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Attractiveness and territorial promotion in the MENA region in regards with FDI:

Toward a new governance of public policies?[1]

Alexandre Munoz
CERGAM – IMPGT of Aix-Marseille University

ABSTRACT

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Author Details and Affiliations
Alexandre Munoz is Doctoral student at Economy and Public Management, under Professor R. Fouchet,CERGAM – IMPGT of Aix-Marseille University and canbe contacted at munoz.alexandre@yahoo.fr

This works falls under the CIFRE[2] convention of the Office of Economic Cooperation for Mediterranean and Middle East (OCEMO)[3]

[1] Case studies of certain FDI and free zone promotion agencies developed in this paper are the fruit of direct observation of Mediterranean agencies (participation in Agency work groups in 2007, 2008 and 2012 In the context of the Invest in Med programme of the European Commission, as well as interviews with the agencies during the Invest in Med work groups, the Saudi Arabian General Investment Authority (SAGIA) between 2009 and 2010 in the context of studies for the French Embassy in Riyadh, and participative observation for the Emirate cases (in the context of a consultancy contract between 2010 and 2011 for the Ras Al Khaimah Investment Authority, which notably allowed me to participate in the Global Free Trade & Special Economic Zones Summit in the UAE in 2011, and to observe and participate in the work of agencies in free zones, plus interviews made with General Managers of the main free zones in Dubai, JAFZA, DAFZA, Silicon Oasis and TECOM, and a current research contract for RAK FTZ).
[2] Under the scientific supervision of Mrs. M. Mansuy, a Director of the INSEE Board and Head of economic and Statistical Studies at OCEMO.
[3] OCEMO is a cluster in Marseille-Valmer that brings together several key players in the field of economic cooperation in the MENA region, including the World Bank-CMI, the European Investment Bank, the AFD, the CDC (Deposits and Consignments Fund), FEMISE (Euro-Mediterranean network of economic analysis institutes), the ANIMA investment network (network of Euro-Mediterranean Agencies promoting FDI), and the IMPGT of Aix-Marseille University.

Introduction

In the context of the modernisation and development of economies on the southern banks of the Mediterranean Basin, numerous international organisations provided advice in the selection of public policies. Being the "alpha and omega" of the success of economic transitions, increased trade and growth of foreign direct investment[4] (FDI), openness and competition are often presented as the main tools for economic success[5].

While the aim of growth is undeniable, and sometimes even achieved, current debates focus on the inclusivity of this growth. By inclusivity[6], economists mean the ability to offer the entire population the benefits of economic growth in a productive system that can achieve a decent standard of living. It also pertains to the inclusion of environmental and regional challenges (in particular by including all populations spread across regions that do not equally benefit from the fruits of growth). It is therefore an economic development model that not only maximises cost to profit ratio, but also caters to the expectations of the various stakeholders by giving them an active role, and not merely the passive role of redistribution a posteriori.

After highlighting the issues of inclusive growth in the Mediterranean zone, we will focus on the territorial aspect of this growth. We will tackle the public practices of support for investment, and more specifically the aspects of the governance of these practices that enabled or hindered territorial inclusion, before finally discussing what new approaches could be implemented in the aftermath of the Arab Spring. We will evaluate the practices by means of a territorial division of FDI in the regions concerned. We will then explore in greater detail the managerial practices inspired by New Public Management (NPM) and the foreseeable public governance modifications to overcome the challenges faced by political and economic transitions. We will insist upon the aspect of public policy management in post-Arab Spring countries as a link between the national framework and local action. We will develop our vision of Mediterranean territorial management inspired by neo-liberal competition between territories. In contrast to what people may believe, management and public policy implementation issues are not mere technical issues; they also must take ideological choices into account. The forms of public governance chosen always bear economic and political models. The managerial practices and public policies implemented in recent years in Mediterranean countries reveal an ideology, the relevance of which today we must call into question.
We may well ask what we mean when we speak of territorial management and efficient management methods born out of New Public Management. Is it not cause for reflection on what new practices could be implemented that aim for more inclusion? Agencies from the Mediterranean zone and the Persian Gulf in charge of territorial marketing as regards foreign investors present their cases well. Lastly, we will discuss the proposals on what sort of method of governance could go beyond the limits of this territorial management.

Economic Growth and Inclusive Growth in the Mediterranean

Although all experts accept the definition of inclusive growth, the means of attaining it often differ. During the Annual Conference of FEMISE[7], various economists discussed the notion of inclusive growth in the Mediterranean, arriving at the conclusion that the distribution of growth by the market alone was not optimal in terms of inclusion. The World Bank[8], which attended the conference, insisted that it is not through greater liberalisation that growth will become inclusive: flexibility, notably in the labour market, and openness to the outside, will ensure sustained growth and will ultimately lead to job creation for the entire population.

While economies such as Egypt's are effectively marked by a strong propensity to rurality and resulting structures whose traditionalism tends towards low production levels, and that we can suppose that being exposed to competition will potentially drive them to create cooperatives,

[4] Foreign direct investment and development, Theodore H. Moran, Institute for International Economics, 1998

[5] Does foreign direct investment promote development? Theodore H. Moran, Edward M. Graham and Magnus Blomström, Institute for International Economics, 2005

[6] UNDP definition : http://www.ipc-undp.org/pages/newsite/menu/inclusive/whatisinclusivegrowth.jsp?active=1

[7] FEMISE is the « Forum Euro-Méditerranéen des Sciences Economiques », Euromed Network of Economic Institutes, financed by European Commission

[8] World Bank Definition : http://siteresources.worldbank.org/INTDEBTDEPT/Resources/468980-1218567884549/WhatIsInclusiveGrowth20081230.pdf

innovate and increase productivity, it is nevertheless fair to study the modalities of these openness policies. If therefore we accept henceforth that the brutal, sudden and unprepared opening of these traditional economies to global competition leads to more destruction than positive restructuring[9], it is a domain of public policy that has hitherto been ignored, since the global doctrine pushed by the donors and organisations, that of the regulation of this opening in the long term, is homogenous and dominant.

However, the results today force us to think again about these economic policies, to offer more inclusive growth for all territories concerned. We seem to recognise the possible graduated intervention of political policies, giving a more progressive opening up in order to guarantee cyclical transition[10]. This logic however further excludes the role of policy makers on long-term economic inflow orientation models.

A rationale of key economic players is presupposed on a flexible, open and competitive global market, which delivers an optimal allocation of resources for all territories. However, in the case of the Mediterranean region, we can question this allocation of investment flows at the level of its territorial networking.

The question is hot off the press if one considers the recent political transitions, catering to fundamental socio-economic needs. Indeed, it is poor economic productivity that often motivated the Arab Spring revolts, since the national economies no longer sufficed in catering to the populations' needs. Exceptions include the Persian Gulf region where the movement in Bahrain was more characterised by religious issues, while in Yemen the issues were more related to the merging of communities.

