

THE ASSESSMENT OF INSTITUTIONAL PERFORMANCE IN IZMİR
DEVELOPMENT AGENCY

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DEVELOPMENT AGENCY**

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ABSTRACT

THE ASSESSMENT OF INSTITUTIONAL PERFORMANCE IN IZMIR DEVELOPMENT AGENCY

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In parallel to developments around the world, regional policy issue has become an important issue in Turkey's agenda. However, political tools such as projects and plans were performed poorly due to the fact that these policy efforts failed to take into account bottom-up institutional setting according to own dynamics of each region.

The European integration has made a positive impact on Turkey's highly centralized structure. Turkey displayed a series of changes within the scope of institutional reforms. Firstly, NUTS Classification in accordance with EU's statistical regions was introduced and then, Development Agencies were established by The Law on The Establishment and Duties of Development Agencies, based on NUTS-II regions. Thus, institutionalization at regional level was emerged for the first time in Turkish history as one of the significant movement.

Following experiences gained during the institutional establishment efforts, this thesis aims to examine the existing DA's institutional performance in the regional plan activities. İzmir Development Agency (IZKA) was chosen as a case study topic in order to explore how Development Agencies perform regional plan in terms of institutional infrastructure. To achieve this aim, the research was formed into two stages. Firstly; factors, affecting the institutional performance were determined. Secondly; IZKA was assessed over these factors. Qualitative research method through in-depth interviews was conducted in order to assess IZKA's institutional

performance in operationalizing İzmir Regional Plan 2010-2013. In addition, documented texts were incorporated as the secondary data.

Keywords: regional development policy, institutionalization, institutional capacity, Development Agency

ÖZ

İZMİR KALKINMA AJANSINDA KURUMSAL PERFORMANSIN DEĞERLENDİRİLMESİ

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Dünyadaki gelişmelere paralel olarak bölgesel politika sorunu Türkiye'nin gündeminde önemli bir konu haline gelmiştir. Bununla birlikte, plan ve proje gibi politik araçlar her bölgenin kendi dinamiğine göre aşağıdan yukarıya kurumsal oluşumu dikkate almada yetersiz kaldığı için; bu gibi politik çabaların uygulanmasında düşük performans sergilemiştir.

Avrupa entegrasyonu, Türkiye'nin yüksek merkezîyetçi yapısı üzerine olumlu etki yapmıştır. Böylece Türkiye, kurumsal reformlar kapsamında bir dizi değişiklik yaşamıştır. Bu konuyla ilgili olarak ilk önce AB'nin istatistiki bölgelerine uygun İBBS sınıflandırması yapılmış, sonrasında ise; Kalkınma Ajansları, Kalkınma Ajanslarının Kuruluşu ve Görevleri Hakkında Kanunla Düzey 2 bölgeleri temelinde kurulmuştur. Böylece, Türkiye tarihinde ilk defa bölgesel düzeyde kurumsallaşmaya yönelik adımlar atılmaya başlamıştır.

Kurumsal yapılanma sürecinde elde edilen deneyimlerin ardından, bu tez; bölge planı faaliyetlerinde mevcut Kalkınma Ajansının kurumsal performansını incelemeyi amaçlamaktadır. Kurumsal altyapı açısından Kalkınma Ajanslarının bölge planına ilişkin nasıl performans gösterdiklerini açıklamada İzmir Kalkınma Ajansı (İZKA) çalışma alanı olarak seçilmiştir. Bu amaca ulaşmak için araştırma iki aşamalı olarak kurulmuştur. İlk olarak kurumsal performansı etkileyen faktörler belirlenmiştir. İkinci olarak İZKA bu faktörler üzerinden değerlendirilmiştir. İzmir 2010-2013 Bölge Planının uygulanmasında İZKA'nın kurumsal performansını değerlendirmek adına derinlemesine görüşmeler yoluyla nitel araştırma metodu

kullanılmıştır. Buna ek olarak; dökümü yapılmış metinler üzerindeki söylem analizi ikincil veri olarak araştırmaya dahil edilmiştir.

Anahtar kelimeler: bölgesel kalkınma politikası, kurumsallaşma, kurumsal kapasite, Kalkınma Ajansı

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LIST OF ABBREVIATIONS

ABBREVIATIONS

BGK	The Regional Development Committee
BGUS	The National Strategy for Regional Development
ÇATOMs	Multi-Purpose Community Centers
DA	Development Agencies
DAKP	East Anatolia Development Program
DAP	Eastern Anatolia Project
DOKAP	The Eastern Blacksea Regional Development Plan
EBKA	Aegean Regional Development Agency
EC	European Commission
EGEV	The Aegean Economy Development Foundation
EU	European Union
EUROSTAT	Statistical Office of the European Commission
FAO	Food and Agriculture Organisation
FYDP	Five-Year Development Plans
GAP	South-eastern Anatolia Project
GIDEM	Entrepreneur Support and Guidance Centres
GDP	Gross Domestic Product
IMF	International Monetary Fund
IPA	Instrument for Pre-accession
IZBP	Izmir Bölge Planı
IZKA	Izmir Development Agency
IZTO	Chamber of Izmir Commerce and Industry
NATO	North Atlantic Treaty Organization
NGOs	Non-governmental Organizations
NPAA	National Program for the Adoption of the Acquis
NUTS	The Nomenclature of Territorial Units for Statistics
OEEC	Organisation of European Economic Cooperation
OECD	Organization for Economic Co-operation and Development
PDA	Priority Development Areas
PKM	Program Coordination Center
pNDP	Preliminary National Development Plan

PRAG	Practical Guide to EC Procurement Procedures
PUB	Program Implementation Units
RDA	Regional Development Agencies
SCF	Strategic Coherence Framework
SMEs	Small and Medial Enterprises
SPO	State Planning Organization
TÜİK	State Institute of Statistics
UCTEA	Union of Chamber of Turkish Engineers and Architects
UNDP	United Nations Development Program
YHGP	The Yeşilırmak River Basin Project
WB	World Bank
ZKB	Zonguldak- Karabük- Bartın Regional Development Project

CHAPTER 1

INTRODUCTION

1.1. Background and Justification

The issues of regional disparities and regional competitiveness have constituted major socio-economic problem areas since 1960s. The reasons behind this clearly stem from the fact that some regions perform regional growth more successfully while others lag behind. As those regions that are lagging behind came into the agenda of development approaches, a series of tools and policies have been developed to reduce regional disparities and to ensure regional development at the international scale.

Within the scope of this thesis, one of the most and basic constituent factor of regional development which I wish to address is that of institutional settings. The thesis suggests that institutional settings are key drivers in formulating and operating effective regional policy practices. With regard to this point, the study initially looks at the theoretical basis for institutional approaches. Theoretical foundation of institutions has a broad and complex framework. In this sense, the significant contribution of North (1990) on institutional studies is particularly noteworthy. According to him, institutions are 'rule of the games' and 'the humanly devised constraints that structure political, economic and social interaction'. In keeping up commonly accepted viewpoints, (e.g. Amin and Thrift, 1995; Kayasü, 2004; North, 2003; Storper, 1997) the institutional structure may build upon three combinations: (1) formal rules, comprising the regulations such as laws, decrees, organizations and so on; (2) informal constraints, comprising social norms, a set of beliefs, conventions, individual behaviours and this kind of community actions, and (3) their enforcement characteristics, indicating the effectiveness of these formal and informal institutions in policy action. Moreover, Scott (1995, 2004) proposes more integrated and multi-disciplinary approach. He (2004:9) states that institutions are 'composed of various combinations of three elements'. These elements are named

as regulative, normative and cognitive. While regulative sides deal with formal rules, i.e. laws, regulations, organizations; normative and cognitive sides take on the informal aspects of institutions, i.e. social norms, behaviours, commitments, conventions.

Following a clarification of theories about institutions briefly, institutional approaches within the field of regional development are the other relevant issues that need to be discussed. The thesis is concerned with the institutional capacity building and its transition into regional policy. Firstly, regions were existed as a geographical expression of central government's action in the hierarchical system. The presence of institutions has long been ignored in regional activities. Throughout the 1950s and 1960s, regional policies had been structured by external capital transfers to articulate welfare under the cover of state arrangements. The existence of an institutional setting had initially been perceived as being spontaneous and self-evident. The main aim was to strengthen those public institutions that had been established along with the nation states. Following of a series of economic crisis and industrial restructuring process, a framework for regional development that was based on local assets was adopted as a more favorable approach in the new era. In this sense, the issue of whether institutions matter in regional development or not was placed at the centre of this discussion. After centralized inventory type of state actions were replaced by the neo-liberal policies, it led to the expansion of private entrepreneurship in regional development. However, global order envisaged that regions would not draw up a single artificial mode. This was the evidence of why only certain regions become a centre of local success while others are not able to active in the same result. Thereby, the last solution that theories adopted, involves the regional survive by activating their competitive power and the construction of specific identities by taking account of local circumstances in policy action. In regard to this, institutional approaches underline the concept of 'context-specificity' and 'path-dependency' (Amin, 2004; Camagni, 2008; North, 2003; Storper, 1997). Thus, recent discussions have highlighted the issue of 'capacity building'. The question of what kind of institutions can be built has come into the agenda since the 1990s. In this context; institutional settings at local level became significant.

New emphasises underlie the diversity of institutions and their comprehensive settings in comparison to earlier practices. It has been pointed out that a feasible

development strategy should be determined for each region, particularly depending on their local assets and potentials by addressing the issue of competitiveness (Porter, 1990; Amin and Thrift, 1995; Cooke and Morgan, 2000; Rodríguez-Pose, 2009). Many researchers attempt to explain those factors that determine capacity of institutions. While some of them (Camagni, 2008; Fukuyama, 1995; Keating, 1997; Morgan, 1997; Putnam, 1993) focus on social capital and relational assets, i.e. interaction environment, reciprocity, participation, mutual trust, coordination, others tend to generate new terms such as 'institutional thickness' (Amin and Thrift, 1995) or 'untraded interdependency' (Storper, 1997) and so on in overlapping the first approaches.

Theoretical grounds have accordingly shaped the regional policy in Turkey with respect to institutional restructuring process. Turkey is a developing country with a regional structure that shows considerable disparities among regions. Regional policy issue has entered into Turkey's political agenda with the establishment of The State Planning Organization, which aimed to overcome differences among the regions beside the other development goals. Following the regional development trajectories around the world, regional policy activities has gained momentum in Turkey as well. Thereby, regional development plans, called as The South-eastern Anatolia Project (GAP), The Zonguldak- Karabük- Bartın Regional Development Project (ZBK), The Eastern Anatolia Project (DAP), The Eastern Blacksea Regional Development Plan (DOKAP) and The Yeşilırmak River Basin Project were formulized. However, the plans, particularly dominated by the central system could not been implemented adequately with the exception of GAP. Although comprehensive and integrated regional planning approaches were adopted, the attempts remained limited due to the lack of institutional capacity at the regional level.

Since Europeanization process came to the forefront on regional development efforts of Turkey, a series of changes have taken place in Turkey's regional policy. After gaining official candidacy in Helsinki Summit, accession negotiations were started and Turkey has undergone an extensive institutional reconstruction process. Driven by the alignment process of regional policies to the EU norms, a more regionalized and decentralized model has entered into the Turkey's regional political agenda. It has been an important step from a centralized state towards a multi-level

governance model. Therefore, the institutionalization at the NUTS-II regional level was firstly experienced with the establishment of Development Agencies.

In the light of these arguments, the thesis states that regional plans, which were produced up to the present have not been implemented properly. Thereby, the thesis addresses the reason as follows:

The failure of the regional policies in Turkey with respect to paradigm changes over time stems from the lack of institutional infrastructure in terms of formal and informal settings according to the socio-economic conditions of the region.

1.2. Research Methodology

After putting forward the reason for the failure of regional policies, the thesis concentrates on the institutional building attempts at regional level. Due to the already experienced policy failures, the need of institutional capacity at regional level should be underlined. Compliance mechanism has been developed in Turkey to meet the EU Accession criteria in regional policies. In this context, the arrangement of NUTS classification in accordance with the EU's statistical regional structure was defined. Subsequently, 26 Regional Development Agencies (RDAs), which were derived from NUTS- II regions, were established. Turkey's centralized structure has been challenged by the enactment of The Law on The Establishment and Duties of Development Agencies.

The domination of central authority at regional planning and incapability of the relevant authorities in terms of technical, financial and institutional aspects in regions are one of the reasons for the inefficiency of regional policy. Following this, the lack of efficient coordination in the implementation of regional plans presents a big challenge. Due to the centralized policy-making structure, regional policies still remain top-down in practice. With the establishment of DAs, shaped by the EU accession process, new institutional settings have been explored. In this context, the research assesses the existing institutional capacity of DAs in the implementation of regional plan. As the case study area, İzmir Development Agency (IZKA) is chosen.

The reasons for choosing IZKA as the case study area are listed below:

- IZKA's significant experience on regional development since 1990s with the emergence of The Aegean Economy Development Foundation (EGEV) as a precursor of IZKA,
- As a pilot implementation, being one of the first development agency to be established in 2006,
- The leading region in terms of guiding other development agencies during the preparation process of regional plans.

The aim of this thesis is to identify the institutional performance of IZKA for Izmir Regional Plan 2010-2013 activities. Therefore, the research question has been set out as follows:

How does İzmir Development Agency perform the regional plan in terms of institutional infrastructure?

In order to answer this research question, the thesis is concerned with the institutional characteristics of IZKA to achieve regional development. Regarding this, the research design has been formed into two stages. In the first stage, the factors, affecting institutional capacity were determined by taking into account institutional theories within the field of regional development. In the second stage; IZKA has been tested over these factors through the in-depth interviews with the selected significant actors.

As stated previously, theoretical concepts about institutions extremely present a broad issue. It has been underlined that institutional settings have an important role in shaping regional development. With reference to theoretical framework, this research follows up the Scott's comprehensive and broad definition about institutions (1995, 2004). In line with this basis, the factors are roughly constructed under three headings; involving regulative, normative and cognitive aspects. In the light of this draft; factors, derived from the literature reviews are detailed by considering the fact that what kind of institutional performance is necessary to achieve regional plan. In order to explain how DAs can play an effective role in fostering regional development, second stage has been formed by considering internal and external effects of Izmir Regional Plan.

- i. *Internal effects:* assessing the effectiveness of IZKA based on the direct outcomes of Izmir Regional Plan for society and organizations.

- ii. *External effects*: assessing the effectiveness of IZKA based on the regional policies wider impact on Izmir Region and its hinterland.

Exploratory, qualitative approach was adopted due to the nature of this research. The thesis sets out:

1. Primary data: in-depth interviews with The Chairman of Development Board, A Members of Administrative Board and Secretary General of IZKA. An open-ended question technique was used to reach detailed answers.
2. Secondary data: a compilation of documented texts (desk research, Izmir Regional Plan 2010-2013, site visits, literature surveys and other documents related to The Agency).

1.3. Outline of the Study

There are three main objectives of the thesis. Firstly, how institutional structure in regional development has evolved in the world was investigated and then, to what extent institutions have an impact on regional policy was examined. Secondly, how regional policy process in Turkey was handled in the development plans, programs and projects in different periods was clarified. Following this, why proposed regional policies from outside could not been applied adequately in Turkey was revealed. Lastly, this thesis identified the issue of what an institutional based regional development strategy could be in order to make DAs work efficiently (through the case study area) in the implementation of regional plan.

In the light of these objectives; the study is organized into five chapters. In the second chapter, the thesis will attempt to explore theoretical basis of regional policy and reveal paradigm shift in regional development. Then, the paper investigates institutional theory within the field of regional development. Institutional building efforts and its transition to regional development are overviewed. In the end of this chapter, it offers a critical assessment about institutional restructuring in regional policy.

In the third chapter, the thesis considers how regional policy process in Turkey was handled in development plans, programs and projects with respect to institutionalization. Following this aim, the chapter is split into three phases.

- Phase-1: pre-planned period
- Phase-2: planned period with the establishment of SPO
- Phase-3: ongoing planned progress, followed by EU Accession process

Firstly, the regional development efforts in the pre-planned period prior to the establishment of SPO will be explained. Secondly, regional policy practices pursued after the establishment of SPO will be discussed. Thirdly, how regional policy process has been changed in Turkey will be explored with the influence of Europeanization process. Lastly, regional policy practices in Turkey will be assessed in a comprehensive way.

In the fourth chapter, firstly; the emergence of the regional development agencies will be clarified. Then, the thesis will draw on the research design. Subsequently, it will attempt to identify to what extent IZKA achieves the regional development process in terms of the institutional capacity.

CHAPTER 2

CONCEPTUAL FRAMEWORK OF REGIONAL POLICY IN THE CONTEXT OF INSTITUTIONAL APPROACH

With respect to development strategies accompanied by institutions, many regions sustain balanced economic growth whereas other regions with the poor strategies lag behind, resulting from the exploration of disparities among regions. On the basis of the relevance of this gap, regional development theories have been existed to eliminate socio-economic development disparities.

This chapter seeks to explore theoretical basis of regional policy with respect to institutionalization, by addressing top-down, bottom-up policy and current literature on new regionalism after drawing on main concepts of region and regional policy. Secondly, it continues with the evaluation of changing institutional structure in regional development, by emphasising theoretical and practical literature of institutions as a major determinant of regional policy. Finally, this section makes a critical overview about institutions in regional development which mainly comprises transformation process of them and institutionalized regional framework.

