

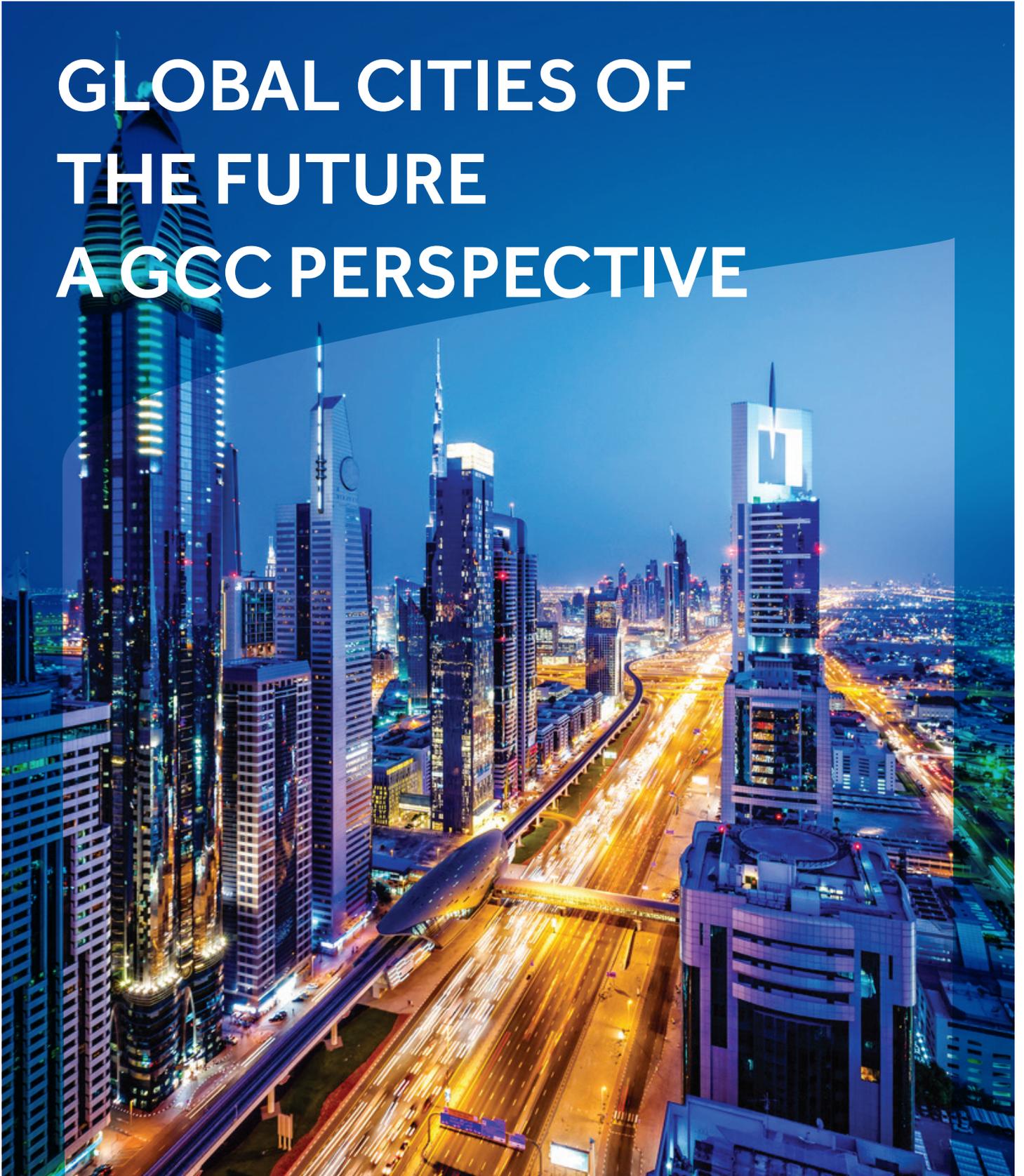


القمة العالمية
WORLD GOVERNMENT
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In collaboration with

ATKearney

GLOBAL CITIES OF THE FUTURE A GCC PERSPECTIVE





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WHAT MAKES A CITY TRULY GLOBAL?

