Research, Advocacy & Public Policy-Making

The Dynamics of Policy Innovation and Diffusion in the Gulf Cooperation Council: A Case Study of Three Specialized Cities

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The Study

This study examines a recent phenomenon in the Gulf Cooperation Council (GCC) referred to as Specialized Cities (SC). A Specialized City is a “city in-the-city” that has the main purpose of implementing innovations in selected policy areas, in addition to being a new town. This paper goes beyond describing the spread of SC in the Arab Gulf region to answer to a broader question: what motivates a GCC country to adopt such policy innovation? The study reports on three case studies: Dubai Healthcare City (DHCC), Abu Dhabi Masdar City, and Qatar Education City. The cases were selected for the special considerations outlined below and were studied using two different research approaches: desk research and a combination of a variety of research tools. The first approach was intended to elicit basic background information and documentation and to provide the author with the identities of the different stakeholders who would become key informants. The second approach was intended to obtain richer quantitative and qualitative data including a brief quantitative description of the phenomenon, whereas the latter would expose the underlying drivers behind the creation of these cities, the determinants for their regional diffusion, and, to a certain extent, their policy impact. This preliminary analysis of each of the cases is followed by a comparative approach that aims at discovering similarities and differences as well as generating a preliminary analytical model.

Although several major scholarly work and policy perspectives were reviewed, the spread of SC in the GCC countries can be mainly explained within the theoretical framework of policy innovation and diffusion. The country adoption of a policy innovation and its diffusion is the result of geographical proximity and similarity, as these proximate countries tend to usually have similar economic aspects and common social problems that lead to similar policy actions effects. Regional competition and positive reputational mechanisms are also considered strong determinants for diffusion. The study’s findings also shed some light on the policy-making process in these countries. The decision-makers are closer to the unitary actors we think about in models than they often are in other more common diffusion settings (legislature, interest groups, etc.).

This subject of SC has not received nearly enough attention among scholars of the GCC states. The author is not aware of any study that has analyzed policy innovation and diffusion in the Arab Gulf region. Although the purpose of this paper is not to evaluate these cities, it briefly discusses their short and long-term sustainability and the value they add to their host country, in particular, and to the GCC region, in general. It is also important to mention that there are many articles written specifically about the three projects however; most have a pure technical and descriptive aspect or were written for marketing and advertisement purposes. There is no evidence in the literature of a critical analysis of these cities neither from a political science point of view nor from a public policy perspective.
Theoretical Framework

There are several theories that were developed to explain policy adoption by the American States and European countries. Some have analyzed policy adoption in different types of nations. This paper draws upon Berry and Berry’s (2007) policy adoption and diffusion theory to explain both the establishment of specialized cities in three of the GCC countries in three different policy sectors: energy, health, education, and the regional diffusion of the related policy innovations.

The policy innovation and diffusion framework was initially developed by Berry & Berry (1990) to explain the variation in specific policy innovations across a large number of US states. This framework incorporates two models: the internal determinants model and the diffusion model. The internal determinants model presumes that there are certain internal factors that cause a state to adopt a new policy or program. These internal factors include the political, economic, and social characteristics of the adopting state. This model does not take into consideration the diffusion effects in which a state is actually influenced by the actions of another state. In this model, the dependent variable is either the propensity of a state to adopt a policy or a set of policies during a specific interval in time that should be specified, or the earliness of that adoption. The former is also simply referred to as the probability of adoption. It is also assumed that the earlier the state adopts a policy, the greater its innovativeness (Berry & Berry, 2007). Governments with vast financial resources and a considerable high level of economic development are more likely to adopt new policies or programs. In addition, policy entrepreneurs, who advocate certain proposals or policies, watch for the occurrence policy windows of opportunity to advance their pet solutions or to focus attention on their special problems (Kingdon, 2003). Therefore, in this model, the independent variables are the internal determinants for innovation. These variables include the severity of the problem; motivating consideration of the policy; the character of public opinion; electoral competition or interparty competition in the state; the professionalism of its legislature; and other ad hoc motivation factors. Other variables include both obstacles to innovation and the available resources to overcome these obstacles.

