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A Time Capsule: Regional Policy Regeneration in Turkey

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January 2018

European Policy Research Paper No. 98

ISBN Number: 978-1-909522-28-2

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List of Abbreviations

ANAP	Motherland Party
AKP	Justice and Development Party
AP	Justice Party
BELDES	Municipal Infrastructure Project Support
CFCU	Central Finance and Contracts Unit
CGP	Republican Trust Party
CHP	Republican People's Party
DTP	Democratic Society Party
DYP	True Path Party
EU	European Union
EUROSTAT	European Union Statistical Office
FYDP	Five-Year Development Plan
GAP	Southeastern Anatolian Project
GDP	Gross Domestic Product
IPA	Instrument for Pre-Accession Assistance
IRPD	Integrated Regional Development Plan
KÖYDES	Infrastructure Project Support for Villages
MSP	Nationalist Salvation Party
NPM	New Public Management
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Co-operation and Development
OIZ	Organised Industrial Zone
PDA	Priority Development Areas
PPD	Priority Provinces for Development
RDA	Regional Development Agency

RDP	Rural Development Project
SHP	Social Democratic Populist Party
SIS	Small Industry Site
SPA	Special Provincial Administration
SPO	State Planning Organisation
UNDP	United Nations Development Programme
WB	World Bank

Abstract

The objective of this paper is to perform a comprehensive analysis of regional policy evaluation in Turkey, while providing insights on transformations in global trends, domestic targets, development policy structures and implementation. The change in global administrative tradition introduces a new range of policy-making and approaches to implementation. Its emphasis on the participation of all relevant stakeholders constitutes a fundamental principle of administration in a network of multi-level governance. Regional development is currently considered as a bottom-up process with the participation of regional and local stakeholders/actors, instead of a single-handed operation by central agencies; consequently, the current trend entails policy-makers redefining concepts, strategies, intervention methods, and institutions, and recognising new dynamics and actors in regional and local development.

The paper firstly considers the Turkish administrative structure and the meaning of 'region'. This is followed by an examination of regional disparities from an administrative perspective and the transformation of regional development policies in accordance with the legal framework. In the subsequent part, the study scrutinises the institutional capacity to implement effective regional policy, and finally it analyses reform packages that prescribe newly established institutions such as (regional) development agencies in order to fulfill the requirements of the EU *acquis communautaire*.

1. INTRODUCTION

As a major organ of government, the state pursues the maximisation of utility, and in the case of the Turkish Government this includes the reduction of regional disparities. To understand the context for regional policy in Turkey, this paper first describes the organisation of the state and its sub-divisions and then diagnoses those parts considered deficient and malfunctioning in terms of their regional relevance. The paper begins by presenting an evaluation of the Turkish administrative system within the political spectrum, while charting its transition from the imperial era to the Republican age. The first part of the paper also reflects on reform movements in terms of major internal and external pressures. Turkish public administration has been going through a dynamic transformation process in the last decade and recently experienced significant reform, a result of the convergence of external and internal factors in favour of change.

The elements of the *internal* pressure are the two major economic crises of 1994 and 2001, the earthquake in 1999, the increasing demand by citizens for more democracy and freedom, and the government's intention to emancipate Turkish local authorities from 2002 onwards. In terms of *external* factors, Turkey faces pressures stemming from being part of the international community. On one hand, Turkey is required to fulfil IMF and World Bank obligations for economic stability; on the other hand, the on-going process of harmonisation as part of accession requirements for EU membership brought dynamic change to the country. When Turkey was granted the status of a 'Candidate Country' at the European Council held in Helsinki in December 1999, Turkey undertook comprehensive reforms in many areas including public administration in order to comply with the political criteria for EU membership.

The second section of the paper comprises a retrospective evaluation of regional policy. The political and administrative approach to regions and regional disparities in Turkey treats them as a spatial component of the policy-making process. The region is described in terms of the *homogenous region approach* and the *functional region approach*. Early Republican initiatives were unable to go beyond state-sponsored economic activities to boost private investment for industrial activities countrywide. Following the impact of earlier decisions in regional policy, the Turkish Government adjusted the policy framework by establishing the State Planning Organisation (SPO) in the 1960s to participate in long-term planning strategies. In the existing pattern of regional policy, province-based planning formed part of the central government's agenda for a period in the 1970s. Afterwards, the introduction of neo-liberal policies, theoretically, can be seen an attempt to set up a sub-structure of structural reforms for regional convergence through spatial organisations oriented towards resource mobilisation, with the support of statistical data.

The third section examines the institutional capacity to administer regional policy, and reviews research reports focused on reform packages that prescribe newly established institutions such as (regional) development agencies designed to fulfill the requirements of the EU *acquis communautaire*. Structural reforms eventually paved the way for the introduction of development agencies to facilitate alignment with European Community standards.

The fourth section concentrates more specifically on a new actor, namely regional development agencies, which were recently established in Turkey. Regional potential was to be managed through a decentralised implementation system in the 2000s. The new millennium brought not only a paradigm shift in regional policy for the Turkish government but also, rhetorically, an extended policy-making

process that encompassed the participative, transparent, accountable, responsive administrative realm. This mainly resulted from a concept of governance that offers flexible specialised approaches for inter-regional competition. Therefore, the regional semi-autonomous structures play a vital role, providing a bottom-up function in consultancy and financial support for local actors.

2. ADMINISTRATIVE STRUCTURE AND REGIONAL DISPARITIES IN TURKEY

The national administrative system of any country is modelled and shaped by its background, historically developed structures, institutional arrangements and national heritage. Systematic public administration began with the Napoleonic state tradition, which emphasises strong centralist and Unitarian state formation. The Napoleonic code plays an important role in the solidification of the state; however, the Anglo-Saxon tradition, especially in the UK case, does not fit into either a federalist structure or a unitary state form. This may be explained by the union between the four parts, consisting of Wales, (Northern) Ireland, Scotland and England. In Germany, state formation is reflected as a multi-level administrative system based on the country's historical heritage. In the Scandinavian tradition, collaboration is the main structure of state formation.

Thus, from a historical viewpoint, some administrative and organisational models may be identified in the European Union. On the one hand, there are the formally unitary states that show various degrees of centralisation and/or decentralisation intensities. This group, headed by France, includes Italy, the Netherlands, Portugal and Spain. On the other hand, three countries have formal federal structures in Europe: Austria, Belgium and Germany. The UK has a particular configuration of devolved administrations and local authorities based on its historical legal tradition (Argullol i Murgadas, 2009). The divergence of national administrative structures between the states mentioned above depends on their own history, geopolitical situation, demography, and culture; and it is a reflection of the political environment indicating a distinctive political attitude, socialisation and nation-building process.

In the case of Turkey, it is possible to see that the intensely centralised governmental structure inherited from the Ottoman Empire executed sovereignty in an environment in which the centre subdued the periphery and hindered the participation of other actors. As a result, the nature of the Turkish administrative system reflects the Napoleonic state tradition regarding the strong centralist tendency.

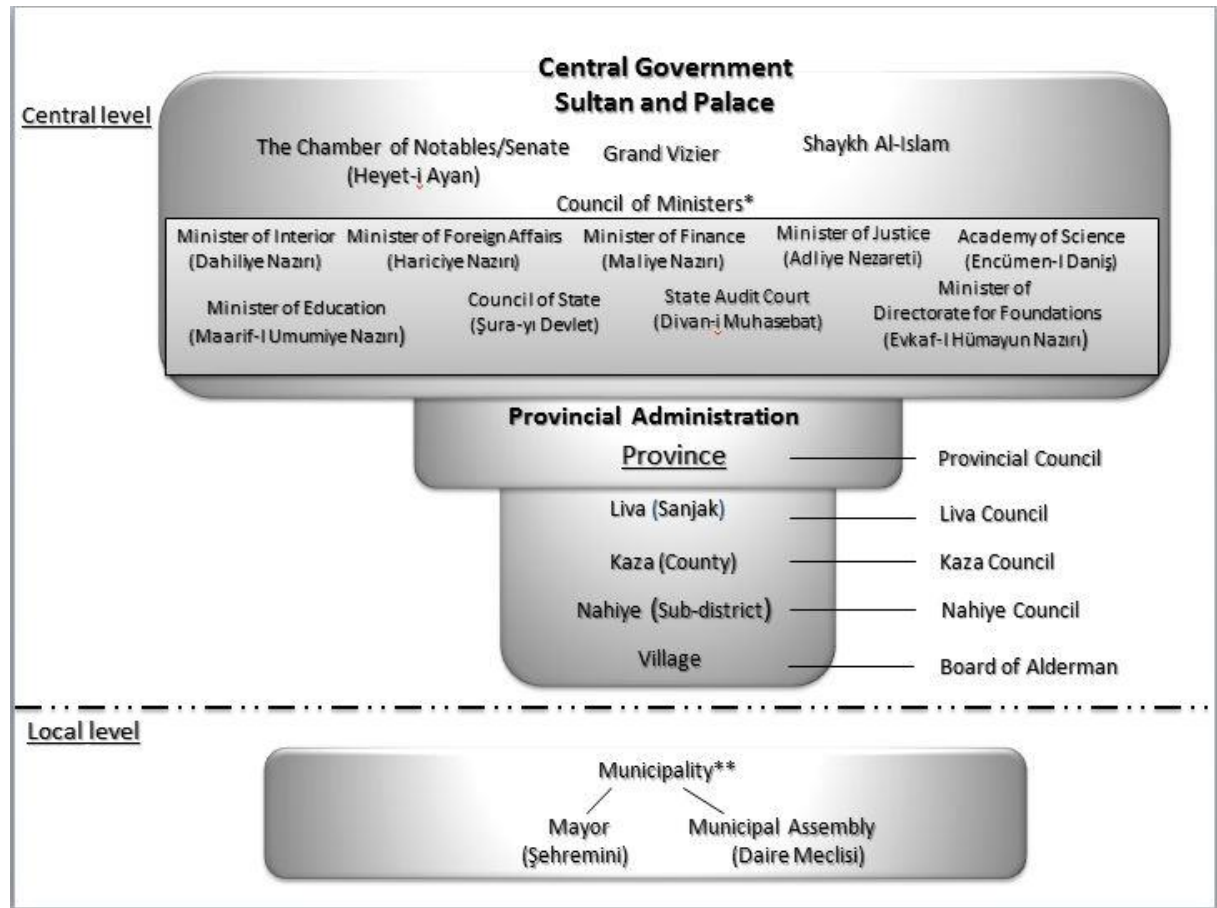
2.1 An overview of the Turkish administrative structure

Administrative formation in the early era of the Republic illustrates the centralist approach inherited by the reign of the Ottomans, with special reference to the reform period in the 19th century, because the creators of the civilised western-type republic were raised under an imperial cult as public servants or military officials (Göymen, 2014). Imperial structure, in plain language, was based on two fundamental administrative realms composed of central government,¹ where 'almost all the tools and structures of a centralized administration were adopted: periodic surveys of population and land, a central treasury, a bureaucracy which sought from the capital to regulate affairs of state throughout the provinces, and a system of control through the sultan's own slaves' (Heper, 1980). On the other hand, the state

¹ In the early imperial structure, central government was composed of the Sultan and Palace, the Imperial Council and associated units, the Grand Vizier and High Porte, the Financial Office and Organisation, the Scientific Organisation, and the Sultan's Household Troops and Navy. See more: (Ortaylı, 2012).

administration (*eyalet yönetimi*) constituted the field organisation of the Ottoman administrative polity. In the early imperial structure, the sanjak was the basic element of field organisation for the provincial administration, which indicates a dualist structure formed by the bey – *the representative of executive power of the Sultan in military, financial and administrative areas* – and the kadi – *representing judicial power independent from the bey*. Over time, the beylerbeyi was required as a new level in field organisation to monitor and sustain the coordination of sanjaks, due to the annexation of new lands, while the sanjaks ran public services as administrative units (Ortaylı, 2012).

Throughout the political and military developments in the 19th century, the Ottoman ruling elite realised the need to reorganise the administrative structure to ensure the supremacy of the centre for the survival of the empire, running imperial apparatuses in an efficient way to execute the sovereignty of the sultan through regular taxation, public order and a consistent chain of command in field organisation. The course of events in the 19th century prompted the Ottoman polity to re-design organisational structures in defensive modernisation efforts through policy transfer from the French administrative structure. Following efforts to strengthen the centre, a large number of administrative units were established in a defined space, but without sufficient financial power or institutional capacity. They were intended to provide a suitable environment for the intensive centralist system of administration. Territorial borders in the provinces were restricted to increase the sphere of influence (Ortaylı, unknown). After the administrative re-alignment in 19th century, the provincial administration was the highest and largest unit in the country's political administrative divisions, and ordered in sub-divisions including liva (sanjak), kaza (county), nahiye (sub-district) and village, which is similar to the contemporary administrative structure in Turkey (Marcou & Tek, 2009).

Figure 1: Post-Tanzimat Administrative Structure in Ottoman Empire²

Following the evaluation of the Ottoman period, the need for national unity and territorial integrity of the state brought about the dominance/tutelage of the centre while building a unitary state in the Republic. The Turkish public administration that evolved in state apparatuses consisted of two organic components designated as 'central government' at national level and 'local government' at sub-national level, comprising a cross-cutting structure of government with regard to the principle of deconcentration. Under this principle, the field agencies of ministries, on one hand, ran public affairs on behalf of the centre (these were authorities designated to provincial associations but affiliated to central ministries), and, on the other hand, sub-national authorities constituted a decentralised system including a special provincial administration (SPA) in each province³ and a two-tiered municipal structure.

In the legal framework, Article 123 of the Turkish Constitution forms the basis of the complex administrative structure in Turkey, and Article 126 sets the administrative levels as provincial, district and regional administrations. Article 127 is about local authorities. These articles regulate the

² *The council of ministers also included members responsible for the military operations of the empire.

** Before the Tanzimat period, kadı acted as unelected mayors, providing a limited range of services in urban affairs; the guild system and foundations were complementary mechanisms to offer consumer protection, professional development, etc. The first municipal structure was established by the provisions of the Provincial Regulation in 1864, and then avant-garde municipal organisations were set up in accordance with the Municipal Act in 1877. However, these structures and systems were not expanded country-wide, and some types of designated services were not executed at all, or they were provided through tools of central government and foundations. See more: (Ortaylı, 2012).

³ The status of SPA has been re-designed with the enactment of Law code 6360 since 2012. The presence of the SPA continues within the provinces where metropolitan municipalities do not exist; this means only 51 provinces have SPAs.

interactions between central government and local government in the forms of intermediate bodies.⁴ According to the Turkish Constitution, 'in terms of central administration structure, Turkey is divided into provinces on the basis of geographical location and economic conditions and public service requirements; provinces are further divided into subordinate administrative districts. The administration of provinces is based on the principle of decentralization. Central administrative organizations comprising several provinces may be established to ensure the efficiency and coordination of public services' (Polatoğlu, 2003). Sub-national authorities – SPAs, municipalities, villages – are known as urban settlements with limited fiscal and administrative authority to maintain the basic needs of inhabitants. The capability of operations within sub-national authorities – i.e. 'political competencies accorded to the sub-national level; the degree of participation in national policy-making; the possibility of engaging in activities beyond the frontiers of the national territory; the degree of control over other sub-national levels, and finally the degree of financial autonomy from, or dependence on the national government' (Loughlin, 2000) – is affiliated to the centralised unitary form with respect to the Turkish Constitution. However, challenges to the Turkish administrative system led to several reform initiatives over time, due to the integration of the global economy, rapid urbanisation, and lastly the road to EU membership. After the declaration of Turkey's candidacy for the EU, the transformation of the Turkish administrative system gained momentum, shifting the state paradigm from centralised unitary to decentralised unitary.

