

The American University in Cairo

School of Humanities and Social Sciences

# **Dealing with Urban Poverty: The Case of Ezbet Bekhit, Manshiet Nasser**

A Thesis Submitted to

The Department of Political Science

In Partial Fulfillment of the Requirements

For the Degree of Master of Arts

By

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**December/2011**

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## Introduction

This chapter provides an overview on the objective of the thesis and the research questions it attempts to answer. It discusses the methodology used to conduct the research. It also provides an introduction on urban poverty in Egypt.

Egypt has been experiencing rapid and uneven urbanization in the past decades which led to the emergence of overpopulated urban centers. Similar to most developing countries, rapid urbanization has posed several challenges especially with regards to poverty, housing and labor markets. Since the industrialization drive of the 1960s was mainly concentrated in the metropolitan areas, more than 50% of industrial investments existed in Cairo and Alexandria. Due to the numerous job opportunities that were created, cities largely attracted rural migrants. The propagation of factories was accompanied by the construction of houses for the workers. Nevertheless, these policies could not keep up entirely with the increasing number of industries. In the 1970's, as a result of the Open Door Policy, prices of houses skyrocketed due to the increased demand and limited supply of houses. Furthermore, the housing projects targeting the poor have been halted. This led to the rise of the informal housing sector, in the form of slums or shanty towns, which filled the gap created by the formal housing market.<sup>1</sup>

This problem has been further complicated by the increasing poverty level among urban dwellers. The retreat of the state from the economic domain and the prevalence of capital intensive production in the private sector, as opposed to labor intensive

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<sup>1</sup> Ninette Fahmy, "A Culture of Poverty or the Poverty of a Culture? Informal Settlements and the Debate over the State-Society Relationship in Egypt", *Middle East Journal* 58, no. 4 (2004.): 597-611

production, affected the pool of available job opportunities and increased the size of the informal sector. Consequently, this segmentation in the labor market locked the urban poor in a poverty trap by keeping them in low wage jobs, mainly in the informal sector. Adding to their vulnerability, the majority of the urban poor are not covered by health and social insurance as a result of this informalization.<sup>2</sup> Moreover, the growth of the informal employment sector contributed to the rise of the already growing informal housing sector.<sup>3</sup> Consequently, slums have been multiplying in Egypt.<sup>4</sup> Despite governmental attempts to divert population flows to low-cost housing in new cities, there remains an obstacle which is the fact that most of the poor cannot afford to move to these new cities.<sup>5</sup>

Currently, Egypt has a population of 84.5 million inhabitants;<sup>6</sup> 21.6% live in poverty according to the national poverty line<sup>7</sup> and 3.4% according to the international extreme poverty line estimated at 1.25 dollar a day adjusted according to purchasing power parity.<sup>8</sup> With regards to the international 2 dollar a day poverty line, adjusted to purchasing power parity, estimates from previous years conveyed considerably higher

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<sup>2</sup> Heba Nassar and Heba El Laithy, Labor Market, Urban Poverty and Pro-Poor Employment Policies, Working Paper 2036, 2000

<sup>3</sup> Galal Amin, Globalization, Consumption Patterns and Human Development in Egypt, Working Paper 9929, 1999.

<sup>4</sup> Buried alive: Trapped by poverty and neglect in Cairo's informal settlements, Amnesty International, 2009

<sup>5</sup> State of the World Population Report: Unleashing the Potential of Urban Growth, United Nations Population Fund (UNFPA), 2007

<sup>6</sup> Human Development Report 2010- The Real Wealth of Nations: Pathways to Human Development, United Nations Development Programme (UNDP), 2010

<sup>7</sup> Egypt Human Development Report 2010-Youth in Egypt: Building Our Future. United Nations Development Programme (UNDP), 2010

<sup>8</sup> Egypt's Progress Towards Achieving the Millennium Development Goals 2010, United Nations Development Programme (UNDP), 2010

figures compared to other national and international estimates.<sup>9</sup> While measures such as the human development index are used, poverty lines remain the most influential measure of poverty in Egypt. Both national and international lines have been criticized for not accommodating the broad definition of poverty and for being set too low compared to the real needs of human beings. With regards to international poverty lines, in particular the former 1 dollar a day line adjusted according to purchasing power parity, it is believed that it strongly underestimated poverty. Although, the World Bank, in response to criticism, has changed the line in 2005 to 1.25 dollar a day, this method of measuring poverty remains widely criticized for not being accurate in measuring actual poverty. With regards to national poverty lines, they usually fail to deal with the economies of scale of different household sizes, as well as the different compositions of households. They also tend to neglect the gender dimensions of poverty in addition to inequality within households. Prices variations between areas are also not adequately dealt with. Moreover, household surveys, on which poverty lines are based, are under-sampled especially when it comes to people living in informal settlements, which produces inaccurate figures particularly in urban areas. Consequently, such measures underestimate poverty and misinform policy. Therefore, it has been argued that measurements of poverty should be gender-sensitive and should incorporate other dimensions of well-being such as housing quality, access to basic services and infrastructure, and the quality of work, among other factors, in order to convey an accurate estimate of poverty.<sup>10</sup>

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<sup>9</sup> Michael Lokshin, Heba El-Laithy and Arup Banerji, "Poverty and economic growth in Egypt, 1995 – 2000" *Journal of African Studies and Development* 2, no. 6 (2010): 150-165

<sup>10</sup> Sara Sabry, Poverty lines in Greater Cairo: Underestimating and misrepresenting poverty, Poverty Reduction in Urban Areas Series, Working Paper 21, 2009

It is estimated that 43.4% of the Egyptian population live in urban areas.<sup>11</sup> Although poverty remains higher in rural areas, inequality and unemployment are higher in urban areas. For instance, poverty in Cairo is estimated to be 7.6%.<sup>12</sup> However, urban poverty figures, particularly in the case of Cairo, have been challenged on the basis that they underestimate actual poverty; especially that 50% of slum dwellers live in the Greater Cairo Region. It has been argued that if more measures and dimensions of well-being were incorporated, poverty estimates for Cairo would have increased.<sup>13</sup> Therefore, when taken into consideration, all these factors imply that urban poverty, especially in Cairo, has become a major problem and therefore requires special attention and specialized poverty reduction strategies.

The dire economic conditions in Egyptian Slums spurred the interest of civil society, including NGOs in different parts of Egypt, in addition to international organizations. Manshiet Nasser, as one of the largest slums in Egypt, has been subject to a number of development interventions whether from the part of the government or international organizations. However, a previous evaluation exercise of a legal aid office, targeting women in Manshiet Nasser, suggest possible deficiencies in poverty alleviation and employment initiatives in the neighborhood.

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<sup>11</sup> Human Development Report 2010- The Real Wealth of Nations: Pathways to Human Development, United Nations Development Programme (UNDP), 2010

<sup>12</sup> Egypt Human Development Report 2010-Youth in Egypt: Building Our Future. United Nations Development Programme (UNDP), 2010

<sup>13</sup> Sara Sabry, Poverty lines in Greater Cairo: Underestimating and misrepresenting poverty, Poverty Reduction in Urban Areas Series. Working Paper 21, 2009

The lack of tangible results and the lack of improvement require further research and investigation. Therefore, this research represents an attempt to identify and highlight the reasons behind some of these problems and deficiencies. This is done from the perspective of Community-Based Organizations (CBOs) in Ezbet Bekhit, one of the neighborhoods of the slum of Manshiet Nasser. The focus of the study is on the effectiveness or lack thereof of poverty alleviation initiatives implemented by these CBOs, with a special focus on their contribution to employment creation as an important element of poverty alleviation. As such, the research attempts to identify how these CBOs define poverty and how they envision poverty reduction strategies. It also examines partnerships between these organizations and community members, larger NGOs and governmental entities, and examines how their efforts are linked to wider development and poverty alleviation strategies. Moreover, the research seeks to identify the obstacles and problems affecting the work of these CBOs in their poverty alleviation initiatives.

There isn't a specific agreed-upon definition of Community-Based Organizations. However, they are usually defined as organizations embedded in neighborhoods to provide social services to community members. They usually have a governing structure and staff that includes members of the community.<sup>14</sup> This definition will be used in the framework of this research. These organizations may vary in scale, the level of interaction with the outside community, and the degree to which external actors are

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<sup>14</sup> Joshi, Pamela; Hawkins, Stephanie; and Novey, Jeffrey (editors). *Innovations in Effective Compassion. Compendium of Research Papers Presented at the Faith-Based and Community Initiatives Conference on Research, Outcomes, and Evaluation, 2008*

involved in their creation and their work. They also vary in terms of the level of involvement of community members in management.

The selection of Ezbet Bekhit as a case study emerged from previous field work conducted in the neighborhood. Through an evaluation exercise of a legal aid office targeting women, meetings with several female beneficiaries were made possible. The results of these meetings suggest possible deficiencies in poverty alleviation and employment initiatives in the neighborhood. This triggered the topic of the study in order to identify the reasons behind these problems, from a community perspective. In addition to that, Manshiet Nasser in general has been subject to a number of development interventions whether from the part of the government or international organizations. Nevertheless, there aren't many tangible results, which requires further research and investigation and hopefully this study can contribute to answering these questions.

## I. The Objective of the Research

The objective of this research is to examine the effectiveness or lack thereof of CBOs in alleviating poverty in Ezbet Bekhit, with a special focus on employment creation. This will be achieved by studying the following:

- The organizational structure of these CBOs, their links with larger organizations and their role in wider development plans; in other words, their role within the national community at large.
- Their definitions of poverty and their visions and strategies for poverty alleviation.

- Initiatives targeting employment creations.
- Employment prospects for the inhabitants of Ezbet Bekhit
- The sustainability of CBOs and their initiatives.

## II. Research Questions

The study will attempt to answer the following research questions:

1. How effective are poverty alleviation initiatives implemented by CBOs in Ezbet Bekhit, Manshiet Nasser?
  - What are the definitions of poverty used by CBOs and how do they identify the problem?
  - How do they envisage the solution to poverty and what are their strategies for poverty alleviation?
  - What are the factors contributing to the effectiveness, or lack thereof, of these interventions?
  - To what extent are these initiatives participatory?
  - What is the institutional structure within CBOs and how does it help/hinder the effectiveness of their community interventions?
  - What kind of partnerships do these organizations have with larger NGOs, governmental institutions?
  - How sustainable are these organizations and their sources of funding?
2. What are the employment prospects for the inhabitants of Ezbet Bekhit? How are CBOs contributing to employment creation?

- What are the obstacles the people of Ezbet Bekhit face when entering the labor market?
- What are the employment strategies used by CBOs?
- What are their limitations?
- How attractive are the offered employment opportunities? Do they provide incentives for workers?
- Do they contribute to poverty alleviation?
- How sustainable are these opportunities?
- Are their micro-credit initiatives? If so, how successful are they?

### III. Methodology

The research focuses on studying the effectiveness of poverty alleviation strategies at the community level to identify the role CBOs play in this process and how they are placed within larger development plans. Therefore, the research is based on in-depth interviews with seven CBOs in Manshiet Nasser, in addition to some of the beneficiaries, in order to cover a representative sample of the community. These CBOs have beneficiaries all over Manshiet Nasser. Although the success of poverty alleviation initiatives depends on several factors, such as government plans and policies, economic and political factors at the national level, interventions of NGOs and other civil society organizations, the focus of this study is limited to the role of CBOs and their position within larger poverty alleviation strategies. Nevertheless, interviews were conducted with staff members from the Manshiet Nasser Unit of the Deutsche Gesellschaft für

Internationale Zusammenarbeit (GIZ), formerly known as GTZ, which is the main international development agency working in Manshiet Nasser.

The paper is divided into three chapters; Chapter I presents an overview of the literature on poverty in general and urban poverty in particular. It discusses the different poverty reduction strategies and the limitations of each approach. It concludes by summarizing the conceptual framework of this study. Chapter II analyzes the Egyptian local context and the poverty situation in Egypt. Chapter III summarizes the findings of the field work conducted in Manshiet Nasser and analyzes the different poverty reduction initiatives implemented by CBOs, their level of effectiveness, the challenge they face, in addition to the employment prospects for the inhabitants of Manshiet Nasser.

There are some limitations to this study. The informal nature of Manshiet Nasser made it difficult to reach a larger number of CBOs and beneficiaries for the purpose of interviews. Another limitation relates to the lack of statistics on Manshiet Nasser.

After providing an introduction to the objective of the research, the following chapter will provide a detailed explanation of the different definitions of poverty, the different strategies for poverty reduction, and the benefits and limitations of each strategy. It also discusses urban poverty and the different approaches for urban poverty reduction.

## Chapter I

### Conceptual Framework

This chapter attempts to highlight the different definitions and conceptualizations of poverty and how each perception of poverty shapes poverty reduction visions, strategies and policy responses. The chapter focuses on the context of urban poverty by outlining its causes, consequences and implications for development. The chapter concludes by summarizing the recommended policy options and programs in the area of urban poverty reduction and slum-upgrading. It then provides an overview of the role of non-governmental organizations in development in general and in poverty reduction in particular.

#### I. Theories of Poverty

The literature on poverty includes several definitions of poverty and theories explaining its causes. These definitions and theories were translated into different policies and poverty reduction strategies and programs. Similarly, community programs which aim to fight poverty are designed and implemented based on the adopted theory of poverty and the causes of poverty it identifies. Definitions and explanations of poverty are usually deeply rooted in strongly held political values and are consequently reinforced by social, economic and political institutions. In that sense, political agendas and powerful interests manage discussions on poverty and determine how poverty reduction initiatives are shaped.<sup>15</sup>

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<sup>15</sup> Ted K. Bradshaw, "Theories of Poverty and Anti-Poverty Programs in Community Development", *Journal of the Community Development Society* 38, no. 1 (2007): 7-25

Poverty has been predominantly defined as lack of income, and in some cases as lack of basic needs such as food, shelter and health care. Literature on poverty also includes different theories of poverty which attribute the causes of poverty to various factors. Some conservative theories blame the poor for their poverty and therefore argue that hard work and better choices could help them avoid poverty or grow out of it. Variations of these theories ascribe poverty to lack of genetic qualities such as intelligence. Neo-classical economics reinforce these individualistic theories of poverty by blaming the welfare system for the perpetuation of poverty, and the poor for lacking the incentives to improve their own conditions.<sup>16</sup>

There are other theories attributing poverty to a “Culture of Poverty” which allows the generational transmission of a set of dysfunctional beliefs, values, and skills that are socially generated and to which the poor are victims; this, the theory argues, affects the productivity of the poor and their social mobility. There are also explanations of poverty based on geographical disparities, arguing that poverty is concentrated in certain geographical areas (rural areas, third world countries...) which require targeted interventions to deal with these regional or geographical concentrations of poverty; this theory suggests that these areas lack the resources needed to generate income and achieve well-being, and lack the power to claim redistribution of resources. On the other hand, there are more progressive theories which blame economic, political, and social systems for poverty, and for leaving some people with limited opportunities and resources.<sup>17</sup>

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<sup>16</sup> Ibid

<sup>17</sup> Ibid

These different theories have formed the basis of various poverty reduction and community development strategies, depending on the identified causes of poverty. However, it has been argued that these theories and definitions do not fully explore the relation between individuals and their communities and therefore are not adequate in analyzing the process of impoverishment, the causes behind poverty, the factors that help perpetuate it, and finally the measures that save the poor from the poverty trap. In this regard, more comprehensive and complex theories emerged, building on other theories.<sup>18</sup>

Similarly, Partha Dasgupta developed a definition of well-being based on an analysis of what in reality constitutes and defines destitution and ill-being. He argues that there are two ways to assess social well-being; by measuring the output or the elements of well-being such as utility and freedoms, or by valuing commodity determinants of well-being such as goods and services which are considered inputs to the production of well-being. He adds that neither approach solely captures the whole definition of well-being therefore both methods should be adopted simultaneously.<sup>19</sup>

Another comprehensive approach to poverty is Amartya Sen's capability approach. According to Sen, poverty must be viewed as the deprivation of basic capabilities, instead of being merely regarded in terms of low income. What Sen aims to do is to enhance the understanding of the nature and causes of poverty by shifting primary attention away from means, namely income, to ends which people upon thinking and reasoning wish to pursue, and the freedoms which help them satisfy these ends. This perspective does not

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<sup>18</sup> Ted K. Bradshaw, "Theories of Poverty and Anti-Poverty Programs in Community Development", *Journal of the Community Development Society* 38, no. 1 (2007): 7-25

<sup>19</sup> Partha Dasgupta, *An Inquiry into Well-Being and Destitution* (Oxford: Oxford University Press, 1993)

deny the fact that low income is a major cause of poverty; on the contrary, it considers lack of income as the principal cause of a person's capability deprivation and therefore a strong predisposing condition for impoverishment. In fact, the notion of poverty as low income and the notion of poverty as capability inadequacy are related. Income is an important means to fulfilling capabilities. In turn, enhanced capabilities increase a person's productivity and help him/her earn higher income. For instance, better education and health care not only improve a person's quality of life but also increase his ability to earn an income and avoid poverty.<sup>20</sup>

Seeing poverty as a deprivation of basic capabilities allows for in-depth analysis. This helps unveil the different dimensions of poverty. For instance, unemployment should not be simply regarded as deficiency of income that can be solved through unemployment benefits. It should be seen as having incapacitating effects on individual freedoms, initiatives and skills. The consequences of unemployment are manifold; for instance, unemployment can contribute to the social exclusion of the unemployed, and can lead to losses in self-sufficiency, self-confidence, and hence negatively affects psychological and physical well-being. Another argument brought forward by Sen is that the relation between income and other material resources on one hand, and individual freedoms and achievements on the other hand, is not constant. In fact, different contingencies lead to variations in the way incomes are converted into what Sen labels as "functionings"; these functionings represent what people are capable of achieving and which consequently affect their lifestyles. For instance, this relation can be affected by age limitations, gender and social roles such as maternity and traditionally-determined family obligations,

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<sup>20</sup> Amartya Sen, *Development as Freedom* (New York: Knopf, 1999)

location, health conditions, and other factors. As Sen puts it, these limitations represent handicaps which both affect a person's ability to earn an income and achieve functionings. This implies the need for special kinds of interventions to help disadvantaged groups from falling victims to these handicaps.<sup>21</sup>

As a result of these factors, capability deprivation can reflect a more intense and complicated situation than what is reflected by income poverty. Overemphasizing on income poverty can distort policy debates by focusing on one form of deprivation. Therefore, policies should incorporate broader perspectives which view poverty and inequality in terms of capability deprivation.<sup>22</sup> Policies should aim to remove the obstacles which poor people face in order to give them the freedom to lead the kind of life which they find valuable.<sup>23</sup>

However, Sen has not specified a list of valuable capabilities or functionings as they are spatially and inter-personally variable; meaning that they vary from one person to the other and across regions. It can be argued that, for Sen, the concept of poverty is absolute when viewed as capability deprivation, but relative in terms of contextualizing the list of valued capabilities. As such, Sen emphasizes the need for democratic processes to identify context-sensitive and culture-sensitive valued capabilities. Therefore, it has been argued that the openness of Sen's approach provides an inclusive conceptual framework that allows for multiplicity and diversity of perceptions of human well-being. In this

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<sup>21</sup> Ibid

<sup>22</sup> Ibid

<sup>23</sup> Alexandre Apsan Frediani, "Amartya Sen, the World Bank, and the Redress of Urban Poverty: A Brazilian Case Study", *Journal of Human Development* 8, no. 1 (2007)

framework, participatory methods become an important tool for contextualizing and operationalizing Sen's approach.<sup>24</sup>

With regards to measurements of poverty, many approaches emerged to better capture the different dimensions of poverty. The work of Sen and others inspired the emergence of the Human Development Approach that arose as a result of the growing criticism to the development approach in the 1980s which assumed a strong link between national economic growth and the expansion of individual human choices.<sup>25</sup> For example, the United Nations Development Programme (UNDP) introduced a new way of measuring development, by launching the Human Development Index (HDI) which combines indicators of life expectancy, educational attainment and income into a composite index; this represented a breakthrough in measuring both social and economic development.<sup>26</sup> In 2010, UNDP introduced the Inequality-adjusted Human Development Index (IHDI) which accounts for inequality by reducing each dimension of the HDI according to its level of inequality.<sup>27</sup> Another measure is the Gender Inequality Index (GII) which aims to better expose the differences in measurements across gender.<sup>28</sup> UNDP also introduced the Human Poverty Index (HPI) which focuses on deprivation in the three HDI elements namely: longevity, knowledge and a decent standard of living. The HPI is separately derived for developing countries and high-income countries; for the latter group, the index also measures social exclusion through long-term unemployment rates.<sup>29</sup> Finally,

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<sup>24</sup> Ibid

<sup>25</sup> <http://hdr.undp.org/en/humandev/>

<sup>26</sup> <http://hdr.undp.org/en/statistics/hdi/>

<sup>27</sup> <http://hdr.undp.org/en/statistics/ihdi/>

<sup>28</sup> <http://hdr.undp.org/en/statistics/gii/>

<sup>29</sup> <http://hdr.undp.org/en/statistics/gii/>

there is the Multi-dimensional Poverty Index (MPI) which attempts to reflect the multiple deprivations that people face at the same time. The MPI also identifies deprivations across health, education and living standards, but attempts to measure the number of people who are multi-dimensionally poor and the deprivations they face at the level of the household. MPI uses ten indicators across the three dimensions such as child mortality, nutrition, years of schooling, school attendance, water, sanitation, cooking fuel, electricity, floor and assets.<sup>30</sup>

## II. Approaches to Poverty Reduction

In practice, the different conceptualizations and theories of poverty led to the emergence of different approaches and strategies for poverty reduction. While each of the poverty reduction and community development initiatives have its advantages and successes, they also have their limitations. They can not be viewed separately as simple solutions to poverty; in other words, they can't be viewed as alternatives. This is in line with the literature discussing the limitations of using narrow definitions of poverty which result in poverty alleviation strategies that are limited in their scope and which focus on one aspect of poverty and does not seek to eliminate its other root causes. The following section provides an account of the different approaches to poverty reduction and explains the shortcomings and benefits of each approach.

