

# HSBC City Report: Cairo

The essence of past, present, and future



Together we are  
**Cairo's**  
resilient spirit



Together we thrive





# Contents

Cairo's rapid growth trajectory  
p.4-7

Key development priorities for Cairo  
p.8-9

Future plans and ambitions  
p.10-15

COVID19 and the next cycle of Cairo  
p.16-18

HSBC a key partner in the sustainable  
evolution of Cairo  
p.19-21

# The Next Chapter of Cairo

## 1. Cairo's rapid growth trajectory

Home to more than 20 million residents in 2020, Greater Cairo's growth has been exponential since 1965 (see Figure 1). Its population has almost tripled between 1980 and 2020. <sup>1</sup> Cairo is projected to grow by more than 35% by 2035, making it **one of the world's fastest growing megacities**. <sup>2</sup>

Year	Population
1965	4,738,000
1975	6,450,000
1985	8,328,000
1995	11,962,000
2005	15,174,000
2015	18,820,000
2025	23,074,000
2035	28,504,000

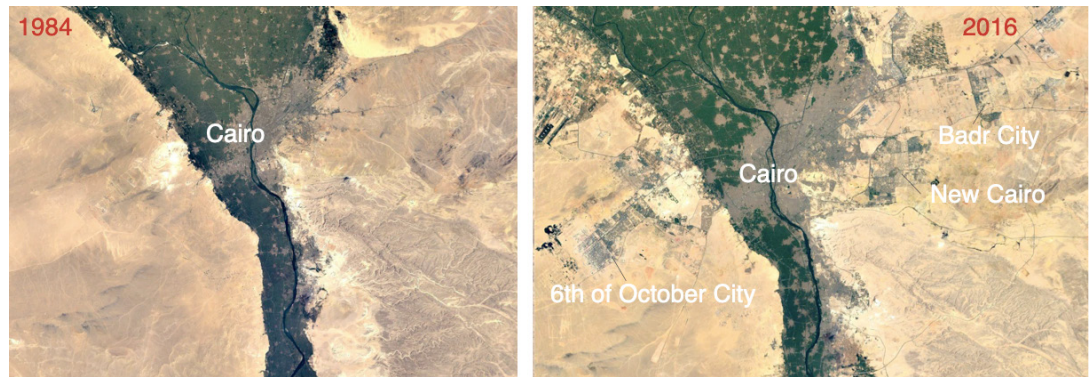


Figure 1: Population growth in Greater Cairo and maps showing the scale of urban growth

Boosted by targeted national investment, young demographics and a recent suite of economic reforms, **Cairo has been a magnet for investment**, attracting the largest volume of foreign direct investment between 2003 and 2016 of all African cities. <sup>3</sup>

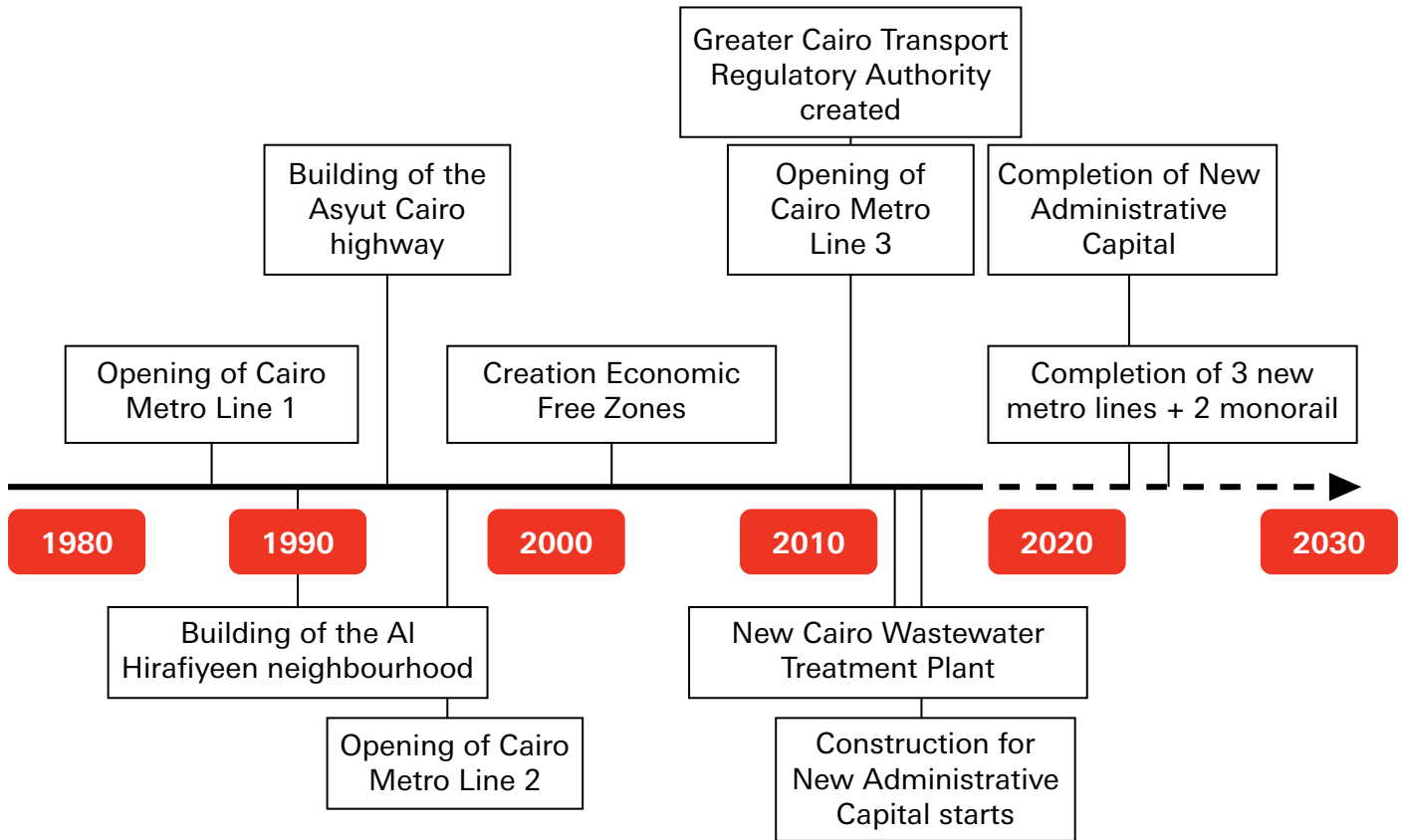


Figure 2: Timeline of major projects and developments in Greater Cairo since 1980

Cairo's dynamic growth has added to imperatives to plan and invest effectively to reduce growth externalities such as congestion, overcrowding and pollution, and to limit environmental damage and achieve higher-quality living standards for its residents. These are now being addressed through a combination of development strategies, skills and enterprise interventions.

