

# **Economic impact of Slums: Problems and Solutions**

## **A Comparative Study: Egypt and India**

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### **Abstract**

This research paper assumes negative effects of the widespread slums areas in the Egyptian society that has to be solved. Based on the methodology proposed by Habib (2017), this study uses qualitative and comparative methodology to describe the definition of slums. The study discussed the reasons behind the existence and expansion of slums in Egypt. Then, the study monitors the map of slums in the 27 Egyptian Governorates and the percentages of slums compared to the urban areas in these governorates according to CAPMAS study published in 2018. The study investigated the international experience in developing slums. Indian experience to modernize slums was presented and several lessons were taken to the Egyptian Government. Lessons for developing slums can be summarized in political and institutional support from the government to all involved partners.

For implementation, the role of local authorities is crucial in each phase. Another important step on the part of the Egyptian government is that it should take necessary actions to encourage community participation as seen in the Indian experience.

Keywords: Slums in Egypt, Economic Development.

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## **Introduction**

The challenge of slums is accounted to become a global phenomenon since it is shown in most of developing countries. For several decades, several developing countries spent many attempts in order to solve the dilemma of the accelerated expansion of informal and slum settlements. Most of these trials have relatively succeeded. Unfortunately, others are still searching and fighting to get real solutions (Pieterse, 2011). Around 32 per cent of the world's urban population (about 1 billion people) lives in informal areas, especially slums. Of course, the overwhelming majority of them are living in the developing world (UN-Habitat, 2003). Moreover, 'urbanization of poverty' or the fact that poverty is moving to cities with no tangible actions taken by governments is blazing the trail to a massive increase in the number of slum dwellers worldwide (Arnott, 2009).

In Egypt, treating Slums is considered one of the most important challenges facing Egypt today. Slums areas have witnessed a vast widespread during the last thirty years, especially inside Great Cairo and Alexandria governorates. Problems emerged as results and consequences of large spread of slums have threaten several issues in the Egyptian society varying among economic, social, and political affairs. From this perspective, the Egyptian government has started to deal with this challenge seriously since 2015.

Consequently, the Egyptian government has divided areas of slums into two categories based on their physical conditions and legal positions. The first category, that constitutes around 85 per cent of slums in Egypt, is categorized as unplanned with good conditions. The second category with around 15 per cent of slums areas in Egypt is classified as slum with deteriorated living conditions (ISDF, 2008).

This study follows the rationale of learning from international successful experiences in dealing with slums through analyzing their success factors and then transferring them to the Egyptian case. The study will concentrate on conveying the Indian experience in solving the problem of slums.

Studying slums phenomenon in Egypt is characterized to be limited. It is noted that there exists a wide gap in analyzing the challenge of spreading slums in the Egyptian case. In addition, the literature of this topic is lacking describing, analyzing, and proposing solutions to the problem of slums in Egypt.

Therefore, this research study could provide awareness to the Egyptian officials who are seen to be responsible for policy making related to dealing with slums. Also, the study will clarify and describe the successful trials to treat slums and informal areas in India in order to propose solutions for this serious problem in the Egyptian society.

This study is trying to discuss and analyze the challenge of slums spreading inside the Egyptian society, and monitor the most serious impacts of this dangerous phenomenon. Therefore, it will be accounted as one of a very few research papers that treats slums problems and propose solutions in the Egyptian context. Moreover, it will put a wide scope on the slums' situation in Egypt to help the policy makers to put an end to this harmful phenomenon.

Slums problem is considered one of the most serious problems most countries suffer, and in Egypt it results in negative impacts on the Egyptian society. Therefore, the study will ask the following questions;

- What is the current state of slums in Egypt?
- What is the current Egyptian government approach/strategy for dealing with slums, and what is its effectiveness and success?

- How does Egypt's current position vis-à-vis slums compare to other global practices?
- What are the international experiences' factors of success?
- How applicable are these success factors in Egypt?
- What could be learned to enhance the current policies and implementation measures towards declaring Cairo as "a city free from slums"?

### **Literature review:**

According to the literature, several research papers investigated slums problem for several developing countries. The literature starts with (Frankenhoff, 1967) and (Turner, 1969) and their analysis were extended to the research papers (World Bank, 2009) and (Glaeser, 2011) that suggested a "modernization" theory of slums. According to this theory, slums are a transitory phenomenon characteristic of fast-growing economies.