2.1. Main Concepts of Regions and Regional Policy

Before regional policy and institutional approach in the theoretical structure are handled, it would be useful to begin with definitions of region and regional policy. It is seen that there is no certain consistent definition of a region and regional policy. Hence, a composition consisting of various definitions will be put forward in this part.

Regions are the geographical expression of economic growth and they appear as 'any area of sub-national extent that is functionally organized around some internal central pole (Scott, 1998:1; Scott and Storper, 2003: 580). In other words, they express the system of economic and social relations on a certain geographic space.

Regions may emerge with their functional interdependence, economic and social linkages and their administrative system. To some views, regions are key factors, where central and local government can meet (Keating, 1998). They display a collective action in order to fulfil social, economic and political goals. Besides, they make reference for regional identity and become evidence of culture, politics and institutions. Further, regions provide a framework for social solidarity and complicity by policy incentives to engage social base (Keating, 2004). Collective sharing in social aspiration plays a crucial role in regional policy (Lovering, 1999).

As another definition, Lakshamanan and Button (2009: 453) define region as 'territorial units with incomplete or no political sovereignty within their borders' and after given these findings, the authors continue as like that 'regions exhibit over time different patterns of economic specialization, growth and development, and production system'.

A region, with its own economic, cultural, social and institutional system begins to take place as a result of the idea behind globalization and localization discourses. By putting emphasis on decentralization, due to the fact that new economic geography has gained a considerable influence with the existing diversity of new forms, regions become apparent with political implications. However, while implementing regional development policies, state is not alone, indeed, there are other collaborators, ensuring solidarity characterized by intense concentration of other groups. As lying at the center of this movement, the system remains open by having a preference for interacting amongst the administration of regional policies (Keating, 1997).

Furthermore, Keating (1997:395) mentions that 'regions constitute themselves as actors to intervene in the new complex systems of production and distribution' and he takes into consideration a region with several aspects, as its territory, political space, civil society and its autonomy. In many cases, regions are the part of local governments and their sizes are changeable in different context. For instance; at European approach, NUTS level is used by EU Commission. In here, regions are the aggregation of national units as similar with Turkey's regional case acceptance (Keating, 2004).

As a final point, similar with the widely accepted view, a region is constituted from a space, whose own institutional system and functional, political and social structure

has (Jones and Keating, 1995; Keating, 2004). These definitions clearly indicate that regions are under the institutional restructuring, constantly being political power in new hierarchical integration.

When it comes to the concept of regional policy, in regard to common accepted view, regional policy deals with inter-regional inequalities and attempt to converge regional income by putting certain paradigm in practice. The priority of inter-regional policies' is to enhance interests of less development regions. Development theories concern the region as an active unit in economic growth and they stress positive externalities as major source of economic growth (Scott and Storper, 2003: 580).

According to Lakshamanan and Button (2009:453, 454), there are 2 types of regional policy. First one is stable regions; whose have standardized production capacity and restricted technology, not frequently changeable and where production demand is stable. In this circumstance, firms are composed by the vertical relation based on the scale of economics under the large corporations such as automobile or textile industrial district. Second one is core regions, characterized by knowledge intensive and learning based. This kind of regions with their complementary assets and capabilities stimulate innovative activities and refer new incentive structure in regional economy, remarkably addressing the small and medium sized enterprises. This combination requires new competences of actors and patterns of interaction to adapt the unpredictable conditions by rapid economic and technological change. The institutional mechanism in coordinating interdependency and relationship is the network system. Political actions are organized through the network, providing the engagement between public and private system, multilateral relation, and collective efforts among the actors.

To determine appropriate policy goal or to choice an effective policy instrument are critical for the achievement of regional policy in order to meet the objectives of region and provide growth. One of the policy choices is 'dependent on the institutional and socio-economic setting and the norms and the values with regard to expected spatial and labor market behavior of individuals and firms in a given society (Dijk et al., 2009).

2.2. Theoretical Basis of Regional Policy With Respect To Institutionalization

This chapter broadly examines regional development theory perspectives pertaining to institutional structure by displaying changes in regional policy.

With reference to institutional restructuring, regional policies have been theorized under certain paradigms. Theoretical frameworks were articulated by exploring intersection between institution and regional economic development under the regulatory system. The following concern confronts the regional policy in 3 ways: (1) top-down policy by analysing Keynesian Accumulation Regime, constituting social welfarist arrangements and neo-liberal programs by imposing deregulation and liberalization. (2) bottom-up policy reaction by emphasizing the diverse institutional settings in the new era and a new regulatory system of competitive inter-local relations. (3) new regionalism by configuring potentially regions with their innovative performance and internal characteristics of institutions.

2.2.1. Top-down policy approach

State supported regional development policies, emphasised on the exogenous growth have been adopted in Keynesian Welfare Regime as lying at the centre of top-down approach. State acquired an inventionary role by allocating resources to less developed regions in order to reach full employment and equal income distribution (Keating, 1997; Eraydın and Kök, 2008; Dijk et al., 2009).

In Keynesian approach, main policy was based on the state intervention and welfare regimes to stimulate demand for less developed regions whereas in the neo-liberal period, main approach was based on the deregulation of market mechanism and maximization of entrepreneurship. Despite the main differences of these two approaches, top-down policy is the central concern for regional development (Keating, 1997; Amin, 2004; Eraydın, 2008; Rodríguez-Pose, 2009).

In Keynesian Period, regions are mainly dominated with welfare regimes and main policy is embedded in the nation state tradition. It relies on income redistribution and state policies to stimulate incentives for less favoured regions. Government is the main actor to regulate principles. Keynesian mechanism are designed as a welfarist redistribution among different social groups to enhance place-specific socio-

economic growth (Keating, 1997; Lowering, 1999; Amin, 2004). Compensatory type of regional policy was on the agenda at that period.

After destruction of Keynesian Period, neo-liberalized regime and deregulation of state (economic liberalization) was the main point in 1970s-80s. There seems no barrier or restriction in financial system and free trade activities exist with reducing government intervention in neo-liberal era. As anti-Keynesian reaction, more reliance on market mechanism began to explore and main assumption changed from necessity of state intervention to equilibrating the powers of market and entrepreneurship (Lowering, 1999; Amin, 2004). Despite the basic differences of these both approaches, main argument takes up the top-down policy to improve economic competitiveness and development potential for less favoured regions.

Keynesian regional policy leads to increase employment rates and income level in less favoured regions, resulted from economic growth and sustainable development. However, this approach failed to provide induced growth, depending on a region's own potential and its indigenous sectors in order to mobilize its resources (Amin, 2004; Eraydın, 2008). After state-centred welfare was finished during the 1970s with labour crisis, privatization paradigm came into being. Nonetheless, neo-liberal policy created unequal distribution in regions by leaving to market mechanism. Non-governmental actions led to increase disparities among regions. While market system gets rid of Keynesian principles, function of state becomes smaller (Eraydın, 2008a). As a consequence, in the neo-liberal era, market mechanism was worsened current situation due to the leaving less favoured region to their fate by reducing financial resources.

As an overall assessment, in economic base theory (1950-70s); injecting external capital to lagging regions provides to overcome disparities among regions and unequal income distribution. The general policy is conducted upon the tradition of state intervention in order to decline the gaps between advanced and lagging one. After the developmentalist Keynesian approach, the subsequent policy is neo-liberalism. Private capital, marketization tendencies, free circulation of trade system constrained institutions in earlier years of 1970s. Due to this kind of pragmatic solutions worsened current situation, governmental intervention is necessitated, not rolling back to earlier function of state after the exploration of limited investment

budget, but indirect support to utilize regional potential became favourable to overcome regional backwardness.

2.2.2. Bottom-up policy approach

As a response to the criticism above, new theoretical base explored and brought radical changes. In this approach, main tendency is based on the bottom-up, region-specific policy action as a new ideological movement. In 1990s, new institutions existed and new decisions were adopted. Single nation-state authority was weakened by associating civic democratic rights. It constituted civil society as an important tool for building communities, sharing responsibilities and enhancing participation (North, 1990; Amin and Thrift, 1995; Rodríguez-Pose, 2009). The state's role as a unique provider of welfare services was changed. Multi-level actors and collective associations were defined as a new institutional approach on regional economic development (Amin, 2000). The governing style, which boundaries between public and private sector have become blurred, leads to non-hierarchical forms of decision-making which permits more flexibility and adaptability.

The validity of traditional applied regional policies started to be questioned following the radical changes such as free flows of capital, technological progress, multinational cooperation increasing. Therefore, regional policies have been operated around new regional development paradigms. In the light of changing economic and social conditions, the theories have been evolved.

According to Convergence Theory, it assumes that lagging regions would grow much faster than high-income regions since the contribution of marginal capital deteriorates the growth rate. Due to the diminishing return and negative externalities, the disparities would be less. Thereby, exogenous growth theory foresees that leaving market mechanism without no interference may decline the gaps between advanced and less-developed one (Eraydın, 2008a). In other words, advanced regions with high-growth capita would grow slowly in comparison to less favoured one, resulting from the regional convergence by getting less diversity. Therefore, disparities would be less as a main of this assumption. However; as central issue indicates, market mechanism without any intervention create potential conflicts among regions. Since being viewed the limitation of this theory, as a new

observation to explain current situation of why some of regions growing faster than others, named as endogenous growth theory and divergence assumption came into the agenda (Romer, 1990; Romer, 1994; Eraydın, 1993; Eraydın, 2008a; Dijk et al., 2009). These approaches foresee that incentive mechanism of diverse institutions should be applied in order to motivate growth by mobilizing endogenous capacity of regions rather than external direct investment. The endogenous resource of regions is important, but, institutional mechanism to mobilize this capacity becomes more important than before.

As a neo-liberal reflection, endogenous regional growth has been emerged in new policy attention. Main argument focuses on the competition policies and the only way for wealth of regions seems to be depended upon the regional competitiveness (Porter, 1990; Camagni, 2002; Eraydın, 2008). Redistribution of financial resources to less developed regions would not be sufficient anymore for regional balance development (not to live 1970s collapse with Keynesian principles).

Unlike the previous approach, due to the market failures which deepen regional disparities, state intervene the system in order to sustain balance development. However, following the crisis after 1980s, since limited financial budget and resources, state takes a new format in its policy action resulting from the replacement of direct investment to state incentives. Thereby; these incentives were characterised by intense concentration in the most competitive sector of a specific region (Romer, 1994; Storper, 1997; Raco, 1998; Camagni, 2002; Scott and Storper, 2003; Rodríguez-Pose, 2009). With localization trends in the context of globalisation, the rise of identification movement in regions are explored. Besides, after the deregulation of nation state's function, it leads to decentralisation process. Thereby, the responsibility of local authorities have been increased in 1990s.

From the beginning of 1990s, economic and technological developments have influenced the formation of regions and shaped the direction of regional policy. Regions, with their local endogenous resources became a basic constituent part of global competitiveness (Romer, 1990; Amin, 1995; Storper, 1997; Raco, 1998; Scott and Storper, 2003; Eraydın, 2008). Regardless of earlier external investment policies for economic development constrained by poor institutions, with the relevance of region's potential through the knowledge capacity, human capital, innovation and technological progress, it necessitates the existing structure of

endogenous growth by improving local capacities (Brenner and Theodore, 2002; Dijk et al., 2009; Rodríguez-Pose, 2009). Main tendency as policy instrument focussed on the competitiveness.

In new institutional economics during the 1980s-90s, regional development models were introduced through the industrial district which addresses collective learning based on SMEs, locational proximity. The emergence of learning regions with local interdependences and knowledge transfer within the innovative milieu emphasize place specific institutional realities (Edward, 2002; Keyder, 2000; Keating, 1997; Morgan, 1997; Scott, 1998).

As stated by heterodox approaches and observed by the mainstream localization theories, agglomeration pushes regional development and as well, this approaches point out the region's role as a critical asset, mainly dependent upon the increasing return effect and positive externalities (Storper, 1995; Brenner and Theodore, 2002; Scott and Storper, 2003; Pike, et al, 2006; Dijk et al., 2009). To put it another way, over the last decade, regions come into being as major source of growth through the economic specialization and geographical agglomeration, stressing on the productivity effects.

In local trajectory fact, the advantages of territorial proximity are taken into consideration. In this sense, common policies make a dynamic contribution on comparative advantages of regions, associated with adjustment and reallocation (Feser and Bergman, 2000). In order to enhance lagging regions; it is observed that innovation, training, education and investment capacity generate regional development in theory, resulted from the convergence of regions.

2.2.3. Current Literature on New Regionalism

The wave of regionalism was formed through the European Union policies and global market was shaped the internal characteristics of state (Keating, 1997: 386). Lovering argues that new regionalism emerged in the same period with the construction of new regional institutions (Lovering, 1999:390). Similarly, Cooke and Morgan (1998) defines the 'regionalism' movement as regional association in 'collective social order' pertinent to key issues such as culture, trust, social capital

and 'associational' behavior. A set of policy in pursuit of learning and institutional adoption influences regional development.

New form of regionalism encourages territorial fragmentation in politics. State has lost its monopolistic situation although it has a protection and subsidizer role for regions. Direct contacts with international regime encouraged regions as new places of political restructuring (Allmendinger and Tewdwr-Jones, 2000). As Keating and Loughlin (2004) put it; 'regions' position in the international market place is governed, not by political channels of representation, but by their competitive advantages and their success in exploiting these'. In this process; there are 2 main senses for the emergence of regions. Firstly; regions are political areas in which decision taken, resources distributed and direct links with state and international regime done and with the influence of decentralisation tendency in political structure. Secondly, the other sense is the rise of competition survey in order to attract investment, financial transfers and other advantages (Keating and Loughlin, 2004). At this respect, considering the region's autonomous role in decision-making, this section is examined in two ways: (1) assessing the emergence of new regionalism movement under the globalisation-localisation discourse and (2) the critical overview of the impact of competitiveness factor in new regionalism.

2.2.3.1. A Dialectical Relationship Between New Regionalism and Globalisation- Localization Discourse

There can be seen that current global system, characterized by local fragmentation in decision level beyond national limits entails a new type of regionalism. In this sense, new regionalism enables to sustain development in long-run by mobilizing local resources. This approach builds a new economic geography which emphasize to strengthen local economic association and to improve institutional reflexivity.

Global order foresees that local economic development would belong to be specific characteristics of regions and thereby, development policies refer endogenous growth and construction of identities rather than direct investment provided by central government (Keating: 1997:386). Inward investment and changing production system from fordism to flexibility in labour market encourages new regionalizing tendencies in regional growth as critical challenges of globalisation.

The new regionalism thought is characterised by the flexibility of labor force, clustering and networking of interdependencies deriving from technological or organisational development for survival in global world (Lowering, 1999; Yeung, 2000).

From the earlier years of 1990s, new regionalism was introduced with a special emphasis on its institutional structure. The state's role was changed and its unique position was eroded by the division of authoritital powers. Therefore, together with international markets and civic movement, new institutional perspective was configured. State-centred policies was eroded during 1990s and with the decentralisation strategy, main regional progress began to shift from national to local level (Keating, 2004). Due to the privatization and deregulation of this mechanism, the state has experienced critical challenges institutionally. Mainly, first strain is the rise of international regime which affects the territorial competition based on international investment and the flows of finance capital (Keating, 2004). According to the some debates; it represents an erosion of national sovereignty and creates 'regional state'. Hence, this idea proves that the authoritarian statism and clientilism of state has been finished. Secondly, with the rise of local communities, agencies and other regional associations; state has been forced to share its responsibilities in decision-making. This institutional political structure has represented a new integrative mechanism at global level.

Regional policy implication became forceful for innovative capacity in local economy. Main acceptance for regional competitiveness was notified upon the place-specific locational assets (Brenner and Theodore, 2002). The relational assets, consisting of institutional thickness, innovative performance of learning region and social capital motivate the growth and generate new interaction spaces in the associational economy. Scott (1998) defines this issue as 'a new production space'. In order to facilitate growth in regional policy, participation of different actors is crucial in an innovative milieu. Further, in contemporary globalisation-localization discourses, boundaries between public and private sector becomes blurred, It provides local government, private sector, non-profit organisation and local community working together in order to improve regional development at global stage. Regions remain crucially important for democratic movement and civil society rights.

As a concluding remark, there is a shift in the situation of regions. Now, regions become entrepreneurship behaviour oriented in order to attract globally linked investment by developing their institutional capability (Romer, 1990; Amin and Thrift, 1995).

2.2.3.2. Competitiveness In The New Regionalism

Competitiveness issue is broadly handled with the knowledge based economy, flexible production, specialization and post-fordist approaches (Storper, 1997). The ability of regions to attract foreign investment by mobilizing its competitive power has become significant (Belussi, 1999; Brenner, 2003; Keating, 1997).

New regionalism implies that region's well-being is promoted by upgrading economic, institutional and social base. According to Porter's (1990) investigation of how a region can be competitive at the world market, a leading sector makes region more competitive advantage. If soft and hard infrastructure, organisational capacity, human capital and local resources are available in a region, it starts to grow by specialization. According to Krugman (1996), a region can be taken place in global economy with their policy implication. However, there is a certain risk in regional policy on the basis of connectivity with global chains and to keep pace on changing external circumstances. But, how to manage local economic integration is the main issue for efficient endogenous capacity in institutional turn (Amin, 2004; Camagni and Capello, 1990). The critical factor for building local capability is based on institutional arrangements in regional economic success.