2.2 Turkey's steps toward decentralisation reforms

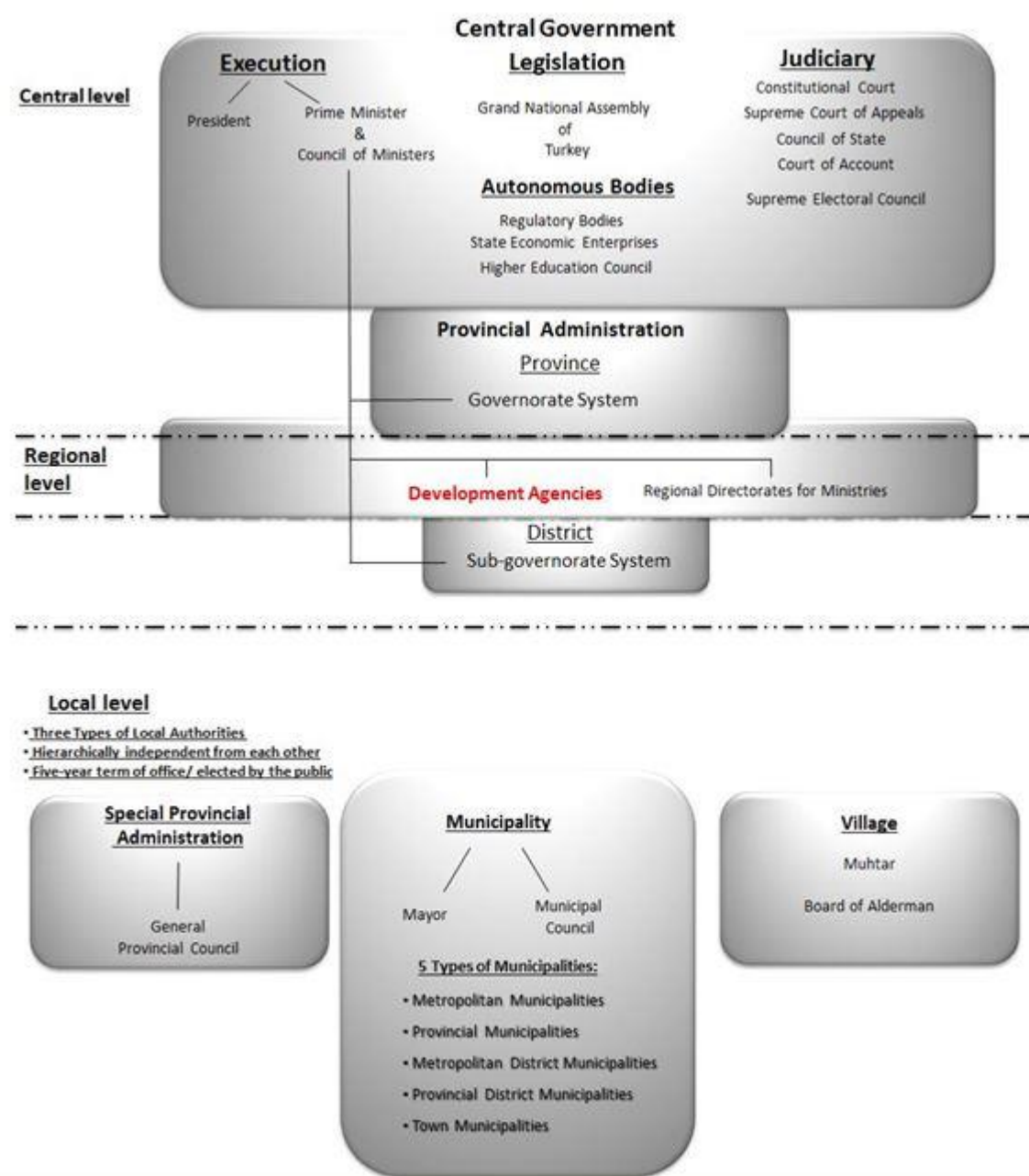
Sugar – quoted in (Göymen, 2008) – observed that economic and political development in several parts of the world had different reasons for change, and that countries changed at different times and in different manners (Sugar, 1964: 147). In the context of the Turkish administrative tradition, reform movements targeting economic and political development have emerged and been steered through a central approach (in the case of defensive modernisation⁵ in the Ottoman era), an elitist approach, military intervention, integration of the global economy,⁶ and finally the spirit of being part of Europe via membership of the EU.

⁴ In the Turkish administrative context, intermediate bodies such as the general provincial council mediate centre-periphery relations/functions in state operations.

⁵ Defensive modernization is a reform initiative in which the improvement of the state structure is executed through an agency of central government with the idea of empowerment and promoting the centre over the periphery, in the Turkish case in order to avoid disintegration of the empire and to achieve a balance of power against European forces in the Ottoman area.

⁶ The philosophy of the statist approach in economic activities was replaced with principles of liberal order after 1980. It is known as '*January 24 Decisions*'.

Figure 2: Current Turkish Administrative Structure



In the early reform movements, local government in Turkey had no room to manoeuvre but 'acted like an extensive body of central government' (Göymen, 2006), due to top-down reform initiatives from the mainstream centralist philosophy in the administrative structure. The dominant centralist approach began to be transformed in the 1970s, following an initiative by municipalities ruled by the Republican People's Party, namely a peaceful strike demanding more accountable, transparent, autonomous administration in localities, known as social-democrat municipal administration. Although the social-democrat municipal manifesto failed, the transformation of the administrative system into a decentralised structure proceeded in the 1980s. In 1984, the Administration of Metropolitan Municipalities Act – Law Code 3030 – was the first major attempt to decentralise politics to sub-national authority, redefining the administrative roles and responsibilities of municipalities and the interactions between metropolitan municipalities and other municipal, administrative units in the province. Another

significant step towards decentralisation was the Declaration on the European Charter of Local Self-Government.⁷ Even though the recognition of the charter seems like a milestone in terms of encouragement to sub-national authorities, the Turkish Government registered nine reservations to specific provisions.⁸ The central authority in Turkey indicated its hesitation over the idea of independent local administration. Consequently, concrete steps on decentralisation were introduced in the context of the Turkish administrative system within the EU accession process. However, the EU is not the sole actor promoting several reform packages, but a flagship. 'Turkey's recent local governance and public management reforms have been underpinned by structural transformation initiated by governments and external actors, including the EU, OECD and United Nations Development Programme (Özcan & Turunç, 2008).

The reform package as a tool to align Turkish administrative space and legislative documents with the EU *acquis* was launched by the ruling party in 2003, when it proposed a comprehensive bill on public administration reform envisaging the adaptation of the principles of good governance and new public management (NPM). The draft law (numbered 5227⁹) re-designated the authority, roles and responsibilities between the centre and the local levels while allocating almost all services to local government, except for those duties related to national security, foreign affairs, and central taxation. 'The reform package included the goals of restructuring public administration, simplifying bureaucracy, meeting diversified needs and demands of the society and economy, reducing public deficits, accelerating the decision making process, shrinking the role of the state, and increasing use of the market mechanisms' (Gül & Kiriş, 2014).

However; the draft law was cancelled by presidential veto, sending back it to parliament for re-assessment. Although the ruling party had the opportunity to forward the draft without any changes, which would leave the President with no choice but approval, the government took a path in which the major topics in the draft law were selected and initiated as separated legal enactments. Several items of legislation pertaining to local government and published in the official gazette have an important place among these reforms and are illustrations of arrangements in the field of local government: The Act on Special Provincial Administration (No. 5302), the Act on Metropolitan Municipality (No. 5216), the Act on Municipality (No. 5393), the Act on Local Government Unions (No. 5355, enacted in the mid-2000s) and the Act on New Metropolitan Municipality (No 6360, enacted in 2012). In supporting the transition to the territorial administration, these acts re-describe related concepts such as participation at local and regional levels and a decentralised approach while providing provincial services. The Act on Establishing Districts within the Boundaries of Metropolitan Municipalities (No. 5747) and amending various laws and the Act on the Abolition of the General Directorate of Rural Services (No. 5286) are also complementary tools of these reform efforts (Tek Turan, 2016).

⁷ The Declaration on the European Charter of Local Self-Government published by the Chamber of Local Authorities affiliated to the Council of Europe is a legal document aiming at guarantee, promotion and development of democracy at local and regional levels in Europe. For further information, see the official website of the Council of Europe. <https://wcd.coe.int/ViewDoc.jsp?id=1842077&Site=Congress>

⁸ Reservations related to membership of national and international organisations, cooperation with a counterpart of local government in Turkey, right of consultation and right of consultation in financial matters at global level, autonomy of internal organisation, and access to capital markets.

⁹ The Law on Fundamental Principles and Restructuring of Public Administration. Further information on the vetoed law numbered 5227 is available at: <http://tcgb.gov.tr/basin-aciklamalari-ahmet-necdet-sezer/1720/6352/5227-sayili-kamu-yonetiminin-temel-ilkeleri-ve-yeniden-yapilandirilmasi-hakkinda-kanun.html>.

Table 1: Milestones towards Decentralised Administration in Turkey since 1970

Date	Course of Action	Status	Government	Prime Minister	President	Political Agenda
1973-1980	Social-Democrat Municipal Movement	Positive step	-Coalition Government: <i>AP & CGP</i> -Coalition Government: <i>CHP & MSP</i> -Minority Government: <i>CGP & non-members of parliament</i> -Coalition Government: <i>(I. Nationalist Front)</i> <i>AP-MSP-MHP-CGP</i> -Minority Government: <i>CHP</i> -Coalition Government: <i>(II. Nationalist Front)</i> <i>AP-MSP-MHP</i> CHP -Minority Government: <i>AP</i>	Naim Talu Bülent Ecevit M.S. Irmak Süleyman Demirel Bülent Ecevit Süleyman Demirel Bülent Ecevit Süleyman Demirel	Fahri Korutürk	Whereas most of the 1970s witnessed serial formations of caretaker/minority/coalition governments, socialist municipalism was adopted in local politics through mayors who were in charge of municipalities supported by CHP. Socialist municipalism set a framework for a participative decision-making process within a transparent, accountable, integrative, regulative and productive administration. ¹⁰
						The need for responsive service delivery, rapid change in society required competent local government in financial and administrative matters;

¹⁰ See more: Göymen, 1999; Göymen, 2000.

Date	Course of Action	Status	Government	Prime Minister	President	Political Agenda
05.01.1978	Establishment of Ministry of Local Government	Only 22 months in operation	CHP	Bülent Ecevit	Fahri Korutürk	consequently, Ministry of Local Government was established to support efficient and functional administrative structures for localities. ¹¹
27.06.1984	Law Code 3030 The Act on Administration of Metropolitan Municipalities	Entry into Force	ANAP	Turgut Özal	Kenan Evren	ANAP followed reforming public bureaucracy, decentralisation of state services and privatisation of state enterprises to tackle polarised Turkish politics of the pre-1980s. In urban affairs, ANAP supported responsive service delivery to cope with red tape while keeping ideological matters separate. ¹²
15.10.1985	Declaration on European Charter of Local Self-Government	Open for Signature	ANAP	Turgut Özal	Kenan Evren	
21.11.1988	Declaration on European Charter Local Self-Government	Signature	ANAP	Turgut Özal	Kenan Evren	
09.12.1992	Declaration on European Charter Local Self-Government	Ratification	Coalition Government: <i>DYP & SHP</i>	Süleyman Demirel	Turgut Özal	Coalition government set sights on re-organisation of local authorities through reallocation of financial competences and delegation of power with special reference to provincial councils and municipal assemblies that foresaw improvement of interaction between central and local government in favor of local authorities. ¹³
01.04.1993	Declaration on European Charter Local Self-Government	Entry into Force	Coalition Government: <i>DYP & SHP</i>	Süleyman Demirel	Turgut Özal	

¹¹ 42nd government programme: <https://www.tbmm.gov.tr/hukumetler/HP42.htm>

¹² See more: Ergüder, 1991; Kalaycıoğlu, 2002.

¹³ <https://www.tbmm.gov.tr/hukumetler/KP49.htm>

Date	Course of Action	Status	Government	Prime Minister	President	Political Agenda
24.03.1998	The Draft Law on Local Government Reform	Absolute	Minority Government: <i>ANAP-DSP-DTP</i>	Mesut Yılmaz	Süleyman Demirel	Government revitalisation of local government with draft law that intrinsically increased tutelage by empowering field organisation of central government.
20.04.2001	The Draft Law on Principles of Service Delivery and Division of Tasks between Central Government and Local Government ¹⁴	Withdraw	Coalition Government: <i>DSP-MHP-ANAP</i>	Bülent Ecevit	Ahmet N.Sezer	Coalition government targeted re-structuring public administration, envisaging transparent, efficient, fair, participative administration and a public procurement system based on merit to remove spoil system via public personnel selection examination. ¹⁵
31.07.2001		Absolute				
02.08.2002	The Draft Law on Public Financial and Management Control ¹⁶	Absolute	Coalition Government: <i>DSP-MHP-ANAP</i>	Bülent Ecevit	Ahmet N.Sezer	

¹⁴ https://www.tbmm.gov.tr/develop/owa/tasari_teklif_gd.onerge_bilgileri?kanunlar_sira_no=16859

¹⁵ Protocol of 57th government: <https://www.tbmm.gov.tr/hukumetler/KP57.htm>

¹⁶ https://www.tbmm.gov.tr/develop/owa/tasari_teklif_gd.onerge_bilgileri?kanunlar_sira_no=22118

Date	Course of Action	Status	Government	Prime Minister	President	Political Agenda
21.08.2002	Establishment of the Union of Municipalities in Turkey	Operational	Coalition Government: <i>DSP-MHP-ANAP</i>	Bülent Ecevit	Ahmet N.Sezer	
(13.07.1945)	(Establishment of the Association of Municipalities in Turkey)		(CHP)	(Şükrü Saraçoğlu)	(İsmet İnönü)	
03.08.2004	Law Code 5227 The Law on Fundamental Principles and Restructuring of Public Administration	Veto by President	AKP	Recep Tayyip Erdoğan	Ahmet N.Sezer	In Presidential review, the provisions of law were interpreted as violating the following principles formed in Turkish Constitution: The principle of integral unity of administration, administrative tutelage and fundamental principles of a unitary state.
2004-2005	Reform Package on Local Administrations (See Table N°2)	Entry into Force	AKP	Recep Tayyip Erdoğan	Ahmet N.Sezer	Government processed several legislative acts to adopt the EU <i>acquis</i> into the Turkish administrative structure.

