



## EGYPT URBAN FUTURES

### The second session “The Role of the Private Sector in Urban Upgrading”

28 October 2013 at the French Institute in Cairo, Egypt

### Summary

UN HABITAT  
نحو مستقبل حضري أفضل

**giz** Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH

  
Participatory Development  
Programme in Urban Areas

  
Liberté • Égalité • Fraternité  
REPUBLIQUE FRANÇAISE  
AMBASSADE DE FRANCE  
EN RÉPUBLIQUE ARABE  
D'ÉGYPTÉ

  
CEDEJ

  
CNRS

INSTITUT  
FRANÇAIS  
EGYPTE

**EGYPT URBAN FUTURES is a workshop series, organised by CEDEJ, GIZ and UN-Habitat, which aims to promote dialogue between the public and private sector, civil society, development organisations and academia. The workshop series will provide a platform to exchange experiences and opinions on issues concerning urban development for all stakeholders engaged in the field.**

The second workshop on 28 October 2013 addressed the Role of the Private Sector in Urban Upgrading, as it came out from the previous workshop (Informal Areas after 25 January 2011) that the audience were interested in discussing this topic. About 110 participants from different backgrounds came together to discuss this crucial issue and were engaged in the debate at the workshop.

The opening speech has been given by Mrs Manal Shahin, Manager for Northern Governorates & Greater Cairo NGOs at the Informal Settlements Development Fund (ISDF), where she spoke of joining hands for combating challenges of informal settlements on the public and private side. She also mentioned that ISDF plans to stop the growth of informal settlements until 2017. Then she highlighted that encouraging Civil Society Organisations (CSOs) to become engaged in development and in the implementation of plans, as well as the importance of the role of the private sector in Corporate Social Responsibility in informal areas upgrading.



The workshop was divided into three sessions: a) the role of the informal private sector in informal areas upgrading; b) the role of corporate social responsibility in the informal areas upgrading; and c) the role of formal private sector companies in informal areas upgrading. In addition to a final roundtable discussion where representatives of different donor agencies posed their vision regarding the topic.

Session 1: Role of the informal private sector in informal areas upgrading

In the first presentation Kholoud El Khaldi gave an introduction about the informal economy and how the International Labour Organisation (ILO) had a major role in identifying it and giving it a conceptual framework for both practice and research since the 1970s. She mentioned the ILO’s definition: “Informal economy occurs outside the legal framework (informal/ extralegal),



referring to entities or activities that do not comply with the legal rules controlling entry and operation in the economy officially”. Then she attempted at making a comparison between informal settlements and informal economy enterprises; where she highlighted the efforts of upgrading are needed for both aspects. For the Informal Economy Enterprises the upgrading involves **‘the improvement of the enterprise, measured by its ability to become more profitable and sustainable, as well as to improve the working conditions of people employed in the enterprise and the quality of employment offered’**. In that sense, she summed up her presentation with a set of recommendations for policy action; first that informal settlement upgrading requires collaboration between all stakeholders, especially the government; second utilizing local development strategies to guarantee community participation, and public private partnerships and finally; that informal economy enterprises can play a big role in undertaking the regeneration of informal urban settlements.

Ghada Barsoum (AUC) focussed more on employment informality, where she mentioned that it can be divided into 2 groups. The first group includes those working in unregistered enterprises such as street vendors and retailers without a fixed establishment, artisans, own-account drivers, farmers and owners of agricultural enterprises and home-producers; and the second group is paid workers in undocumented employment relations (without contracts). She highlighted that the only two employing sectors in Egypt which provide coverage of social and medical insurance are the government and the public sector, which leaves the social protection in Egypt at very low standards. Dr Barsoum also tackled the issue of poor health conditions for informal workers in Egypt as a consequence of informality where she explained that the informal employment will continue to grow a reflection of employment deficit within the formal economy, due to weak governance systems. Nevertheless, she ended with proposing some financial solutions to support the accessibility of informal workers to social protection in Egypt based on global examples.

Omar Nagati (Cluster) spoke about the urban informality where he explained that what erupted in 2011 is an urban revolution par excellence and it has offered 3 premises: a

new urban context, new meaning of public space and alternative mode of practice. Nagati spoke about the developments after the revolution and how the new community initiatives brought about new power relations between public sector and civil society. He gave three examples; the street vendors (who occupy the sidewalks); downtown passageways (conflicting uses-multiple users) and Ard El Lewa community park (community claimed the land owned by the government). Then he concluded that there is a need to look for new modes of partnership in order to reach better compromises for each group.