## Cairo's global corridor roles

For centuries, Cairo has been a critical hub in the corridor linking Asia and the Middle East to Africa. It is a major hub for foreign direct investment, ranking in the top 70 globally, supported by a business-friendly environment, attractive labour costs and skilled workforce. <sup>4</sup>

National policies have been facilitating investment in Cairo, and major projects such as the 'New Capital City' are cementing Cairo's position as a magnet for flows of global capital. Cairo possesses the scale and financial clout to be a source of outbound FDI and its firms are major investors, in Africa and beyond.

Cairo's rich history and culture has also contributed to its status as a tourism hub. In 2019, the city welcomed more than 6 million visitors, placing it in the global top 50 tourism destinations. <sup>5</sup> Anticipating the growth in global tourism, the city is expanding its airport's capacity to 30 million passengers. <sup>6</sup>

## Youthful demographics and the innovation potential

Cairo's young and increasingly tech-savvy population represents a clear competitive advantage. Nearly 30% of Cairo's population is under the age of 15 and less than 4% of its population is more than 65 years old. <sup>7</sup> With high digital literacy, this youthful population represents an attractive consumer base and has been contributing to Cairo's fast growing entrepreneurial ecosystem. To make the most of its demographic dividend, Cairo can facilitate the transition from education to employment, increase female participation in the work force, and improve youth engagement in decision-making processes.

## Towards a higher value and more resilient economy

Cairo is actively seeking to shift towards a knowledge-intensive economy.

Cairo is in the process of creating new policies to **unlock the potential of MSMEs and start-ups** in the 4.0 manufacturing and industry sectors. <sup>8</sup> The city hosted the Global Manufacturing and Industrialisation Summit in 2019 and has since been working with different public and private partners to welcome the new industries and provide subsidies for catalytic projects.

With more than 4,000 years of history, and formally constituted in AD 969, Cairo is also investing more in its cultural and historical heritage. The government has recently taken steps to **promote cultural heritage and creative economy** in partnership with UNESCO's Creative Cities Network. <sup>9</sup> Under this partnership, Cairo's creative professionals are able to access designated spaces to showcase, sell and practice their art, as well as enrol in professional development and international exchanges.

## Openness to international talent

In recent years, Egypt and in particular Cairo has tried to attract workers and talent in multiple ways:

- ◆ Affordable application fees for new businesses (approximately US\$ US\$ 1,200)

- ◆ Requiring minimal investment seed money to start a business in Egypt (between US\$ 14,000 and US\$ 500,000 to start a business depending on the type of partnership).<sup>10</sup>
- ◆ Leveraging its American and British Universities to attract international students.
- ◆ Affordable student visas and work visas (approximately US\$ 50US\$ 60) facilitate the attraction of the city.

## Cairo's performance in global and regional context

International benchmarks point to key development priorities in Cairo, as other cities in MENAT improve their environment for innovation, talent and smarter infrastructure. These priorities are not being addressed by national and regional leadership.

	Economic competitiveness & global research		Innovation & smartness		Internal infrastructure and connectivity		Global corridor capability			Quality of life
	AT Kearney Global Cities Index	Z-Yen global Financial Centres	StartupBlink Stratup Cities	IMD Smart Cities Index	Mori Memorial Foundation Global Power City Index: Railway Station	IESE Cities in Motion: Technology	Mori Memorial Foundation Global Power City	JLL Global 650: Number of air passengers	INSEAD Global Talent Competitiveness Index	Mercer Quality of Live Survey
Date	Jul-19	Mar-20	Jun-20	Sep-20	Dec-19	Jun-20	Dec-19	Dec-19	Jan-20	Mar-19
	Overall Competitiveness and future growth prospect	Actual and perceived strength of financial industry	Size, scale and growth trajectory of start-up ecosystem	Residents' perception of tech infrastructure and smart services to improve quality of life	Density of railway stations per km <sup>2</sup>	City wide digital technology adoption and quality of tech infrastructure	Port freight flows plus no. of cities from which direct cargo flights depart & arrive at city airport	No. of annual air passengers	Ingradients for attracting, retainig and growing a skilled talent base	Overall quality of life
Cairo global rank	114 <sup>th</sup> / 130	-	201 <sup>st</sup> / 1000	106 <sup>th</sup> / 109	41 <sup>st</sup> / 48	158 <sup>th</sup> / 174	27 <sup>th</sup> / 48	127 <sup>th</sup> / 541	154 <sup>th</sup> / 155	177 <sup>th</sup> / 231
Cairo regional rank	14 <sup>th</sup> / 18	-	8 <sup>th</sup> / 26	7 <sup>th</sup> / 7	2 <sup>nd</sup> / 4	17 <sup>th</sup> / 17	3 <sup>rd</sup> / 4	7 <sup>th</sup> / >25	13 <sup>th</sup> / 13	16 <sup>th</sup> / 26
Trend	➡	-	⬇	⬇	⬇	⬇	➡	⬇	⬇	⬇

Source: AT Kearney (2020). 'Global Cities Outlook Index'; Z-Yen/Long Finance (2020) 'Global Financial Centres Index 27'; Startup Blink (2020), 'Startup Ecosystem Rankings Report'; IMD (2020) 'Smart Cities Index'; Mori Memorial Foundation (2020) 'Global Power Cities Index'; IESE (2020), 'Cities in Motion Index'; JLL Cities Research Centre; INSEAD (2020) Global Talent Competitiveness Index; Mercer (2019) Quality of Life Survey

## 2. Key development priorities for Cairo

### Making urban growth management a success

While Cairo is one of the densest cities in North Africa, it still has rather low building heights by international comparisons. The city has been increasingly utilising more land (sprawl) over the last 30 years, with **an average annual urban expansion rate of 8.5% since 2003.**<sup>11</sup>

Over the past five decades, the Egyptian government has pursued an active policy of building new satellite cities, such as 6th of October City, New Cairo and the future New Administrative Capital. With this strategy, the government aims to re-distribute some economic activity away from the high density of central districts and attract population to new cities with higher quality of infrastructure and housing, thus forming a more multi-centred (poly-centric) approach to land use that should prove both more sustainable and more resilient over the long term. A key imperative for Cairo will be to ensure that major new districts and city developments build genuine new centres of demand, jobs and services, and avoid the challenges experienced in other parts of the world.