Building institutional support would bring regions encouragement incentives for sustaining their livings and also, institutional base (such as regional development agencies, chambers, business organisation, local government and other authorities) could help regions to encourage their economic competitiveness.

In the 1960-70s Period, regional activities were less favoured and they were weakly institutionalized in which they were still a sub-unit of nations under the state's border. But, technological improvements and global mobilization have eroded earlier regional policy. Labor-intensive production and state-driven policies were previously main approaches on the space (Keating and Loughlin, 2004). However; this static

concept, which regions concentrate on optimal location for market were transformed and regionalism presents a third alternative way by ignoring Keynesian principles with state incentives and neo-classical faith with free market deregulation (Lovering, 1999). In new sense, with their local resources, endowment assets and notably human capital, regions attempt to compete in the global economy (Keating, 1997). This implies an active policy strategy, shaped by linkages between enterprises and public authorities. This complex networking leads to engage local synergies and development of policy incentives. Therefore, complimentary type of relation is necessitated in the network of the regions in order to draw a protective shield to its members.

The competition started over regions, no longer being over firms in global economy. The competitiveness factor of region became significant in order to provide local well-being, benefits from external factors, economic stability and to continue growth (Camagni, 2002). As stated earlier, territorial competitiveness remarkably has a crucial role in the process of 'collective learning', which expresses the 'socialized' growth of knowledge, embedded in 'local labour market' (Camagni, 2002: 3).

The emergence of 'borderless world' concept, globalisation which weakens the nation state authority and the exploration of regional association are the main evidents of new policy approach. Global capital begins to see regions a key scale for their intervention and a response, they try to attract multinational firms with their endowment factors, oriented in competitiveness. In contrast to earlier actions and with the necessity of integrative mechanism, regions wouldn't be managed under the nation state's frame. Regions gained competitive roles against each other rather than complementary behaviours.

According to the comparative advantage theory, proposed by Krugman (1996), regions do not complement each other and each region does not have a significant role in global platform. Rather, they compete with each other with reference to Porter's concept of 'competitive advantage' (Camagni, 2002; Camagni, 2008). Nonetheless, regions exactly compete by cooperating with each other to build their own advantages. Thereby, it is stated that regional authorities should produce feasible development strategies, based on regional resources by considering the competitiveness factor and attractiveness of external firms, which is also called 'territorial capital' by Camagni (2009:2).

Camagni (2008) argues about the term of 'territorial capital' which comprises a wide variety of territorial assets such as cultural and natural resources, administration mechanism, network relations, social interaction and this kind of accumulation taking place in order to enhance productivity of local areas with the awareness of global rivalry. Hence, according to him, territorial capital is a function of production together with labor, capital and technological progress (Camagni, 2008). In this sense, he thinks that differences in regional growth stems from this item.

In order to manage regional economy, new development paradigm has been characterised by endogenous growth rather than investment incentives, provided by central state. So, regions attempt to attract international investment for competing in global world (Keating, 2004). In this milieu, state doesn't take huge responsibility anymore, but helps to improve region's endogenous resources and brings encouragement incentives for sustaining region's well-being (Amin, 2004).

Not turning to regional period of 1970s, institutional systems just only helped regions to enhance their endogenous resources and made regions to be more attractive for international enterprises instead of direct investment and deliberate support as policy implication in 1990s. New regionalism underlines economic growth of regions with their local assets and makes the state free instead of taking huge responsibility. New management system makes the networking possible among R&D's, NGO's, SMEs, universities and other local governments.

Free flow of capital and the rise of multinational cooperation have a certain impact on state's role (Keating and Loughlin, 2004). The aim of transnational cooperation is to seek most profitable location in order to move their investment resulting from region's competition. Since regional subsidies are controlled by international rule, the state has no longer play a major role in economic restructuring. So, the impact of global capital becomes more apparent on the regions (Keating and Loughlin, 2004). Characterised by this approach, there has been important transformation in new production system of space, emerged by region with their local assets and economic dynamics. Notably; the new restructuring space is industrial districts with the specialization in a certain field (Jessop, 2002; Keating, 2004). In order to promote well-being of regions; endogenous capacity are seemed as a main point. The mobilization of its development potential of regions could bring competitiveness in certain field (Amin, 2000; Mayer, 2003).

Territorial proximity and institutional arrangement were taken into consideration in regional development process in 1980-90s. Due to the concentration in a specific area, firms have enjoyed strong backward and forward linkages. They use their input and outputs with interdependency in relational assets (Amin, 2004; Eraydın, 2008). Tacit knowledge, face to face contact, reciprocity, cooperation, mutual trust, sharing common values, interaction begin to explore as key elements of development in learning regions, derived from the competitive advantage (Fukuyama, 1995).

Regions as a part of global economy get more attention in 1980s-90s. On the basis of institutional utilization and territorial proximity; industrial districts, clusters and SMEs became very fashionable with their local resources and endogenous capacity (Amin, 2004; Brusco; 1986; Eraydın, 2008). In a certain place by specialization, regions get high growth rates.

However, according to Feser and Bergman (2000); support mechanism should be changed due to the fact that supporting of each sector in each region might not be efficient and regional growth could not be achieved with this way. As a policy tool, supporting core clusters that will create multiplier effects generate more impacts (Eraydın, 2008a). In this respect, Amin says that “very few regions have attempted to develop unique industrial strategies based on deep assessment of local institutional and cultural specificity (Amin, 2004:371)”. This policy is not applicable for all types of region, but it is appropriate for learning based regions.

Following the opinions of Storper, regional policy attention would no longer consider clustering, on contrast; it considers institutional arrangements. This policy addresses the ‘context-specificity and path-dependency’ (Storper, 1997; Amin, 2004:371).

In new perception, theoretical perspective on regional development extends beyond similar successful development stories and exactly focuses on the development path of a certain region. The central concern is based on ‘region- specific growth paths’ (North, 2003; Camagni, 2008).

Finally, these findings imply that the regionalist movement is shaped within the institutional context. Regionalism assists itself as a democratic content of governance and a key element for decentralisation (Lovering, 1999). As well, as a social institutionalist mobilization; regionalism has taken varied forms, stressing on

the progress of democracy, regulation of state and decentralised authority. Besides, there is a turning away from the infrastructure provision to human and social capital in new policy action and in this light, networks of territorial interdependence draw a new form of social solidarity and identity construction (Keating and Loughlin, 2004; Putnam, 1993).

2.3. The Evaluation of Changing Institutional Structure in Regional Development

Regional policy arrangements are extremely complicated and there are various basic constituents for regional development such as accession the economic core, competitiveness in leading sector, capital and labour accumulation to be hold by regions. As the scope of this paper in overlapping the mentioned issue, one of them is the institutional setting which affects the development and is rooted in. In the light of this argument; the principal objective of this paper is concerned with the institutional building effort and its transition into regional policy. In order to achieve this aim, firstly; past policy experiences and present trends will be examined and then, these approaches and processes as a whole in all their complexity will be discussed.

In this content, the paper is organised as follows:

- After taking an evolutionary perspective on the theoretical basis of institutions with respect to regional policy, this part will attempt to explore institutionalization within the regional development frame and reveal paradigm shift during the process of institutional formation.
- Secondly, this paper will consider how regional policy process was handled regarding the institutional specify in different periods. Besides it will assess the emergence of institutionalization at local level in pursuing more efficient and sustainable development as a new adopted approach.
- Consequently, an institutional based regional development strategy will be focused attention and in what way the enforcement characteristics of institutions may be efficient in order to promote successful regional policy in local setting will be explained at the last part. After being realized the

necessity of regional specific policy, it was agreed that top-down regional policies were not efficient.

2.3.1. Setting the Theoretical Framework: Expectations from Institutions as a Major Determinant of Regional Policy

Defining institutions and institutionalization is considerably difficult and includes a broad definition. Most opinions express institutions as formal and informal rules, together with the condition on their enforcement (e.g. efficiency, equity) as also, reference to North (1990) view. Institutions, shaping by individuals and their interaction offer an incentive structure among actors by reducing uncertainty. Institutions are seen as complex mechanisms which guide the performance of regional development (Lakshamanan and Button, 2009). In overlapping the mentioned issue, another general description is that institutions are 'recurrent patterns of behaviour - habits, conventions and routines' (Morgan, 1997) and institutions on the economic theory is based on the 'theory of contracts', stressing the serious fact of rules and behavioral codes (Camagni, 2008:3). As parallel with this approach, according to Amin (2000:366), the institutionalist economy mainly stress on the centrality of rational individual and equilibrium-oriented of economic behaviour.

The other research contributing to the development of institutions comes from North. He (1990:3) defines institutions as "rules of the game in a society, or more formally, are humanly devised constraints that shape human interaction'. He points out that institutions are designed from the ethical and moral behavioral norms and thus social human being is an important constituent part in the construction of institutions. Furthermore, North (1990) argues that institutions play a major role in providing human interaction and notes that economic growth is a function of institutions. They exert a forcible influence in reducing uncertainty, determining transaction cost and building cooperation (North, 1990). He (2003) says that if there is no institution and no governmental action, transaction cost would be zero. So, institutions, rules and norms especially object to reduce transaction costs (North, 1990; Camagni, 2008). In line with this fact; institutional arrangements make regional and local organization necessary in regard to the existence of strong social values and trust owing to the being of lower transaction cost (Lakshamanan and Button, 2009:447).

In the light of these risen arguments; the structure of institution consists of 2 components: (1) formal rules, i.e. such as constitutions, laws, organizations, (2) informal constraints, such as social relations, individual behaviours, norms and this kind of community actions. While formal rules are quickly changeable over time, the exchange of informal institutions is limited in short-run (North, 2003:15). Besides, according to the OECD research conducted by Jütting (2003), formal institutions are the endogenous one which can be changed in a short time whereas informal institutions are the exogenous one which cannot be changed in short span and are embedded in a local setting.

After being taken basic theoretical information about institutions, it would be meaningful to look at institutional theory under the evolutionary perspective. According to mainstream theories, the perception of regions and the content of institutionalization theory evolve under the changing conditions, through the space and over the time (North, 1990; Amin and Thrift, 1995; Keating, 1997; Storper, 1997; Cooke and Morgan, 2000; Scott and Storper, 2003; Kayasü and Doyduk; 2004). Most economists and those who are rationalist approaches to institutional theory dominate the regulative side of institutions (Meyer and Rowan, 1977; North, 1990; Scott, 1995; Scott, 2004) whereas recent sociologists, political scientists and those who approach this issue from other disciplines emphasize the cognitive and normative sides (Amin and Thrift, 1995; Morgan, 1997; Scott, 1998: 83-88; Lakshamanan and Button, 2009).

The presence of institutional theory, documented in Scott (1995 and 2004), has been emerged through social sciences. In his analysis, institutions are the combination of “cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life (Scott, 2001:48). He also states that:

“Institutions consist of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior. Institutions are transported by various carriers – cultures, structures, and routines – and they operate at multiple levels of jurisdiction” (Scott, 1995:33).

According to the other recent reviews of institutional theory, institutions are authoritative guidelines for social behavior and they are fragmented on the organizational form. At this respect; regional economic institutions are constrained in social context and associations, creating a common understanding, networks came

into agenda for interaction patterns (Amin and Thrift, 1995; Morgan, 1997; Scott and Storper, 2003; Rodríguez-Pose, 2009). As a parallel approach given by Storper,

“ Institutions consist of ‘persistent and connected sets of rules, formal and informal, that prescribe behavioral roles, constrain activity, and shape expectations’ and overlap with conventions....Successful formal institutions then, have a hard organizational side, and a ‘soft’ conventional foundation” (Storper, 1997:268-269).

2.3.2. The Place of Institutions in Regional Development

After discussing on the main argument in the institutional theory, as a complementary approach, this part aims to fit institutions into regional framework by combining intersection between institutionalization and regional economic development. As lying at the centre of this study, the institutional settings play a critical role for effective regional policy. On the grounds of this fact, institutions are responsible to provide appropriate policy tool for the development as policy makers. Exploring institutions into regional development is reinforcing due to the both impact on cause and the consequence of economic development as endogenous position in practice (Rodríguez-Pose, 2009:20).

When the subject of institutionalization is taken into consideration within the regional field, Paasi (2000:3) defines regional institutionalization as follows:

“This is a process through which a territorial unit becomes an established entity in the spatial structure and is then identified in political, economic, cultural and administrative institutionalized practices and social consciousness, and is continually reproduced in these social practices.”

Following Paasi's thought again; the process of institutionalization of a region has four stages and these stages may not work efficiently for all region and as regards not fully institutionalized, the process is continuous and obviously in flux (1986:105-146; 1991:229-256; 2000:6-8). In this sense, theoretical constructs of Paasi in the determination of four stages are basically:

1. *Territorial shaping:* In conducting the functional process of a region, boundaries defined by several actors refer an identified position in a separate spatial sphere and social structure. This also means that they are 'natural' dividers between social entities and the cause of insider and outsider position in social and political constructs.

2. *Symbolic shaping*: with reference to territoriality, symbolizations may be expressions of the region's image and may be an evident to guide regional identities.
3. *Institutional shaping*: The establishment of both formal and informal institutions in local practice develops the link in attaining regional identification. This administrative structure presents social spatial consciousness.
4. *Establishment of the regional system*: After a region has gained an established status, the contiguity of institutionalization process refers regional consciousness of a society.

Drawing on this basic hand, it allows to refer some remarks, concerning to which institutions facilitate the regional activity and to what extent institutions work to promote successful development process. At this respect, social network relation in economic behaviour and a socially constructed institutionalism come into existence by offering mutuality, consistency, trust, collaboration, reciprocity and personal contacts. Secondly, different individuals in the network relation produce different economic outcomes in decision-making according to their knowledge capacity, perception, learning and cognitive design (Amin, 2004:366, 367; Fukuyama, 1995; Putnam, 1993). This process should continue only multidimensional in the predictable environment and by this way; the institutions' interaction in the network determines innovation performance (Cooke and Morgan, 2000).

Inserting institutions may also be varied into regional development policies. As a more detailed approach, the capacity of institutions can be analyzed in promoting sustainable growth. An effective regional development mainly depends on the 'strong involvement and intervention of many actors in a region and the building of cooperative relations and social cohesion' (Keune, 2001:32). Besides, in line with the Keune, Healey (1998) defines elements of institutional capacity as 'its knowledge resources', 'its relational resources' and 'its capacity for mobilization'. According to him, 'integrative place making, collaboration in policymaking, inclusive stakeholder involvement, use of 'local' knowledge and building 'relational' resources' are crucial in building institutional capacity. Furthermore, (1) *the individual level*, by referring availability of skillful and competent staffs in performing their functions efficiently, (2) *the entity or organizational level*, by comprising the organizational structure and working mechanism, i.e. its working culture, social obligations, and (3)

the system level by involving regulations at both national and regional level and their interactions and interdependences of each other have been undertaken in the conducted research by UNDP (1997:25) in order to assess institutional capacity. Alternatively, Hilderbrand and Grindle (1997) expand this issue by presenting 5 dimensions as well as the typical outcome with the previous one. These are ‘*action environment*’ dimension, referring social, economic and political conditions of a region; ‘*the public sector institutional context*’ dimension, referring rules and procedures that govern the organizations and their employees; ‘*the task network*’ dimension, referring the ability of an institution to cooperate and coordinate in performing particular task; ‘*organization*’ dimension, referring structure and resources of an institution; ‘*human resources*’ dimension, referring the involvement of groups working interdependently to achieve common goals.

In parallel with other approaches, according to European Commission (1999: 17-18), a successful RDA would be:

“The first condition is a local support structure for the initiatives, possessing the following qualities:

- *Stability and permanence, since few tangible results are achieved in less than five years, and fundamental transformation requires at least ten years;*
- *Variable structures of partnership, promoting cooperation between public and private sector actors and the additional grouping together of rural and urban public authorities;*
- *Refocusing the various levels of public administration beyond the local area and around functional relations and facilitating the interchange between territorial and sectoral policies;*
- *Promoting a comprehensive approach to development: interdisciplinary, integrated, interinstitutional, regulating the internal interplay of forces, avoiding dispersion of efforts and the isolation of project generators, supporting the initiatives and rendering them viable. The central task of this structure is to draw up a long-term overall strategic plan, with economic, social and cultural aspects overlapping and designed to change mentalities, a prerequisite for the competitive positioning of each area. This structure must have the capacity of offering guarantees of technical quality to the local measures and of conducting participatory evaluations on the basis of its own internal competence or through recourse to external expertise.*

Finance encouraging risk-taking is essential. Refined financial engineering promoting responsibility for viable projects must be preferred to the technique of non-repayable subsidies encouraging take-up and passivity;

The channeling of savings into local investment must be promoted, seeking better adaptation of the financial instruments to the projects and taking account of the strong advisory role to be played at this level;

- *The contribution of public finance to the local areas must be improved, notably by expanding the mechanisms for global subsidies, in a concern for simplification of the procedures,*

concentration of the finance through an "intermediary body" close to the local level, interaction between infrastructure finance and measures for the development and globalization of the service supplied.