The other model of state adoption of a new policy is based on the concept of regional diffusion or policy transfer. It assumes that state adoption is an emulation of existing adoption by other states of a certain program or policy (Berry & Berry, 2007). The diffusion models that have been developed by several scholars vary in terms of the channel of control and communication across the government’s jurisdiction. In the model that Walker (1969) proposes, he hypothesizes that states, in an attempt to simplify complex decisions regarding complex problems, borrow policy innovations implemented in another state, especially when these policies or programs were considered successful. This is consistent with the incrementalism or the ‘muddling through’ approach to policy-making introduced by Lindblom (1969). Berry & Berry (2007) and Gray (1973) hypothesize that the probability of a state to adopt a program or emulate a policy is proportional to the number of interactions the officials of that state have had with the innovating state based on the National Interaction Model, which assumes a national communication network among state officials regarding public-sector programs, in which officials learn about programs from their peers in other states.

In addition, the pressure on the state to conform to nationally or regionally accepted standards is another reason for policy diffusion (Walker, 1969). Geographical proximity is seen as another factor of regional diffusion. The more proximate the state, the higher the probability of adoption. The probability of a state to adopt a policy is also positively related to the number of bordering states that had already adopted that policy (Mintrom, 1997). Proximate states tend to have similar economic aspects and common social problems, which lead to similar policy actions effects (Mooney & Lee, 1995). Isomorphism models assume that the presence of similarities between states is a major determinant for diffusion. However, ideological similarities might often be more important when certain states share similarities with states that are not geographically close.

Finally, several scholars have argued that states not only learn from each other, but they also compete with each other. States tend to emulate policies to achieve an economic advantage over other states or avoid being
disadvantaged. However, it is when policy adoptions are attempts to compete with other states that “the likelihood of regionally focused, rather than nationally based, diffusion seems greatest” (Berry & Berry, 2007, p.229). Therefore, competition and learning lead us to assume that diffusion channels are regional in nature.

Other diffusion models include the Leader-Laggard and the Vertical Influence models. The Leader-Laggard models assume that certain states, which pioneered adoption of policies or programs, are perceived as leaders by other states. This regional leadership determines both the adopting states and the adopter. In the vertical influence model, the national government is the pioneer or leader state: states emulate vertically rather than horizontally.

Drawing on this literature, the analysis incorporates only the relevant determinants as they apply to the region as it takes into account region-specific variables such as religion and cultural-related variables. Preserving and restoring the region’s cultural resources, traditional activities, and religious practices have formed key components of the traditional polity’s legitimacy formula (Davidson, 2005). These variables also have an effect on the policy innovation adoption and diffusion. The unit of analysis is the adopting country in the GCC region.

Methodology

This research uses the case study method. The case study method is ideal for this research as it is hard to get inside the black box of decision-making in order to understand diffusion. It is commonly considered hard to comprehend diffusion in the case of a large N observational data. An analysis of each of the cases is done followed by a comparative approach that aims at discovering similarities and differences and generating a preliminary analytical model. We consider three cases to inform our study: Abu Dhabi Masdar City, Dubai Healthcare City, and Qatar Education City. These cases were selected as they cover three major policy areas and as they each fall in a different phase of the diffusion process (early, middle, and later). These case studies are part of an ongoing larger project that aims at studying public policy-making in each of the GCC countries.

Each case study is based on lengthy in-depth semi-structured interviews with 24 informants in all three countries. The participants include top-level staff members in administrative positions in the three specialized cities, high-ranking governmental officials and those close to them or to other key decision-makers. These interviews are considered the primary method of data collection.

The respondents were also asked to describe the main objectives of the policy innovation and the outcomes, both present and expected, of the specialized city. Furthermore, they were to answer whether the specialized city is a pioneer case or whether there are any similar domestic or international models. Finally, they were asked whether the specialized city was already copied regionally or internationally.

In addition to these interviews, this study is based on document analysis which includes websites, newspaper articles, and publicly available documents such as press coverage, speeches and lectures of prominent individuals involved in the implementation and development of each of these cities. All the official documents were available both in English and in Arabic. Additional information was gathered from documents provided by key informants and literature on the areas of health, education, and energy policies in the region, as well as through field observations and informal conversations during casual social gatherings. Personal participation in conferences, workshops, and seminars such as the Doha Debates and the lecture series of the Center for International and Regional Studies (CIRS) at Georgetown University in Qatar, Kuwait, and the United Arab Emirates (UAE) was useful for data collection.
Case Studies

Three case studies are analyzed: the Dubai Healthcare City, Abu Dhabi Masdar City, and Qatar Education City. The rationale for the selection of the countries and the cities is not only based on the fact that these countries (UAE and Qatar) share many cultural, political, and economic characteristics, but also that each of these cities represents a policy innovation, each in a major policy area. We have chosen cases from two different countries, including the first SC (Qatar Education City), the largest Healthcare institution in the region (Dubai Healthcare City), as well as the largest ongoing project (Abu Dhabi Masdar City). The first is already completed and the other two are still being built. This approach makes it possible to cover a large time-span in the development of specialized cities in the Gulf region (1995-2010) and to find out whether there are commonalities in the drivers behind the creation of these cities. Finally, access to the specialized cities was also a criterion. Compared to the Kingdom of Saudi Arabia (KSA), the UAE and Qatar are considered less conservative, in addition to the less complicated process of obtaining entry visas to these countries/emirates.

