

GREATER CAIRO URBAN PROFILE

INSTITUTIONAL FRAMEWORK

I. NATIONAL AND REGIONAL AGENCIES CONCERNED WITH THE URBAN SECTOR

National Agencies

1.01 For planning and administrative purposes, Egypt is divided into 26 Governorates, each headed by a governor appointed by the President. The Central Ministry of Local Government (MLG) sets general policies and guidelines consistent with national development plans and coordinates the actions of local government units with central ministries. This task has become more complicated following recent moves to decentralization. The Supreme Council for Local Government, established by Article 5 of Law 50 of 1981, is a consultative body headed by the Minister of Local Government; its members are the governors, and Presidents of local People's Councils, and it is authorized to arbitrate in issues affecting the development of the local community. Within the urban sector, there are several overlapping jurisdictions: for example, ten administrative entities are involved in transport planning in Greater Cairo. Few of the agencies have a clear mandate

and only experts can find their way through the legal labyrinth resulting from the frequent legislative and executive changes of recent years. All public agencies suffer from a shortage of qualified manpower, a situation exacerbated by low salaries and the attraction of employment in the private sector and/or outside Egypt, yet may concurrently be overstaffed with unsuitable employees because of government employment policies and a civil service system incapable of systematic action. Supervision of employees is difficult and their dismissal virtually impossible.

1.02 The following are the main agencies concerned with the urban sector:

- (a) The Ministry of Planning (MOP) is responsible for approving budgetary appropriations for all central ministries, public authorities and the governorates, and also undertakes regional planning studies. Recommendations arising out of these studies, however, must be approved by a high level committee which includes a representative from the MOP and the local governors;
- (b) The Ministry of Finance (MOF), which control the budgetary process, plays a dominant role in prioritizing funding and in cutting back original requests from Ministries and local governments for centrally-controlled funds. Linking of the MOP, MOF, and the Ministry of Economy (which deals with national economic planning) under a single Deputy Prime Minister was intended to further strengthen the development and planning process;

- (c) The Ministry for Reconstruction, Housing and Land Reclamation (MRHR) was created by Law No.43 of 1979 to combine the activities of three former ministries and to be responsible for reconstruction, new town development, housing, public utilities, and the development of desert land. While the role of the MRHR in funding low-income housing schemes has diminished as a consequence of decentralization of responsibility to the governorates, it continues to be used by the governorates as a national coordinating agency and provides assistance to the governorates in the implementation of certain large scale projects;
- (d) The General Organization for Physical Planning (GOPP) established within the then Ministry of Development by Presidential Decree 1093 in July 1973, is responsible for coordinating the spatial development, including the preparation of urban master plans, for each of the major cities. The role of the GOPP relative to the new decentralization policy is still evolving;
- (e) The Central Traffic Department (CTD) of the Ministry of Interior is responsible for training of traffic police, for coordination of traffic police functions among local governorates and for driver vehicle testing and licensing. It provides the technical advice to local traffic police departments in the governments;
- (f) The Transport Planning Authority (TPA) of the Ministry of Transport is responsible for longer term transport planning, both for urban and non-urban areas, and for providing technical advice to the governorates;
- (g) The Higher Committee for Transport and Traffic of the Ministry of Interior is responsible for inter-agency coordination of transport policy and major investments (representatives include officials from the MRHR, CTD, and the TPA).
- (h) The National Organization for Potable Water and Sanitary Drainage (NOPWASD) owns and operates all facilities throughout the country, except in Cairo, Alexandria, and the Suez Canal Region, where potable water, sewerage and drainage facilities are provided by municipal agencies. (It should be noted that on April 7, 1981, under Presidential Decree 197, the NOPWASD was created to replace the former General Organization of Potable Water (GOPW) and General Organization for Sewerage and Sanitary Drainage (GOSSD) which had been set up in 1968).