One of the best international papers is (Marx et al., 2013) that analyzed the economics of slums in developing countries. It provided historical and contemporary facts to argue that the type of poverty observed in contemporary slums of the developing world is characteristic of that described in the literature on "poverty traps". Finally, it discussed the reasons behind the failure of standard policy approaches to mitigate the expansion of slums in the developing world.

With regard to this literature in Egypt, Khalifa (2011) addressed the crucial need to revisit the criteria for defining 'slums' in order to present a more precise image of existing slums and categorize them according to the severity of risk they pose to human life and to property, as a means of prioritizing interventions. Finally, it concluded that substantial discrepancies between previous statistics concerning the size of slums and the more recently produced ones. Areas which are considered

unsafe are estimated to contain 1.1 million inhabitants, represents the number of people in great need of immediate action to improve their living conditions. Such statistics would change the position of Egypt on the world map of slums.

Another literature for Egypt is Habib (2017) that aimed to compile, analyze and present information on the current Egyptian government's approaches for dealing with slums to enable the assessment of their success and sustainability. In addition, it discussed the international experiences in developing slums and proposed several policies for the Egyptian government to benefit from.

### **Describing Slums Phenomenon in Egypt:**

#### **Defining Slums:**

There is a uniform definition of the Slums pattern which are autonomous, whether or not they are minorities, more or less in the absence of the law and not planned in urban areas. They are built on land not designated for construction as well as in the planned areas for construction where the state of the city may be good. However, it can be found with unsuitable environmental conditions or with no social security and lacking to basic services and resources.

Slums are one of the biggest problems that Egypt has suffered for years, so that the Egyptian Economy has a lot of problems that disturb the Egyptian society, which the Egyptian government cannot tolerate more. Therefore, Slums are irregular and unplanned housing for the people living under the poverty line. Persons displaced from villages to major cities such as Cairo and Alexandria.

#### **Problems Resulted From Slums:**

The slums produce a wide range of negative phenomena that spread among the population. For example, poverty, high rates of unemployment, low educational

services, neglect in the enrollment of children in schools, the rise of the percentage of child labor and their involvement in early work such as workshops and peddlers in the streets, abuse of the majority of its inhabitants by theft and illegal acts, the spread of addiction among children and adolescents for drugs and even trafficking and the use of children in trafficking of drugs.

Several Studies have shown that there is a close relationship between the phenomenon of slums, terrorism and crime, and the high rates of violence and quarrels. Moreover, the spread of vices and low ethics since the slums constitute safe haven for criminals and outlaws to hide away from the eyes of the police. In slums, the streets are characterized by narrow, tortuous, alleys and many of the dens of drug trafficking. Therefore, life inside the slums do not provide good people for the Egyptian society which now needs a young well educated generation to push the wheel of production and work on the progress of the state. Consequently, government should work to develop a quick strategic plans to wake the country from the dangers of slums.

### **Research Methodology**

This study assumes negative effects of the widespread slums settlements in the Egyptian society that has to be solved.

Based on the methodology proposed by Habib (2017), this study will use qualitative and comparative analysis technique referring to a number of secondary resources and based on getting findings through logical and integrated thinking. The data mainly consists of information on the current Egyptian government's interventions and data on the experiences in the developing world. Resources of data will be mainly publications of international organizations, books, country reports and journal articles. The research will focus on analyzing the success factors of

international experiences in developing countries, especially in India, to find out the possibility of applying the measures taken there in Egypt. This study will compare policies that have been taken in India in order to convey the most suitable for Egypt.

### **Reasons behind the Formation of Slums in Egypt:**

According to several research papers that were prepared based on the latest methods of scientific research and advanced research methodology causes the spread of slums in Egypt to the presence of a number of administrative and organizational problems. These problems are related to the management of cities. In addition, the heavily centralized focus of all government services in major cities that causes the migration of a large number of citizens to live in the capital and neighbouring cities. Also, the lack of legal recognition of these cities and residents due to their establishment away from legal control. Therefore, the study summarizes reasons behind the formation of slums in Egypt to the following reasons;

1. Internal migration from villages to major cities such as Cairo, so that a large number of villages in search of work and livelihood due to the high prices of housing in Cairo led to the acquisition of land and construction in a random way.
2. In most cases, land owners tend not to develop and plan the land they own since they almost search for keeping the land until its price increases.
3. The expansion of poverty and poor segmentations in the Egyptian society due to poor economic conditions and low level of government support for the housing sectors.
4. Weakness of the government systems regulating land acquisition and registration which gave the incentive to seizure on agricultural and industrial lands and construct slums.