Meeting the needs of the productive fabric must structure the efforts described above:

The activities best adapted to the local context must be boosted by promoting access to the productive functions to the detriment of assistantship. The development of the services necessary to the small enterprises proves to be indispensable here to reconstitute the productive fabric;

- *The introduction of resource centres must take account of an integrated approach to business requirements, particularly of small enterprises, the development of which seems essential to recreate the productive fabric. These integrated points of access are necessary to strengthen dissemination, innovation, vocational training, recourse to expertise and reduction of administrative procedures (often a difficulty for small-scale entrepreneurs).*

Finally, exemplary practices and experiments must be networked. Indeed, the success of any local work requires cooperation and incorporation in exchange and transfer networks:

- *Artificial or sleeping partnerships, solely motivated by the prospect of Community finance, must be avoided by providing for adequate periods for relations to develop.*
- *The methodology of the transfer and transferability must be examined in more detail, seeking mutual contributions by the giver and the receiver, in particular by setting the contractual bases for the evaluation criteria of these exchanges and by strengthening the Community networking of the actors".*

In evaluating overall; how to manage regional policy is the main issue for efficient endogenous capacity in institutional turn. Regional economic success stems from the institutional infrastructure in terms of formal and informal according to its socio-economic situation of the region. This discussion puts forward that different forms of institutional dominance occur in different regions due to the characteristics of locality and their integrity to globalised world (Amin and Thirft, 1995; Kayasü, 2004). It seems clear that poor institutions do not anticipate the changes to social and economic conditions, accompanied by negative externalities, whereas qualified institutions facilitate regional activity, regarding the right mix of formal and informal institution (Rodríguez-Pose, 2009:19). The cause of the lagging regions is thus mostly infeasible development intervention under the institutional failures. In this sense, the institutions which decision-making process is carried out in cooperation with the involvement of various factors such as regional and local government, universities and private sector organizations enable to formulate effective regional policy.

2.3.3. Understanding the Transforming Institutions in Different Periods

According to the recent studies, particularly a link between the institution and regional development has been formed and evolved over time. The historical progress has shaped the entity of institution resulting from the structural changes in policy action. Within the scope of this part, paradigm shift in institutional formation by putting special emphasis on the process of regional development will be handled; yet, this synthesis will attempt to provide a rough map rather than a detailed survey with all aspects.

The relationship between institutions and regional development has been overlooked under the several theories. Economic growth theory mainly neglected the influence of institutions on regional development and it obviously emphasized on the maximization of profit margin and high growth rates (Amin, 2004; Keating, 1997; Eraydın and Kök, 2008; Dijk et al., 2009 Rodríguez-Pose, 2009). Institutions in the classical economy were shown as an exogenous factor whilst in the neoclassical economy, under the market-driven system, economic agents mainly focused on the utilization and profit maximization in operating the optimal combination of land, labor and capital (Eraydın, 2008; Lakshamanan and Button, 2009). In regard to this progress, the common perspective draws 2 situations: (1) institutions are initially articulated from the spontaneous behavior and the result of action of certain authority (state and private sector). (2) The appearance of institutions from below as regulating regional activities in local context is constituted (Lakshamanan and Button, 2009: 445). On one hand, locally constructed institutions are the result of top-down political action to be performed by central government and on the other hand, locality is cited as a bottom-up organization depending on its local endowment assets.

Inward economic policies, occupied with Keynesian intervention and further, sole market coordination in the economic activities weaken the institutional setting. As a consequence, these drawbacks lead to question of institutional change and offer a new complex form of institution (Lakshamanan and Button, 2009:449; Telo, 2002). Regardless of local institutional context; this type of approach believed that firm-sized, industrialization policy would be sufficient for regional development (Keating, 1997; Lowering, 1999; Amin, 2004). However, neo-classical theories failed to

integrate institutions and regional development. Therefore, these theories would not be longer adequate in return to regional growth.

While in 1960s, firm- oriented, centralized development model was supported, in 1970s, inter-regional equality issue came into the agenda. However, coming to 1980s, global-local relations have gained importance (Porter, 1990; Camagni, 2002; Eraydın, 2008). For this reason, it would be possible to discuss institutionalization theory through the global-local discourse (Kayasü and Doyduk, 2004). The organizational interconnections and the spread of network activities under the existing institutional structure have thus gain increasing importance in the provision of agglomeration (Romer, 1990; Romer 1994; Yeung, 2000).

Until 1990s, institutions have been neglected in regional development issues. Neo-classical theories and economic growth theories mainly emphasis on the region's investment capacity and capital accumulation (Romer, 1990; Amin, 1995; Storper, 1997; Raco, 1998; Scott and Storper, 2003). After 1990s, with the emergence of new regionalism, institutions became a matter for regional development. Now, as lying at the center of 1990s and recent studies, the importance of institutional capacity was handled for the region's development success in the new regionalism approach. (Morgan, 1997; Pike et.al, 2006; Storper, 1995). In other words, learning economy is shaped by the emergence of network relations based on trust, production and diffusion of knowledge to be enabled by spatial proximity (Kayasü, 2004; Kayasü ve Doyduk, 2004). The new economic understanding was built upon innovation and learning based information technology (Kayasü, 2004).

New growth theory claims that regional development comprises endogenous condition of agglomeration characterized by relational assets (Belussi, 1999; Camagni, 2009; Cooke and Morgan; 2000; Rodríguez-Pose, 2009). The central emphasis is on the concrete relationships in societal structures where cannot diffuse easily one place to another. So, as Scott and Storper underlie:

"Interdependencies tend to have a strongly place-bound and culturally-rooted character and often cannot be transferred easily if at all-from successful to less successful regions. Because access to these assets is spatially and organizationally limited, they enhance the economic advantages' (Scott and Storper, 2003: 586).

Therefore, it is clearly evident that why many regions success performing economic growth and other regions stagnate. As addressed by current pattern, setting up local

asset, organizational interdependencies and cultural and institutional establishment are necessarily consistent to achieve economic development.

In conclusion, the table sums up the transformation process of institutions in regional development.

Table 1: The Basic Mentality of Institutions In Different Economic Periods

Type of Institution Considered	Theoretical Frame	Basis of Institutional Approach
<ul style="list-style-type: none"> - The neglect of institutions - The awareness of institutional dimension on regional development 	<ul style="list-style-type: none"> Neo-classical theory Marxist Tradition Exogenous Growth Theory Economic Convergence Ortodox Assumption 	<ul style="list-style-type: none"> - Resource allocation and utilization of market mechanism under the neo-liberal policies - Region's investment capacity and capital accumulation - Firm-size, industrialization policy
<ul style="list-style-type: none"> - The institutional turn in regional policy - Institutionalization - Place-bounded institutions and context-specificity policy action 	<ul style="list-style-type: none"> Transaction and Political Economies Endogenous Growth Theory Economic Divergence Heterodox Assumption 	<ul style="list-style-type: none"> - The entrepreneurial role of institutional environment - Decentralization and deconcentration under the globalization - localization discourses - Local capacity buildings - Innovation and education - Shared norms and trust issues
<ul style="list-style-type: none"> - Institutional capacity building in local context - The emergence of 'institutional thickness concept' 	<ul style="list-style-type: none"> Social Theories New Economic Growth Theory Associational Economy 	<ul style="list-style-type: none"> - Embeddedness, customs and traditions - Socially constructed of economic principles - Changing the background of formal and informal organizations

2.3.4. Institutionalized Regional Framework

In research studies on institutional approaches, different views took this matter with different ways. To some, institutional perspective focuses on social capital aspect and accordingly; cooperation with the participation of all groups, mutual trust, sharing common values, interconnection should be carried out for regional development (Allmendinger and Tewdwr-Jones, 2000; Glaeser, et al., 2004; Camagni, 2008, Morgan, 1997; Putnam, 1993). Besides, in this system, individuals should act in a conciliatory, effective and responsible manner for local institutional capacity building. The lack of regional growth is argued to be the cause of limited

social capital (Rodríguez-Pose, 2009). Others tend to explain this issue with the concept of 'institutional thickness' which indicates similar idea with the first approach (North, 1990; Amin and Thrift, 1995; MacLeod, 1997; Raco, 1998; Kayasü, 2004; Lakshamanan Button, 2009). According to those who defend this idea, the economic performance of a region is directly related with institutional thickness and this concept is emerged by the industrial clusters in order to promote local economic development (Amin and Thrift, 1995; Rodríguez-Pose, 2009). With this concept, Amin and Thrift (1995) point out that various institutions and local social and cultural relations make it possible to adopt changing conditions by reducing risks and uncertainties. Moreover, it facilitates circulation of knowledge and increases innovative capacity for effective economic activity of local areas, including trade unions, business organisation, civil society movements, local authorities which define entrepreneurial modes of governance (Rodríguez-Pose, 2009). The common point of these views is based on adequate and efficient institutions for sustainable regional development.

Recently, regions have gained serious interest in representation of 'place-based identities and communities' against global and national circuits (Amin and Thrift, 1995:98). In order to adopt new institutional forms, contemporary regional economy operates its principles in social rule-based (Amin and Thrift, 1995; Lakshamanan and Button, 2009; Morgan, 1997; Scott and Storper, 2003; Rodríguez-Pose, 2009). So, regional economic institutions are constrained in social context and associations, creating a common understanding, networks came into agenda for interaction patterns. In the line this fact, new perspective remarkably derives from the recognition of embeddedness in the society and culture. Besides, as Raco (1997:975) notes 'this institutionalist focus is based on an understanding of global-local relations which argues that successful regions flourish as a consequence of institutional embeddedness or thickness, which create powerful local nodes of economic activity within an increasingly competitive global economy'. However, emphasizing the term of 'institutional thickness' may not necessarily generate economic growth (Storper, 1995; Raco, 1997; Yeung, 2000; Lakshamanan and Button, 2009). Indeed, the danger point is that not all of forms of institutional thickness give a guarantee for becoming prosperous and successful local economy as Scott (1998:110) demonstrates. Local embeddedness in traditional culture and behavioural attitudes, controlling and interference to institutional structure are difficult (Amin and Thrift, 1995). Negative externalities can be occurred in the

institutional inability due to the lack of coordination in various actors and backwardness of regional policies (Lakshamanan and Button, 2009).

Regions are embedded in 'territorially-specific institutional arrangements' and institutions can be shaped or transformed through the local forces of regional socio-economic condition (Kayasü and Doyduk, 2004; Rodríguez-Pose, 2009:16). Indeed, the regional institutionalization pays a critical attention in considering its solidity, depth and local identity in formalization. It also mostly varies in institutional construct.

During the last decades, as one particular point, the new theories addresses that regional development strategy has entailed the re-organisation of institutions. Regional areas are being seen as a key institutional arena (Cooke et. al., 1997; Cooke and Morgan, 2000; Rodríguez-Pose, 2009). New forms of diverse regulatory system have been inscribed. The institutional restructuring has enabled to entrepreneurial approach to local economic development under the competitive advantage frame (Porter, 1990; Amin and Thrift, 1995; Cooke and Morgan, 2000; Rodríguez-Pose, 2009). Thereby, it has been revealed that regional and local government should determine feasible development strategy for each region, particularly depending on their local assets and potentials by addressing the competitiveness fact.

Consequently, there are various factors affecting institutional building in regional development performance. First one is the complex type of interrelations in a common environment which mainly stress on social capital. Secondly, an efficient institutional absence doesn't work on the other regional policy due to the depending on local circumstances. As another way, it means that the measurement of institutional success on regional development appears to be extremely impossible since the regional policy is not appropriate for other regions and reflecting subjective results (North, 1990; Storper, 1995; Keating, 1997; Vijayaraghavan and Ward, 2001; Rodríguez-Pose, 2009). Policies in different regions have different kinds of action due to the recognition of territorial context of specificity (Storper, 1995; Kayasü and Doyduk, 2004). Thirdly, time is another important factor for institutional arrangement due to the fact that the institutional restructuring is based on the adoption of changing time.

2.4. An Overview of Institutional Restructuring In Regional Policy

The idea behind the regional development is to provide a closer unification by overcoming disparities among regions. Therefore, effective tools were defined by theories in regional practices. To achieve this objective, regional policy process takes its place in each theory with a different way and according to the probability of success, their validity has been questioned. The latest solution that theories adopted is based on local circumstances of regions in policy action. In the new global era, regions raised with their local assets in comparison to the past. Since attention turns out to be endogenous potential of regions, regional development strategies embark on to mobilize this capacity.

In the light of this discourse; social, cultural and political influences on development came to the foreground in regional policy. Instead of economic factors' necessity such as production specialization and sufficient division of labour for the growth of industrial agglomeration, now social and institutional factors also become increasingly critical in the creation of successful agglomeration (Amin and Thrift, 1995). However; this does not mean that economic strains have become blurred, of course, they are still important. Moreover, new perception claims that institutional factors, involving social relations, maintenance of trust, the emergence of common purpose within the community, cultural interactions, and local supports to business sector, skill formation and so on are important, too.

It would seem that main attention puts forward to construct institutional capacity of regions for endogenous growth towards the 'new regionalism wave' after the identification of localities within the global economy. In regard to this new patterns and agendas, regionalism with the influence of globalization strengthens interdependences and provides effective giants towards developing regional cooperation and building inter-regional regime (Telo, 2002). Thereby, there has been a fragmentation in policy coordination through the existing a variety of new actors and organization. The critical factor for building local capability is institutional arrangements in regional development. For that reason, building institutional support would bring regions encouragement incentives for sustaining their livings and also, institutional base (such as regional development agencies, chambers, business organisation, local government and other authorities) could help regions to encourage their competitiveness.

Therefore, to what extent institutions have an impact on regional policy and the process of formation of institutions within the regional field is examined in the context of this section. As lying at the centre of the study, this academic paper puts forward the argument that institutions have long been neglected in regional policy action. Then, it is discussed on whether institutions matter development and cause growth or not. Rather now, the attention is turned towards assessing what kind of institutions are to be created for regional development. Viewed from this perspective, firstly; after looking at the theoretical discussion in institutions as a major determinant of regional policy, this paper highlights an evolutionary approach by exploring intersection between institutions and regional development. Secondly, it offers a critical assessment of regional development with reference to paradigm shift in institutional formation. On the basis of this restructuring, the paper concludes by drawing on an institutionalized regional framework.

CHAPTER 3

REGIONAL POLICY PRACTICES AND EXPERIENCES IN TURKEY

Turkey has been considerably characterised by disparities among regions for years. Since these disparities have been one of the significant problems of Turkey, regional policy area enters into Turkish political agenda in aiming to reduce regional disparities. As stated in the previous chapter, with parallel developments around the world, Turkey has implemented various policies and tools to get a balanced structure of interregional disparities, to accelerate local and regional development and to provide sustainable growth. Considering these targets; national development plans, regional plans/programs/projects, investment incentives, Priority Development Areas (PDAs) policies, provincial development plans, rural development projects and so on were engaged as major instruments. Regional policies in Turkey were intended to overcome socio-economic developmental disparities and to ensure regional development. Firstly, how regional policy process in Turkey was handled upon with development plans and projects will be examined with a special emphasis on the institutional building in different periods within the scope of this chapter. Then, the effects of European Union accession process to regional policy in Turkey will be assessed. Finally, as a recent adopted approach, the emergence of DAs at regional level will be overlooked.

The aim of this chapter is thus concerned with the understanding of existing regional policies, accompanied by various institutions in Turkey (especially by SPO) and their transition to institutional building effort on local context. In order to achieve this aim, the chapter is articulated from the investigation of past policy experiences and present trends in regional policies. Therefore, the discussion on these approaches and processes as a whole in all their complexity will be carried out. At this respect, the thesis comprises three main steps.

- Phase-1: pre-planned period
- Phase-2: planned period with the establishment of SPO

- Phase-3: ongoing planned progress, followed by EU membership efforts

Firstly, regional development efforts on the pre-planned period will be clarified and then, regional policy practices within the planned period will be discussed. Lastly, following the EU process, the regional policy issue, which peak point is recently RDA, will be handled. Therefore, one can understand that how institutional structure was challenged the centralized state tradition. In this context, the transfer of authority and responsibility from central level to local level is referred by decentralization. Despite Turkey's highly-centralized administrative notion, new policy practices have become forceful in institutional restructuring by increasing capabilities of regional and local levels while decreasing the authorities of national level.

3.1. Phase-1: Pre-Planned Period

Until the 1960s, there were no direct responsible institutions established for regional development in Turkey and so far that year, rather than regional growth, development at society and national level were prioritised. However, as an input to be entered into the regional progress, firstly; I. Five Year Industrial Plan was put into force in 1933. In the Plan, the state inevitably took an active part to recover economic growth under the Etatism policy after 1929 crisis since there was limit on the size of private sectors. Later on, II. Five Year Industrial Plan was formalized in 1938. It basically focussed attention to East Anatolia in pursuing to decline the gap between advanced and less developed regions. Subsequently, 1940 Zonguldak Regional Plan and lastly Köyceğiz Plan in conjunction with the OECD in 1957 were the other important developments by considering regional growth before the planned era in Turkey (Eke and Erol, 1997; DPT, 2000; Tekeli, 1967).

In the light of this argument, pre-planned period (1923-60) encompasses export-led growth in an open manner and in this content, regional development approaches traditionally can be split into two sub-periods under import substitution in Turkey: (1) Etatism Period between 1923-45 and (2) Liberal Period between 1945-60.