1.03 The decentralization policies are of considerable significance, and there have been many recent changes. Activities concerning new cities, for example, now come under the New Urban Communities Authority established by Law 59 of 1979, and Presidential Decree 351 of 1980. Following enactment by the People's Assembly in 1979 of Law 43 (Local Government System), governorates are now, in principle, responsible for planning, design, and implementation of investments within their boundaries. Control over fiscal management,

taxation, and regional and national planning nevertheless remains with the central government. Local Government Law No. 50 of 1981, promulgated on June 17, 1981 has further reinforced the autonomy of local units in setting the pace of local development, and has extended and strengthened their powers to establish and manage urban services--although the President of the Republic still has extensive powers of intervention (Article 2) should the national interest be judged to be at stake. Law 50 enables revenue-earning projects to be executed, physical planning to be proposed, and capital projects to be approved, by governorates--a status enhanced by approval of a new physical planning law on February 14, 1982. But many uncertainties remain about the implementation of the new legislation. The administration of the governorates is still closely linked to national policies, not least by the flow of funds from the center. Greater Cairo, as the seat of the national government, is placed in a particularly uncertain position regarding the moves to local autonomy.

Regional Public Sector Management

1.04 A crucial role is therefore played by the specific institutional arrangements that shape urban governance in the region, and by the manpower and financial resources that are available to make them work. By way of background to this emergent regional urban management system, it may be noted that it was the fact that there were so many government agencies exercising controlling influence that was the main reason leading to the establishment of the Greater Cairo Planning Commission in 1966. The dissolution of this body in 1973 left a gap in the task of coordinating management of the urban agglomeration among the three governorates. Such coordination is especially critical when it comes to major land use and transportation decisions, since their importance transcends political and administrative boundaries. The High Regional Planning Committee was established in 1979 by Law 43 to respond to this need. In fact, this agency has neither power, authority, sufficient finance nor qualified people to shoulder this responsibility, thus posing a major institutional constraint at the outset.

II. THE THREE GOVERNORATES

Cairo Governorate and the Two-tier System

1.05 Cairo is an urban governorate consisting entirely of the capital city. Until 1949 Cairo was administered in a fragmented and poorly coordinated way by the various central government ministries, that is, as a Capital District run by the National Government. In 1949 the City was given legal personality as a municipality and in 1960 the Local Administration Law 124 merged the administration of the municipality with that of the Governorate to create a single administrative body for the direction of affairs within the Governorate boundary. Under Law No. 124, the existing 26 kisms (sub-districts corresponding to police precincts), each having a population of between 100,000 and 600,000, were grouped into seven districts; East Cairo, Heliopolis, Helwan, Central Cairo, North Cairo, West Cairo, and South Cairo. These districts became the principal urban administrative branches of the

governorate. In 1975, Law 52 went a step further and created a two-tier system of local government by endowing these districts with legal personality and stipulating for the first time that local councils are to be directly elected. Employees of the Governorate were redistributed to the districts, and each district was headed by a Chief appointed by the Governor. Thus, the districts became local government entities within the domain of the larger governorate. In 1982, the number of districts was expanded to 12.

1.06 Law 52 did not, however, define in a clear way the functions of the governorate and the districts with regard to municipal activities. For example, the districts are responsible for issuing licenses, regulating and controlling building construction, maintaining government buildings, public parks, gardens and environmental improvement programs, constructing and maintaining tertiary roads, and enforcing laws regulating entertainment and public shops. The governorate is responsible for providing budgetary funds and supervising the implementation of these activities in addition to being responsible for the construction and maintenance of primary and secondary roads, bridges, and cultural activities such as museums, public libraries and tourism promotion.

1.07 The social services are carried out by departments of the governorate which until 1960 had been field administration units in the central ministries. Table A1.1 shows the allocation of social functions between the governorate and the districts as stipulated by Law 52.

1.08 The local government process functions through two separate branches -- a legislative branch which sets general policy guidelines, and an executive branch which is responsible for the day to day running of the city.

1.09 The Cairo City Council, which functions as the legislative branch, is responsible for determining overall municipal policy. The Council consists of 130 members of which 50% must be workers (four members plus a woman representative from each district) and who are elected for a period of four years. Ad hoc and specialized committees are established by the Council to study various issues and make appropriate recommendations. Council decisions are taken by a simple majority of votes and are sent to the Governor for implementation. While the Governor has veto power over the decisions of the Council, his ruling can be appealed to the National Board of Governors.

1.10 Local policy is determined by the District Councils which are elected on the same basis as the City Council, except that each District is represented by six members plus a woman representative. The District Councils make recommendations to the City Council on matters of joint interest.