Table 2: Current Legislation Pertaining to Local and Regional Authorities

Year	Current Law	New Arrangements
2003	Law Code: 5018 <i>The Law on Public Financial and Management Control</i>	<ul style="list-style-type: none"> • Structural transformation of public administration • Increasing administrative and financial autonomy at local level • Delegation of competences assigned to central government into local administration • New management practices and values such as: performance-based planning, strategic planning, a-priori task control /a-posteriori task assessment, financial transparency, efficiency, accountability • Transition from tutelage relation to supervisory-focused relation between centre/local • New concepts: strategic plan, analytic budget, norm-cadre • Re-organisation of state-market relations through economic governance; PPP practices.
2004	Law Code: 5227 ¹⁷ <i>The Law on Fundamental Principles and Restructuring of Public Administration</i>	
2004	Law Code: 5216 <i>The Act on Administration of Metropolitan Municipalities</i>	
2005	Law Code: 5393 <i>The Municipality Act</i>	
2005	Law Code: 5302 <i>The Act on Special Provincial Administration</i>	
2005	Law Code: 5355 <i>The Act on Local Government Union</i>	
2006	Law Code: 5449 <i>The Law on Establishment and Coordination of Regional Development Agencies</i> ¹⁸	
2008	Law Code: 5747 <i>The Act on the Formation of New Districts within all the Metropolitan Municipalities</i>	
2012	Law Code: 6360 <i>The Law on Establishment of Metropolitan Municipalities in 13 Cities and Establishment of 26 Districts</i>	

¹⁷ Never entered into force.¹⁸ The regional part in the name of newly established agencies in 2006 has been eliminated over time due to concerns on the nature of the unitary state. At present, they are called development agencies.

Table 3: Number of Local Governments in Turkey, 2015¹⁹

Local Governments	Before	Following local elections March 2014
Metropolitan Municipalities	16	30
Metropolitan District Municipalities	143	519
Provincial Municipalities	65	51
Non-metropolitan District Municipalities	749	398
Non-metropolitan Town Municipalities	1,977	357
Special Provincial Administrations	81	51
Total	2,950	1,355

To conclude, the reform movement in the 2000s enhanced the concept of governance in public service delivery while eradicating the excessive supervisory power of central government known as tutelage. With new competences assigned to local administrative units, they have evolved in a form similar to their counterparts in Europe, where the structural basis of local government was built upon the philosophy of decentralisation.

2.3 Territorial Dimension of Region and Regional Disparities in Turkey

2.3.1 'Region' in the administrative structure

In the Turkish administrative structure, the level of 'region' does not exist; thus, 'region' as a term does not reflect an administrative or political designation, but rather a geographical space. Consequently, the territorial integrity of the country is divided into seven geographical regions designated in accordance with topographical conditions and climatic factors, which leads to the conclusion that territorial regions for geographical purpose have not been designed to implement an effective and efficient regional policy.

The *globalisation process* in the 1990s affected local and regional dynamics, and it led to changes in the concept of 'region'. This change in meaning and its increasing importance have recently started to be discussed. Apart from this, environmental problems growing at local, national and global levels increased the understanding and importance of participatory and balanced development (UYANIK, 2004). Yet, in Turkey, the perception of the concept of 'region' is not that positive because of the strong centralised structure in the Turkish state tradition.

In Turkey, a region is likely to be discussed within the framework of the provincial organisation of the central government, and it represents a broader geographic area than a province, created by clustering a few provinces. Two fundamental approaches are used in the creation of regions: a homogeneous region approach and a functional region approach. Regions in Turkey have been defined with different purposes according to the historical process. Homogeneous regions bring together groups of provinces that have similar levels of socio-economic development. The studies that determine the socio-economic

¹⁹ <http://www.e-icisleri.gov.tr/Anasayfa/MulkildariBolumleri.aspx>

development level of regions, provinces and districts in Turkey were initiated by the SPO (State Planning Organisation, in Turkish, *Devlet Planlama Teşkilatı*, DPT), and the last one was conducted by the Ministry of Development; they constitute an example of this kind of approach. Regions defined by this approach include 'priority regions for development', 'incentive regions' and 'regions designated for public sector employment' (Toksöz and Gezici, 2014).

The functional region approach is mainly based on central place theory. Following this approach, a study of functional regions was prepared by the Presidency of Priority Provinces for the Development Department for the SPO. It was published in Turkey in 1982, and it divided settlement centres into seven levels.²⁰ To that end, 'Priority Provinces for Development' forged as a tool in the context of regional development are the outputs of the functional regions approach by the Presidency of Priority Provinces for Development Department of the SPO; as a result, regional development policy-makers in Turkey designated 22 provinces in 1968, 40 provinces in 1980 and 50 provinces in 2003 as PPDs.

Within the scope of regional development in Turkey, the new concept of region has become one of the current issues with the creation of a common classification of territorial units for statistics (NUTS) during the Turkey-European Union accession process. NUTS was built up by the European Union Statistical Office (EUROSTAT) in order to collect regional statistics, to perform socio-economic analysis, to identify the framework for regional policy, and to generate a comparable database throughout the EU. In this regard, development plans in Turkey were henceforth to be made according to the NUTS regions - discussed in detail in the next sections. As in other European countries, NUTS 2 regions emerge as the planning regions, and planning studies are transferred from the national level to the regional level by establishing development agencies at NUTS Level 2.

As a harmonisation effort to the *acquis communautaire* of the European Union in terms of regional policy, Turkey's State Planning Organisation, with the aid of the State Institute of Statistics, defined the NUTS areas for Turkey. By 2002, 12 regions had been defined as Level 1, 26 regions had been defined as Level 2, and 81 provinces (regions) had been defined as Level 3 of NUTS.²¹ Since the aforementioned statistical classification, no noteworthy progress has been observed. Even if statistical data have been recorded, Turkey does not have any institutions at NUTS 2 level to manage administrative duty/power, with the exception of the progress in establishing regional development agencies in 2006.

2.3.2 Regional disparities

Turkey is a country with significant regional disparities within its territory. There are substantial socio-economic gaps among regions according to various development indicators. Turkey is characterised by a very high level of both inter-regional and intra-regional disparities.

The latest quarterly publication of Gross Domestic Product (GDP) data by the Turkish Statistical Institute, based on regions and provinces, was in 2001. Regarding the GDP per capita values within 12 NUTS 1 regions, the highest five regions according to per capita income are in Western Turkey. These five regions are also above Turkey's average.

²⁰ Within this study, settlement units are classified, *starting from the village level*, according to trade relations, weekly market relations, educational relations, health relations, transport relations, communication and seasonal migrations relationship criteria.

²¹ The Council of Ministers: decision number 2002/4720; The Official Gazette, 22 September 2002.

In 2001, while Turkey's average per capita income was \$2,146, the Eastern Marmara region had the highest GDP per capita at \$3,268. GDP per capita in the Istanbul region was ranked second at \$3,063. These regions were respectively followed by the Aegean, Western Marmara and Western Anatolia regions.

The North Eastern Anatolia and the Middle East Anatolia regions had the lowest rankings, and they represent Eastern Anatolia.

- North Eastern Anatolia includes Erzurum, Erzincan, Bayburt, Ağrı, Kars, Iğdır and Ardahan provinces, and had a per capita income of \$919. It corresponds to 28 percent of the Eastern Marmara region and 43 percent of Turkey' average.
- The Eastern Anatolia region includes Malatya, Bingöl, Elazığ, Tunceli, Van, Muş, Bitlis and Hakkari provinces, and had a \$1,071 per capita income. These findings clearly show that the Eastern Anatolia region was one of the poorest regions of the country (Tek Turan, 2016).

Table 4: NUTS 2 Regions per capita GDP (at current prices, 2001)

REGION NAME		USD	Turkey=100
TR	Turkey (average)	2,146	100
TR42	Kocaeli, Sakarya, Düzce, Bolu, Yalova	4,109	192
TR31	İzmir	3,215	150
TR10	İstanbul	3,063	143
TR51	Ankara	2,752	128
TR21	Tekirdağ, Edirne, Kırklareli	2,733	127
TR41	Bursa, Eskişehir, Bilecik	2,513	117
TR32	Aydın, Denizli, Muğla	2,427	113
TR62	Adana, Mersin	2,393	112
TR81	Zonguldak, Karabük, Bartın	2,324	108
TR22	Balıkesir, Çanakkale	2,105	98
TR61	Antalya, Isparta, Burdur	2,03	95
TR33	Manisa, Afyon, Kütahya, Uşak	1,891	88
TR71	Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir	1,819	84
TR52	Konya, Karaman	1,599	75
TR 63	Hatay, Kahramanmaraş, Osmaniye	1,589	74
TR83	Samsun, Tokat, Çorum, Amasya	1,559	73
TR82	Kastamonu, Çankırı, Sinop	1,497	70
TRB1	Malatya, Elazığ, Bingöl, Tunceli	1,429	67
TR90	Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane	1,428	67
TR72	Kayseri, Sivas, Yozgat	1,422	66
TRC1	Gaziantep, Adıyaman, Kilis	1,398	65
TRC2	Şanlıurfa, Diyarbakır	1,156	54
TRA1	Erzurum, Erzincan, Bayburt	1,081	50
TRC3	Mardin, Batman, Şırnak, Siirt	993	46
TRB2	Van, Muş, Bitlis, Hakkari	749	35
TRA2	Ağrı, Kars, Iğdır, Ardahan	730	34

Source: Turkish Statistical Institute database.

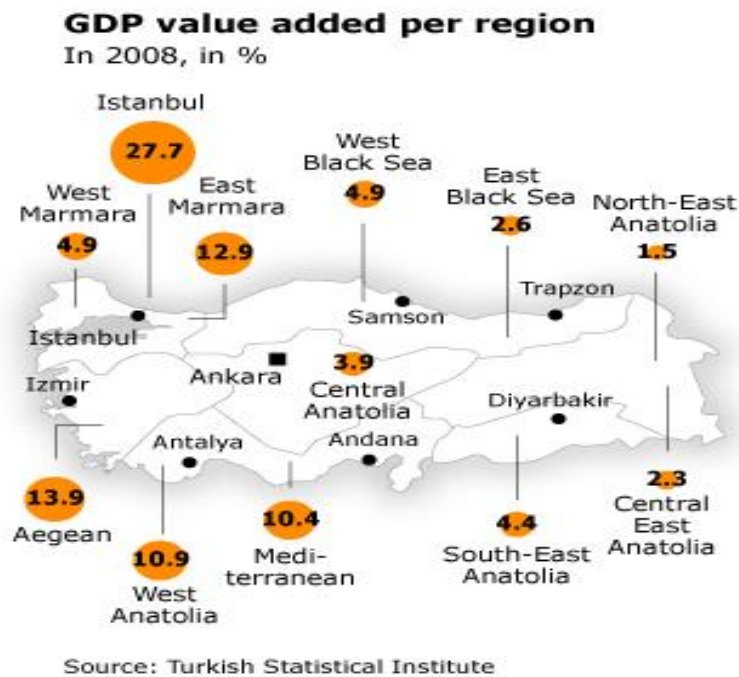
According to Table 4 of GDP per capita values at NUTS 2 level, inter-regional income differences look more dramatic (Eşiyok & Sekmen, Nisan 2012). TR42 Kocaeli, with the highest per capita income (\$4,109) at NUTS 2 level, appears to have approximately twice the income of Turkey's average. Three

cities composed of a single province – respectively Izmir, Istanbul and Ankara – come after the Kocaeli sub-region. Ağrı (\$730), Van (\$749) and Mardin (\$993) are the sub-regions with the lowest per capita incomes. If the per capita income in Turkey is accepted at a 100 value / unit, the TR42 Kocaeli region has 192 percent of the national value and TR31 İzmir region has 150; in the lower regions of Eastern Anatolia, TRB1 Malatya has 67, TRA1 Erzurum 50, TRB2 Van 35 and TRA2 Ağrı 34. The GDP per capita of the Ağrı sub-region corresponds to 18 percent of the Kocaeli sub-region, which is in the high-income group, while it corresponds to 34 percent of Turkey's GDP average.

The following examples show the inter-regional and intra-regional disparities. While the GDP per capita for Istanbul, at NUTS 2, is \$18,689 (2008, TL 1,000), for the TRB2 region including Van, Muş, Bitlis, and Hakkari provinces, the GDP per capita is \$4.379; showing **a difference by a factor of 4.27**.

As an example of intra-regional disparities, the GDP per capita of Kocaeli is \$6.165 (2001), compared to \$1.142 in Düzce, indicating **a difference by a factor of 5.4** (Ohtamış, Mart 2013).

At the city-based NUTS 3 level, according to the GDP per capita data of 2001, there is an **income disparity by a factor of 11** between Kocaeli province, with the highest income (\$6.165) in Turkey, and the Ağrı province, with the lowest income (\$568) (Tek Turan, 2016).

Figure 3: GDP value added per region, in 2008, in %

Above, according to figure 3, other GDP data and graphics show the unbalanced development between regions in Turkey. The highest rate belongs to Istanbul region, with 27.7, and the lowest rate is in North-East Anatolia, with 1.5.

3. RETROSPECTIVE EVALUATION OF REGIONAL POLICY IN TURKEY

Regional policy in Turkey has been defined as a development-oriented policy that reduces regional disparities and accelerates local/regional economic development. Turkey has been carrying out social, economic and cultural development through 5-year development plans since the beginning of the 1960s. However, it should be noted, although planning is considered as a long-term policy tool, it cannot be said that long-term planning strategy has functioned well.

The SPO has determined the priority targets in regional policy through 5-year development plans, as follows:

- to decrease regional disparities between regions in East and West;
- to secure social justice;
- to limit westbound migration.

In this period, the outstanding concepts in regional development have been a sector-wide approach, direct aids to PPDs, balanced growth, and a decrease in regional imbalances. In contrast to the

paradigm shift towards an endogenous development approach in the European Union in the 1980s, Turkey continued with the traditional exogenous growth approach in its regional policy.

Thus, it is appropriate to examine the efforts towards regional development in Turkey in two separate parts, namely the pre-planning era and the planned era.

3.1 Absence of regional approaches in the early years of the republic

The regional policies in Turkey can be divided into two major periods within this retrospective evaluation. The first period covers the years between 1923 and 1960, which had no basis on planned development; another period comprises the development plan approach since 1960; and the third period from 2002 could be identified as including the process on harmonisation with the EU administrative and legislative basis.

The regional development policies belonging to the pre-planning period may be split up into two sub-periods. The first one includes the years between 1923 and 1950 and indicates a statist approach, while the second period from 1950 to 1960 illustrates the liberal orders endogenised in regional development policy structures and implementation. War-ravaged Turkey focused on the improvement of railroads and infrastructure as priority targets of regional development between the years 1923 and 1950, and these efforts on re-structuring regional policy were followed by the İzmir Economic Congress in 1923, which determined the course of action in economic activities in the newly-established Turkish State – the industrial encouragement law in 1927 and the 5-year development plans for 1933-1939. The direction of regional policy at that time concentrated private investment on the western side of the country. In the 1950s, the Turkish Government developed liberal policies on privatisation in order to promote private investment. In 1958, the Urban and Housing Development Ministry designated reconstruction zones and prepared regional plans for Eastern Marmara and Zonguldak.

