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The establishment of new cities is a cumbersome and complicated process that requires an integrated work system, including legislative mechanisms to protect the rights of both the state and citizens; and executive mechanisms to define concerned authorities in management and financing; and a system of control, supervision and follow-up – The state has developed these systems through successive laws, most prominently the Unified Building Code¹.

According to this law, the authorities concerned with city planning and execution are: the New Urban Communities Authority, the General Authority for Tourism Development, and the Public Authority for Industrial Development, as well as the Armed Forces Engineering Authority that was later added to them according to an amendment to the law made in 2015², where all these authorities are entrusted with planning and licensing, each in its own jurisdiction.

In the late seventies of last century, and after the period of wars in which Egypt lived, the state moved towards establishing new cities, and for this purpose it established the New Urban Communities Authority by Law 59 of 1979³, which the law granted huge advantages and large exemptions, in order to provide a good environment for expansion urbanization and the creation of new human settlements and cultural centers according to the definitions of the law.

Administrative Capital for Urban Development

The Administrative Capital For Urban Development (ACUD) is a company established based on the Investment Guarantees and Incentives Law⁴, as an Egyptian joint stock company (JSC), with a paid-

¹ Building Law No. 119 of 2008, Official Gazette, Issue (19) bis (a), May 11, 2008

² Law No. 23 of 2015 amending the Building Law, Official Gazette, Issue (16) bis (b), April 20, 2015". The amendment added a fourth authority to the planning authorities stated in the Building Law, that is the Armed Forces Engineering Authority, which, according to the amendment, is specialized in planning and issuing licenses for strategic areas with military significance and lands allocated or owned by the armed forces and the national projects that they implement based on the Prime Minister's decision.

- Abbas Qabbari, The Armed Forces Engineering Authority and National Projects – Immunization and Empowerment, Egyptian Institute for Studies, 20 April 2021, [link](#)

³ Law No. 59 of 1979 on the Establishment of the New Urban Communities Authority, The Official Gazette, Issue (48), 29 November 1979.

⁴ Law No. 8 of 1997, Official Gazette, Issue (19) bis, 11 May 1997.

up capital of EGP 6 billion, divided between the Armed Forces and the Urban Communities Authority according to shares of each. The first meeting of the ACUD constituent assembly was held in May 2016, where the founders' representative, Dr. Ahmed Weshahi, announced the selection of a board of directors consisting of thirteen members, including four members representing the Armed Forces, three members representing the Urban Communities Authority, and six experienced members⁵. The formation percentages reflect the shares of partners, as the Armed Forces owns 51% of the company's shares (including 21.6% for the Armed Forces Land Projects Authority, an in-kind share represented in the capital's land, and 29.4% for the National Service Projects Authority), while the Urban Communities Authority owns 49% of the company's shares, where the ACUD capital is estimated at EGP 204 billion, according to the information published on the company's official page on the (LinkedIn) website⁶.

According to the decree to establish the capital, it is defined as a "new urban community", affiliated with the New Urban Communities Authority, but the decision took an incomprehensible path, according to which the task of planning, establishing and developing the city was assigned to a joint stock company owned by the Urban Communities Authority and the Armed Forces represented by two land projects agencies, namely, the Armed Forces Land Projects and the National Service Projects. However, a few days later, the Minister of Housing issued a decision to establish the New Urban Community Development Authority, related to the new administrative capital and the Sheikh Mohammed bin Zayed urban community⁷.

This brings us before two official decisions, two entities with the same specializations, managing the same project, namely, the Administrative Capital For Urban Development (ACUD), established by the President of the Republic's decree, and the New Urban Community Development Authority, established by the Minister of Housing's decree, with the same competences of (planning, construction and development) of the Administrative Capital, which causes confusion about many

⁵ Establishment of the Administrative Capital Company for Urban Development with a capital of EGP 6 billion, AlBorsa newspaper, 9 May 2016, [link](#)

⁶ These percentages were stated on the Administrative Capital for Urban Development Company page on LinkedIn, [link](#)

⁷ Minister of Housing Decree No. 150 of 2016, the official electronic page of the Ministry of Housing, Utilities and Urban Communities, 21 February 2016, [link](#)

issues, most notably affiliation and decision-making. Instead of removing such confusion, the decision to establish the capital was not compatible with the provisions of the Urban Communities Authority Law, mainly:

- The legal nature of the two parties, while the "joint-stock company" is subject to the system of private fund laws, most notably the joint stock companies and investment laws, the "authority" refers the project to the system of public fund laws, most notably the laws of the Urban Communities Authority and the Private State Property.
- Also, the fact that joint-stock companies depend on supply and demand and investment gain controls, while the urban communities system depends on the state's provision of support for these projects as the most favored!

The regime did not provide a logical explanation linking the two decisions, just as it did not, accordingly, issue controls for defining the relationship between the (company) and the (Authority) in terms of competences, most notably offering and selling lands. Also, the government did not give preference to any of the two parties in issuance of decisions when conflicting, nor highlight the nature and division of projects belonging to each of them.

However, when we consider the two decrees from a legal point of view, we find that the establishment of an urban authority to manage construction of the administrative capital coincides with the essence of the law, as the urban communities authority has the original competence to establish new urban communities. The authority's law has granted it, without others, the right to establish new cities as "the state agency responsible for the establishment of these communities" according to Article 2 of the Authority's law⁸, which is an important determinant that highlights the exclusive competence of the Authority in this regard, which has been referred to in more than one place in the law. In Article

⁸ Article 2 of the Authority's law stipulates that "the establishment of new urban communities shall be in accordance with the provisions of this law and the decisions implementing it; and the New Urban Communities Authority shall be established in accordance with the provisions of Part Two of this law and it shall be - exclusively - the state apparatus responsible for the establishment of these urban communities and it is expressed in this Law by "The Authority".