Comparative Analysis of the Cases

Understanding policy-making in the GCC countries is a rather grand undertaking. Not only is the policy-making model unique, but the participants are difficult to locate. They are not necessarily located in clubs, in the majaless, in the social outings, and even in the national advisory councils, when they exist. Think tanks, NGOs, or other type of platforms that can influence policy or public debates are almost non-existing in Qatar and the UAE and when they exist they are mostly Qaungos (Quasi Non-Governmental Organizations). The presence of think tanks and civil society organizations is different from that in Lebanon, Jordan and Egypt. Political power in the two member states is mostly exercised by the leadership in power. The decision-making process was repeatedly described in all the interviews as a predominantly centralized top-down process. The presence of a vision by the country’s leadership is another common denominator to the interviewees’ answers to the question related to main actors involved in the policy development and formulation. How did these specialized cities become part of this vision? How can the creation of specialized cities be explained? Few individuals recognize a certain concept, then develop ideas and bring them to the ruler. Based on the interview data, these individuals have the following common characteristics: they are in the ruler’s circle of trust, they have access, they have vested interests, they have “connection with the vastness of the space, otherwise they won’t see the need”, they have exposure to the outside world, they are competent people, they are not necessarily consultants, the majority are expatriates, and they are subject matter experts who are well known in their field.

It was often difficult to identify the influential individuals who were involved in the creation of the cities. In the case of Masdar City, we were told that in the early 2000, some Lebanese engineers had developed the idea and presented it to the Crown Prince, who brought this project to his father. In the case of the Education City, the individual role of Sheikha Mozah is evident whereas in the case of the Dubai Healthcare City, the decision to establish the city is more of a collective leadership decision. Furthermore, the role of individuals with access to the ruling family cannot be underestimated but is often not discussed in analyses of the Gulf countries which tend to focus on the lack of domestic NGOs, organized interest groups, and a vibrant civil society.

Besides being established as free zones, all the cities in the study are either subsidized by government, semi-government organizations, or government-funded projects. They are also located in resource-rich countries. Qatar and the emirates of Dubai and Abu Dhabi belong to the category of the richest countries in the world. Oil and natural gas revenues contribute to more than 70 % of Qatar and Abu Dhabi government revenues. Without the income generated from the export of oil and natural gas, neither Qatar nor any other GCC country would have been able to establish such costly innovations. In fact, the implementation of these specialized cities have the
same objective, that of economic diversification and sustainability as the three study countries are mainly, or at least partly, dependent on the revenues from exporting oil and natural gas. However, these are finite resources: in short and medium term perspectives, oil and natural gas prices might be lowered, and in a long term perspective, fossil resources would be depleted. Dubai is under more pressure to diversify its economy than Qatar or Abu Dhabi as its fossil fuels will not be available for much longer in the future. Oil reserves in the Gulf are estimated to dry up in ten years, and natural gas in twenty years (Reiche, 2010).

Other than for economic diversification, the innovation perspective is crucial to understand the implementation process of specialized cities. A specialized city seeks to be attractive not just for the home country and the region, but also for the whole world. Being the first city to implement the education, health and environment concepts on such a large scale is important and is what is common to these cities; the specialized cities within-the-city want to become a hub and a global benchmark. They intend to gain the so-called “first mover advantage” (Janicke, 2006) where customers tend to have a preference for the pioneers while others copy their innovative concept and buy their acquired expertise. However, the question remains what attracted internationally well-founded institutions and all the different well-known universities located in Education City to be part of these cities. Other than the profit generated from the millions of dollars endowment to the home university, the recruited foreign staff receives an attractive compensation package. On the other hand, each of these universities is considered the “know-how” and its presence will certainly add value to the city. So it is a win-win situation as most respondents described it. Another common characteristic of these cities is the joining of education and research under one roof, with the ambitious aim of bridging policy and research. According to Ketels, who specializes in cluster economics theory, it is apparent in the Gulf countries, based on the idea of cluster formations, that there is evidence of a disconnection from any intellectual centre (Collacott, 2009). In choosing each of these cities, the three selected cases reflect an institutional setting where the creation of the cluster was linked to the creation of intellectual capacities, not simply as a cluster of elite universities, medical centers, and business companies.