3.1.1. Etatism Period Between 1923-1950

The Etatism period can be called as the creation of national economy in Turkish history. Redistribution of public services, social welfarist arrangements and the resource allocation were the main attempts considerably directed by the national government. The state mostly tended to increase capital accumulation as viewed only possible way to promote growth (Eraydın, 2001). In this period, redistribution of public services was the significant movement where the state revert the process towards an interventionist approach in order to develop the national economy.

Viewed from this perspective, an industrialisation strategy depending on import substitution under the Etatism policy was adopted by the newly founded Republic of Turkey. During that period, spatial planning issue and regional policies were neglected. Industrialization process was the main development strategy. Balanced distribution of population and investments within the whole country were strained to tackle with less economic development. The declaration of the capital city of Ankara, the selection of Aegean and Central Anatolia Regions for the location of public industry plants excluding Istanbul and Marmara Region and dissemination of investments within the Anatolia instead of concentration on certain areas were the main proofs of Etatism practice (Boratav, 2007, Elmas, 2005; Tekeli, 1967). However, there was hardly any evident applied on regional scale due to the limited budget and economic recovery after The Independence War. Therefore, the priority was mostly given to national development (DPT, 2000). As also revealed by Ertugal (2005:6), strong centralised tradition did not permit sub-levels to govern due to the fact that the bureaucratic centre knew the best and the fear of losing monopoly power in case of devolution of the authority. Therefore, the institutional process was only operated at nation state level. Main logic was mainly based on the redistribution policy and external capital transfers to regions. But, these instruments did not meet regional needs. Hence, the perception of “the uniform remedies for all the regions” caused to fail induced growth depending on a region’s own potential and its endogenous sectors (Ertugal 2005:6-7).

3.1.2. Liberal Period Between 1945-1960

Throughout the 1945s and 1960s, first liberal policy was experienced in Turkey. The centralized inventory type of state actions has been replaced by leaving national

economy to market mechanism. The reason mainly stems from the Second World War effects and the efforts to strengthen private entrepreneurship.

During that period, the state followed the policy of 'industrial seeding'. Industrial enterprises were established in order to encourage potential dynamics in Central Anatolia and Inner Aegean regions outside Istanbul and Marmara Region (Eraydın, 2001; Göymen, 2008; Tekeli 1967.) While the state-led industrialization efforts prioritised less developed parts of Turkey, private enterprises mostly invested to Marmara and Aegean Regions in line with the agglomeration economy and comparative advantages criteria. Although the state attempted to disperse public investments to less developed parts of the country, private investment was mostly concentrated on advanced regions where enough infrastructure, easement to access market have. So, it deteriorated the state's balanced economic growth policy (Ertugal, 2005; Göymen, 2008; Tekeli 1967).

Due to the fact that private sector investments were especially intensified in Istanbul and Marmara Region, disparities among regions were increased. The state concentrated on the less developed regions where production made via high-costly, rather than positive externalities and cost advantages of the advanced centres in the allocation decision of the public investments (Eraydın, 2001; Ertugal, 2005, Güner, 2007; Tekeli, 1967).

Closed, protectionist and inward-looking economic policies were realised after World War II. Unlike the previous period, liberalisation of imports, the rise of foreign capital investments and credits were explored after 1946. Foreign market-oriented industrialization program became significant during that period (1946-60). Development insights mainly concentrated on agriculture, mining, infrastructure investments and construction sectors (Boratav, 2007:108).

An expansion depending on foreign aids, foreign capital and credits was envisaged for Turkey in order to be integrated with world economy. Thus, by following the applied more liberal precautions, the country prepared Turkey Economic Development Plan. This plan encouraged to strengthen private enterprises. Many sectors such as agriculture, transportation, energy were prioritised under the Etatism policy. Due to the fact that protectionist approach leaved its place to liberalisation process in economic policies, Turkey began to enter international organizations such as IMF, WB and Organisation of European Economic Cooperation (OEEC) in

1947 and NATO in 1952. During the period of 1954-1960, foreign trade deficit was increased as a result of excessive import implementations. As a reaction of the former period these imports were restricted and it led to be experienced economic recession.

On one hand, a mixed economy was adopted by strengthening public sector and on the other hand private sector was supported. Since industrialization process was realized with the expansion of public investments in energy, coal, cement and sugar, it led to the rise of rapid migration and unplanned urbanisation (Boratav, 2007; Tekeli, 1967).

3.2. Phase-2: Planned Period

After the establishment of State Planning Organization in 1960, regional development plans began to be implemented and this period was called as the planned period. It became obviously an important step due to the fact that no direct institutions were responsible on regional scale. Since then, SPO was established as the central administration unit, which is responsible for national and regional planning. Therefore, planning issue is no longer considered under the anxiety of only sectoral logic and it goes further than narrow scope. Instead, regional planning with all dimensions was undertaken with the establishment of SPO. From 1960 up till now, to overcome imbalanced development among the regions and to increase welfare level of the population, especially those who live less developed regions became main tasks of SPO in formulating regional development plans. In line with this fact, various regional development plans were prepared by taking into account the integration between spatial dimension and sectoral priorities. Thereby, economic and social development has been accomplished through Five-Year Development Plans (FYDP).

In the light of this discussion, the section was devoted to the regional policy practices led by SPO in the planned period. This part focused on various projects such as Southeastern Anatolia Project (GAP), Zonguldak- Karabük- Bartın Regional Development Project (ZBK), Eastern Anatolia Project (DAP), The Eastern Blacksea Regional Development Plan (DOKAP), The Yeşilırmak River Basin Project (YHGP) through Five-Year Development Plans (FYDP) in an integrated manner.

3.2.1. Earlier Regional Development Experiences in the Planned Period

Since 1960, initial attempts in regional projects were explored with the establishment of SPO. The Antalya Project, supported by Food and Agriculture Organisation (FAO) was firstly formulized for the provision of economic and social balances. Eastern Marmara Project, Çukurova Region Project, Zonguldak Project and Keban Project were the other experiences on behalf of regional plan studies. Although these planning efforts constituted during the 1st FYDP, any considerable regional planning performance was not accomplished until Southeastern Anatolia Project (GAP) in the 5th FYDP. At this respect, initial regional development projects will be examined in more detail with reference to national development plans.

In the 1st Five-Year Development Plan Period (1963-1967), regional policy was seen as a part of national development process. The Plan focussed on the acceleration of national economic development by eliminating regional disparities. Main argument was mainly based on the accumulation of capital within the domestic market through import substitution. Special emphasis was given to efficient use of national resources. The major aim of the First Plan was to reduce regional discrepancies with state interventions to lagging regions. Secondly, it was aimed to struggle from rapid urbanisation with the way of social development and land reform. In this context, classifications of regions according to their potentials on development were made by The Plan. Firstly, 22 provinces were defined as Priority Development Areas. These areas increased to 40 provinces over time. In this sense, various regional projects were existed. However, under the closed and formal mode of central authority, local agents hardly played any role. It can be said that SPO was the main actor in the implementation of projects for the societal development (DPT, 1963; Eraydın, 2001; Tekeli, 1967).

The produced projects during that period;

Eastern Marmara Project (1960):

It was the first project carried out with the collaboration of SPO, OECD and UN. Main aim of this project was to manage inevitable growth and to provide the consistency of balanced development in the covered provinces (İstanbul, Kocaeli, Sakarya, Bursa, Balıkesir, Tekirdağ, Edirne, Kırklareli, Çanakkale). The rapid growth of Istanbul caused a clear separation in respect to the rest part of Turkey. But, this growth was inevitable and it had positive impacts on whole economy. Hence, it was

thought that slowing down the development in Istanbul also slowed the development of Turkey. Although the growth was encouraged, decentralization of this growth towards Adapazarı and İzmit corridor was more desirable rather than concentrating on only Istanbul.

According to project proposals;

- More intensive settlement in the region was required in aiming to reduce the cost of basic services, i.e. transportation, infrastructure and so on.
- Within the 20-year period, the development of Anatolian side should be prior instead of European Side of Istanbul.
- A growth belt involving Derince, İzmit and Adapazarı was proposed and a complete industry covering these areas was encouraged.

At this respect; The Project was offered to expand industrial development to other provinces. Although Adapazarı-İzmit corridor developed, dissemination of industrial sector did not have much effect and so; it was partly implemented.

Çukurova Region Project (1962):

The project focussed attention to the determination of suitable investment sectors (especially the industrial investment based on agricultural production) for the region (Adana, Mersin, Hatay). The Project had almost a basin character under the multi-dimensional development process.

Zonguldak Project (1963-64):

The basis of this Project was to examine problems explored by the heavy industry in the region (Zonguldak, Karabük and Ereğli). The region was the main production center of coal, iron and steel in Turkey. Although it attempted to suffer from regional backwardness by operating more competitive production structure, the plan could not be implemented.

Antalya Project (1959-1965):

This project envisaged to serve a training practice for regional planning and to direct social and regional investment in Antalya, Burdur and Isparta Provinces by SPO and FAO as main Executive Agencies. However, this project was not implemented although finished in 1965.

Keban Project (1964-68):

Main objective of this project was to accelerate economic growth of Southeast Anatolia and to decline interregional differences. It covered Elazığ, Malatya, Bingöl and Tunceli Provinces. The electric energy supplied by the construction of Keban Dam was the key factor to achieve uniform development since being noticed that these provinces lag behind in comparison to the rest of Turkey. However, this plan could not be implemented.

3.2.2. Recession Process In Regional Activities Between 1968-1984

There was no project produced during the period of 1968-1984. This case continued until 5.FYDP. The assessment of this blockage period through the development plans would be useful at this point.

In the 2nd Five Year Development Plan Period (1968-1972), similar with the First Plan, regions were supported by state investment and subsidies in order to sustain a balanced national development. In This Plan, it was believed that regional plan could not be independent from the national plan. In this context, development centers were formulized in aiming to concentrate of public investments. It was intended to attract private investments after the completion of infrastructure there. Thereby, it was assumed that the settled down private sector in the development centers would create externalities by ensuring growth to other neighboring regions. For this reason, East and Southeast Regions were selected as the target groups. However, unlike the specific regional plans, emphasized on the First Plan; development policies were implemented according to discrimination of developed versus less developed regions in the Second Plan (DPT, 1968; DPT, 2000c). So, it resulted from the implementation of general policies instead of specialization on the region.

Moreover, The Second FYDP mainly concentrated on the industrialization process of specific development centres for socio-economic growth. Since it led to the rapid migration to metropolitan cities, the urbanisation issue came into the agenda during that plan period (DPT, 2000). However, although the industrial growth was targeted, unemployment rates increased due to the capital intensive structure of this policy. It caused to expand the gap between East and West. In addition; the announcement

of strict management and increased domestic debt made The Plan failed (Boratav, 2007).

After the realisation of massive immigration, de-urbanisation and rural development policies were supported. In this sense, the **3rd Five Year Development Plan** (1973-1977) mainly aimed to create a balanced spatial development by allocating public investment to different regions. Therefore, Priority Development Areas were determined to sustain long-run growth related to their sectoral potential by activating regional resources. Since then, some provinces especially in South – East and East Anatolia were accepted as PDAs. Like the previous plan, The Third Plan gave incentives to private entrepreneurs to invest these areas to prevent migration and to control population. Further, this Plan assumed that eliminating disparities in a short term would lead to economically non-efficient resource allocation, resulted from slowing down capital accumulation and general economic development (DPT, 1972; DPT, 2000c; Eke and Erol, 1997).

During all three planned period, PDAs approach was adapted for direct investment to lagging regions. But, it was abandoned in the Fourth Plan Period. The number of provinces was declined.

In the 4th Five Year Development Plan Period (1979-1983), the regional policy was influenced by the political shift towards the increasing power of neo-liberalism. Thereby, export oriented national growth was adopted. In accordance with the previous plans, investing on lagging regions was stated in this policy, too. Yet, private sector incentives especially focussed on the advanced regions. However, specialization on each region in the allocation of public investment was envisaged by The Fourth Plan rather than PDAs approach at the Third Plan (DPT, 1983). Hence, Eastern and South-eastern Anatolia were mainly seemed as key areas to overcome regional differences. Despite the desired policy tendency, September 12 Coup and rule changes in the state influenced the plan's success (Boratav, 2007).

3.2.3. Regeneration Process In Regional Activities Between 1985-1994

After the stagnation during the period covering from the Second FYDP to the Fourth FYDP, regional policy efforts gained momentum again. New regional projects were introduced with the resurgence of political attempts in the Fifth and Sixth FYDP. The

Southeast Anatolia Project (GAP) was obviously regarded as the most important produced project among them.

Before examining GAP Project comprehensively, analyzing the Fifth and Sixth FYDP will guide to understand general policy in harmonizing regional projects.

The 5th Five Year Development (1985-1989) mostly stressed on the preparation of regional planning and the development of industrial sector with more efficient use of resources. The Plan was predicated on the 'regional' concept apart from the administrative borders for the detection of regions. 'Functional regions' concept was proposed according to the inter-regional linkages. These sixteen functional regions comprised in İstanbul, Bursa, Eskişehir, İzmir, Ankara, Konya, Adana, Samsun, Kayseri, Sivas, Malatya, Gaziantep, Trabzon, Erzurum, Elazığ and Diyarbakır (DPT, 1985; DPT, 2000c). Since then, it was asserted that regional planning would be carried out by considering these defined sixteen regions according to their functional relations. Furthermore; rural areas were objected in order to decline regional disparity. Therefore, The Southeastern Anatolia Project (GAP), especially concentrated on agricultural irrigation and energy was put into practice. In this regard, rural development programs, mainly based on the local administrative context have been implemented.

In order to fasten development and to reduce differences, the necessity of regional planning was emphasized again in the **6th Five Year Development Plan Period (1990-1994)**. With the beginning of EU accession negotiation, Turkey entered a significant transformation process in its regional structure. The most important development in this period was the adoption of EU Regional Planning Process. In this sense, the concept of regional planning was replaced with the concept of regional development by leaving functional regions and adopting Priority Development Areas again. Thereby, it was stated that regional planning studies would be carried out via from PDAs, no longer from sixteen regions defined in the previous plan (DPT, 1990; DPT, 2000c).

During these plan periods, local economic development and utilization of local resources were the critical instruments emphasised in regional policy. For that reason, majority of incentives and public investments were assigned for the mobilization of local capacity and the encouragement of SMEs. Therefore, the concept of 'integrated regional development' approach came into the agenda

instead of 'regional planning' approach. In the light of these development plans, priority was given to Eastern and Southern Eastern Regions. In this context; The South-eastern Anatolia Project (GAP) put into force in 1986.

3.2.2.1. South-eastern Anatolia Project (GAP)

South-eastern Anatolia Project (GAP) is the biggest multi-sectoral and integrated regional development project, enclosing 9 provinces in South-eastern Anatolia Region (Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Sanliurfa and Şırnak) and comprising about 10 % of total area and population in Turkey.



Figure 1: South-eastern Anatolia Project

Source: Sarıca, 2004:196.

The Project was firstly formed as the utilization of the rich water potential of Euphrates and Tigris Rivers for irrigation and energy production. It aimed to reach stable economic development by enhancing productivity and employment opportunities in the region with parallel to the national goals. In addition to these economic objectives; social and sustainable development for the improvement of quality of life and poverty alleviation was assessed in The Project (DPT, 2000c; Göymen, 2008).

GAP was originally planned as irrigation and hydraulic energy production on the rivers of the Euphrates and Tigris in 1970s; and it launched in 1986. Later on, GAP gained a regional administration status regulated by a specific legislation. With the Decree Law No. 388, "South-eastern Anatolia Regional Development Administration" was announced in 1989. Moreover, due to the GAP Master Plan, prepared by SPO in 1989, it was transformed into a multi –sector social and economic development project, aiming at the human-centred sustainable growth in addition to its physical targets. GAP Master Plan was updated in 1998 and South-

eastern Anatolia Project Regional Development Plan was prepared (DPT, 2000c; DPT, 2007). At this respect, The Plan was concerned with the large number of sectors (e.g. agriculture, forestry, mining, energy, rural and urban development, infrastructure, education, health)

GAP Regional Development Administration was set up in aiming to operate related investments in many sectors (approximately 40 public investment institutions) and to ensure coordination at the multi-faceted and integrated regional planning. In this sense, this administration was accepted as the first administrative structure at regional level in Turkey. The administration took an active responsibility for this huge project. It ensured cooperation between the various institutions and organisations, i.e. European Union (EU), World Bank (WB), United Nations Development Programme (UNDP), Food And Agriculture Organization Of The United Nations (FAO), World Water Council (WWC), Global Water Partnership (GWP), International Water Resources Association (IWRA), International Program for Technology and Research in Irrigation and Drainage (IPTRID), Packard Humanities Institute (PHI), US Army Corps of Engineers, Tennessee Valley Authority, The International Development Research Centre, International Center For Agricultural Research In The Dry Areas, International Water Management Institute, Mediterranean Agricultural Research Organization. In addition; many universities (Arizona State University, San Diego State University, Kent State University, Portland State University, Oklahoma State University). Thus these institutions contributed to the regional development process by sharing their knowledge and experiences.

Within the regional participatory behaviour and global approach frame; general strategies of the project are determined as follows (DPT, 2000c; T.C. Başbakanlık Güneydoğu Anadolu Projesi Bölge Kalkınma İdaresi Başkanlığı, 2001).