### *Economic Growth*

It has been argued that economic growth alone can lead to poverty reduction through the trickle down effect, as this growth provides an opportunity for people to improve their

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<sup>30</sup> <http://www.ophi.org.uk/policy/multidimensional-poverty-index>

lives.<sup>31</sup> However, it has been proven that the benefits of growth do not automatically trickle down to the poor as this depends on several factors such as the type of growth and the nature of redistributive and public expenditure policies that are in place.<sup>32</sup> Those who are able to benefit from growth are the ones who have access to health care services, education and social protection. For instance, in order for people to get into the labor market and escape poverty, they have to be healthy. Therefore, social protection and social services have to be made available to disadvantaged groups to help them make use of the available opportunities and make poverty alleviation sustainable.<sup>33</sup> In the last decade, references were made to pro-poor growth from which the poor can benefit. More recently, reference is being made to inclusive growth which implies the removal of market imperfections, geographical divisions and social divisions so that the poor can have equal opportunities to benefit from growth.<sup>34</sup>

### *Self-Help Approach*

In the framework of the community self-help approach, the poor are considered champions of development as opposed to being simply beneficiaries. It is also argued that the participatory element of self-help empowers the poor and increases their bargaining power by making them agents of their own development. However, dealing with self-help as the only solution to poverty masks and reinforces inequality, power relations and heterogeneity within communities and hence leads to the neglect of issues such as the

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<sup>31</sup>Mauricio Olavarria-Gambi, "Poverty and Social Programs in Chile", *Journal of Poverty* 13 (2009):99–129

<sup>32</sup> J. Mohan Rao, *Development in a Time of Globalization*, Political Economy Research Institute, Working Paper Series Number 1, 1998

<sup>33</sup>Mauricio Olavarria-Gambi, "Poverty and Social Programs in Chile", *Journal of Poverty* 13 (2009):99–129

<sup>34</sup> John Weiss, "The Aid Paradigm for Poverty Reduction: Does It Make Sense?", *Development Policy Review* 26, no. 4 (2008): 407-426

need for income redistribution, social policies and policy reforms which should be taken into consideration when dealing with poverty. It is true that community self-help is the default strategy for the poor given the fact that they are usually capable of making the most out of their resources in order to guarantee their survival; as such, any attempt to enhance these capacities adds to the community. It is also undeniable that the participatory dimension of the self-help approach is empowering. However, such approaches should not be considered as alternatives to public services and redistribution of income and wealth; they should be considered as complements to other poverty reduction strategies. All assistance to the poor should not be regarded as demeaning and undeserved. Governments and NGOs should be responsive to, not absent from, poor communities. They need to offer long-term stable and targeted financial and technical support in order to widen the opportunities of the poor, increase their security, and strengthen their demand-making power vis-à-vis other wealthier and powerful groups.<sup>35</sup>

### *Participation*

Community participation gained prominence in the field of development in the past few decades. By strengthening the process of local decision-making, these approaches are believed to make people aware of their capacities and increase their self-respect. They also make them able to negotiate as equals and participate in initiating strategies which

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<sup>35</sup> Erhard Berner and Benedict Phillips, "Left to their own devices? Community self-help between alternative development and neo-liberalism", *Community Development Journal* 40, no. 1 (2005): 17-29

aim to improve their situation.<sup>36</sup> Moreover, the participation of beneficiaries also reduces the cost of poverty reduction interventions given their knowledge of local conditions.<sup>37</sup>

One of the most influential participatory approaches in the field of development is the Participatory Rural Appraisal (PRA) approach, which was spearheaded by Robert Chambers and which gained prominence in the early 1990s; PRA has its roots in the Rapid Rural Appraisal (RRA) Approach developed in the late 1970s and early 1980s.<sup>38</sup> PRA had an influence on the work of many NGOs.<sup>39</sup> It enables local people to share and analyze knowledge about their lives and their conditions in order to be able to act, plan, monitor and evaluate.<sup>40</sup> It consists of a variety of techniques and methods which entail group learning and planning.<sup>41</sup> This includes diagramming, visual exercises, reflection, mapping exercises, analysis. The essence of PRA is the change and reversal of roles, relationships and behaviors, so that power is reversed and outsiders to the community become facilitators instead of dominating the process.<sup>42</sup> This approach emerged as a response to top-down approaches used by development organizations. PRA is a practice-oriented, dialogical and open-ended process that is continuously evolving. It depends on

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<sup>36</sup> Lucius Botes and Dingie Van Rensburg, "Community participation in development: nine plagues and twelve commandments", *Community Development Journal* 35, no. 1 (2000): 41–58

<sup>37</sup> John Hoddinott, "Participation and Poverty Reduction: An Analytical Framework and Overview of the Issues", *Journal of African Economies* 11, no. 1 (2002):146-168

<sup>38</sup> Roberts Chambers, *Whose Reality Counts? Putting the First Last* (MDG Publishing, 1997)

<sup>39</sup> Ilan Kapoor, "The Devil's in the theory: a critical assessment of Robert Chambers' Work on Participatory Development", *Third World Quarterly* 23 (2002): 101-117

<sup>40</sup> Roberts Chambers, *Whose Reality Counts? Putting the First Last* (MDG Publishing, 1997)

<sup>41</sup> Ilan Kapoor, "The Devil's in the theory: a critical assessment of Robert Chambers' Work on Participatory Development", *Third World Quarterly* 23 (2002): 101-117

<sup>42</sup> Roberts Chambers, *Whose Reality Counts? Putting the First Last* (MDG Publishing, 1997)

catalytic institutions such as community organizations, NGOs, state and development organizations, to act as facilitators which aim to empower local communities.<sup>43</sup>

However, Chambers has been criticized for downplaying the role of power relations.<sup>44</sup> This is a critique that is directed towards participation in general, as the social and power relations between the different stakeholders of the development process and their different interests represent obstacles to participatory development.<sup>45</sup> The lack of governing rules for the process has also been identified as a shortcoming of the PRA approach as it depends too much on the facilitators, who are more powerful, to voluntarily give up some of their powers. Therefore, there needs to be some measures to prevent the coercion of local community members and arbitrary decision-making.<sup>46</sup> Such weaknesses can be reproduced through practice which will have a negative impact on the process altogether; therefore, there is a need for measures and regulations to reduce such risks.<sup>47</sup> It has been argued, by Chambers himself, that PRA is not a panacea for all problems. However, it helps identify ways in which these problems could be tackled.<sup>48</sup>

Given these factors, those involved in participation should recognize the obstacles which may impede community participation.<sup>49</sup> Therefore, in order for participatory

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<sup>43</sup> Ilan Kapoor, "The Devil's in the theory: a critical assessment of Robert Chambers' Work on Participatory Development", *Third World Quarterly* 23 (2002): 101-117

<sup>44</sup> Ibid

<sup>45</sup> Lucius Botes and Dingie Van Rensburg, "Community participation in development: nine plagues and twelve commandments", *Community Development Journal* 35, no. 1 (2000): 41-58

<sup>46</sup> Ilan Kapoor, "The Devil's in the theory: a critical assessment of Robert Chambers' Work on Participatory Development", *Third World Quarterly* 23 (2002): 101-117

<sup>47</sup> Ilan Kapoor, "The Devil's in the theory: a critical assessment of Robert Chambers' Work on Participatory Development", *Third World Quarterly* 23 (2002): 101-117

<sup>48</sup> Robert Chambers, *Whose Reality Counts? Putting the First Last* (MDG Publishing, 1997)

<sup>49</sup> Ibid

approaches to be sustainable and become part of a broader process of institutional transformation and social development, long-term commitment, and sensitivity and understanding of local social relations are needed. The participatory process should also be implemented in a slow and timely manner in order for it to pay off.<sup>50</sup> Furthermore, the benefits of participation depend on the ability of communities to organize themselves and engage in collective action. In fractionalized communities characterized by weak social capital, local elites may reap the benefits of participation at the expense of the poor.<sup>51</sup> In addition to that, the experience of countries such as India suggests that government ownership and commitment are crucial for the implementation and institutionalization of participation. Moreover, participation needs to be part of a wider national framework which aims to empower local communities and develop their capacities.<sup>52</sup>

### *Micro-Credit*

In the 1990s, income generating activities and micro and small enterprise development programs for the poor and the disadvantaged gained prominence. In addition to being a seed for future successful enterprises, micro-enterprises were considered as job providers at a time when public sectors were shrinking and formal private sectors were not offering adequate job opportunities. It was also seen as source of empowerment for disadvantaged

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<sup>50</sup> Diana Mitlin and John Thompson, "Participatory approaches in urban areas: strengthening civil society or reinforcing the status quo?" *Environment and Urbanization* 7, no. 1 (1995): 231-250

<sup>51</sup> John Hoddinott, "Participation and Poverty Reduction: An Analytical Framework and Overview of the Issues", *Journal of African Economies* 11, no. 1 (2002):146-168

<sup>52</sup> *Participation in Project Preparation: Lessons from World Bank-assisted Projects in India*, World Bank Discussion Paper No. 423 (Washington D.C.: The World Bank, 2001)

groups corresponding to the shift from charitable activities to self-help policies and the pursuit of sustainable development.<sup>53</sup>

Micro-credit initiatives have had positive impacts, and in some countries, it has often provided substantial flows of credit to disadvantaged and vulnerable groups. However, it has been argued that it cannot represent a simple remedy to poverty especially for the ultra-poor.<sup>54</sup> Microfinance is regarded as a way out of poverty for those who live close to the poverty line and not for the chronic poor.<sup>55</sup> Current micro-credit programs charge the same interest rates as markets. Consequently, these programs are unaffordable to the ultra-poor; they either shy away from microfinance altogether or take part in microfinance programs and get into financial trouble. This implies the need for rigorous research on the outreach, impact and cost-effectiveness of micro-credit programs in addition to the need for a range of support services targeting the poor who are unreached by micro-credit.<sup>56</sup>

Furthermore, NGOs implementing micro-credit programs face several challenges. First of all, there is the challenge of prioritizing the development needs of the community and the needs and priorities of individual entrepreneurs within the community. There is also the dilemma between choosing to assist the less poor who have more potential to

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<sup>53</sup> Pat Richardson and Karen Langdon, "Microenterprise and Microfinance: The New Kids on the Block", *New Roles and Relevance: Development NGOs and the Challenge of Change*, ed. David Lewis and Tina Wallace (United States of America: Kumarian Press, 2000)

<sup>54</sup> John Weiss and Heather Montgomery, "Great Expectations: Microfinance and Poverty Reduction in Asia and Latin America", *Oxford Development Studies* 33, no. 3 (2005): 391-416

<sup>55</sup> John Weiss, "The Aid Paradigm for Poverty Reduction: Does It Make Sense?", *Development Policy Review* 26, no. 4 (2008): 407-426

<sup>56</sup> John Weiss and Heather Montgomery, "Great Expectations: Microfinance and Poverty Reduction in Asia and Latin America", *Oxford Development Studies* 33, no. 3 (2005): 391-416

start an enterprise versus the poorest of the poor. This is especially troublesome in communities where poverty is widespread and alternative poverty reduction strategies do not exist. It is also important to understand that no matter what the scale or form of the enterprise is, it needs to have a sufficient and adequate consumer base to ensure profit making and thus ensure survival and sustainability. It is the role of NGOs to take into consideration how much profit can be made, who benefits from it, and try to maximize the benefit to the community.<sup>57</sup>

### *Legal Empowerment*

Legal Empowerment of the Poor, as an approach, attracted substantial attention as a result of strong beliefs that poverty partially persists due to the fact that poor people do not enjoy legal rights or lack the power to exercise such rights.<sup>58</sup> Four billion people around the world are believed to be excluded from the rule of law, which prevents them from avoiding poverty and improving their lives. Whether living below the poverty line or slightly above it, their rights are not protected. This indicates that poverty is manmade and is a result of a failure of public policies and markets. In rich countries, people have better chances to enjoy access to justice and other rights whether they are business people, owners of property or workers. This is the result of legal protection, certain norms, and instruments governing matters such as workers associations, labor contracts, insurance, business organizations, corporations, and intellectual property rights. On the other hand, in many poor or developing countries, institutions, laws and policies

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<sup>57</sup> Pat Richardson and Karen Langdon, "Microenterprise and Microfinance: The New Kids on the Block", *New Roles and Relevance: Development NGOs and the Challenge of Change*, ed. David Lewis and Tina Wallace (United States of America: Kumarian Press, 2000)

<sup>58</sup> Dan Banik, "Legal Empowerment as a Conceptual and Operational Tool in Poverty Eradication", *Hague Journal on the Rule of Law* 1(2009): 117–131

governing social, economic and political affairs, deny many citizens the chance to participate on equal basis. As a result, the poor are vulnerable to abuse by authorities which seek bribes, exercise discrimination, or side with powerful interests. Other than being morally unacceptable, this has a negative impact on economic development and represents a threat to security and stability. This can only change if the processes of governance undergo fundamental changes.<sup>59</sup>

Legal empowerment is a process of systemic change which entails creating sound political and legal frameworks that specifically tackle the needs of poor people and vulnerable groups, in addition to holding administrative and political institutions accountable for policy failures. For instance, the formalization of the informal economy widens the tax base thus increasing the revenue needed for national development. Spreading the rule of law also helps unravel predatory networks which exploit vulnerable individuals participating in the informal economy. This approach gained momentum as a result of the establishment of the Commission for the Legal Empowerment of the Poor in 2005. Before that, the development discourse regarding the link between law and development was usually characterized by a narrow focus on law and state institutions. Four crucial pillars have been identified by the Commission to form a comprehensive agenda for the legal empowerment of the poor and to unlock their civic and economic potential. These pillars are the access to justice and the rule of law, property rights, labor

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<sup>59</sup> Making the Law Work for Everyone, Volume 1, Report of the Commission on Legal Empowerment of the Poor (New York: Commission on Legal Empowerment of the Poor, 2008)

rights, and business rights. These pillars reinforce and depend on each other; synergy and convergence between them helps achieve legal empowerment.<sup>60</sup>

With regards to access to justice and rule of law, it requires a fair and inclusive legal system in addition to the commitment of states and public institutions to ensure equitable access for all. Measures in this domain include ensuring widespread identification cards, birth certificates, modifying laws and regulations that are biased against the rights and interests of the poor, facilitating the establishment of civil society organizations and coalitions. As for property rights, measures include the formalization of assets under a system that encompasses both collective and individual property rights. In this regard, special attention should be given to the poor, especially women as they own only 10% of the world's property while they constitute half of the world's population. Measures also include improving security of tenure, providing access to housing, and offering loans with low interest rates. With regards to labor rights, measures include the promotion of freedom of association so that the working poor can become better represented, improving labor regulations, enforcing some labor rights within the informal economy, ensuring access to health insurance, medical care, and pensions. Finally, initiatives should seek to protect the business rights of the poor by increasing access to financial services for entrepreneurs, increasing the affordability of setting up and operating a business, while facilitating access to markets. It is also important to familiarize these entrepreneurs with new markets and link them with larger businesses.<sup>61</sup>

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<sup>60</sup> Ibid

<sup>61</sup> Ibid

The poor should not be objects of legal empowerment, they should be facilitators and co-designers. Their participation is necessary so that they can closely monitor the reform process and provide feedback. Therefore, it has been argued that there is a need to strengthen democracy and decentralization of decision-making to help achieve legal empowerment, which requires comprehensive legal, social, economic and political reforms. Therefore, political leadership and commitment is believed to be imperative. There is also a need for deep understanding of local conditions in both the informal and the formal economy; there aren't specific blueprints for legal empowerment initiatives. Broad political coalitions and civil society and Community-based Organizations can also play a role by ensuring better representation for the poor and connecting them to political institutions, supporting reform processes, and independently auditing political systems. Grassroots organizations also play a role in educating the public and encouraging bottom-up initiatives.<sup>62</sup>

However, despite all its benefits, legal empowerment is not a substitute for other development initiatives, such as investments in infrastructure, public services, education, among other initiatives. In fact, legal empowerment is considered complementary to such initiatives and an element which helps maximize and multiply the impact of other interventions, in addition to increasing their chances for success.<sup>63</sup> Unless deliberate interventions targeting the poor are implemented, law reform initiatives will often end up increasing the opportunities of the rich instead of helping the poor.<sup>64</sup> The Commission's

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<sup>62</sup> Ibid

<sup>63</sup> Ibid

<sup>64</sup> Jan Michiel Otto, "Rule of Law Promotion, Land Tenure and Poverty Alleviation: Questioning the Assumptions of Hernando de Soto", *Hague Journal on the Rule of Law* 1 (2009): 173–195

approach was also accused of lacking conceptual rigor in terms of the relation between legal empowerment and democracy. It was argued that there is a need for strategies for non-democratic societies, in addition to nuanced strategies for societies suffering from dysfunctional democracies. Moreover, despite the call for civil society involvement and bottom-up initiatives, the recommendations of the Commission were accused of heavily relying on the buy-in of governments and political leaders; therefore, the approach remains very much top-down and state-centered.<sup>65</sup>

### *Education*

There is a causal relationship between education and poverty, with low education being both a cause and an effect of poverty. On one hand, poor people are sometimes unable to satisfy basic needs such as education.<sup>66</sup> On the other hand, lack of education diminishes individual and national capabilities, hence perpetrating poverty.<sup>67</sup> Therefore, education is considered a significant means for poverty reduction. Formal education of good quality widens the horizons of the poor, increases their opportunities for future employment, and helps achieve upward social and economic mobility; as such, it breaks different aspects of the cycle of poverty. Moreover, education benefits societies as a whole; it improves individual skills thus rendering employees more productive and consequently more valuable to their employers. Based on cross-country analysis, it has been argued developing countries should have a primary focus on education. However,

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<sup>65</sup> Sumaiya Khair, "Evaluating Legal Empowerment: Problems of Analysis and Measurement", *Hague Journal on the Rule of Law* 1(2009): 33-37

<sup>66</sup> Pervez Zamurrad Janjua and Usman Ahmed Kamal, "The Role of Education and Income in Poverty Alleviation: A Cross-Country Analysis", *The Lahore Journal of Economics* 16 no. 1 (2011): 143-172

<sup>67</sup> Cristovam Buarque, Vida A. Mohorcic Spolar and Tiedao Zhang, "Education and Poverty Reduction", *Review of Education* 52 (2006): 219-229

they should do so without neglecting other measures such as income growth and income distribution.<sup>68</sup>

Programs targeting education include programs which pay monthly stipends to poor families to make sure they enroll their children in schools. Such programs improve education prospects while increasing the income of the community and stimulating local economic growth. Other programs involve the training of teachers as an important means to improve pedagogical techniques, in addition to providing them with adequate remuneration.<sup>69</sup>

### III. Urban Poverty

The need for viewing poverty from a wider perspective is particularly important in the context of urban poverty due to its complexity and its multi-dimensionality. For different reasons, poverty is becoming increasingly concentrated in urban areas. Although this phenomenon is not exclusive to the developing world, most of the world's urban poor are living in developing countries. This has had various social, economic and political repercussions. This section analyzes the dynamics of urban poverty and its relationship with development by examining the causes of urban poverty, its consequences and implications for development, and the different approaches targeting urban poverty.

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<sup>68</sup> Pervez Zamurrad Janjua and Usman Ahmed Kamal, "The Role of Education and Income in Poverty Alleviation: A Cross-Country Analysis", *The Lahore Journal of Economics* 16 no. 1 (2011): 143-172

<sup>69</sup> Cristovam Buarque, Vida A. Mohorcic Spolar and Tiedao Zhang, "Education and Poverty Reduction", *Review of Education* 52 (2006): 219-229

It is expected that, in the near future, the percentage of urban populations will exceed that of rural populations. This shift towards urbanization has been primarily driven by the urban movement in the developing world. It is anticipated that, by 2030, urban dwellers will constitute 61% of the world's population. According to the UN Population Division, it is expected that, by then, 80% of the world's urban population will be residing in developing countries as these countries are expected to absorb almost all of the world's population growth. The key contributing factors to this growth in urban populations are the transformation of rural areas into urban areas, natural population growth in cities, and rural-urban migration as cities play an important role in both internal and international migration, by being both destinations and transitory spaces.<sup>70</sup> As a result, the locus of poverty has been shifting to urban areas<sup>71</sup> in a process that is now known as the 'urbanization of poverty'.<sup>72</sup> Moreover, urban populations are growing at a faster rate than rural populations and in some countries the absolute number of urban poor has surpassed the number of rural poor.<sup>73</sup>

Rural migrants leave their lands as a result of a number of push factors which make their living conditions unfavorable; their work is characterized by long working days, irregular working hours, insecurity due to uncertainty in crops and prices and changes in technology, hard work and seasonality of pay. On the other hand, there are pull factors manifested in the special advantages that the city has to offer. On one hand, incomes in

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<sup>70</sup> Jo Beall, and Sean Fox, "Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World", Oxfam Research Report, 2007

<sup>71</sup> Carole Rakodi, "Economic Development, Urbanization and Poverty", in *Urban Livelihoods : A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 30

<sup>72</sup> The Challenge of Slums: Global Report on Human Settlements, United Nations Human Settlement Programme, 2003

<sup>73</sup> Ellen Wratten, "Conceptualizing urban poverty", *Environment and Urbanization* 7, no. 1 (1995): 11-37

urban areas are considered higher than incomes of workers in agriculture. Moreover, cities have better education, medical facilities and cultural activities in addition to more individual freedom. In some cases, migrants are badly informed about their new destination which results in obscure and ill-informed decisions. These flows of rural-urban migration result in serious problems in cities such as unemployment, overcrowding and breakdown in the provision of services. Although these migrants are usually in their prime labor age and therefore economically productive, their high fertility further aggravates the demographic burden on urban areas.<sup>74</sup>

In the 1950s and the 1960s, it was believed that poverty in developing countries can be overcome through urbanization and the transformation into industrial societies. However, after decades of modernization policies, the achieved growth did not trickle down to rural areas. This has led to the questioning of such policies and has resulted in the emergence of the “urban bias” theory.<sup>75</sup> There has been a perceived ‘urban bias’ in terms of policies and resource allocation; this has been attributed to the political influence of urban populations. This, it has been argued, has prevented the implementation of pro-rural and pro-agriculture policies, which is believed to have delayed development and encouraged rapid rural-urban migration. Average urban incomes and wages, being higher than in rural areas, have been the basis of this argument.<sup>76</sup> As a result, the urban bias theory became a mainstream idea in development agencies throughout the 1970s and

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<sup>74</sup> Ellen M. Bussey, *The Flight from Rural Poverty-How Nations Cope* (Lexington, MA: Lexington Books, 1973)

<sup>75</sup> Ellen Wratten, “Conceptualizing urban poverty”, *Environment and Urbanization* 7, no. 1 (1995): 11-37

<sup>76</sup> Carole Rakodi, “Economic Development, Urbanization and Poverty”, in *Urban Livelihoods : A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 28-29.

1980s.<sup>77</sup> Consequently, policies aimed at reducing urban poverty tended to focus on investments in rural areas. It was thought that this would target the poorest, which are rural residents, therefore discourage internal migration to cities.<sup>78</sup> Therefore, policy reforms associated with structural adjustment attempted to eliminate these alleged urban biases; this has led to the worsening of living conditions in urban areas.<sup>79</sup> The era of structural adjustment encouraged agricultural exports at the expense of industrial development; this has been achieved through the reduction of subsidies to industries which represent an important source of employment for urban dwellers.<sup>80</sup> Nevertheless, investments in rural areas have had modest effects.<sup>81</sup> As such, rural-urban migration has become accepted as an unavoidable by-product of development which cannot be rolled back.<sup>82</sup>

What these policies have failed to realize is the great diversity in the depth and extent of urban poverty and that there are urban areas, such as slums, that are more deprived and worse off than rural communities.<sup>83</sup> Approximately 40 % of urban residents in developing countries live in slums; most of them live under the poverty line. Moreover, average poverty figures do not offer an accurate picture of urban poverty as they do not

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<sup>77</sup> Ellen Wratten, "Conceptualizing urban poverty", *Environment and Urbanization* 7, no. 1 (1995): 11-37

<sup>78</sup> Jo Beall, and Sean Fox, "Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World", Oxfam Research Report, 2007

<sup>79</sup> Carole Rakodi, "Economic Development, Urbanization and Poverty", in *Urban Livelihoods : A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 28-29.