Emad Farid spoke about the experience with Solid Waste collectors of Manshiet Nasser, where Environmental Quality International (EQI) was engaged with those informal garbage collectors to improve their living conditions and support their business. Farid highlighted the local ‘informal’ regulations that these communities have and how they manage their own lives further away from any ‘official’ rules or regulations. However, he highlighted that from the government side these informal recyclers need legislative support to allow for their safety and titling for their property to be able to carry on with investing in the informal economy.

#### Sessions 2&3: Involvement of Private sector and CSR

Mostafa Ouf (HSBC) talked about HSBC’s development projects such as Ezbet Al Nasr in Cairo, Dar El Salam, Ezbet El Tobgi in El Bassaten, HSBC’s support for local initiatives through NGOs, support for cleaning and beautification for southern Cairo zone, and for Helwan market. He presented El Galshany where HSBC acquired the land from the government instead of being squatted with the help of the Governorate; the project is establishing a school complex. The governorate agreed to allocate the vacant land to the administrative authority for youth who in turn is managing the youth centre and using the revenues to increase the activities offered. Ouf mentioned that HSBC Global considers CSR to be a fundamental part of the success of the organisation and therefore feels the obligation to work to improve the living conditions of the neediest. Nadine Okasha presented SODIC’s vision and CSR strategy. SODIC works mainly with Al Fanar organisation to improve lives in disadvantaged communities by investing in the growth of innovative, self-reliant, social purpose organisations that effectively respond to community needs. In the light of their partnership they have a number of initiatives/projects in different sectors one of which is



Participants engaged in the discussion eagerly.

urban upgrading. SODIC worked in Ezbet El Assal to refurbish some houses. However they faced some challenges such in terms of community participation, project management and spending. Finally, Mohamed El Kallah, UNDP Consultant, spoke about “The Role of Private Sector and Inclusive Growth as a Solution for Urban Development”. He talked about the private sector today and the shift after the 25th of January revolution, people perception of private sector role, and how the private sector can get benefits of creative shared values. Private sector can be engaged in different sectors such as housing, energy, education. The involvement of private sector in feeding projects can have negative impacts on small shops close as they are not competitive, an example for that is Khier Zaman supermarket chain. In that sense, the state/ the macro economy needs to define how the investments from the private sector are regulated, integrated and balanced with the micro level. The controversial relationship between the State and the private sector needs to be reviewed in our region. Another point raised by the audience and stirred a lot of discussion was the limit between the role the private sector can play vis-à-vis the responsibilities of the government.

### Roundtable and plenary discussion

Finally, representatives from several international agencies spoke about the importance of addressing informal areas and in involving the private sector in these processes. UNDP representative spoke about the rights of informal settlement inhabitants to basic services. Then she offered some of the lessons learnt from the UN perspective, such as integration of communities during these interventions through participatory methods. In



addition to participation in decision-making and creating win-win situations. The GIZ explained that Participatory Development Programme (PDP) is the biggest GIZ project in the MENA Region working on the dissemination of participatory development in urban upgrading with a co-funding from the EU. He highlighted that the public sector should have lead in urban upgrading efforts however given their limited capacity they need other entities to support in that regard there is also an indirect benefit for private sector to be engaged in urban upgrading where they can support the government and induce better economic opportunities. The EU representative highlighted the EU’s efforts in

supporting urban upgrading in Egypt through the co-financing to PDP where there will be an expansion of PDP with extra funds soon, as well as through other interventions with AfD and EIB in the areas of income generation, small enterprises with the total amount of loans: 125 Mio. Euro and the total amount that EU invests in urban development in Egypt: ca. 200 Mio. Euro. From the EU perspective; the private sector is a more efficient partner. The EU also introduced the social business idea; where companies could work for a social benefit whilst making profit. For the AfD representative urban development is a new field of work where they are about to start first Urban Development project with social fund for development (SFD) also working through microcredits for NGOs and working in informal settlements in Cairo and Giza. He also highlighted that informal economy has important role in Egyptian Economy particularly after the political circumstances; however the informal economy is facing various challenges such as lacking access to credit. Finally the UN-Habitat representative spoke about its main partners in Egypt as General Organisation for Physical Planning (GOPP) and Ministry of Local Development (MoLD). UN-Habitat intends to revise private sector involvement in projects to assess the different forms of private sector involvement, however clear borderlines between government and private sector engagement is important for success of projects, and finally there will be a better opportunity to learning from other experiences in that field at the upcoming World Urban Forum 2014.

In the closing remarks of the workshop, Dr Guenther Wehenpohl pinpointed that urban upgrading is a complex field which requires integrated approaches and multi-stakeholder collaborations. And that development



organisations need to keep in mind that at the end of the day we need to think of our beneficiaries ‘the people’ to improve their living standards.

All these questions demand more debate in the future.