Cities of the world are on the rise across different dimensions, from business activity and human capital to governance and underlying connecting infrastructures. The dominant cities are not only strong centers of economic power and social and cultural influence; they are innovators and disruptors of traditional models for doing things. These cities have wealthier populations and attract the best talent, which in turn creates more wealth, making them more sustainable and resilient over the long term. They have created recognition for themselves, independent of what their countries may command.

These dominant cities have one core value in common—they are more global and open to the outside world than other cities or elsewhere in their countries. In fact, the “globalness” of a city can be an indicator of its social wellbeing and economic wealth—and the long-term sustainability of both.

Across the Gulf Cooperation Council (GCC), cities have launched long-term plans to become successful global cities in a variety of arenas, carving out unique paths to growth. From Dubai, the region’s financial and transportation hub, to Doha, a leader in business activity and cultural exchange, much has been achieved—but much remains to be done, as the region aims for some ambitious goals. The time for strategy and planning is over. Now is the time for action.

Based on A.T. Kearney’s ongoing study of successful global cities and our experience in the region, we highlight here five areas for GCC cities to focus on in their journey to become prominent global cities (see figure 1).

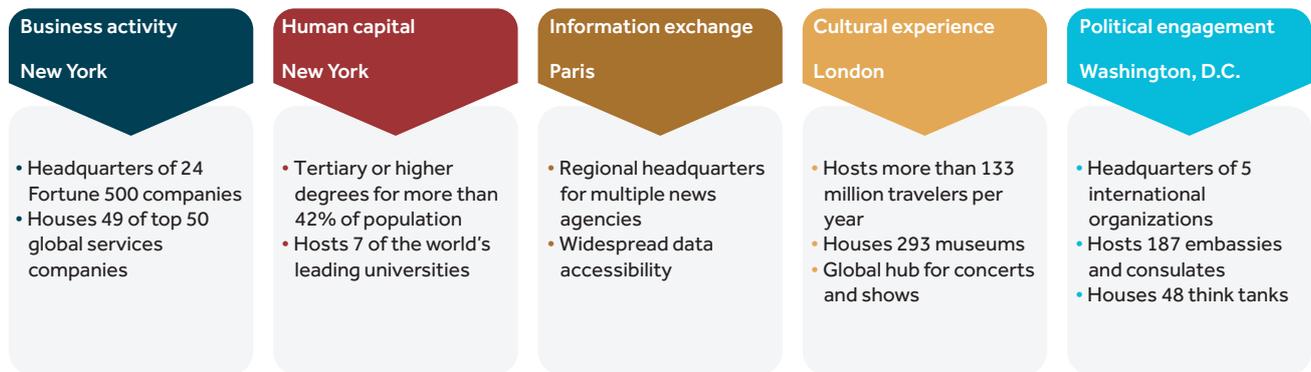
Figure 1
GCC global cities framework



Source: A.T. Kearney analysis

Figure 2
North America and Europe hold on to top global spots

Global Cities Index leaders by dimension



Source: A.T. Kearney analysis

Since 2008, A.T. Kearney has been studying the factors that make a city truly global. What influence and power does a city have on the global landscape? Do the ideas and values generated by the city have an impact on other cities? Is the city attracting capital and talent from around the world?

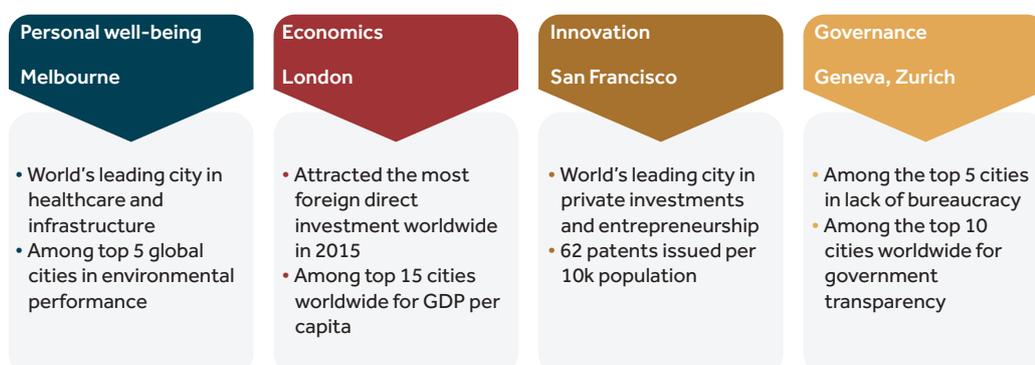
In the A.T. Kearney 2016 Global Cities Index, London, New York, and Paris remained unchallenged as the most global cities (see figure 2). The future is far from certain, though. While London attracted the highest FDI in 2015 globally, that may change given the Brexit vote.

