance and overall supervision of the program. Regular Work Plans will be prepared by the National Project Coordinator, covering six (6) month periods, with a proposed budget for that period and in line with the Logical Framework and Project Agreement. The Steering Committee will endorse the Work Plans. If consensus cannot be reached, the party objecting approval should (i) provide sound arguments in line with project documents and (ii) prepare and suggest an alternative Work Plan (in line with project docs) within max. two weeks.

The SC will decide on project modifications and extensions should this be required, review and endorse quarterly and annual progress reports consolidated and submitted by the National Program Coordinator and and/or Project Coordinator/s, and arbitrate on any conflicts between the program's stakeholders on project implementation priorities, which may require changes.

Organizational Structure

The Steering Committee will meet four times a year. However, ad-hoc SC meetings can be requested by one of the members. It is then the responsibility of the Chair to promptly call for a meeting.

- The National Program Coordinator (NPC) will act as secretariat to the Steering Committee.

- Minutes will be taken by the NPC and passed to all the members of the SC. If there is no objection articulated and sent to all members within one week after distribution, these minutes will be considered endorsed decisions supporting implementation of the project.
- The agenda of the SC meetings will be proposed by the Chairman, with the technical support from the NPC and in consultation with the Committee members. The agenda should be distributed at least one week before the respective meeting, except in urgent ad-hoc meetings.
- In order to ensure smooth implementation, avoid bottlenecks and excessive delays in the decision making process, the SC should establish, in agreement with implementing partners, a detailed schedule for submission of Work Plans and corresponding budgets.
- Draft Work Plans with corresponding budgets to be provided for inputs by the SC should be distributed to all Committee members at least 10 calendar days before the next scheduled meeting, in order to allow Committee members sufficient time to review the documents.
- Agreements within the Steering Committee will be reached by consensus.

2. Terms of Reference

The terms of reference, guidelines and toolkits needed, will be provided or developed at project launch and are part of the responsibilities of the National Project Coordinator.

3. Monitoring and Evaluation and Reporting

Monitoring and Evaluation

Result-based project monitoring will be provided by the NPC or PCs to the SC, supported by Development partner, via objectively verifiable indicators of achievement developed in the Logical Framework. A team of international experts will provide guidance and advice to local teams (Local experts recruited by the project and MOHUUD relevant staff) to ensure that the highest quality of technical work will be undertaken in all the phases and activities of the project.

Reporting

Quarterly progress and financial reports will be submitted by National Project Coordinator to the Contracting Authority, copied to the Ministry of Planning and International Co-operation, development partner and MOUUD. The reports shall consist of a narrative part and a financial part. The reports should

provide detailed highlights on the pace of project implementation, project achievements, project performance and level of satisfaction of project stakeholders. The reports shall furthermore identify constraints faced during the implementation and recommendations for changes/improvements. The financial monitoring shall cover the disbursement of funds and their use.

At the inception phase, templates will be prepared for the quarterly progress reports that will include a list of key implementation and performance parameters to be monitored.

A final report will be submitted by NPC or PCs.

4. Logical Framework

Development partner name:
 Organisation's name: Ministry of Finance and Ministry of Housing, Utilities and Urban Development
 Implementation period: 5 years
 Amount requested per year: USD 1,876,777,000 (Not including inflation and administrative costs)
 Country: Egypt
 Date: April 2011

Principal objectives	Intervention Logic		Objectively Verifiable Indicators	Sources of Verifications	Risks/ Assumptions	Measures for risk reduction
	Ensure shelter rights in Egypt					
Specific objectives	National Social Housing Program for the poor and the most vulnerable populations implemented.		Access to social housing by the poor and vulnerable Training, seminars, capacity building completed and applied in pilots	Periodical evaluation of performance. Periodic activity-related and final reports and final evaluation	Political stability and support Relevant pro-poor housing policies Will of national partners	Consideration of political situations in selecting processes
Results	1. Effective provision of shelter to the vulnerable. 2. Effective delivery of social justice. 3. Effective land management to provide public land at the city level 4. Effective management of subsidies to limit speculation at the program level. 5. Effective use of resources to provide job opportunities for the poor. 6. Capacity of national partners built.		Housing units built and occupied by the poor and vulnerable. Legal procedures protecting public resource implemented. Public land available Subsidies secured or refunded. Number of jobs for small organizations accessed. National partners achieving targets	Periodic surveys. Periodic activity-related final reports and final evaluation Training and evaluation reports	Political stability and support Political will to implement policy Social discontent Willingness to foreclose in case of default or breach of contract Will of national partners	Consideration of political situations in selecting processes Consideration of political situations in selecting processes