In a broad sense, the regional development policies executed in the pre-planning period were in the shadow of national development initiatives. Regional development and planning concepts were constrained by reconstruction zone planning and housing, and authorities could not generate policies to improve less-developed regions. Instead of balanced growth between regions, incentives for development initiatives pulled private capital to the western side of country and especially to the Marmara region.

The planned period in regional development policies began with establishment of the SPO in 1960. The SPO shaped regional development policies through eight 5-year development plans between 1963 and 2006. The ninth development plan prepared for 2007 to 2013 had a distinctive feature in that it covered seven years instead of five; and the tenth development plan envisages principles, implementation tools and approaches for development for 2014 to 2018.

From another perspective, the evolution of regional policy and practice in Turkey can be analysed with respect to five periods. According to Göymen (Göymen, unknown), they are:

- the period of etatism (state-sponsored and state-run economic development): 1923–1959;
- emphasis on regional planning and development: 1960–1972;
- province-based planning: 1973–1977;
- initiation of neo-liberal policies: 1978–1994; and
- structural reforms for regional convergence: 1995 onwards.

3.2 Establishment of the SPO: Emphasis on Regional Planning

Since the 1960s, Turkey has directed its economic and social development through Five-Year Development Plans (FYDP), which aimed to reduce regional disparities and establish economic and social balances. With the initiation of the planned period, different regional plans that were expected to contribute to national economic development have been prepared in order to activate the capacities of various regions in the country and the SPO has been charged with implementation and follow-up. In the five-year plans, special emphasis was placed on the efficient use of national resources. The plans aimed to accelerate national economic development, paying due regard to potentials of different regions with the eventual aim of a more “balanced” economy’ (Göymen, unknown).

During the 1960s and subsequently, the SPO initiated several development plans:

- Eastern Marmara Regional Plan (1963)
- Zonguldak Regional Plan (1963-64)
- Antalya Plan (1960-1965)
- Ege Regional Development Plan (1963-1969)
- Çukurova Regional Planning Project (1962)
- Keban Plan (1964)
- Southeastern Anatolia Project since 1989
- Eastern Black Sea Development Project since the second half of 1990s
- Eastern Anatolia Development Plan
- Zonguldak-Bartın-Karabük Regional Development Projects

Additionally, ‘financial qualitative supports’ were constituted as complementary tools to run regional development policies throughout the years following the 1960s. Under the financial supports, two development projects were launched as KÖYDES and BELDES. KÖYDES was aimed at improvements in quality and standards of village lanes and roads, as well as enhancing the capacity of water infrastructure in villages and establishing water infrastructure in villages without water. KÖYDES especially focused on villages excluded by other development projects. On the other hand, BELDES concentrated on municipal areas with a population below 10,000 in order to build and improve water infrastructure and road networks.

The regional development policies in the planned period are summarised in the following sections.

3.2.1 Integrated Regional Development Projects

- Regional development projects under the first 5-year development plan: Antalya Project, Eastern Marmara Planning Project, Zonguldak Project, Çukurova Regional Project, and Keban Project (1969-1975) are some examples of integrated regional development projects.
- Current regional development projects: Southeastern Anatolia Project, Eastern Anatolia Project, Eastern Black Sea Development Project, Zonguldak-Bartın-Karabük Regional Development Projects, and Yeşilırmak Basin Development Project.

3.2.2 Rural Development Projects

The main target in the rural development projects is to revive economic activities and increase the level of income in less-developed territorial areas.

The rural development projects run by the SPO with financial support from the World Bank at the end of the 1970s included activities to proliferate production through the development of agriculture and husbandry, the improvement of irrigation systems, building village and forest road networks, potable water supply and preservation of drinking water basin, as well as planting works.

The most significant projects, some of which have been completed, include Çorum-Çankırı Project, Erzurum Project, Bingöl-Muş Project, Yozgat Project, and the Ordu-Giresun Project.

3.2.3 The Policy on Priority Provinces for Development (PPD)

The PPD initiative was realised in order to restore provinces experiencing social regression and economic downturn in 1968, by allocating resources and a state aid approach. The focal point of PPDs is to concentrate a high incidence of incentives over provinces or districts designated as villages. The first target group consisted of 22 provinces, but the priority criteria have been revised over time; due to the lowered economic status in other provinces, the number of targets in PPDs was expanded from 22 to 49 provinces and additionally the two districts of Bozcaada and Gökçeada.

Concerning regional issues and the effectiveness of regional policies in Turkey, since the beginning of the 1960s, two main goals have been defined: *maximising national income* on the one hand, and *reducing inter-regional disparities* on the other. Regional policies have taken place in the context of development plans, as mentioned above, but the question is whether regional policies are actually implemented and the degree to which the benefits of regional policy have spilled over to the peripheral regions (Gezici & Hewings, 2004).

3.2.4 Industrial Infrastructure

Organised Industrial Zones and Small Industrial Areas have complementary roles within industrial networks in order to develop regional industry by increasing the export rate. Additionally, these industrial zones provide the necessary environment for small and medium-sized enterprises to increase their operational capacity to bring these zones to the forefront in regional development.

3.2.5 Provincial Development Plans

In addition to the regional development plans emphasised in the seventh and eighth 5-year development plans, the role of provincial development plans has gained importance. Provinces located in Eastern and South-eastern Anatolia and also provinces settled on the line of the earthquake fault – *Bolu, Düzce* – are designated as priority number one in provincial development plans. Nowadays, PPDs are prepared for most provinces in the country. One remarkable element of progress in planning is the mandatory strategic plans for municipal areas populated with more than 50,000 residents, with respect to Municipality Law No. 5393 and Metropolitan Municipalities Law No. 5216.

When examining the progress of regional development policies in the planned period, the scope and scale of development plans do not reflect a consistent strategy. While implementing the scheduled strategy to achieve regional targets, the 'growth poles' and proper structures to implement the growth poles strategy constitute a general approach towards regional development. However, even though the centres of attraction within the orbit of metropolitan cities have been identified, fully-fledged growth poles have never been established with the exception of a few satellite cities around the metropolitan areas and the GAP (Southeastern Anatolian Project) area.

The PPDs are designated within the 5-year development plans. However, investment subsidies do not have an impact on economic activities due to the high number of PPDs and the frequent changes of provinces and districts covered by PPDs (Ergüder & Akdenizli Kocagül, 2008).

The traditional planning methodology in Turkey is sectoral and centralised. In the sectoral planning approach, plans are made to encourage the growth of certain sectors without any consideration of regional or sub-regional dimensions and without making any links between different territorial spaces. So, the integration of the regional and local dimensions into 5-year national development plans has been difficult (Dulupçu, 2005). Thus, the main purpose of this development-oriented planning is to promote investment in certain economic sectors, but without taking into account the geographical distribution of these sectors.

The table below summarises the 5-year development plans in terms of principles, approaches, policies, targets and tools.

Table 5: Evaluation of Regional Approaches in 5-Year Development Plans

	Principles	Approaches & Policies	Targets	Tools
1st Plan (1962-1967)	<ul style="list-style-type: none"> * Impact of economic development over regions * Regional economic integration 	<ul style="list-style-type: none"> * Regional planning * Growth poles (Eastern Marmara, Çukurova, Antalya, Zonguldak) 	<ul style="list-style-type: none"> * Balanced urbanization * Interregional balance of public services and income * Investment efficiency 	<ul style="list-style-type: none"> * Financial incentives * Prevention alternatives over less-developed regions based on investment
2nd Plan (1967-1972)	<ul style="list-style-type: none"> * Concentration on population issues because of rapid urbanization 	<ul style="list-style-type: none"> * Regional and provincial planning * Indirect regional planning 	<ul style="list-style-type: none"> * Balanced growth between regions * Balance of distribution of social equality between regions * Investment efficiency 	<ul style="list-style-type: none"> * Tax reductions * Financial incentives for private sectors * Plot projects * Keban
3rd Plan (1972-1977)	<ul style="list-style-type: none"> * Improvements of regional disparities * Development of designated less-developed regions 	<ul style="list-style-type: none"> * Sectoral & provincial planning 	<ul style="list-style-type: none"> * Balanced growth between regions * Balance of distribution of social equality between regions * Investment efficiency 	<ul style="list-style-type: none"> * Financial incentives * Industrial programmes for less-developed regions * Inventory studies * Provincial planning * Sectoral planning * Packaged projects * Priority objective provinces in development

	Principles	Approaches & Policies	Targets	Tools
4th Plan (1977-1983)	Mobilisation of resources oriented at regional disparities	Empowerment of linkages between regions and sectors	* Development of less-developed provinces * Interdependency between regions and sectors * Spatial organisation	* Interest reduction for investments * Various financial aids * Packaged projects * Investments at provincial and regional levels * Çukurova Urban Development Project * GAP
5th Plan (1985-1989)	* Accelerate development by rationalising use of resources in regions which are underdeveloped and have sectoral potential	* Direct regional planning that includes the regional effects of projects (16 functional region proposals/offers)	* Balanced regional development that considers social equality	* Preparing regional development programmes for the determination of potential resources * Choosing investments related to these programmes * Develop infrastructure in priority regions and sectors for industrialisation projects * Financial aids for investments in development priority provinces
6th Plan (1990-1994)	* Handle social, administrative and financial dimensions as a whole for implementation/practice * Adapt statistical system to conform to international standards	* Planning at regional and sub-regional levels	* Balanced development in regions * Support the counties in preventing immigration from villages to provinces	* Increase the financial resources oriented to priority regions for development * Create incentives for the priority regions for development and create a special fund for this aim * Industrial zones

	Principles	Approaches & Policies	Targets	Tools
7th Plan (1996-2000)	<ul style="list-style-type: none"> * Integration of sectoral and spatial works * Sectoral specialisation of provinces * Urban planning * Elimination of regional differences * Increased competitiveness 	<ul style="list-style-type: none"> * Regional and sub-regional projects * Mobilisation of regional abilities/talents * Sustainable development 	<ul style="list-style-type: none"> * Rationalise the changes in migration and demographic structure * Handle the problems of metropolitan regions as a separate category * Study policy development for housing problems * Regional differences 	<ul style="list-style-type: none"> * Continue the policy of priority regions for development * Urgent support programme for East Anatolia and Southeastern Anatolia * GAP/SAP * Legal regulations * Residence projects * Support SMEs in the development priority provinces * ZBK, DOKAP, DAP
8. Plan (2001-2005)	<ul style="list-style-type: none"> * Participant planning * Sustainability * Activation of resource usage * Adaptation of EU's regional policies 	<ul style="list-style-type: none"> * Strategic regional planning * Clustering/aggregation * Province development/growth plans 	<ul style="list-style-type: none"> * Increased competitiveness * Mobilisation of local entrepreneurship and local resources 	<ul style="list-style-type: none"> * SME support * EU funds * Provinces involved in regional plans * Human capital * Yeşilirmak Basin Development Project * Regional operational programmes
9. Plan (2007-2013)	<ul style="list-style-type: none"> * Participation * Localness * Actuate resource usage efficiently * Adaptation of EU's regional policies * Bottom-up approach 	<ul style="list-style-type: none"> * Region plans * Clustering/aggregation * Regional innovation * Attraction centres * Monolith development policy that considers internal dynamics and differences of regions and also triggers local dynamics * R&D, technological development, innovation, cooperation and regional policies that aim to actualise regional dynamics * Institutional capacity-saving 	<ul style="list-style-type: none"> * Increased competitiveness * Awakening/stirring local and regional resources * Good governance models * Prioritised sectors 	<ul style="list-style-type: none"> * SME support * Development agencies * Public institutional capacity-saving and human capital * EU funds * Risk/Venture capital, seed capital * Venture fund, micro-credit/loan practice and differentiated input costing

So far, regional development policies have been examined within two major periods: the pre-planning period and the planned period. Following 2002, a new age for regional development has emerged that includes new implementation structures and institutions within the context of the EU harmonisation process.

3.3 New Elements in Regional Policy: Central Planning versus Bottom-up Approach

Before 1980, regional policies were executed by a growth policy based on import substitution that was intended to decrease regional imbalances and achieve balanced growth. In that period, state-sponsored economic activities were used in an attempt to remove the regional disparities.

However, traditional regional policies failed to meet expectations on regional imbalances, and state aids became a focus of debate about whether, over the long term, they make passive regions realise their potential by suppressing entrepreneurship while attracting private investment, and that, even if state subsidies do manage to attract investment into a region, they fail to increase the quality of investments and associated workloads.

These problems led policy-makers to seek a new paradigm for regional development policies; after 1980, the quest to alter the regional development approach resulted in endogenous growth theory, a new paradigm that focused on increasing the competitive capacity of regions.

Priority has been given to underdeveloped territories in the distribution of public investments in all plans and programmes. In addition to public investment policies, state aids and personnel policies to attract the private sector to these regions have been major tools used to eliminate the imbalance between regions. Various development instruments – such as integrated regional development plans (IRDPs), investment incentives, priority development areas policies (PDAs), organised industrial zones (OIZs), small industry sites (SISs) and rural development projects (RDPs) – have been used as basic tools in speeding up regional development and in eliminating the imbalance between regions (Özaslan, 2004).

IRDPs, which arrived first among these tools, were formulated to integrate the spatial dimensions and sectoral priorities of comprehensive national development plans, to decrease developmental disparities between regions, and to realise sustainable development. The main IRDPs devised at various times are the Eastern Marmara Planning Project, the Antalya Project, the Çukurova Region Project, the Southeastern Anatolia Project (SEAP), the Zonguldak-Bartın-Karabük Regional Development Project, the Eastern Anatolia Project, the Eastern Black Sea Regional Development Plan and the Yeşilirmak Basin Development Project. However, apart from the SEAP, the IRDPs cited above did not have the opportunity to be implemented (Özaslan, et al., 2006).

The strategy, targets, implementation tools and actors within the bottom-up approach of the new regional policy paradigm are summarised below.

Strategy: Regional development policies should be based on *integrated development strategies* with respect to spatial features.