The southern-Mediterranean zone thus reaffirmed it political and socio-economic requirements. Despite efforts to assist the region in recent years, people have still been led to protest, often violently, in the streets. It is therefore perhaps time to draw up an inventory and evaluate the actions of the donors of the European Union in this region.

There has been talk of regional integration, of a vast market to ensure outlets and Euro-Mediterranean openness. All this relies on the increase interdependence of Euro-Mediterranean economics, permitted by the flow of FDI, which in itself should enable the modernisation of economies.

It is for this reason that numerous cooperation and support programmes have focussed on the development of FDI in the Mediterranean, with some success[11].

Inward investment flows to the Mediterranean region have thus increased over the last decade[12]. While this interconnection to the global economy by FDI can be considered a success for the Mediterranean, two points of evaluation can be raised to analyse the inclusive aspect of this investment: their coaching effects on domestic investment and their participation in restoring a balance in economic growth at territorial level.

It is on the latter point, the territorial distribution of FDI, that we will focus in particular.

We must initially ask ourselves what is meant by the array of tools recommended by donors and international organisations to stimulate the flow of FDI in the Mediterranean zone.

Finally, from what we have noted in ten years of experience of investment policy in the region and the mapping of FDI, should these policies not be re-adapted?

Public policies to support investment: numerous reforms in the Mediterranean in recent years.

Among the lavish advice at international level and more specifically in the MENA region on policies aimed at attracting FDI, we can note the particular roles of the OECD and the World Bank.

[9] Does foreign direct investment promote development? Chapter 9, Bruce A. Blonigen and Mao Grace Wang, Institute for International Economics, 2005

[10] Foreign direct investment and development, Chapter 9, policy implications for developing countries, Theodore H. Moran, Peterson Institute for International Economics, 2011

[11] On going evaluation of the project « Invest in Med », EuropeAid : http://www.animaweb.org/uploads/bases/document/InvestinMed-FinalReport.pdf

[12] +362.4% of FDI within Southern Mediterranean between 2000 and 2010, to compare with economies in development (+141.3%), economies in transition (+947.9%) and developed economies (-45.6%) according to UNCTAD Database

Each of these institutions promotes in its own way, with major effect, a very similar economic doctrine. The OECD has its MENA programme[13] and the World Bank uses it International Finance Corporation (IFC) ranking for promoting action and "*Doing Business*[14]".

This doctrine has an array of very practical aspects, with a sort of "tool kit" that is transposes for each country, enabling an easy international comparison of reform progress. It is the "Good Governance" concept of the World Bank.

The public policies proposed are based on the idea that the key public players must organise and ensure the conditions of an open and competitive market, and that, through this approach, general equilibrium is attainable. A favourable legal and financial framework may thus be the key to stimulate investment, and the greater the openness to international markets, the more investors will be attracted, enabling the filling of the gaps at local level[15].

Thus, within this array, we discover a stable and flexible legal framework for companies: it includes the possibility of easily and quickly extracting profit and FDI capital from the territory; the ability to invest by being owner of the capital of a wholly owned subsidiary; an independent agency in charge of delivering investment licences and refraining from interfering thereafter; the ratification of international insurance and investor protection agreements; the privatisation of economic sectors or former public monopolies; the maintenance of competitive standards, notably on public markets; a liberalised financial sector; and a said efficient public governance, that is one which restricts itself solely to sovereign fields, with little public expenditure[16].

The most recent proposals of the World Bank, in the context of the Deauville partnership for accompanying economic transition in the aftermath of the Arab Spring, assumes the same position, with the liberalisation of trade of goods and services, including agricultural assets, and the standardisation of regulations[17] [18], etc.

We could almost forget that the Arab Spring was preceded by massive strike movements in the mining zones, far from the major cities and urban areas, and reflecting abandoned economic zones, where modern trade does not seem to have had the expected effect.
This is this the main issue at stake in the MENA region. It is of course necessary to ensure, by all means at our disposal, smooth political transitions and resolve socio-economic emergencies. In the medium- to long-term however, the development model must be reinvented, or at least revised, for greater territorial equity.

The investment projects must assume inclusive dimensions, at social, environmental and territorial levels[19]. Territorial development is a national challenge for which only the public authorities are responsible.

The history of the Mediterranean territories, from the more or less forced opening with Europe, has taken place along the coasts. Thus, for decades we have been able to note a major capitalistic concentration on the coastlines, or in the case of Egypt, the entire length of the Nile, despite numerous populations living in the hinterland[20]. Theory would have it that prices increase with capitalistic concentration, since the key players gradually move to territories relatively forgotten and thus less expensive. The reality of the markets however is such that the price is seldom the sole incentive of economic activity, and the capitalistic concentration often leads to the obtaining of a return on investment higher than in the less concentrated zones, despite higher property prices. This is due to previous investment offering better and more productive infrastructures and economic fabric.

Rather than leaving a machine too well oiled, the public policies could inject a few grains of sand, creating a framework for certain sectors that would

[13] http://www.oecd.org/mena/

[14] http://www.doingbusiness.org/

[15] Cadre d'action pour l'investissement : panorama des bonnes pratiques, OECD, 2006

[16] OECD Investment Policy Reviews, Tunisia 2012, Morocco 2010, Egypt 2007

[17] Trade, investment and development in MENA, World Bank, IBRD World Bank, 2003

[18] From political to economic awakening in the Arab world: a Trade and FDI Report for Deauville Partnership, World Bank, 2012

[19] Socially responsible investment: what strategy for Mediterranean, ANIMA Investment Network, 2011

[20] A political economy of the Middle East, Alan Richards and John Waterbury, Westview Press, third edition, 2008

ensure the redirection towards one region rather than another. This could lead to the creation of business clusters, over the whole territory, where regions would share attractive sectors.

If we look closely at foreign investment data in the private sector since 2003 in the southern Mediterranean region, evidence supports the theory of a major concentration of FDI on the coasts and the length of the Nile, to the detriment of the hinterland, which is however richly populated[21].

Since FDI contributes in a major way to economic growth of these countries, it would be fair to spread it across the territory. Similarly, the clusters, incubators and other zones of excellence are very often concentrated on the coasts of Algeria, Morocco and Egypt[22], and to a lesser extent Tunisia.

The aggregated sum of FDI projects in the Mediterranean (CF. table below and figures in appendix) underline a strong concentration of the projects in few cities, especially in capital cities (except Algeria where the capital city attracts « only » 15% of the inflow, when other Algerian cities, as El Merk and Arzew attract 17% and 9.8% of the FDI projects). Actually, the policy of « passive » openess did not allow the public actors to drive the FDI toward a more territorial scattering in the country.