Meanwhile, the A.T. Kearney Global Cities Outlook identifies Melbourne, San Francisco, and Geneva as cities that could make great leaps forward in the coming years, driven by changing policies and a shifting landscape (see figure 3).

While there is no single way to look at it, this paper will provide a snapshot of how global or international the GCC cities are in the context of globalization's changing landscape.

Figure 3
Several Cities have potential to rise to the top

Global Cities Outlook leaders by dimension



Source: A.T. Kearney analysis

¹ A.T. Kearney's methodology for the Global Cities Index is made up of two complementary indices: The Global Cities Index examines today's performance, while the Global Cities Outlook forecasts how cities will evolve over the coming decade. Together, they tell a powerful story about how the world's most important cities are becoming more global and interconnected and how they are leading change in a number of areas. For more information, see The A.T. Kearney Global Cities Index and Global Cities Outlook at www.atkearney.com.

HOW GLOBAL ARE THE GCC CITIES?

The GCC cities are highly dynamic, and most have seen unprecedented hyper-growth over the past decade. Despite conflict in the Middle East and the sharp drop in oil prices, the region shows strong signs of resilience and continues on the path to becoming an important part of the global economy.

Long-term planning is helping the region address crucial underlying growth factors, and regional leaders are spearheading efforts to meet the commitment each city has made to its citizens. Corresponding changes in local government and legal frameworks support this growth.

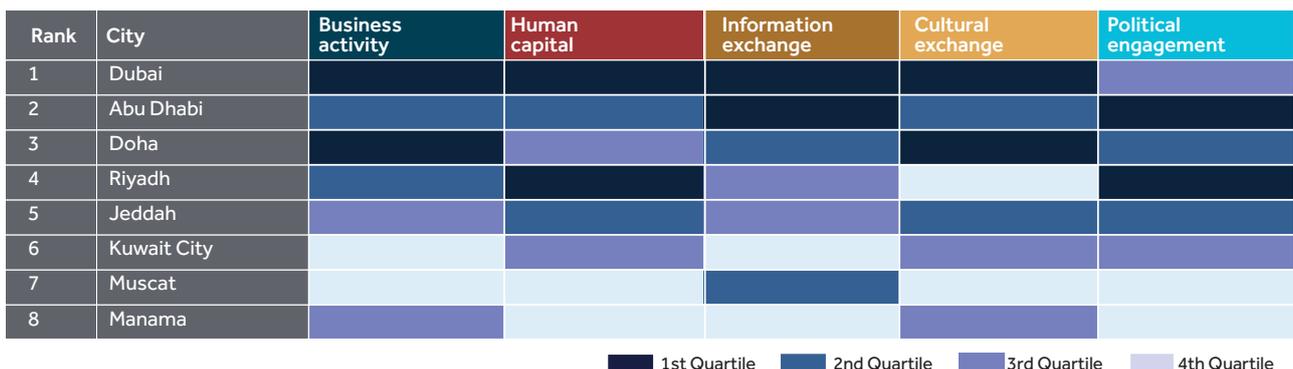
In order to determine which GCC cities are the most global, we ranked each one on the five dimensions of the Global Cities Index: business activity, human capital, information exchange, cultural exchange, and political engagement. (see figure 4)

