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Policy perspective



Egypt's New Administrative Capital City

Dr. Khaled EL Sakty



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IDSC Policy Perspective

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IDSC's Commentary

The countdown for the official inauguration of the New Administrative Capital (NAC) has started. It is considered a paradigm shift of civility and architecture that aims at transforming Cairo into a leading political, cultural, economic center in the Middle East and North Africa (MENA).

A full-service city with malls, high-quality housing units, an entire system for digital transformation, and several advanced infrastructure projects are to be established. Some of the most significant of such projects are the New Administrative Capital Monorail and the inauguration of several branches of international universities.

Regarding the unique geographical location, NAC lies east of Cairo. Thus, it is nearby the Suez Canal area, regional roads, and main axes. The population targeted during the first phase is nearly 5 million people. In addition, governmental employees, around 40,000: 50,000 employees, are planned to be relocated to the Government District in NAC. Over the first three years, nearly 100,000 are planned to be moved to NAC to increase its capacity.

Currently, preparations are in progress. The State is racing against time to inaugurate NAC. It is to be an architectural icon proving the value of the Egyptian State. And at the same time, NAC will tackle one of the most difficult problems facing Cairo which is “over crowdedness”, Thus, NAC will ease pressure on Cairo, which has been bearing much more than its capacity with 10 million people.

In the past few years, the Egyptian state has succeeded in establishing new cities including New Alamein, New Mansoura, New Aswan, and other promising cities. They all target achieving a demographic shift through easing pressure on the Nile Valley and Delta and utilizing Egyptian deserts.

That being said, this issue of IDSC “Policy Perspectives” series is to discuss and analyze the strategic importance of NAC and its advanced logistics and services, most significantly the Monorail, housing units, government institutions, and the international airport. The issue also highlights the political, economic, and environmental benefits of NAC.

Egypt's New Administrative Capital City

Dr. Khaled EL Sakty

Dean of the College of International Transport and Logistics



Introduction

In Egypt, the government has started to develop Cairo, the capital, into a leading political, cultural and economic centre for the Middle East and North Africa region. The main purpose is to provide a prosperous economic environment supported by diversified economic activities and achieve sustainable development. This is to ensure the preservation of the distinctive historical and natural assets owned by Cairo, and facilitate living in it through an efficient infrastructure.

In order to achieve the previous purpose, the government has decided to establish the administrative capital east of Cairo, due to its distinguished location and its proximity to the Suez Canal area, regional roads and main axes.

The target population during the first phase is about 0.5 million, in addition to the number of 40 to 50 thousand government employees who will be transferred to the new headquarters, with plans to increase the capacity to 100,000 employees after the first three years.

The total area of the administrative capital city is about 170,000 feddan, the population at the completion of the city's growth is about 6.5 million people, and the job opportunities generated are about 2 million jobs.

It is planned to transfer many ministries, embassies and government agencies to their new

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headquarters in the New Administrative Capital, which will empty the centre of the capital and its suburbs, such as Zamalek, Dokki, Mohandessin, Agouza and Maadi. Economic experts suggested transforming the headquarters of the current ministries and religious bodies into cultural centres, historical places, libraries, pulpits, cultural and tourist memorials, and hotels. Another suggestion was to utilize every inch of those lands and buildings for commercial purposes and turning them into “malls” and specialized commercial markets thanks to their proximity to the famous Cairo markets such as Al-Mosky, Ataba, Al-Azhar and Al-Hamzawi. Al-Ghouriya, in which the price per square meter now exceeds EGP 200,000.



The New Administrative Capital project can be identified as follows:

1. It is located on the borders of Badr City in the area between Cairo/Suez and Cairo/Ain Sokhna roads, directly east of the regional ring road, after New Cairo and the Madinat and Mostakbal projects.
2. It is about 60 km from the cities of Suez and Ain Sukhna and 60 km from the heart of Cairo.
3. The administrative capital project area is 168,000 acres, which is equivalent to the area of Singapore.
4. The New Administrative Capital project includes the areas of the northern gathering of Mohammed bin Zayed, the conference centre, the exhibition city,

the government district, the residential district, the medical city, the sports city, the central park and the smart city.