While these urban extension projects pick up pace, there is still great demand for land within the existing city, and efforts to tackle constraints on housing supply are viewed as an important means to enable economic growth and shared prosperity.

### Sustainability

In addition to the creation of new more sustainable districts, Cairo became the 30th participant in the ERBD Green Cities urban sustainability programme in 2019, and is currently working on a Green City Action Plan to reduce greenhouse gas emissions and environmental

degradation due in part to urban extension.<sup>12</sup>

Cairo's University has also been a leader in developing electric vehicles and research surrounding the rather new technology within the New Cairo, hosting the first Electric Vehicle Rally to boost the local electrical vehicle sector and promote clean technologies.<sup>13</sup>

### Innovation & entrepreneurship

Cairo is now starting to gain global recognition for its entrepreneurial culture and innovation potential.<sup>14</sup> With over 70% of the new start-ups in Egypt located in the city, more and more entrepreneurs are recognising the advantage of agglomeration and direct access to a large consumer and customer market. Recent policy reforms have also facilitated the process of starting a business.

Cairo now features in the top 10 ecosystems for affordable talent.<sup>15</sup> The city saw the highest growth in start-up investment in 2019 across MENA, with its local on-demand bus service SWVL raising more than US\$ 40 million for expansion in Africa and Asia. Uber and Careem have also chosen Cairo to launch their first bus service. The city also stands out for the growth of its fintech economy, supported by several fintech accelerators and funds.

Cairo's potential to adjust the policy mix to translate the promise of its SMEs into large scale commercialisation serving African and global markets is now an active priority.<sup>16</sup>

### Cairo's role and soft power in the MENAT region

Cairo has retained its status as a premier conference and convention centre, enabled by major investment in infrastructure improvements, including new metro lines.

In 2019, it hosted the 2nd highest number of international association meetings in MENAT, only behind Dubai. <sup>17</sup>

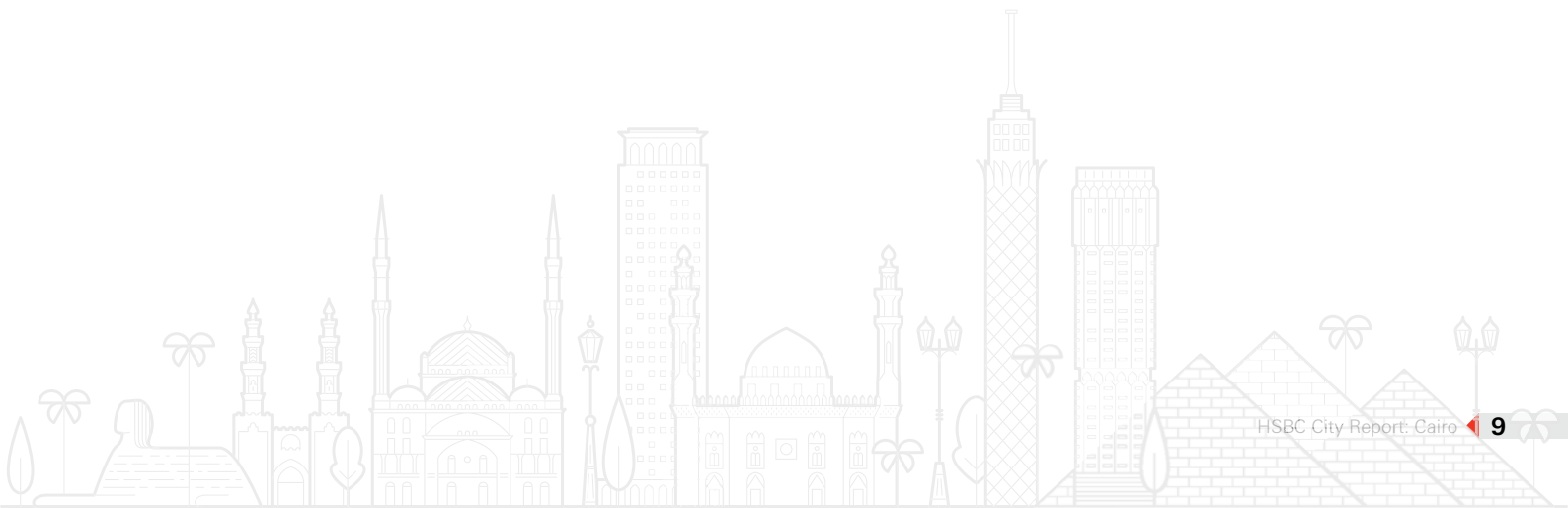
Through the expansion of its international airport, and a new focus on liveability and social inclusion, Cairo is now showing that it is pursuing a global vision and has the potential to gain some of the attributes of the more established global cities. Cairo now has two additional airports to accommodate its increasing air traffic. The Capital International Airport opened in June 2020. Located on Cairo-Ain Sokhna road, it has a capacity of 300 passengers/hour, and with 20 flights per day will serve the residents of East Cairo, the cities of El Shorouk, Badr and Heliopolis, and the cities and governorates of the Canal. <sup>18</sup> In a related development, a new terminal is planned for the Sphinx International Airport, located west of Cairo, which will raise its current capacity of 300 passengers / hour to 900 passengers / hour, to serve the cities of Sheikh Zayed, 6 October, and the governorates of Fayoum, Beni Suef and Minya. <sup>19</sup>

Ambitious projects such as the US\$ 1 billion International Medical city, the Middle East's largest integrated private medical district, are also helping to put the city on the global map.

### **Improving connectivity**

Cairo benefits from its hub location in between Egypt's main port Alexandria and the port cities of Suez and Port Said along the Suez Canal, placing it at the centre of Egypt's distribution networks. The city plans to further improve national connectivity with a US\$ 9 billion 535km high speed rail that will connect New Alamein City with Ain Soukhna. <sup>20</sup>

With 22 million passengers annually, Cairo's airport does not have as much international traffic as its MENAT neighbours and sits outside the top 100 busiest airports by passenger numbers. To increase capacity to 30 million passengers annually, the Egyptian government has announced the construction of a 4th terminal. <sup>21</sup>



### 3. Future plans and ambitions

#### National level

#### **Egypt vision 2030: sustainable development strategy.**

In 2016 the Egyptian Government published a comprehensive Sustainable Development Strategy; Egypt Vision 2030. This was inspired by the achievements of the ancient Egyptian civilization: linking the present to future, the Sustainable Development Strategy (SDS): Egypt Vision 2030 represents a foothold on the way towards inclusive development. The plan seeks to define a prosperity path through economic and social justice, and to revive the role of Egypt in regional leadership. The SDS represents a roadmap for maximizing competitive advantage to achieve the dreams and aspirations of Egyptians in a dignified and decent life.