It is necessary to establish proactive public policies in terms of FDI and support for development of the private sector. This is not the place to debate whether the recommendations of donors and organisations to support the market economy are bad or not. We argue that they are fair but insufficient[23]. The public authorities cannot content themselves with the establishment of a favourable business climate and let the market alone make economic decisions, in particular in the choice of attribution of investment flow in the territories. Transparent rules must be established to protect national priorities and their distribution across the territory. Financial and property aid, as well as public-private partnerships are a step in the right direction to accompany key players in private sector in regions to which they would not have gone alone. New modalities of public governance must be found to this end, to transcend the simple logic of public management, which is in decline.

What managerial philosophy should underlie these reforms?

We can thus explore what managerial practices were able to lead to investment, which certainly rose but was concentrated intensively on small territorial fringes.

Our hypothesis is as follows: the organisations and donors who have advised the MENA countries for over a decade have produced public management methods influenced by almost blind competitive rules, including competition between policy makers.
To analyse these subjects, we must reflect on what territorial management is, as presented by the *best practices* and the technical assistance missions of donors and organisations. What is its relationship with New Public Management? What are its limits and links to this feeble territorial optimisation?

The analysis of relatively recent links between management on the one hand and territory on the other has been well conducted by Solange Hernandez[24]. She shows thus that the appearance of the term territorial management reflects the realisation of territorial interests in new public management. If we refer to the term of management for this territorial practice, it is to remain consistent with the notion of New Public Management. Territorial management is not a simple transposition of private sector practices to local management. While territorial management aims at efficiency of public policies implemented at local level, it is also based on an inclusive approach of the stakeholders of the territory and comes under management of public assets. Territorial management, however, tends to lean towards giving territorial key players responsibility, by making them bring their power prerogatives down to local level, while spurring competition between territories in a bid to make the zones more dynamic.

New Public Management (NPM) appeared in the context of economic globalisation and public finance restrictions. It therefore includes the aim of efficient

[21] Mediterranean Map of FDI, incubators and clusters, ANIMA Investment Network: http://www.medmaps.eu/mapview/ANIMA/

[22] http://www.medmaps.eu/mapview/ANIMA/

[23] Emergence en Méditerranée : Attractivité, IDE et délocalisations, Hakim Ben Hammouda, Nassim Oulmane et René Sandretto, L'Harmattan, 2009

[24] Solange Hernandez « Le Management territorial entre innovation et controverse(s) » Working Paper CERGAM 2003

administration reproducing certain private sector methods. NPM is based on three principles[25]: the disintegration of major administrative structures, competition, and encouragement. The similarity between NPM and territorial management is therefore relatively significant, if one considers the devolution and decentralisation, above and beyond the search for proximity to boost efficiency. It is an ideology of disintegration and the spurring of competition between territories. Territorial management has that in common with NPM: it places the manager at the centre of the very process of its local organisation, in order to optimise it and make it more efficient. There is absolutely no need for a macro-economic diagram in these practices; the point is to divide and disintegrate the production detours, as economists put it, in order to manage as closely as possible the stages of production and thus be in a position to intervene if need be to simplify or optimise.

Marcel Guenoun also stresses this link between NPM, territorial management and neoliberalism[26]. While public management cannot be summarised as NPM, the latter has allowed the growth of neo-liberal ideology in public policies, by limiting the role of public authorities and by favouring regulation by means of competition.

In the case of southern Mediterranean countries, and more broadly the Arab States, we note a major movement towards territorial management introduced by donors and international organisations. This territorial management is imperfect and must blend with a complex political-administrative history that grants more power to devolved authorities, and with central power control, rather than to local and decentralised authorities, with the citizen therefore lacking local democratic control. The promotion of the liberal framework in FDI in these countries is thus introduced more and more at local level. This leads the relevant authorities to develop territorial marketing entirely anchored in neoliberal ideology[27], by favouring competition between territories rather than cooperation via the segmentation of sectors. They are driven in this direction by the *Doing Business* recommendations of the World Bank, which readily places sub-national territories in its rankings (this is notably the case for Morocco and Egypt). There is a strong temptation to push reforms further: after the creation of an independent public agency to promote FDI, approaching NPM[28], it becomes urgent for these States to devolve the agency to territorial level, by placing the local entities born out of this movement in competition with each other, to initiate in territorial management of FDI[29].

The logic for intervention of territorial managers is thus to optimise under constraints, that is to say to take account of the local strengths and weaknesses to reach local objectives. With the Inputs set, the variables are the management modes, which must be the most efficient possible, as well as potential outputs, which by definition come from outside the territory. The various territorial managers thus find themselves, in the same State, in competition with each other to attract these outputs, which in this paper is FDI. Of course, the starting points are never the same, between capital cities, historically dynamic zones (in the case of the Mediterranean, the coastal and Nile zones) and the neglected zones (an example being "useful" Morocco vs. "useless" Morocco) where the capitalistic accumulation does not allow the same return, even with the same management practices. Thus, the benefits of placing territories in competition with each other can only be felt in territories that are already relatively dynamic. These zones will attract more outputs with greater effect, while another part of the territory will be even more neglected. We can reasonably question the utility of this territorial management, which does not have the subject of the development of its national territory on its agenda.

While territorial managers who focus on local missions cannot be held responsible for the concept of national territorial equilibrium, national strategies have failed to make territorial missions in competition with each other converge. Between the most commendable local performance for the user of public services, and national equilibrium in the interest of all, can there not be forms of governance to incite and/or constrain with respect to both?

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[25] Béatrice Van Haeperen: "Que sont les principes du New Public Management devenir ?" Reflets et Perspectives de la vie économique, 2012

[26] Doctoral thesis of Marcel Guenoun in management science, "Le management de la performance publique locale", mars 2009

[27] Marketing a Country, FIAS World Bank, Wells and Wint, March 2000

[28] The effectiveness of Promotion Agencies at Attracting Foreign Direct Investment, FIAS World Bank, Morisset and Andrews-Johnson, 2003

[29] Promotion locale de l'investissement en Méditerranée, Programme Invest in Med, Commission Européenne, juin 2011

Concrete case studies

Here I will present the risk taken by the Moroccan strategy, with the Regional Investment Centres (CRI, Centre Regional d' Investissement): while the Regional Centres' basic idea is interesting, that of territorial development via FDI, thus adding a territorial logic to the AMDI (Moroccan Investment Development Agency), we are forced with the reality that the CRIs are today not coordinated with each other via a cooperative strategy of territorial distribution of sectors which could be managed by the AMDI, for example.