5. The area of the Capital Park, which is 8 km, is two and a half times larger than the Central Park in New York and 6 times larger than Hyde Park in London.
6. The area of the entertainment city in the project is 3.5 times larger than that of Universal Studios.
7. The project aims to attract about 7 million people in the first phase only.
8. The first phase of the New Administrative Capital project will be built on an area of 10,000 acres.
9. Establishment of a joint stock company to manage the New Administrative Capital project with a capital estimated at EGP 6 billion.
10. The Ministry of Housing is preparing to offer 3,000 feddans to real estate developers and investors after completing their enclosure.
11. The cost of annexing the lands of the residential and government district amounted to EGP 10 billion.
12. The government district includes 18 ministerial buildings, a parliament building, a presidential institution building, and a cabinet building.
13. The Ministry of Housing aims to implement 25,000 housing units in the residential district.
14. The area of the residential unit in the residential neighbourhood ranges from 100 meters to 180 meters.
15. 4,000 villas will be implemented in the residential district of the New Administrative Capital project, including two areas of villas and townhouses, comprising 190 villas and 71 townhouses in the first, 139 villas and 50 townhouses in the second.

16. The completion of the implementation of the first priority of the first phase of the New Administrative Capital project at the end of 2018.
17. The most prominent ministries that will be transferred to the new administrative capital project are “Housing, Health, Education, Higher Education, Supply, Military Production, Justice, and Endowments” as well as a cabinet building, a parliament building, and a presidential building.

The New Administrative Capital

In fact, location is often key. Many countries choose a geographically central capital in order to emphasize the equity of their government. This way, the capital is not as likely to be, or seem to be, biased toward one region or another. Madrid, for instance, is located almost exactly in the middle of Spain (and, to take it one step further, the middle of the Iberian Peninsula). When Nigeria decided to build a brand-new capital city, it placed Abuja, which was formally named the capital in 1991, in the centre—a place signifying unity in a country often considered divided by its geography.



When a country would rather choose an existing city for its capital than build an entirely new one, population may be a primary concern. Capitals are often the most populous of a country's cities. Today Seoul in South Korea boasts almost 20 percent of that country's residents. Lima in Peru and Santiago in Chile are each home to about a quarter of their country's populace. In Egypt, Cairo hosts almost 20% of the total population, with crowded roads and congested traffic. Thus, some countries decided to establish a new capital or extend their existing capital. Not all countries agree to the idea that there must be only one national capital. For instance, Bolivia has La Paz as its administrative capital and Sucre as its constitutional capital. South Africa has three capitals: its administrative seat in Pretoria, its legislative seat in Cape Town, and its judicial seat in Bloemfontein. However, when a country decides on its capital, that city becomes an important symbol of nationhood. While being a home to its inhabitants and a place for tourists to visit, it is also the city chosen to represent the entire country to the world.

The capital, which the country decides to choose, becomes an important symbol of nationhood, being a home to its inhabitants and a place for tourists to visit. It also becomes the city chosen to represent the entire country to the world.

Why Establish a New Capital?

Over the years, scholars have advanced historical, geographical, economic, political and religious reasons for decision to relocate the capital. This part discusses the validity of the most commonly cited theories and provides further evidence in support of the importance of the capital shift into a new location.



The Importance of Logistics Investments and the New Capital

In many developing economies, the development of transport infrastructure has been an enduring focus for economic development. The recent surge of international trade and its related freight distribution systems now require the development of logistics capabilities, which are supported by both physical (infrastructures) and managerial assets. Globalization has imposed more complex, geographically dispersed, and flexible supply chains that require advanced logistics. Logistics involves a wide set of activities dedicated to the transformation and distribution of goods, from raw material sourcing to final market distribution, including related information flows.