The 2030 Vision is defined thus:

“By 2030, Egypt will be a country with a competitive, balanced, and diversified economy, depending on knowledge and creativity, and based on justice, social integration, and participation, with a balanced and varied ecosystem, a country that uses the genius of the place and the citizens in order to achieve sustainable development and improve the quality of the life for all. Moreover, the government looks forward to lifting Egypt, through this strategy, to a position among the top 30 countries in the world, in terms of economic development indicators, fighting corruption, human development, market competitiveness, and the quality of life.”

Egypt Vision 2030 is organised around the key dimensions of sustainable development and includes ten pillars, one of which covers urban development:

- ◆ The Economic Dimension comprises the pillars of economic development, energy, innovation, scientific research, and transparency and efficiency of institutions.
- ◆ The Social Dimension involves the pillars of social justice, education and training, health, and culture.
- ◆ The Environmental Dimension includes the pillars of environment and urban development.

In addition, there are the two pillars of foreign policy and national security, as well as domestic policy, forming a comprehensive framework for the strategy and determining the other pillars.

## Urban development

Egypt's increase in urban population and land use expansion, fuelled by rural to urban migration in the current developed areas, is recognised as having reached its natural limit. This is clear through the increase of population, the amount of land taken up by cities, and urban densities.

The State is planning on building new cities as the New Administrative Capital, New Alamein City, New Al Galala City, New Ismailia City, and more.

The agenda for urban development includes:

- ◆ New cities and districts
- ◆ Housing development
- ◆ Public transport
- ◆ Water services
- ◆ Green space
- ◆ The spatial balance of population with services

The strategic vision for Urban Development in Egypt to 2030 is defined as: A balanced spatial development management of land and resources to accommodate population and improve the quality of their lives.

At the Future Cities conference in Egypt: Business and Investment Opportunities December 8, 2019, Minister Assem Al-Jazzar, said:

"We have developed a strategy to double the urban area from 6% to 14%, and this matter will not be completed in a year or three, but rather over a long period, and the plan could have taken a much greater time without the urban stimulus that the state undertakes by providing infrastructure. The urban renaissance, which was a vision presented by President Abdel Fattah El-Sisi, we see today a tangible reality represented by the construction of 14 new cities, including the new administrative capital, New Alamein, Mansoura and others. This urban renaissance, which is being implemented now, aims to increase the built-up area in Egypt from 6% to 14%. It is an unprecedented renaissance and includes 14 new cities and provides various business and investment opportunities to include all sectors and activities."

## Urban finance.

It is recognised that urban development requires large allocations of capital. The Egyptian Government wishes to support new instruments that create co-investment with the local and regional private sector to support such projects where there can be commercial returns. In addition, the Egyptian Government is encouraging international financial institutions and development partners to participate in urban development projects.

## Sustainable development goals.

The urban development pillar of Vision 2030 is aligned with the United Nations Sustainable Development Goals. It specifically supports Goal No (11) that is related to Sustainable Cities and Communities. The Vision 2030 summarises the key objectives to be as follows:

- ◆ Increase inhabited areas in a way that is suitable for the accessibility of resources, size and distribution of population;
- ◆ Improve the quality of the urban environment;
- ◆ Maximise utilisation of the strategic location of Egypt

## Egypt's green finance framework.

Egypt's Green financing instruments will finance projects in six green eligible categories: renewable energy, energy efficiency, clean transportation, pollution prevention and control, climate adaptation, and sustainable water and wastewater management. Egypt's commitment to sustainability is reflected in its national strategy "Sustainable Development Strategy: Egypt Vision 2030." Egypt has prioritised green investment projects in its Sustainable Development Plan of the Fiscal Year 2020/2021.

## City level strategies.

To accommodate Cairo's continuous growth in population, address congestion and overcrowding, and fulfil the vision of becoming a "Global, Green, and Connected City", the Greater Cairo Strategic Development Plan aims to redistribute the overall population across the metropolitan area. These will be developed on principles of sustainability, to create a more central city rather than a sprawling one. The vision for the plan includes: <sup>22</sup>

- ◆ Making Cairo Africa's gateway as well and increasing its global competitiveness
- ◆ Making Cairo a regional and global focal point for politics, culture, tourism and the economy
- ◆ Ensuring that the capital remains a global heritage capital
- ◆ Removing slums and resuming the city's "physical and architectural splendours"
- ◆ Creating more open and green areas through pedestrian paths open areas and public plazas
- ◆ Creating a socially and physically connected metropole through efficient road networks and public transportation
- ◆ Continued efforts to integrate technology of the highest standards.