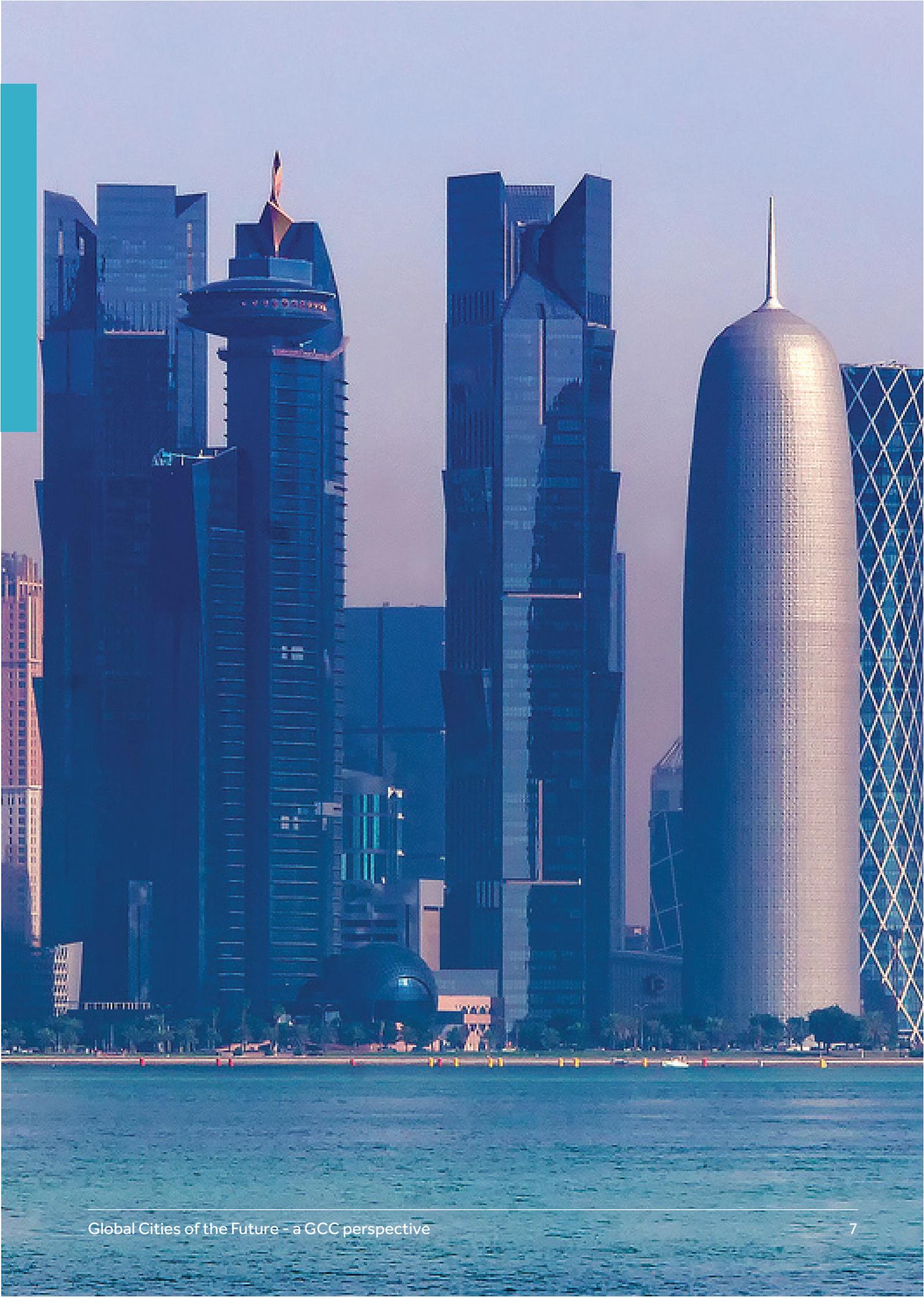
This perspective offers a glimpse into the strengths and capabilities of the major GCC cities, and indicates how they are progressing toward their vision for the future. Dubai, the region's financial and transportation

hub, ranks in the first quartile in most dimensions, making it the GCC's leading global city. Riyadh, with sizable investments in international education in recent years, ranks high in human capital development compared with other GCC cities. Doha is a leader in business activity and cultural exchange, driven by strong movement toward a new city model and investments in cultural projects. Abu Dhabi, the host city of many international news agencies, ranks high on information exchange. Riyadh, Abu Dhabi, and Doha are the GCC's strongest international political centers. They play a prominent role in maintaining regional political stability and serve as a voice for the Middle East in world politics.