- The first strategy involves the management of water and land resources for irrigation and energy; in addition to agricultural objectives, consisting of land use development, the rise of agricultural production and diversification of agricultural activities. In this context; many projects; namely Land and Water Resources Projects, Agricultural Research and Development, Agricultural Mechanization, Economic Survey, Livestock Projects, Forestry Projects, Fisheries Project, Rural Development Projects, Forestation and Erosion Control Project were prepared.

- Another strategy is industry initiatives with a special emphasis on the mobilisation of local potentials. Entrepreneurship was encouraged in order to raise employment rates. Financial opportunities were extended in aiming to increase competitiveness of SMEs. For these purposes; after the infrastructure was completed in Gaziantep, Şanlıurfa and Kilis, a total of 11 Organized Industrial Zone was established in the region as of 2006. In addition; a total of 25 Small Industrial Estate (SIE) was constructed in Diyarbakır, Gaziantep, Şanlıurfa, Batman, Siirt and Mardin as of the same period. Moreover, the industrial production based on the agriculture and local initiatives was encouraged in order to mobilize the agro-based industrial potential of the region and to obtain export-led growth. Furthermore, the development of agricultural enterprises with modern methods was ensured. In addition; a part of water and land resources in the region was assigned for urban and industrial uses.
- The last strategy is based on the social development and infrastructure facilities to enhance efficiency of social services. For that reason, GAP Social Action Plan became the main documentation for sustainable and fair social development, whose objective is not only to ensure the contribution and participation of different social structure, but also to overcome inequalities deriving from the segmentation of disadvantaged groups, especially women. So, it was aimed to increase living standards by putting special emphasis on education, sustainable human settlement and health issues.

For the realization of these strategies; various tools, resources and methods were determined. At this respect; the first one, containing the largest share is the public investments for the creation of social, physical, economic and institutional infrastructure. The second one is Entrepreneur Support and Guidance Centres (GIDEM), established to be integrated into regional development of the private sector and local entrepreneurs, which financed by EU. The last one which brings social dimension of the project in the foreground is the Multi-Purpose Community Centers (ÇATOMs). The main aim of this Center was to provide community participation and to increase the role of woman in social life (Demşek, 2003; DPT, 2000c).

3.2.2.2. The Assessment On The Status Of The GAP

The total cost of The Project is estimated as 32 billion US \$. As the end of 1999, 14 billion dollars were spent and the level of realization was reached %44. According to GAP Master Plan; it was decided to finish in 2005. However; %56 of the project (cash realisation) was accomplished during that year. Later on, The Project is envisaged to be completed in 2010 by transferring annual average of 2 billion dollar with the decision of the Council of Ministers. Today, The Project still continues with about % 66 realization rates (DPT, 2000c; T.C. Başbakanlık Güneydoğu Anadolu Projesi Bölge Kalkınma İdaresi Başkanlığı, 1993).

In terms of sectors, it is observed that realization rate of agricultural projects is lower in comparison to other projects. The main reason is regarded as the irrigation problems even though 22 dams and 19 hydraulic power plants were constructed. The irrigation of 1.7 million hectares of land was completed (DPT, 2000c; DPT, 2007). However, when details of The Project are analyzed, it becomes evident that desertification began in the agricultural areas. Optimum irrigation point was exceeded as a result of the lack of training programs arranged for farmers and peasants despite the amelioration of irrigation facilities. In addition; other reasons which cause the extension of The Project are financial difficulties and integration problems in economic and social items such as education, health, agriculture, industry.

However, it can be claimed that The Project has significantly contributed to accelerate development through the comprehensive and integrated approach, which has also positive impact in reducing the differences with the rest of Turkey.

It is observed that coordination efforts made by various authorities, where their roles are previously acting together to achieve the common goals turned out to be the key factor in the implementation of GAP (Mutlu, 2009). Although GAP Master Plan formalizes the creation of institutional network in order to share responsibilities and enhance participation; in practice; it fails to create regional synergy. In this sense, it is important to stress that participation, especially for disadvantaged groups like women or ethnic minorities, has been hardly enable due to the difficulties come from the formation of human beings and cultural structure in the region (Ertugal, 2005).

Furthermore; the link between the regional directorates of the involved public institutions (SPO, General Directorate of State Hydraulic Works, Ministry of Public

Works and Settlement, Ministry of Energy and Natural Resources, Ministry of Agriculture and Rural Affairs, and so on) and GAP Administration is weak. As also pointed out by Ertugal;

....GAP has remained outside of the national plan decision-making process. The only organic link between the GAP Administration and the national planning process is through investment budget allocations. The GAP Administration is directly linked to the Prime Ministry and its coordination with the DPT is very weak. GAP is in fact evidence to the lack of unity of the national plan with the concept of regional planning (Ertugal, 2005: 13).

In addition to this chaotic case; autonomous role of GAP Administration may be questioned since it does not have own financial resources and takes the budget from Prime Ministry.

3.2.4. Structural Reforms for Regional Convergence After 1995

Since gaining official candidate status in the EU accession after Helsinki Summit, Turkey has gradually introduced structural reforms in order to update its regional system within the scope of EU integration forces. At this respect; regional policies and programmes were reformulated in order to meet EU requirements. Together with the adoption of The **Seventh Five Year Development Plan (1995-2000)**, it drew attention to provide 'balanced regional development' since being realized that previous plans failed to eliminate regional differences (DPT, 1996; DPT, 2000). Therefore; PDAs approach was adopted for the last time. The scope of PDA reached 49 provinces and 2 districts (Bozcaada and Gökçeada) after expanded in 1990s by covering %55 of the country's surface area and %36 of country's population (DPT, 2000c; Sarica, 2004).



Figure 2: Priority Development Areas in 2000 Year

Source: Sarica, 2004:194.

Number of provinces in PDAs was steadily increased until 2000. But, this implication was abandoned in The Eighth FYDP Period. One reason is that no special measure was taken under the general policy frame which being limited with only financial tools. It seems clear that, rather than specific policy actions for regions, 'one size fits all' solution was used for well-being of provinces. Another reason is that priority was given to 'provincial development' rather than addressing underdeveloped regions. The other reason is that PDAs policy was handled backwardness problem at the level of province although this tool remarkably derived from the recognition of imbalances among regions. Thus, it indirectly contributed to the race of provinces (DPT, 2000c; DPT, 2008).

After recognizing the inefficiency of PDAs Policy in declining the regional disparities, The Plan proposed that more coherent solutions should be necessitated for balance development. Hence, it was clarified that a comprehensive framework would be critical for the enforcement of sustainable development and the prevention of institutional backwardness. Thus, in addition to continuing earlier projects, new projects, called as Zonguldak Bartın Karabük Project, The Eastern Anatolia Project (DAP), The Eastern Blacksea Regional Development Plan, Yeşilırmak River Basin Development Project, and several rural development projects put into effect in order to strengthen local authority in the regions. In addition to the earlier continuous regional projects, Eastern Marmara and Western Mediterranean Regional Development Project were emerged during that planned period. Furthermore, another important issue that emphasized on the Seventh Plan is the preparation of development projects for lagging regions, primarily for East and South-East Anatolian regions in order to distribute equal national resources. Thus, the aim was based on ensuring the highest economic and social benefits and promoting prosperity by providing equal income among regions. In this context; an 'Action Plan' and 'Immediate Support Programmes' were introduced for the provinces in these regions. Short-term solutions were adopted to meet the urgent needs of these provinces (DPT, 2000c; DPT, 2008). In this sense, the following part presents the regional development projects.

3.2.4.1. Zonguldak- Karabük- Bartın Regional Development Project (ZBK)

Zonguldak-Karabük-Bartın Regional Development Project (ZBK), which started in 1995 and finished in 1997, was prepared by DPT with the World Bank credits (DPTc, 2000).



Figure 3: Zonguldak- Karabük- Bartın Project

Source: Sarıca, 2004:197.

Social and economic transformation was occurred after the contraction of Turkey Coal Institute and the privatization of Ereğli and Karabük Iron and Steel Works. With the necessity of the resurgence of the depressed region, a multi-sectoral regional development project based on public-private sector participation was conceived. Hence, The Project analyzed the consequences of this transformation. Some positive steps such as the development of new investment areas, the attraction of private sector for capital, the encouragement of SMEs, new job creations, the establishment of guarantee funds and technical assistance for the improvement of entrepreneurship, and the reduction of migration were explored to struggle economic and social challenges after the region lost the competitiveness power in iron, steel and coal production (DPT, 2000c; DPT; 2007; Sarıca; 2004). Regarding this, regional development scenarios and strategies were introduced. The main components of them are:

- The development of agricultural products and food industry
- The development of the forest trees and by-products
- Technical and legal precautions for environmental pollution
- The improvement of tourism
- The development of intra-regional transport infrastructure to access market
- The development of the wood and metal ship production
- Marketing animal products
- Specialized training programs and the creation of job opportunities.

3.2.4.2. Eastern Anatolia Project (DAP)

Eastern Anatolia Project (DAP) was produced in order to overcome socio-economic challenges in 1998. It was the least developed region of Turkey with %2.3 of the average annual growth rate of GDP as compared with Turkey with %4.9 growth rate in 1983-1997 Period. On the other hand, while being 3021 \$ GDP per capita in Turkey, the region had relatively 1619 \$ GDP per capita which was the lowest rate among regions in 1997 (DPT, 2000c).

Considering the fact that this region was less developed and had a lower growth rate in comparison to others, DAP Master Plan was set up in order to accelerate socio- economic development. The plan covered Ağrı, Ardahan, Bingöl, Bitlis, Elazığ, Erzincan, Erzurum, Hakkari, Iğdır, Kars, Malatya, Muş, Tunceli, Van Provinces as well as Gümüşhane and Bayburt Provinces, according to the homogeneity with this region. Later on, together with the impact of the EU process, they were grouped into 3 sub-regions; namely Erzurum, Elazığ-Malatya and Van in the NUTS classification (DPT, 2000c; DPT, 2007; DPT, 2008).



Figure 4: Eastern Anatolia Project

Source: Sarıca, 2004:208.

The Project was prepared by the joint venture group, consisting of Atatürk, Fırat, İnönü, Yüzüncü Yıl and Kafkas Universities under the coordination and supervision of SPO. According to the participatory planning approach criterion, it became evident that sub-national authorities such as provincial governors, district administrators, regional directors, provincial directors, representatives of the private sector and civil society organizations were involved in actions and programmes through various meetings (DPT, 2000b; DPT; 2007; Sarıca, 2004).

On the relevance of the deepest gap with other regions; critical social, economic and spatial objectives were determined in The Project. At this respect; the provision of

priority public investments, the enhancement of incentives for entrepreneurs, the increase of per capita income and employment level, the encouragement of private sector from inside or outside to the region, the mobilization of local endogenous resources, to support participation and capital accumulation were proposed as main economic objectives.

To prevent migration outside the region, to promote social welfare and social security systems, to empower women's role in social and economic life, to improve the quality of life through the amelioration of education and health services, and lastly to prevent unplanned urbanisation could be regarded as social objectives of this Project (DPT, 2000c; DPT, 2007; DPT, 2008). The conversion of 3 sub-regions (Erzurum, Elazığ-Malatya and Van), determined by NUTS according to their functional relations was targeted as the spatial objective (Sarica, 2004).

3.2.4.3. The Eastern Blacksea Regional Development Plan (DOKAP)

The Eastern Black Sea Region (DOKAP) is the third less developed region after South-eastern and Eastern Anatolia regions. It challenges several chronic problems such as low income per capita, less employment opportunities, high migration rates, and weak economic structure, mainly based on the agricultural sector (DPT, 2000c; DPT, 2007).

With the opening of the eastern corridor, which was closed for many years, it provided a development opportunity for the region. By considering this, DOKAP, covering 7 provinces (Artvin, Bayburt, Giresun, Gümüşhane, Ordu, Rize and Trabzon) was prepared in 1999 with the collaboration between the Japanese International Cooperation Agency and the SPO (Akkahve, 2004; DPT, 2000a).



Figure 5: Eastern Black Sea Region (DOKAP)

Source: Sarıca, 2004:197.

The Central Steering Committee and the Regional Steering Committee was established with the participation of public institutions, local governments and several non-governmental organizations in conducting the plan. In addition; an Advisory Group was created with the participation of related experts in DPT (DPT, 2000c).

The regional development goals in The Plan were emphasized as follows:

- to increase income levels by strengthening the economic structure of the region,
- to provide intra-regional integration,
- to protect natural resources and environmental capacity of the region,
- to prevent migration out of the region by improving living standards

In addition, three major strategic components, consisting of the improvement of main transportation network and the multi purposed water resources, the amelioration of land use and land ownership, and strengthening of local authorities, were determined (Akkahve, 2004; DPT, 2000a). In this context; DOKAP Master Plan covering the years 2000-2020, involved 10 programs and 52 projects. The programs and projects comprised the regulation of the spatial structure, strengthening the economic structure, the improvement of administrative structure and the provision of social and environmental development.

3.2.4.4. The Yeşilırmak River Basin Project (YHGP)

Floods, erosion, water and environmental problems caused irregularity on the flowing regime of the Yeşilırmak Basin and its tributaries. So, it made necessary to produce a basin project in order to find solutions to these problems. It was aimed to monitor and to manage natural resources with the most appropriate and most economic land use planning without disturbing the ecological balance (DPT, 2000c; DPT, 2006; DPT, 2007).



Figure 6: Yeşilırmak River Basin Project

Source: Sarıca, 2004:198.

The Project area covers the region consisting of Amasya, Corum, Samsun and Tokat Provinces which was coded as TR83- Level 2 Statistical Unit in accordance with Council of Ministers Decree No. 2002/4720 in 2002 (DPT, 2000). It offers to accelerate sectoral development, to improve human resources, to identify investment areas for entrepreneurs, and to control water reservoir and urbanization. In order to fulfil this vision, Yesilirmak Basin Association of Provincial Special Administration Service was established with the governorship forces, located within the region with Council of Ministers Decree No. 97/9991 in 1997. A common data base was created for Yesilirmak River Basin Development Project, aiming at Medium and long-term sustainable and sensitive development. In this context; a study called as "Geographical Information System Infrastructure Project" was initiated by TUBITAK-Marmara Research Center (DPT, 2000; DPT, 2006a).

3.2.4.5. Rural Development Projects and Other Regional Planning Studies

In addition to the above-mentioned projects; rural development projects were carried out for the purpose of increasing prosperity through the rise of income levels and agricultural activities for underdeveloped regions since 1970 (DPT, 2000c; DPT, 2008). Rural development projects are as follows.

- Çankırı-Çorum Rural Development Project (1972-1976)
- Erzurum Rural Development Project (1982-1989)
- Bingöl-Muş Rural Development Project (1990-1999)
- Yozgat Rural Development Project (1991-2001)
- Ordu-Giresun Rural Development Project (1995-2003)

Besides, as a continuation of previous projects and regional integration movement; Kayseri-Sivas-Yozgat Regional Development Project, Eastern Mediterranean Regional Development Project, covering Hatay, Adana, Mersin and Osmaniye Provinces; Middle Black Sea Regional Development Project, covering Çankırı, Kastamonu, Sinop; and Aegean Region Development Project which was conducted by EGEV (Union of Chambers and Aegean Economic Development Foundation) with the support of SPO, were introduced (Sarica, 2004).

3.3. Phase-3: Ongoing Planned Progress, Followed By EU Membership Effort

Although regional planning issue has entered into Turkey's political agenda since 1960, the regional attempts could not work efficiently in practice. Discrete regional projects were produced on the behalf of regional policies in Turkey. South-eastern Anatolia Project (GAP), Zonguldak- Karabük- Bartın Regional Development Project (ZBK), Eastern Anatolia Project (DAP), The Eastern Blacksea Regional Development Plan (DOKAP) and The Yeşilırmak River Basin Project, dominated by the central system were not carried out adequately. However, the alignment process of EU attempted to break down current situation. Together with the opening accession negotiations in 1999 Helsinki Summit, Turkey entered a significant transformation process in its regional institutional structure. Major institutional settings at regional level have been adopted with external demand during the accession negotiations.

In the light of this argument, the section aims to explore Turkey's commitment in regional policies encouraged by EU membership as a candidate state. Driven by alignment process of regional policies to the EU norms, first section will assess what substantial efforts have been taken. Secondly, in line with the announced strategic documents such as National Program for the Adoption of the Acquis (NPAA), Accession Partnership Documents, Regular Progress Reports, Preliminary National Development Plan (pNDP), Ninth National Development Plan under the EU conditionality, the adoption of the multi-level governance model will be emphasized since it challenges the transformation of the centralized state towards a more decentralized and regionalized model. Subsequently, the arrangement of NUTS classification in accordance with EU's statistical regions will be clarified. Then, EU Supported Regional Development Programs will be handled in the following section. Finally, regional policy practices in Turkey will be discussed as a whole in all their complexity.

3.3.1. Europeanization Process of Regional Policy in Turkey

The impact of the EU in the field of regional policy is obviously challenged to candidate countries. Since EU's focus attention to the problem of regional differences and regional convergence issue, financial instruments concerning the regional development have been built up. In order to benefit these instruments so called Structural and Cohesion Funds after accession, enforcement guidelines have been introduced. Thereby, candidate countries configure their regional institutional capacities to fulfil these guidelines. In this regard, Turkey has attempted to create the necessary capacity in the field of regional development for the use of Structural and Cohesion Funds.