<sup>80</sup> Jo Beall, and Sean Fox, "Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World", Oxfam Research Report, 2007

<sup>81</sup> Judith A. Hermanson, *Principles for Realizing the Potential of Urban Slums* (Washington, D.C.: International Housing Institute, 2010)

<sup>82</sup> Ellen M. Bussey, *The Flight from Rural Poverty-How Nations Cope* (Lexington, MA: Lexington Books, 1973)

<sup>83</sup> Ellen Wratten, "Conceptualizing urban poverty", *Environment and Urbanization* 7, no. 1 (1995): 11-37

take into account the higher cost of living in urban areas.<sup>84</sup> Quality is also a major issue for the urban poor; they may have access to services but only for few hours during the day. Consequently, they resort to informal service providers which offer lower quality services.<sup>85</sup> Although indicators, on average, demonstrate that urban residents are better off than their rural counterparts, the reality is that urban dwellers are more susceptible to health risks, crime, violence and higher levels of pollution. Measures of inequality, such as the Gini coefficient, have indicated that inequality in income distribution, and in the quality of life on the whole, tend to be higher in urban areas. Consequently, structural adjustment measures, which included the freezing of wages, flexible labor policies, the shrinking of the public sector and the reduction and in some cases the removal of subsidies on food and other commodities, have particularly harmed urban populations.<sup>86</sup> Furthermore, income redistribution mechanisms through social safety nets and progressive taxation became rigorously threatened by the dominance of the neo-liberal doctrine during the 1980s and 1990s.<sup>87</sup> Therefore, the burdens of adjustment disproportionately affected the urban poor by decreasing their incomes, limiting their access to basic services and making their livelihoods insecure.<sup>88</sup> More importantly, they

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<sup>84</sup> Judith A. Hermanson, *Principles for Realizing the Potential of Urban Slums* (Washington, D.C.: International Housing Institute, 2010)

<sup>85</sup> Judy L. Baker, *Urban Poverty: A Global View*, World Bank Urban Papers (World Bank, 2008),

<sup>86</sup> Carole Rakodi, "Economic Development, Urbanization and Poverty", in *Urban Livelihoods : A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 29.

<sup>87</sup> *The Challenge of Slums: Global Report on Human Settlements*, United Nations Human Settlement Programme, 2003

<sup>88</sup> Carole Rakodi, "Economic Development, Urbanization and Poverty", in *Urban Livelihoods : A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 29.

failed to roll back rural-urban migration which continued to grow at a time when poverty reduction strategies were unsuccessful in addressing urban poverty.<sup>89</sup>

Therefore, in order to understand how to deal with urban poverty, its characteristics, causes and consequences need to be analyzed. It should be noted that most urban areas share similar social, economic, environmental and political characteristics that have implications for the livelihood strategies of the poor, which are different from the strategies adopted by their rural counterparts.<sup>90</sup> Urban poverty and the vulnerability it causes are unique in certain respects.<sup>91</sup> The key difference between rural and urban poverty is that urban dwellers primarily rely on the monetized economy<sup>92</sup> which increases their vulnerability to economic shocks.<sup>93</sup> Wage employment is the centerpiece of urban livelihood strategies; therefore, the urban poor are vulnerable to changes in prices and in the demand for labor. These vulnerabilities are especially challenging for women due to the gender division of labor and due to their lower education levels; the number of female-headed households in cities is larger than in rural areas.<sup>94</sup>

While the urban economy provides employment opportunities for many, not all urban dwellers are able to benefit from these opportunities. The urban poor face challenges such as low skills, low wages, unemployment, under-employment, lack of social security in

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<sup>89</sup> Jo Beall, and Sean Fox, "Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World", Oxfam Research Report, 2007

<sup>90</sup> Sheila Meikle, "The Urban Context and Poor People", in *Urban Livelihoods : A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 38.

<sup>91</sup> Jo Beall, and Sean Fox, "Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World", Oxfam Research Report, 2007

<sup>92</sup> Ellen Wratten, "Conceptualizing urban poverty", *Environment and Urbanization* 7, no. 1 (1995): 11-37

<sup>93</sup> Judy L. Baker, *Urban Poverty: A Global View*, World Bank Urban Papers (World Bank, 2008),

<sup>94</sup> Ellen Wratten, "Conceptualizing urban poverty", *Environment and Urbanization* 7, no. 1 (1995): 11-37

addition to unfavorable working conditions. Youth unemployment is also considered one of the major problems in many cities, and is increasingly being linked to rising social problems and sometimes translates into urban unrest.<sup>95</sup> Moreover, formal employment is often limited in developing countries; therefore, most of the urban poor rely on the informal economy as a critical strategy for living.<sup>96</sup> While not all the workers in the informal sector are poor, it is also not a given that all formal sector employees manage to avoid poverty. For most of them, their monthly salaries cover their expenses for a few days per month. As a result, they are forced to undertake additional jobs that are mainly in the informal sector as well.<sup>97</sup> Estimates indicate that informal sectors constitutes between 30% and 70% of GDP in developing countries.<sup>98</sup> In the 1980s, structural adjustment programs affected employment in many ways. Job losses in the formal sectors, including the manufacturing sector, and the shrinking of public sectors, resulted in large numbers of unemployed urban residents. As a result, some have slipped into poverty and others survived on the edge of poverty. This has further increased the number of poor men and women working in the informal sector.<sup>99</sup> Despite the fact that the informal sector offers job opportunities for many, it is usually characterized by unfavorable working conditions and lack of social security and insurance. Workers in the informal sector also operate outside the legal system and are more vulnerable to economic fluctuations. This is detrimental to the poor as they possess little savings.<sup>100</sup>

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<sup>95</sup> Judy L. Baker, *Urban Poverty: A Global View*, World Bank Urban Papers (World Bank, 2008)

<sup>96</sup> Jo Beall, and Sean Fox, "Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World", Oxfam Research Report, 2007

<sup>97</sup> Sheila Meikle, "The Urban Context and Poor People", in *Urban Livelihoods: A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 39.

<sup>98</sup> Judy L. Baker, *Urban Poverty: A Global View*, World Bank Urban Papers (World Bank, 2008)

<sup>99</sup> Sheila Meikle, "The Urban Context and Poor People", in *Urban Livelihoods: A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 39.

<sup>100</sup> Judy L. Baker, *Urban Poverty: A Global View*, World Bank Urban Papers (World Bank, 2008),

Rapid urbanization has had an impact on the housing sector. In the 1950s and 1960s, many governments in developing countries attempted to accommodate the rapidly expanding urban populations through public housing projects. However, these projects were not always affordable to lower-income groups for which they were intended. As a result, these groups resorted to remote locations that were affordable to them.<sup>101</sup> Moreover, these programs were unable to keep pace with the rates of urban growth. This has further helped the emergence of informal settlements “slums”. Furthermore, employment insecurity translates into insecurity of tenure and poor-quality housing with limited access to basic services such as sanitation facilities and water.<sup>102</sup> The poor are forced to make a trade-off between the quality and location of their living space; in order to have access to income-generating activities and affordable commodities, they choose to live in cheap, highly-populated and environmentally poor places. However, these poor conditions are not just the result of rapid urbanization and limited resources; they are also the result of the lack of political will on the part of national governments and their reluctance to invest in the crucially needed infrastructure.<sup>103</sup> Due to poor water and sanitation facilities, slum dwellers fall victims of diseases; poor sewage and drainage systems, or lack thereof, also facilitate the transmission of diseases. These factors are exacerbated by the overcrowding of people which helps the quick transmission of communicable diseases. Poor nutrition also lowers the immunity systems of slum

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<sup>101</sup> Basil Van Horen, *Informal Settlements Conditions, Upgrading and Institutional Capacity Building in Third World Cities*, (Asian Urban Research Network, 1995)

<sup>102</sup> Jo Beall, and Sean Fox, “Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World”, Oxfam Research Report, 2007

<sup>103</sup> Sheilah Meikle, “The Urban Context and Poor People”, in *Urban Livelihoods: A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 40.

dwellers and hence decreases their ability to fight diseases.<sup>104</sup> Making their situation more vulnerable, most slum dwellers do not officially exist; although, administratively, they may exist within the boundary of a city. In most cases, slum residents work and live outside of the law; consequently, they are unable to access the majority of formal institutions. This prevents them from accessing social services such as subsidized education and health care. In addition to that, they neither have property rights nor security of tenure;<sup>105</sup> therefore, they constantly face the risk of eviction.<sup>106</sup> All of these conditions conspire to create barriers to social and human development.<sup>107</sup>

In addition to that, there are other consequences of poverty such as the dissipation of human potential. Poverty is costly since buying things in little quantities tends to cost more. It is also time-consuming, as the poor stand in queues for hours so that they can bargain and get good deals in their purchases. Therefore, poverty represents a waste of human capital and it dissipates human creativity and potential. Most importantly, poverty is unequal in its impact across generations and across gender; it reinforces existing inequalities in access and control over resources.<sup>108</sup> The lack of resources prevents slum dwellers from providing adequate education for their children. Even those who succeed in educating their children; these children often lack the necessary capital, networks,

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<sup>104</sup> Jo Beall, and Sean Fox, “Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World”, Oxfam Research Report, 2007

<sup>105</sup> The Challenge of Slums: Global Report on Human Settlements, United Nations Human Settlement Programme, 2003

<sup>106</sup> Jo Beall, and Sean Fox, “Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World”, Oxfam Research Report, 2007

<sup>107</sup> The Challenge of Slums: Global Report on Human Settlements, United Nations Human Settlement Programme, 2003

<sup>108</sup> Jo Beall, “Living in the Present, Investing in the Future: Household Security Among the Urban Poor”, in *Urban Livelihoods: A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 84.

contacts, and sometimes the confidence that is needed to guarantee secure and well-paid jobs. Consequently, the lack of security and adequate income reduces their mobility.<sup>109</sup> Moreover, the struggle for survival sometimes creates a degree of desperation and frustration that is sometimes manifested in violence and crime. Young men, from ages 15 to 25, are especially susceptible to street violence. Lacking social support and stable sources of employment, youth often respond by joining gangs in order to protect themselves and their neighborhoods.<sup>110</sup> Frustration is also manifested in vandalism of infrastructure, higher rates of drug and alcohol use among the urban populations, higher rates of depression and increased domestic violence.<sup>111</sup> It has become widely believed that violence is not a spontaneous phenomenon but a product of inequality and social exclusion. The notion of “structural violence” has extended the definition of violence to include alienation, deprivation, inequality, repression and psychological harm.<sup>112</sup> In addition, it encompasses inefficiency, corruption, and brutality that strike the poor hardest.<sup>113</sup> Therefore, there is a growing belief that the urban poor, including slum dwellers, are not the major source of crime; they are now seen as victims who became prone to organized crime as a result of the failure of public policies to address their

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<sup>109</sup> Basil Van Horen, *Informal Settlements Conditions, Upgrading and Institutional Capacity Building in Third World Cities*, (Asian Urban Research Network, 1995)

<sup>110</sup> Jo Beall, and Sean Fox, “Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World”, Oxfam Research Report, 2007

<sup>111</sup> Ellen Wratten, “Conceptualizing urban poverty”, *Environment and Urbanization* 7, no. 1 (1995): 11-37

<sup>112</sup> Ailsa Winton, “Urban violence: a guide to the literature”, *Environment and Urbanization* 16, no. 2 (2004): 165-184

<sup>113</sup> Ibid

needs.<sup>114</sup> Nevertheless, there are still countries where repressive measures are being taken against the urban poor as they are viewed as responsible for perpetrating crime.<sup>115</sup>

### *Dealing with Urban Poverty*

Urban poverty can not be efficiently and lastingly addressed through simple programs. Integrated programs are necessary; these programs include a combination of the different poverty reduction strategies.<sup>116</sup> Moreover, understanding urban poverty requires additional techniques and tools than the ones used for measuring poverty in general. Urban poverty analysis can be used to generate a city poverty profile to identify the appropriate responses to urban poverty. It also serves as a baseline and a starting point for the better understanding of poverty, and helps highlight constraints and opportunities.<sup>117</sup>

There are several approaches to measure urban poverty such as income and consumption measures. Money metric measures should also be adjusted to take into consideration the higher cost of living in urban areas. Another approach is the Unsatisfied Basic Needs Index which incorporates several dimensions such as school attendance, literacy, sewage, piped water, adequate housing, overcrowding, and calorie intake. Deficiency in any of these items is an indication of unsatisfied basic needs. Another indicator is the Asset Indicators which is used as an indicator of the socio-economic

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<sup>114</sup> The Challenge of Slums: Global Report on Human Settlements, United Nations Human Settlement Programme, 2003

<sup>115</sup> Ailsa Winton, "Urban violence: a guide to the literature", *Environment and Urbanization* 16, no. 2 (2004): 165-184

<sup>116</sup> Diana Mitlin, "Addressing urban poverty: increasing incomes, reducing costs, and securing representation", *Development in Practice* 10, no. 2 (2000): 204-215

<sup>117</sup> Judy Baker and Nina Schuler, Analyzing urban poverty: A Summary of Methods and Approaches, World Bank Policy Research Working Paper 3399 (World Bank, 2004)

status of a household. There are also measures of vulnerability which require complex analysis and which include measures of human capital, physical assets, income diversification, participation in the formal safety net, access to credit markets, and links to networks. Furthermore, participatory methods, such as focus group discussions, individual interviews, and case studies, are important as they rely on qualitative analysis and help identify perceptions of poverty, priorities and needs, and concerns.<sup>118</sup>

In practice, existing programs targeting the urban poor can be categorized under three types. The first type consists of programs which aim to improve living conditions such as slum upgrading, infrastructure improvements, public housing schemes, services schemes, housing finance, land titling, rent control, providing access to credit. The second type includes programs aiming to improve the income of the poor such as job training, micro-enterprise development, and the provision of childcare. The third type involves safety net programs targeting the most vulnerable such as cash transfers, food stamps, subsidies, and public works programs.<sup>119</sup>

#### a. Slum Upgrading

Among the programs targeting the urban poor, slum upgrading has been the most common.<sup>120</sup> Experiences of different countries have shown that with regards to policies targeting slums, forced eviction and resettlement have proven to be unworkable. These settlements provide livelihoods for their inhabitants; therefore, any eviction attempt

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<sup>118</sup> Judy Baker and Nina Schuler, *Analyzing urban poverty: A Summary of Methods and Approaches*, World Bank Policy Research Working Paper 3399 (World Bank, 2004)

<sup>119</sup> Judy L. Baker, *Urban Poverty: A Global View*, World Bank Urban Papers (World Bank, 2008)

<sup>120</sup> *Ibid*

disrupts complex social networks and leads to unfavorable results. Therefore, national governments started to shift towards positive policies such as slum upgrading<sup>121</sup> which is essential for building an inclusive city.<sup>122</sup>

Slum upgrading programs usually focus on the provision of infrastructure such as water and sanitation, electricity, waste management, roads.<sup>123</sup> It has also been argued that the scaling-up of programs involving the development of urban infrastructure and low-cost housing represents a great potential for the generation of employment opportunities for low-income groups. Moreover, labor-intensive methods of construction further create employment opportunities. It also increases the potential of participation of the residents in decision-making, while achieving minimal disruption to the physical and social fabric of these settlements. However, it should be noted that the narrow conceptualization of in-situ upgrading of informal settlements is limited to the provision of basic physical and social services; whereas the broader definition of upgrading refers to dealing with the economic, legal and political marginalization of these settlements,<sup>124</sup> by improving the quality of housing, social infrastructure, security of tenure, access to credit, in addition to access to social programs such as health, education, vocational training, day-care.<sup>125</sup>

While important, participatory slum upgrading is not sufficient to achieve poverty reduction. Therefore, interventions seeking to empower the community are important,

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<sup>121</sup> The Challenge of Slums: Global Report on Human Settlements, United Nations Human Settlement Programme, 2003

<sup>122</sup> Slum Upgrading Up Close: Experiences of Six Cities (Washington, D.C: The Cities Alliance, 2008)

<sup>123</sup> Judy L. Baker, Urban Poverty: A Global View, World Bank Urban Papers (World Bank, 2008)

<sup>124</sup> Basil Van Horen, Informal Settlements Conditions, Upgrading and Institutional Capacity Building in Third World Cities, (Asian Urban Research Network, 1995)

<sup>125</sup> Judy L. Baker, Urban Poverty: A Global View, World Bank Urban Papers (World Bank, 2008),

such as capacity development and transfer of skills to both community groups and individuals; they should be able to engage in meaningful negotiations with local governments and institutions. NGOs and development organizations can play a role in facilitating linkages between communities and different institutions.<sup>126</sup> Slums should be understood as containing enormous human capital, hidden opportunities, in addition to an untapped source of labor; they also represent huge markets for all types of goods and services. Therefore unleashing such potential is important for the overall urban economy. Furthermore, upgrading programs should be incorporated within a comprehensive urban policy; strong political will and significant resource allocations are also required.<sup>127</sup> For example, in a span of few years, the Brazilian city of Sao Paulo became one of the most successful models of sustainable slum upgrading, as a result of a clear vision, political leadership and commitment, large investments, in addition to the engagement of the affected communities.<sup>128</sup> Nevertheless, slum upgrading should not negate other proactive policies which aim to prevent the emergence of new slums such as land use planning and changes in regulatory and legal frameworks.<sup>129</sup>

#### b. Employment

Income generating activities and access to employment are considered a necessary condition for sustainable change.<sup>130</sup> Employment is regarded as the first step out of poverty and an important requisite for greater social integration; it is believed to have a

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<sup>126</sup> Shaaban A. Sheuya, "Improving the Health and Lives of People Living in Slums", *New York Academy of Sciences Annals* 1136 (New York: Academy of Sciences, 2008)

<sup>127</sup> Judith A. Hermanson, *Principles for Realizing the Potential of Urban Slums* (Washington, D.C.: International Housing Institute, 2010)

<sup>128</sup> *Slum Upgrading Up Close: Experiences of Six Cities* (Washington, D.C.: The Cities Alliance, 2008)

<sup>129</sup> Judy L. Baker, *Urban Poverty: A Global View*, World Bank Urban Papers (World Bank, 2008)

<sup>130</sup> Judith A. Hermanson, *Principles for Realizing the Potential of Urban Slums* (Washington, D.C.: International Housing Institute, 2010)

direct and positive impact on the other dimensions of urban poverty. However, the challenge for employment creation is twofold. On one hand, a large number of jobs are needed to absorb the working force. On the other hand, the quality of jobs, in terms of working conditions and productivity, needs to be enhanced to increase job security.<sup>131</sup>

Most of the urban poor occupy jobs in the informal sector that are low-paid, insecure and unproductive; they also lack access to financial services, markets in addition to other types of support. This is often the result of weak governance and market forces; the competition for jobs has created a “race to the bottom” which increased the pressure on wages, workers’ rights, and working conditions.<sup>132</sup> In the wake of globalization and liberalization, states have been increasingly pulling back from welfare provision and from holding employers accountable for the welfare of their employees. Consequently, an increasing number of informal workers do not receive benefits or secure wages neither from states nor from their employers.<sup>133</sup> Therefore, employment generation should be a top priority for decision makers by adopting specific policies which promotes the employment of the urban poor. This implies recognizing the full citizenship rights of the urban poor in addition to recognizing the informal sector as an important sector for job creation, production and consumption. Laws and regulations should be adjusted to increase benefits and formalize work, in order to break this cycle of informality and poverty. In this regard, it is also important to identify and prevent abusive conditions such as exploitation and discrimination. In addition to that, national governments should

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<sup>131</sup> Kuiper, Marja and Van der Ree, Kees. 2005. Growing out of poverty: How employment promotion improves the lives of the urban poor. SEED Working Paper No. 74. ILO

<sup>132</sup> Ibid

<sup>133</sup> Rina Agarwala, “Reshaping the social contract: emerging relations between the state and informal labor in India”, *Theor Soc* 37 (2008): 375–408

improve labor legislation to be applied effectively to the informal economy, and to extend to informal workers legal rights related to minimum wages, working conditions, and social security. Furthermore, municipal governments should create a more conducive environment for small businesses operated by and employing the urban poor, by reducing the costs and increasing the benefits of formalization. This includes providing assistance to small businesses to upgrade their skills and increase their access to market opportunities and productive resources. In addition, the presence of strong organizations with which local governments can negotiate is important. Even when they have the right, informal workers rarely organize themselves to represent their interests. Moreover, when such organizations exist, they are fragile and have limited access and influence over relationships with public authorities and institutions in the formal economy. Therefore, closing the representational gap and ensuring freedom of association are imperative. Established unions should also provide training and guidance to enhance the capacities of informal workers to organize and engage in social dialogue and democratic activities.<sup>134</sup>

Child care is one of the measures which seek to improve the income of the poor. The lack of adequate child care represents a constraint, particularly for women, when entering the labor market. Statistics from Guatemala demonstrates that women whose children were enrolled in child care programs managed to increase their income by 30%. There is evidence that these programs also benefit children and improve their prospects for successful future employment.<sup>135</sup>

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<sup>134</sup> Kuiper, Marja and Van der Ree, Kees. 2005. Growing out of poverty: How employment promotion improves the lives of the urban poor. SEED Working Paper No. 74. ILO

<sup>135</sup> Judy L. Baker, Urban Poverty: A Global View, World Bank Urban Papers (World Bank, 2008)

### c. Safety Net Programs

Safety net programs are particularly significant in urban areas as the heavy dependence on the market economy makes households more vulnerable to economic shocks. One of the most well-known programs is Mexico's Oportunidades program, which is a conditional cash transfer program targeting the urban poor. The program offers cash payments for eligible families under two conditions; firstly, that they use preventive health services and secondly, that their children attend school regularly. Generally, there are several challenges concerning the design and implementation of such programs in urban areas, such as geographical targeting and the lack property rights, which makes many of the poor ineligible for social programs.<sup>136</sup>

### d. Improving Local Governance

Poor urban governance is considered the most constraining factor working against poverty reduction efforts.<sup>137</sup> Many local governments do not possess the financial capital and technical skills to tackle the problems and challenges resulting from rapid urbanization. They are unable to keep up with the services and infrastructure needed to accommodate the rapidly growing urban populations.<sup>138</sup> Consequently, local authorities are increasingly required to explore new strategies for service delivery; this requires more information which can be secured through urban poverty analysis.<sup>139</sup> Capacity building

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<sup>136</sup> Ibid

<sup>137</sup> Wendy Taylor and Tom Goodfellow, Urban Poverty and Vulnerability in Kenya: The urgent need for co-ordinated action to reduce urban poverty, Oxfam GB Briefing Note (Oxfam, 2009)

<sup>138</sup> Judy L. Baker, Urban Poverty: A Global View, World Bank Urban Papers (World Bank, 2008),

<sup>139</sup> Judy Baker and Nina Schuler, Analyzing urban poverty: A Summary of Methods and Approaches, World Bank Policy Research Working Paper 3399 (World Bank, 2004)

of local governments also emerged as a response to such problems.<sup>140</sup> Political will, adequate resource allocation, in addition to a deep understanding of land management and physical planning is also important.<sup>141</sup>

e. Participation and Local Organization

Local organization is crucial when community groups and organizations are expected to undertake long-term roles and initiatives.<sup>142</sup> Helping local communities formally organize their activities is essential for participatory approaches. This empowers local communities and builds their capacities. It leads to greater equality for the vulnerable groups within these communities. It also contributes to building a stronger civil society as it helps local people engage in dialogue and partnerships with governmental and non-governmental institutions. Local organization also increases the effectiveness of projects and helps build sustainable structures which help expand development initiatives.<sup>143</sup> The importance of local organizations stems from the fact that the lives of local people are opaque to outsiders; the complex networks and meshes of relationships, inequalities and power relations, are hidden and barely visible to outsiders let alone NGOs working in local communities. As such, outsiders relying on normative practices only risk increasing

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<sup>140</sup> Judy L. Baker, *Urban Poverty: A Global View*, World Bank Urban Papers (World Bank, 2008),

<sup>141</sup> Judith A. Hermanson, *Principles for Realizing the Potential of Urban Slums* (Washington, D.C.: International Housing Institute, 2010)

<sup>142</sup> "Applying Empowerment Principles". In *Empowerment and Poverty Reduction: A Sourcebook*, ed. Deepa Narayan. Washington D.C.: The World Bank, 2002