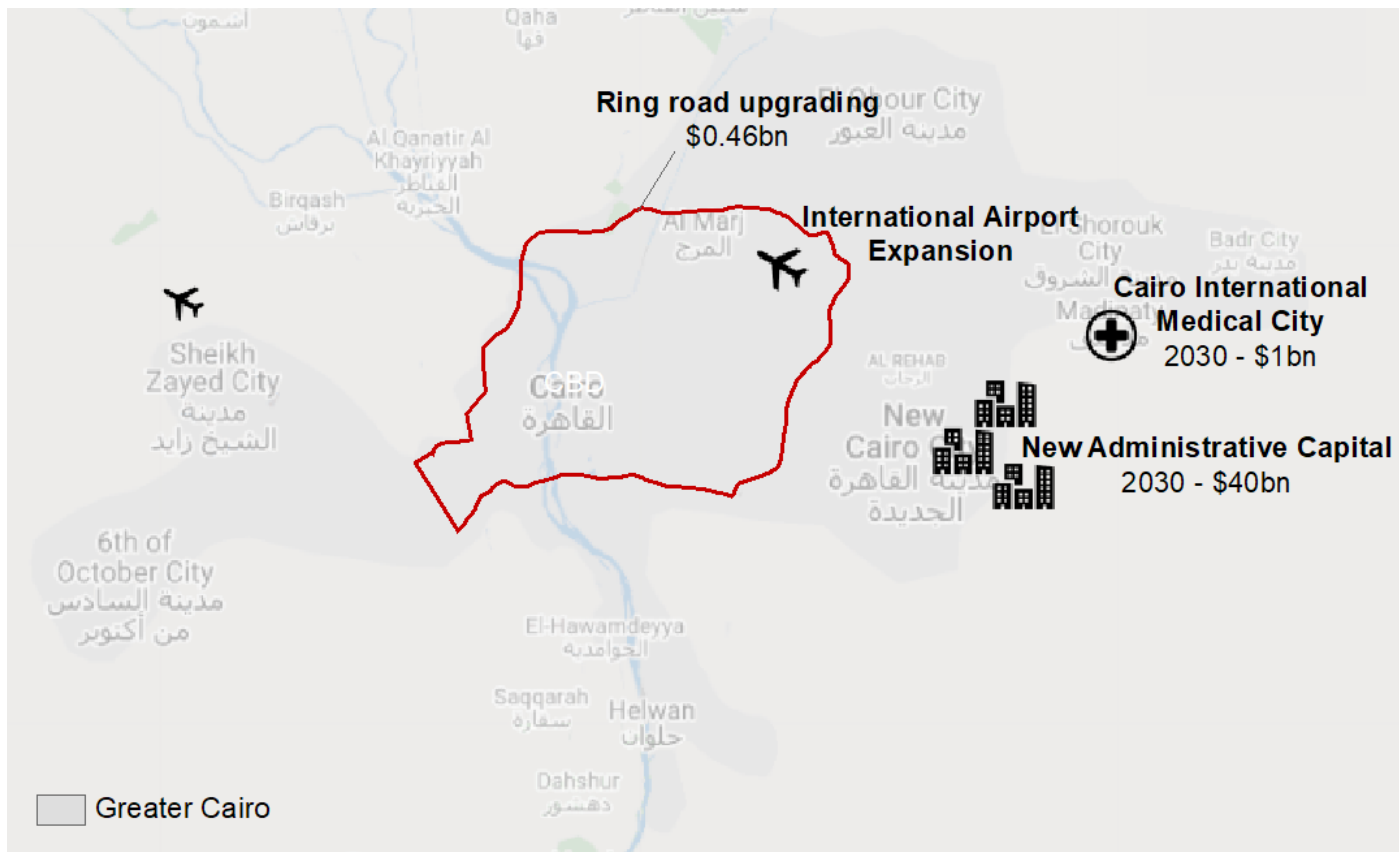


Figure 4: Map of future developments in Greater Cairo. Red line shows the ring road.

## New administrative capital

The largest project stemming from the visioning and strategic planning process is the creation of the New Administrative Capital located in the desert on the east side of the existing city. The new city, first planned in 2015 and with the 1st phase planned to be completed by mid-2020, will cover about 30,000 hectares with an estimated construction cost of over US\$ 58bn.

The New Administrative Capital is planned to include ministries, residential neighborhoods, a diplomatic quarter and a financial district, as well as a large mosque, a cathedral and a hotel and conference center, some of which is already built. New Cairo already has an increased supply of mixed-use office, medical, retail and recreation units, residential and hotels. The New Administrative Capital Business District will include an international business hub aimed at businesses specializing in artificial intelligence and other innovative technologies, all clustered within a neighborhood called “Heartwork”.<sup>23</sup>

## Technology adoption

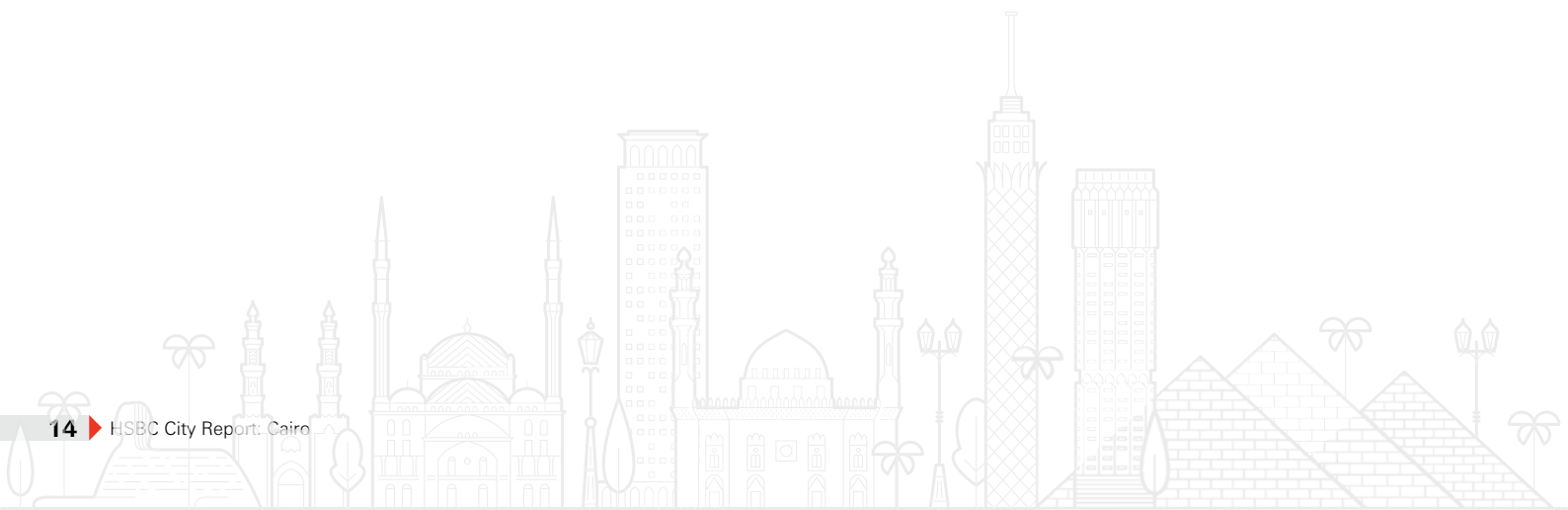
The New Administrative Capital City is to be planned from the outset as an advanced urban district, leveraging new technologies to efficiently manage traffic patterns, safety, waste disposal, and water and energy use. Technology platforms announced so far include optical fibre infrastructure connecting every building, integrated electricity, gas and water systems to reduce consumption and a real-time traffic congestion system.

To deliver some of the smart components of the project, private companies such as Honeywell and Etisalat Misr are teaming up to support Egypt's smart city vision and deliver world-class services such as the establishment of a state-of-the-art City Operations Centre (COC) that will integrate data from city management systems and public and private sector entities, in order to efficiently support administrative functions and smart city services for citizens.