The CRIs are more in competition with each other, with real success stories, for example the CRI SMD in Agadir, but the flow of FDI is concentrated even more on coastal regions that are already dynamic. The link-up of the national development strategy and local development strategy bodies could have been done better, via better AMDI/CRI governance. As an example, we can highlight the fact that the CRIs are under the direct responsibility of the external services of the Ministry for the Interior, hence under the responsibility of the Wali (governor appointed by the King), while the AMDI is under the central responsibility of the Ministry for Industry. The capacity building sessions of the European Union and OECD work in this way, by ensuring promotion of independent territorial management, efficient and in competition with other territories[30]. It is difficult to affirm that donors and organisations directly recommend public agents in the Mediterranean to place their territories in competition with each other. The fact remains however that during the consultancy and technical assistance sessions, the tools of good governances, as presented or understood, translated as more devolved public agencies at territorial level and neither coordinated nor integrated into national and regional strategic plans. This is indeed the essence of territorial management inspired by NPM, with performance indicators and donor rankings pushing to reward the "virtue" of countries implementing these types of reforms (such as the Sub-Agadir[31] region of Morocco, which has been rewarded by the *Doing Business* programme as one of the most attractive zones in the world, without pointing out that it has contributed in a major way to a flagrant territorial imbalance instead of being part of a wider national strategy).

These limits of territorial management pushed to its extreme and placing territories in competition with each other rather than giving them sectorial coordination can be found in most of the southern Mediterranean countries, notably Jordan and Egypt, which have developed local and often generalised free zone policies (when there is a specialisation in the choices, it is never followed up by public investment and/or clusters to support the specialisation, ending *de facto* in a generalised free zone). There is thus often competition between zones rather than an interaction in aid of harmonious economic territorial development.

On the same theme, it is interesting to explore the experiences of the United Arab Emirates.

Structured around seven Emirates, each of which has its government with broad prerogatives (including territorial and economic development), the Federation of the United Arab Emirates is marked by a major heterogeneity of its territory: dense zones in terms of investment, companies and workers mingling directly with virtually empty zones, and not simply deserted if we bear in mind that the entire country is a coastal desert.

For several years, the Emirates have been building their development via openness to the outside world and abundant inflows of FDI, an as such, have put in place numerous free zones. The country is also very well ranked in the World Bank's *Doing Business* classification and closely follows the recommendations of the OECD on the business climate and protection of investors[32] [33].

However, the Emirates constitute a laboratory for the exploration of policies implemented, since the various Emirates did not internally select the same options. While each ensured the creation of a liberal business framework open to the outside world, the Emirate of Dubai differs by its very interventionist public policy, adding to the liberal framework of companies, where the issue is to orient investors towards what the government deems strategic (priority territories and sectors of activity). Thus the Emirate of Dubai contains the majority of the 36 free zones in the United Arab Emirates, but with a

[30] http://www.oecd.org/mena/44545642.pdf

[31] http://www.doingbusiness.org/data/exploreeconomies/morocco/sub/souss-massa-dra%C3%A2/

[32] UAE ranking in Doing Business, IFC/World Bank: http://francais.doingbusiness.org/data/exploreeconomies/united-arab-emirates

[33] +1186.2% of FDI in UAE between 2000 and 2010 according to UNCTAD Database

territorial strategy of investment sectors pre-established by the Dubai government, in order to avoid pointless competition between free zones and to orient companies in a logic of territorial development[34]. The thematic free zones of Dubai coordinate with the key public players on two fronts: the attractiveness and the promotion of the territory, and territorial development. Public amenities, residential districts and the infrastructure are designed in line with these integrated schemas where competition between key public players and territories is no longer the means of allocation of resources. Multi-sector and multiplayer governance on a Dubai scale, within the "FDI Office" of the department of economic affairs, guarantees respect of the strategic imperatives of the territory. This has not always been the case: various free zones in Dubai were gradually born, all managed by different clans in power, and developing solely in the interest of their "turf", whether on a geographical or a clan basis. Only recently has a supervised governance of these different devolved and economic players been put in place, to ensure the greater interest of the territory.

The other Emirates have favoured a model of several free zones on their territory, but without sectorial division, leading to a sterile competition between different public branches of the same government, and depriving public policy of the tools to develop all Emirates concerned.

Without entering into the defence of Dubai's economic model, which has suffered crises, notably in property, but also from a social model that should not necessarily be repeated, the intense interventionist will of the Dubai authorities has allowed the highlighting, within the federation, of a more economically harmonious territory as regards the growth centres.

Abu Dhabi, on the other hand, is economically less diversified, and geographically much more marked by a desert hinterland, and a coastal city that is very dense in terms of sources of growth.

Similarly, the fourth Emirate of the Federation, Ras Al Khaimah, which covers 1,683km2 and has a population of 189,953 inhabitants, has put in place no less than four public structures that are not specialised in any give sector. They have been granted political mandates to attract companies to the territory via several free zones (RAK FTZ, RAK Investment Authority, RAK Chamber and RAK Economic Department). These four public structures are largely independent, with their own budgets and employees, and wage a turf war to boast the greatest number of licences granted. The territorial marketing and competitive logic between key public players has led policy makers to build erroneous performance indicators. Instead of long-term strategies and evaluation of sustainable development of the territory, the key public players of these free zones are audited on the number of commercial licences granted. Hence it is more interesting for the free zone of Ras Al Khaimah, in competition with another free zone of the same territory just kilometres away but lacking the competitive edge[35], to bid with direct and aggressive marketing to sell a lot of "easy" licences (licences requiring little investment on the part of the buyer, such as consulting service licences). The buyer acquires the inexpensive licence in order to obtain a visa and remain in the Emirates, in search of employment in Dubai or Abu Dhabi, while retaining a secondary activity as a self-employed consultant. The public unit has thus fulfilled its mission by selling a large number of licences (there is even a "flexi-desk" to attract the "investor" with its consulting licence: it comprises an office open two hours weekly for the consultant's business). The aim is to "beat" the competitor from the other free zone in a strictly quantitative sense. In contrast to the practices in Dubai, this is in no way a territorial anchorage of the investor and a means of developing the workforce. Dubai has eradicated the adverse effect of this competition between free zones by a governance strategy close to that of Foucault[36]: through imperative strategic choices, the government promotes the priorities to which to adhere, while leaving a power structure distanced from the former central State, and closer to a logic of devolved and independent key players, coordinating however on imperative principles via a mediator.