The logistics investments include the allocation of capital to improve the efficiency of freight distribution through:

- Infrastructures, such as terminals, real estate, and telecommunications;
- Operations, including transport modes and equipment, and;
- Human resources related to labour, management, governance, as well as research and development.

The outcomes of investing in logistics capabilities are numerous but are mainly increased integration with global trade and supply chains, better utilization of national transport assets, more competitive exports, lower costs for imports, as well as increased employment opportunities. For freight distribution, the conventional approach of investing in infrastructure alone is now perceived to be insufficient; however, investment should be made in a wider framework that includes the supporting activities of logistics. Establishing the new administrative capital attains the above objectives of logistics investment and supply chains.

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The Logistics Performance Index (LPI), developed by the World Bank, reveals that the efficiency of freight distribution is not only an issue of infrastructure – although infrastructure is particularly important in developing countries – but also of a whole range of issues related to the management of freight flows:

- Infrastructure integration is the physical connectedness and interoperability of hard infrastructure, such as the ability to move containers efficiently from ship to truck to rail. The transport terminal – port, rail, or airport – is the key infrastructure where physical flows of goods are reconciled with the requirements of supply-chain management.
- Commercial integration is the development of commercial arrangements to promote a better integrated logistics system, including service-level agreements and performance targets and penalties as well as management processes.
- Work practices integration implies the integration of labor force work practices required to move cargo most efficiently through a supply chain, including at ports and intermodal/trans load facilities. It concerns organizational (managing labor as a group) and management skills (managing individual workers) competencies.
- Information technologies are the information support for supply-chain management.
- Regulatory integration is the structuring of regulations to promote a better-integrated freight distribution system. Regulations should promote efficient modal choice, avoid subsidized modal preferences, and favor the harmonization of regulation across jurisdictions.

It also recognizes the concerns in government and industry that established institutional and financial arrangements



have not adequately responded in recent decades to the demands imposed by growing volumes of freight and passenger traffic and to fundamental shifts in regional and global patterns of trade. Hence, founding an administrative capital in Egypt aims at enhancing the freight flows, to strength the logistics systems and attract the logistics investment. The new administrative capital will provide:

- Customs integration aims at moving goods more efficiently across country borders, including prescreening and inspections.
- Security integration is the interconnectedness or harmonization of security procedures that protect cargo from theft or damage and protect the public from risks posed by dangerous cargo or threats posed by illicit cargo.

The New Administrative Capital will provide customs complex, which aims at moving goods more efficiently across country borders, and security for the interconnectedness or harmonization of security procedures that protect cargo from theft or damage and protect the public from risks.

The New Capital and Considerations

- Value creation. Concerns new activities within a supply chain and is linked with a paradigm shift such as a new terminal, lower distribution costs, a new technology, or a new market.
- Value capture. Commonly linked with value creation, value capture implies the accumulation of related activities at a specific location, such as a terminal or within a logistics zone.
- Value expansion. The growth of existing strengths, mainly in relation to the growth of traffic along a supply chain expands the value of a product. Therefore, the more traffic, the more value generated for the local economy.
- Value retention. Value is retained by keeping desirable added-value activities that might otherwise have ceased or be relocated elsewhere (value capture by

another location). It is a difficult process to mitigate since it is linked with changes in economic fundamentals such as comparative advantages related to labour, land, and even exchange rates.

The New Administrative Capitals Benefits

Developed by the New Administrative Capital for Urban Development after the launch of the idea in 2015, the new capital is the government's solution to accommodating Egypt's ever-growing population and expanding urban areas, a much-needed move for both economic and social development.

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Most Important Services in the New Capital

• Public transportation

A train will be implemented to move among the new cities. It will extend from the 10th of Ramadan to the Suez Road, next to the Regional Ring Road, and then to the Administrative Capital. There is also the suspended train "Monorail", which is considered as the most recent modern train running on one suspended track. It will start from Nasr City from the stadium station. As for the regular train, it will run from Adly Mansour Station in Al-Salam City along Ismailia desert road to reach the Regional Ring Road through Suez Road and then to the Administrative Capital.

