The New Administrative Capital in Egypt: The Political Economy of the Production of Urban Spaces in Cairo

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The New Administrative Capital reshapes Egypt’s urban landscape thoroughly. Nevertheless, empirical research on its political economy and spatial imaginaries is lacking. Building on a political geography framework and extensive qualitative fieldwork, we aim at contrasting official constructions of space with an analysis of the hidden interests, actions, and power struggles among its main stakeholders. Whereas foreign and private investors are officially key to the project, our analysis demonstrates that state institutions compete for control over it, providing the military with new rent sources. The location and size of the new palace indicates a lack of democratic conviction, and citizen participation is largely missing.

Keywords: New Administrative Capital, Egypt, Urban Development, Mega Projects, Political Economy, Power Struggle

Introduction

On 13 March 2015, the Egyptian government announced to the public at the Economic Development Conference in Sharm al-Sheikh the breathtaking mega-project of the New Administrative Capital (or NAC for short). Envisioned to be inhabited by 5 to 6.5 million people and built from scratch in the vast territory of the Eastern Desert 40km east of the Cairo agglomeration, the project is intended to host a new government quarter, including the parliament, ministries, the supreme council, diplomatic missions, and a new president’s palace. Skyscrapers up to 450m tall were depicted, as well as 30 sub-projects, one of them being an airport larger than London Heathrow and another an amusement park four times the size of Disneyland. The total investment is estimated at up to 500 billion US dollars. On display boards, the mega-project was defined as Madinat al-Jamī’a, a City for Everyone.

The project is remarkable in various ways. It absorbs enormous resources in terms of planning efforts, space, and money. The latter is especially noteworthy, since Egypt has faced severe economic problems in the aftermath of the 2011 Egyptian revolution against Mubarak and the 2013 coup d’état against president Mursi. Second,
the history of the project is very colorful, since it has been promoted by three very different presidential administrations.

However, even though many international visitors at the 2015 conference welcomed the project as a symbol of new investment opportunities, there was also widespread criticism. Critics pointed to its high investment costs and size and fueled doubts about the social responsibility of the project that some said is meant to host only the richest members of the society and to serve the government’s interests (e.g. Tadamun; Egyptian Streets; Mohie). On the other side, the President and ministers pointed out several times that the NAC will encourage foreign investments, deepen international collaborations (e.g. CNN), and will not cause any burdens for the Egyptian taxpayer, but instead will make a profit for the Egyptian treasury (NUCA; Ghanim and ʿAmāra).

Against this background, the lack of empirical research on the political economy and spatial imaginaries of the project is astonishing. Therefore, we aim at contrasting the officially created images of the project with an analysis of the underlying and partially hidden interests of the main actors and the power struggles among the main stakeholders. Building on a political geography framework about the strategic construction of space, we therefore analyze examples of the actions and argumentations of central stakeholders concerning three central elements of the NAC: first the role of foreign investors, second the disavowal of responsibilities for project funding, and third locating of the presidential palace. This analysis enables a deeper understanding of how and why the project developed the way it did and provides insights into the quality and extent of citizen participation.

Theoretical and Methodological Background
Theoretically, this article advocates a political geography perspective referring to Paul Reuber’s idea of strategic constructions of space (Reuber, Konflikte). Reuber argues that every actor selectively gathers information about his or her environment in order to develop clear objectives of future actions. At the same time, actors aim at enforcing their point of view in a way that argumentatively secures their objectives in relation to competing actors and/or the public. Thereby, they consciously create subjective, selective, and condensed images of reality, which Reuber calls “strategic constructions of space” (Konflikte 22-44; Politische Geographie 116-129). These specific constructions of space and their underlying logics are presented to the addressees as quasi-objective presentations of reality, whereas they are primarily intended to back the actor’s position in the power struggle over the production of space (Reuber, Politische Geographie 127). Of course, an actor can use different strategic constructions of space in from one addressee to another. Their analysis allows an interpretative reconstruction of the hidden agendas and aims of the actors (Reuber, Politische Geographie 127). Therefore, building on such a perspective helps to understand the actions and argumentations of project stakeholders.