This different model from Dubai, that we can call it Post New Public Management (this model keeps

[34] Dubai strategy : Past, Present, Future, Michael Matly and Laure Dillon, Harvard University, 2007

[35] Mêmes packages juridiques et fiscales, mêmes coûts du foncier et de l'énergie, pas d'investissements publics spécifiques pour créer un avantage sectoriel

[36] Conference of Pr. Foucault at Collège de France "Sécurité, territoire, population", 1977, mentioned within Gouvernance en Méditerranée : intérêt et limites d'un concept, Jean Yves Moisseron, Maghreb-Machrek N° 202 Hiver 2009-2010

some classical aspects of NPM such as autonomous public agencies and evaluation by the outputs) adds some cooperation and coordination ways by a network. It can be sum up by the table below[37] : The Dubai strategy of free zones or clusters and other types of places devoted to essential development sectors, with public installations and major public investment, can stimulate economic growth in rural zones that are too often forgotten in growth policies. Algeria is a good case in point: a vast territory where international investment focuses on the coast, as do public support policies for the private sector, via clusters, technical centres of excellence and aid for innovation[38].

The subject is also pertinent in Egypt where there is a major concentration of economic clusters and DFI along the Nile[39]. These special economic zones can be a tool for development and territorial balance if implemented in the context of a national strategy between sectors and territories, as in the case of Dubai, rather than dispersed and uncoordinated, and leading to territorial competition.

Catering to requirements through new types of governance

A new public strategy would imply devolution of certain economic policies, notably accompanying investors and promoting territories and sectors, supported by the implementation of national plans for geographical distribution of strategic business sectors. It is certainly via forms of multilevel[40] [41] governance, bringing together key central and local players, that States and regions might establish perennial development strategies, with specific sectors per territory, and a network of public policies to promote and accompany investors on sectorial or territorial grids. This notion of governance offers solutions since it allows the challenges of key player plurality to be transcended, by removing vertical relationships, but a prime directive must be prominent in multi-party negotiations: this is the imperative for governmentality. It presupposes upstream discussion of territorial and national, or indeed regional, key players (to avoid pointless competition between countries of the same integrated regional market) in order to limit the sectors deemed strategic to the most apt territory. Breaking down the economic structure between territories in an integrated market logic is thereafter a major incentive for investors to opt for this development territory for a given sector. While participative governance at territorial level is crucial, it is thus also necessary to reap the benefits of a regional platform dedicated to this logic of economic integration to initiate such discussion. From this platform and in partnership with key territorial players, donors could accompany the creation of sectorial clusters, by investing massively in their development and their logistical interconnection, bearing in mind that the States of the southern Mediterranean basin do not always have the financial means to initiate a free zone strategy as immense as that of Dubai. This type of strategy depends partly on public investment enabling the foundation of a comparative advantage in one sector, via research and development, laboratories and devoted centres, infrastructure, training facilities, and modalities of support for development of SME (small and medium-sized enterprises) linked to the chosen sector (including angel investors with a support logic from large companies in the sectors chosen by the SMEs in question).

It is a new direction in the development strategies that Mediterranean countries need: for more territorial inclusion, the politics born out of “good governance” and the business climate, which allow for the creation of a framework inclined towards development, must be accompanied by more interventionist policies, with clearly established objectives and tools for measurement and evaluation a posteriori if the objectives of territorial distribution of the economic growth have been achieved. These strategic plans, based on sectors and territories, must be supported by governance modes of coordination between local, dispersed key players, as well as national entities, without infringing on the local autonomy that enables managerial innovation. An imperative strategy limiting fruitless sectorial competition must however be imposed.

Le NPM recommandé par les organisations internationales dans les pays MENA pour moderniser les agences publiques a produit de nouvelles pratiques plus modernes permettant d’améliorer l’attractivité territoriale. Les nouvelles expérimentations de Dubaï en matière de

[37] Benchmark built by secondary data from MENA FDI agencies and international organizations (OECD, World Bank and ANIMA) websites and from interviews and participatory observations on the field with these FDI agencies.

[38] http://www.medmaps.eu/mapview/ANIMA/

[39] http://www.medmaps.eu/mapview/ANIMA/

[40] Gouverner par contrat, l’action publique en question, Jean Pierre Gaudin, 2004

[41] Pourquoi la gouvernance, Jean Pierre Gaudin, 2008

coordination des agents publics pour dépasser certaines limites du NPM constatées sur le terrain sont intéressantes pour les pays méditerranéens souffrant d'hyper concentration de la croissance économique. Le tableau ci-dessous résume cette évolution de l'administration traditionnelle vers l'agence autonome type NPM puis son organisation en réseau[42] : While it is relevant, on the subject of managerial practices, to note that this "modernity" of an NPM in the neoliberal era has rendered more dynamic territories that still practiced until recent years a very centralised public management in the Mediterranean zone, we can also ask if these new forms of public management imported from donors and organisations have not accentuated the problems of territorial imbalance. In the current context of key public players speaking of "territorial marketing", "attractiveness for companies" and "international promotion", it would hardly be wise to turn back the clock by rejecting the positive impact of NPM and territorial management.

On the contrary, more devolution and decentralisation should be encouraged, even by pushing the key national and territorial players to join forces in drawing up integrated strategic plans: by implementing consensual distribution of sectors and territories (through negotiation and the use of upstream studies of the comparative advantages), it is then foreseeable to put in place systems of multiplayer and multilevel governance ensuring the smooth running of the territorial development. Local experimentation of innovative managerial tools to make the territorial fabric more dynamic is always permitted (with funding from NPM), but would no longer be carried out in a context of pure competition between territories on the same business sectors, which can only damage national cohesion. The modes of territorial governance proposed here are as different from the former centralising regimes as the temptation for a "competitive market" between territories towards which certain NPM trends lead us, such as those exported to the Mediterranean. An experiment of a new network governance[43] for the policy makers and the autonomous public agencies, to mix territorial inclusiveness and sectorial targets, as a way of a Post NPM in the Mediterranean.

[42] Typologies built by secondary data from MENA FDI agencies and international organizations (OECD, World Bank and ANIMA) websites and from interviews and participatory observations on the field with these FDI agencies.