Activity	Required Inputs	Source of verification	Budget	Preconditions before start of the project:
1. Review and assess the current legislation and policies with a view of ensuring equitable pro-poor policies that enable access to land and housing	Urban planning, housing and social experts (different areas of expertise)	Periodic report Assessment report	USD200,000	Political support for interventions
2. Review and assess the current land legislation and practice on land management and social housing allocation practices with a view of ensuring protection of public assets	Land management and housing experts (different areas of expertise)	Periodic report Assessment report	USD200,000	Political support for interventions
3. Establishing a system and procedures for housing program performance monitoring, review and updating	Information technology expert Indicators experts Systems expert	Project progress and Monitoring reports	USD200,000	Political will
4. Build capacities of HDB and other partners in the management of NSHP including training and exchange visits.	Pro-poor Policy Project management Training Exchange visits Miscellaneous	Periodic report Training reports Exchange visits reports	USD1,000,000	Effective cooperation and coordination by stakeholders
5. Build, enhance and integrate knowledge management capacity of national partners.	Systems expert Institutional Development Expert Miscellaneous	Periodic report	USD200,000	The government support and commitment
6. Build 200,000 residential units over one year by providing finance and in-kind resources of land and infrastructure or the poor and vulnerable by the Government.	Consulting firms and engineers and contractors Miscellaneous	- Periodic survey report - Assessment report	USD1,666,667,000	The government support and commitment
7. Provide beneficiaries with partial finance to provide infrastructure and build 200,000 units over one year for the poor and vulnerable by the development partner.	Consulting firms and engineers and contractors Miscellaneous	- Periodic survey report - Assessment report	USD1,666,667,000	The government support and commitment
8. Establish management, maintenance and security teams for social housing sites and procure necessary equipment.	Site managers Maintenance personnel Security personnel Miscellaneous	Monthly reports	USD8,000,000	The government support and commitment
Total			USD3,343,444,000	

5. Implementation Schedule

	Year 1	9	10	11	12
1. Review and assess the current legislation and policies to ensure equitable pro-poor policies that enable access to land and housing					
2. Review and assess the current land legislation and practice on land management and social housing allocation to ensure protection of public assets					
3. Establishing a system and procedures for housing program performance monitoring, review and updating					
4. Conduct capacity building needs assessment and develop a capacity building, training action plan and global partnerships for national partners					
5. Build capacities of HDB and other partners in the management of NSHP including training and exchange visits.					
6. Build, enhance and integrate knowledge management capacity of national partners.					
7. Build residential units over one year at for the poor and vulnerable.					
8. Provide beneficiaries cost of finance units over one year for the poor and vulnerable					
9. Establish management, maintenance and security teams for social housing sites and procure necessary equipment.					

6. Budget Summary

The yearly budget required to implement NSHP. Please refer to budget allocation as indicated in the LFA.

Budget Items	Budget Summary – Description		
Capital Investment		%	(USD)
1	Development partner contribution**	50%	1,666,667,000
2	Government Finance*	50%	1,666,667,000
Sub-Total		100%	3,333,334,000
Technical Assistance**		%	(USD)
1	Management & maintenance personnel	79.1%	8,000,000
2	Technical Assistance	3.9%	400,000
3	Training & documentation	13.9%	1,400,000
4	Mission, Travel and local transport	0.5%	50,000
5	Local office costs/action	0.5%	50,000
6	Contingency (out of total)	0.7%	70,000
7	Administrative cost (out of total)	1.4%	140,000
Sub-Total		100%	10,110,000
Total		USD	3,343,444,000

All figures are calculated based on expected exchange rate 1 USD=6LE

* Government Finance

** Development partner contribution

Numbers approximated to nearest 1000