• Governmental and Residential Institutions in the New Administrative Capital

In the new capital, there will be headquarters for the Presidency and Parliament, headquarters for the Cabinet, ministries, the cultural centre and Opera House. In addition, it will include the headquarters of the Smart Village and the Banking District. There will also be approximately 50,000 housing units, 2,000 high-class villas, around 60 schools and 8 universities. Hence, this project will attract more than 7,000,000 people.

• Residential Investment

More than 20 feddans have been allocated for the residential investment. A number of Egyptians, Arabs and foreigners have invested in a number of lands. They paid 20% of their prices in down payment, and 20% will be in installments up to 4 years.

• Airport in the New Administrative Capital

The main building is located on an area of 5,000 square meters and it can accommodate 300 passengers per hour. It has also 45 buildings and an air watchtower with a length of 50 meters. It contains a corridor with a length of 3,650 meters and a width of 60 meters. The airport is designed to withstand huge E4 aircraft. It will also contain 8 aircrafts landing places and a parking area for 500 cars and 20 buses. It is equipped with the latest systems of insurance, management, international thermal control and X-rays. The airport is designed to receive charter flights.

All these factors make the administrative capital a center of residential and commercial attraction.

Services of New Administrative Capital

The city will have its own financial district where the headquarters of the Central Bank of Egypt and the Egyptian Stock Exchange will be located. The government has asked the commercial and investment banks to transfer their headquarters to the New Capital.

The Minister of Higher Education stated that there would be at least 6 international universities from the United States, Britain, Canada, Sweden, Bulgaria and France, in addition to the International Capital University, which is a public university. It will encompass green areas around the city center, with a length of 35 kilometers.

In the administrative capital, there will be at least 6 international universities from the United States, Britain, Canada, Sweden, Bulgaria and France, in addition to the International Capital University, which is a public university.

The city will have fitness tracks, a great garden, an amusement park for mountain lovers, pedestrian and cycling trails, horse riding rings and aqua park for sailing and rowing, a floating forest and an artificial river.

The New Capital will include a new zoo with aquariums, dolphin performances and gardens.

According to the plan, it will also include an amusement park with a 250-meter air wheel exceeding the largest wheel in the world. It is larger than the one in Las Vegas, which is only 168 meters long.

The city will also include a sports stadium, playgrounds, and a Roman theatre. In addition, it will have astronomical observatory, a science and technology museum and an art museum.



The Political, Economic, and Environmental Impacts

- **Politics:** There is a clear connection among various political processes within a capital relocation. A nationalistic tune overshadows a variety of capital relocations, independent from the country's backgrounds.
- **Economy:** Many issues are concerning with the financing and building of an industry within the city boundaries. This led to other economic issues such as leaving spaces empty, going along with massive privatization of spaces, and a widespread characteristic in developing countries: a noticeable influence of foreign developers within the cityscapes.
- **People and Media:** The construction of new capitals of Germany, Kazakhstan and Botswana clearly demonstrated how to publicly display a feeling of pride. Establishing a new capital with modern communication networks will improve the labour productivity and performance.
- **Environment and Transportation:** The British idea of a “garden city”, which was developed in an attempt to tackle overcrowding in an industrialized world, was used in many cases as a response to overcrowded capitals. Even though many cities have tried to incorporate recreational spaces into the city, few have managed to integrate a meaningful and, above all, accessible green network. In all capital city relocations, struggle with the local environment or environmentally sound planning and problems with extensive horizontal urban expansion can be clearly observed.

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The Egyptian Cabinet Information and Decision Support Center (IDSC)

1, Magless El Shaab st., Kasr El Einy, Cairo, Egypt

Postal Code: 11582 P.O.Box: 191 Magless El Shaab

Tel.: + 27929292 202

Fax: + 20227929222

www.idsc.gov.eg

info@idsc.net.eg

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