[43] « The New Public Governance » Edited by Stephen P. Osborne, 2009

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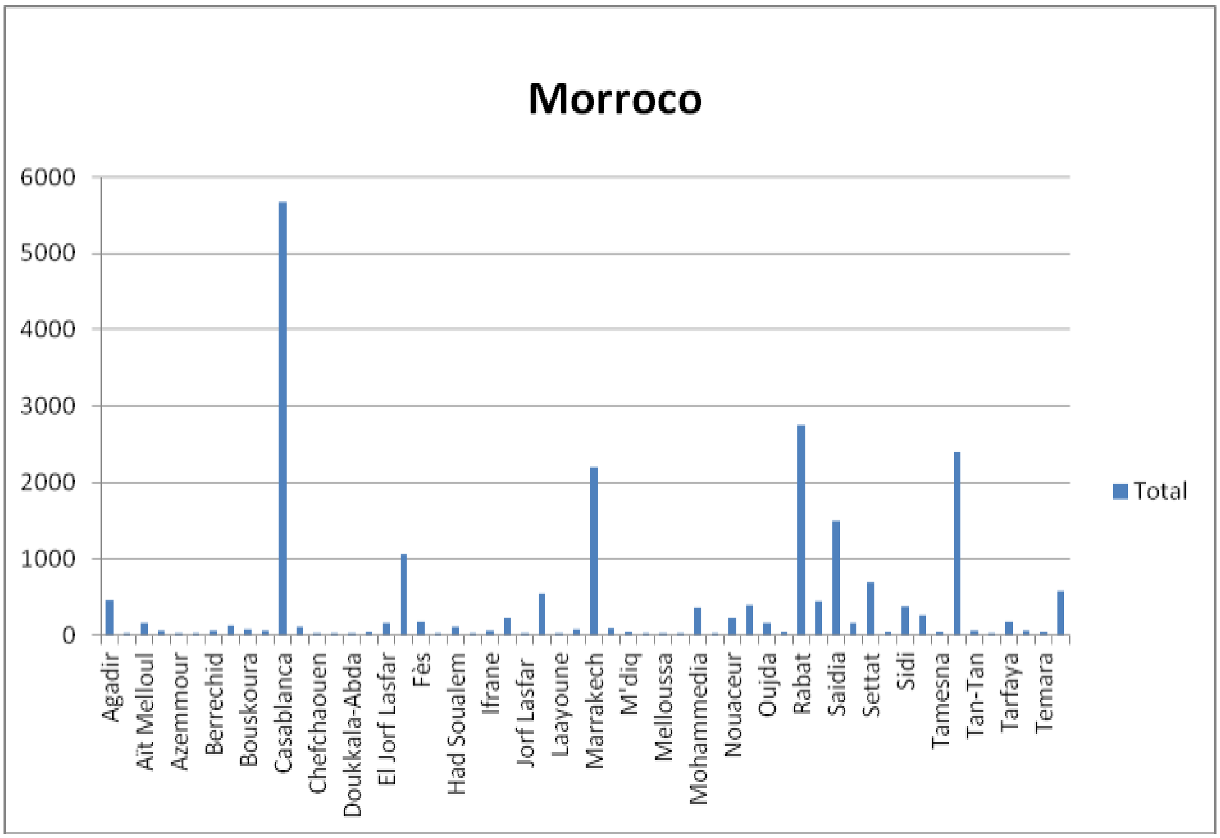
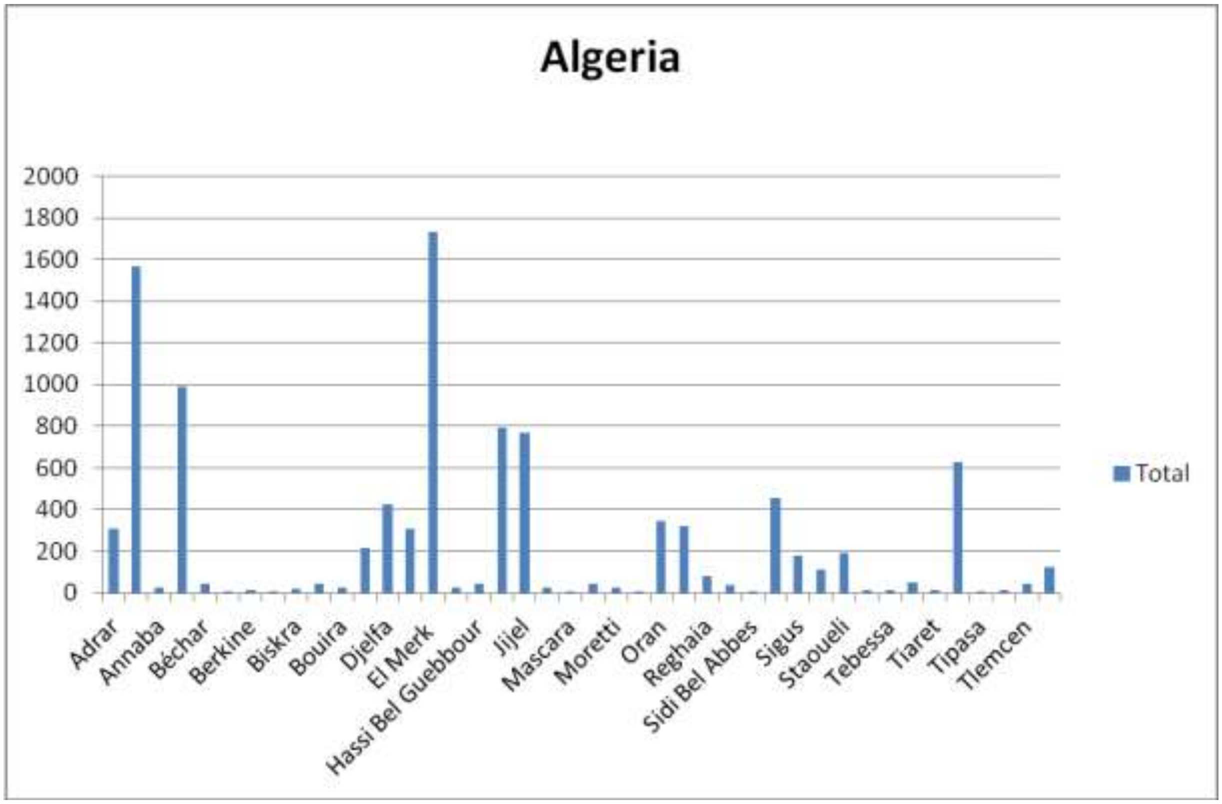
Tables and Charts Used

Distribution of FDI projects[44] (in millions of euros)by cities between 2003 and 2012