Of course, organizations do not always act coherently. Individual interests often compete within organizations. Since our paper focuses on the power struggles among actors, it nevertheless seems viable to concentrate on the outcome of the analyzed actions of stakeholders and to largely ignore their internal power struggles, especially since most of them are quite hierarchically organized. We investigated the publicly oriented actions and argumentations that bring the strategic constructions of space of distinct actors into life by using publically available journalistic media sources, speeches, documentations, and advertisements. The pro-
cesses within and among the collective actors are, however, hard to grasp, especially because many stakeholders see withholding (even public) information about such a project as a question of national security. Additionally, the involved institutions in Egypt are notorious for protecting their turf and in general do not publish sufficient data (Sims 140, 245, 281; Wahdan 10, 60). For this reason, a 14-month ethnographic field research project was carried out, including professional activity in the NAC project. During this time, 36 qualitative interviews were conducted with various project participants whose identity will remain anonymous, given the sensitivity of the topic. With few exceptions, the time horizon covers the period from spring 2015 to early 2018. The interviews were transcribed and a content analysis has been made. Afterward, the information based on interviews, field research, working experience, and public sources was triangulated. Since the gathered information was partially contradictory, it underwent an interpretative analysis to reconstruct as well as possible the processes that took place in the field.

**Pathways to and Basic Components of the New Administrative Capital**

The history of attempts to relocate the governmental center to the desert reaches back to the *City of Revolution* under President Nasser in the 1950s. Under his successors, presidents Sadat and Mubarak, new endeavors to relocate state institutions were made in the deserts west and east of Cairo, but they all failed due to a lack of funds, the resistance of state employees, and political circumstances (Stewart; Feiler 302-303). Finally, in 2014, President Sisi’s government resumed the plans of a new capital, which subsequently became one of the top priority projects of the national development strategy *Egypt 2030* (MPMAR 51-61). Its priority is highlighted by the surprising progress the project has made in the past few years, considering the unsuccessful earlier attempts to relocate the governmental capital. The motifs of the importance of a new capital and the revival of the idea are open to speculation, but most interlocutors agree that among the reasons are the need for a big vision to legitimize presidential rule and the intention to evacuate governmental institutions from the center of turmoil that waned only shortly before.

The overall size of the mega-project was set at 753 square kilometers, of which 126 square kilometers were developed in the first phase until 2018. The area to be developed in this first project phase can be divided into four large zones (as at February 2018):

1. Six so-called Wadian, isolated, green, and high-rent residential quarters with at least 25,000 units each, including social infrastructure and the supply of shops and services such as malls, libraries, mosques and churches, social care centers, gas stations, schools, kindergartens, hospitals, banks, police stations, citizens’ service centers, and club houses.
2. A park complex covering 23 square kilometers in the first phase and 30 square kilometers in total. Its serpentine shape intends to imitate the course of the River Nile.
3. The governmental quarter, containing the parliament, ministries, the supreme council, diplomatic missions, and other government-related and international entities.
4. The presidential palace

In the West and Northwest, the project area borders on the easternmost quarters of Cairo proper (see fig. 1). Thus, unlike the name suggests, the NAC will be part of a contiguous urbanized area and a mere extension of the urban expansion of Cairo agglomeration. This spatial continuity is made clear by the fact that the mega-project will not have its own governorate, but instead will be under the administrative responsibility of the governorate of Cairo (Hasan, “ʿAṣima”).
The Role of Foreign Investors

In official speeches and interviews, the President and ministers pointed out several times that the NAC is one of the main projects in Egypt to encourage foreign investments and to deepen international collaborations (e.g. CNN). This specific strategic construction of space was intended to counter critics, who feared that the project would be a burden for the Egyptian state and society.

