



Abt Associates Inc.

Cambridge, MA
Lexington, MA
Hadley, MA
Bethesda, MD
Washington, DC
Chicago, IL
Cairo, Egypt
Johannesburg, South Africa

Abt Associates Inc.
55 Wheeler Street
Cambridge, MA 02138

Comprehensive Development Plan for the City of Luxor, Egypt –

Investment Project #3, Investment Portfolio for the Development of The New City of New Luxor

Executive Summary

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Prepared by
Gabriel Abraham
Ashraf Bakr

2. Executive Summary

Numerous well-recognized monuments are found in Luxor. Tutankhamun's Tomb symbolizes Egypt's Pharaonic past as much as the Pyramids. Nefertari's Tomb, Valley of the Kings, Valley of the Queens, Tombs of the Nobles, Colossi of Memnon, Karnak Temple (the most significant Pharaonic temple in Egypt), and Luxor Temple, represent some of the finest examples of mankind's early civilization and some of its greatest cultural achievements (figure No. 6).

In 1997, the Ministry of Housing, Utilities and Urban Communities and the UNDP sponsored Abt Associates Inc. for the study of a 20-year **Comprehensive Development Plan for the City of Luxor (CDCL)**. The **Structure Plan, Heritage Plan and Investment Projects** produced in this project addressed ways to accommodate projected growth in population, tourism and agriculture; and approaches to the preservation and enhancement of the antiquities to absorb escalation in tourism.

The objective of the project is to establish and carry out a work plan for environmentally sustainable tourism development that also benefits the local population. To reach this objective the following core themes were identified:

1. Preservation of cultural resources protects Egypt's heritage and promotes economic development.
2. Planned growth promotes sustainable economic development.
3. Meeting the contemporary needs of local residents is vital to the success of plans.

This approach would have the benefit of (a) spreading tourism benefits to a larger population, (b) increasing the number of attractions in Luxor to encourage tourists to stay longer (and spend more), and (c) reducing the current overload on the existing monuments.

In order to implement major components of the CDCL, six Investment Package Concepts were prepared to present a comprehensive approach to meeting Luxor's future development requirements, with emphasis on meeting contemporary needs of local residents while at the same time preserving the antiquities. This investment portfolio addresses the **Development of the New Community of New Luxor**. It represents the culmination of numerous meetings with an interministerial working group set up to evaluate this project, and represents the highest priorities to achieving the objectives of the Comprehensive Development Plan. The First Lady, Mrs. Susan Mubarak, Ministers and other dignitaries are among the project's sponsors and fully support the effort for achieving the development plan's objectives for Luxor's future.

The population of Luxor area is expected to increase from nearly 360,000 inhabitants in 1996 to around 850,000 inhabitants by the year 2017. This is due to both natural increase and economic development in tourism and agriculture and related agro-businesses. Luxor City is constrained in its growth from both within and outside it. From within, the city hosts two of the most magnificent Pharaonic temples – Karnak and Luxor – in addition to the Avenue of the Sphinxes. The latter, when restored, will represent the most dramatic urban statement in the city, virtually severing it into two halves. To the north, east and south, the city is surrounded by agricultural lands, and the Nile to the east. Unless these valuable assets were to be sacrificed, Luxor City's urban fabric cannot grow to accommodate future population growth.

There is, therefore, a clear need to provide appropriate alternatives to absorb both economic development and population growth. The only feasible alternative is to create new communities well distanced from the city so as not to encourage more informal development and encroachment on either the cultural heritage or agricultural lands. These communities will have to be attractive, in terms of both their economic viability and services and facilities provision.

New Luxor is located in the desert on the edges of agricultural lands some 7 kilometers to the south of Luxor City. Analysis has revealed clearly that this has been, and will continue to be, the natural growth direction of the city of Luxor – especially with the construction of the new bridge over the Nile. New Luxor enjoys the close proximity to El Toad Plateau that will be developed into the largest up scale tourism destination in Upper Egypt and will create thousands of new jobs in tourism and commercial developments. New Luxor is also very close to the new cruise ship port and its adjacent commercial and services development. Several of the government offices in Luxor, along the Nile façade, will be relocated into New Luxor. The new city will also be provided with infrastructure networks and commercial, educational, cultural and recreational facilities enough for its future population. In short, New Luxor will be the major residential, commercial and government center of the Luxor area in the vicinity of large-scale tourism development.