1.11 Management and operational decisions are taken by an Executive Committee which is chaired by the Governor, who is appointed by the President with ministerial rank. This Committee groups Under-Secretaries from all the Service Ministries (Education, Housing, Health, Social Affairs, Labor, Supply) and the Ministries of Finance and Interior (for policy and security). The Under-Secretaries, who remain career functionaries in their mother ministries rather than in the Governorate, work full-time with the Governorate to achieve coordination between city and ministry objectives.

**Table A1.1: ALLOCATION OF SOCIAL FUNCTIONS
BETWEEN CAIRO GOVERNORATE
AND ITS DISTRICTS**

Activity	Cairo Governorate	Districts
Education	Secondary schools	Primary and preparatory schools.
Social Affairs	Supervision of social welfare activities	Pensions and grants to the disabled. Productive projects to raise the income of some poor families.
Supply and Internal Trade	Pricing committees, Control of distribution of supply goods, Supervision of consumers' cooperative societies.	Distribution of supply quotas. Supervision of the distribution of commodities, and its prices.
Manpower and Vocational Training	Implementation of manpower plans on the level of the governorate	Enforcement of labor laws. Vocational training centers.
Youth Welfare & Sports	Creation and management of youth centers, supporting and supervising sports clubs.	Supporting the governorate in its activities within the domain of the district.
Health	General hospitals Health laboratories	Health units and clinics First aid and services

Source: Based on the Greater Cairo Region Long Range Urban Development Scheme

1.12 The whole internal structure has recently been reshaped as a result of several decrees by the Governor, such as Decrees 123-125 of 1980 on the powers of his assistants. There are now four Assistant Governors; three of them act as general coordinators to the districts, while one is responsible for the technical operations of the city. The Executive Body Committee consists of the four Assistant Governors, the District Chiefs, the Directors of the Service Departments, and the Secretary General. Each district has a similar Executive Council with approximately the same responsibilities in its area of jurisdiction. The Executive Body Committee is responsible for:

- (i) assisting the Governor in developing managerial and financial plans to implement the decisions taken by the City Council;
- (ii) following up the activities of the parastatal institutions within the boundaries of the GCUR, and evaluating their performance;
- (iii) setting the appropriate rules for operating the administrative and parastatal institutions; and
- (iv) studying and investigating selected topics to be discussed by the City Council.

1.13 All city technical operations are organized into three functional departments: (i) solid waste, electrical and mechanical services, (ii) roads and bridges; (iii) planning and construction. Each district office, where appropriate, is responsible for one or more of the departmental activities.

1.14 In addition to the regular city departments, there are a number of metropolitan-wide autonomous local public authorities for which the Governor is constitutionally the "ex-officio" Chairman. These include the General Organization for Greater Cairo Water (GOGCW), the General Organization for Greater Cairo Sewerage and Sanitary Drainage (GOGCSSD), the Cairo Transport Authority (CTA), and the fertilizer and slaughterhouses enterprises. While these public authorities also include representatives from the Governorates of Giza and Kalyubia on their Board of Directors, in operational practice, they operate almost completely outside the planning framework of the constituent governorates.

1.15 Besides the local public authorities, the Governor of Cairo is also responsible for the performance of, but has no authority over, three public sector land development companies operating exclusively within the Cairo governorate--the Maadi Development Company, the Heliopolis Company for Housing and Development (which owns and operates the Heliopolis Metro System by financing its deficits through the sale of land), and the Nasr City Company for Housing and Development. These public sector companies are the successors to foreign-owned land development companies nationalized in the mid-1950s, but despite public ownership, continue to operate independently of governorate direction.

1.16 Cairo is governed under the same law as any other city in Egypt. The organizational structure of Cairo follows the pattern of all other cities: i.e. its authority is restricted to its immediate boundaries. This means that when the Governorate attempts to cope with the problems of the metropolitan region, it does not have adequate jurisdiction to deal with those problems. For example, the municipal services which are so critical to the functioning of Greater Cairo -- water, sewerage, transport, electricity and telephone -- are virtually beyond the control of municipal authorities from a management point of view.

1.17 Moreover, the municipal functions are overshadowed by the Governorate functions of a capital city. The Governor is genuinely taken up with what may appear as more important functions of state. He must constantly respond to requests from Ministers of the Central Government. An examination of the organization chart of the Cairo Governorate will show that the municipal functions do not appear or appear only as minor functions. Yet the health and welfare of the citizens--government and private--depend on these functions.