[44] Source: Statistics built from the raw data of MIPO - ANIMA
http://www.animaweb.org/uploads/doc_non_affiches/Fiche%20MIPO_Final_EN.pdf
http://www.animaweb.org/uploads/doc_non_affiches/AIN_MIPOpourSite_ENG_21-02-11.pdf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2000
1800
1600
1400
1200
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800
600
400
200
0
Total
Adrar
Annaba
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Berkine
Biskra
Bouira
Djelfa
El Merk
Hassi Bel Guebbour
Jijel
Mascara
Moretti
Oran
Reghaia
Sidi Bel Abbes
Sigus
Staoueli
Tebessa
Tiaret
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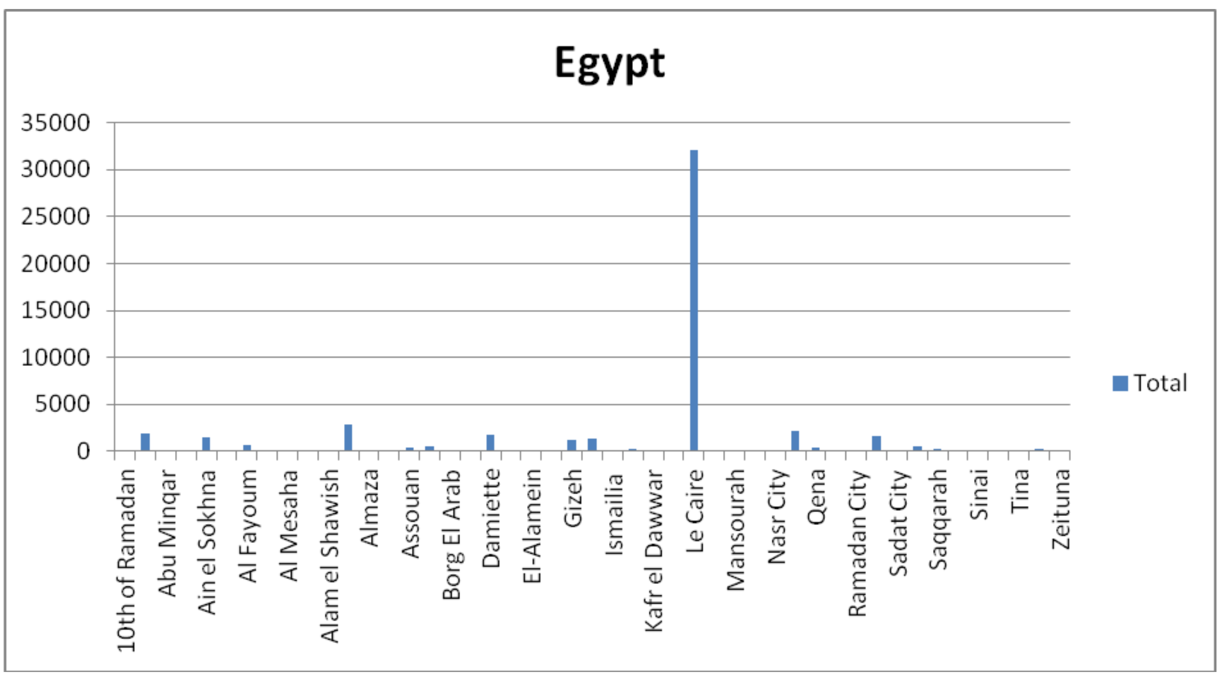
Egypt
35000
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25000
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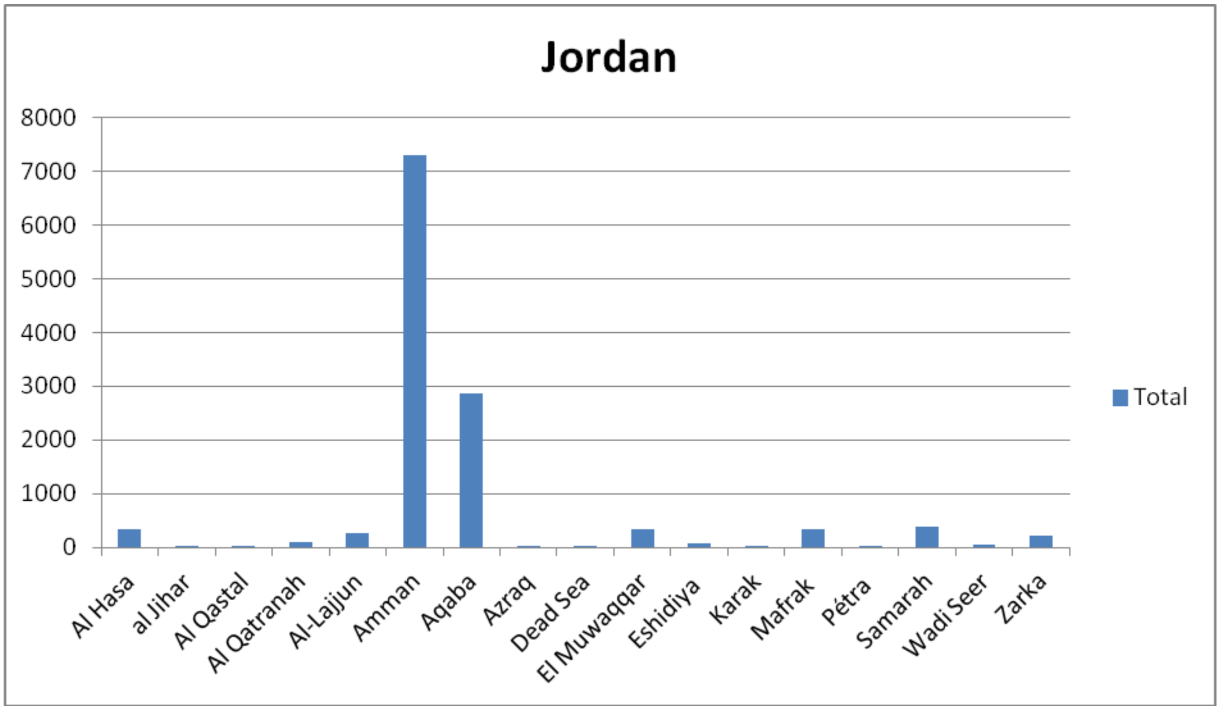
15000
10000
5000
0
Total
10th of Ramadan
Abu Minqar
Ain el Sokhna
Al Fayoum
Al Mesaha
Alam el Shawish
Almaza
Assouan
Borg El Arab
Damiette
El-Alamein
Gizeh
Ismailia
Kafr el Dawwar
Le Caire
Mansourah
Nasr City
Qena
Ramadan City
Sadat City
Saqqarah
Sinai
Tina
Zeituna


