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# An Economic Reading of Sinai Development

Dr. Ahmed Zikrallah



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TURKEY- ISTANBUL

Bahçelievler, Yenibosna Mh 29 Ekim Cad. No: 7 A2 Blok 3. Plaza D: 64  
Tel/Fax: +90 212 227 2262 E-Mail: [info@eis-eg.org](mailto:info@eis-eg.org)

## An Economic Reading of Sinai Development

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### *- Sinai Development Projects: An Economic Reading*

Although Egyptians have dreamed of the development of Sinai Peninsula for decades, however the province suffered from deliberate negligence in terms of both wealth and human beings. The Sinai people's national loyalty has always been questionable; and they were almost treated as traitors. Accordingly, security, economic and perhaps cultural restrictions have always been imposed on the population of Sinai. Also, Sinai natural resources were neglected due to unfair laws as well as interference by sovereign agencies to disrupt any potential development of the region.

In the aftermath of January Revolution, 2011, Dr. Mohamed Morsi, Egypt's first democratically elected president, announced an ambitious plan for the development of Sinai, and four billion pounds were initially earmarked for this purpose. However, the military coup, led by Abdel-Fattah Al-Sisi, soon overturned the plan and hindered everything. Later, following Saudi King Salman's visit to Cairo in 2016, the government announced many projects for the development of the Sinai region. Although the development plan faltered due to the ongoing military and security operations in the peninsula, yet the government maintains some projects such as the Suez Canal tunnels and Sarabium Syphon.

in the midst of events, especially military and security operations, the development plan faltered except for some projects that the government insisted to maintain, such as the Suez Canal and Sarabium tunnels.

At the end of February 2018, Al-Sisi announced what he called a "comprehensive plan" for the development of the region through a series of projects in accordance with the

Strategic Plan of Urban Development-2052 and the Strategy of Sustainable Development-2030.

In fact, the development process depends on plans and requirements that should be carried out in the form of projects for various sectors, provided that there are declared economic feasibility studies for such projects. In addition, these projects should be assigned according to transparent and clear mechanisms; and a clear approach to priorities should be adopted, in light of rarity of capitals and accumulation of debts.

However, there is absence of many determinants that may support allegations regarding any likely “comprehensive development” in Sinai.

## 1- Infrastructure

The government has announced participation in the Sinai development process with the payment of 50% of expenses (about LE 137.5 billion). In fact, this issue needs some scrutiny, as the expected infrastructure works could consume most of the amount allocated by the government as a share in the development process, especially with regard to construction of airports, tunnels, and roads, as well as the infrastructure of three new cities. Moreover, the rest of the government share is expected to be devoted for providing support to the public sector which is being sold by the regime currently. So, in case of the government’s success to provide its due share for the infrastructure as well as security requirements, the private sector is expected to bear the largest burden of funding the projects.

*Here we must ask if the private sector could carry out economic projects in Sinai amid:*

(A) The erosion of the role of the National Agency for Development of Sinai in favor of security services which led to strengthening the dominance of the military over investment in the area. This is likely to open the door for corruption and bribery, absence of economic calculations, and even suspension of projects under construction.

At the macro level, this approach could limit practices based on capitalist principles and may raise the concerns of both foreign and domestic investments there.

(B) The military institution's escalating role in economic projects, including requirements of security approval, the Armed Forces Engineering Authority's role in implementation, and domination of major projects. It is noteworthy that retirees from the security services have almost full control over the course of investment in the Sinai Peninsula.

## 2- Disappearance of New Rafah

The government has announced construction of three new cities within its development plan: New Ismailia, New Port Said, and New Bir El-Abed, ignoring the city of New Rafah, which had been announced previously. It is to be mentioned that the North Sinai governor had previously announced that the early stages of New Rafah construction had already begun, and that many companies assigned to build the city had received their sites in preparation of the construction of infrastructure and services.