1.18 The Governorate employs a total staff of about 129,000 people, of whom 37,000 work in city operations, 1,200 work in housing and reconstruction, 62,000 work in education, 19,000 work in health, 5,000 work in social affairs and 4,800 work in administration. These figures do not include civil servants working in the local public authorities or the public sector companies.

Giza and Kalyubia Governorates

1.19 The Giza Governorate, in which the City of Giza is the capital, is a conventional administrative entity with a large territory. However, its population distribution is characterized by a nodal concentration in the City of Giza, which for administrative purposes is sub-divided into four districts. About 81% of the population resides in the part of the Giza Governorate included in the GCUR. The Governorate of Kalyubia is slightly different in the sense that its capital and seat of government is located in Benha outside the GCUR. About 56% of its population is concentrated in the district of Shoubra El Kheima, which is also within the boundaries of the GCUR. Shoubra El Kheima, one of the two industrial centers in the GCUR, is also the largest city in the Kalyubia Governorate.

1.20 The organizational structure of the Giza Governorate is very much like that of Cairo. Overall policy is determined by the City Council, which consists of 21 members, each elected for a term of four years. The Governor is appointed by the President. City operations are organized into seven functional departments consisting of housing, finance, administration, planning, roads and bridges, workshops and street lighting, and three district councils (which consist of the west, north and south districts). The Governorate employs a total staff of about 5,200 people; of these 20 work in housing, 380 work in finance and administration, 4,000 work in roads and bridges, and 800 work in workshops and street lighting. Of the total staff, about 3,800 work for the districts. As is the case in Cairo, traffic enforcement and public information are provided by the Ministry of the Interior, and financed through budgetary charges to the Governorate.

III. FINANCIAL ASPECTS

Cairo Governorate Finances

1.21 The Cairo Governorate uses the conventional fund system or cash basis of accounting. The Director of Finance, as such, holds the rank of Undersecretary and is provided by the Ministry of Finance. Additional key staff are also provided by the Ministry to ensure compliance with the national budget and accounting system. There are three funds--the general fund through which about 97% of the municipal activities are financed, and two special purpose funds; one for local services and the other for street cleaning. Separate accounting records are maintained for the local public authorities (the water, sewerage and bus enterprises) and the local public sector companies (Maadi Development Company, Heliopolis Company and the Nasr City Company). The financial statements for these enterprises were not available at the time of writing this report, and are therefore not consolidated into the financial data shown in Table A1.2.

1.22 As shown by Table A1.2, the local revenue base of the city in 1979 was limited: the governorate relied on the central government for about 68% of its resources, and is not legally empowered to expand its tax base nor increase its rates. This simple fact has considerable ramifications for urban management and for the degree of real independence possible by the governorate. Locally raised taxes accounted for only 32% of the total receipts. It is noteworthy that property and betterment taxes, traditionally a major source of revenue for most municipalities, accounted for only 8% of locally raised revenues and 3% of total resource requirements. The local services fund, established by Law 52 in 1975, accounts for about 1.3% of total resources and is used more or less as a contingency fund to finance urgent and special projects for the districts. Its major source of revenue is derived from taxes on hotel residents and entertainment facilities tickets. The street cleaning fund, established by Law 38 in 1967, accounts for about 2% of total resources and is used for what the name implies: to finance street cleaning.

1.23 There are four major budget classifications; salaries and wages, current expenditures, investments and capital transfers. Salaries are the largest single expenditure accounting for about 73% of the total. The next largest item is other current expenditures (materials, fuel, maintenance, stationery, etc.) which accounts for 14% of the total while investments account for 10% and the remaining 3% is accounted for by capital transfers. The budget is submitted annually in August to the Ministry of Local Government which then confers with the Ministries of Finance and Planning. All necessary amendments are made before submission to the People's Assembly in October. Upon approval, the Governor allocates the budget among the districts.