Figure 4
A glimpse into strenghts and capabilities of the major GCC cities

GCC Global Cities Index ranking by dimenstion





DUBAI, UNITED ARAB EMIRATES

Dubai, strongly positioned as a financial, retail, construction, and transportation services hub for the region, is the leading global city in the GCC. The headquarters or regional headquarters of most major international corporations in the region are based in Dubai, creating a unique international business environment. Moreover, Dubai is one of the world's top five cities for imports and exports, and serves as the GCC's major business-trading hub. Home to the headquarters of Emirates Airlines and two international airports, Dubai is a major destination for international tourism. The city also scores high in human capital, with a variety of international schools and numerous foreign-born residents. It also hosts a number of international sporting events, including the Dubai Tennis Championships, the Dubai Desert

Classic golf tournament, the Dubai World Cup horse race, and the Dubai Rugby Sevens.

Recent changes in public sector administration will serve the nation well, with future-oriented and innovative concepts such as the Ministry of Happiness and Tolerance. The newly launched Industrial Strategy will transform Dubai into a global platform for knowledge-based, sustainable, innovation-focused businesses. However, the city still has room to grow. FDI continues to push the city's business activities to global levels, while entrepreneurship and private investments are beginning to shape a culture of innovation and entrepreneurship.

ABU DHABI, UNITED ARAB EMIRATES

Abu Dhabi ranks second among GCC cities. As the capital of the United Arab Emirates, the city is home to more than 100 embassies and consulates of foreign countries and hosts many summits and conferences on regional political issues, such as the World Future Energy Summit 2016 in 2015. Many major corporations have a presence here, which encourages business both in the region and internationally. The city is home to leading local institutes with a global impact, such as the Abu Dhabi government's investment vehicle, Mubadala Development Company, and the International Renewable Energy Agency. This attracts both talent and investments to the city. The government is known for its transparency and

efforts to create a business-friendly environment. Abu Dhabi is also making its mark in cultural exchange, with world-renowned museums such as the Louvre and Guggenheim opening their doors in the city. It also hosts international sporting events such as the Formula One Grand Prix.

Abu Dhabi's high GDP per capita growth over the past few years should help propel it toward its goal of becoming a global destination for corporations and retail. Initiatives such as the Abu Dhabi Global Market, an international financial center, will inspire business activities and help the city achieve its long-term development goals.

DOHA, QATAR

Coming in close behind Abu Dhabi, Doha is the region's third-most global city. Its political influence is growing, thanks to its hosting of important political conferences, such as the Arab League Summit in

2013 and the World Climate Summit in 2012. Doha is also establishing a strong international education reputation with its many international schools and leading universities. Hamad International Airport

and Qatar Airways have added to the number of international travelers coming through Doha, making it the second-busiest hub for Middle East travelers.

Doha has grown rapidly in the past few years, and the city's future continues to look bright, reinforced by the world's highest GDP per capita. The government

is well on its way to achieving its goal of becoming the world's leading sports city by hosting international events such as the World Cup 2022. These ambitious goals have inspired the city to launch mega-projects to transform its infrastructure.

RIYADH, SAUDI ARABIA

The capital of Saudi Arabia and largest of the GCC cities in terms of population, Riyadh is the region's fourth-most global city. It hosts about 110 embassies and consulates and is home to the headquarters of several international and regional organizations, most significantly the GCC itself. Riyadh also hosts several local institutions with global reach, such as the Saudi Arabia General Investment Authority and the Royal Commission for Jubail and Yanbu. Riyadh has the highest level of education among GCC cities, according to a 2016 UNESCO report.

Changing policies and ambitious leadership are unlocking the city's potential to play a more prominent business role. The city attracted a wealth of FDI during the past year, and the trend will continue following the completion of the King Abdullah Financial District in the heart of the city. The government is transforming Riyadh's transportation infrastructure and moving the General Authority of Civil Aviation headquarters to the city—part of its effort to become a regional logistics hub for the Middle East.

JEDDAH, SAUDI ARABIA

Jeddah, the second-largest city in Saudi Arabia and the international gateway for pilgrims coming to Mecca from across the Islamic world, ranks as the fifth global city in the GCC. Proximity to Mecca and the influx of pilgrims have made the city a cultural exchange center for the region. The city serves as the headquarters for regional corporations with global reach, such as Saudi Airlines and National Commercial Bank, both of which are significant to the Saudi economy. Jeddah also serves as the headquarters of the Organization of Islamic Cooperation, the second-largest intergovernmental organization after the United Nations, and hosts more than 80 foreign entities.