The pressure to conform to internationally and regionally accepted standards represents yet another policy determinant to the establishment of the three cities. Related to this, are elements of national pride and regional prestige. The leadership in each of these countries is relentlessly working toward constructing a high profile international image for their country and to establish itself in the global scene. On many policies, especially those related to human rights, governments have traditionally introduced initiatives to improve their international reputation.

On the other hand, there is no doubt that the three cities were established with the general objective of improving health status of the people in Dubai, contributing to combating climate change in Abu Dhabi, and advancing education in Qatar. However, the underlying objective is to become pioneers in that specific policy area in the Arab region. In the context of regional competition, each of the member states of the GCC hopes to be perceived as a leader in a policy innovation in addition to gaining the first mover advantage. While Dubai is the economic city of the GCC, Dubai Healthcare City is a regional healthcare hub; Qatar is seeking to establish itself as the education hub by creating Education City; and Masdar City makes Abu Dhabi the renewable energy center in the region.

Furthermore, all the specialized cities in this study are facing similar obstacles. The challenge of composing the appropriate workforce and building local human capacity is a challenge, especially when considering the persistent local shortage in qualified personnel. These cities are located in labor-import countries/emirates where the labor market, more so in the private sector than in the public sector, is mostly dominated by non-nationals. Another common challenge results from the existing cultural traditions that need to be somewhat preserved, and religious boundaries that often cannot be crossed. Finally, the most significant unexpected challenge the cities had to face is the financial crisis of 2008-2010, which mostly affected Dubai.
Due to the shrinking fossil fuel reserves of Dubai and its debts to the neighboring emirate of Abu Dhabi, the objective of a project such as DHCC is to be economically efficient in the short term. According to the interviews, Masdar City will need government support for a longer period of time than DHCC but has the objective of being profitable in the medium term. In Qatar, most respondents did not expect Education City would ever be independent of subsidies. However, if the world-class universities on campus contribute to improving the education level in the society of Qatar, this might also have a positive economic benefit in the long term, from a more holistic perspective.

Another significant difference is the fact that Qatar, one of the pioneers in the creation of a specialized city in the GCC, also has gained the reputation of being more politically progressive than the UAE. However, within this type of authoritarian system, political leaders are still the most influential in deciding whether or not specific developments take place. In 1995, Qatar experienced a major change in leadership. When Sheikh Hamad bin Khalifa Al Thani came to power in a bloodless coup following his father, a slow movement toward democratization of the country was initiated. The new ruler had the ambition of modernizing Qatar. His initial goals included a more open media, including launching Al Jazeera International, empowering women, fighting all types of corruption, framing a new constitution as well as holding municipal elections. However, political parties are still not allowed in Qatar, as well as in the UAE; hence, despite more advanced plans for political liberalization in Qatar, the country is still not considered democratic. There is no division of powers, and decision-making is still monopolized by the Emir and a small ‘circle of trust’. Few of the royal family members are influential and have been the prime mover behind many policy innovations in the country. In any case, this second specialized city within GCC, after Sharjah University City, can be seen as part of the modernization and democratization process the new ruler has started. Another factor that helps explain the pioneering role of Qatar is the fact that the country is less ideological and much more pragmatic than the others being discussed. For instance, Qatar is the only Arab country that has an economic trade center with Israel, founded in 1996 and is referred to as the exiles’ capital. The country is also known as the peace-keeper of Lebanon, Sudan, and more recently Yemen; the host of several regional conferences; the first country in the Middle East to host the Asian Games in 2006; and the first to win the bid to host the 2022 World Cup. The close collaboration with American universities – such as Georgetown University, the oldest Roman Catholic university in the US – also illustrates the pragmatic nature of the leadership in Qatar’s Education City.