<sup>143</sup> Sara Crowther, "NGOs and Local Organizations: A Mismatch of Goals and Practice?", *New Roles and Relevance: Development NGOs and the Challenge of Change*, ed. David Lewis and Tina Wallace (United States of America: Kumarian Press, 2000)

inequalities among local communities and increasing the cost of participation.<sup>144</sup> In the absence of community buy-in, the most enlightened urban projects are expected to fail.<sup>145</sup>

One of the important areas of building local organizational capacity is the formation of business clusters for small businesses. When small businesses are unable to access new markets and are unable to improve their products, competition can lead to reduced prices and sometimes self-exploitation strategies. Therefore, business clusters can help achieve collective efficiency. Moreover, access to information is crucial for accountability and for the strengthening of local organizational capacity; relevant information allows the poor to access private and public services as well as markets. Information also help the poor make informed decisions and choices.<sup>146</sup>

#### IV. Role of Non-Governmental Organizations

When discussing poverty reduction strategies, it is important to discuss the role of Non-Governmental Organizations (NGOs) as important agents in the field of development. The number of NGOs working in economic and social development has grown exponentially in the late 20<sup>th</sup> century and they have become significant players in poverty reduction.<sup>147</sup> The rise of NGOs in developmental work throughout the late 1980s and 1990s was associated with the dominance of neo-liberal economic policies which

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<sup>144</sup> Sara Crowther, "NGOs and Local Organizations: A Mismatch of Goals and Practice?", *New Roles and Relevance: Development NGOs and the Challenge of Change*, ed. David Lewis and Tina Wallace (United States of America: Kumarian Press, 2000)

<sup>145</sup> Judy Baker and Nina Schuler, *Analyzing urban poverty: A Summary of Methods and Approaches*, World Bank Policy Research Working Paper 3399 (World Bank, 2004)

<sup>146</sup> Applying Empowerment Principles". In *Empowerment and Poverty Reduction: A Sourcebook*, ed. Deepa Narayan. Washington D.C.: The World Bank, 2002

<sup>147</sup> David Hume and Michael Edwards, "NGOs, States and Donors: An Overview", *NGOs, States and Donors: Too Close for Comfort?* ed. David Hume and Michael Edwards. New York: St. Martin's Press, 1997

were based on free markets and minimal state intervention. Under this new order, NGOs acted as service delivery agents and as civil society actors against the dominance of these policies. However, towards the end of the 20<sup>th</sup> century, the neo-liberal economic order was challenged and calls for bringing the state back in development emerged. Under this new framework, civil society organizations played different roles such as increasing political space for grassroots movements, building democratic political institutions, and developing alternative approaches and thinking for poverty reduction.<sup>148</sup>

Experience shows that a healthy relationship between states and NGOs is only achievable when both parties have common objectives. However, when the government has a weak commitment towards poverty reduction, collaboration between states and NGOs becomes counterproductive and frustrating for NGOs; whereas governments with positive social agendas set the ground for strong and productive collaboration. Nonetheless, when the relationship between states and NGOs is too cozy, NGOs risk being controlled by the state. In such cases, they tend not to question state actions and fail to convey the perspective of grassroots. When NGOs take an opposition stand from government, and the latter regards itself as the legitimate voice of citizens, collaboration becomes difficult. Therefore, in order to achieve effective results, both parties should regard their roles as complementary and should refrain from competition. Genuine participatory development should be the motive for both states and NGOs to establish productive relations and ensure an enabling environment. With regards to regulations, governments should strike a balance between nurturing NGOs and between preventing

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<sup>148</sup> David Lewis and Tina Wallace, "Introduction", *New Roles and Relevance: Development NGOs and the Challenge of Change*, ed. David Lewis and Tina Wallace (United States of America: Kumarian Press, 2000)

corruption and malpractices. Fiscal policies should also be transparent and should provide incentives for legitimate activities. Tax concessions may also be used to encourage NGOs undertaking income generating activities.<sup>149</sup> On the other hand, being less constrained by bureaucratic structures and orthodox thinking, NGOs have room for innovation and experimentation in order to constantly maintain and increase their relevance in addressing complex issues such as poverty. It is only through learning, engagement and interaction with both the local and the global, and informed change in development policy and practice, that NGOs can find ways to address poverty reduction and social justice.<sup>150</sup>

## V. Conclusion

Urban poverty is increasing and changing in nature; therefore, effective interventions are required in order to respond to the needs of the growing number of urban dwellers. Urban poverty cannot be effectively addressed through income-generation strategies alone. Although these strategies are often successful in increasing incomes, the poor remain vulnerable to economic shocks and changing markets. The lowest income members of a community may also be left out of these programs as they tend to focus on those who are capable of seizing and making use of opportunities. Therefore, there is a need for integrated programs which ensure that the interests of low-income groups are represented.<sup>151</sup> It is also necessary to create effective and broad redistributive policies which invest in affordable infrastructure, secure the livelihoods of the poor and guarantee

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<sup>149</sup> John Clark “The State, Popular Participation and the Voluntary Sector”, *NGOs, States and Donors: Too Close for Comfort?* ed. David Hume and Michael Edwards, New York: St. Martin’s Press, 1997

<sup>150</sup> David Lewis and Tina Wallace, “Introduction”, *New Roles and Relevance: Development NGOs and the Challenge of Change*, ed. David Lewis and Tina Wallace (United States of America: Kumarian Press, 2000)

<sup>151</sup> Diana Mitlin, “Addressing urban poverty: increasing incomes, reducing costs, and securing representation”, *Development in Practice* 10, no. 2 (2000): 204-215

long-term improvement of their well-being.<sup>152</sup> Inequality can also impede development and poverty reduction; therefore, promoting equity and reducing exclusion are important.<sup>153</sup>

In the context of slums, it has been argued that Sen's capability approach should be contextualized to utilize the potential of slum dwellers, and work towards expanding their valued freedoms. Imposed processes risk destroying existing capabilities of dwellers; in other words, sustainable poverty alleviation strategies should focus on what matters to the people and acknowledge diversity. It should be recognized that the poor have strategies for emerging out of poverty. Thus, the role of interventions should be to give more freedom and fuller expression to these strategies, and to remove all obstacles constraining it. Freedoms which these initiatives should seek to enhance include freedom to participate in the economy, including access to credit; freedom of participation and political expression; access to education and health services; transparency guarantees; and protective measures such as social safety nets and unemployment benefits.<sup>154</sup>

Community development interventions should also allow collaboration among different organizations, especially community-based organizations which are generally more effective in handling community problems than newly emerging organizations.<sup>155</sup>

However, the complexity of social realities requires complex community development

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<sup>152</sup> Jo Beall, "Living in the Present, Investing in the Future: Household Security Among the Urban Poor", in *Urban Livelihoods: A People-Centred Approach to Reducing Poverty*, ed. Carole Rakodi and Tony Lloyd (London, GBR: Earthscan, 2002), 84.

<sup>153</sup> Judy L. Baker, *Urban Poverty: A Global View*, World Bank Urban Papers (World Bank, 2008).

<sup>154</sup> Alexandre Apsan Frediani, "Amartya Sen, the World Bank, and the Redress of Urban Poverty: A Brazilian Case Study", *Journal of Human Development* 8, no. 1 (2007)

<sup>155</sup> Ted K. Bradshaw, "Theories of Poverty and Anti-Poverty Programs in Community Development", *Journal of the Community Development Society* 38, no. 1 (2007): 7-25

initiatives, which requires the presence of efficient community-development organizations.<sup>156</sup> Therefore, political will and popular support are required to allow for integrated approaches which build on and strengthen community organizations. Furthermore, national governments need to give space to local authorities and avail the necessary financial resources and technical support. There is also a need for constructive partnerships between government, civil society, community-based organizations and the private sector. These partnerships help harness human capital in addition to material and financial resources necessary for higher productivity, provision of goods and services, and local development.<sup>157</sup>

Finally, the development of both rural and urban areas should be incorporated into a broad and comprehensive development strategy. It should also be recognized that addressing urban poverty does not imply neglecting rural areas; in other words, strategies targeting the urban poor must not encroach on resources devoted to rural development and rural poverty alleviation.<sup>158</sup>

This conclusion represents the conceptual framework of this research which will be applied when studying the Egyptian local context. The following chapter will discuss urban poverty in the context of Egypt and the different poverty reduction policies and interventions.

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<sup>156</sup> Ted K. Bradshaw, “Complex Community Development Projects: Collaboration, Comprehensive Programs, and Community Coalitions in Complex Society”, *Community Development Journal* 35, no. 2 (2000): 133-155

<sup>157</sup> Kuiper, Marja and Van der Ree, Kees. 2005. Growing out of poverty: How employment promotion improves the lives of the urban poor. SEED Working Paper No. 74. ILO

<sup>158</sup> Jo Beall, and Sean Fox, “Urban Poverty and Development in the 21st Century: Towards an Inclusive and Sustainable World”, Oxfam Research Report, 2007

## Chapter II

### Local Context: Urban Poverty in Egypt

This chapter provides an account of the Egyptian local context by attempting to explain the dimensions of poverty in general and the different poverty reduction approaches. It discusses urban poverty in particular and the different economic policies and programs targeting the urban poor, with a focus on slums. It also discusses the role of civil society in Egypt and the limitations it faces.

During the 1950s and 1960s, President Nasser's regime undertook several measures to decrease income inequalities which characterized the pre-1952 revolution. These measures included land reform, and fixing the rent for both agricultural lands and real estate at low levels. Free public education was offered at all education cycles including higher education. The government also provided free healthcare for citizens who could not afford private healthcare. Major food items such as bread were subsidized and prices were fixed for some manufactured products. In addition to that, the state guaranteed employment for university and high school graduates. The labor laws in place guaranteed minimum wages and economic rights for workers. Consequently, these politics succeeded in narrowing income inequalities. Meanwhile, the state dominated the majority of economic resources thus achieving a high degree of autonomy from the different social forces, especially from the elite. This allowed the state to proceed with its development plans.<sup>159</sup>

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<sup>159</sup> Nadia Ramsis Farah, *Egypt's Political Economy: Power Relations in Development*. (Cairo: The American University in Cairo Press, 2009)

In the wake of the open door policy, especially from the mid 1970s to the mid 1980s, the Egyptian economy witnessed a large increase in GDP. However, this was the result of unproductive income or rent; this coincided with booming oil prices, Suez Canal revenues and remittances from workers who migrated to Gulf countries. During this era, the private sector played a greater role in the economy and was granted cheap credit. Nonetheless, private sector investments were mainly in non-productive activities such as speculation on real estate and imports of luxury goods; whereas manufacturing receded. As a result, the Egyptian economy was transformed into a rentier economy that relies on external sources of income at the expense of productive activities. Furthermore, the policies that were implemented failed to generate employment for the ever-growing labor force, which led to the expansion of the informal sector.<sup>160</sup>

By the early 1990s, the Egyptian economy was in crisis especially after the second Gulf War in 1991 and the return of Egyptian workers from Gulf countries. As a result, Egypt followed the recommendation of the International Monetary Fund and the World Bank and implemented the Economic Reform and Structural Adjustment Program (ERSAP) whereby the state lifted price controls, reduced subsidies and government expenditures, and froze wages. The program also included foreign trade liberalization and privatization of public enterprises. These policies had a negative impact on peasants and workers and led to the shrinking of the middle class, which forced many to join the ranks of the poor. Furthermore, the deregulation and the adoption of flexible exchange rates resulted in high rates of inflation which resulted in the lowering of real wages.<sup>161</sup>

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<sup>160</sup> Ibid

<sup>161</sup> Ibid

Moreover, the program had a negative impact on employment caused by the shrinking investments in the public sector.<sup>162</sup> As a result, the retreat of the state from the economic domain and the prevalence of capital intensive production in the private sector, as opposed to labor intensive production, affected the pool of available job opportunities. For instance, the formal employment sector in Cairo increased by only 1 % between 1990 and 1998 whereas the labor force has increased by 4% during the same period. Consequently, this segmentation in the labor market locked the urban poor in a poverty trap by keeping them in low wage jobs, mainly in the informal sector.<sup>163</sup> By 2006, it was estimated that 61% of employment was informal, increasing from 57% in 1998. Moreover, 75% of the new entrants to the labor market, between 2000 and 2005, were entering into the informal economy.<sup>164</sup> According to official statistics, unemployment rate was estimated to be 12% in 1986. It decreased to 7.4% in 1999/2000 and then increased to 10% in the period from 2000 till 2004. However, such statistics are believed to underestimate the problem; the government defines the unemployed as the person who has no source of income whereas an unemployed person is internationally defined as the person who is actively seeking a job but is unable to find one.<sup>165</sup> Consequently, the implemented policies resulted in high income inequalities. Moreover, the privatization of state-owned enterprises added to the problem of unemployment especially that 197 enterprises were privatized between 1993 and 2003. In order to do so, the government

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<sup>162</sup> Ibid

<sup>163</sup> Heba Nassar and Heba El Laithy, Labor Market, Urban Poverty and Pro-Poor Employment Policies, Working Paper 2036, 2000

<sup>164</sup> Ragui Assaad, Labor Supply, Employment and Unemployment in the Egyptian Economy, 1998-2006, Economic Research Forum, Working no. 0701, 2007

<sup>165</sup> Nadia Ramsis Farah, Egypt's Political Economy: Power Relations in Development. (Cairo: The American University in Cairo Press, 2009)

had to downsize the labor force through several tactics such as early retirement packages, and sometimes dismissal of workers.<sup>166</sup>

Starting 2004, a new set of neoliberal policies were implemented. These policies were recommended and spearheaded by the ruling National Democratic Party at the time.<sup>167</sup> These policies included the cutting of subsidies and the reduction of domestic protectionism, which led to high levels of inflation and increased costs of basic food supplies.<sup>168</sup> The government tried to gradually eliminate subsidies on consumer goods in order to avoid political ramifications of such decisions. Nevertheless, in 2006, the government increased the prices of communication, transportation and electricity. In addition, the government considered including healthcare; whereas private education flourished and public education regressed. Moreover, income taxes were reduced and a flat rate of 20% was imposed on personal income and private corporations. However, a rate of 40% was kept for state-owned enterprises to force their privatization. In fact, between 2004 and 2006, the government privatized 80 companies; in doing so, the government was aggressively liquidating the public sector and subsidizing the private sector, while pushing the majority of the population into poverty. These factors turned the state into a predatory one that serves the interests of the dominating elite.<sup>169</sup>

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<sup>166</sup> Nadia Ramsis Farah, *Egypt's Political Economy: Power Relations in Development*. (Cairo: The American University in Cairo Press, 2009)

<sup>167</sup> Ibid

<sup>168</sup> Joshua Stacher, "Egypt: The Anatomy of Succession", *Review of African Political Economy* 35 no. 116 (2008): 301-314

<sup>169</sup> Nadia Ramsis Farah, *Egypt's Political Economy: Power Relations in Development*. (Cairo: The American University in Cairo Press, 2009)

Consequently, the poverty rate increased from 19.6% in 2004/2005<sup>170</sup> to 21.6% in 2008/2009 according to the national poverty line.<sup>171</sup> However, as explained in the introductory chapter, the national poverty line has been criticized from underestimating poverty in Egypt.<sup>172</sup> In addition to increasing poverty, the literacy rate is currently estimated to be 70.4% for ages 15 years and above, and unemployment rate is 8.9%. The income share of the lowest 40% is 22.3% whereas the ratio of the highest 20 % to the lowest 20% is 4.4.<sup>173</sup>

Increased economic hardship was evident in the violence and deaths which took place in Egypt's subsidized bread queues, and the long hours people spent standing in queues to get their daily bread supply.<sup>174</sup> In addition, a wave of collective industrial action started in 2004 in almost every profession and every industry.<sup>175</sup> Approximately, 222 sit-in strikes, demonstrations, work stoppages and hunger strikes occurred during 2006. In early 2007, a new labor action would take place almost every day.<sup>176</sup> Moreover, a nationwide strike on the 6<sup>th</sup> of April, 2008, was organized but aborted due to pressures from state security. This triggered revolts in areas such as Al Mahalla Al Kobra, which is believed to have slowed down the pace of privatization, although it did not stop the

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<sup>170</sup> Egypt Human Development Report 2008-Egypt's Social Contract: The Role of Civil Society. United Nations Development Programme (UNDP), 2008

<sup>171</sup> Egypt's Progress Towards Achieving the Millennium Development Goals 2010, United Nations Development Programme (UNDP), 2010

<sup>172</sup> Sara Sabry, Poverty lines in Greater Cairo: Underestimating and misrepresenting poverty, Poverty Reduction in Urban Areas Series, Working Paper 21, 2009

<sup>173</sup> Egypt Human Development Report 2010-Youth in Egypt: Building Our Future. United Nations Development Programme (UNDP), 2010

<sup>174</sup> Sara Sabry, Poverty lines in Greater Cairo: Underestimating and misrepresenting poverty, Poverty Reduction in Urban Areas Series, Working Paper 21, 2009

<sup>175</sup> Joshua Stacher, "Egypt: The Anatomy of Succession", *Review of African Political Economy* 35 no. 116 (2008): 301-314

<sup>176</sup> Sara Sabry, Poverty lines in Greater Cairo: Underestimating and misrepresenting poverty, Poverty Reduction in Urban Areas Series, Working Paper 21, 2009

advancement of the neo-liberal agenda.<sup>177</sup> It was argued that such labor unrest and public frustration represented a great threat to the regime's stability.<sup>178</sup>

The accumulation of labor grievances consequently became a propellant for the January 25<sup>th</sup> revolution.<sup>179</sup> In 2011, a group of middle-class educated youth called for a nation-wide demonstration on the 25<sup>th</sup> of January. In addition to economic hardship, the movement was triggered by the lack of freedoms, corruption, police brutality, among other factors; it called for change, freedom and social justice. The movement gained momentum and eventually turned into a full fledged revolution calling for democracy and greater reform.<sup>180</sup> The revolution included all the segments of the society and led to the toppling of Hosni Mubarak, Egypt's president at the time, on February 11<sup>th</sup>, 2011.

## I. Pro-Poor Policies

Pro-poor policies in Egypt could be categorized under three types; policies relating to certain conditions such as unemployment, retirement, divorce; policies which aim to improve the lives of the poor by providing them with basic services, social infrastructure or income generation; and policies which aim to reduce the cost of living for the population as a whole and for the poor in particular.<sup>181</sup>

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<sup>177</sup> Joshua Stacher, "Egypt: The Anatomy of Succession", *Review of African Political Economy* 35 no. 116 (2008): 301-314

<sup>178</sup> Murphy. Dan "Egypt's economic reform meets unprecedented wave of labor resistance" *The Christian Science Monitor*, December 7, 2007, <http://www.csmonitor.com/2007/1207/p25s05-wome.html>

<sup>179</sup> Amal A. Kandeel, "Egypt at a Crossroads", *Middle East Policy* XVIII, no. 2 (2011): 37-45

<sup>180</sup> Alaa Shukrallah. "An overview of the January 25th revolution". *International View Point*. March, 2011, <http://www.internationalviewpoint.org/spip.php?article2015>

<sup>181</sup> Karima Korayem, "Pro-Poor Policies in Egypt", *International Journal of Political Economy* 32 no. 2 (2002): 67-96.

The first group of programs included programs for the social security system such as insurance for casual and informal workers holding low-paid jobs through small monthly amounts and pension plans. It also included social assistance programs such as pensions for widows, orphans, the disabled and the families of prisoners. It also included one-time payment during events such as childbirth, funerals, release from prison, in addition to one time payments for establishing income-generating activities and projects. Social assistance programs also included relief assistance paid to those that are harmed by natural disasters or accidents, in addition to assistance for former public sector and government employees.<sup>182</sup>

Among the second group of policies was the Productive Families Project which had branches in all governorates and which aimed to give loans to low-income families to engage them in home industries such as handicrafts, to help them earn a decent income. Beneficiaries of the program would undergo vocational training before commencing their projects. They would also receive in-kind services such as equipment, raw materials and marketing services. The second group as well included the Nasser Social Bank, which is financed by Zakat and donations from local communities, and which used these resources to finance public infrastructure projects, to provide in-kind support to the disabled poor in addition to loans with low interest rates given to the poor to support small projects.<sup>183</sup>

Another prominent entity in the area of poverty reduction is the Social Fund for Development which was established in 1991 as a component of the structural adjustment

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<sup>182</sup> Ibid

<sup>183</sup> Ibid

program, in order to minimize its negative social impact. The fund mainly focuses on employment creation for unemployed youth and new graduates. It supports small businesses either by creating new ones or by helping existing ones to expand; labor-intensive techniques are used as criteria for selecting projects in order to maximize job creation. The fund also has a community development program which focuses on education, health care, micro-credit and income generation initiatives, capacity-building of NGOs. In addition, the fund has a labor mobility program which offers training and unemployment benefits for workers displaced from public enterprises through early retirement.<sup>184</sup> Since the fund's assistance to the poor is mainly through job creation, income-generating activities, provision of social services, and upgrading of infrastructure, it excludes the ultra-poor who usually lack the minimum financial means needed to enjoy these services; this necessitates targeted transfers that are not implemented by the fund. The micro-credit component is also limited in its outreach. In addition, the lack of performance data on micro-credit, as well as other projects, makes it difficult to conduct an objective assessment of their impact.<sup>185</sup> Moreover, the impact of the projects, especially micro-credit, is not consistent across regions; while it succeeded in reducing poverty in some areas, it failed to do so in other areas.<sup>186</sup>

With regards to the third group of policies, it includes food Subsidies which were introduced in the 1950s with few items such as wheat and sugar. Starting from the 1970s, the number of subsidized food items increased to reach around 20 items in 1980s.

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<sup>184</sup> Ibid

<sup>185</sup> Ibid

<sup>186</sup> Hala Abou-Ali and others, *Evaluating the Impact of Egyptian Social Fund for Development Programs*. Impact Evaluation Series No. 31, Policy Research Working Paper 4993 (The World Bank, 2009)

Subsidies were then gradually removed and have remained below 10% of government spending in the late 1980s and the 1990s. This was due to the implementation of the structural adjustment programs which called for reduced subsidies. Moreover, the success in targeting the poor with these subsidies was not uniform across the country.<sup>187</sup>

It has been argued that all of the above pro-poor policies were not satisfactory neither in terms of coverage nor in terms of the amount of financial aid offered to beneficiaries. Therefore, poverty eradication needs to be a high priority on the national agenda. There is a need to understand the dynamics of poverty and to identify the factors which cause the transmission of poverty from one generation to the other in order to tackle poverty at an early stage; policies should attack poverty instead of trying to gradually reduce it. In this regard, failing to take the poverty multiplier into consideration was argued to be the cause of the limited impact of the income-generating policies described above.<sup>188</sup> Moreover, it has been argued that social security programs should be reformed to prevent people from falling into poverty as a result of social shocks; those who live slightly above the poverty line also face the risk of falling into poverty as result of shocks.<sup>189</sup>

In 2008, the Ministry of Social Solidarity started developing a database of poor families in order to pilot an integrated program for the empowerment of the most vulnerable families. This program is based on Conditional Cash Transfer programs which

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<sup>187</sup> Ibid

<sup>188</sup> Ibid

<sup>189</sup> Markus Loewe, Social Security in Egypt: An Analysis and Agenda for Policy Reform, Economic Research Forum, Working Paper No. 2024, 2000

are implemented in many developing countries.<sup>190</sup> The objective of the program is to break the inter-generational cycle of poverty, by giving families 200 pounds monthly under the condition that their children get regular medical check-ups and have a monthly 85% attendance rate at school.<sup>191</sup>

With regards to programs targeting rural areas, the government in 2007 embarked on a new initiative to develop the poorest 1,000 villages, out of a total of 5,000. This initiative included some of the above-mentioned pro-poor policies and aimed to improve service delivery that is both affordable and equitable. In October 2008, the government embarked on the implementation of the first phase in six governorates. This phase included education, housing, health, infrastructure and micro-credit programs.<sup>192</sup> While it was acknowledged as an important effort in reducing rural poverty, it was criticized for neglecting three important steps that needed to be taken, such as halting the encroachment on agricultural land and the return to the agricultural cycle. It was also criticized for not including income distribution policies.<sup>193</sup> Moreover, the programme was highly endorsed by the National Democratic Party which strongly advocated neo-liberal policies which was paradoxical. Furthermore, the government should have embarked on a similar initiative in poor urban areas given the urgency of the problem of urban poverty, as the next section will demonstrate.