In March 2015, the Dubai-based businessman Muhammad al-Abbar was presented to the public as a potential investor. However, negotiations between him and the Ministry of Housing had already begun in summer 2014. A Memorandum of Understanding was signed, and two of Abbar’s companies, Capital City Partners and Eagle Hills, were supposed to assume a large share of the project development. In June 2015, the negotiations were cancelled, and the cooperation was brought to an end for the time being. Officially, the involvement of the foreign businessman came to a halt because he refused to involve his UAE-based company Emaar as a guarantor of loans. As a result, foreign funding for the first development phase could not be secured.

On the side of the Egyptian government, legal regulations constrained al-Abbar’s scope for maneuver, since the area of the future new city was not cleared of military units. In consequence, the construction was not likely to begin in the foreseeable future (e.g. ’Abd al-‘Āṭ). According to the authors’ interlocutors, this obstacle indicated a deeper conflict among different project stakeholders. The negotiations with al-Abbar were led mainly by the Ministry of Housing. Its former Minister, now additionally Prime Minister, Mustafa Madbuli, succeeded in excluding other ministries from the project development and took over its management (al-Sayyid). Thus, the influence of the military became limited, even though the Armed Forces Engineering Authority was initially in charge of supervising construction. The military supposedly reacted and insisted on its legal right to keep all desert land that, by law, is owned by the Ministry of Defence and affiliated authorities (Sims 262-263). By using this opportunity of...
intervention, it countered the takeover of the mega-project by the Ministry of Housing.

In December 2015, Presidential Decree No. 446 allowed the Armed Forces Land Projects Agency to “expand its commercial activity and form for-profit corporations, both on its own and jointly with national and international capital sources” (ṣawāf). Among other things, this move enabled the military to participate in the negotiations about the development of the mega-project. Another presidential decree in February 2016 awarded the agency with the supervision of the construction of two development projects, one of them being the NAC (ibid.). The international scope of the military involvement was secured by two further incidents: first, representatives of the Armed Forces joined international delegations to attract foreign investors and developers. Second and consequently, the military expanded its influence on international investors in August 2016, when a military-owned company was provided with the authority to give binding instructions to various international developers. Another blow to the Ministry of Housing already occurred in April 2016, with the establishment of a company called Administrative Capital Urban Development (ACUD), which was founded, among other things, to control the implementation of the many sub-projects in the new city. Whereas three of its 13 Members of the Board of Directors belonged to the Ministry of Housing, five members were related to the Armed Forces (Hasan, “Majlis”). Finally, in August 2017, General Ahmed Daqi ‘Abdin was appointed the new CEO of the ACUD, replacing a civilian, and was entrusted with substantial competencies. His new deputy was General al-Laṭīf, the former managing director of the company.

Even though the Ministry of Housing continued to lead the negotiations with foreign investors, the Ministry of Defense had taken fierce control of the project development. Recently though, there seems to be a downturn of military control. Some interview partners claim that the ACUD lost track of the various developers participating in the NAC, something that benefits the position of the Ministry of Housing. Its importance, though, seems to be reduced by the ambitious Investment Minister, Ṣaḥar Naṣr, who sometime in early 2017 gained ground regarding the negotiations especially with Chinese foreign investors, engaged in the NAC’s business district.

This example demonstrates that the Ministry of Housing and the military continuously engaged in a power struggle to gain control over the project development on the expenses of foreign investors. By helping the military to get a hold on the project, President al-Sisi, himself formerly a leading general in the Army, indirectly allocated new investment opportunities to the influential Egyptian military-economic complex. Therefore, officially framing the NAC as a space of international investment opportunities not only helped to counter public criticism, but also veiled the allocation of rent sources to the Egyptian military, which contributes to assuring the loyalty of the armed forces and is therefore vital to sustain Egypt’s continued “neopatrimonial” political system of rule. (Pawelka)