Cairo is also hoping to use new technologies to take more decisive action to address current challenges, such as air pollution. In line with the Greater Cairo Pollution and Climate Change Management Plan, Cairo is planning to introduce 100 electric buses in Greater Cairo, as well as charging stations for electric cars. Another project, developed by the Environmental Monitoring Unit in Cairo Governorate, aims to use information technology in monitoring the performance of companies in the transfer of waste and to beautify the neighborhoods of the city.

## First monorail system in Cairo

To enable fast, sustainable and comfortable transportation within the metropolitan area, the design for the construction of a new US\$ 4.6 billion, two-line monorail system is underway. The first line will stretch from East Cairo to the New Administrative Capital and span 54km, while the second one will span 42km and link the 6th October City to Giza. Design and Construction will be led by Bombardier Transportation in collaboration with Egypt's National Authority for Tunnels.<sup>25</sup>



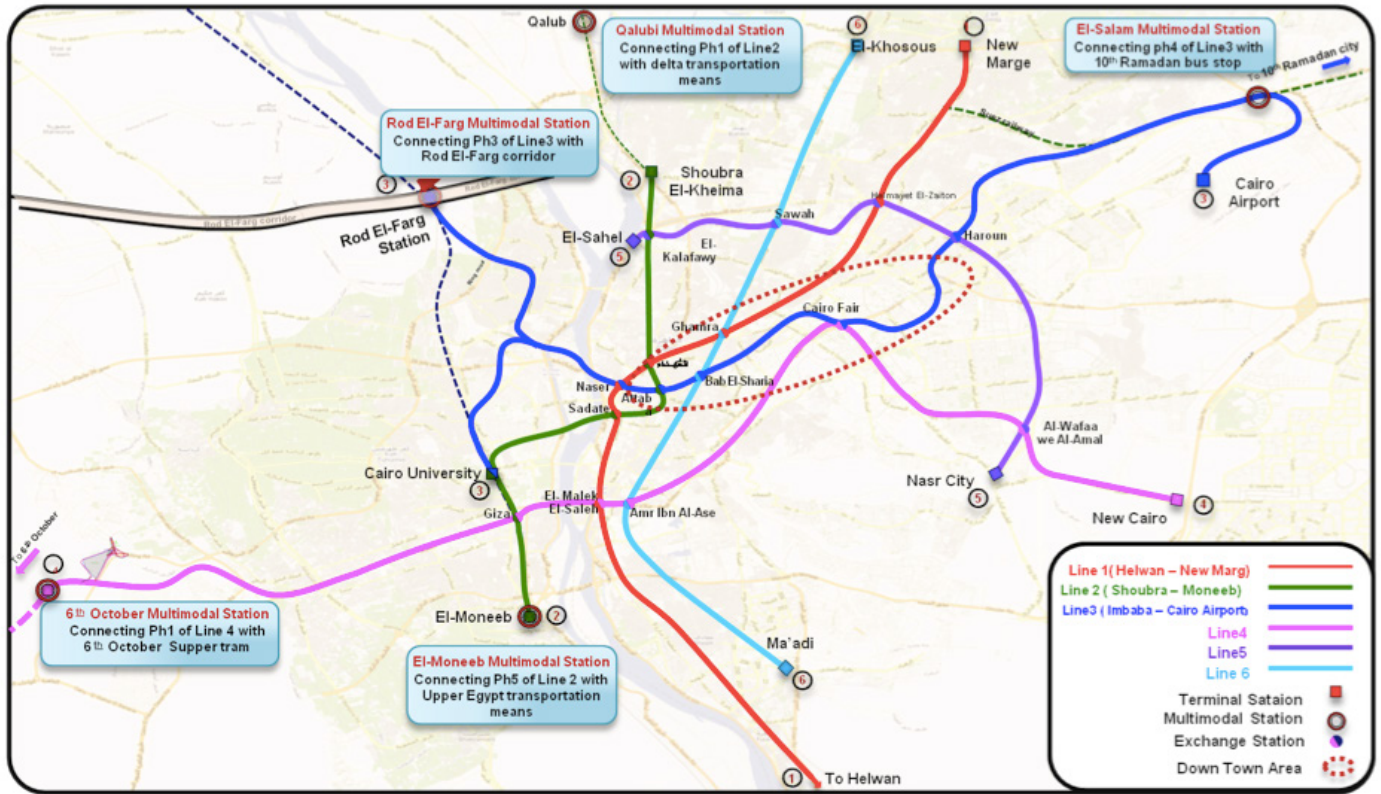


Figure 5: Greater Cairo’s transport plans; Source: <https://www.codatu.org/actualites/greater-cairo-and-how-the-transport-system-is-coping-with-rapid-expansion/>

### Upgrading work on the ring road

In order to decrease congestion and improve transport efficiency, the city of Cairo is also updating its Ring Road. This will involve widening roads and bridges and adding dedicated lanes for a Bus Rapid Transport (BRT) to provide alternative and more sustainable travel modes. The project is expected to cost over US\$ 408 million.<sup>26</sup>

## 4. COVID19 and the next cycle of Cairo

The world changed radically since early 2020, the global pandemic has resulted in millions of cases and hundreds of thousands of fatalities so far. Without a vaccine or efficient curative treatment, countries across the world implemented stringent lockdown and social distancing measures to contain the health crisis. These measures are having a major impact on the economy.

COVID-19 is expected to have a number of long term socio-economic implications that may re- shape the way companies and individuals consume, create value and interact:

“How will we live in the post-epidemic era, not only in Cairo, or Egypt, but in the whole world?... Now is an ideal time to rethink how we do city planning, build and exploit the space and land available in the future before it's too late”

- Governor Abdel Aal, Cairo, 2020

### Spatial: shared spaces & systems

**Geo-spatial: changed behaviour impacts on public transport, mass-gathering activities, contact-free economy and global urbanisation trends**

- New social attitudes of physical distancing and facemask wearing are bringing a new shared spaces management doctrine

### New social contract

**Increased awareness and demand for more managed globalisation and inclusion of social responsibility**

- New global social contract with more inclusion and a focus on tackling inequalities

### Geo-political long-term impacts

**Geo-political implications on global governance and globalisation will depend on medical response and resulting recession and shape and speed of economic recovery**

- Potential re-consideration of extensive international integration of trade and people flows towards a managed globalisation, more diversification and re-localisation of strategic activities with enduring influence of state intervention

### Climate change and sustainable economy

**Better awareness of climate change challenges and the need for a more sustainable economy and infrastructure with a better environmental footprint on ecosystems**

- The COVID-19 crisis is accelerating the change in consumption behaviour and broadening the public support for a cleaner economy and for environmental responsibility