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<sup>190</sup> Egypt-Achieving the Millennium Development Goals: A Mid-Point Assessment. Ministry of Economic Development, 2008

<sup>191</sup> Abdoun, Safaa. "Social solidarity ministry joins forces with AUC to reduce poverty". Daily News Egypt, May 19, 2010, <http://www.thedailynewsegypt.com/development/social-solidarity-ministry-joins-forces-with-auc-to-reduce-poverty.html>

<sup>192</sup> <http://1000qarya.gov.eg/AboutInitiative/About.aspx>

<sup>193</sup> Doaa El-Bey, "Villages in focus". Al Ahram Weekly, January 2010, <http://weekly.ahram.org.eg/2010/982/ec3.htm>

## II. Urban Poverty in Egypt

### *Urbanization*

Egypt has been experiencing rapid and uneven urbanization in the past decades which led to the emergence of overpopulated urban centers.<sup>194</sup> Migration to cities has been one of the major factors leading to rapid urbanization. Up to the 1970s, internal migration in Egypt has been rapid in pace, substantial in magnitude and unbalanced. It included urban-urban migration, rural-rural migration and rural-urban migration. However, the latter has been more dominant. As such, Egypt's demographic weight has been shifting to urban areas; this growth has been largely concentrated in cities such as Cairo and Alexandria. High population density with regards to cultivable land has triggered migration from rural to urban areas; while rural population increased from 9 million in 1900 to more than 20 million in 1975, the average per capita of agricultural land declined from half an acre to less than one sixth of an acre during the same period. This led to the increasing number of landless families and increased unemployment.<sup>195</sup> The migration stream has also been reinforced by other factors such as land fragmentation and increasing land rents.<sup>196</sup>

During President Nasser's time, there has been an industrial plan which moved Egypt from an agricultural society to a somewhat modern industrial society. Heavy industrial zones were established, mainly in the capital and around it. Tens of thousands of unskilled laborers migrated from all parts of Egypt to work in the new factories hence

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<sup>194</sup> Ninette Fahmy, "A Culture of Poverty or the Poverty of a Culture? Informal Settlements and the Debate over the State-Society Relationship in Egypt", *Middle East Journal* 58, no. 4 (2004): 597-611

<sup>195</sup> Saad Eldin Ibrahim, *Internal Migration in Egypt: A Critical Review*, Cairo: Supreme Council for Population and Family Planning, 1982

<sup>196</sup> Ayman Zohry, *Interrelationships between Internal and International Migration in Egypt: A Pilot Study*. Development Research Centre on Migration, Globalization and Poverty (University of Sussex, 2005)

enjoying both a secure job and a housing unit.<sup>197</sup> Permanent migrants, who settled in areas such as the Suez Canal Zone, Al Mahalla Al Kobra and Helwan, have helped develop these areas by undertaking the available jobs.<sup>198</sup> Some of those who moved, mainly the less qualified, failed to access these public sector industrial jobs.<sup>199</sup> While some have returned to rural areas, others have remained in cities engaging in unproductive activities. As a result, this led to an increasing rate of unemployment.<sup>200</sup> During this period, the propagation of factories was accompanied by the construction of houses for workers. Nevertheless, these policies could not keep up. In the wake of the Open Door Policy, prices of houses increased and housing projects were stopped. This led to the rise of informal settlements.<sup>201</sup>

Trends of rural-urban migration changed upon the adoption of the Open Door policy. By that time, oil producing countries in the Gulf were implementing major development programs which led to the increasing demand on Egyptian labor. However, with the return of hundreds of thousands of Egyptian workers in the wake of the Second Gulf War, migration to large cities such as Cairo continued given the concentration of economic activities, the dynamism of the informal sector and its ability to absorb very large numbers of rural laborers.<sup>202</sup> The pressure on urban areas increased the poverty

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<sup>197</sup> Ibid

<sup>198</sup> Saad Eldin Ibrahim, *Internal Migration in Egypt: A Critical Review*, Cairo: Supreme Council for Population and Family Planning, 1982

<sup>199</sup> Ayman Zohry, *Interrelationships between Internal and International Migration in Egypt: A Pilot Study*. Development Research Centre on Migration, Globalization and Poverty (University of Sussex, 2005)

<sup>200</sup> Saad Eldin Ibrahim, *Internal Migration in Egypt: A Critical Review*, Cairo: Supreme Council for Population and Family Planning, 1982

<sup>201</sup> Fahmy, Ninette. 2004. A Culture of Poverty or the Poverty of a Culture? Informal Settlements and the Debate over the State-Society Relationship in Egypt. *Middle East Journal* 58(4): 597-611

<sup>202</sup> Ayman Zohry, *Interrelationships between Internal and International Migration in Egypt: A Pilot Study*. Development Research Centre on Migration, Globalization and Poverty (University of Sussex, 2005)

level among urban dwellers. The demand on goods and services also increased and surpassed the available supply; consequently, there have been shortages and price increases which led to higher inflation. The shortage was most felt in housing.<sup>203</sup>

Currently, Egypt has a population of 84.5 million inhabitants; it is estimated that 43.4% of the Egyptian population live in urban areas.<sup>204</sup> According to official reports, poverty is still more concentrated in rural areas with a poverty rate of 28.9% as opposed to 11% in urban areas according to national poverty lines. Literacy in rural areas is 62% which is much lower than in urban areas where the literacy rate is 79.1%. There are also disparities between rural and urban areas in terms of piped water and sanitation, with urban areas having better services. Nevertheless, inequality in urban areas is higher with a Gini coefficient of 0.34 as opposed to 0.22 in rural areas. Moreover, unemployment in urban areas is much higher with an 11.7 % unemployment rate versus 7% in rural areas.<sup>205</sup> It was also argued that if the census definition of urban areas was adjusted to incorporate the different dimensions of urbanization, poverty in urban areas may actually be higher, than in rural areas.<sup>206</sup> With regards to poverty in Cairo, it is estimated to be 7.6 %.<sup>207</sup> However, due to the limitations of current methods of measuring poverty, it has

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<sup>203</sup> Saad Eldin Ibrahim, *Internal Migration in Egypt: A Critical Review*, Cairo: Supreme Council for Population and Family Planning, 1982

<sup>204</sup> Human Development Report 2010- The Real Wealth of Nations: Pathways to Human Development, United Nations Development Programme (UNDP), 2010

<sup>205</sup> Egypt Human Development Report 2010-Youth in Egypt: Building Our Future. United Nations Development Programme (UNDP), 2010

<sup>206</sup> David Sims, The case of Cairo, Egypt- Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, United Nations Human Settlement Programme (UNHABITAT), 2003

<sup>207</sup> Egypt Human Development Report 2010-Youth in Egypt: Building Our Future. United Nations Development Programme (UNDP), 2010

been argued that poverty in urban areas, especially in the case Greater Cairo, is underestimated.<sup>208</sup>

### *The Growth of Slums and Policy Responses*

Slums have been multiplying in Egypt and it is estimated that 1,221 informal settlements currently exist in Egypt.<sup>209</sup> Most of the inhabitants of these settlements have emigrated from rural areas. They suffer from various problems such as severe poverty, unemployment, low skills, and widespread illiteracy, especially among women.<sup>210</sup>

Similar to what happened in other developing countries, rapid urbanization placed higher demand on the supply of land which led to increasing land prices. As a result of privatization policies and economic liberalization, land has become commoditized; this took place in the 1970s in the wake of the open door policy. As a result of poor urban planning and management, increasing land prices gave room for speculators which further aggravated the problems of the urban poor.<sup>211</sup> The growth of the informal employment sector has also contributed to the rise of the already growing informal housing sector.<sup>212</sup> The savings of Egyptian workers who returned from Gulf countries were also invested in informal housing since formal housing could not meet their

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<sup>208</sup> Sara Sabry, Poverty lines in Greater Cairo: Underestimating and misrepresenting poverty, Poverty Reduction in Urban Areas Series, Working Paper 21, 2009

<sup>209</sup> Buried alive: Trapped by poverty and neglect in Cairo's informal settlements. Amnesty International. 2009

<sup>210</sup> The Human Settlements Conditions of the World's Urban Poor, United Nations Centre for Human Settlements (UNHABITAT), 1996

<sup>211</sup> The Human Settlements Conditions of the World's Urban Poor, United Nations Centre for Human Settlements (UNHABITAT), 1996

<sup>212</sup> Galal Amin, Globalization, Consumption Patterns and Human Development in Egypt. Working Paper 9929, 1999

demand.<sup>213</sup> It was only during this period that the government started to address this problem by preserving agricultural and state lands from encroachment.<sup>214</sup>

### *Slum Upgrading*

Starting 1978, a number of decrees increasingly made it illegal to build on agricultural land, in addition to other efforts to protect state lands from encroachment. However, these proscriptions had little impact as there was little commitment from the part of the state and decision-makers.<sup>215</sup> In 1992, the government launched a programme for the first time to improve informal settlements throughout Egypt. It was only after these poor urban areas became perceived as breeding grounds for political instability that the government decided to launch this programme.<sup>216</sup> According to the Ministry of Local Development, by 2007, the program led to the upgrading of 340 informal settlements out of the 1,221 settlements, and the demolition of 11 others.<sup>217</sup> The Central Agency for Population Mobilization and Statistics (CAPMAS) estimates that the remaining 870 informal settlements host around 12.2 million Egyptians; over half of them live in the 156 informal settlements located in the Greater Cairo region. However, it should be noted that accurate figures of slums dwellers are almost impossible to obtain because many parents do not issue birth certificates for their children.<sup>218</sup>

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<sup>213</sup> Marwa A. Khalifa, Redefining Slums in Egypt: Unplanned versus Unsafe Areas, *Habitat International* 35 (2011):40-49

<sup>214</sup> The Challenge of Slums: Global Report on Human Settlements. United Nations Human Settlement Programme. 2003

<sup>215</sup> David Sims, The case of Cairo, Egypt- Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, United Nations Human Settlement Programme (UNHABITAT), 2003

<sup>216</sup> The Challenge of Slums: Global Report on Human Settlements. United Nations Human Settlement Programme. 2003

<sup>217</sup> Buried alive: Trapped by poverty and neglect in Cairo's informal settlements. Amnesty International. 2009

<sup>218</sup> We Are Not Dirt: Forced Evictions in Egypt's Informal Settlements. Amnesty International. 2011

In October 2008, the Informal Settlements Development Facility (ISDF) was established to deal with Egypt's informal settlements, to coordinate government efforts in this regard, and to identify unsafe informal settlements. 404 unsafe areas were consequently identified, and plans were developed accordingly. Despite these positive steps, these plans were criticized for failing to respect the human rights of slum residents. Contrary to what the international human rights law stipulates, people were evicted from many of these areas without being consulted on resettlement options and plans that deeply impact their lives. In addition, there was evidence of forced evictions in some cases, in addition to other human rights violations such as threats of arbitrary detention, excessive use of force, or failure to comply with safety standards during demolition. In some instances, forced evictions have left some people homeless. Furthermore, the failure to prioritize unsafe areas has left some people living in extremely hazardous conditions.

<sup>219</sup> A government-backed campaign entitled the “One Billion Pound Campaign” was also recently launched to raise funds to provide better homes, sewage systems, clean drinking water, hospitals, schools, and jobs. The campaign has, to date, collected the equivalent of 17 million dollars, which represents almost one tenth of its target. The campaign will target the slums of Cairo first and will then move to Giza, Minya, and Alexandria. <sup>220</sup>

### *Housing Policies*

In the 1970s, the government initiated a number of new towns in order to reduce the pressures on major cities and the shortage in the housing market. However, these new

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<sup>219</sup> Ibid

<sup>220</sup> “Egypt: Taming the slum menace in Cairo”, *Integrated Regional Information Networks (IRIN)*, June 28, 2011, <http://www.irinnews.org/report.aspx?reportid=93086>, (accessed November 16, 2011)

towns could not sustain their initial targets and their occupancy was low.<sup>221</sup> Most of the poor could not afford to move to these new cities.<sup>222</sup> As such, there was surplus in somewhat expensive housing while there was very high demand for low-income housing in urban areas.<sup>223</sup> It was the second wave of new satellite towns which succeeded in attracting residents; however, this took place after many settlements that were intended for low-income groups were re-planned into higher-end settlements offering better services and into small lands for private sector development.<sup>224</sup>

Moreover, the majority of Egypt's housing supply is inhibited by a number of factors such as rent control, high vacancy rates, and informality. In 2008, it was estimated that around 4.58 million housing units in urban areas were unused; they were either closed or vacant. A large percentage of the housing supply in Cairo for instance was frozen due to rent control; whereas the informal sector constituted approximately 45% of new housing in urban areas. As such, policy reforms were needed to remove distortions within the housing market. In this regard, the government, in 2007, initiated some reform measures in order to address these distortions and create an efficient and affordable housing system.<sup>225</sup>

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221 The Human Settlements Conditions of the World's Urban Poor, United Nations Centre for Human Settlements (UNHABITAT), 1996

222 State of the World Population Report: Unleashing the Potential of Urban Growth. United Nations Population Fund (UNFPA), 2007

223 The Human Settlements Conditions of the World's Urban Poor, United Nations Centre for Human Settlements (UNHABITAT), 1996

224 Slum Upgrading Up Close: Experiences of Six Cities, Cities Alliance: Cities Without Slums (Washington, D.C: The Cities Alliance, 2008)

225 Ibid

### *Urban Poverty and Informal Settlements in Cairo*

This section will examine urban poverty and informal settlements in the context of Cairo, and more broadly in the Greater Cairo Region. The region is a vibrant metropolitan area whose inhabitants reached around 17 million in 2008, thus making it the seventh largest metropolitan area in the world and one of the most densely populated areas, with around 40,000 inhabitants per square kilometer as per 2008 estimates. Rural-urban migration which reached its peak in the 1970s has become a minor occurrence.<sup>226</sup> Moreover, in spite of calls for decentralization of the Egyptian bureaucracy, the government remains heavily concentrated in the capital, along with high level private sector services.<sup>227</sup> The region is considered the main engine of economic growth in Egypt, it dominates the economy while hosting the majority of services; 55% of Egyptian universities, in addition to 40% of private sector employment. Nevertheless, this metropolitan region suffers from a number of challenges; namely severe traffic congestion, noise, air pollution, inefficiency of systems in terms of transport, public services and infrastructure, transport, in addition to complex institutional arrangements which affect the efficiency of service delivery mechanisms.<sup>228</sup>

Poverty in Cairo is estimated to be much lower than the national poverty rate.<sup>229</sup> However, urban poverty figures, particularly in the case of Cairo, have been challenged on the basis that they underestimate actual poverty; especially that 50% of slum dwellers

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<sup>226</sup> Ibid

<sup>227</sup> David Sims, The case of Cairo, Egypt- Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, United Nations Human Settlement Programme (UNHABITAT), 2003

<sup>228</sup> Slum Upgrading Up Close: Experiences of Six Cities, Cities Alliance: Cities Without Slums (Washington, D.C: The Cities Alliance, 2008)

<sup>229</sup> Egypt Human Development Report 2010-Youth in Egypt: Building Our Future. United Nations Development Programme (UNDP), 2010

live in the Greater Cairo Region. It has been argued that if more measures and dimensions of well-being were incorporated, poverty estimates would have increased.<sup>230</sup> Therefore, when taken into consideration, all these factors imply that urban poverty, especially in the context of Cairo, has become a major problem and therefore requires special attention and specialized poverty reduction strategies.

Previous master plans for the Greater Cairo Region were criticized for being formulated in a top-down manner, with little participation from local stakeholders at the governorate level. In 2008, a long-term development plan for the Greater Cairo Region was initiated, in order to identify development priorities.<sup>231</sup> In addition to that, urban upgrading has become a high priority on the policy agenda. A citywide upgrading programme is in place, under the GIZ Participatory Development Programme, which aims to reduce urban poverty, improve urban livelihoods, generate local economic growth, and guide growth and development to prevent the emergence of new informal settlements.<sup>232</sup> Despite these efforts, it is estimated that 1.1 million inhabitants live in areas which are considered unsafe.<sup>233</sup>

### III. Civil Society in Egypt

The discussion of the Egyptian local context requires the discussion the role of the Egyptian civil society in modern history, and the laws and regulations which govern the

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<sup>230</sup> Sara Sabry, Poverty lines in Greater Cairo: Underestimating and misrepresenting poverty, Poverty Reduction in Urban Areas Series, Working Paper 21, 2009

<sup>231</sup> Slum Upgrading Up Close: Experiences of Six Cities, Cities Alliance: Cities Without Slums (Washington, D.C: The Cities Alliance, 2008)

<sup>232</sup> Ibid

<sup>233</sup> Marwa A. Khalifa, Redefining Slums in Egypt: Unplanned versus Unsafe Areas, *Habitat International* 35 (2011):40-49

functioning and dynamics of civil society organizations and affect the way they operate in the Egyptian social realm.

The notion of civil society refers to the idea of civility, which implies values such as pluralism and tolerance. It involves citizens acting collectively in a public sphere to express their interests and ideas, exchange information, and achieve mutual goals. Civil society usually includes a large array of formal and informal groups such as associations, syndicates, federations, unions, clubs and social movements. These groups cover diverse types of activities, whether civic, cultural, educational, or economic. Civil society is regarded as an intermediary entity between the state and the private sphere and is considered a counterweight to state power. Nonetheless, civil society needs the legal protection in order to ensure the autonomy and the freedom of action of its members. Furthermore, the importance of civil society is not limited to its ability to restrict state power as it also plays a role in helping articulate and advance societal interests vis-à-vis the government.<sup>234</sup>

During the past three decades, there were several factors which led to the revitalization of civil society in the Arab world, including Egypt. Massive urbanization was considered one of the most important factors as it led to growing socio-economic needs for the population at a time when many Arab states were unable to provide adequate services to their citizens. The increasing number of university graduates, along with the general expansion of education, triggered a rise in the levels of expectation and

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<sup>234</sup> Sa'ed Karajah, Civil society in the Arab world: The Missing Concept, *The International Journal of Not-for-Profit Law* 9 no.2 (2007): 25-36

ambitions among youth, which in turn motivated them to organize in order to better articulate their demands. Arab youth also became aware of issues of human rights and gender.<sup>235</sup>

With the adoption of the Open Door policy in Egypt in the 1970s, welfare and social services were increasingly becoming in short supply and became the *raison d'être* of a large number of Civil Society Organizations (CSOs). CSOs proliferated in many forms as means for building constituencies, as welfare providers in response to state inefficiency, as tools of employment creation, and as non-state actors which partner with donors and aid organizations. Furthermore, the role of NGOs in development has become a key feature of the neo-liberal doctrine, by dealing with socio-economic problems, especially with the growing wave of privatization. However, civil society, with the help of new technologies and increasing freedom of press, started to press for better representation, more participation, increased government accountability and greater social justice.<sup>236</sup> New technologies such as satellite television and the internet were rapidly gaining grounds in the Arab world; this circumvented state control over information and further increased the exposure of the citizens of the region to the rest of the world, which raised their consciousness as well as their aspirations.<sup>237</sup>

In Egypt, the political and legislative environment constitutes one of the major challenges for civil society. Since the late 1990s, the political discourse in Egypt regards

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<sup>235</sup> Ibid

<sup>236</sup> Egypt Human Development Report 2008-Egypt's Social Contract: The Role of Civil Society, United Nations Development Programme (UNDP), 2008

<sup>237</sup> Ibid

civil society as a partner in the area of development. Nevertheless, there is still a huge gap between the ongoing discourse and the reality on the ground. The focus of the state is mainly on the role of civil society as providers of public services; whereas organizations working in advocacy and promoting civic and democratic development are under suspicion from the state.<sup>238</sup> Moreover, former president Hosni Mubarak's regime exerted control over organizations and groups which opposed its policies. His regime managed to smother most forms of dissent by controlling newspapers, labor syndicates, and trade unions.<sup>239</sup> Moreover, in reaction to sometimes genuine and sometimes fabricated threats to national security, civic engagement and participation faced a number of obstacles and barriers and the space for public activism was restrained. Consequently, the process of democratization was fluctuating and the pace of political and social liberalization was sluggish.<sup>240</sup> It was argued that the amount of political liberalization witnessed in the Arab World during the past two decades was initiated from above and was often subsequent to the advice of the West to Arab rulers. It has also been argued that Arab leaders promoted reforms not out of acceptance or willingness to relinquish power but rather as an attempt to keep it. Nevertheless, these reforms gave room to some degree of freedom of expression and permitted the formation and organization of NGOs and social organizations.<sup>241</sup>

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<sup>238</sup> Ibid

<sup>239</sup> Mohamed Agati, Undermining Standards of Good Governance: Egypt's NGO Law and Its Impact on the Transparency and Accountability of CSOs, *The International Journal of Not-for-Profit Law* 9 no.2 (2007): 56-75

<sup>240</sup> Egypt Human Development Report 2008-Egypt's Social Contract: The Role of Civil Society, United Nations Development Programme (UNDP), 2008

<sup>241</sup> Sa'ed Karajah, Civil society in the Arab world: The Missing Concept, *The International Journal of Not-for-Profit Law* 9 no.2 (2007): 25-36

Within this framework, the State Security Investigations (SSI) have played a critical role in protecting the regime and its interests. It has played the dual role of thwarting political dissidence on one hand and mediating the space for the engagement of citizens and political participation on the other hand, in order to convey the image of a politically tolerant regime without threatening the regime itself. Since the mid 2000s, the power and role of SSI has increased significantly. Examples include the engagement of the SSI with NGOs and civil society, youth centers, civil servants and workers.<sup>242</sup>

Another restriction to civil society in Egypt is the NGO law, Law No. 84, which was passed in 2002 and which grants the state's regulatory authority immense power and discretion to grant registration to NGOs or deny it, order their dissolution, and interfere in their activities and fundraising. As per the law, the administrative authority responsible for oversight and registration of NGOs was the Ministry of Social Affairs, currently the Ministry of Social Solidarity. Nevertheless, SSI has maintained its presence within the Ministry and has played a significant role in the oversight of CSOs. SSI, under the pretext of preserving social peace and the security of the state, exercised substantial interference to the extent that they sometimes influenced the Ministry of Social Solidarity to delay approvals therefore interrupting NGO activities. Law 84 also stipulates that associations are not allowed to accept foreign funding without the explicit authorization of the Ministry. This threatens the sustainability of several organizations, especially that

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<sup>242</sup> Mariz Tadros, "The securitisation of civil society: a case study of NGOs–State Security Investigations (SSI) relations in Egypt", *Conflict, Security & Development* 11, no.1 2011): 79-103

foreign funding is an essential source for funds for civil rights, human rights and development NGOs, while funds from the private sector are negligible.<sup>243</sup>