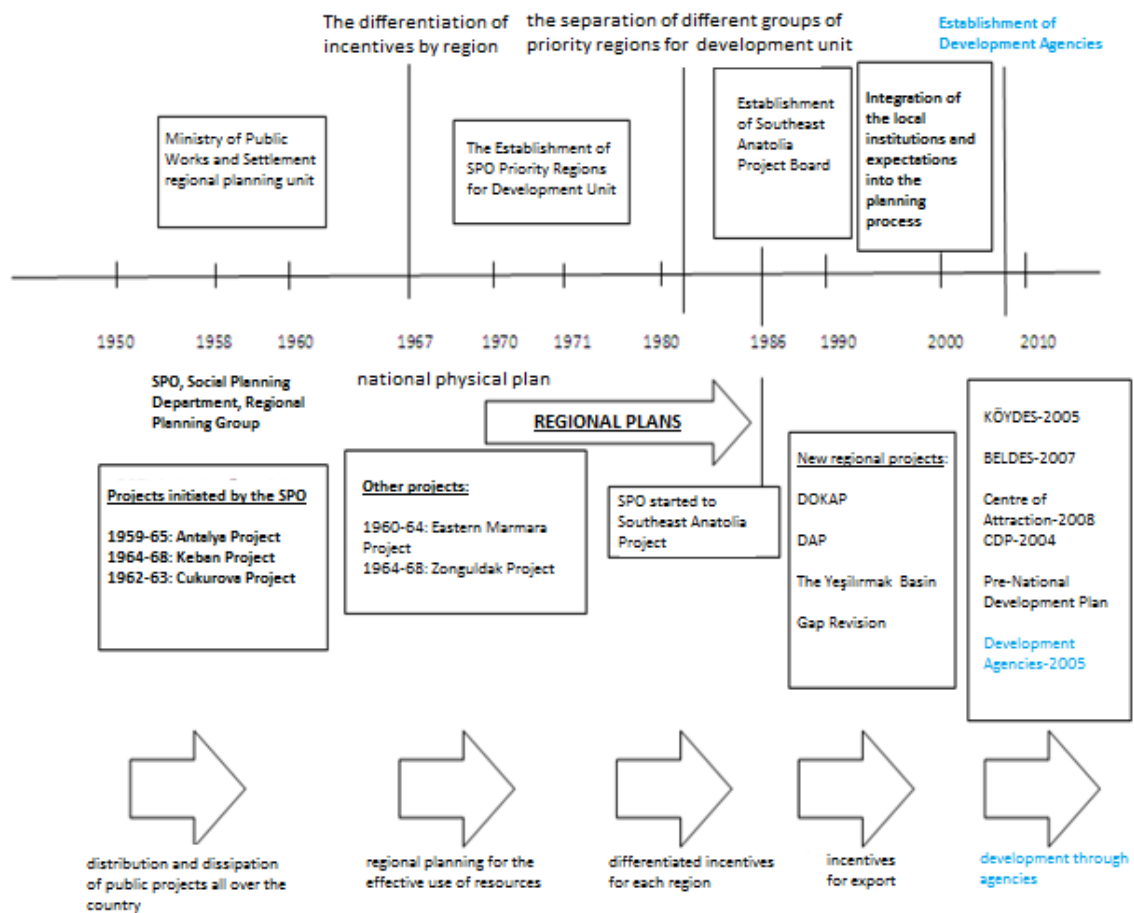
Targets: Regional policy should not focus only on less-developed regions but should also aim at increasing and preserving competitive capacity in developed regions.

Implementation Tools: Direct incentives should be in compliance with development policies that increase the competitive capacity of regions in order to stimulate the potential of the region for initiating sustainable development.

According to the new approach in regional development policies, specific public investments should include traditional infrastructure investments (airports, route lanes, etc.), science and technology parks, research institutes and finally improvement of public services delivered by technology hubs.

Actors: The fundamental philosophy in the execution of regional policies should be constituted by principles of governance, including the participation of local and regional stakeholders, and a transparent and accountable policy-making cycle and service delivery.

Figure 4: Regional Planning in Turkey (Eraydın, 2004)



The experience and significant stages of regional planning of Turkey are presented in Figure 4.

With development agencies, Turkey gave up its regional policies based on the incentive system and the implementation of 5-year national development plans that had been in effect for 50 years. Furthermore, Turkey adopted a new system to integrate European regional development policies. This new perspective essentially comprises using private capital and the private sector in an environment of regional competition (Tek Turan, 2016).

There are significant changes in regional policies in Turkey with the creation of development agencies. The following table summarises the changes in terms of approaches, objectives, instruments, focuses and institutions.

Table 6: Enriched Regional Development Policy

	Traditional	New
Approach	↘ Centralised and to- down, passive individuals and institutions, interventionism	↘ Participatory and bottom-up, subsidiarity, active individuals and institutions, multi-level governance, partnership, competition
Objectives	↘ The balancing of regional development levels ↘ National economic growth ↘ Directing investments to the less-developed regions ↘ Provision of basic infrastructure needs	↘ The development of regional competitiveness ↘ Support for internal growth dynamics ↘ Strengthening the social and human capital ↘ The development of institutional capacity
Instruments	↘ Comprehensive regional planning ↘ Large-scale infrastructure investment ↘ Sectoral incentives ↘ KÖY applications	↘ Strategic regional planning ↘ Action plans / programmes ↘ Financial and technical support based on the programme ↘ Regional incentives ↘ Attraction Centres Programme ↘ KÖYDES, BELDES, SODES
Focuses	↘ Relatively fewer developed regions	↘ All Regions
Institutions	↘ Central government, local offices/organisations	↘ Central government, local governments, development agencies, businesses, NGOs

Source: Development Agencies. The General Activity Report of 2011 (Ministry of Development).

The new regional policy approach is a participative, decentralised approach planned as bottom-up, applying a partnership principle, and placing importance on subsidiarity within the framework of multi-level governance in order to reinforce individuals and institutions.

In terms of objectives, this new regional policy especially emphasises the development of regional competition, the support of internal growth dynamics, the strengthening of social and human capital and the development of institutional capacity.

The tools/instruments used also changed within the new regional policy. Accordingly, strategic regional planning, action plans and programmes, regional incentives and financial and technical assistance based on programmes serve as examples in this context. And intervention is not restricted to less-developed regions but extends to all regions. Furthermore, institutions and actors are differentiated in comparison to traditional regional policies; different kinds of stakeholders such as civil society organisations, business communities, universities, and trade and industry chambers are seen to be influential and powerful in the policy-making process alongside development agencies.

According to the General Activity Report, published in 2011 by the Ministry of Development, the new regional development concepts are governance, sustainability, competitiveness, strategy and cooperation.

The table below compares the different approaches (traditional top-down and new bottom-up) in terms of organisation, economic tools, functional and operational methods, and policy instruments.

Table 7: Traditional Top-down Approach versus New Bottom-up Approach

Changes	Traditional Top-down	New Bottom-up
Organisation	<ul style="list-style-type: none"> • Structure dependent on national central government • Bureaucratic general approaches 	<ul style="list-style-type: none"> • Regional semi-autonomous structure • Flexible specialised approaches
Economic Tools	<ul style="list-style-type: none"> • Equality between regions • Growth of the national economy 	<ul style="list-style-type: none"> • Inter-regional competition • Growth of regional economy
Functional / Operational Method	<ul style="list-style-type: none"> • Automatic / discretionary • Responding to problems (reactive) 	<ul style="list-style-type: none"> • Taking precautions for discretionary problems (proactive)
Policy Tools	<ul style="list-style-type: none"> • Bureaucratic arrangements • Financial sanctions • Consultancy services • Public services 	<ul style="list-style-type: none"> • Financial sanctions • Consultancy services • Public services

Source: (Berber & Çelepçi, 2005).

The changes in the regional policy paradigm are explained in detail in the following table in terms of the conceptual base, policy features, policy structure, organisations and evaluation. Within the modern approach, the significant and prominent features include increasing competitiveness and large (multi-sectoral), prescriptive, planned, strategic dimensions, covering all regions. The discursive, participatory approach includes local government, the voluntary sector and social partners.

Table 8: Changes in Regional Policy Paradigm

CRITERIA	TRADITIONAL	MODERN
CONCEPTUAL BASE	Industrial settlement theories, key factors, regional qualifications (production costs, availability of labour force)	Learning theories of region, key factors, regional capacities (innovative environment, clusters, networks)
POLICY FEATURES		
Purposes	Equality or efficiency	Equality or efficiency
Goals	Job creation, improving the investment	Increasing the competitiveness (entrepreneurship, talent, innovation)
Field of Activity	Narrow (economic / industrial)	Large (multi-sectoral)
Processing Method	Response, project-based	Foreseen, planned, strategic
POLICY STRUCTURE		
Spatial Perspective	Problematic areas	All regions
Analytical Base	Allocation regional export indicators	Regional SWOT analysis
Key Tool	Incentive plan	Development programme
Help	Business assistance of high-value infrastructure investments	Business environment of relatively low-value investments
ORGANISATIONS		
Developing Policy	Top to down (central)	Modern collective - discussed
Pioneer Organization	Central Government	Regional authorities
Partners	No	Local governments, voluntary sector social partners
Management	Simple / rational	Complex / bureaucratic
Project Selection	Internalised	Participant
Time Scale	Open-ended	Multi-year planning periods
EVALUATION		
Stages	Realised	Planned time period, realised
Results	Measurable	Difficult to measure

Source: (Bachtler & Yuill, 2001).

4. HARMONISATION ATTEMPTS TO BRING TURKISH REGIONAL POLICY IN LINE WITH EU STANDARDS

4.1 What does the European Commission require?

All EU countries have their own systems of government and administrative structure, with some more centralised than others. They also vary enormously in terms of population, surface area and levels of development.

Within European regional policy, not only economic and social cohesion but also territorial cohesion is required. Since the 1970s, the EU has developed a system called NUTS that divides its territory

geographically for the computation of regional statistics. This serves mainly to assess levels of eligibility for European Union Structural Funds on the basis of objective, quantitative criteria.

The requirements of the EU in the area of regional policy during the pre-accession process have exposed Turkey's institutional incapacity.

To comply with the *acquis* under Chapter 21 (and Chapter 22 subsequently), the candidate countries were to have in place:

- a territorial organisation based on a provisional NUTS classification;
- a legislative framework allowing for the implementation of the specific provisions;
- an institutional framework and administrative capacity whereby clear tasks and responsibilities of all bodies and institutions involved are defined and effective inter-ministerial co-ordination is ensured;
- programming capacity whereby the country can design a development plan, has appropriate procedures for multi-annual programming of budgetary expenditure, and ensures the implementation of the partnership principle at the different stages of programming, financing, monitoring and evaluation;
- financial and budgetary management to comply with the specific control provisions.²²

4.1.1 Evaluation of progress reports under Chapter 21

After Turkey's candidacy was officially announced at the Helsinki Summit, the Commission stated its concerns over Turkey in terms of regional disparities via a communication paper from the Commission to the Council and European Parliament in 2004. The European Commission realised that regions in Turkey would identify statutory priority areas to obtain benefits from the Structural and Cohesion funds, which might initiate a process whereby 'a number of regions in present Member States benefiting from structural funds support could lose their eligibility on the basis of present rules' (Communities, 2004). It is more like a zero-sum game; regions in Turkey would receive significant benefits from Structural and Cohesion funds, while a number of regions in the EU would lose a degree of priority areas to accelerate economic development as a result; the priorities of EU Regional Policy and financial aids, in the case of Turkey's membership, would be re-defined in order to decrease the gap between the developed regions and the less developed regions in the EU. To close the gap regarding inter-regional differences in terms of development, the major request raised by the European Union was to create the 'necessary institutions' to increase the administrative capacity on the efficient usage of the Structural and Cohesion Funds for Turkey, therefore, 'administrative capacity in most areas needs to be strengthened to ensure that the *acquis* is implemented and enforced effectively. In some cases, administrative reform should entail the establishment of new structures, for example in the field of state aid and regional development' (Communities, 2004).

In the first phase of progress reports (1998-2005) on Turkey's accession to the EU, the chapter named *Regional Policy and Co-ordination of Structural Instruments* indicated that the current regional policy was executed in a centralist manner through the SPO with the exception of the Authority for Development of South Eastern Anatolia (GAP), service unions of the SPO in the provinces, and an initiative to establish regional development agencies at sub-national level; therefore, the Commission

²² From the European Commission's website on Enlargement-Negotiations – Chapter 21, December 2004.

stressed that disruption from the internalisation of the *acquis* on regional policy in Turkey was caused by a lack of administrative capacity concerning the regional approach. The policy at that time did not cover regional dimensions that would assist regional policy implementation by collecting data via EUROSTAT standards, because the absence of regional structures decreased the efficiency in distributing public investments in the lagging regions. In plain language, the SPO runs regional development tasks without having a regional representative at regional level. The only branch of the SPO between 1998 and 2005 at the regional level was the service unions²³ attached to it; however, they had insufficient funding or responsibilities to boost regional potential.

Non-existent qualified human resources and insufficient public-private investments were other headlines in progress reports that emerged as deficiencies. The European Commission also urged Turkey to provide coordination between both central – *sectoral ministries* – and regional – *inter-municipal collaboration* – stakeholders for regional development.

To deal with these vulnerabilities in regional policy in Turkey between 1998 and 2005, Turkey was advised to establish regional and local development authorities to provide effective participation of all relevant stakeholders in regional development. After the establishment of these authorities, the SPO would delegate authority to regional and local structures. In a nutshell, the EU was pursuing the decentralisation of regional policy implementation through creating new administrative units and structures in the lower level of Turkish administrative space.

After the beginning of negotiations with the EU in 2005, the great administrative transformation to improve the institutional capacity for regional development to fall in line with Community standards in the execution of regional policy in Turkey was not in evidence. In the second phase of progress reports, the Constitutional Court in Turkey suspended the law envisaging the establishment of regional development agencies. Those structures would be essential actors to implement operational programmes with the purpose of increasing local capacity. However, suspension of the aforementioned law retained the execution of operational programmes within central instruments. This corroborated the argument of the EU regarding the centralist approach in Turkish regional policy. In addition, Ankara stalled on the delegation of competences assigned to the CFCU into line ministries designated as operational structures for the IPA, and the European Commission underlined that the Turkish Government delayed delegating responsibilities to one another within the sphere of central government. All these factors corroborated the idea that decentralisation of the implementation system for the IPA was jeopardised in Turkey.

The coordination issue between regional-policy-implementing institutions persisted in the second phase. According to officials in Brussels, the existence of an inter-ministerial committee for regional development would resolve the lack of cooperation between the CFCU and line ministries; therefore, the best option for Ankara would be the establishment of an administrative structure at both central and

²³ In some regions classified as NUTS 2, service unions – *structured as local government units with collaboration and participation of governors, mayors of provincial and district municipalities, muhtars and unions of village delivery services province-wide* – were established by the SPO due to uncertainty in the existence of fully-fledged RDAs. The *raison d'être* of service unions could be seen in the Preliminary National Development Plan, which designated the SPO as the administrative authority of the Preliminary National Development Plan in Turkey. The document promulgated that implementation of tasks can be assigned to sectoral and regional institutions such as service unions and regional development agencies in order to operate as intermediate organisations. Until the establishment of fully-fledged RDAs, service unions manage regional development projects that are financially supported by EU funds.

regional levels to facilitate an effective distribution of power between every actor related to regional development.

