Sustainable development and inclusive growth for MENA cities at the crossroads
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Building the cities of tomorrow

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Urbanization is a defining global challenge of the 21st century, in particular for developing countries.

**URBANIZATION LEVEL**
Percent

**More developed regions***
- 1990: 72
- 2010: 77
- 2030: 82
+14%

**Less developed regions***
- 1990: 35
- 2010: 46
- 2030: 56
+60%

Acute pressures will only increase:
- Housing
- Infrastructure
- Public services
- Security/crime
- Congestion
- Public funding
- Resources

* As per UN definition

Source: UN, Dept. of Economic and Social Affairs, Population Division (2012), World Urbanization Prospects: The 2011 Revision; McKinsey analysis
In the coming 20 years an additional 100 million people will reside in urban areas in the MENA region

Urbanization level in the MENA* region (percent)

<table>
<thead>
<tr>
<th>Year</th>
<th>Urbanization Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>55</td>
</tr>
<tr>
<td>2010</td>
<td>62</td>
</tr>
<tr>
<td>2030</td>
<td>68</td>
</tr>
</tbody>
</table>

+24%

Million people residing in urban areas in the MENA* region

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Million People</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>139</td>
</tr>
<tr>
<td>2010</td>
<td>238</td>
</tr>
<tr>
<td>2030</td>
<td>344</td>
</tr>
</tbody>
</table>

+106%

* As per World Bank definition

Source: UN, Dept. of Economic and Social Affairs, Population Division (2012), World Urbanization Prospects: The 2011 Revision; McKinsey analysis
City leaders are at the center of the urbanization challenge

Why is difficult to get it right?

• Imagine serving
  – A 20-business unit conglomerate,
  – With no clear objective function,
  – Where each unit decides independently from the others,
  – Where most decisions are taken based on political ideas, not facts
• …that’s a city!

Is there a recipe for success?

• Making change happen is possible, but it is a long and hard process
• Good cities are capable to deliver
  – robust economic growth, **AND**
  – a sustainable quality of life
Shenzhen went through one of the most impressive developments in recent years

3 decades ago…

A conducive business environment was key to Shenzhen’s exceptional performance

Today

Source: web and press search, team analysis
Dortmund, following a deep crisis at its core, is now transforming completely

By the end of the 90s...

Transformation led through
• Clear economic strategy
• Brownfield catalytic real estate projects
• Key complementary enablers
• Strong involvement of private sector

Today

Source: www.dortmund-project.de, Statistisches Bundesamt, team analysis
Singapore’s urban planning is structured to fulfill short- and long-term priorities, through a range of well defined mechanisms.

A 40- to 50-year high-level concept plan …

… is broken down into an actionable 20-year master plan

- Multidisciplinary approach
- ‘Integrated planning’ organization
- Flexibility in zoning and frequent review
- Clearly defined procedures for exceptions
- Several means of consultation with citizens

Source: Singapore Urban Redevelopment Authority; interviews; McKinsey Global Institute analysis
Tackling youth unemployment requires addressing both job creation and skills development

Youth unemployment is a plague in the MENA region

Strong economic development providing need for skilled workforce

Well educated workforce critical for driving economic development

Job creation

System enablers

Skill development

Mechanisms to facilitate matching of supply and demand

Can cities play a role?

• Give strategic direction, a vision
• Use convening power
• Provide the conditions

Source: IFC and IsDB, Education for Employment: Realizing Arab youth potential 2011; team analysis