In the wake of the January 25<sup>th</sup> Revolution, Egyptians demanded the dismantling of the SSI which, in addition to being an instrument of control, has also pervaded society and became an instrument of repression, torture and fear. They demanded that as democratization requires changing the mandate of this institution and making it accountable and subject to democratic civilian oversight.<sup>244</sup> In response to the demands of the people, the SSI has been dissolved and restructured. However, there is evidence that very little has changed and that SSI is still exercising its repressive powers.<sup>245</sup> Moreover, NGOs remain under tight scrutiny from the government, particularly in terms of receiving foreign funding. They are still fighting for a more hospitable NGO law.<sup>246</sup>

In addition to these factors, there are other issues related to CSOs such as the lack of adequate resources and the lack of wide citizen participation needed for a strong structural base. Furthermore, the mapping of NGO activities in Egypt demonstrates that the majority of CSOs are engaged in activities aiming at meeting the immediate and practical needs of citizens as opposed to addressing long-term developmental issues. Also, few NGOs or CSOs act as watchdogs which monitor the government, the private

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<sup>243</sup> Mohamed Agati, Undermining Standards of Good Governance: Egypt 's NGO Law and Its Impact on the Transparency and Accountability of CSOs, *The International Journal of Not-for-Profit Law* 9 no.2 (2007): 56-75

<sup>244</sup> Mariz Tadros, "The securitisation of civil society: a case study of NGOs–State Security Investigations (SSI) relations in Egypt", *Conflict, Security & Development* 11, no.1 (2011): 79-103

<sup>245</sup> Stuhr-Rommereim, Helen. "State Security agents still monitoring artistic output". Al Masry Al Youm, April 14, 2011, <http://www.almasryalyoum.com/en/node/396882>

<sup>246</sup> Makar, Amir. "Minister maintains pressure against NGO external funding". Daily News Egypt, October 24, 2011, <http://thedailynewsegypt.com/human-a-civil-rights/planning-minister-maintains-pressure-against-ngo-external-funding.html>

sector and other CSOs. In addition, it is a common corollary that CSOs regard their clients as recipients of services and not as partners.<sup>247</sup> There are other challenges which are internal to CSOs. These problems include vague and multiple goals, poor technical capacity of staff, top down relationships between some CSOs and their constituencies.<sup>248</sup>

#### IV. Local Governance

It has been argued that the improvements in economic growth and human development that were achieved were mainly the result of top-down projects which were not accompanied by active participation from the poor. Consequently, these projects failed to involve them in the decision-making process and to address their actual needs. As such, the progress was unsustainable as policies were formulated for the people, instead of by the people.<sup>249</sup>

Governance institutions represent significant means to achieving development goals, such as poverty reduction, due to their accessibility to and rich knowledge of local communities, in addition to having better targeting strategies. However, the current institutional structure of local councils in Egypt and the legal structure of the local administration, represent a major hindrance to poverty reduction, the effective participation of local communities, and the empowerment of local councils. There is an inefficient system of checks and balances between the elected local councils and the appointed executive boards which is failing to foster efficiency and accountability. High

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<sup>247</sup> Ibid

<sup>248</sup> Egypt Human Development Report 2008-Egypt's Social Contract: The Role of Civil Society, United Nations Development Programme (UNDP), 2008

<sup>249</sup> Solava Ibrahim, The Role of Local Councils in Empowerment and Poverty Reduction in Egypt, Cairo Papers, Volume 27, No. 3 (Cairo: American University in Cairo Press, 2006)

levels of centralization also represent a hindrance to local administration. Local councils are also inefficient due to the presence of unqualified and corrupt staff that misuse financial resources and inefficiently monitor local projects. While there have been innovative attempts to foster decentralization, as a way to empower local councils, encourage local participation, and achieve sustainable local development, they haven't been enough to empower local councils and local communities. This implies the need for more reform.<sup>250</sup> In the wake of the January 25<sup>th</sup> Revolution, the local councils have been dismantled in preparation for re-election. However, it remains to be seen whether changes in legislation and regulations will take place or not; especially that a new constitution will be drafted in early 2012.

## V. Conclusion

Poverty has always been a problem in Egypt. The 1950s and 1960s were characterized by state-led development where the state undertook several measures to improve the lives of the poor. Starting the 1970s, consecutive governments have adopted measures of economic liberalization with varying degrees; these policies have affected the poor and led to increasing unemployment, inflation in addition to severe social unrest. During this period, pro-poor policies were limited in their scope and their impact.

Rapid urbanization has also presented a pressure on Egyptian cities leading to increased urban poverty. Distortions in the housing market, inefficient policies in addition to increasing urban poverty, lead to the emergence of slums which started to

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<sup>250</sup> Ibid

mushroom in the 1970s. Although reforms in the housing sector and urban upgrading programs are on the rise, it seems that other pro-poor policies remain fragmented and not connected to each other. There is a need for a comprehensive strategy to combat poverty in Egypt, in both rural and urban areas without neglecting some areas at the expense of others. However, there is a need to give urban poverty higher priority than it is currently given. There is a need to focus on employment, health, education. Service delivery mechanisms and governance at both the local and national levels also require improvement; moreover, there is a need for greater transparency, less corruption and less cronyism, more accountability and more participation in decision-making from the different stakeholders. In addition to that, civil society in Egypt still has a lot of untapped potential which can be unleashed if the regulatory and legal framework become less restrictive and more inclusive.

The following chapter examines the case of Ezbit Bekhit, a division within the slum of Manshiet Nasser. It examines the poverty reduction strategies implemented by CBOs, assesses their effectiveness, and examines their linkages with bigger development plans. It also seeks to identify causes of success in addition to challenges and obstacles limiting their success.

## **Chapter III**

### **Poverty Alleviation in Ezbet Bekhit, Manshiet Nasser**

This chapter provides an overview on the history of Manshiet Nasser and its main characteristics. It describes and assesses the different types of poverty reduction interventions implemented by Community-Based Organizations (CBOs) in Ezbet Bekhit and in Manshiet Nasser in general. It aims to identify their vision for poverty reduction, the factors contributing to their effectiveness or lack thereof, in addition to the obstacles and limitations they face. It focuses on employment as a strategy for poverty reduction by examining interventions in this regard, and by studying the employment prospects of the inhabitants of Ezbet Bekhit and their effectiveness in reducing poverty. In addition to that, the chapter examines to what extent these poverty reduction initiatives are participatory; and the types of linkages they have with other NGOs, governmental organizations, and wider development plans in general.

The findings of this chapter are mainly based on in-depth interviews with a sample composed of seven CBOs in Manshiet Nasser, some of the beneficiaries of projects in addition to staff members from the Manshiet Nasser Unit of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), formerly known as GTZ, which is the main international development agency working in Manshiet Nasser. The chapter also includes data from secondary sources.

## I. Introduction to Manshiet Nasser

There are different types of slums in Cairo. Firstly, there are the informal settlements built on private lands which were formerly agricultural. These settlements consist of private residences built on lands that were usually informally purchased from farmers at the urban fringes.<sup>251</sup> This type includes areas such as Embaba, Boulaq El Dakrour, El Bassatiin, and Waraq El Hadir.<sup>252</sup> The second type consists of informal settlements built on desert lands owned by the state. These include private residences informally built on vacant state-owned desert land without construction permits. These settlements are more crowded than the first type and they are characterized by living conditions that are worse.<sup>253</sup> It comprises areas such as Ezbet El Haggana and Manshiet Nasser.<sup>254</sup> The third type corresponds to the sections of the old city core, such as pre-1860 sections of medieval Cairo, where buildings have deteriorated over the years due to lack of maintenance. Residents of these areas are generally very poor. However, population in these areas is decreasing due to the collapsing of some buildings and due to residential spaces that are increasingly being converted into commercial areas.<sup>255</sup> Examples of these areas include El Darb El Ahmar, El Gamaleya, parts of Masr El Kadima, El Khalifa, Boulaq Abou El Ela.<sup>256</sup> The fourth and final type relates to deteriorated urban pockets and inner-city areas

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<sup>251</sup> The Challenge of Slums: Global Report on Human Settlements, United Nations Human Settlement Programme, 2003

<sup>252</sup> David Sims, The case of Cairo, Egypt- Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, United Nations Human Settlement Programme (UNHABITAT), 2003

<sup>253</sup> The Challenge of Slums: Global Report on Human Settlements, United Nations Human Settlement Programme, 2003

<sup>254</sup> David Sims, The case of Cairo, Egypt- Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, United Nations Human Settlement Programme (UNHABITAT), 2003

<sup>255</sup> The Challenge of Slums: Global Report on Human Settlements, United Nations Human Settlement Programme, 2003

<sup>256</sup> David Sims, The case of Cairo, Egypt- Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, United Nations Human Settlement Programme (UNHABITAT), 2003

of Cairo, particularly from the early 20<sup>th</sup> century,<sup>257</sup> such as areas in Masr El Kadima and in Matareya.<sup>258</sup> Numerically, this group is very insignificant.<sup>259</sup> Manshiet Nasser belongs to the second type of slums.<sup>260</sup> It straddles over seven square kilometers and hosts one million Egyptians, making it one of the most densely populated areas.<sup>261</sup>

### *Ezbet Bekhit*

Ezbet Bekhit is one of the neighborhoods of Manshiet Nasser, with a population of 37,000 inhabitants as per data from 2003;<sup>262</sup> more recent data on Ezbet Bekhit was difficult to find which represented one of the limitations of this research. However, previous surveys and studies suggest that the socio-economic profile of Manshiet Nasser is very similar to the profile of Ezbet Bekhit; its main characteristics are poverty, unemployment, bad health conditions, and a large number of female-headed households.<sup>263</sup>

There aren't actual divisions in Manshiet Nasser; GIZ has created this division for the purpose of facilitating interventions and allowing geographical focus. The different divisions of Manshiet Nasser include Ezbet Bekhit, Al Zarayeb, Al Doweiga, among others. As such, it should be noted that the inhabitants of Manshiet Nasser as a whole,

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<sup>257</sup> The Challenge of Slums: Global Report on Human Settlements, United Nations Human Settlement Programme, 2003

<sup>258</sup> David Sims, The case of Cairo, Egypt- Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, United Nations Human Settlement Programme (UNHABITAT), 2003

<sup>259</sup> The Challenge of Slums: Global Report on Human Settlements, United Nations Human Settlement Programme, 2003

<sup>260</sup> David Sims, The case of Cairo, Egypt. Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, UNHABITAT, 2003

<sup>261</sup> We Are Not Dirt: Forced Evictions in Egypt's Informal Settlements. Amnesty International. 2011

<sup>262</sup> David Sims, The case of Cairo, Egypt. Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, UNHABITAT, 2003

<sup>263</sup> Ibid

including Ezbet Bekhit, suffer more or less from the same sets of problems and live under the same conditions.

### *Community-Based Organizations*

There are around 60 CBOs in Manshiet Nasser. However, most of them are family associations which act as solidarity groups and provide help for the inhabitants of Manshiet Nasser in weddings and funerals only. The services of such CBOs are usually exclusive to inhabitants of Manshiet Nasser whose rural origins are the same as those of the founders of the CBOs. As confirmed by most of the interviewed organizations, only 10-15 CBOs somewhat demonstrate development thinking and are actually trying to bring about development in the neighborhood through the implementation of several initiatives. Most of these CBOs receive applicants from all over Manshiet Nasser and have beneficiaries everywhere. The division of Manshiet Nasser into areas does not represent an obstacle to the inhabitants of Manshiet Nasser nor do they prevent CBOs from extending their services to all inhabitants.

### *Role of GIZ in Manshiet Nasser*

When studying Manshiet Nasser, one must examine the role of GIZ, since it is the only identified international organization with heavy presence in Manshiet Nasser and the pioneer of development projects in the neighborhood. Their work in Manshiet Nasser emerged as a response to the growing poverty among its population, the lack of physical infrastructure, the lack of social services and employment, and degrading environmental conditions, at a time when there were few responsive policies and administrative

practices in place. As such, the mandate of the organization in Manshiet Nasser was to provide technical support for the public administration and civil society organizations to help them perform and deliver improved and more coordinated services in order to satisfy the basic needs of the poor population, with a special focus on the empowerment of the poor especially women.

Manshiet Nasser was one of the pilot areas where GIZ was working. The first phase of the project started in 1998 and ended in 2003; it involved studies and the preparation of plans for the following implementation phase which started in 2004 and ended in 2009. The activities involved the provision of technical support to the local administration and the capacity building of its staff, with the overarching objective of upgrading the neighborhood and improving its infrastructure. As such, most of their funds were directed to such activities. The approach of the agency is based on participatory tools such as trust building, knowing local communities, information sharing, participatory planning and implementation, and impact monitoring.

GIZ initiated a Participatory Needs Assessment to identify the priorities of the community, through consultations with the local community and the local administration. They involved CBOs and youth in such activities. The study revealed a number of priorities. The main priority of community members was the legalization of land ownership. Other identified priorities included improving service delivery and upgrading of water, sewerage, and electricity networks; the rehabilitation of buildings and schools; environmental projects to solve the problem of garbage and pollution. The study also

highlighted the need to improve the economic conditions of the inhabitants. In addition, the study also identified other problems such as youth unemployment, illiteracy, lack of health awareness and poor health conditions, and insufficient medical care. Moreover, there was an identified need to empower civil society organizations. The study also revealed the need for the provision of technical and financial support to the industrial workshops of Manshiet Nasser to help them develop their industries and to facilitate the issuance of business permits and other administrative procedures. Furthermore, dealing with problems of women and child labour were identified as priorities. The results of the study were communicated back to CBOs in order to help them identify their priority interventions.

GIZ helped set up a notary office “Shahr Akari” in Manshiet Nasser to help legalize the status of the inhabitants and protect their property rights. This office was considered the first of its kind to be implemented in an informal settlement. It also helped increase the credibility of GIZ and the credibility of participatory approaches altogether, and helped build trust between GIZ and the local community. In addition to that, GIZ targeted CBOs through activities which included on-the-job training, capacity building workshops on specific issues such as writing project documents. GIZ also focused on raising awareness among CBOs to divert their activities from charity, which is predominant in the neighbourhood, to projects and programs which aim to bring about development through participation. Although it is not their mandate to implement small initiatives, GIZ used its remaining funds to respond to the priorities of the community by giving loans to some of the CBOs to implement some initiatives such as the upgrading of

schools, health care units, in addition to other initiatives which aim to improve the lives of the inhabitants.

GIZ phased out its work in Manshiet Nasser in October 2009 in order to replicate the experience in different areas. Consequently, their office in Manshiet Nasser closed as they handed over the project to the local administration at the municipality level; whereas the agency is now working at the governorate level and offers technical and policy advice to the Cairo Governorate.

Following the explanation of the local context in Manshiet Nasser and the overall development framework which GIZ has tried to institutionalize, the subsequent section discusses the role of CBOs in poverty alleviation, detailing the different initiatives they implement, their levels of success in addition to the obstacles and impediments they face. For the purpose of this thesis, interviews were conducted with seven CBOs who are attempting to bring about development in the neighborhood; three of them are located in Ezbet Bekhit while the others are located in different areas of Manshiet Nasser but expand their services to cover the whole neighborhood. Interviews have been also conducted with some of the beneficiaries of some of the implemented programs.

## II. Poverty Reduction Strategies implemented by CBOs in Manshiet Nasser

Each of the interviewed CBOs seem to have a comprehensive understanding of the multi-dimensionality of poverty and its different manifestations in addition to the different problems faced by the inhabitants of Manshiet Nasser, albeit with varying

degrees. Therefore, each CBO adopts its own strategy for poverty alleviation according to the level of awareness among its founders and staff and according to the capacities and resources of each organization. Some of them are proactive and are trying to improve their conditions and bring about true development; while others are giving in to the limitations they face. As such, poverty reduction initiatives implemented by CBOs in Manshiet Nasser exist along a spectrum which starts from pure philanthropy to include educational activities, employment creation through micro-credit and capacity building, and legal aid/empowerment. Each intervention has its own limitations either related to the nature of the problem itself or resulting from faulty planning and implementation. This section discusses each of these interventions, under the three areas of employment, education and legal empowerment. All of these interventions share the overarching objective of improving the living conditions of the inhabitants of Manshiet Nasser; by contributing directly or indirectly to employment creation or income generation. The section also analyzes the degree of success and the reasons behind the success or the failure, the impact of the intervention on the community, in addition to its limitations and drawbacks.

### *Employment Creation*

Interventions under this area contribute to job creation through activities which directly or indirectly increases the employment prospects of its beneficiaries. This includes activities such as micro-credit initiatives to help the recipients of loans develop small businesses, which has a direct impact on employment. Indirect activities include

skills development and training programs to help build the capacities of the poor in order for them to be able to engage in productive activities.

a. Micro-credit

Micro-credit was identified as one of the needs of the community following the Participatory Needs Assessment that was prepared by GIZ and which identified micro-credit as one of the priorities of the community. It has been adopted and implemented by many of the organizations in Manshiet Nasser; micro-credit projects mainly target women. Loans usually start from 500 Egyptian Pounds and may reach 10,000 pounds in some cases.

However, not all micro-credit projects have been successful in achieving their objective. Some of the organizations such as Samhoud and Zohour El Herafeyeen have suffered from a high default rate; borrowers were unable to repay their loans as they invested in activities that failed. It was argued that the majority of loan recipients lack the skills and the capability to invest the money in productive activities. This is due to the lack of pre-loan assessments from the part of these CBOs which do not evaluate and assess the activities in which the loans will be invested, in addition to the lack of capacity assessment of borrowers to make sure they are capable of engaging in productive activities. These programs were also not comprehensive as they did not offer guidance to borrowers to direct them towards success. However, it should be noted that among the beneficiaries of these projects, few remarkable success stories emerged. For instance, a woman took a loan to establish a small bakery (oven) to bake Egyptian bread. Her project

was very successful to the point that she was not only able to pay back the loan, but started donating money to the organization to assist others. Nevertheless, some of these organizations were forced to downsize their micro-credit activities as a result of the small success rate, in order for them to benefit from the resources in other poverty reduction activities. Unfortunately, these activities are pre-dominantly charitable.

There are also some impediments and risks related to some of the activities. For instance, one of the common activities which loans are invested in is selling goods such as candy, tissues, and vegetables; usually such activities take place in the main road just outside Manshiet Nasser. Therefore, the sellers risk being caught by the police as this happens frequently. In addition to that, many of the interviewees confirmed that many husbands take control over loans given to their wives, without even trying to spend the money in productive activities. Consequently, one of the objectives of such activities, namely the empowerment of women, is undermined and unfulfilled.

However, there were other CBOs such as Mobadra which have a good track record in micro-credit and managed to sustain a very high repayment rate. The CBO only offers loans to already-existing businesses. The decision of giving loans is based on thorough assessments in the form of field studies which the staff of the organization performs to evaluate businesses and decide their viability for loans. After the decision is made, field visits are conducted regularly to the sites of the businesses to make sure that the loans are being efficiently invested. Large amounts are only given to those who have previously taken small loans and have proven to be reliable. Furthermore, the CBO assists the

beneficiaries in marketing their products; this is done through exhibitions. The percentage which has defaulted has mainly done so as a result of unforeseen circumstances such as the Duwaiqa rock slide. In these cases, the organization negotiates the terms of payment to facilitate repayment. Some borrowers are also unable to repay due to their tough conditions and as a result of economic hardship. As for those who default for no good reasons, legal measures are taken against them. Nevertheless, the CBO still faces the challenge of having limited resources compared to the demand on loans from the inhabitants.

Therefore, the experience of CBOs working in micro-credit has confirmed the limitations of this approach, as highlighted in the literature on this topic and the debate on the impact of micro-credit on poverty reduction. There have been doubts about the effectiveness of micro-credit in reaching the core poor. While credit alone may be sufficient to reach the poor who are slightly better-off, reaching the core poor requires a number of additional support services.<sup>264</sup> Therefore, credit is not the only factor which helps generate income nor is it a sufficient condition for the promotion of micro-enterprises; there are other crucial factors such as the entrepreneurial skills of credit recipients. The majority of poor people do not possess the basic education nor do they have the experience to manage businesses. They are usually risk-averse and struggling to survive. However, this does not imply that they do not wish to improve their conditions.

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<sup>264</sup> John Weiss and Heather Montgomery, "Great Expectations: Microfinance and Poverty Reduction in Asia and Latin America", *Oxford Development Studies* 33, no. 3 (2005): 391-416

Therefore, there is a need to identify livelihood opportunities for them, provide them with technical and business training, motivate them, and link them to markets.<sup>265</sup>

In line with this argument, the CBO which was successful in micro-credit initiatives targets micro-entrepreneurs who have existing businesses; as such, they are not the poorest of the poor. On the other hand, other CBOs with limited success may have targeted the poorest inhabitants; however, they did so without taking into consideration the need for other activities which seek to enhance the skills of credit recipients. Consequently, they are gradually refraining from offering credit. This implies the need for guidance from larger NGOs and international organizations in order to help these CBOs develop more comprehensive and sophisticated micro-credit programs targeting the ultra-poor; such programs require more financial resources and technical capabilities than is currently available at the level of CBOs.

#### b. Capacity Building and Skills Development

CBOs such as Zohour El Herafeyeen, Al Mahrass, and the CBO for Solving Family Conflicts, have adopted a complementary approach as they aimed to rehabilitate their beneficiaries and make them ready for the labor market by providing them with training that develops their skills in fields such as carpentry, sewing, and fixing cars, in order to prepare them for employment and income-generating opportunities. Many of these CBOs give special attention to youth, orphans, widows and divorced women. Such activities contribute indirectly to employment.

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<sup>265</sup> Anis Chowdhury, *Microfinance as a Poverty Reduction Tool: A Critical Assessment*, DESA Working Paper No. 89ST/ESA/2009/DWP/89, United Nations Department of Economic and Social Affairs, 2009

Offering training in carpentry and fixing cars for youth has proven efficient as they are usually employed afterwards in the workshops of Manshiet Nasser. As such, they have represented a window of opportunity for a section of the community. CBOs implementing such programs confirm that they have been successful to a great extent. However, other projects targeting women, such as sewing projects, faced a number of difficulties and eventually failed. One of the sewing programs aimed to train women and provide each of them with a sewing machine to help them sustain a living; however, only 30% of participants continued the training program till the end. The rest were unable to continue the training due to family reasons and because they couldn't leave their children in order to attend the sessions. As such, they ended up taking the machines but without using them. Another problem faced by sewing projects pertains to the marketing and the distribution of the products; the products were not up to the standards compared to Chinese products for instance, which are cheaper and of higher quality. With the financial slow down, this issue has been further complicated. Another problem relates to the difficulty in retaining workers in these projects due to the small financial compensation, which resulted in understaffing. As a result of these failed attempts, many CBOs resorted to paying monthly allowances to poor families.

This scenario is expected given that such income-generating projects were typical components of the welfare approach from which NGOs and development agencies started to move away after they proved to be inefficient. Since the 1950s, development agencies helped poor women by investing in income-generating activities which offered employment in traditionally feminine skills such as knitting and sewing. These projects

failed as they were driven by welfare as opposed to development concerns. They did not take into consideration whether these products were marketable or not, and whether it offered women sustainable jobs after these projects ended. Moreover, they did not take into account the ability of women to engage in other economically-productive activities. As a result, a lot of investments were made without having a large impact on the lives of women and without actually empowering them. Consequently, policy-makers and development planners missed out on important opportunities to significantly improve the lives of poor women. Therefore, NGOs and development agencies started to move towards more comprehensive approaches which address the multiple causes of women disempowerment and responds to their priorities in terms of employment. Such participatory and comprehensive approaches recognize the importance of economically empowering women through replicable and sustainable initiatives with large-scale impact.<sup>266</sup>

This implies that CBOs in Manshiet Nasser are not sufficiently exposed to the ongoing development discourse. It also highlights the importance of enhancing participatory projects to identify the needs and aspirations of poor women in Manshiet Nasser. This will help identify employment opportunities for women which are suitable, empowering and sustainable on one hand, and economically productive on the other hand.