The city's future looks promising, with major projects under way to upgrade infrastructure and inspire business activities. The ambitious Kingdom City project under construction in Jeddah will include the world's tallest building, provide infrastructure that competes with other GCC cities, and offer financial and economic services to the region. The completion of King Abdullah Economic City and the Al-Haramain train will help drive Jeddah forward as a more global and international city.

KUWAIT CITY, KUWAIT

Kuwait City, the capital of Kuwait, is the region's sixth global city. Known for being politically progressive, the city has a strong record of hosting international political conferences. The high rate of foreign-born

residents gives the city a global perspective, and the economy is backed by a competitive private sector with an entrepreneurial spirit.

Efforts to boost Kuwait City's position as a leading GCC city are on track, supported by stability and a good standard of living. The five-year development plan focuses on strengthening the global role of Kuwait by maintaining strong political, economic, and diplomatic influence internationally. Ongoing and planned infrastructure, such as an airport

terminal, metro, and construction in Boubyan, will boost the city global appeal, attracting more tourists and travelers. These projects, supported by the growth of GDP per capita, will increase the probability of the city's meeting its goal.

MUSCAT, OMAN

The capital of Oman, Muscat is the GCC's seventh global city. This city distinguishes itself culturally through its hosting of the Royal Opera House and a variety of local festivals throughout the year. It is a major tourist hub for the region, thanks to its natural beauty and peaceful environment. Muscat is also emerging as a regional banking hub with Omani banks such as Bank Muscat winning multiple regional awards in the recent years.

Major ongoing infrastructure development projects will attract more businesses and commercial trade.

These projects include the expansion of Muscat International Airport's capacity to accommodate 48 million travelers per year, construction of a national railway network, and development of the Mina Sultan Qaboos Waterfront Project, which will lift the city's tourism revenues. A new foreign capital investment law will allow 100 percent foreign ownership of businesses and remove the minimum capital requirement for starting businesses, opening up the market and attracting foreign investment.

MANAMA, BAHRAIN

The capital city of Bahrain, Manama comes in eighth—backed by a competitive business culture, a strong information and communication infrastructure, and an educated middle class. Several think tanks that reside in the city host international meetings such as the IISS Manama Dialogue, which is focused on security issues. The city also has a higher number of international schools compared with other GCC cities. It is considered the largest financial center in the GCC, hosting over 370 financial institutions, with a growing focus on Islamic finance.

Recent growth of GDP per capita and government reformation movements contributes to Manama's business potential, complemented by the city's established banking infrastructure and the

development of new business hubs. The new Bahrain financial hub is expected to move the city closer to becoming an ideal investment destination and even the financial capital in the GCC. Supported by the National Development Strategy, the city is undertaking a variety of renovation projects in order to achieve excellence in infrastructure and urban planning. It is also on track for the development of smart and efficient government services.



A VISION FOR THE FUTURE OF GCC CITIES

Becoming a global city is about more than increasing global clout. Global status implies that the city has the resilience and capacity to withstand, survive, and thrive. Significant business activities provide an economic boost, backed by a population that is diverse and educated with access to a free flow of information, which in turn fuels development and innovation. A global city offers a rich cultural experience, which attracts talent and improves the quality of life, and it has strong political connections with the rest of the world.

To gain a more forward-looking perspective, we ranked the GCC countries on the dimensions of the Global Cities Outlook (see figure 5). The Outlook differs from the Index because it focuses specifically on those dimensions that are key in shaping the future of these cities—human capital, business activity, innovation, and governance.

Dubai has the highest growth potential among the GCC cities across all dimensions and is already emerging as a leading global city. It has balanced plans to develop across sectors and continues to capitalize on its current capabilities and position. Kuwait City's strong growth in human capital and business activities

are largely the result of a recent move toward political stability, evolution in the healthcare sector, and major plans for infrastructure development.

While a truly global city excels across all dimensions, there is no standard formula for growth. Boston, for example, attracts students with its top universities, while Brussels hosts many international political organizations. Each city has a unique story and a unique identity, and is therefore likely to influence other cities around the world.