## **Monitoring the Map of Slums Areas in Egypt:**

A study prepared by the Central Agency for Public Mobilization and Statistics (CAPMAS, 2018) on slums in Egypt for the 27 Egyptian governorates revealed the size of these areas in each governorate compared to the urban blocs. According to this study, the area of random areas in each governorate and the proportion of their spread related to the total urban mass, according to the most governorates contain the least slums, came as follows;

### **1- Sohag Governorate:**

Sohag occupied the first rank among the governorates in Egypt in terms of high prevalence of slums. The percentage of slums in the governorate reached 71.1% of the total urban mass.

### **2- Sharkia Governorate:**

The "Eastern" ranked second among the governorates of the Republic in terms of high prevalence of slums, where the proportion of slums in the province is 69.5% of the total urban mass.

### **3- Beni Suef Governorate:**

Beni Suef ranked third among the governorates of Egypt in terms of high prevalence of slums. The percentage of slums in this governorate reached 65.3% of the total urban area.

### **4- Menoufia Governorate:**

Menoufia occupied the fourth place among the governorates of the Republic in terms of high prevalence of slums. The percentage of slums in the governorate reached 64.6% of the total urban area.



### **5 - Matrouh Governorate:**

"Matrouh" came in the fifth place among the governorates of the Republic in terms of high prevalence of slums, where the proportion of slums in the province 63.1% of the total urban mass.

### **6- Governorate of Luxor:**

Luxor ranked in the 6th place among the governorates of the Republic in terms of high prevalence of slums. The percentage of slums in the governorate reached 62.5% of the total urban area.

### **7- Qalyoubia Governorate:**

Qalubia ranked in the 7th place among the governorates of the Republic in terms of high prevalence of slums. The percentage of slums in the governorate reached 62% of the total urban area.

### **8. Fayoum Governorate:**

Fayoum occupied the eighth place among the governorates of the Republic in terms of high prevalence of slums, where the percentage of slums in the governorate was 61.7% of the total urban mass.

### **9. Gharbia Governorate:**

Occupied the "Western" ninth place among the governorates of the Republic in terms of high prevalence of slums, where the proportion of informal settlements in the province of 61% of the total urban mass.

## **10- North Sinai Governorate:**

The "North Sinai" came in the tenth place among the governorates of the Republic in terms of high prevalence of slums, where the proportion of slums in the province of 60.8% of the total urban mass.

The remaining 10 governorates were considered to be among the highest in the governorates. The lowest governorates were in Port Said governorate, which accounted for only 3.6% of the total urban area of the governorate, followed by Suez governorate with 12% and South Sinai with 13.6%.

As for the rest of the governorates of the Republic came the prevalence of slums as follows;

- Governorate of Giza, slums are spread by 58.9% of the total size of the urban block of the province.
- Aswan Governorate, with slums of 58.2% of the total urban area of the governorate.
- Al-Buhaira Governorate, with slums of 56.8% of the total urban area of the governorate.
- Qena Governorate, with slums of 54.5% of the total urban area of the governorate.
- Asyut Governorate, slums are distributed by 54.4% of the total size of the urban area of the governorate.
- Al-Minya Governorate, where slums are distributed by 53.4% of the total size of the urban area of the governorate.
- Damietta Governorate, where slums are distributed by 50.7% of the total size of the governorate's urban area.

- Dakahlia Governorate, slums are spread by 49.9% of the total size of the urban block of the province.
- Kafr El-Sheikh Governorate, slums are spread by 49.9% of the total size of the urban block of the province.
- New Valley Governorate, slums are distributed by 38.3% of the total size of the urban block of the province.
- Ismailia Governorate, with slums of 34.7% of the total urban area of the governorate.
- Governorate of Alexandria, slums are spread by 27.5% of the total size of the urban block of the province.
- Governorate of Cairo, slums are spread by 20.9% of the total size of the urban block of the province.
- The Red Sea Governorate, with slums of 16.8% of the total urban area of the governorate.

The Central Agency for Public Mobilization and Statistics (CAPMAS) prepared this study on the size of slums in Egypt according to the monitoring of areas of slums in Egypt during the year 2016.

Therefore, the study presents in the coming section the Indian experience in developing slums in order to get the most valid measures to develop slums in Egypt.

### **Indian Experience in Developing Slums:**

Jadebengar is a slum in the western part of the city of Ahmedabad, in the state of Gujarat in India where 84 families live below the poverty line in homes deprived of drinking water, sewage pipes and latrines. The streets themselves are unpaved and lack lighting and garbage collection services. About 40 percent of the 5 million people in Ahmedabad are poor, living in slums that lack their infrastructure. The

state government has embarked on a major project aimed at completing infrastructure work in these slums called SNP.