This portfolio describes the process for the development of the new city of New Luxor. This document will be part of an overall structure plan for the Comprehensive Development Plan, and will also be a stand-alone document for investors, donors, government officials and other interested parties. The costs of the project components are presented, as well as descriptions of the physical plans and the economic considerations.

The emphasis of the project at all times will be on the accommodation of the living needs of the permanent population (mitigating the effects of congestion in a growing tourism magnet) with an active effort to increase job and proprietorship opportunities.

In addition, there will be a need to build the capacity of the HCLC in order to be fully in charge of urban development of the Luxor area. There is also a need for administrative regulations and enforcement measures to prevent future informal development.

The overall impact of the project will be the creation of a much better, sustainable and economically viable living environment for the local residents of Luxor area. Institutional improvements will lead to the creation of an environment where businesses have a partnership relationship with local authorities where there is a high level of confidence that implementing agencies will be able to provide planning strategies and programs to insure a sustainable and environmentally sound development in Luxor.

Sector development support would consist of technical assistance to agencies of government, specially the Higher Council for the City of Luxor (HCLC), for environmental management and planning and services management. Among the areas of concern are watershed management and solid waste management. In addition to capacity building, the project would provide technical assistance to the HCLC to form a long term tourism development strategy and investment strategy, and improving private sector investments, partially through a restructuring of related public institutions. The above goals are all to be integrated with methods for increasing economic opportunities for local residents.

By alleviating development pressures in Luxor city and directing them to new communities, the **Development of New Luxor** is a critical step in stabilizing and protecting the unique historical assets in the city center. Combined with the **Restoration of the Avenue of the Kebash**, structures, statues, and other artifacts will be restored and managed by experts and valuable settings will be protected, preventing further degradation. The protection of the historical legacy will in turn ensure that future generations enjoy the full experience of Luxor, and that will directly benefit the tourism industry and the GOE. In addition to monetary benefits, the two projects will set the basis for improved institutional arrangements and practices, benefiting all of Egypt's tourist cities.

Over an initial phase of five years, an institutional arrangement in the form of a project implementation and management unit (PMU) will be created and managed. It will consist of all the major governmental agencies required by law to manage the development of new communities. The PMU will be vertically oriented, under the overall supervision of the Ministry of Housing, Utilities, and Urban Communities (MHUUC), with the participation of the Ministry of Tourism (MOT), and the HCLC. Other ministries and national agencies will provide their mandated inputs and assistance with oversight and implementation. During this initial phase, the capacity of the HCLC will be strengthened so as to be able to take over the development of New Luxor in its subsequent phases.

The project has two main, mutually supportive rationales. The first is to create a self-sufficient new community to accommodate 200,000 inhabitants in 2017 to become the major residential, commercial and governmental center in the Luxor area. The second is to improve the local infrastructure in its extent and efficiency, in order to relieve the constraints to sustained growth. The strategies to be emphasized stress investment in, *inter alia*, housing, commercial, tourism, environmentally sustainable infrastructure, and natural resources management. Also implicit in this strategy are the encouragement and assistance to of a local government which is responsive to both the expressed needs of the local population and to the investment community.

There are several main sector issues and government strategies the project will support as well as some strategic choices that must be made. National issues are in directing future urban growth out of the narrow, crowded Nile Valley to the vast stretches of desert surrounding it. Several national, large-scale projects are currently underway to achieve this strategic objective.

New Luxor project implementers will need to decide on several local issues for project success. Among those are; enforcement of law and development regulations to prevent further encroachment on cultural sites and agriculture lands, making New Luxor an attractive alternative for local residents and businesses to locate in, and the phasing of government building removal. At the strategic level, this investment package, and others associated with tourism in Luxor, are aimed at sustainable urban and tourism development of Luxor area. Using lessons learned from other experiences, the implementers will be aware of the need to incorporate the fabric of existing community into the development of New Luxor. This will bring about a strengthening of the institutions involved in managing and monitoring this package and the others.

The Government of Egypt (GOE) recognizes and supports the development of new communities as a primary means to providing both a better, sustainable living environment and more employment opportunities for the country's growing population. In that regard, the GOE has taken major steps over the past two decades in developing several new communities, many of which enjoy a vibrant economic base. The GoE has also taken steps to increase the powers of the HCLC to manage local land use, has made Luxor a protected area with special regulations, and has assigned three ministries to manage tourism related issues, and has established Steering Committee with a clear oversight mandate.

The full portfolio contains extensive materials laid out in Annexes to the main body of the report, which, in sum, provide a background for economic assessment, institutional assessment, social and environmental assessment, possible controversial issues, and detailed project components with preliminary cost estimates.