Since Turkey displays a series of changes within the scope of institutional reforms, EU alignment process of regional policies can be examined into three steps as 1964-1999, 2000-2006 and 2007-2013 period. Thus, one can learn what kind of efforts has been taken by Turkey in order to strengthen the accession negotiations.

In the historical progress, relations with EU have been continued for over four decades beginning from its Association Agreement (Ankara Treaty) in 1964. Although Turkey has a place in Europe since that date, it would not really signal to start critical regional arrangements up to 1999.

Since gaining official candidacy in Helsinki Summit in 1999, Turkey has undergone an extensive institutional regime. After officially admitted by European Council as a candidate country, in the line with European Strategy, like other candidates, Turkey deserved to benefit from pre-accession strategies. Starting with the alignment process, regional policies are developed in cohesion with EU regional policies. Thus, first Accession Partnership Document for Turkey was adopted with the decision of EU Council in 2001. The commitments in accordance with the EU *Acquis* were taken place in the Document. Short and medium term conditions to be taken from Turkey were stated as well as the financial assistance in the pre-accession process was required. Following this, National Program for the Adoption of the *Acquis* (NPAA) was enacted by The Decision of the Council of Ministers dated 19 March 2001.

As framework documentation for accession negotiations, EU *Acquis Communautaire* consists of 31 Chapters and Chapter 22 conveys 'Regional Policy and Coordination of Structural Instruments in The *Acquis*'. It basically consists of procedure, methods and legislative regulations, aiming at the implementation of Structural Funds and Cohesion Fund.

Besides, Regular Progress Reports are prepared by European Commission in order to assess development process of candidate countries in every year. In Turkey specificity, The Regular Reports have started to be prepared since 1998. The assessments on the regional policy have taken place in Chapter 22 (Regional Policy and Coordination of Structural Instruments) (Ertugal, 2005b; DPT, 2008; Kayasü, 2006; Reeves, 2006).

As a complementary approach, analysing main documents on accession process systematically would be meaningful within the scope of this section. By this way, the following part puts forward to the regional policy progress under 2 sub-periods (2000-2006 and 2007-2013) in order to display the changes shaped by Documents over time.

3.3.1.1. EU Conditionality In Regional Policy During The Period 2000-2006

During the 2000-2006 period, Turkey's short and medium-term commitments were introduced in Accession Partnership Documents, which firstly published in 2001 and

secondly in 2003. In the short term, First Accession Partnership Document (6 March 2001) proposes to 'prepare a NUTS classification in accordance with Community rules, to adopt a strategy for the development of an effective regional policy and to start introducing regional policy criteria in the selection of projects in Turkey's planning process'. In the medium term; The Partnership Document required to 'develop a national policy for economic and social cohesion with a view to diminishing internal disparities including pluriannual budgeting procedures and establishing structures for monitoring appraisal and evaluation' (APD,2001).

When examined the 2003 Accession Partnership Document, it emphasized to strengthen the institutional capacity for regional development. In summary, the preparation of national development plan in aiming to provide economic and social cohesion by reducing regional disparities; and the establishment of regional development plans at NUTS 2 level was required in the Document (APD, 2003).

On the other hand, the first National Program for the Adoption of the Acquis (NPAA) was approved on 24 March 2001. It was stated that a system similar to NUTS (Nomenclature of Territorial Units for Statistics), based on the statistical classification of the regions in EU should be established in Turkey. Also, the enhancement of institutional capacity at local level and harmonization of regional state aid with EU policy were required in the Acquis. Participation and coordination of local actors seemed critical for the implementation of regional policy (Kayasü, 2006; NPAA, 2001; Mutlu, 2009).

As a response to the 2003 Accession Partnership Document; National Program for the Adoption of the Acquis (NPAA) on 24 July 2003 was approved in accordance with EU's agenda. In line with the European Commission's demand, a Preliminary National Development Plan (pNDP) covering 2004-2006 period was prepared as an annex to the National Programme. It drew a strategic framework for programming pre-accession financial assistance. In the pNDP, four development axes were determined for economic and social cohesion with the EU (pNDP, 2003):

- Enhancing the competitiveness of enterprises
- Developing the human resources and increasing the employment
- Improvement of infrastructure services and environmental protection
- Increasing the economic power of regions, reducing the interregional development disparities, and accelerating rural development

Besides, with The Decision of the Council of Ministers No.2002/4720 on 22 September 2002, NUTS system, compliance with the EU Regional Statistics System was approved. It depends on the statistical classification of regions in order to 'collect and develop regional statistics, to make socio-economic analysis of the regions, to determine the framework of regional policies and to establish statistical data base' (NPAA, 2003). NUTS Arrangement in Turkey will be taken place as more detailed way in Section 3.3.2.

In order to meet the short-term criteria of the 2003 Accession Partnership Document, EU supported regional development programs at NUTS-II level were formulated. The programs were implemented on twelve priority statistical regional units, identified by the pNDP between the period 2004 and 2006. DAKP (East Anatolia Development Program); GAP (South-eastern Anatolia Program); TR82, TR83 and TRA1 Regions Development Program; TRA2, TR72, TR52 and TRB1 Regions Development Program; TR90 DOKAP (Eastern Black Sea Regional Development Program) were the EU funded programs within the context of the Pre-accession Financial Assistance. The main purpose of these programs was to diminish regional disparity by activating local development at the identified priority regions. Also, it was aimed to build adequate capacity and to support necessary formation of the system at central and local level for the utilization of the Structural Funds after membership (APD, 2003; DPT, 2008; Kayasü and Yaşar, 2006; Yaman and Yener, 2009). It will be discussed on more detail in Section 3.3.3, too.

Furthermore, National Program announced that A Draft Law on the establishment of Development Agencies to be completed in 2003. Subsequently, The Law on the Establishment, Coordination and Duties of Development Agencies was approved by The Council of Ministers in 2006. According to The Law (No: 5449), SPO was defined as an institution that provides the coordination of Development Agencies at national level. Since the establishment of DAs in each of the 26 NUTS 2 regions was intended by Government decree, two Development Agencies in Adana and Izmir were firstly established (Official Gazette, 2006). The aim of the establishment of RDAs was based on accelerating regional development with the cooperation between public and private sectors and reducing the inter-regional differences. RDAs as the peak point of this thesis will be widely discussed in the research methodology (Kayasü, 2006; DPT, 2008).

When it comes to the 2006 Accession Partnership Document, it deals with the parallel strategies like other efforts in the field of 'regional policy and the use of structural instruments'. It proposed economic and social cohesion by reducing regional disparity as well as strengthening administrative capacity for the implementation of regional plans. According to The Document; the necessary legislative and administrative framework should be established in aligning itself with the EU (APD, 2006).

After examining these considerable efforts in regional policy, Regular Progress Reports, published by European Commission will guide to assess whether Turkey fulfilled these conditions in respect of 'Regional Policy and Coordination of Structural Instruments'. The Regular Reports on Turkey's progress towards the accession is crucial in order to see periodically Turkey's progress. In regard to this, it will be illuminating to be reviewed briefly the Progress Reports up to 2007.

According to the Progress Reports; on one hand, there have been positive developments in the regional field such as launching NUTS system, the preparation of Development Agency Law, the establishment of service unions to manage EC funded regional development programs and the acceleration of regional database. On the other hand, limited development was achieved in regional policies according to the compliance with the EU norms. Concerning institutional settings, The Regular Report states that 'responsibility for planning, programming, implementation and monitoring remains concentrated within the State Planning Organisation' (Regular Progress Report, 2005).

Moreover, as the Accession Document stated, adequate administrative capacity, endowed with human and financial resources needs to be established at regional level. However, it was reported that Turkey had a weak administrative structure in exception of South-eastern Anatolia Regional Development Administration and newly formed two DAs in Adana and İzmir. Regarding the territorial organization, there has been no significant institutional frame that corresponds the new created 26 NUTS regions. Moreover, it was recorded that most institutions still utilized the traditional geographical regions instead of new system in the 2006 Regular Progress Report.

Regarding this legislative framework, there has been considerable progress which leads to decentralization in the administration system of Turkey. Firstly, Public

Administration Draft Law, the Law on Municipalities, the Law on Metropolitan Municipalities, and the Law on Special Provincial Administrations were adopted in 2005. Later on, The Law on the Establishment, Coordination and Duties of Development Agencies came into force in 2006. The introduction of these laws played an important role for the adoption of participatory approach against Turkey's centralized structure.

As noted by Progress Reports, participation and cooperation should be ensured to implement effective regional plans and programs. Although SPO established service unions in some regions as regional management structures which allows to coordination among provincial and municipal administrations, their capacity were not enough to implement programs. Due to the highly centralized decision-making at the central, the devolution of responsibility to other regional authorities could not been achieved properly.

3.3.1.2. EU Conditionality In Regional Policy During The Period 2007-2013

In the second period of Europeanization process, Turkey has attempted to configure its regional policy in order to comply with the basic principles of EU Regional Policy. The principles, involving programming, partnership, additionality and concentration/evaluation constitute the main mechanism of EU regional policy. In the light of these principles, Turkey seeks to establish necessary capacity for the utilization of Structural and Cohesion Funds, which will be used after membership.

During the period 2000-2006, candidate countries utilized pre-accession assistances before the full membership to the EU. These aids, which were created by EU in order to prepare the Central and Eastern European Countries for the accession, were called as 'Pre-accession financial instruments'. The candidate countries received financial support and they were collected under the headings of ISPA, SAPARD and PHARE¹. After accession was completed, pre-accession assistance

¹ISPA, SAPARD and PHARE are the financial instruments, which are formed by European Commission in order to prepare for the accession of the candidate countries from Central and Eastern Europe (CEECs).

"The PHARE programme has been funding modernisation in the CEECs for over ten years. In 1997 and 1999 it was modified the better to meet the requirements of accession and to prepare the countries for the Structural Funds. It already finances a raft of projects, including cross-border co-operation schemes, in areas that will be covered by the Structural Funds.

would replace with Structural Funds and Cohesion Fund in a way of each country's harmonization with EU legislative and administrative mechanism. However, Turkey could not get benefit from pre-accession financial programs up to 2007. Instead, the country got benefit from the funds under the heading of 'Pre-accession financial assistance for Turkey' (Akkahve, 2006; DPT, 2008; EUROPA, 2006).

As from 2007, new-term regional policies were introduced. After the enlargement of the EU to 27 members, joined with Bulgaria and Romania in 2007, remarkable differences were explored within the Community in comparison to the current 15 Member States (EUROPA, 2006; Reeves, 2006). On the relevance of this gap, European Commission adopted a legislative proposal which led to reform regional policy on 14 July 2004 for the period 2007-2013. Thereby, major efforts were undertaken to provide economic and social cohesion of the Community. A further structural policy was introduced considering Structural Funds and Cohesion Fund. It concentrated on the promotion of balanced and sustainable development. In addition, pre-accession assistances for candidate countries were re-organized for more consistent and complementary implications (EUROPA, 2006).

Since accession assistance was renewed under the name of IPA (Instrument for Pre-accession), it replaced with the SAPARD, ISPA and PHARE, which were previously used to support candidate countries before accession. The main purpose of IPA is to prepare candidate countries for programming, management and implementation of Structural and Cohesion Funds after membership. These external assistances can be accessible according to the country's progressive alignment with the Acquis Communautaire. As also outlined in IPA Regulation (Article 4), 'Assistance under this Regulation shall be provided in accordance with the general policy framework for pre-accession, defined by the European and Accession Partnerships, and taking due account of the Reports and the Strategy Paper comprised in the annual Enlargement package of the Commission' (Official Journal

ISPA (The Pre-Accession Structural Instrument) has been funding transport and environmental schemes in all the CEECs since early 2000. It provides direct financing for environmental projects to help apply directives that call for heavy investment, and for transport projects directly connected to the ten pan-European corridors that have been identified in these countries.

SAPARD (The Special Accession Programme for Agriculture and Rural Development) has also been in operation since 2000, helping the applicants prepare for the common agricultural policy, in particular for its standards of food quality and consumer and environmental protection" (EUROPA, 2008).__ Accessible from: http://ec.europa.eu/regional_policy/funds/ispa/enlarge_en.htm

of the European Union L 210/82, 2006). There are 5 main components that are programmed under the IPA regulation framework:

1. Transition Assistance and Institution Building;
2. Cross-Border Cooperation;
3. Regional Development;
4. Human Resources Development;
5. Rural Development

Candidate countries such as Turkey, Croatia and Macedonia are able to benefit from IPA within the framework of all components mentioned above.

Since recent structural reforms have been introduced in 2007-2013 period, Turkey needs to make substantial efforts for the harmonization of 'Regional Policy and Coordination of Structural Instruments'. Regarding the establishment of necessary mechanism consistent with Community standards, Accession Partnership Document drew up the basic guidelines for accession process. Following this, Turkey began to adopt a new strategic framework through the National Development Plan, legislative proposals, administrative structures, National Program and institutional basis for the implementation of the *acquis* under The Chapter 22.

In the last Accession Partnership Document on 18 February 2008, medium-term criteria were announced for the harmonious integration with the EU. In the field of 'Regional Policy And Coordination Of Structural Instruments', the short-term criterion was expressed as '- reinforce the establishment of institutional structures and strengthen administrative capacity in the areas of programming, project preparation, monitoring, evaluation and financial management and control, particularly at the level of line ministries, to implement EU pre-accession programmes as a preparation for the implementation of the Community's cohesion policy'. Subsequently, medium-term priority was stated as '- develop at central, regional and local level the administrative capacity for the implementation of possible future Community cohesion policy' (APD, 2008).

By taking into account these criteria, a new national development plan was prepared by SPO. Following the completion of the 8th Five Year Development Plan at the end of 2005, the submission of Ninth Plan was postponed for one year. During that process, Preliminary National Development Plan (pNDP) covering the period 2004-

2006 was formulated. The Plan aimed to establish a strategic framework for the use of pre-accession financial assistance, provided by EU. Thereafter, The Ninth Development Plan was approved with the Decision No: 877 by Turkish Grand National Assembly in 28.06.2006 (DPT, 2007b; pNDP, 2003).

Ninth Development Plan, covering the period 2007-2013 is one of the fundamental policy documents that Turkey applied in the process of aligning itself with EU. The Plan forms the basis of principles as well as other guidelines such as Accession Partnership Document, Preliminary National Development Plan–pNDP and Strategic Coherence Documents required by EU accession process. Therefore, it helps to enable coherence among the documents by ensuring institutional and structural arrangements. In this standpoint, unlike the other five year development plans, The Ninth Plan covers a period of 7 years with the consideration of EU fiscal calendar, since this basic strategy document is formed in relation to EU accession.

On the basis of the Ninth Development Plan, The Strategic Coherence Framework (SCF) was prepared by SPO in 2006. European Commission asked candidate countries to prepare this strategic document for the utilization of new pre-accession fund (DPT, 2006b). It was formulated in line with the IPA Regulation. By focussing on two IPA components (regional development, human resources development), SCF strategically contributes to the accession process. In this context, it presents a basic framework for the preparation of Operational Programs under Regional Development and Human Resources Development Components of the IPA. Operational programs within the scope of SCF consist of transportation, environment, regional competitiveness and human resources development. The authority of each operational program is conducted by different ministries under the coordination of SPO. While the environment program is carried out by the Ministry of Environment and Forestry, the transportation program is executed by The Ministry of Transport. Similarly, while the regional competitiveness program is carried out by The Ministry of Industry and Trade, the human resources development program is executed by The Ministry of Labour and Social Security (DPT, 2006b).

Besides, in order to meet the Accession Partnership criteria, National Program for the Adoption of the Acquis (NPAA) was lastly prepared in 2008. Firstly, as a response to short-term criterion, a series of legal regulations were put into effect within the context of IPA. Secondly, for the mid-term priority, Decisions of Council of Ministers on the Establishment of Development Agencies in NUTS-II Regions was

adopted in 2009. By this way, 'Completing the establishment of agencies and launching the services in all NUTS-II Regions' were provided (NPAA, 2008). Eight development agencies covering Samsun, Diyarbakır, Konya, Erzurum, Gaziantep, Mardin and Van NUTS-II Regions were established by the Council of Ministers No. 2008/14306 dated on 10 November 2008 (Official Gazette, 2008). Subsequently, the establishment of sixteen development agencies were agreed by the Council of Ministers No. 2009/15236 dated on 14 November 2009 (Official Gazette, 2009). In addition to the previously established development agencies in 2006 and 2008, new agencies cover Tekirdağ, Balıkesir, Denizli, Kütahya, Bursa, Kocaeli, Ankara, Isparta, Hatay, Nevşehir, Kayseri, Zonguldak, Kastamonu, Trabzon, Kars and Malatya NUTS 2 Regions.

After discussing regional policy efforts of Turkey, Regular Progress Reports will help to monitor alignment process in respect of 'Regional Policy and Coordination of Structural Instruments'. Thereby, one can understand how much Turkey met the demands of the EU. Derived from the evolution of Regular Reports from 2007 to 2010, it can be said that Turkey made a more rapid progress than the previous period. Turkey attempted to adopt its regional policy to the EU norms in order to be eligible for the structural instrument. The progress mostly has been taken on the establishment of DAs; and the completion of legislative and institutional framework for the implementation of IPA III. and IV. Components (Regional Development, Human Resources Development). However, the Regular Report (2010:74) has stated that 'In order to prepare effectively for the use of structural instruments (Structural Funds and Cohesion Fund) upon accession, administrative capacity of central, regional and local institutions should be reinforced'.