**The Disavowal of Responsibilities for Project Funding**

The former Minister of Housing Mustafa Madbuli repeatedly advocated a strategic discursive construction of space in which the NAC would not cost the Egyptian state “a single cent”, but instead would make a profit for the Egyptian treasury (NUCA; Ghanīm and ʿAmāra). Other decision-makers recurrently supported this argumentation (Aḥmad; Ahram).
Despite official statements, funding of the project was not as easy as hoped. Even though the NAC is considered to be a project of national significance, initial concepts envisaged that private investors would finance the greater part – up to 83 percent – of the project. However, investors dropped out because they did not expect an acceptable return for their involvement in costly endeavors like a national conference center and ministerial buildings. Although some private Egyptian developers stated that national companies would comprehensively support the project (e.g. Mounir), the state had to invest additional money to sustain the project. The scapegoat was the New Urban Communities Authority (NUCA), a sub-authority of the Ministry of Housing, originally founded in 1979 to supervise the development of new towns. From the very beginning, the authority had to inject money into the mega-project, especially indirectly via the ACUD, which was mainly financed from the budgets of the NUCA and the Armed Forces. Both hoped for returns on their participation in real estate projects. The NUCA, however, had to relinquish its responsibility in the new capital city to ACUD and to various independent companies and corporations and therefore lost influence on real estate sales. Thus, the NUCA became increasingly disconnected from the possibility to control the real estate revenues, which it needed to recoup its investments. At the moment, it seems very likely that the ACUD and the military are exploiting this reorganization by appropriating returns from land sales, which means that a new mechanism to transfer huge assets from the NUCA to the ACUD and the military has been implemented. By April 2018, the authority had pumped loans and subsidies totaling at least 15 billion Egyptian pounds – around 720 million Euro – into the mega-project, which will provide the ACUD and the military with a multiple in revenues.

The head of another sub-authority of the Ministry of Housing in 2016 described the involvement of the NUCA as a way to prevent the taxpayer from incurring any costs: “In fact, the national budget is not strained at all by the capital project because the NUCA took on the financing. This was in response to criticism that the Egyptian state squanders billions in this project” (Aḥmad). Interestingly, at the same time, the financial involvement of the NUCA is used to bypass citizen participation. If a national authority finances the project and the citizens do not bear any costs, then according to some planner’s argumentation, citizens do not have the right to ask for participation. A large number of urban planners and subordinates do not even see the necessity for further citizen participation and show a derogatory attitude toward a more integrated form of planning. Instead, many perceive “people” and “government” as two entities that are distinct from each other – as formulated by an advisor of the Ministry of Housing: “In the case of the new capital, we don’t even need to think about asking the people, because it’s a national project.”

In sum, by shifting the financial burden to the NUCA, the government successfully pursued two aims: first, this made it possible to deny citizens a say in the mega-project because they allegedly do not contribute to financing, and, second, the main stakeholders sustained their official strategic construction of space by shirking responsibility for project funding.

Locating the Presidential Palace
Interestingly enough, the location and size of the presidential palace is a topic that is considered thoroughly neither by the critical national or international media nor by the government in its strategic constructions of space. In promotional videos and booklets on the NAC, the palace is not mentioned at all or only in passing by defining the palace as just one compo-
Initially, the palace was planned to be located in the heart of the new city. Together with the presidential advisory council on the mega-project, Chinese planners, who have been part of the project since an official visit by President al-Sisi in China in September 2015, played a key role in the conceptual design of the palace. The scheduled size of the palace district of 9.5 km² was not determined coincidentally, but derived from the idea that the palace should be as large as the areas of several foreign palaces combined – including the presidential complexes in Turkey and India – in order to underline the importance of the Egyptian president. In late autumn 2015, the palace compound was shifted to the northern border of the new city after the planners concluded that a more remote location might be safer. The new complex was even larger and measured 10.5 km². The palace district was planned to be fully covered by manors and guesthouses, presidential gardens, and security buildings. A solar plant was supposed to make the palace independent of the urban power supply. Some of the authors’ interlocutors claimed that, since then, the location of the palace has not changed, while by the beginning of 2018 its size has shrunk to an area of around 6 km², most probably because of the omnipresent lack of finance.