After progress reports in 2012, the forthcoming danger or potential obstacle for sustainable progress in Chapter 21 (later on, Chapter 22) was the possibility of losing financial support under components of the IPA. The evaluation process on IPA bodies regarding accountability and consistency between programme purposes and implementation indicated risks for maintaining financial support. An insufficiently diverse project pipeline under the operational programmes increased the concerns of the European Commission to obtain concrete outputs. The qualitative outputs issue emerged in 2013, and it remained a concern in 2014 and the following year. If the Turkish authorities do not provide effective programme implementation, Turkey could lose its eligibility to benefit from IPA funds.²⁴

All in all, despite the resistance/reluctance within the unitary state of Turkey regarding decentralisation reforms, it can be stated that the number one priority of the EU is to establish a decentralised implementation system regarding regional policy implementation.

The negotiation on Chapter 21 – later on 22 – began in 2014. Regardless of the orientation through development agencies, the NUTS classification and regional plans, progress is not satisfactory for compliance with the provisions of the *acquis*. Under these circumstances, the last progress report illustrates the fact that Chapter 21 (later on, 22) still has a long journey to go before its closure.

4.2 Europeanisation of Regional Development Tools and Actors in Turkey

4.2.1 New Leverage: Pre-accession Funds (IPA)

During the EU accession process, Turkey committed itself to make its governance and administrative structures and procedures conform to those of the EU policy area, including regional policy. Considering its financial and institutional implications, Chapter 21 of the *acquis communautaire* on *Regional Policy and the Co-ordination of Structural Instruments* will likely be one of the most controversial, problematic and long-drawn out sections of Turkey's accession negotiations with the European Union, as mentioned above within the evaluation reports published each year by the Commission.

The EU is committed to supporting Turkey in its path for membership. Once the Union accepted Turkey as a candidate, financial assistance began to focus on supporting Turkey in its preparation for EU membership. Turkey has been receiving pre-accession assistance from the EU since 2001, under the Turkish Financial Instrument. In 2007, a new Instrument for Pre-Accession (IPA) came into force. Essentially, the IPA replaced the others instruments and aims to reinforce the *bridging function* towards the adoption of the rules and principles of Structural Funds management for both candidate and potential candidate countries.

The novelty of the IPA is that it introduces financial support in new areas. Under the IPA framework regulation, there are five main components: transition assistance and

²⁴ For further information, see tables in **Annex n°1**, which cover policy implementation, recommendations, vulnerabilities and progress of regional policy harmonisation according to regular progress reports in EU-TR relations within Chapter 21 (later on, 22).

institution-building; regional and cross-border cooperation; regional development; human resources development; and rural development.²⁵

Within the preparation process for the 2014-20 period of Turkey-EU financial cooperation, efforts have been made to be more pro-active in the decision-making process.

The following table shows the distribution of financial aid according to the five components mentioned previously; the maximum share of the budget is spent on regional development.

Table 9: IPA Funds allocated to Turkey by Components (million euros)

Component	2007	2008	2009	2010	2011	2012	2013	TOTAL
Transition Assistance and Institution Building	256.7	256.1	239.6	217.8	231.3	227.5	238.5	1,667.5
Cross-border Cooperation	2.1	2.9	3.0	3.1	5.1	2.2	2.2	20.6
Regional Development	167.5	173.8	182.7	238.1	293.4	356.1	366.9	1,778.4
Human Resources Development	50.2	52.9	55.6	63.4	77.6	83.2	91.2	474.1
Rural Development	20.7	53.0	85.5	131.3	172.5	187.4	204.2	854.6
TOTAL	497.2	538.7	566.4	653.7	779.9	856.3	903.0	4,795.2

4.2.2 Recent Developments: Spatial Division, Programming and Governance

Turkey's administrative hierarchy from 1925 onwards has consisted of provinces, counties, towns and villages. In the 1950s, the country was further divided into seven geographical regions, each one encompassing about 10 provinces. There are, however, no governance institutions at the level of the seven regions.

Since the inception of the Republic, the regional policy of Turkey has been greatly affected not only by internal economic and social developments but also by the experience of the European states and the rise of new development paradigms pertaining to regional development. Within this process, Turkey was introduced to issues and principles such as spatial division, programming, and governance. A new spatial designation in line with the EU definition of a region was made in 2002.

When we look at the structural changes in the adaptation process to this European policy, the first element is the NUTS classification, which was established in Turkey in 2002. This classification has a statistical characteristic and exists at five levels, with levels 1, 2 and 3 covering regional territory and levels 4 and 5 comprising local territory. The most concrete result of these recent initiatives is the creation of regional development agencies acting at NUTS 2 level.

²⁵ For more detailed information, visit the homepage:

http://ec.europa.eu/enlargement/instruments/funding-by-country/turkey/index_en.htm
<http://www.ab.gov.tr/?p=5&l=2>

A new tier designated in 2002 groups the 81 provinces into 26 NUTS 2 clusters, designated for regional policy purposes. The existing 81 provinces were designated as NUTS 3 regions, and the existing 7 geographical regions were replaced with 12 newly designated NUTS 1 regions (see related maps within Annex n°2: NUTS of Turkey on first and second levels). The reason for the recent stipulation is that the seven geographical regions are not appropriate for regional policy purposes due to their sheer size, and the provinces are too small for developing a coherent and efficient regional policy. The recent regulation was also laid down to ensure harmonisation with the EU definition of region and to achieve more efficient implementation and analysis of regional development policies.

Regional development policies in Turkey were transformed from centralisation to decentralisation in terms of implementation, method and content as part of the process of EU membership preparations. The development agencies emerging from this process were established in the 26 NUTS 2 regions in Turkey, starting from 2006.

NUTS 2 regions are relatively homogenous regions in terms of size (spatial coverage), but include considerable variation with respect to GDP per head and population. Istanbul, for instance, has the highest population amounting to 14.7 percent of the total population.

Turkey has been able to abandon its regional policies based on the incentive system applied for 50 years, and instead to follow a new system to integrate European regional development policies. Within this scenario, the development agencies could be evaluated as an institutional settlement between European requirements and 'domestic' reluctance.

In terms of programming, a national programme for the adoption of the *acquis communautaire* was published in 2001 and a Preliminary National Development Plan for 2004–2006 was published in 2003. However, there were also challenges such as insufficient programming experience and existing implemented models, participatory analysis shortfalls on regional endogenous potential, and the non-existence of multi-annual operational programmes.

The delivery network regarding the implementation of regional policies is organised at different levels. At the central level, it is structured by the former State Planning Organisation (as a managing and coordinating authority), ministries (operating agents) and public institutions (operating agents); at regional level, it is organised by service unions (operational management, replaced by regional development agencies), municipalities of three tiers at NUTS 3 level (operational tasks), local agents of ministries and public institutions (operational tasks) and relevant NGOs and private sector units (operational tasks). An appropriate regulation concerning regional development agencies, institution-building, partnership-networking and capacity-generating could facilitate progress on this issue.

In terms of the envisaged governance structure, an 'administrative' regionalisation²⁶ through administrative regulations in the unitary governance structure could be expected. There is a division of

²⁶ According to the typology of Gérard Marcou on regionalisation processes, the great diversity of regionalisation processes and regional institutions among European countries can be reduced to five basic types:

- administrative regionalisation;
- regionalisation through existing local authorities;
- regional decentralisation;
- autonomous regions (political regionalisation); and
- regionalisation through federal authorities.

responsibilities in the short and medium terms between central and regional actors; accordingly, the central level is responsible for planning, programming, coordinating, monitoring and evaluating; and the regional level is responsible for operational management, monitoring and evaluation.

5. NEW ACTORS IN REGIONAL DEVELOPMENT: ESTABLISHMENT OF RDAS

Development agencies have been established under the coordination of the State Planning Organisation (now known as the Ministry of Development) and on the basis of statistical regions (NUTS 2) by Cabinet Decree. They have a legal personality and are subject to Law No. 5449 as well as special legal provisions in their transactions.

As mentioned in previous sections, the exclusion of local actors from the planning process, and the lack of intermediate institutions between the national and local levels to provide implementation and monitor national plans at the local level, could be assumed to be among the main reasons for the equalisation problem in terms of the scale of development existing for many years between the intra-regional and inter-regional development levels. When considered from this point of view, the development agencies assume some important responsibilities such as the contribution to regional development and the elimination of intra-regional and inter-regional development disparities in Turkey (Tek Turan, 2016). They are eventually designed to become economic- and social-development-oriented, with functions to enhance the capacities of other local and regional actors, including facilitating and coordinating the development activities of local stakeholders.

Development agencies have their own technical and financing mechanisms and use a variety of support mechanisms, especially available in the European Union, to enable regional development. These include the call for proposals (CFP), direct operating support (DOS), technical support (TS) and guided project support (GPS). They have dynamic and flexible structures in terms of budget and employment. Development agencies, which have a high technical capacity, are not-for-profit, 'autonomous', and bring public sector, private sector and non-government organisations together in a common platform. It could be said that the agencies also make contributions to the transformation of the regional level through equipping these new institutions with important tools and instruments as well as allowing them to constitute their own intervention areas. However, development agencies are under the tutelage of the Ministry of Development.

The aims of the development agencies are: to mobilise regions' local resources and potentials and to increase their competitiveness; to ensure efficient and effective use of resources; to facilitate regional development in accordance with the principles and policies envisaged in national development plans and programs; to reduce intra- and inter-regional disparities in terms of development, foster cooperation among public sector, private sector and non-government organisations; and to ensure the sustainability of the development programmes.

According to Law No. 5449, the missions of development agencies are as follows:

- to prepare strategies related to regional development;
- to improve economic and social indicators at the national, regional and local levels;

- to reduce inter-regional and intra-regional disparities and increase the general welfare of the country;
- to encourage the participation of entrepreneurs in local development efforts through research studies and promotion of investment opportunities;
- to support the development and implementation of projects co-financed by the applicants and/or their partners, the improvement of the project design and implementation capacity of local bodies, and increased cooperation among local and regional institutions;
- to mobilise the region's entrepreneurial potential; and
- to identify and activate the local potential, dynamics, authenticity, resources and opportunities, and to coordinate and mediate other international funds including EU funds.

5.1 Technical Aspects and Operation of Development Agencies

In the transition from central planning to regional projections on development, the agencies are playing a significant role. Legal and institutional obstacles in Turkey have been identified as the main factors that affect the functional and operational execution of agencies. Organisational structures and the financial resources of these institutions are the other factors that affect the creation of an effective institutional structure at local level.

5.1.1 The Legal and Institutional Framework

The European Union aims to eliminate disparities between regions throughout Europe. Therefore, the Union established the Cohesion Fund and Structural Funds in order to reduce economic and social disparities and promote sustainable development. To make an assessment on distributing the financial funds to states within the Union, the Nomenclature of Territorial Units for Statistics (NUTS)²⁷ was established, and candidate and member states become involved in a harmonisation process of these types of classification through their territorial realms.

NUTS was evolved by Eurostat (Statistical Office of the European Union) as a leading provider of statistical data throughout Europe in order to gather regional statistics shaping the regional policy of the EU, to conduct social and economic assessments among regions of member states, and to compose a database allowing a comparative assessment. Turkey harmonised its territorial classification into NUTS in 2002.²⁸

Development agencies located in Level 2 in the NUTS classification have gradually been established in 26 regions with their headquarters in accordance with the instructions of Law No. 5449 based on the decision of the Cabinet of the Turkish Government in 2006.²⁹ The İzmir Development Agency and the

²⁷ Nomenclature des Unités Territoriales Statistiques (fr) / Nomenclature of Units for Territorial Statistics (eng)

²⁸ Level 1 is composed of 12 regions after the grouping and identification of cities in Level 2 and it is the basic classification level in terms of economic and social variables in the EU.

Level 2 is formed of 26 regions after the grouping and identification of neighbouring cities in Level 3. Level 2 regions implement regional policies.

Level 3 consists of statistical regional units at provincial level, totalling 81. They might seem small for complex economic solutions, but when the need emerges they can be utilised to identify issues and implement solutions (Avaner, 2005).

²⁹ İstanbul, Tekirdağ, Balıkesir, İzmir, Aydın, Manisa, Bursa, Kocaeli, Ankara, Konya, Antalya, Adana, Hatay, Kırıkkale, Kayseri, Zonguldak, Kastamonu, Samsun, Trabzon, Erzurum, Ağrı, Malatya, Van, Gaziantep, Diyarbakır, Mardin.

Çukurova Development Agencies comprising the Adana and Mersin provinces were set up in 2007 as a pilot trial. In the second wave, nine agencies, one of them located in İstanbul and the others set up in Eastern Turkey, were established in 2008. The third and final stage was completed in 2010 with the establishment of 15 agencies. At the end of 2010, a general secretariat was appointed and all of agencies were ready.

Figure 5: 26 Development Agencies Administrative Spaces for NUTS Level 2



Source: <http://www.kalkinma.gov.tr/Pages/KalkinmaAjanslari.aspx>

5.1.2 Operation of Agencies

The coordination of development agencies is performed by the Ministry of Development at the national level.

The organisational structure of the agencies is as follows. (i) A Development Board functions as an advisory board, with members being representatives of various public and private organisations, NGOs and universities within the region. (ii) A Management Board is formed by governors, mayors of the metropolitan municipalities, the chairmen of the chambers of commerce and industry and three representatives from NGOs or from the private sector. (iii) A General Secretariat is the executing body in development agencies.

(i) The Management Board

The Management Board as a decision-making body consists of the governor, the mayor of the metropolitan municipality, the head of the provincial assembly, heads of chambers of commerce and industry and three representatives elected from the private sector and NGOs by the Development Board when the agency operates in one single city. In case the agency operates in more than one city, the Management Board comprises governors, mayors of metropolitan municipalities, mayors of the central municipality if the city is not classified as a metropolitan city, heads of provincial assemblies and heads of chambers of commerce and industry or a candidate appointed by the Union of Chambers and Commodity Exchanges of Turkey (see Article 10 of Law No. 5449).

The agency is represented by the head of the Management Board; the president of the Management Board is the governor.³⁰

(ii) *The Development Board*

The Development Board aims to initiate regional development. It presents proposals forecasting possible solutions to issues in the region, identifies the potential and priorities of the region, and delivers its opinion and suggestions to the Management Board. The Development Board also attempts to increase awareness, cooperation among public institutions, local governments, universities, private enterprises and NGOs in the region. The Board is formed by 100 representatives who are equally distributed according to balance of influence (Article 9 of Law No. 5449).