The GCC cities have developed unique visions that allow them to pursue their own paths toward becoming more global (see figure 6).

These visions aim to help these cities move from a rich past to a bright future. In defining their visions, the cities have identified where they need to focus their efforts and direct their resources. There are, however, opportunities to excel even more.

The region has the capacity to attract a greater number of global citizens, foreign investors, and global corporations. Dubai, Abu Dhabi, and Doha are all in a good position to become global corporate hubs,

Figure 5
A forward-looking perspective on the GCC cities

GCC Global Cities Outlook ranking by dimension

| Rank | City | Human capital | Business activity | Innovation | Governance |
|------|-------------|---------------|-------------------|--------------|--------------|
| 1 | Dubai | 1st Quartile | 1st Quartile | 1st Quartile | 1st Quartile |
| 2 | Abu Dhabi | 3rd Quartile | 2nd Quartile | 1st Quartile | 1st Quartile |
| 3 | Doha | 1st Quartile | 1st Quartile | 3rd Quartile | 4th Quartile |
| 4 | Riyadh | 2nd Quartile | 3rd Quartile | 2nd Quartile | 2nd Quartile |
| 5 | Jeddah | 2nd Quartile | 3rd Quartile | 2nd Quartile | 3rd Quartile |
| 6 | Kuwait City | 3rd Quartile | 2nd Quartile | 3rd Quartile | 3rd Quartile |
| 7 | Muscat | 4th Quartile | 4th Quartile | 4th Quartile | 2nd Quartile |
| 8 | Manama | 4th Quartile | 4th Quartile | 4th Quartile | 4th Quartile |

1st Quartile 2nd Quartile 3rd Quartile 4th Quartile

Source: A.T. Kearney analysis

which will require capturing the attention of more global corporations and attracting more FDI, as well as increasing the global impact of local corporate groups. It will also require localizing investments and gaining the support of the private sector. For example, Saudi Arabia's National Transformation Plan taps into the private sector, getting them more involved in the country's development.

Turmoil in the Middle East has dealt a blow to business confidence and the flow of FDI. However, the region continues to show resilience, as exemplified by the Islamic Military Alliance to Fight Terrorism, a Riyadh-led coalition of 34 countries. Dubai and Kuwait are facilitating entrepreneurship and innovation, while Doha and Manama continue to develop business activities. Still, there is room to improve private investments and encourage new patents across the GCC with more investment in R&D and education.

On the human capital front, Dubai, Abu Dhabi, and Doha all recognize that education drives economic development. They have attracted global education institutions to serve GCC students and become the region's talent factory. Many local institutions are also providing quality education and are attracting more students from across the Arab world. Healthcare, however, requires more investment in order to improve quality and accessibility for everyone in the region.

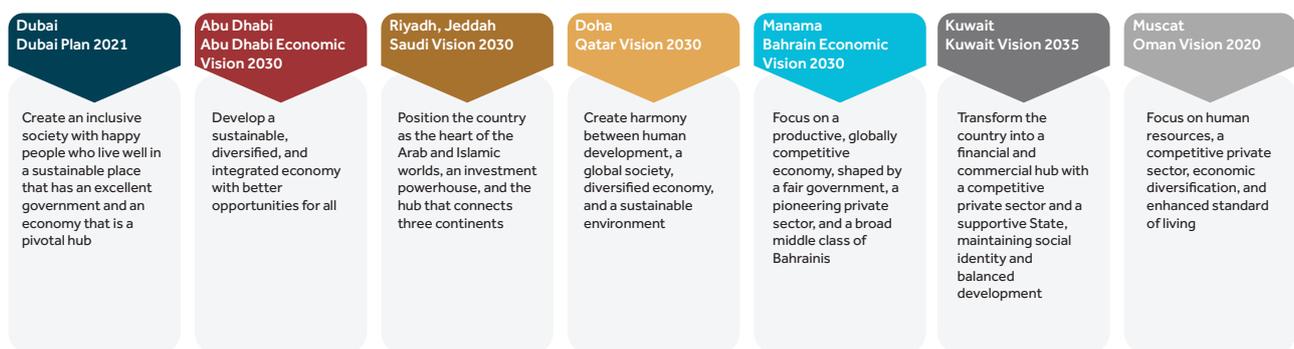
From an information exchange perspective, broadband accessibility has improved in the past few years. Information is essential to development and globalization, and improvements in broadband accessibility will further build the case for globalization.