### Supply chain and flows of trade

**New imperative for resilient and diversified supply chains and trade relationships**

- Diversification of the supply chain, potential re-localisation and leveraging digital supply networks to maximise supply chain resilience

### Digital transformation and 'servicisation' trend

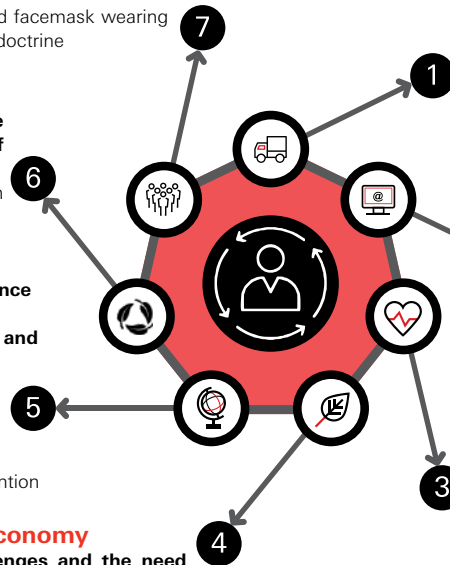
**Acceleration of digital transformation, contact-free, and "as a service" trends**

- Remote working, distance learning, online media content, telemedicine and ecommerce are among the key winners' industries post COVID-19

### Health and wellness

**Re-prioritisation of health, wellness and balanced lifestyle**

- Increasing awareness and demand for healthy life and good nutrition as well as health safety and access to quality medical care



## Reinvented flows of trade and resilient supply chains

As highly globalised and specialised supply chains have proven not to be the most resilient model, there is a new imperative for more diversified supply chains and trade relationships. The current debate suggests global cities could see near or re-localisation of production facilities for priority industries and increasing use of digital supply networks and AI to ensure maximum supply chain resilience. The wholesale re-shoring of supply chains is unlikely in all scenarios. There is also uncertainty about the full spectrum of industries that may return, but in the mid-term global cities are prioritising the return of:

- ◆ **Essential Goods:** It is likely that pandemic essentials such as health supply chains for vaccines, medicines, pharmaceuticals and protective equipment production, and food and beverages, will re-localise, especially as the risk of future becoming part of the collective awareness and planning in global cities.
- ◆ **Industries with Existing Skills Base:** More localised production may revolve around the industries in which city regions already have a specialist skills base and facilities that they can build up.

## Digital transformation and revised business models

This pandemic has fuelled the rapid acceleration of the digital transformation in cities. In the last couple of months, with most global cities under lockdown, cities have skipped a whole cycle of digitalisation. We have leapt into as-a-service economies, home delivery platforms, new online content, e-commerce, distance learning, distance fitness, telemedicine and widespread adjustment to working and digitally socialising from home. As we adjust to the new normal, the longevity of these trends could have huge implications for real estate, mobility and spatial flows between city centres and city fringes.

## The Re-prioritisation of health, wellbeing, and happiness

The COVID-19 crisis has re-articulated the supreme importance of human health and planetary health. There is renewed focus on truly universal access to healthy and balanced lifestyles, nutritious produce, public space for exercise and quality medical care. In particular, there is growing appetite for combined policies and approaches towards health, climate and biodiversity. The sum effect is an inevitable demand for more public-health related spending, including better basic insurance coverage, improved medical infrastructure and the flexibility of hospital capacity to be ramped up if needed. We are likely also to observe the rapid development of remote healthcare, including the increasing use of telemedicine and adoption of digital and remote healthcare technologies incl. tele-health, tracking devices, monitoring apps, connected and wearable consumer healthcare devices.

## Sustainability as the driver of innovation

As more people stay inside to protect public health and shift to using more sustainable forms of transport, the world has observed a significant short-term improvement in air quality and small contractions in the collective environmental footprint. There is amplified awareness of the severity of the climate change challenge and the urgent need for more sustainable economies and infrastructure. There is refusal to compromise on the sustainability of the food system, wildfires, flooding, rising sea levels and the plasticisation of the ocean. COVID-19 is accelerating changes in consumption and broadening the public support for an environmentally responsible future. As we look towards the new normal, city and business leaders are unanimous in their ambition not to return to the pre-COVID-19 economy but to use the crisis as a catalyst for a more diversified, more equitable, cleaner and greener reinvention. There is more pressure than ever before for governments to produce de-carbonising low-emission tech pathways, by investing in green energy, power efficiency and optimised storage. There is optimism that cities around the world could adopt and adjust to some

of these 'better' behaviours for the long-term.

### **New spatial patterns**

The COVID-19 crisis has had dramatic impacts on the way people move around and share cities. Due to travel restrictions, lockdown measures and working from home, there have been steep declines in the movement within and between cities. In many cities, new social attitudes of physical distancing and facemask wearing are making way for a new shared spaces management doctrine.

Many cities are considering how to manage and organise urban spaces with new public health requirements in mind. Concerns have been echoed about the collective reputation and narrative of cities in the next cycle. The risks associated with density, proximity, public transport and global exchange are currently more widely asserted than the benefits (economic, social, environmental). This places a collective challenge for cities and their civic and business advocates to emphatically communicate:

- ◆ the essential role of cities in the next cycle
- ◆ the link between national economic success and success of urban economies
- ◆ the role that urban innovation eco-systems play in producing and financing the next cycle of discoveries
- ◆ the need for reinvestment in city systems such as mobility, real estate, health, energy and leisure

### **Managed globalisation**

Multiple geopolitical shifts are emerging as critical issues in the response to COVID-19. There is a new relationship between citizens and government because of more national level intervention. COVID-19 crisis has largely demonstrated the importance of having a stable government which could lead to more confidence government. These dimensions may play into the shift to more managed globalisation, which will see stricter

guidelines on who and what enters countries and moves across borders, and may reinforce the trend towards re-localisation. Much of this disruption may be temporary but the crisis is likely to have a lasting impact on political governance, global dynamics around relationships between developed and emerging countries, and new forms of globalisation and flows of trade and people.

### **A new social contract?**

Many global city regions are preparing for a whole cycle of behaviour change and of perception change about the virtues of cities to national economies and population that may outlast the public health impacts of the virus. One of the positives of the shared experience of this pandemic is the increased sense of social responsibility and evidence of more and more people helping each other, and a desire to move forward together. However, it is impossible to ignore the social, economic and racial inequalities that have been magnified and must be addressed as a priority.