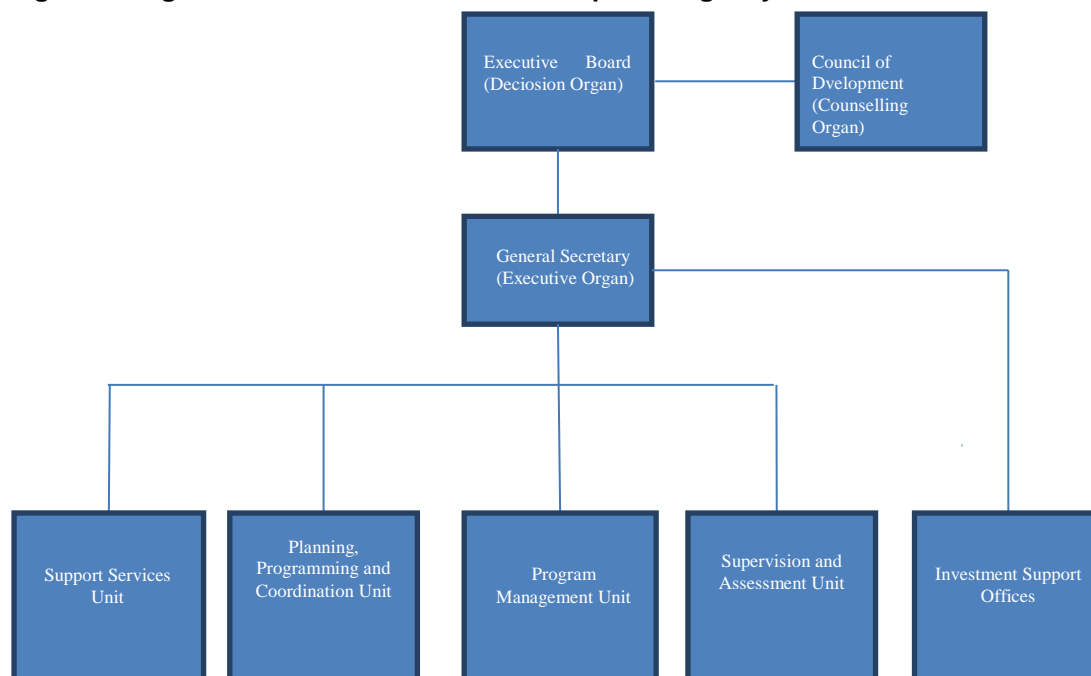
(iii) *General Secretariat*

This body involves the Secretary General, the heads of units, experts and support staff. The Office of the Secretary General is the executive body of the agency.

Units operating under the General Secretariat are referred to by different names, generally listed as the 'Planning, Programming and Coordination Unit', the 'Programme Management Unit', the 'Monitoring and Evaluation Unit' and the 'Support Services'.

Other units attached to the General Secretariat operating tasks in the name of development agencies include 'Investment Support Offices', which inform, guide and instruct investors and entrepreneurs.

Figure 6: Organisational Structure of a Development Agency



5.1.3 *Financing of Agencies and Grant Illusion*

³⁰ The chairmanship of Executive Board in regions with more than one city is exercised annually by turns according to the alphabetical order of the cities by the governor appointed as the agency's centre.

Development agencies established to remedy the disparities between and within regions as set out in Law No. 5449 have a sufficient budget and financial tools in order to pursue their objectives.

Agencies financially and/or technically support the projects and activities of local authorities, universities, other state institutions and organisations, professional organisations with public institution status, non-governmental organisations, cooperatives, unions and other natural and legal persons, provided that the conditions are indicated clearly within the annual work schedules and guidelines for project proposals and are in accordance with the procedures and principles mentioned within the regulations.

Two financial supports provided by agencies are direct financial support and interest-free loan support. Technical assistance allows the local actors considered as vital players in development within the region to reinforce the institutional structure and resolve the lack of capacity.

The main purpose of financial support is to increase the capital circulation in the region. However, the primary goal of financial grants is misinterpreted by the actors at regional level. Efforts of agencies to promote grants induce a misperception over the role of agencies and disregard the real reason behind the existence of agencies; consequently, their reputation with grants precedes them as 'money-burning institutions'.

In other words, the grant mechanism was considered as a tool to achieve the primary objective of agencies at first, but over time there was a shift, and budgets have been regulated in accordance with that approach (Ata, 2011). All in all, agencies are expected to internalise the new development approach, but they are regarded as 'charity organisations'.

When we take a look at the income resource of agencies, it is formed by proportional shares, grants and aids from a number of institutions. The most important and largest part of the financial resource comprises shares and allowances from the central authority budget. It is distributed to agencies in accordance with demographic, development and performance variables. From the tax revenues of the general budget, five per thousand, amounting to 450,000,000 Turkish Liras, is transferred to the agency budget. This amount is not equally distributed to agencies. Every agency receives a share in the range between 15 and 25 million Turkish Liras.

Another important source involves institutional shares transferred from the budgets of municipalities, provincial special administrations and the chambers of trade and industry.³¹ Additionally, agencies expect to make up their budget, with subsidies coming from international funds and EU funds. Currently, however, agencies do not benefit from EU funds.

It must be stated that the job description of agencies is too extensive and too wide. Consequently, all the resources mentioned are insufficient to cover the basic performance modules of agencies. As a result, it is unrealistic to expect development agencies to overcome the regional inequalities classified as one of the most significant problems in Turkey (Tek Turan, 2016).

³¹ Five percent from municipality revenues, one percent from provincial special administrations, and one percent from revenue of chambers of trade and industry.

5.2 Institutional Dimension of Regionalisation: Supportive Role instead of Executive Role

Development agencies are new actors in the Turkish administrative system, and they bring a new perspective to the development issue. These agencies are vectors / transmitters of regional planning. They are responsible for the coordination, supervision and evaluation of the regional plans as well as the development and implementation of these plans. However, they could be perceived equally as an opportunity as much as a potential problem.

There is a great dependence on the Ministry of Development: the structure is not very different to the regional level, representing a 'sub-office' of the Ministry modeled around the NUTS 2 level. The attachment of development agencies to central government makes them inefficient and malfunctioning and reduces their capacity to play an important role. Even if agencies have their own working and financing mechanisms, they are non-profit institutions and, as they gather up all related actors at central and local levels, they are considered to be provincial organisations of the central government in Turkey. Because we see the contribution of the private sector and NGOs on tasks executed by agencies, the final decision is always managed by a representative of the central government known as the governor in the executive board of agencies (Tek Turan, 2016).

To sum up, development agencies in Turkey may be defined as 'supportive institutions' with empowered institutional capacity to buffer regional actors, instead of having the executive role of development agencies in Europe; they implement the tasks in the role of coordinator and initiator. They cannot cross the line determined by the central authority. Consequently, they seem like a regulator that cannot initiate or execute a task in the way that central government does; thus, the activity field of agencies is limited to the preparation of regional plans, the evaluation of projects, supporting current projects and investments, research and development, advertisement and workshops (Tek Turan, 2016).

6. CONCLUSIONS

As in all dimensions of studies included in the scope of centre-periphery oriented policies, the centralisation and decentralisation debate has been a key determinant in regional aspects of policy-making methods, tools and approaches for regional development in Turkey. Republican policy-makers sought to realise nation-state building, taking the path headed towards increasing industrial activities by centralist-statist policies from the beginning. Until the establishment of the SPO, managerial skills and tools – ministries of central government – could not alter development mechanisms that clustered investments on the western side of the country. After 1960, the first policy implementation tool in regional development was evaluated within the sphere of central government. Instead of structuring a task force of line ministries, the Turkish Government once again attempted to tackle regional disparities centrally through an agency affiliated to the prime minister's office, in a way that meant centralisation within central government. The SPO had no regional divisions to initiate regional plans, no regard for sub-regional characteristics, and a lack of a consistent action plan between regions. Regardless of the structural reforms launched in 1994, the institutional structure could not extend to the regional level, and the SPO (or the subsequently established service unions of the SPO in the regions) could not accomplish capacity-building efforts. The Turkish Government insisted on delaying the regional structure until the RDAs were established, bringing with them the concept of regional competitiveness, capital and cooperation with private enterprises. The decentralised system of regional policy began with

the development agencies promising functional financial management and control and additionally a monitoring and evaluation system that is vital for measuring the efficiency of policy in execution. However, 'when we make an assessment of harmonization of the new regional development approach, we see possible risks in practice to execute the new approach functionally. Possible risks to avoid a functional policy could be listed as assignment of General Secretariat, approval of agency budget and shadows of central authorities over development agencies. As a result of it, development agencies are unable to maintain local functions because of the lack of sufficient autonomy' (Tek Turan, 2016). Another obstacle with development agencies is the lack of coordination between central, regional and local stakeholders due to the dualist administrative structure of the Turkish Government, which forms an intersecting jurisdiction between the provincial administrations of central government and local authorities. For example, regional plans initiated by RDAs have a conflictual impact on other plans ('tsunami of plans') prepared by municipalities and line ministries regarding urban administration that includes local/regional involvement. The legal background of RDAs furthers the coordination of regional policy tools because 'they are neither classified as public institutions, nor defined as private enterprises, and they cannot be located in the central periphery or local level administrative space. The dilemma of the structure of the agencies could be explained as "old problems within new principles". [...] in order to harmonise development agencies into new approach, they should be evaluated as private enterprises instead of public institutions, functionally located at local level, instead of being a central authority, and executed within principles of development governance instead of being a "bank" allowing customers loans without any return' (Dedeoğlu & Serteser, 2011).

In 2012, a meeting was arranged with officials in charge of the Regional Competitiveness Department and the Monitoring Evaluation and Analysis Department within the Regional Development Structural Adjustment General Directorate under the Ministry of Development in Turkey. They pointed out that we are gaining not only experience and expertise in current developments and making progress in the Ministry of Development's field, but we are also obtaining new data from projects financed by development agencies to improve the current situation of the agencies; and they underlined that we trust development agencies to find an effective position within the administrative space and development policies in Turkey (Tek Turan, 2016). However, this trust or faith is not enough in the policy-making universe, unless structural revisions derive lessons from previous policy failures; otherwise, regional development agencies would be continually interpreted through the phrase 'old problems within new principles'. Therefore, regional development should be re-defined, governance should not be limited to rhetoric, institutional capacity should be empowered in regions, and mobile capital should be available for regional actors through development agencies. When we consider all these variables, the role of development agencies is remarkably vital.

For the future, some recommendations or points could be made. The transformation of the legal and institutional structure regarding local and regional development has been proceeding alongside the restructuring of Turkish public administration. Neither a single central unit nor the management of a single local/regional agency can fully accomplish local and regional development. The governance of development is important, and so the participation and involvement of relevant stakeholders including local and regional actors are crucial for development. Turkey has a long journey ahead to attain an efficient regional policy. In this process, regional development agencies may be able to make a significant contribution.

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ANNEX n°1: EU Progress Reports 1998-2015, Evaluation under Chapter 21 (22)

EU Progress Report	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2000 ³²	<p>Centralized Planning System + SPO</p> <p>Authority for Development of South Eastern Anatolia (GAP)</p> <p>Priority Provinces for development</p> <p>Regional Development Plans prepared by SPO³³,</p> <p>8th Five Year Development Plan</p>	<p>Centralized Planning System while SPO running coordination of public investment for regional purpose</p> <p>Establishment of SPO Regional Office and Regional and Local Development Authorities</p> <p>Implementation of NUTS Classification -in particular at NUTS 2 Level-</p>	<p>Lack of regional data according to EUROSTAT standards</p> <p>Lack of concentration of Public investment in less-favored regions/</p> <p>8th Five Year Development Plan is not envisaged local and regional branches of SPO</p>	<p>increasing of administrative capacity both central and local level for regional development</p> <p>To increase public investment, human resources in regions lagging behind</p> <p>To create favorable environment for private investment</p> <p>To improve living conditions</p>	<p>Although Turkey has a regional policy, preparations for implementing structural policies have not yet really started</p>

³² http://www.ab.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/Turkey_Progress_Report_2000.pdf

³³ Eastern Black Sea region (8 provinces) - Eastern Anatolia (16 provinces) - Yesil Irmak development basin (5 provinces) - Marmara region (5 provinces). None of these programs were operational at the period that progress report in 2000 was published.

EU Progress Report	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2001 ³⁴	<p>Centralized Planning System + SPO</p> <p>Authority for Development of South Eastern Anatolia (GAP)</p>	<p>Establishment of Institutional Structure for programming, monitoring, and evaluation, financial management and control</p> <p>Compliance with Community standards on regional statistics</p> <p>Establishment of proper structure to calculate the regional per capita GDP in Purchasing Power Standards</p>	<p>Lack of comprehensive, long-term strategy</p> <p>Lack of proper structure to implement European Social Fund</p> <p>Preparation of NUTS Classification is at elementary level</p> <p>Lack of Human Resources, Public and Private Investment</p>	<p>The formulation of efficient and modernized Regional Policy comprising Community standards</p> <p>To establish Regional Development Authorities</p> <p>To execute specific action toward priority provinces in order to deal with inertia</p> <p>To enact efficient legislative framework to adapt Acquis in terms of regional policy</p>	No progress in preparing for the implementation of structural policy

³⁴ http://www.ab.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/Turkey_Progress_Report_2001.pdf

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2002 ³⁵	<p>Centralized Planning System + SPO</p> <p>Authority for Development of South Eastern Anatolia (GAP)</p>	<p>Establishment of a full-fledged regional policy at national and regional levels</p> <p>Provincial NUTS Map for regional development purposes in accordance with EC competition rules</p> <p>Preliminary National Development Plan for 2003-2005 including integrated regional development plans</p> <p>Stressing of Regional component in preparation of next 5 year development plan (2006-2010)</p>	Lack of comprehensive and long-term strategy for internal socio-economic cohesion	<p>To develop inter-ministerial co-ordination and integrating partnership principles at all levels of planning, both at central and regional levels</p> <p>To improve administrative capacity for the implementation of pre-accession and structural funds</p>	<p>Limited progress in preparing for the implementation of a regional policy in line with EU structural policies</p> <p>NUTS classification criteria has been approval by Commission and Turkish Council of Ministers</p> <p>No developments for adaptation of legislative framework to facilitate Acquis</p> <p>No further progress on institutional structures, programing, monitoring and evaluation and financial management and control</p>

³⁵ http://www.ab.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/Turkey_Progress_Report_2002.pdf

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2003 ³⁶	<p>Centralized Planning System + SPO</p> <p>General Directorate of Regional Development and Structural Adjustment of SPO</p> <p>Service Unions in Provinces of SPO</p> <p>Authority for Development Southeastern Anatolia (GAP)</p> <p>A draft of National Development Plan for 2004-2006 by SPO</p> <p>1st set of indicators in the Spring of 2003 at NUTS 2</p>	<p>Establishment of proper structures for monitoring and evaluation, financial management and control at NUTS 2</p>	<p>The lack of funding and responsibilities for SPO Service Unions</p> <p>No adequate structures for planning and implementing out of NUTS 1</p> <p>The status of Authority for Development Southeastern Anatolia</p> <p>The capabilities of Service Unions of SPO in terms of monitoring and evaluation, financial management and control</p> <p>The range of current regional plans covers broad regional territorial units.</p>	<p>Participation of regional, local actors and social and economic partners in preparation of National Development Plan for 2004-2006</p> <p>Preparation of Regional Development Plans for each 26 regions at NUT 2</p> <p>Inter-ministerial coordination</p>	<p>The enactment of Law envisaging NUTS 2 level covering formation of 26 regions</p> <p>Establishment of SPO Department running EU pre-accession regional development programs</p> <p>Establishment of SPO Service Unions at NUTS 2 level</p> <p>No progress regarding monitoring and evaluation, financial management and control</p>

³⁶ http://www.ab.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/Turkey_Progress_Report_2003.pdf