Table A1.2: GOVERNORATE OF CAIRO
CONSOLIDATED STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1979
(In LE Thousands)

	Municipal Funds				
	General	Local Services	Street Cleaning	Total	%
<u>Receipts</u>					
Locally Raised Revenues:					
Joint Revenues	9,722	-	-	9,722	10
Vehicle Licences	7,986	-	-	7,986	8
Property and Betterment Taxes	3,015	-	-	3,015	3
Entertainment Taxes	1,932	322	-	2,254	2
Local Activities	1,410	-	-	1,410	2
Rental Tax	440	-	1,444	1,884	2
Hotel Tax	200	644	-	844	1
Miscellaneous	3,234	321	136	3,691	4
	<u>27,939</u>	<u>1,287</u>	<u>1,580</u>	<u>30,806</u>	<u>32</u>
Central Government Grants	64,637	-	-	64,637	67
Loans	518	-	-	518	1
	<u>93,094</u>	<u>1,287</u>	<u>1,580</u>	<u>95,961</u>	<u>100</u>
<u>Disbursements</u>					
Salaries and Wages	70,011	41	293	70,345	73
Other Current Expenditures	12,487	79	516	13,082	14
Investments	8,513	486	264	9,263	10
Capital Transfers	2,083	681	507	3,271	3
	<u>93,094</u>	<u>1,287</u>	<u>1,580</u>	<u>95,961</u>	<u>100</u>

Greater Cairo Urban Region Finances

1.24 The relatively weak revenue base of the Cairo Governorate is equally applicable to the Giza and Kalyubia Governorates. Table A1.3 shows the Consolidated Statement of Revenues and Expenditures of the three Governorates (excluding local public authorities and local public sector companies) for the years ended December 31, 1977 through 1980. Total receipts in 1979 were LE 163.4 million, of which the Cairo Governorate represented 59%. It is interesting to note that of the total amount of locally raised revenues of LE 38 million in 1979, 82% or LE 31 million were generated by the Cairo Governorate. Thus, it is apparent that the Giza and Kalyubia Governorates rely almost entirely on central government transfers: this, again, has implications for the overall urban management system.

Table Al.3: GREATER CAIRO
CONSOLIDATED STATEMENT OF RECEIPTS AND EXPENDITURES, 1977-80
(in LE millions)

	1977		1978		1979		1980	
	LE	%	LE	%	LE	%	LE	%
Receipts:								
Locally Raised Revenues	33.2	32	37.4	29	37.3	23	48.9	19
Central Government Grants	66.7	68	91.7	70	113.0	69	187.6	73
Loans	-	-	1.8	1	12.6	8	19.3	8
	<u>99.9</u>	<u>100</u>	<u>130.9</u>	<u>100</u>	<u>163.4</u>	<u>100</u>	<u>255.8</u>	<u>100</u>
Expenditures:								
Salaries	71.3	71	93.4	72	120.0	73	134.7	53
Current Expenditures	19.7	20	21.7	16	22.9	14	26.8	10
Capital Investments	7.1	7	13.0	10	17.6	11	90.8	36
Capital Transfers	1.8	2	2.1	2	2.9	2	3.5	1
	<u>99.9</u>	<u>100</u>	<u>130.2</u>	<u>100</u>	<u>163.4</u>	<u>100</u>	<u>255.8</u>	<u>100</u>

1.25 The total capital expenditures in the Greater Cairo area amounted to LE 1066 million during 1980, or about LE 110 per person per year. As shown by Table Al.4 below, more than 90% of the investments channeled into the urban sector originate outside the governorate budgets: this, too, has policymaking and management implications.

1.26 Of the total expenditures in 1980, about 20% or LE 212 million were transportation related. For the GCUR, these expenditures included LE 17.1 million for roads and streets and LE 28.2 million for bridges and flyovers, accounting for about 8% and 13% respectively of the total. Included in these figures are expenditures for road maintenance and resurfacing done by contract. The salaries for both capital works and maintenance done by municipal staff are included as a separate line item in the governorate budgets. These expenditures, however, primarily involve patching of potholes. Because the governorates' budgetary system does not segregate capital expenditures from road maintenance costs, it is not possible to determine precisely what proportion of the transportation budget is used for maintenance. Table Al.5 shows the transportation expenditures by category.

1.27 The overall conclusion from this survey of the national and regional institutional framework is therefore of a major challenge with respect to policymaking, administration, and budgetary allocations because of excessive fragmentation. That fragmentation is expressed by the lack of coordination between local and national authorities; between local agencies, especially between governorates; and within local agencies. The control of most funds at the central government level is a major source of asymmetry, as is the fragmented and uncoordinated nature of investment patterns. In any event, the budgets as a whole have been devoted overwhelmingly to current operational expenses, with little left over for investment or for preventive maintenance.