In spite of the Al-Arish population density, the housing projects allocated to the city represented only 5% of the total projects. Also, the distribution of housing projects means that the government wants to maintain low population rates in Central Sinai in favor of South Sinai, which absorbed most projects.

## 3- Negligence of population needs

The plan did not mention the schools for the kids of the new population or even the indigenous population, especially in the valley areas. Also, it did not mention the provision of means of transportation to serve students and the population in general, or qualified teachers who are encouraged to settle there. Among the incentives that

could help encourage teachers to live and work in these remote areas is to provide financial allowances, and exempt them from the compulsory military service. Also, the government development plan did not pay any attention to the technical, industrial, agricultural and commercial education. It did not even mention vocational training or hotel schools to prepare technical cadres qualified to work in various industrial, hotel, oil and mining fields.

#### 4- King Salman University

Although King Salman University is the only educational project in Sinai, the location of this project in South Sinai proves that there is intention to keep Central Sinai almost void of population. The university is a project that can attract an integrated community around it, including population and services. Also, the university should include specializations like mining, and agriculture (focusing on olive and palm cultivation, fishing and others) to serve the surrounding environment. Although the foundation stone of King Salman University was laid two years ago, but no information has been released regarding progress in its construction so far.

#### 5- Negligence of water storage projects

In light of the water scarcity suffered by the country, the Sinai development plan did not include any projects to make use of rainwater and floods through the construction of dams and barriers for collecting and storing these waters. The stored rainwater can be used in increasing the cultivated areas – especially with wheat which needs low quantities of water – and spare large amounts of foreign currency spent on import of agricultural projects. Rainwater can be also used in the provision of drinking water to people, amid the expected increase in Sinai population up to 3.5 million by 2027 and more than 8 million by 2050, according the plan data.

## 6- Priorities of development projects

Projects are supposed to be implemented progressively according to the government development plan, but the priority approach has been violated more than once, including:

### A- Tunnels under the Suez Canal

Tunnels are meant to link the two banks of the canal. This is a requirement that may seem necessary to any development process in the Sinai, but the announcement of groups of tunnels, including three extending from Ismailia and three from Suez, is not necessary, at least at this time.

Recently, the General Authority for Suez Canal Economic Zone has canceled the construction of two tunnels under the Suez Canal which were planned for rail lines. According to experts, "The project is illogical and technically difficult to implement, as the fundamentals of railway engineering state that the diesel train neither goes through a tunnel nor on a bridge." According to experts, a rail line should not be built in tunnels or on bridges unless the road is flat, which is not available in the Suez Canal tunnels.

It is noteworthy that the Fardan railway, which is already operative, can achieve the economic and development ends targeted by the plan, and spare the government the cost of major projects that are also difficult to implement.

Generally speaking, the government step of canceling the implementation of the two railway tunnels, regardless of the loss of funds, gives us a complete picture of the absence of scientific planning for the projects as a whole, and even absence of specialists.

## B- Unnecessary airports

There is exaggeration in planning for establishment of airports, specifically in Meliz and Ras Sidr, adjacent to the Martyr Tunnel - only 50 km away from Ismailia - especially in the presence of an airport at Tur and another one in Sharm El Sheikh. Unless they are also used for military purposes, there will be no possible economic visibility for these geographically close airports.

## 7- Industry and environment

Major projects in the Sinai are tunnels under the Suez Canal, roads almost covering all Sinai, and airports, as well as two cities and some water desalination plants. Industrial projects are completely absent except for a heavy industrial zone in Abu Zneima which is already existing. Also, licenses were given to eight cement factories, which cast doubt on the industrial development of the region, and emphasizes the disregard for the environmental dimension.

## Conclusion

After the above review, we can say that despite the large number of development projects in the Sinai, there is a lack of economic vision that can reflect on clear economic and social plans. Therefore, the projects, to a large extent, suffer from the absence of planning that stems from the real needs of the local environment and provides integration and coordination between various projects in favor of population. Also, there is absence of declared feasibility studies, which indicates that the government is keen on achieving political and military ends rather than caring for any economic aspects.