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2004 ³⁷	<p>Centralized Planning System + SPO</p> <p>Regional Statistical Offices in each of the provisional NUTS II regions</p> <p>The establishment of fully operational regional development agencies – <i>pending</i>-</p> <p>Service Unions in Provinces of SPO -4-</p>	<p>Effective involvement of all relevant stakeholders in regional development</p>	<p>With the exception of Authority of Southeastern Development – GAP- Lack of institutional capacity at NUTS 2 to run planning and implementing structures</p> <p>Service Unions are not proper structure to implement structural funds</p> <p>Lack of competences of Service Unions to run regional programmes</p> <p>Lack of proper structures for monitoring and evaluation; financial management and control</p> <p>Lack of inter-municipal coordination in regional development</p>	<p>The harmony of regional plans with the strategy of national plan for regional development</p> <p>Lack of the requirements of a Development Plan in the sense of the Structural Funds regulation</p>	<p>Effort to consult other partners in preparation of National Development Plan –<i>partnership principle</i>-</p> <p>New department of SPO for monitoring and evaluation on Regional Development Programmes</p> <p>Database for regional data based on the provincial NUTS Classification</p> <p>The partnership of provincial and municipal administrations in order to provide regional management structures for the implementation of regional development programmes</p>

³⁷ http://www.ab.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/Turkey_Progress_Report_2004.pdf

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2005 ³⁸	Central Finance and Contracts Unit SPO Service Unions	Devolution of responsibilities assigned to SPO over regional structure	<p>All competences such as programming, planning, implementing and monitoring assigned to SPO</p> <p>Lack of coordination between sectorial ministries in regional development</p> <p>Lack of Capacity of Central Finance and Contracts Units implementing EU funded regional programme at central level; due to under-staffed and under-resourced</p> <p>Lack of Administrative Capacity of Service Unions implementing programmes without external support</p> <p>Programming not include regional stakeholders</p>	<p>Reinforcement of Decentralized Implementing System</p> <p>The promotion of Participatory Approach in Regional Policy</p>	<p>No development in establishment Regional Development Agencies at NUTS2</p> <p>Little progress on collaboration between sectorial and regional departments within SPO</p>

³⁸ http://www.ab.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/Turkey_Progress_Report_2005.pdf

EU Progress Report	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2006 ³⁹	<p>Centralized Planning System + SPO</p> <p>Regional structures based on geographical divisions</p>	<p>Further improvement for requirements of NUTS Classification</p> <p>The establishment of fully-fledged Development Agencies based on NUTS 2</p>	<p>No progress in major institutional framework for capacity building</p> <p>The establishment of fully-fledged Development Agencies based on NUTS 2 in long-term</p> <p>No progress on establishment of inter-ministerial coordination body in terms of regional development</p> <p>The mandate of Central Finance and Contracts Unit over implementation of pre-accession assistance</p> <p>Limited devolution of responsibilities to technical ministries and regional structures.</p> <p>Lack of capacity of SPO in bridging the divide between strategic plans and operational programmes</p>	<p>The transfer of administrative capacity from Service Unions to Development Agencies in terms of Regional Development Programmes</p> <p>The improvement of ownership and accountability</p> <p>The devolution of competences between ministries at both central and regional level</p>	<p>Law on establishment of Development Agencies – 2 DAs in operation, <i>Izmir-Çukurova</i></p> <p>The major progress on collaboration between sectorial and regional departments within SPO</p> <p>Limited Progress on partnership principle that engagement of SPO with line ministries in terms of 'Programming' via <i>Strategic Coherence Program Framework and Operational Programmes</i></p> <p>The increase of regional perspective in 7 year Development Plan published in 2006</p> <p>The draft on web-based Monitoring Information System</p>

³⁹ http://www.ab.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/Turkey_Progress_Report_2006.pdf

EU Progress Report	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2007 ⁴⁰	<p>Strategic coherence framework</p> <p>Operational programmes on environment, transport and regional competitiveness, human resource development</p>	<p>The establishment of formal body for inter-ministerial coordination in terms of regional policy and IPA instruments</p>	<p>No formal mechanism for inter-ministerial committee for regional development</p> <p>Lack of progress in establishing regional Development Agencies due to suspension clause of Constitution Court</p>	<p>The improvement of administrative capacity of key bodies at central government dealing with IPA instruments</p> <p>The continuation of establishing structural bodies at regional level -Development Agencies-</p>	<p>The agreement of delegated tasks of Central Finance and Contracts Units on procurement, tendering, contracting, financial management regarding Regional Development and Human Resources Development</p> <p>The appointment of Undersecretary of SPO as a strategic coordinator regarding Strategic Coherence Framework and Operational Programmes</p>

⁴⁰ http://www.ab.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/turkey_progress_report_2007.pdf

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2008 ⁴¹	<p>Competent Accrediting Officer</p> <p>Audit Authority</p> <p>Operating Structures for operational programmes regarding component III & IV</p> <p>CFCU as implementing agency on tendering contracting, payment financial reporting in accordance to Component III & IV</p> <p>Sectorial Monitoring Committees for operational programmes</p> <p>Programme Coordination and Implementing Centres for operational structures</p>	<p>The establishment of formal body for inter-ministerial coordination in terms of regional policy and IPA instruments</p>	<p>The Adjournment of Decentralized Management of IPA funds regarding Component III & IV</p> <p>Implementation of Operational Programmes under IPA in the domain of Central Government</p> <p>The limitation of involvement of local-regional stakeholders in programme implementation</p>	<p>The stronger involvement of local/regional administrations and stakeholders</p> <p>The examination of the distribution of responsibilities between ministries at both central and regional levels</p>	<p>The allowance of Constitution Court on operations and establishment of Development Agencies</p> <p>The ratification of IPA Framework Agreement with Turkey</p> <p>The designation of Competent Accrediting Officer and the Audit Authority regarding IPA</p> <p>The designation of Operating Structures for operational programmes on Regional Development of IPA and Human Resource Development</p> <p>Coordination Agreement regulating divisions of tasks between OSs and CFSU</p> <p>The establishment of Sectorial Monitoring Committees for operational programmes</p> <p>The establishment of Programme Coordination and Implementing Centres for operational structures</p>

⁴¹ http://www.ab.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/turkey_progress_report_2008.pdf

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2009 ⁴²	Technical Committee attached to SPO Development Agencies	The building capacity of operating structures by delegating responsibilities of CFCU on tendering, contracting, financial management and control in mid-2011 at least	Transparency problem on budgeting DAs, The weak administrative capacity at regional level Lack of mature and consistent strategy in projects offered to operational programmes Lack of capacity in operating structures	The efficient cooperation between CFCU and Ministries designated as operating structures The establishment of Monitoring Information System should be finalized	IPA Framework Agreement in force –December 2008- Achievement of the institutional setup and procedures for implementation of components III and IV of IPA Establishment of technical committee made up of representatives of the operating structures (OS) and the horizontal institutions involved in management of IPA funds Establishment of DAs in all provincial NUTS2 regions. Training and technical assistance to strengthen central institutions involved in IPA in progress Call for proposals procedures in operational programmes increase the participation of regional-local stakeholders

⁴² http://www.ab.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/turkey_progress_report_2009.pdf

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2010 ⁴³	<p>Technical Committee attached to SPO</p> <p>CFCU</p> <p>NAO</p>	Devolution of responsibilities of CFCU to line ministries	<p>Lack of coordination among institutions working with IPA instruments</p> <p>The delay in delegating responsibilities of CFCU on contracting, payments and financial management⁴⁴</p>	<p>The urgent adjustment of capacity of CFCUs</p> <p>The strengthen of supervision competences of the NAO</p> <p>The reinforcement of central and regional institutions to effective usage of Structural Fund and Cohesion Fund</p>	<p>Efforts of SPO on establishment of Regional Development Committee as coordinator body of regional development policy among central institutions and between local authorities</p> <p>The set up timetable for establishment of the Regional Development Committee but no concrete progress</p> <p>The building up project pipelines under IPA operational programmes covering environment, regional competitiveness and employment</p> <p>The meeting of Sectorial Monitoring Committees of all IPA component in progress</p> <p>The progress in setting up the integrated Management Information System between operating structures and SPO</p> <p>The improvement on involvement of local-regional stakeholders in preparation of project pipeline under IPA components</p> <p>Fully-fledged operational DAS upcoming</p>

⁴³ http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/tr_rapport_2010_en.pdf

⁴⁴ The co-operation agreement with the CFCU was extended beyond the current deadline of 31 December 2010

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2011 ⁴⁵	<p>Development Agencies</p> <p>Regional Development Committee</p> <p>High Council of Regional Development</p>		<p>The delay on the accreditation process for the Operating Structures in the area of Transport and Regional Competitiveness</p> <p>The efficient cooperation between the implementation structures, in particular the Central Finance and Contracts Unit (CFCU) and the ministries designated as Operating Structures for IPA components III and IV</p> <p>The monitoring of programmes under IPA components III and IV in early stages</p>		<p>The establishment of the Regional Development Committee⁴⁶ and the High Council of Regional Development⁴⁷</p> <p>The appointments of Secretary-General and the employment of staff of Development Agencies</p> <p>The preparation of regional plans in 24 regions of 26 NUTS 2 regions by Development Agencies</p> <p>The accreditation of all Operating Structures in line Ministries to manage IPA components III and IV.</p> <p>The relatively faster accreditation of Operating Structure for Environment⁴⁸</p> <p>The increase of capacity and functions of the Ministry for EU Affairs on monitoring financial assistance of IPA as a coordination body of IPA</p>

⁴⁵ http://ec.europa.eu/enlargement/pdf/key_documents/2011/package/tr_rapport_2011_en.pdf

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2012 ⁴⁹	Development Agencies Ministry of Development		<p>The risks for absorption of funds despite the progress in preparation of tender documents, publication of tenders and contracting</p> <p>The monitoring of programmes under IPA components III and IV in early stages</p> <p>The Integrated Monitoring Information System in partly operational</p> <p>The need for evaluation of IPA bodies in terms of accountability and programme purposes</p> <p>The need for effective management and control system</p> <p>The increase capacity of IPA institutions to accelerate programme procedures and to avoid loss of funds</p>		<p>The establishment of the units for coordination and programming, budgeting, tendering, contracting, execution, financial management and supervision of EU co-funded project activities in line ministries through by-laws</p> <p>The improvement of the remuneration system for the staff employed in IPA projects through by-law</p> <p>The preparation of regional plans for all NUTS 2 regions by development agencies</p> <p>The presentation of a pipeline of quality and mature projects in the transport and environment section of IPA</p> <p>The legal basis of Audit Authority for EU-funded projects in international standards through adaptation by-law</p> <p>The devolution of responsibilities of CFCU regarding the Human Resources Development Operational Programme (HRDOP) and for the Regional Competitiveness Operational Programme (RCOP) over line ministries</p>

⁴⁶ It is responsible for harmonization of the planning, implementation and monitoring of sectoral, thematic and regional policies at national level, to better link regional plans to strategies at the national level and to steer the National Strategy for Regional Development –NSRD-

⁴⁷ They were, at present, merged into Ministry of Development which runs coordination of regional development policies among central government bodies and local authorities.

⁴⁸ The accreditation covers the tendering, contracting and financial management functions relating to the Environment programme on the IPA implementation and Coordination Centre of the Ministry of Environment and Forestry

⁴⁹ http://www.ab.gov.tr/files/tr_rapport_2012_en.pdf

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2013 ⁵⁰	<p>Development Agencies</p> <p>Ministry of Development</p>	<p>The increase of institutional capacity of Operational Structures for speedier implementation of Operational Programmes</p> <p>The need for strengthening capacity of IPA bodies in monitoring</p>	<p>The instability of continuum in implementation of projects under IPA Component III except for environment sector; due to insufficient diverse project pipeline</p> <p>The Integrated Monitoring Information System in partly operational</p> <p>The administrative capacity of the IPA institutions for speeding up implementation, the prevention of loss of funds</p>	<p>The need for experience staff to sustain implementing operational programmes</p> <p>The need for broad participation of stakeholders in IPA actions for consultation manner</p> <p>The further enhancement of monitoring Operational Programmes under IPA Component III and IV</p>	<p>The fulfillment of accreditation of all Operational Structures under Component III & IV of IPA – <i>all of them in operation for relevant Operational Programmes-</i></p> <p>The devolution of competences of CFCU procurement and contracting OSs for the transport OPs into MoTMC⁵¹</p> <p>The amendment of Administrative Chart and The National Authorizing Officer's Manual of Procedures to control-supervision capacity</p> <p>A guideline for evaluation of IPA actions prepared by Ministry of Development</p>

⁵⁰ http://www.ab.gov.tr/files/2013%20ilerleme%20raporu/tr_rapport_2013_en.pdf

⁵¹ Ministry of Transport, Maritime Affairs and Communication

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2014 ⁵²	Development Agencies Ministry of Development	The further improvement on evaluation capacity of IPA bodies	<p>The risks for absorption of funds under IPA components III & IV</p> <p>The high risk of funds de-commitment, which materialized in 2013, persists in 2014</p> <p>The low contracting and disbursement rates under IPA components</p> <p>The lack of capacity in Operational Structures Procurement Units</p>	<p>The further improvement on monitoring of programmes under IPA components III and IV</p> <p>The need for increase capacity of Operational Structures Procurement Units in order to sustain availability of future funds</p>	<p>Entrance of Negotiations on Chapter 22</p> <p>The improvement on coordination between institutions at various level by Ministry of Development</p> <p>The increase of number of metropolitan municipalities and the extension of jurisdiction area of these local authorities⁵³</p> <p>Adaptation of the Indicative Strategy Paper for Turkey</p> <p>The drafting of sectorial operational programmes for 2014-2016</p> <p>The Integrated Monitoring Information System in fully operational</p>

⁵² http://www.ab.gov.tr/files/IlerlemeRaporlari/2014_progress_report.pdf

⁵³ The capacity building of local authorities will increase action and activities in operational programmes, especially under environment operation programme

EU Progress	Current Policy Approach and Implementation Structure	Proposed Policy Approach and Implementation Structure	Vulnerabilities Of Current Policy	Recommendations	Progress
2015 ⁵⁴	Development Agencies Ministry of Development	To strengthen ability of Turkish Administrative Structure to implement programmes and deliver quality.	Limited execution on coordination role of Ministry of Development The temporary negative impact on the IPA programme in environment due to the transfer of responsibilities to new metropolitan municipalities The non-usage of the Integrated Monitoring Information System by Operational Structures The lack of political commitment to managing IPA funds, high staff turnover, insufficient staffing in the quality control and audit units and the insufficient quality of tender documents The entrustment of budget implementation tasks for IPA II	The focus on activities that reduce the risks of not using the IPA funds on time	The adaptation of a national strategy for regional development and regional development plans at NUTS II level for 2014-2023 The adaptation of Operational Programmes for transport, environment and climate action, competitiveness and innovation, and employment, education and social policies in the period of 2014-2016

⁵⁴ http://ec.europa.eu/enlargement/pdf/key_documents/2015/20151110_report_turkey.pdf

ANNEX n°2: NUTS in Turkey on First & Second Levels