In the coming months and years, we may observe the inclusion of social responsibility, as well as climatic and planetary considerations. For instance, lockdown and restrictive anti-stockpiling measures in supermarkets push customers to be more considerate paving the way to a more local and sustainable economy and lower waste attitudes. It will also likely result in the prioritisation of universal access to healthcare, with renewed focus on inclusion and tackling inequality. These social imperatives will shape many dimensions of the new normal.

Crises are harbingers of evolution and great times for reprioritisation, innovation, and thinking out of the box. As the scientific research is progressing and the medical response is improving, a number of sectors are 're-opening', bringing new ideas, business models, and opportunities for the mid- and long-term. This 'new normal' produces a new set of business and investment opportunities across numerous sectors and geographies.

## 5. HSBC a key partner in the sustainable evolution of Cairo

HSBC Egypt is recognised as a leading international bank with a strong value proposition for corporates, financial institutions, public sector and premium retail clients.

At HSBC, we are acting as a facilitator to draw investment to Cairo and Egypt more widely, connecting international clients to domestic investment opportunities and offering access to various financing instruments to help and support customers and create sustainable values for the Egyptian economy.

Selected key transactions and activities outline HSBC's contribution to Cairo's development:

### ◆ **HSBC prices Egypt's debut US\$ 750mn Green Bond Offering: to support the sustainable growth of Egypt**

This transaction marked the first ever Green Bond issuance by a MENA sovereign, as well as the region's largest US\$ Green bond issuance to date. Egypt has established a Green Financing Framework in order to approve the allocation of proceeds. The eligible categories under the Green Financing Framework includes clean transportation, renewable energy, pollution prevention and control, climate change adaptation, energy efficiency, sustainable water and wastewater management.

As the global leader in helping issuers access sustainable financing, HSBC successfully priced the Arab Republic of Egypt's debut US\$ 750 million Reg S/144A Green Bond Offering in the international debt capital markets, with HSBC acting as Joint Green Structuring Advisor & Joint Bookrunner. Furthermore, the transaction solidifies HSBC leadership in the Sustainable Finance space, having executed all public Green bond issuances to date out of the MENA Region.

### ◆ **2019 and ongoing - Supporting new capital city with long term financing: to support the development of state of the art new city – Cairo's new Capital**

Egypt is switching its capital city from Cairo to a brand-new constructed smart city "New Administrative Capital" (NAC). Egypt's New Administrative Capital is a transformational enterprise which aims to alleviate Greater Cairo's increasing densification and establish a new growth hub for future generations. The transaction finances the construction of the Central Business District project of the NAC. China State Construction Engineering Corporation is the EPC contractor of the project which consists of 18 towers including administrative offices, hotels, entertainment facilities and the tallest tower in Africa. The transaction is one of the first ECA transactions in Egypt which is part of the Belt and Road Initiative and lays a foundation for other such landmark projects. HSBC Egypt financed a landmark Sinasure-covered facility by providing long term financing for US\$ 2.2 billion over 13.5 years.

◆ **2018 and Ongoing financing to Egypt’s microfinance clients: to support the economic growth and assist with enhancing financial inclusion and access to finance – aligning to 9 SDGs of the UN**

The transaction targets and addresses the financing needs of the under-served growing segment of society. The financed segment includes a social gender angle which considers women financing to support their wellbeing and economic sustainability aligning to 9 of the Sustainability Development Goals of the UN. HSBC supported leading microfinance institutions with a Revolving Committed Facility where the funding is being on lend to the microfinance clients in Egypt.

◆ **2016 and ongoing - EEHC 3 Siemens Power Plant for total of 14.4GW: to support Egypt’s long-term economic development plan by massively increasing its power generation capacity establishing a powerful, reliable and one of the most advanced energy systems globally**

Each of the three 4.8 GW power plants is considered to be the largest gas-fired combined-cycle plant ever built and operated. Together the plants represent approximately 40% of Egypt’s power capacity, at the time of signing contracts, generating 14.4GW – enough to supply 40 million Egyptians with electricity.<sup>27</sup> The project is part of the Egyptian Government’s energy project named Egypt Megaproject and contribute to the country’s economic development. HSBC acted as Coordinating Initial Mandated Lead Arranger for Export Credit Agencies (ECA) supported financing for the construction of EEHC’s 3 x 4,800MW combined cycle power plants in Beni Suef, Burrullus and New Capital City, Egypt. The c. EUR 4.23 billion financing comprises of a EUR 3.54 billion facilities supported by Euler Hermes, the German ECA, and a EUR 687 million facilities supported by SACE, the Italian ECA.

◆ **Redcon: to support the development of state of the art new city – Cairo’s new Capital**

The Green River project passes through all phases of the New Admin Capital and is meant to be the equivalent of the Nile River in the old capital. Green River project is expected to extend from AIDaery AIAwsaty until the Regional ring road and includes an Islamic Garden and a botanical garden. The 35km long river purposes to act as a connector between the modern and diverse urban neighborhoods. The Egyptian government seeks to make the new capital the largest modern city in the world. The project’s first phase extends over 10km with investments reaching US\$ 500 million.<sup>28</sup> HSBC is financing this project and issued guarantees.

◆ **Samcrete Construction: to support the development of Cairo’s Ring Road**

Greater Cairo (GC) is the largest urban area in the Middle East and one of the most populated cities in the world. A segregated Ring Road of around 100km is the most important freeway of the Greater Cairo metropolitan area in Egypt and prevents interurban and suburbs’ traffic from crossing the city. HSBC engaged in the financing of Developing and Enhancing Ring Road (AISalam Tunnel – AIMarg with length of 8.5km) with contract value of EGP 750 million awarded by General Authority for Roads and Bridges.

## ◆ **HSBC Head Office Renovation: to support the future of work place**

Project Nile is a two-year project aimed at bringing the Maadi Head office in line with HSBC Group infrastructure and design standards. This is the largest refurbishment project in the history of the building and includes a complete overhaul of the building while fully optimizing the interior space towards HSBC's strategy and business goals. The office will have a global identity similar to our other Group offices worldwide.

The upgraded office space will feature an open-plan design providing a range of settings from the latest Group standard ergonomic furniture. Project Nile will include the introduction of state-of-the-art design and upgraded air-conditioning, fire, security, lighting and power management systems that will improve both our workplace standards and the building environmental efficiency. This includes a collaborative work environment, technology driven solutions, managerial support and a sustainable work environment.

Additionally, we will introduce a new model for flexible working by creating a number of satellite branches to act as an alternative workplace to the Head Office. This new setup will give you the opportunity to work from selective number of branches, empowering you to decide and plan your day to stay efficient. This is a leading introduction that will be replicated across the Group as a best practice.

# Endnotes

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