In 1995, the development of the Sangbar area was followed by a number of other areas. In this first phase of the project, which lasted up to 2003, infrastructure works were completed in 18 random areas containing 3843 houses with 19215 inhabitants. Development of the private contractors for where the development of any random area take between a 1.5 to two years.

### **Partnership of the poor**

The second stage of the project began in 2003 with a new approach based on the community partnership of the residents of the neighbourhood, contributing to the budget of the project, individual and collective efforts with the civil society institutions, the private sector and the government administration in the framework of an integrated project aimed at establishing infrastructure as well as community development in order to improve environmental conditions. The project included the following tasks:

### **Laying Infrastructure:**

In terms of the introduction of clean water for drinking and supply of houses with sanitation and private toilets where the system was widespread public toilets for all residents of the area, paving roads, lighting and the removal of solid waste and planting trees.

### **Community Development:**

Through activities aimed at supporting the implementation of the project and improving the standard of living of the population through the formation of community institutions based on the efforts of the community members themselves,

while providing the population with basic community development services such as education, health, vocational training, capacity building, skills and income generation.

### **Connecting the neighbourhood to city services:**

By linking all neighbourhoods to each other as part of an integrated plan to improve the development process by bringing together scattered efforts to reach a better level of service for all residents of Ahmedabad.

### **Results:**

By the end of December 2005, the project had completed the development of 28 random areas with 24,340 inhabitants. The development of 13 other areas with 19,175 inhabitants will be completed in 2006, bringing the total number of informal settlements to 41, thus improving the living standards of at least 43,515 inhabitants. The population contributed 1.35.72.00 Indian Rupees to the equivalent of 3.01.600 US dollars.

### **Lessons for Egypt:**

In general, for any upgrading process or intervention to be strategic and successful, there are a number of necessary prerequisites that need to be present within any project. As a start, any government should recognize the existence of slums and that upgrading is a necessary means of intervention to address the poor living conditions in such places. In light of the Indian case demonstrated in this study; any project should be endorsed by political and institutional support from the government to all involved partners. It is crucial that the program gets the political will and obligation of the government and the participating local entities. For implementation, the role of local authorities is crucial in each phase.

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On this road, political and institutional commitment were shown in the fact that the development program was exclusively instituted according to a local government policy decision, and implemented by personnel from the local government. The government commitment was also represented in allocating a considerable portion of the city's budget to the Housing Department and allowing it to play a central role (Magalhães, 2012).

Therefore, Egypt needs to provide the necessary political will and institutional support that can be reflected in setting a national strategy for dealing with slums which, in turn, necessitates that the government employs strategic actions at the national, local and governorate levels. Since slum upgrading projects are managed and coordinated at the local level, thus interventions are necessary not only at the local or program level, but also at the level of local government as well as at the central government level where policies and legislations are made and budgets are allocated. The interventions on these levels need to be consistent and complementary to achieve the best results.

In this respect, supportive institutional reforms are necessary to include a special budget for slum development within the annual budget of the state. It is also important to encourage governorates to manage their own slum upgrading funds.

### **Community participation**

Another important step on the part of the Egyptian government is that it should take necessary actions to encourage community participation as seen in the Indian experience. Adopting a participatory process and starting with the people not the physical improvement as well as establishing a dialogue for negotiating different options and including dwellers in decision making is essential. In other words, enabling slum dwellers to actively take part in improving their own conditions

should be implemented on the grounds. Implementing slum development programs should be relying on a people-centered approach where tools to consult and involve the inhabitants is incorporated throughout the whole process.

### **Conclusion:**

This study is conducted in order to define the problem of spreading slums in the Egyptian society during the last thirty years. The study discussed the reasons behind the existence and expansion of slums in Egypt. Then, the study monitors the map of slums in the 27 Egyptian Governorates and the percentages of slums compared to the urban areas in these governorates according to CAPMAS study published in 2018. The study investigated the international experience in developing slums. Indian experience to modernize slums was presented and several lessons were taken to the Egyptian Government. Lessons for developing slums can be summarized in political and institutional support from the government to all involved partners. It is crucial that the program gets the political will and obligation of the government and the participating local entities. For implementation, the role of local authorities is crucial in each phase. Another important step on the part of the Egyptian government is that it should take necessary actions to encourage community participation as seen in the Indian experience.

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