7, the Authority is solely concerned with determining the location of the new urban community⁹; and in Article 9, the land is allocated to the Authority free of charge¹⁰, which undoubtedly granted the Authority huge advantages due to the significance of its competence in urban development.

The question is, why did the regime establish a joint stock company, at a time when it considered the capital project as a new urban community, subjecting it to two different systems?

The interpretation of this matter is officially "unavailable", but perhaps the closest explanation for choosing the system under the umbrella of the Urban Communities Law lies in the huge advantages that the urban community enjoys, and it may be useful to summarize them in the following points, providing a close perception of the numerous advantages enjoyed by the administrative capital project:

1- The land is free of charge, as the land is granted to the Authority free of charge, and the lands overlapping with it are also expropriated for the public benefit, with the allocation of a five-kilometer-deep campus around the urban agglomeration that it is forbidden to dispose of or establish facilities on, in addition to the fact that real estate notarization procedures are free of charge.

But perhaps it is surprising here that instead of benefiting from this "free land" advantage, which undoubtedly saves huge sums of money that the Authority can invest in constructing the project itself, the regime chose the land of the administrative capital within the lands belonging to the armed forces, and allowed the Armed Forces Land Authority to evaluate the land at a large amount of money enabling the army to use it as an in-kind share in the Capital Company, with approximately 22% of its shares - a percentage estimated at billions of Egyptian pounds - which represents an unjustified burden on the project, which may represent a suspicion of "arranging a direct advantage for the armed forces".

⁹ Article 7 stipulates that "the Authority shall select the sites necessary for the establishment of new urban communities and prepare general and detailed plans for them, in accordance with the state's plan..."

¹⁰ Article 9 stipulates that "a decree shall be issued by the Prime Minister, after the approval of the Council, to allocate state-owned lands that are to be selected for the establishment of new urban communities and the roads leading to them ... and this shall be done free of charge..."

2- The "public utilities" advantage, as the Authority has the right to arrange concessions for public utilities for a period of forty years, and to sign contracts granting commitment to investors in exchange for a percentage of the utility's profits. In all cases, the Authority has the right to cancel the obligation and privilege rights in case of violation, and this is a great advantage that provides large funds for urban community projects.

3- Independence, where the Authority grants a semblance of independence or autonomy - so to speak - from the local government bodies and governorates, and at the same time it obtains all the powers and authorities of the local units, most prominently the issuance of construction, operation and management licenses, until the new urban community is handed over to local government¹¹.

4- The funds are safeguarded, as the Authority's financial rights have a privilege over the debtor's funds, and they have the same legal status as public funds in accordance with the provisions of the Civil Law, which prohibits their disposal, seizure, or ownership by statute of limitations. The Authority is also entitled to take administrative attachment procedures to collect them.

5- The financial exemptions, as this feature is the largest of all, as an urban community enjoys a package of exemptions, including all customs duties imposed on imports, imports without a license, exemption from taxes, fees, and interest due on loans and credit facilities, and exemption from revenue tax. Also, the land on which construction is prohibited (five kilometers around the urban agglomeration) is also exempted from the land tax and any other tax for a period of ten years from the date of its validity for cultivation.

The package of financial exemptions extends to cover the segment of dealers with the Authority within the urban community, where the original contractors, subcontractors, and consultants enjoy exemption from all taxes; the projects and property established in the urban community are exempted from commercial and industrial profits tax, revenues of movable values and their appurtenances for a period of ten years; and occupants of real estate established in the urban gathering are exempted

¹¹ Article 50 of the law stipulates that "A decision shall be issued by the Council of Ministers, based on the proposal of the quarter to which the Authority belongs, to hand over the newly created urban communities after completing their basic components and facilities to local government units to carry out their competences based on the law regulating local governance. The decision issued in accordance with the previous paragraph defines rights and obligations of both the Authority and the local unit.

of the real estate tax, as well as other taxes and fees, whatever their name, for a period of ten years from the date of completion of the property and its validity for use.

This package of exemptions accordingly applied to the Administrative Capital project and directly applied to the Administrative Capital Company, despite the fact of being a joint stock company that mainly operates with competition tools, market mechanisms, and advantages provided by other laws.

However, the motive behind establishing a company for managing construction of the administrative capital according to the investment law may be the desire to work according to market controls, and to enjoy freedom of movement and flexibility that would not be hindered by bureaucratic procedures and government controls. However, this desire contradicts the establishment of the "administrative capital authority" that follows the Urban Communities Authority, which makes it vulnerable, on the one hand, to apply the Ministry of Housing's controls and governmental bureaucratic procedures, and on the other, the likely conflicting decisions of the two parties.

But by looking closely at the existence of the two parties, we come to the following conclusion: The administrative capital enjoys a great advantage in the presence of two entities, one of which operates with the controls of the free investment market emanating from any restriction, and the other undertakes solving governmental problems and issuing necessary decisions for action, as well as working on creating exceptions and seizing opportunities from its governmental source. This undoubtedly creates a state of integration that is rarely available except in the case of the "New Administrative Capital"¹²

¹² The views expressed in this article are entirely those of the author's and do not necessarily reflect the views of the Egyptian Institute for Studies