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<sup>266</sup> Rekha Mehra, Women, Empowerment, and Economic Development, *Annals of the American Academy of Political and Social Science* 554 (1997): 136-149

### *Education*

Some CBOs focus on education in an attempt to eliminate one of the root causes of poverty, namely illiteracy. As such, they have an indirect impact on poverty reduction by increasing the employment prospects of the beneficiaries. These activities vary from illiteracy classes for adults to other activities focusing on child education. Bedaya is a CBO which focuses on child education while engaging in other activities which have a direct impact on the incomes of poor families, such as paying incentives and monthly allowances to families with children or engaging children in income generating activities involving handicrafts.

Bedaya has attempted to tackle poverty by preventing school drop-out and improving child education as a way out of poverty. They provide day care for children with a nominal fee of 10 pounds per month except for orphans who receive these services for free. In the mornings, from 10am-2pm, day care services are open to children from the ages of 4 to 6 who are not yet enrolled in schools. In the afternoon, from 2pm-5:30pm, they receive children from the ages 6-12 after they return home from their schools. Moreover, they offer summer educational activities covering several topics such as history, environment in addition to sports, to widen the scope of the children and increase their awareness and exposure to the outside community. The summer activities also aim to create a healthy environment for the children of Manshiet Nasser to allow them to unleash their energy and creativity instead of spending their time in non-useful or harmful activities.

Bedaya has also established a committee to target orphans and families with members having health problems and unable to work, in order to help their children who are enrolled in the education system. The committee recommends families who are candidates to receiving monthly allowance from the CBO to keep their children from dropping out of school. To be eligible to receive monthly allowance, which ranges from 100-300 pounds, families must be submitted first to field visits undertaken by CBO staff. They should also constantly provide proof that their children are enrolled in their school and that they are doing well. To help these families in a more sustainable manner, some of the children are enrolled in workshops organized by the CBO to help them work in a safe environment and earn an income. This is done to prevent them from resorting to child labor which may be hazardous and psychologically or physically harmful. These children are taught how to prepare greeting cards which are sold to companies, bazaars and some bookstores, with an indication that they have been prepared by children to support them and prevent school drop-out. A child receives between 2-4 pounds per card and usually makes 150 cards per month which leaves him/her with a monthly salary of 300-600 pounds in addition to the conditional help each family receives. This amount may reach 1000-2000 pounds during special occasions as there is more demand on cards. The money the CBO receives for selling these cards covers the cost of raw materials and they usually make some profit which is distributed among children according to their contribution to the production. In return, children are only required to succeed in schools and get high grades in order to be able to continue in this program. So far, 30 children benefit from this handicrafts component and the CBO wishes to expand it to cover a larger number.

Through the organization, people can also sponsor students to allow them to continue their education in any of the stages, starting from primary school to graduate studies. In addition to the donations provided by individuals, these scholarships are offered by private sector companies such as Shell. Furthermore, the CBO has cooperated with the Ministry of education to initiate a program in six primary governmental schools to select students who are falling behind and provide them with afternoon Arabic and Math classes for two hours after school to improve their grades and their capacity to learn. This is done through books and CDs which are cleared by the government. These classes are conducted under the supervision of teachers and members of the faculty of education and student undergo tests at the end of the year to test their levels. Students are given a nutritious meal during these two hours to improve their health. However, a number of obstacles and challenges threaten the program. A lot of time, money and effort are invested in order to implement this program. First of all, it takes time to clear the curricula from the ministry. Secondly, the program is very costly (around 90,000 thousand pounds per year). These factors reduce the prospects for sustainability and render their job more difficult given their limited resources and capacities.

Literacy classes for adults are also common among some CBOs. However, there are other organizations such as Samhoud which prefer to direct their limited resources to help adults improve their livelihoods economically while encouraging them to educate their children, invest in their futures and prevent them from dropping out of school, in order to make sure they have the basis for a promising future. This, they argue, is due to the fact

that younger generations can make better use of their education than older generations as they have their future ahead of them.

The impact of these programs on poverty reduction can only be assessed on the long run. As such, it can be argued that educational projects, as implemented in Manshiet Nasser, have a limited impact on poverty reduction, at least in the short-term; which confirms that they are not sufficient as a strategy for poverty reduction, as suggested by literature on poverty reduction. The most successful project is the one implemented by Bedaya as it combines education with income-generating activities in order to improve the lives of poor families in the short-run. It also includes recreational activities for children to expand their horizons. Nevertheless, the project cannot cater for the whole community and can only have a limited impact given the limited resources and the limited number of beneficiaries.

#### *Legal Aid/Empowerment*

The poor in Manshiet Nasser lack some legal rights, as is the case for the poor across the country and in other developing countries as well. This is affecting their livelihoods in many ways. Therefore, a number of legal aid initiatives were implemented in Manshiet Nasser in an attempt to empower the poor and consequently improve their livelihoods. As previously mentioned, GIZ helped set up a notary office “Shahr Akari” in Manshiet Nasser to help legalize the status of the inhabitants and protect their property rights. This office was considered the first of its kind to be implemented in an informal settlement

and was established following a participatory process through which the needs of the community were identified.

As part of its local initiatives components, GIZ in partnership with the Alliance for Arab Women, a prominent local NGO that works at the national level, established in 2007 an Ombudsman Office targeting women in Manshiet Nasser. It emerged as a response to the lack of awareness among women in Manshiet Nasser with regards to their rights and legal issues related to divorce, *Khul'*, alimony and child custody. The office is managed by the Alliance for Arab Women under the supervision of GIZ whose role is limited to funding, monitoring and evaluation through quarterly progress reports in addition to occasional in-kind logistical support.

The objective of the project is to provide legal aid with nominal fees for women who need it; since 2009, the focus has been mainly on *Khul'* or No-Fault Divorce due to the increasing number of cases in the neighborhood. Between 2004 and 2007, the number of *khul'* cases has been steadily increasing. According to national statistics, the number of cases in Egypt reached 2,886 in 2004; it then increased to 3,492 cases in 2005 and jumped to 8,045 in 2006.<sup>267</sup> Although recent statistics on *Khul'* were difficult to find, there is evidence that the number of cases is on the rise at both the community and national levels. Based on the interviews, it can be argued that all problems faced by women are economically driven. For example, the main reasons for *Khul'* include abandonment, non-working husbands and the unwillingness of husbands to provide for

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<sup>267</sup> Mulki Al-Sharmani, "Recent Reforms in Personal Status Laws and Women's Empowerment: Family Courts in Egypt", (The American University in Cairo: The Social Research Center, 2007), 63

their families. As such, many women are forced to file for Khul' in order for them to be entitled to receive monthly pensions. Out of despair, and having to deal with dire economic conditions, women resort to Khul' as a faster option as opposed to normal or fault-based divorce which may take several years to be finalized.

This is in line with earlier studies on divorce and Khul' in Egypt; these studies suggest that the judicial divorce process, for women, is fraught with high costs, difficulties and delays. In order for women to file for a normal divorce, they must provide evidence of harm inflicted on them by their spouses. On the other hand, they can have an easier access to divorce if they file for Khul' without having to specify grounds for divorce; however, they have to give up their financial rights and repay the dowry given to them upon marriage. While this has helped some women, it has not dealt with the inequalities of the divorce system and the discrimination against women; it also forced women to sacrifice some of their rights in exchange for divorce. As such, it has become an option for desperate women to obtain a divorce in order to be able to receive financial assistance from the government; being married does not make them eligible for any type of government assistance.<sup>268</sup>

The activities of the office include undertaking periodical home visits to each of the women beneficiaries and developing a case study with needs assessment for each of these women and their children. The project is also responsible for the empowerment of these women through raising their awareness on their rights and the services available for them

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<sup>268</sup> "Divorced from Justice: Women's Unequal Access to Divorce in Egypt", *Human Rights Watch* 16, no. 8 (2004)

in the community. In addition to that, the project is required to provide technical and financial support for women to obtain official government documents such as birth certificates and identification cards, in order for them to be able to access basic government services like health care, education, and loans. In addition to that, the office facilitates linkages between women and the local administration and other government entities, to apply for social welfare from the Ministry of Social Solidarity. This also includes facilitating linkages with entities that provide services whereby women can gain skills, employment or loans.

Despite the limitations and drawbacks related to Khul', the ombudsman office in Manshiet Nasser has achieved some positive results. It can be argued that, on the overall, the project has had an impact on the community. It has become well-known in the community through word of mouth and as a result of outreach activities continuously undertaken by the project staff. The project team has also managed to establish friendly relations with women in the local community. It has also been successful, to a great extent, in implementing all the legal activities and in linking women with social services and governmental entities; this is of great importance in a community such as Manshiet Nasser, where it can be sensed that women are becoming increasingly marginalized. However, despite these achievements, the project's progress towards achieving its overarching objective, namely the empowerment of women, is hampered by several problems; most importantly is the prevalence of women in need of financial aid.

The financial problems can be witnessed in the large number of financial aid cases. The number of such cases for widows, divorced and married women, surpasses the number of legal aid cases. This is due to the fact that pensions and financial assistance from the government are insufficient to fulfill the needs of families as they vary from 80 to 350 Egyptian pounds at the maximum; therefore, women who receive pensions still seek financial aid. Consequently, they seek the help of the legal aid office so that they can direct them to entities offering financial assistance. While the office usually declines requests from healthy whose conditions allow them to work, they try to link them with available job opportunities and discusses with them other options such as micro-credit loans given by some CBOs. Nevertheless, as previously mentioned, many of these women do not possess the necessary qualifications to invest in productive activities and therefore are not attracted to such initiatives.

Having signed protocols with 15-20 CBOs in Manshiet Nasser, the ombudsman office refers financial aid cases to these CBOs. In turn, each CBO undertakes field visits to the houses of women applying for financial help to verify the information they receive and classify their applicants according to the urgency of their status. Consequent to these circumstances and the limitations related to other poverty reduction initiatives, most CBOs are mainly helping women by giving them monthly financial aid; mostly for widows, divorced women and married women whose husbands are seriously or terminally ill. Nonetheless, CBOs are still overburdened with applicants and have limited funds, which results in nominal amounts of monthly aid for women (between 20-80

pounds). Consequently, they are reclassifying their beneficiaries and are increasingly focusing on widows and divorced women solely to make their resources more targeted.

Although legal empowerment is extremely important to the inhabitants of Manshiet Nasser, there is evidence that it is not achieving economic empowerment which is what they need the most. While legal empowerment is believed to play a role in poverty reduction, this does not seem to be the case in Manshiet Nasser. First of all, the economic benefits which women have gained are limited to monthly allowance or pensions which barely help them survive, in addition to being philanthropic and unsustainable. Therefore, the impact of these projects on poverty reduction is minimal. Moreover, as discussed in previous chapters, in order for legal empowerment to play a role in poverty reduction and empower the poor, there is a need for a comprehensive approach which targets labor rights, property rights, business rights in addition to access to justice and rule of law.

In light of the above, and after reviewing the different approaches to poverty reduction and the different limitations and drawbacks they face, the following section will discuss the employment prospects for the inhabitants of Manshiet Nasser and the different challenges they face.

### III. Employment Prospects for the Inhabitants of Manshiet Nasser

Discussions on the employment prospects for the inhabitants of Manshiet Nasser convey a mixed image. While there might be a lot of potential, the current situation

seems somewhat bleak and a lot of effort needs to be exerted in order to build on the available potential and extend benefits to the community as a whole through the creation of employment opportunities.

In addition to the above-mentioned deficiencies in employment creation projects, a large number of inhabitants in this neighborhood suffer from illiteracy and bad health. As a result, they are not qualified for the majority of the available opportunities in the private and formal sector; most of the available opportunities are targeting educated people, which is not the case for a large percentage of the inhabitants of Manshiet Nasser. Consequently, most of the inhabitants have no choice but to accept low-skilled and low-paid jobs which do not improve their economic situation, or shy away from these discouraging opportunities altogether and therefore remain unemployed. It should be noted that unemployment is also widespread among the educated inhabitants of Manshiet Nasser as the available opportunities are also limited. Moreover, many of the available opportunities are short-term which discourages candidates from applying as they do not wish to undertake jobs that are unstable and then find themselves out of a job in the span of few months.

The situation is particularly critical for women whose opportunities are more limited and worse than the opportunities available for men, in terms of financial return and working conditions. For instance, the available option for the majority of uneducated women is domestic work which is not very popular among them and which they usually refuse, with the exception of a few who accept. It should be noted however that many of

these women accept such opportunities secretly as they view them as degrading and embarrassing. In addition to that, women are exposed to different hazards and discouraging factors such as sexual harassment in the workplace, in the streets and public transportation, which discourages them from work. Poor health conditions and illiteracy are also more widespread among women which further complicate their situation. Many women also reject the idea of work due to traditions; there are also cases where women are prevented from work by family members such as their brothers or parents. Previous studies have also confirmed that women in Manshiet Nasser are discriminated against in the workplace. The secondary status of women and the lack of opportunities available for them reflect traditional rural values as most of the families in Manshiet Nasser are originally from Upper Egypt.<sup>269</sup>

Interviews also revealed that many of the available opportunities for women are extremely low paid jobs making it extremely difficult for them to support their families with such salaries. This is especially true for the work that women can do while staying at home. Women are forced to undertake some tasks that are much less financially rewarding than other opportunities, if such work accommodates their conditions, whether in terms of health or in terms of family commitments such as taking care of their children, sick husbands or any other family members. Such work includes chewing gum wrapping for factories, fixing steel nails to make them usable by factories and industrial workshops.

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<sup>269</sup> David Sims, The case of Cairo, Egypt. Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, UNHABITAT, 2003

This brings us to one of the main discouraging factors mentioned by many of the interviewed women beneficiaries, and which makes them shy away from work, namely their inability to leave their children unattended for. Most young women who are capable of work have young children whom they cannot leave at home and go to work. Moreover, these women cannot afford the day care services that are available at the community. This implies the need for more affordable and reliable day care within the community in order to encourage women to leave their children.

Such problems are particularly problematic given the large number of female-headed households in Ezbet Bekhit and in Manshiet Nasser in general. Earlier studies of Ezbet Bekhit revealed that female headed households represented between 10 to 12% of total households which was almost the same as the national urban average at the time. Moreover, it is expected that the number is much higher especially that many of the women tend to acknowledge the presence of a male head of household even if he is permanently absent.<sup>270</sup> Interviews with women beneficiaries shows that a large number of women inhabitants in Manshiet Nasser are abandoned by their husbands; as mentioned earlier, many of them filed for divorce or Khul' to be entitled to receive pensions from Social Affairs. A large portion of women are also heading their households as their husbands are unemployed either due to health reasons or due to the limited employment opportunities.

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<sup>270</sup> David Sims, The case of Cairo, Egypt. Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, UNHABITAT, 2003

Some of the CBOs try to improve the situation by trying as much as possible to identify from the people what they want to do in order to search for opportunities that suit them. They also try to find employment opportunities for those who are incapable of hard labor and have physical limitations; this is done through their acquaintances and networks. They also try to link them to companies and factories with which they have established contacts in order to help them get employed. However, these attempts are limited in their impact.

As such, interviews revealed that in the midst of these conditions and consequent to all these problems, a sense of dependency and de-motivation is growing among the inhabitants of the neighborhood. Being overwhelmed with problems has also led to exclusion and despair and therefore discouraged many of the people of Manshiet Nasser from working due to the lack of incentives. These conditions imply the need for more comprehensive employment projects to absorb those who are healthy and capable of work. These projects should involve training, skills development in addition to the provision of opportunities which are needed in the labor market.

According to GIZ, there are reasons for optimism with regards to employment. For instance, the Participatory Needs Assessment they prepared has opened windows of opportunities for different interventions. For instance, over 5,000 informal industrial workshops have been identified in Manshiet Nasser. These workshops represent a productive sector which needs to be supported; GIZ is working at the governorate level to help address the needs of these workshops. It can be argued that if this approach is

successfully implemented, the expansion of these workshops will help create job opportunities for many.

However, there is proof that there is a need for more than employment creation. As literature on employment in Egypt suggests, employment creation as a means for income generation cannot be used to target all poor people. It is true that job creation is important to provide the poor with a sustainable way to generate income. However, not all poor people are capable of work; therefore, a considerable percentage of poor people are excluded and do not benefit from employment creation programs.<sup>271</sup> This reinforces the importance of social programs.

In light of all these factors, the following section will attempt to summarize the obstacles to poverty reduction strategies, in addition to the promising and enabling factors, as identified from the interviews and as observed from the field visits.

#### IV. Obstacles/Limitations to Poverty Reduction Strategies

##### *The Prevalence of Philanthropic Activities*

As a result of the limited success of income-generating activities and the lack of suitable employment opportunities, the activities of many CBOs boiled down to charity and philanthropic activities. A large percentage of the population of Manshiet Nasser resort to CBOs to receive monthly allowance or seasonal financial support, as in most cases this becomes their only option. Monthly allowances range from 20-200 Egyptian

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<sup>271</sup> Karima Korayem, "Pro-Poor Policies in Egypt", *International Journal of Political Economy* 32 no. 2 (2002): 67-96.

pounds. CBOs, such as Beit El Eila, also offer services such as helping young women getting married, providing free healthcare through volunteer doctors, seasonal give-aways during Ramadan, Feasts and school entry. CBOs conduct field work to evaluate the cases of applicants and prioritize them according to their urgency.

While some of the CBOs in Manshiet Nasser are content with these short-term charitable solutions, all of the interviewed CBOs are aware that the majority of people in Manshiet Nasser who suffer from dire economic conditions, whether men or women, started to get used to charity; consequently, this has created a state of dependency which is complicating the situation and standing in the way of true development and sustainable poverty reduction. They realize the need to be proactive and help the poor sustain their living through employment opportunities. Nevertheless, most of them are unable to deal with these problems either due to lack of knowledge and know how or due to the fact that dealing with most of these problems is beyond their scope. The prevalence of charitable activities has been also confirmed by GIZ. It has been argued that although the agency has been trying to promote development and not just charity, the transition in the way of thinking has not been complete and is expected to take some time. Nevertheless, it should also be acknowledged that this requires efforts from the government, development agencies and not just CBOs; therefore, GIZ should have exerted more efforts in this regard

### *Lack of Adequate Funding*

A common problem faced by most organizations relates to funding. Most of these organizations are mainly supported by donations and Zakat; these donations are mainly paid and channeled through their acquaintances since a lot of people do not trust CBOs and therefore are reluctant to donate money to them. As such, they have limited funds compared to the needs of the people and compared to what they would like to achieve for the inhabitants of Manshiet Nasser. In addition to the scarcity of resources, the nature and the type of funding are unsustainable, which is something they are all aware of.

### *Lack of Institutional Structure within CBOs*

Due to limited funds, the majority of CBOs are understaffed having one or two employees on their pay roll while others work on a voluntary basis. Consequently, employees work longer hours. In addition, in some cases, board members whose role is supposed to be advisory and who are usually not involved in the implementation, are also forced to undertake many of the tasks to make up for the lack of staff, which represents both a financial and logistical burden. It should be noted that understaffing could be noticed from the interviews although with varying degrees from one CBO to the other.

There is a growing culture of volunteerism within the community especially among younger generations. Therefore, human capital is available in most cases since there are a lot of volunteers who wish to help and work with CBOs. However, this only represents a short-term solution as it is difficult to sustain an organization through volunteerism as opposed to permanent staff; volunteer workers are committed to their regular jobs and

therefore have limited time and limited effort to give to CBOs. Although they live under better economic conditions, they still face problems; therefore, there is always the threat of them pulling away from volunteerism if their situation gets worse and they are forced to work longer hours to gain more money. All of this adds to the unpredictability and leads to instability; this consequently affects the sustainability of organizations.

Another problem mentioned by one of the CBOs relates to the process of hiring staff, in particular the managers of CBOs. It has been mentioned that this hiring process is not always based on meritocracy. For instance, there have been cases by where individuals have been promoted and supported based on their age or place of origin. This of course has been at the expense of more educated and more competent individuals.

### *Unsustainability*

Taking all these factors into consideration, it is clear that the sustainability of most of these CBOs is threatened by numerous factors namely the seasonality and the lack of funding, and the understaffing. As mentioned, most of the funds come from donations and Zakat money which makes the funds unsustainable and seasonal not to mention unpredictable. Furthermore, many CBOs are unable to solicit donations except through personal ties which represent a very small network. They also cannot afford to advertise their organizations like larger NGOs in order for them to expand their funds; they need the attention of the media to get donations but this is costly and unaffordable to them. The size of funding is also affected by the fact that a lot of people like to donate to

mosques and churches as they do not trust CBOs and link them to the government which they do not trust.

In addition to that, most of the activities of CBOs do not generate profit that can allow them to at least sustain these activities. For instance, in the case of the Ombudsman Office, the project is not generating financial resources to sustain it when external funding phases out. Therefore, the project is not financially sustainable in any way. Furthermore, volunteer lawyers are enduring additional expenses in addition to the time they dedicate for beneficiaries. These lawyers charge around 150 Egyptian pounds from women who file lawsuits; this amount does not cover the expenses of a lawsuit which usually reaches 1,000 pounds. As a result, lawyers absorb the deficit, which risks jeopardizing the activities of the office if lawyers become financially overburdened and decide to step down.

#### *Lack of Networking between CBOs*

Since the financial aid offered by CBOs is nominal, many of the beneficiaries are forced to resort to more than one CBO in order to increase their income; not all beneficiaries are candid about it. Therefore, instead of giving large amounts to a small number of people and help them further improve their livelihoods, many CBOs give small amounts of money to a large number of beneficiaries which minimizes their impact. The lack of networking and coordination between these CBOs is therefore causing duplication. There is no doubt that all applicants desperately need these amounts. However, such duplication is reducing the efficiency of these poverty alleviation

attempts, adding to their limitations as philanthropic activities. As such, there have been attempts to mesh all CBOs to allow for networking and therefore identify the exact incomes of the beneficiaries under each organization and the CBOs they are affiliated with, and thus prioritize them according to their urgency and prevent duplication. One of the CBOs has even volunteered to undertake this assignment to ensure efficient networking. However, no progress has been made in this regard. The suggestion was also not welcomed by many of the CBOs who did not want to spend time and effort in networking. Furthermore, the government does not have a comprehensive database of all organizations to facilitate networking and help them establish contacts.

#### *Difficulties in Reaching the Households of Beneficiaries*

Not all the streets in Manshiet Nasser are numbered, which makes it difficult to reach beneficiaries in their homes. The staff of CBOs who conduct field visits to assess the conditions of households seeking financial aid, face a number of difficulties in reaching these households. A large percentage of beneficiaries also do not have phones in their houses which further complicates the situation. This has also limited the number of interviewed beneficiaries and CBOs to those who were easily accessible.

#### *Weak Linkages with Larger NGOs and Development Organizations*

Most of the interviewed CBOs already have links with some of the larger NGOs working at the national level and they actually cooperate with them; however the work of most of these NGOs is mainly philanthropic such as the Food Bank, Masr El Kheir, Resala, faith-based organizations, and few other organizations established by

businessmen. Others have connections with members of the academia which represents an opportunity and provides them with good exposure.

However, and as expected, most CBOs do not feel that they are linked to the outside community. With the exception of linkages between some CBOs and GIZ, most CBOs don't have connections with the donor community nor do they have linkages with international organizations. Many CBOs believe that they do not fit the criteria to work with international organizations and that only certain people qualify for working with such organizations; people from a certain social and educational background. Furthermore, many of the interviewed CBOs have the conviction that such partnerships cannot be established except through high-profile individuals. Nonetheless, most of the interviewed CBOs expressed their interest and their desire to establish linkages with larger NGOs and international organizations.