The three cities selected in this paper are the result of policy initiatives and part of a reform in the related policy area, on one hand, as well as a driving force to many policy changes in their host countries, on the other. In the initial stages of this research, the assumption that each of these specialized cities is just an isolated museum was prevalent. Based on the collected data and field observations, this is not an accurate assumption. These cities have previously influenced policy-making at the national level. The new national policy goal for the implementation of renewable energies in Abu Dhabi is a clear example. In fact, the establishment of the Education City contributed to the development of Qatar’s Education Reform, through its RAND-Qatar Policy Institute, and the Qatarization policy the city was taking a lead in. In addition, Northwestern University, the Doha Debates, and the Center for International and Regional Studies (CIRS) at Georgetown University, have had, and would continue to have, an impact on different policies (social, educational, economic policies, etc.) both locally and regionally. These institutions would induce more political participation in agenda setting, as a manifestly political activity, and controlling the agenda ultimately gives substantial control over policy choices in the country. In the case of DHCC, it is interesting to note that the six known key players in healthcare policy in the UAE are either founders of DHCC or have close ties with the city. Most of these stakeholders are governmental officials who set the policy agenda. The others are consultants who work closely with the country's leadership in formulating policies for issues placed on that agenda. Based on our data, DHCC seems to be the least influential in terms of policy impact when compared to the other two cities.
Conclusion

The case-study approach helps highlight policy-related issues that cut across the three countries/emirates and to learn about the similarities and differences in the policy-making and policy innovation and diffusion processes while considering the unique yet often common cultural, political, economic, and demographical characteristics of these countries/emirates. The phenomenon of specialized cities was explained in this paper. Governments are not much different than individuals or organizations when it comes to innovation or innovative behavior as their features and resources are considered important to determine the potential to innovate. Governments with financial resources such as the fossil fuel-rich GCC countries have a greater probability to adopt policy innovations of such scale, as described above.

Based on the model proposed in this paper, the internal determinants for innovation include: political, economic, and social factors among others, which include obstacles and available resources; whereas the determinants for diffusion include: level of communication, geographic proximity, competition between the GCC countries, best practices from other countries, perception of the innovating country by others, and the pressure to conform to nationally and regionally established standards.

The spread of specialized cities in GCC countries can be explained within this analytical model of policy innovation and diffusion. However, it was noted that all these cities due to their unique political system, the policy decision is highly centralized thus the political factors described in the original model do not all apply. Policy entrepreneurs are actually the rulers, who decide themselves, with the assistance of mostly expatriates, to open the policy window in order to introduce a policy innovation. The role that the national mood, public opinion, and electoral completion play is almost nonexistent. Indeed, the country adoption of a policy innovation is the result of geographical proximity and is positively related to the number of bordering countries that had already adopted that policy as these proximate states tend to usually have similar economic aspects (such as the finiteness of fossil fuels in the GCC countries) and common social problems (the dependence on foreign workforce and health and education related issues) which lead to similar policy actions effects. In addition, while most of these cities were designed to be models for diffusion, some of them have the potential to solving hard problems (e.g. role of women, educational challenges, renewable energy, etc.) and thus might be models for others in an informational and problem-solving account of the diffusion.

Furthermore, this study shows that in the GCC countries a diffusion of the general phenomenon of specialized cities is occurring, rather than that of a specific type of a specialized city. Countries aim at instituting their own specialized city instead of merely copying a specific type of town from a neighboring country. The diffusion occurred also as a result of high level communication between government officials through meetings and other means, such as conferences and collaborative programs; since there is evidence of shared interests. These innovating countries did not only learn from each other, but they also compete with each other to achieve an economic advantage and to be perceived as leaders. These cities, considered as policy innovations, are not only adopting the best practices and strategically collecting brand names from around the world, but also appear to be under pressure to conform to international standards in the specific policy area.

The findings also shed some light at the policy-making process in these countries. The decision-makers are closer to the unitary actors we think about in models than they often are in other more common diffusion settings (legislature, interest groups, etc.). Although the dynamics of policy-making might differ in the six member states of the GCC, the general policy model is very much similar. It all starts with a ‘leadership vision,’ general policies become part of this vision, a decision is taken, and policies are formulated, adopted, implemented, and often evaluated. Channels of communication between the public and the government officials are diverse, though the interactions between the stakeholders are unique, and the public participation and the institutional legislative power are different in scope, size, and nature. Furthermore, the participants operate in a special policy milieu and use mechanisms to affect the making of the policy that are specific to the country’s political traditions and recent political developments.
Appendix

The interview schedule included eight questions. Among the central questions were the followings:

• Which were the main drivers for the establishments of the specialized city (both domestic and external drivers)?
• Which actors are involved in the implementation process (government, non-government actors, external actors)?
• What were the success conditions for the implementation?
• Have you been confronted with any obstacles in the implementation process? How did you overcome these obstacles?
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