On the cultural exchange side, some GCC cities excel. Abu Dhabi is emerging as a regional center for leading international museums such as the Louvre and Guggenheim. Muscat and Doha are developing strong cultural elements, including the world-renowned Royal Opera House Muscat and the Museum of Islamic Art in Doha. Riyadh also established the General Authority for Entertainment to manage museum and art center projects that encourage cultural activities and tourism, and Dubai premiered a state-of-the-art opera house in 2016. Dubai and Abu Dhabi boast the most advanced and international cuisines. There is an opportunity for other GCC cities as well: across the board, GCC cities can improve their cultural offerings and encourage more visual and performing arts.

With recent changes in government ministries in Riyadh and Abu Dhabi, the public sector administration and infrastructure are gaining attention, and Dubai and Riyadh have excelled with smart e-government initiatives. However, there remains more to do to reduce bureaucracy and provide more smart government in the GCC.

Figure 6
Development plans charts a course for countries growth

Gulf Cooperation Council country visions *



* The text has been abridged to highlight the core essence of the visions

PURSUING A SPOT AT THE TOP

GCC cities are a mixed bag with different levels of “globalness.” They have the opportunity to define what kind of global cities they aspire to become. Replicating what worked for others will not only be challenging due to the vastly different environment of the GCC, but will imply that the GCC cities are followers. Rather, GCC cities need to carve out their own unique path to becoming global, with a clear view of what their future may look like—despite how uncertain or volatile today may seem.

As GCC cities explore their unique growth paths, the question is whether they should focus resources on strengthening specific dimensions, as Boston or Brussels have done, or whether they should allocate resources across multiple dimensions, similar to what New York, London, and Paris have done. GCC cities can be global leaders if they make the critical decisions about which economic, political, and social areas are most relevant to their futures—and then invest their resources and political capital accordingly.

There is no one right way. However, the path a city chooses will define not only its local identity but also its global impact and influence. And that path will most likely have to be unconventional. Forward-thinking GCC cities should focus on five areas to capture a spot among the world’s leading cities.

1. Invest in innovation as an accelerator, enabling supply but also making important bets that will drive innovation demand through regulation and procurement
2. Leapfrog new models of business activity, enhancing trade and FDI flows, which bring with them ideas and stimulus from all over. Lower the risk of doing business, especially for entrepreneurs and small to medium-sized enterprises (SMEs), by providing greater access and higher efficiency, including reforming bankruptcy laws
3. Build human capital networks and expand cultural offerings, incorporating the best talent into the long-term fabric of the society. Increasing cultural offerings and encouraging the visual and performing arts will directly impact the wellbeing of the population and improve the city’s ability to retain global talent
4. Embrace future-ready forms of governance to manage the changing environment, including the sharing economy, increasing digitization, automation (drones, self-driving cars), and AI. This means establishing future-ready regulations and leveraging nontraditional and unconventional channels, such as crowd sourcing, as well as being open to inputs from public stakeholders, the private sector, global investors, and supply chain partners. It also means building capabilities based on foresight, and translating foresight into action
5. Strengthen the connecting infrastructure—both the hard infrastructure that supports urbanization, including roads and transmission grids, and the soft and digital infrastructure, including educational institutions and diverse value networks, which shapes people, establishes trust, spreads ideas, and creates an engaging culture

Cities around the world are entering the race to achieve global prominence. In the GCC, much remains to be done in the pursuit of this ambitious goal. However, all signs indicate this resilient region’s cities will become important participants in the global economy. But it will develop the visionary leadership and the steady hand that has characterized the region for the past several decades.

AUTHORS

Bob Willen

Partner and Managing Director Middle East

Email: Robert.Willen@atkearney.com

Antoine Nasr

Partner

Email: Antoine.Nasr@atkearney.com

Mauricio Zuazua

Partner

Email: Mauricio.Zuazua@atkearney.com

Rudolph Lohmeyer

Vice President, Global Business Policy Council (GBPC)

Email: Rudolph.Lohmeyer@atkearney.com

Michael Romkey

Principal

Email: Michael.Romkey@atkearney.com