It should be noted that some of the CBOs sense that the majority of international organizations are disconnected from reality and have a different vision than that of CBOs who perceive a different set of priorities. They argue that CBOs staff are all members of the community and inhabitants of Manshiet Nasser which makes them more aware of the problems of their community. They feel that international organizations are outsiders who are trying to impose their own priorities or what they believe are priorities to the community. They cited gender projects as an example; they argued that some of these projects are equally needed for both genders and not just women.

With regards to GIZ, it is hailed as the only international organization which has initiated tangible and long-term initiatives in Manshiet Nasser. Overall, the agency has had a positive impact on the community and they were the ones who set the ground for development interventions in the neighborhood. They have also managed to establish communication channels with the different stakeholders, the majority of which sense the positive impact GIZ has had on the community. From the perspective of many CBOs, the climax of GIZ interventions in Manshiet Nasser was from the year 2005 till the year 2008. They argued that the agency was the pioneer in helping establish CBOs in the neighborhood. They also cited the trainings and the capacity building activities GIZ offered to CBO staff to help build their capacities in areas such writing project proposals. Furthermore, according to many of the interviewed CBOs, GIZ staff was accessible at all times. As they described, this international organization represented their link to the government and the donor community.

However, as some CBOs mentioned, they fear that they will lose links to the government following the phasing out of the organization. When asked about this issue, GIZ staff at the Manshiet Nasser unit confirmed that they are aware of this problem and that CBOs probably won't have the same channels of communication they had with the local government when GIZ was present. The nature of the relations with GIZ was also informal and friendly which is different from relations with the local government. Therefore, they expressed their willingness to maintain these relations from time to time and whenever an opportunity avails itself in order to help CBOs and other stakeholders.

Therefore, as a result of these factors, there is no sense among many CBOs that they are part of a bigger development plan. In fact, they do not feel that such a plan even exists. Moreover, there seems to be no trickle down of knowledge from more developed NGOs to the smaller-scale and less developed organizations, in particular CBOs. Consequently, most CBOs are falling victims to mistakes and shortcomings which could have been avoided if they were equipped with the necessary knowledge and if they had access to lessons learned and best practices from bigger NGOs and development organizations.

Moreover, despite the positive impact GIZ had on the community and which is acknowledged by many community members, the organization is to be blamed for not focusing in their approach on tackling the most urgent needs of the community, namely economic empowerment and employment creation. Instead of mainly focusing on offering technical support to the local administration on urban upgrading, GIZ should have started by tackling employment and income-generation activities as its major objectives.

Furthermore, it can be argued that GIZ should have given more attention to supporting CBOs and building their capacities, and sharing knowledge on effective poverty reduction strategies to keep many CBOs from undertaking faulty planning and implementation of initiatives; this could have helped most of the CBOs implement better micro-credit programs for instance. By not adequately doing so, GIZ has not contributed sufficiently to enhancing the knowledge base of CBOs and building their capacities. The

organization should have also exerted more efforts in building strong links between CBOs on one hand and the wider donor community and the government on the other hand, in order to ensure sustainability after they phase out. As such, it can be argued that having multiple goals and the lack of a focused approach have prevented GIZ from achieving better results and having a wider impact on the community.

#### *Weak Relations with Local Administration and Governmental Entities*

There is a lack of coordination between the municipality and most CBOs. One of the interviewees even criticized the head of the Municipality for not visiting all the neighborhoods and for his lack of awareness and understanding of the reality on the ground. Moreover, the municipality was blamed for making unsound decisions. For instance, some people were relocated and given nice homes. Although their physical living conditions improved, they were disconnected from the places they used to work in and were not offered alternative sources of living. This has disrupted their lives and complicated their problems, which confirms the futility of relocation and eviction as a strategy for dealing with slums if it does not offer good alternatives for the poor.

As argued by one of the CBOs, there is a sense that there is a divide between reality and between how the Government thinks and formulates policies for poverty reduction and development in general. Moreover, they added that there is a sense that the government focuses on numbers and statistics to convey an image of progress whereas qualitative indicators may convey a much different image. This, they argued, stands in the way of more progress and more development. Consequently, there should be an

attempt to bridge reality with decision making especially that true and meaningful development cannot take place without the leverage of the Government and its full support to the process.

Under the umbrella of the current NGO Law, CBOs and NGOs are under severe supervision from the state. The fear from terrorist activities or other dissident movements is used to justify these constraints and repressive measures. Consequently, as mentioned by some of the CBOs, financial resources are disbursed based on governmental approval, especially that donations are mainly deposited in national banks. As a result, these governmental entities may contribute to hindering development instead of playing the role they are supposed to play, which is helping people and protecting their rights. Taxes are also one of the impediments identified by some of the CBOs. Although there are certain degrees of exemption for NGOs, some organizations still feel overburdened. As such, they wish that the government would take measures to further exempt NGOs from taxes. While these obstacles are common to CSOs and NGOs in Egypt, given the limitations of the present NGO Law, it can be argued that they are particularly harmful for small-scale NGOs and CBOs which have limited resources and which struggle to work in the current environment.

Previous studies also indicate problems and shortcomings that are inherent in the Egyptian civil service, such as abysmal salaries and bloated bureaucracies, which makes it almost impossible for the administration to fulfill its assigned role as the primary agent of development. Governorates are purely executive bodies whose senior officials are

centrally appointed. Moreover, the local councils which are elected at the governorate and district levels and which are supposed to convey the voices of the community, were believed to be dominated by the National Democratic Party (NDP) which was the ruling party<sup>272</sup> until the January 25<sup>th</sup> Revolution. As discussed in the Chapter II, the NDP was advocating neo-liberal policies which had a negative impact on the socio-economic conditions of the poor.

## V. Enabling Factors for Poverty Reduction Strategies

### *Human Capital in CBOs*

There are some positive and promising factors which could be sensed from the interviews. These advantages can be invested and used to lead to deeper and more sustainable results. For instance, some of the CBOs have a lot of potential; they have highly-educated staff members, some of them with a doctorate degree. In addition, the previously-mentioned CBO “Bedaya” has a facebook page which they use to advertise their activities and provide instructions on how to donate to their programs, which indicates a high level of awareness. Furthermore, a culture of volunteerism is on the rise which also represents a positive factor that is helping development activities gain more momentum in the neighborhood.

The staff members of most of the interviewed CBOs are somewhat exposed to development thinking and wish to move beyond philanthropy in order to have a stronger impact on their neighborhood. Most of the interviewed CBOs seem to be aware of

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<sup>272</sup> David Sims, The case of Cairo, Egypt. Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, UNHABITAT, 2003

community needs and priorities, although they are not successfully addressing them due to the different reasons mentioned above. The field work also revealed that there is a fair level of awareness among CBOs pertaining to the nature and extent of poverty in the neighborhood. There is an increased awareness that people in Manshiet Nasser live in a vicious circle of poverty, illness and illiteracy. Each problem feeds into the other and the people are left facing a myriad of challenges. This requires more complex and holistic interventions to improve the livelihoods of the inhabitants of Manshiet Nasser; poverty is viewed as an intricate and multi-dimensional problem which needs interventions at all levels. As such, they acknowledge that most of the current solutions to poverty are temporary and do not attempt to eliminate the root causes of the problem; they acknowledge that this is a very dangerous issue. They realize that, as a result of philanthropic activities, people in Manshiet Nasser are starting to surrender to their status quo; consequently, this is affecting their willingness to try to change their situation. There is also an understanding that solving this problem is beyond the capabilities and the capacities of CBOs; and that it requires multi-stakeholder partnerships involving the government, the private sector and civil society at large.

### *Community Participation*

In addition to the participatory methods that were used by GIZ, participation is also a component in many of the activities of CBOs. Through field visits, CBOs try to identify the needs of the people and their ideas to improve their situation; which allows the organization to identify priorities and helps them come up with ideas for new initiatives to improve the livelihoods of the people.

As previously mentioned, GIZ has conducted a strategic study on the area of Manshiet Nasser which was done in a participatory manner to identify the needs and priorities of the community. They also solicited the help of members of the local community and CBOs in collecting information. This study has been shared with CBOs and the local government to be used as a guide in planning initiatives. Since GIZ has phased out of the area, this study is now used at the governorate level to help address all of the priorities of the community in a more holistic approach.

According to an interview with a GIZ staff member at the Manshiet Nasser Unit, the agency has also tried to institutionalize participatory approaches at the municipality level in Manshiet Nasser. They had left behind a number of studies and a lot of data in addition to the necessary knowledge, know-how, and tools. However, they argued that they did not achieve all the results they hoped for due to the high level of centralization. The head of the municipality changed several times during the time frame of the project which disrupted the progress of the project in terms of the institutionalization of participation. Therefore, the agency aims to push for more participation and more decentralization through their new mandate at the Cairo Governorate.

As such, community participation alone could not bring about change as suggested in the literature. It did not empower the community enough for them to have an impact on decision-making due to centralization, the lack of political will at the governorate level, in addition to the inability to translate the results of participatory activities into sufficient on-the-ground initiatives that meet the expectations of the people of Manshiet Nasser.

Therefore, it can be argued that participation and the degree to which these studies and tools will be efficiently invested, depends on strong commitment from the government in addition to continuing pressure from the people to voice their demands. This requires more initiatives to increase the awareness of the people and empower them to make choices and voice their demands. It also requires attempts to decentralize decision-making at the different levels of the government in addition to a comprehensive framework for poverty reduction and development which engages the different stakeholders and integrates the different initiatives required to develop the community. This suggests that GIZ should have embarked on initiatives that are likely to have an impact in the short-term, such as employment creation, instead of strongly focusing on participation which is likely to yield results on the long-run.

## VI. Conclusion

The experience of CBOs in Manshiet Nasser indicates the urgency of finding creative and sustainable solutions for employment and income generation. There is also a need to revisit the majority of micro-credit initiatives to be able to target the poorest inhabitants of Manshiet Nasser. This requires skills development programs in addition to comprehensive studies to identify market needs. There is also a need for more networking and coordination between CBOs to increase efficiency, share experiences and prevent duplication of activities whenever possible.

Larger NGOs and development organizations should target such CBOs with more comprehensive trainings and awareness raising programs. They should help them address

their limitations by sharing experiences and best practices, and by helping most of them transition from philanthropy and charity work to more sustainable development initiatives which have a larger impact on the community. This can be done through greater coordination and partnerships. Previous studies argued that the prevalence of philanthropic activities and small-scale NGOs which suffer from lack of sustainability and limited impact necessitates the demonstration effect of larger NGOs which are more successful and which are able to advance national development goals with the help of the government and the private sector. It has also been argued that widespread implementation of philanthropic activities may have some positive aspects as they indicate the willingness of citizens to play a civic role in the presence of an enabling environment. Moreover, these NGOs provide a base for creating or expanding development programs in poor areas.<sup>273</sup>

The experience of Manshiet Nasser calls for more comprehensive projects targeting women in the neighborhood, especially that a considerable number of households are female-headed. These households are more likely to be poor than their male-headed counterparts. The burdens of poverty usually fall harder on women as they are also in charge of child rearing and household chores.<sup>274</sup> Therefore, the social and economic empowerment of these women should be taken into consideration while planning any poverty reduction strategy. Affordable childcare should also be made available for women in Manshiet Nasser to encourage them to work. In addition, awareness raising and educational activities are crucial for both men and women to help get rid of some of

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<sup>273</sup> Egypt Human Development Report. United Nations Development Programme (UNDP), 2008

<sup>274</sup> David Sims, The case of Cairo, Egypt. Understanding Slums: Case Studies for the Global Report on Human Settlements 2003, UNHABITAT, 2003

the traditional ideas which grant women an inferior status and which stand in the way of their employment.

Solving the problems of the community is therefore beyond the scope and capacities of one entity. It is impossible for one entity to have as its mandate to solve the different socio-economic problems from which the community suffers. Furthermore, as the literature confirms, urban poverty reduction requires comprehensive policies which deals with all the aspects of poverty, especially in the context of slums. As such, the failure of initiatives in Manshiet Nasser to bring about considerable poverty reduction is not mainly due to the ineffectiveness of CBOs and their limited capacities. It is due to the lack of integrated development and due to the poverty reduction strategies which did not take into consideration the different limitations and shortcomings. Furthermore, a lot of important studies and surveys seem to have been made and the priorities of the people are mostly known; nevertheless, the lack of planning, the high level of centralization and inefficient governmental bodies, have prevented this information from being translated into effective sustainable programs.

## **Conclusion**

This research aimed to study the poverty reduction interventions implemented by CBOs in Ezbet Bekhit, Manshiet Nasser, with the purpose of examining their effectiveness or lack thereof, the limitations they face, and the reasons behind successes and failures. In particular, the study focused on the role of employment in poverty reduction, while highlighting the employment opportunities available for community members. It also examined the links between these poverty reduction initiatives and the broader development community, through the study of the linkages between CBOs and the government, larger NGOs and development organizations.

Since Ezbet Bekhit is only a virtual division of Manshiet Nasser, evidence and interviews confirm that its socio-economic profile is the same as the profile of Manshiet Nasser. As such, for the purpose of this study, interviews were conducted with seven CBOs, some of them are located in Ezbet Bekhit and some are located in the other divisions of Manshiet Nasser. These seven CBOs cater for the needs of the Manshiet Nasser community at large and not to specific divisions. This is due to the fact that the divisions are virtual and were done for the purpose of facilitating upgrading interventions. Nevertheless, the study faced some limitations manifested in the lack of clear addresses in Manshiet Nasser which stood in the way of conducting more interviews with CBOs and beneficiaries. The lack of statistics on the neighborhood also represented a limitation.

There are around 60 CBOs in Manshiet Nasser. However, most of them act as solidarity groups whose activities are restricted to charitable support; only 10-15 of them are actually trying to be proactive and move beyond philanthropic activities in an attempt to bring about development. The field work was conducted with seven of these CBOs and revealed that most of their strategies are not achieving the expected results; this is acknowledged by the CBOs themselves.

The different programs can be classified under three main areas. Firstly, there are activities targeting employment, whether directly such as micro-credit initiatives or indirectly such as capacity building and skills development. Secondly, there are education initiatives which aim to eliminate the root causes of poverty; some of these programs combine employment and monthly stipends with education. Thirdly, there is the legal empowerment or legal aid component.

These approaches are facing difficulties and limitations, although with varying degrees. These limitations are either the result of deficiencies in planning and implementation, or due to inadequacies inherent in the approach itself. Moreover, there are other obstacles which these CBOs face; these obstacles pertain to their knowledge base, their linkages with the outside community, larger NGOs and development organizations, and their funding.

With the exception of GIZ, there is no considerable presence of large-scale development agencies and NGOs in Manshiet Nasser. Moreover, the linkages between

CBOs and outside NGOs are few; they are mostly with charitable national organizations. This has affected the knowledge base of most CBOs, as knowledge do not trickle down from the more knowledgeable and more developed organizations to the CBOs which require this kind of support and need to be exposed to best practices. Moreover, the relations between CBOs and the government are minimal, with the former not trusting the latter and the latter not supporting the former. Most CBOs are also facing funding problems as they survive on limited donations; most of these CBOs are not known to the outside community and consequently do not receive enough donations. They also do not have the resources to support fund-raising activities.

As a result of all these factors, many of the CBOs are predominantly undertaking philanthropic activities. Consequently, they are not contributing to any sustainable and meaningful development. Moreover, their impact on short-term poverty alleviation is negligible. There is a lack of coordination and networking between these CBOs which is preventing them from efficiently targeting their beneficiaries. Their limited funds are also causing them to give out small monthly amounts which are not even efficient in poverty alleviation. In addition, the prevalence of charity has created a sense of dependency among the beneficiaries of such activities, who are numerous. Charity also blocks institution-building which defies any attempts to achieve sustainability.

Furthermore, studying the employment prospects of the inhabitants of Manshiet conveys a depressing image which, unfortunately, is not exclusive to Manshiet Nasser only, but affects most of the urban poor in Egypt. Illiteracy and bad health, resulting from

poverty, are conspiring against the poor and preventing them from effectively engaging in productive activities. Moreover, the available opportunities are low-paid and low-skilled jobs which are mostly seasonal and temporary; this is also the case for the educated members of the community who are also unable to find suitable employment opportunities. As such, there is a sense that many have become de-motivated and desperate, which is affecting their ability and willingness to engage in the available opportunities; they know that these opportunities will not improve their livelihoods.

Therefore, the experience of Manshiet Nasser reveals several shortcomings in poverty reduction strategies in general, and in urban poverty reduction strategies in particular, especially in the context of slums. While the government has moved more towards slum-upgrading policies, as opposed to relocation and eviction, the focus seems to me on service delivery and physical upgrading whereas employment, education and health programs are more limited in their scope and are not being efficiently implemented. In the context of Manshiet Nasser, GIZ should have dedicated its expertise and resources towards well-developed employment-creation programs as it is evident that this is the priority of community members. While the participatory upgrading initiatives implemented by GIZ are important and aim to institutionalize participation at the macro-level, their impact can only be sensed on the long-run. Therefore, there is a need for more initiatives which can have an impact on poverty reduction in the short-term

On the macro level, massive employment programs are needed to absorb the surplus of labor by creating sustainable and productive employment opportunities. This should be

a major objective of any poverty reduction strategy. Micro-credit initiatives have become a popular means of employment creation. However, most of the current programs require revisiting. There is a need to build the capacities of loan recipients to ensure that they efficiently invest the money in productive activities, in order to be able to generate an income. There is also a need to connect them with markets and institutions which may facilitate their work. Moreover, poverty reduction initiatives should target women given the fact that there is a large percentage of female-headed households which live in poverty. Affordable childcare is an important pre-requisite for women in order for them to be able to leave their homes and work.

The deficiencies in the labor market should also be addressed in order to protect the workers. In this regard, enough attention should be given to protecting labor rights from infringement and to protecting workers in the informal sector. Capacity development programs are also important to prepare workers for the needs of the labor market, especially for the illiterate who need skills to be able to work. Otherwise, the current levels of unemployment and poverty, in addition to the low quality of available jobs for the poor, will continue to dissipate human capital as the policies and programs are not making use of the capabilities of the poor.

As such, labor market policies should include both workforce protection and development measures. This includes policies to increase employment opportunities mainly through labor-intensive production. It also includes policies that build the skills and capacities of the working poor, especially in the informal economy, expand their

assets and resources, improve their competitiveness, and increase their representation and their bargaining power, as well as policies which improve the terms of trade and employment in the informal economy. Finally, it is important to implement policies to improve the quality of employment opportunities through social protection, labor standards, technologies, and a conducive regulatory environment.<sup>275</sup>

Furthermore, there is a need to support and encourage socially responsible investment and entrepreneurship, in addition to inclusive pro-poor business models. This also entails creating an environment that is friendly to small-businesses. Moreover, laws and regulations should balance between the needs of the business environment and those of the growing labor force. Monopolies, business-government corruption and exploitation of labor have previously triggered significant public dislike for the private sector due to the hardship they have caused. Consequently, it is important that national economic policies acknowledge and eliminate these failures and deficiencies, in addition to taking concrete measures to address people's needs and vulnerabilities.<sup>276</sup> Cronyism and rent-seeking that took place at the expense of productive economic activities should be totally eliminated.

As mentioned in Chapter III, in order to implement comprehensive plans, there is a need for multi-stakeholder partnerships between the government, the private sector, and civil society. These programs should incorporate health, education, employment, legal empowerment, upgrading of infrastructure, among other identified needs. This requires

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<sup>275</sup> Tony Avirgan and others, eds, *Good Jobs, Bad Jobs, No Jobs: Labor Markets and Informal Work in Egypt, El Salvador, India, Russia, and South Africa*, Global Policy Network, Economic Policy Institute (Washington, D.C., 2005)

<sup>276</sup> Amal A. Kandeel, "Egypt at a Crossroads", *Middle East Policy* XVIII, no. 2 (2011): 37-45

the government to abandon neo-liberal policies which have proven detrimental for the poor, and shift towards social policies which benefit the poor and protect their rights. Moreover, there is need for poverty measures which capture the real perils of poverty; this is particularly important in the context of urban poverty and slums. Such measures should incorporate the different aspects of well-being in order to have accurate figures which do not misinform the policy-making process.

For efficient poverty reduction, the poor also need to be engaged in the decision-making process when it comes to decisions affecting their communities and livelihoods. This depends on the presence of strong, accountable and efficient local governments that are capable of voicing the demands of the poor and that are not controlled by the government. These entities are entrusted with the oversight of local development projects; therefore, they should be accountable to their communities. Manshiet Nasser is a clear example of deficiencies in the Egyptian local administration system. The participatory activities that were implemented in the neighborhood have identified the needs of the community through consultations with its members. However, not all of these needs were met due to the inefficiency of the local government and the lack of checks and balances. These entities were also believed to lack autonomy vis-à-vis the government and the former National Democratic Party which was the ruling party until the 11<sup>th</sup> of February, 2011.

Furthermore, there is a need for the government to revise the NGO law which is currently in place and which has severely curtailed the autonomy of civil society in

Egypt. These conditions have restricted freedoms and halted the activities of many organizations as they are under severe scrutiny and severe supervision from the state. As mentioned in Chapter II, CSOs in Egypt suffer from the supervision of state security. Although, this security body has been restructured following the January 25<sup>th</sup> Revolution, there is evidence that the agency is still performing its repressive role. Improving the rules and regulations governing NGOs will help create a strong civil society which will consequently translate into strong labor unions and business associations that will help the poor organize and voice their demands. It will also give room for NGOs for more innovation and creativity in dealing with the different social and economic problems.

There are expectations that the revolution will eventually achieve its objectives and result in a social democratic system which guarantees social equality, accountability and transparency, and fights cronyism and corruption. There are demands for the state to play a bigger role in development by protecting the poor and ensuring social rights such as minimum wages, unemployment benefits, in addition to good quality health insurance and free education. This also includes building strong and autonomous state institutions that are subject to checks and balances, and are capable of efficiently implementing the different policies and delivering good quality and affordable services to all citizens across Egypt.

Hopefully this will take place once an elected government is in power. This would help promote progressive social policies and programs which reduce poverty and even attempt to prevent its incidence altogether. It would also increase government efficiency,

planning and resource allocation; this includes effective local governance institutions that are accountable to their communities. However, this requires a high level of awareness among Egypt's middle-class which has initiated the revolution, in order to keep pressuring to achieve their demands. They should also seek to empower the poor to raise their awareness on their rights.

This system would also lead to more freedom of association and stronger civil society organizations, including NGOs, labor unions among others. There is a need for revised regulations and NGO laws to guarantee freedom of association, to ensure greater autonomy for civil society organizations and prevent the state from exercising a repressive role towards them. The state should seek partnerships with civil society organizations and refrain from regarding them as a threat. Both can play complementary roles that will benefit society as a whole. In addition, greater freedom for civil society will give room for CSOs to play more important roles in terms of advocacy, capacity-building, and as watchdogs for the private sector and other institutions to prevent malpractices and corruption.

In the context of slums, it is expected that the revolution will represent an opportunity for better policies. Slums dwellers have been among the participants in the revolution, calling for change and demanding better living conditions. By acknowledging the inadequacies of past governments, Egyptian authorities currently face a historic opportunity to act towards meeting the demands of the millions of underprivileged

Egyptians and make sure they are treated with dignity and respect and without discrimination, and that their human rights are respected.<sup>277</sup>

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<sup>277</sup> We Are Not Dirt: Forced Evictions in Egypt's Informal Settlements. Amnesty International. 2011

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