Jordan
8000
7000
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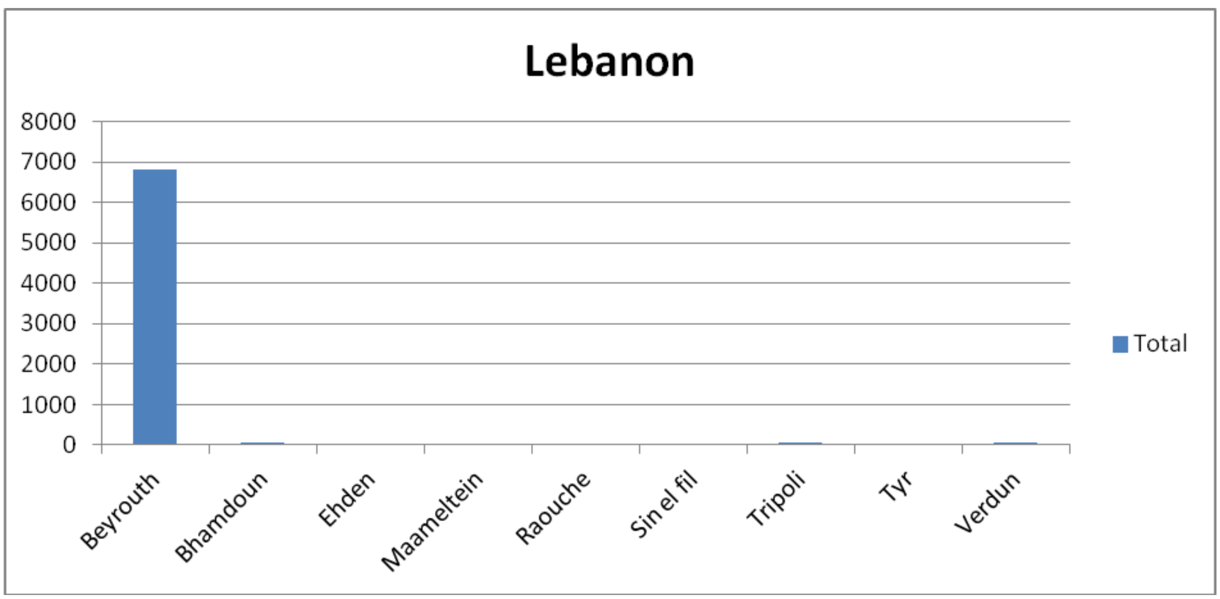
Total
Al Hasa
al Jihar
Al Qastal
Al Qatranah
Al-Lajjun
Amman
Aqaba
Azraq
Dead Sea
El Muwaqqar
Eshidiya
Karak
Mafrak
Pétra
Samarah
Wadi Seer
Zarka


Lebanon
8000
7000
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Total
Beyrouth
Bhamdoun
Ehden
Maameltein
Raouche
Sin el fil
Tripoli
Tyr
Verdun

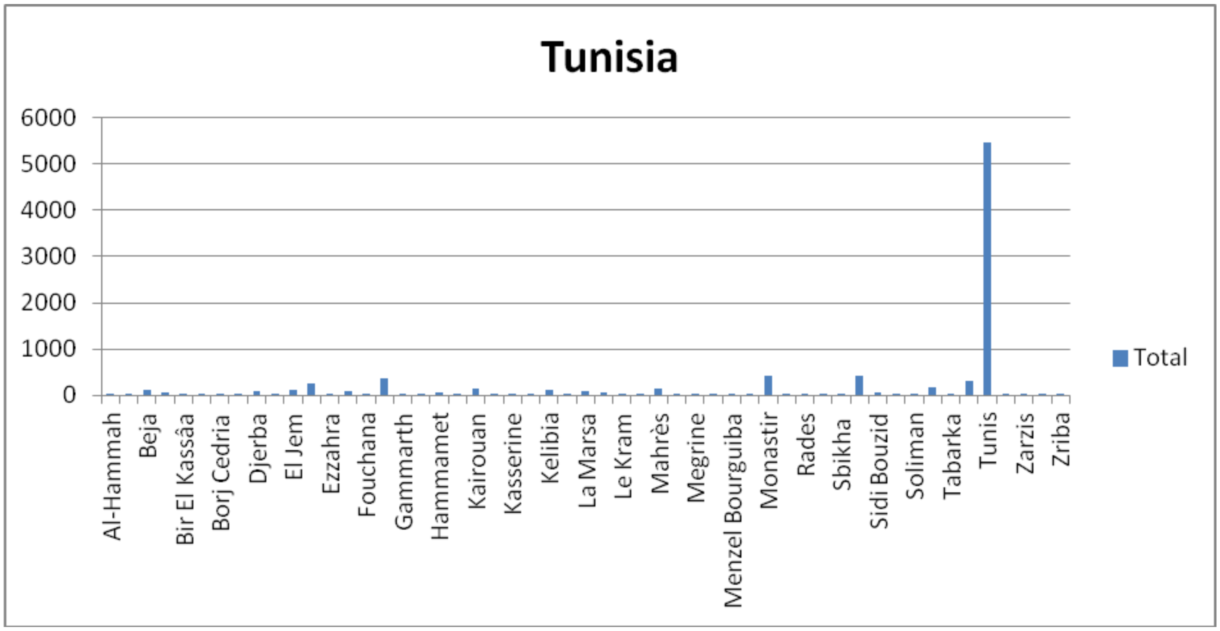

Table: 1

Countries	**Cities**	**Concentration of the FDI Projects between 2003 and 2012**[45]
Algeria	Alger	15%
Egypt	Cairo	62%
Jordan	Amman	59%
Lebanon	Beyrouth	96%
Tunisia	Tunis	61%

Table: 2

Territory	**Internal organization**	**External organization**	**Output to be evaluated**	**Management Typology**
Dubai	Autonomous public agencies (Free Zone Authorities)	Cooperation of the Agencies (Dubai Free Zone Council) and « National » strategy designed by Economic	Sum of the FDI projects by sector activities by following a matrix territories/sectors	Post New Public Management (NPM with some coordination principles by networks in addition to the

[45] Statistics built from the raw data of MIPO - ANIMA : http://www.animaweb.org/uploads/doc_non_affiches/Fiche%20MIPO_Final_EN.pdf

		Department (Dubai FDI)		classical NPM)
Ras Al Khaimah	Autonomous public agencies (Free Zone Authorities)	Competition between the agencies	Number of licence sold	New Public Management
Morroco	Autonomous public agencies (AMDI for national level and CRI for local level)	Competition between the local territories	Number of investment projects	New Public Management
Egypt	Autonomous public agencies (GAFI)	Centralized strategy, focused on few cities (Cairo, Alexandrie and Assiut)	Number of licence and investment projects	New Public Management

Table :3

	Traditional Management	**New Public Management**	**Post NPM/New Public Governance**
Legal statute	Public administration attached to a Ministry	Autonomous public Agency	Autonomous public Agency
Employees	Civil servant	Recruitment by private contract and job description	Recruitment by private contract and job description
Way to evaluate the work done by employee	Evolution by seniority of age	Evaluation done by the Manager regarding the outputs: number of license sold and/or of FDI projects	Evaluation done by the Manager regarding the outputs: Sum of FDI projects by sector activities regarding a more global and long term strategy
External relations of the organization with the other stakeholders	Few communication with other stakeholders	One-stop-shop on its own territory but competition with the other agencies from different territories on a same country	Cooperation and coordination of the agencies and free zone in a networking framework: global strategy from the ministry (to distribute specific sectors by specific territories) then following by stakeholders networking governance