Interestingly as well is the composition of the governmental in relation to the palace district (which most tellingly are planned as two separate areas), which latter was sketched out and developed in cooperation among Chinese and Egyptian companies, too. Initial plans aimed to develop 12 ministry buildings in the NAC. Their relocation from Cairo’s city center was defended by arguing that the ministries concerned did not need to deal with the citizens on a daily basis, even though they included the Ministry of Social Solidarity and the Ministry of Health and Population, which directly address concerns of the population. Six additional ministries successfully demanded to join the relocation – “out of fear to be left behind”, as an involved planner put it. As of the beginning of 2018, more than 30 (of approx. 50) ministries and higher authorities are supposed to move to the new district. The ministries will be built close to the southern edge of the palace area, resembling a promenade directed toward the entrance of the palace. The Council of Ministers and the Parliament are located on the right and left sides of the north-south axis leading to the palace, as though they serve as its mere gatekeepers. The spatial composition and the distance to the palace reflect the importance that is attached to various institutions, while the palace itself represents the spatial center of power (fig. 2).

In sum, the available plans and our interviews indicate that it was the aim of the planning authorities from the very beginning to bring a centralistic idea of urban development to life. Similar to the idea of

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absolutistic cities in Europe in the 17th century, this emphasizes the almost absolute power of the head of state.

Conclusion
The analysis of three central elements of the NAC aimed at contrasting the officially created images of the project with the underlying and partially hidden interests of and power struggles among the main stakeholders in the production of urban space. We thereby demonstrated that the power relations within the project constitute a complex field of organizational interests. We also revealed how decisive actors try to interpret and sometimes even hide essential information about the negotiations and financing connected to the NAC, as well as the location and size of one of its largest and politically most delicate sub-projects, the presidential palace.

Whereas official announcements repeatedly emphasize the role of foreign investors and private funding, our analysis demonstrates that the national Ministry of Housing and the military took over control of the project. The two Egyptian entities thereby engaged in a power struggle, which President al-Sisi decided in favor of the military. While the official framing of the NAC as a space for private international investors counters public criticism of the project's financial burden on the Egyptian state, this strategic construction of space also helped to veil the allocation of new rent sources to the Egyptian military-economic complex, to which President Sisi himself belongs. This strategic shift can be interpreted as a means to assure the loyalty of the armed forces in order to sustain the political system.

In this system, the president is the ultimate source of power and wealth. This idea of statehood is mirrored in the centralistic concept of the NAC, which parallels the model of absolutistic cities in Europe in the 17th century by putting the presidential palace in the very center of the project. Since this understanding of a modern Egyptian state contradicts democratic ideas, which fueled the revolt against the Mubarak regime, it is not surprising that external and internal constructions of space are diverging and the role of the palace is not made a topic of public debate.

In line with these findings, it is not surprising, either, that the NAC can be seen as a counterexample of participative urban development. It is misleading, though, to locate the responsibility for these deficiencies exclusively at the top of the command chain, since urban planners often do not see the necessity and benefit of further citizen participation, either. In sum, it seems as if the development of the NAC unfortunately mirrors the Egyptian state’s undemocratic pathway of development after the overthrow of the Mubarak regime. Restoration is back again.

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Administrative Capital”.

Therefore, the authors has been announced yet. 2018, no final decision a proper name in spring competition was held to find times. Even though a project changed several project.

3 This line of argumentation is based on the original assumption in the 1970s that the NUCA might regain the costs of implementing new towns in the desert by resales of land. The problem is that the authority is deep in debt and the resales rarely paid off for various reasons (Sims 168-170, 218-219).

Notes

1 The name of the mega project changed several times. Even though a competition was held to find a proper name in spring 2018, no final decision has been announced yet. Therefore, the authors refer to the project as “New Administrative Capital”.

2 E.g. within the Armed Forces, there is a strong competition among officers potentially resulting in incoherent actions and strategies of the military (Marshall 18). Moreover, a notorious partisan feuding between members of two sub-divisions of the Ministry of Housing is well known that has continued for decades (Denis 150).

Works Cited