3.3.2. The Adoption of Multi-level Governance Model to Turkey

Driven by the accession process, the previous section clearly states that Turkey should align its regional policies to the EU regional policy standards. Concerning the announced critical documents such as Accession Partnership Documents, Regular Progress Reports and National Programs, considerable efforts need to be taken for the harmonization with the EU. It was emphasized that sufficient capacity at both central and regional level should be developed for the convergence of regional policy to the EU. Through the Europeanization of regional policy, it marks a

significant transformation on the domestic political structure in Turkey. It is stated that the necessary mechanism should be entailed in a decentralized manner and a more participatory approach for the effective implementation of regional policies for capacity building at regional level. Following the internal and external changes coming from the alignment process, multi-level governance model of EU has challenged the institutional settings. A more regionalized governance model entered into Turkey's regional policy agenda. However, It obviously coerced the transformation of centralized state towards a more decentralized and regionalized model.

Following the radical changes with the influence of Europeanization process, it formulates the basic context of governance model. It is clearly evident that NUTS classification in accordance with EU's statistical regions, the Law on the establishment of RDAs and the preparation of The Ninth National Development Plan are the main steps of new policy approach.

Earlier regional policies were top-down and did not allow cooperating among multi-level actors. However, the introduction of The Law on RDAs played an important role against Turkey's centralized structure. An institutionalization attempt on regional level was explored in relation to governance model. It required formulating partnership and cooperation between public sector, private sector and civil society for the sufficient implementation of regional policy. With the influence of RDAs, a non-hierarchical mode of governing, where civil society, private sector and public sector participate in the formulation and implementation of regional policy is defined (Ertugal, 2005a, Kayasü and Yaşar, 2006). As can be seen from the table below, an idealized model of governance, based on the decentralized and non-bureaucratic forms in the new regime is presented. However, to what extent this model is successful in Turkey remains as an open question.

Table 2: Dimensions of Government and Governance

Dimensions	Degree of Fragmentation	
	Government-(centralized)	Governance-(fragmented)
Geographical scope	state	Sub national, national, regional, global
Functional scope	Several issue areas	Single issue area
Distribution of resources	centralized	dispersed
Norms	Sovereignty, command and control redistribution	Limited sovereignty, self-government market
Decision making	Hierarchical, consensus, formal equality	Horizontal, negotiation, inequality

Policy implementation	Centralized, authoritative, coercive	Fragmented, self-enforced, voluntary
-----------------------	--------------------------------------	--------------------------------------

Source: Krahmann, 2001.

Furthermore, in the new period covering 2007-2013, radical changes in the EU regional development policy² were explored. Priority objectives were defined as 'Convergence', 'Regional competitiveness and employment' and 'European territorial cooperation'. In terms of following the changes, the general progress extends beyond the traditional growth factors, which are exactly based on the cheap labour and raw material assets. In the new perception, it begins to shift to a structure, which is more knowledge-intensive production and technology-based growth. Since this discourse as a part of global economy gets more attention in recent years, as a response to the multi-dimensional and rapid changes around the world, The Ninth Plan have been operated around the new paradigm. Regarding this, the vision of The Plan, which is prepared in a new understanding, is determined as:

"Turkey, a country of information society, growing in stability, sharing more equitably, globally competitive and fully completed her coherence with the European Union".

In aiming to achieve this vision, basic principles refer a human-centred development and management as well as strengthening social dialogue and participation. Effective public administration and democratic civil society, which were determined in The Plan are the other important factors, too. Furthermore, the plan's principles point out the transparency, accountability, participation, efficiency and citizen satisfaction factor. Thereby, one can understand that these principles are

² Some regulations were made to reduce disparities among the EU regions and to provide economic and social cohesion. For the period 2000-2006, three objectives were designated in provision of Structural Funds.

Objective 1: to promote the development and structural adjustment of regions whose development is lagging behind;

Objective 2: to support the economic and social conversion of areas experiencing structural difficulties;

Objective 3: to support the adaptation and modernisation of education, training and employment policies and systems in regions not eligible under Objective 1" (EUROPA, 2007).

Accessible

from:

http://europa.eu/legislation_summaries/regional_policy/provisions_and_instruments/l60014_en.htm

For the period 2007- 2013 European Cohesion Policy aims to reduce disparities after the enlargement of EU to the 27 Member States. Therefore, three new priority objectives are defined instead of the former objectives of the Structural Funds.

- Convergence: It aims to help the least-developed Member States and regions catch up more quickly with the EU average by **improving conditions for growth and employment**.

- Regional competitiveness and employment: It aims to strengthen the **competitiveness, employment and attractiveness of regions** other than those which are the most disadvantaged.

- European territorial cooperation: It aims to strengthen cross-border, transnational and inter-regional cooperation" (EUROPA, 2010).

Accessible

from:

http://europa.eu/legislation_summaries/regional_policy/provisions_and_instruments/g24231_en.htm

characterised around the governance and subsidiary criteria which allow the decentralization process in its institutional structure. At this respect, social and economic development axes of Ninth Plan are determined as 'increasing competitiveness, increasing employment, strengthening human development and social solidarity, ensuring regional development, increasing quality and effectiveness in public services' (DPT, 2007b).

Since external factors on Turkey's progress transformed the centralized nature of policy-making, building governance model has become forceful in the implementation of regional policy. However, it constitutes major constraints in practice. At this respect, in order to realize to what extent adoption has been achieved, it would be meaningful to assess the process over the basic principles of EU regional policy.

In the first principle, 'partnership' requires a mutual cooperation of national, regional and local authorities. In Turkey case, partnership and decentralized policy-making have been weak due to the traditional decentralized system. It is clear that weak civil society structure and dominant central system constitute the major barriers. Derived from the lack of institutional capability, the coordination has been limited. Institutional networks, where all actors interact and their interaction produces a negotiated consensus should be established. By this way, decision-making process performs well in case of the involvement of multi-level actors such as regional and local government, central state and private sector (Bilen, 2005; Ertugal, 2005a; ERTUGAL 2005b). In the second principle, 'programming' refers coherent and long-term strategy in regional development perspective. Also, the programs should be linked with the development strategies for economic and social cohesion. Nonetheless, limited progress has been recorded because of the lack of comprehensive and integrated approach among the authorities except GAP (Ertugal, 2005b; Mutlu, 2009). In the third principle, 'concentration and evaluation' envisage that resources should be distributed to the most needy regions. As a response to this principle, in recent practice, EU supported regional development programs at the least developed regions; particularly covering the east and north sides of Turkey are carried out in order to reduce regional differences (2005b). Lastly, 'additionality' principle refers that financial support from the Structural Funds should not be replaced by the national funding. In other words, the allocation of Structural Funds for the Member States may reduce the national expenditure

(Ertugal, 2005b). For the realization of this principle, in Turkey case, financial resources of local authorities are limited and this fact puts an obstacle to implement effective regional policy.

In the line with this discussion, adequate capacity, endowed with decentralized and coordinated mechanism needs to be created for efficient implementation of regional policies. In order to explain why institutional system does not easily decentralize, Ertugal (2005a:9) puts 3 major reasons.

- the crucial role of 'security' in Turkish polity,
- historical tradition of the centralized state,
- patronage relations.

3.3.3. NUTS Classification in Turkey

One of the last-term studies in the field of regional development is NUTS classification. It is a statistical regional classification system, established by Statistical Office of the European Commission (EUROSTAT). Although NUTS has been used since 1988, it gained a legal status in 2003 with Regulation (EC) No 1059/2003 of The European Parliament and of The Council on the establishment of a common classification of territorial units for statistics (Official Journal L 154, 2003).

The system is used in aiming to collect, to develop and to harmonize the statistics of Community's regions. By this way; it allows to determine similar development levels in the regions, to provide socio-economic analyses of them and to use structural funds for less developed ones in the Community. The tool defines 3 levels in analyzing socio-economic factors of regions:

- NUTS 1: major socio-economic regions
- NUTS 2: basic regions for the application of regional policies
- NUTS 3: small regions for specific diagnoses

In this context, for harmonizing the policies with the EU, NUTS classification started to be applied in Turkey in 2002. With reference to the Accession Partnership Document, published by EU Council Decision in 2001, the NUTS arrangement as a short-term goal was suggested by The National Programme for the Adoption of the

Acquis³. Therefore, comparable statistical data base in accordance with EU Regional Statistics System was formed with the coordination of SPO and State Institute of Statistics (TÜİK) (DPT, 2007). As also handled above, the purposes of NUTS are:

- to collect, to develop and to harmonize regional statistics,
- to provide socio-economic analyses of the regions,
- to determine regional policy frame.

In the light of these purposes; 3 levels of NUTS were defined with the Cabinet Decree in 2002. At this respect, 81 Provinces were introduced as NUTS 3 level in the hierarchical categorization. They were grouped according to the ongoing regional development plans and neighbouring regions which show similar features in economically, socially and geographically. These grouped 26 regions were called as NUTS 2 level. Therefore, it was decided that this level was the most appropriate stage in the preparation of regional development plans. Lastly, with the formation of 26 regions, 12 NUTS 1 level was organized (DPT, 2007; DPT- İstatistiki Bölge Birimleri Sınıflandırması, 2011).

Table 3: NUTS Classification in Turkey

NUTS 1	NUTS 2	NUTS 3
TR1: İstanbul	TR10: İstanbul	TR100: İstanbul
TR2: Western Marmara	TR21: Tekirdağ	TR211: Tekirdağ
		TR212: Edirne
		TR213: Kırklareli
	TR22: Balıkesir	TR221: Balıkesir
		TR222: Çanakkale
TR3: Aegean	TR31: İzmir	TR310: İzmir
	TR32: Aydın	TR321: Aydın
		TR322: Denizli
		TR323: Muğla
	TR33: Manisa	TR331: Afyon
		TR332: Kütahya
		TR333: Manisa
		TR334: Uşak

³ Official Journal of the European Communities L85/13, (2001), Accession Partnership with the Republic of Turkey. (<http://ekutup.dpt.gov.tr/ab/kob/aptr2001.pdf>).

Table 3: Continued

TR4: Eastern Marmara	TR41: Bursa	TR411: Bursa
		TR412: Eskişehir
		TR413: Bilecik
	TR42: Kocaeli	TR441: Kocaeli
		TR442: Sakarya
		TR443: Düzce
		TR444: Bolu
		TR445: Yalova
TR5: Western Anatolia	TR51: Ankara	TR510: Ankara
	TR52: Konya	TR521: Konya
		TR522: Karaman
TR6: Mediterranean	TR61: Antalya	TR611: Antalya
		TR612: Isparta
		TR613: Burdur
	TR62: Adana	TR621: Adana
		TR622: Mersin
	TR63: Hatay	TR631: Hatay
		TR632: Kahramanmaraş
		TR633: Osmaniye
TR7: Central Anatolia	TR71: Kırıkkale	TR711: Kırıkkale
		TR712: Aksaray
		TR713: Niğde
		TR714: Nevşehir
		TR715: Kırşehir
	TR72: Kayseri	TR721: Kayseri
		TR722: Sivas
		TR723: Yozgat
TR8: Western Blacksea	TR81: Zonguldak	TR811: Zonguldak
		TR812: Karabük
		TR813: Bartın
	TR82: Kastamonu	TR821: Kastamonu
		TR822: Çankırı
		TR823: Sinop
	TR83: Samsun	TR831: Samsun
		TR832: Tokat
		TR833: Çorum
TR9: Eastern Blacksea	TR90: Trabzon	TR834: Amasya
		TR901: Trabzon
		TR902: Ordu
		TR903: Giresun
		TR904: Rize
		TR905: Artvin

Table 3: Continued

		TR906: Gümüşhane
TRA: Northeastern Anatolia	TRA1: Erzurum	TRA11: Erzurum
		TRA12: Erzincan
		TRA13: Bayburt
		TRA21: Ağrı
	TRA2: Ağrı	TRA22: Kars
		TRA23: Iğdır
		TRA24: Ardahan
TRB: Middle Eastern Anatolia	TRB1: Malatya	TRB11: Malatya
		TRB12: Elazığ
		TRB13: Bingöl
		TRB14: Tunceli
	TRB2: Van	TRB21: Van
		TRB22: Muş
		TRB23: Bitlis
		TRB24: Hakkâri
TRC: Southeastern Anatolia	TRC1: Gaziantep	TRC11: Gaziantep
		TRC12: Adıyaman
		TRC13: Kilis
	TRC2: Şanlıurfa	TRC21: Şanlıurfa
		TRC22: Diyarbakır
	TRC3: Mardin	TRC31: Mardin
		TRC32: Batman
		TRC33: Şırnak
		TRC34: Siirt

Source: DPT, 2011. (<http://www.dpt.gov.tr/bgyu/biid/ibbs.html>)

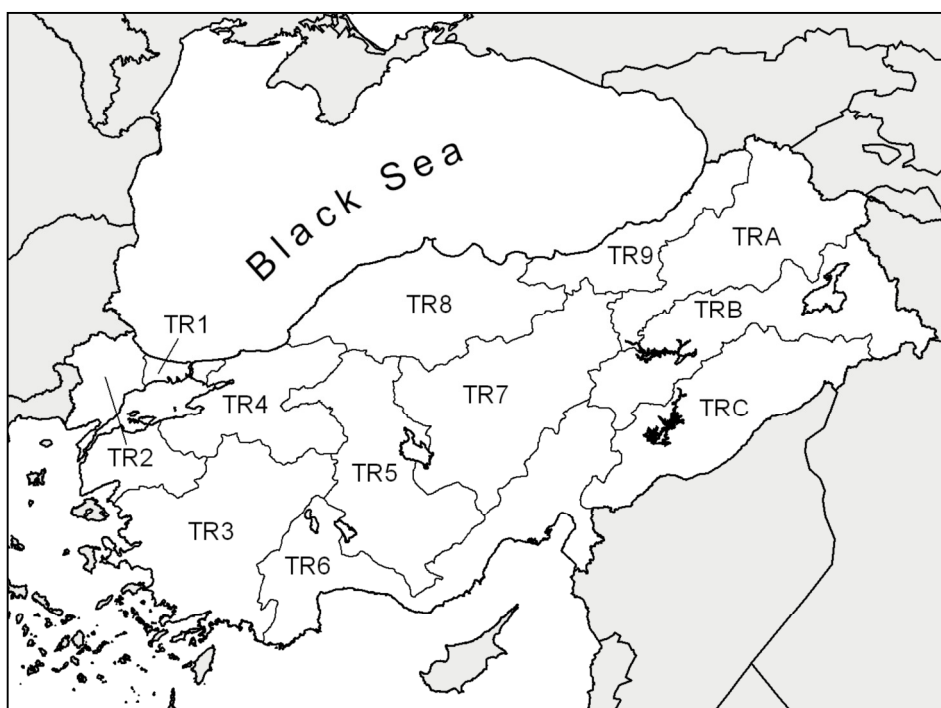


Figure 7: NUTS 1 Level of Turkey

Source: Eurostat, 2008:29. "Statistical regions for the EFTA countries and the Candidate countries 2008" Eurostat Methodologies and Working Papers.

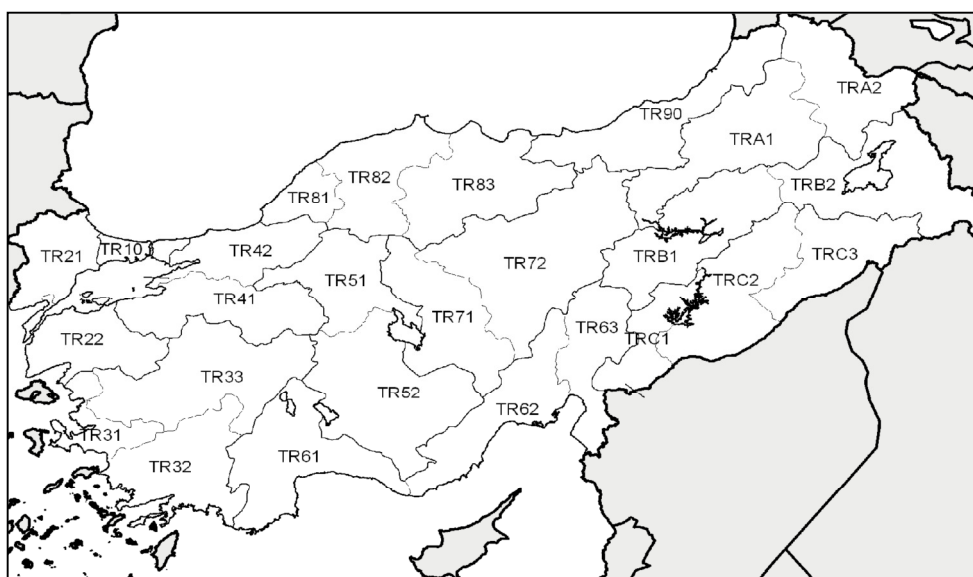


Figure 8: NUTS 2 Level of Turkey

Source: Eurostat, 2008:41. "Statistical regions for the EFTA countries and the Candidate countries 2008" Eurostat Methodologies and Working Papers.

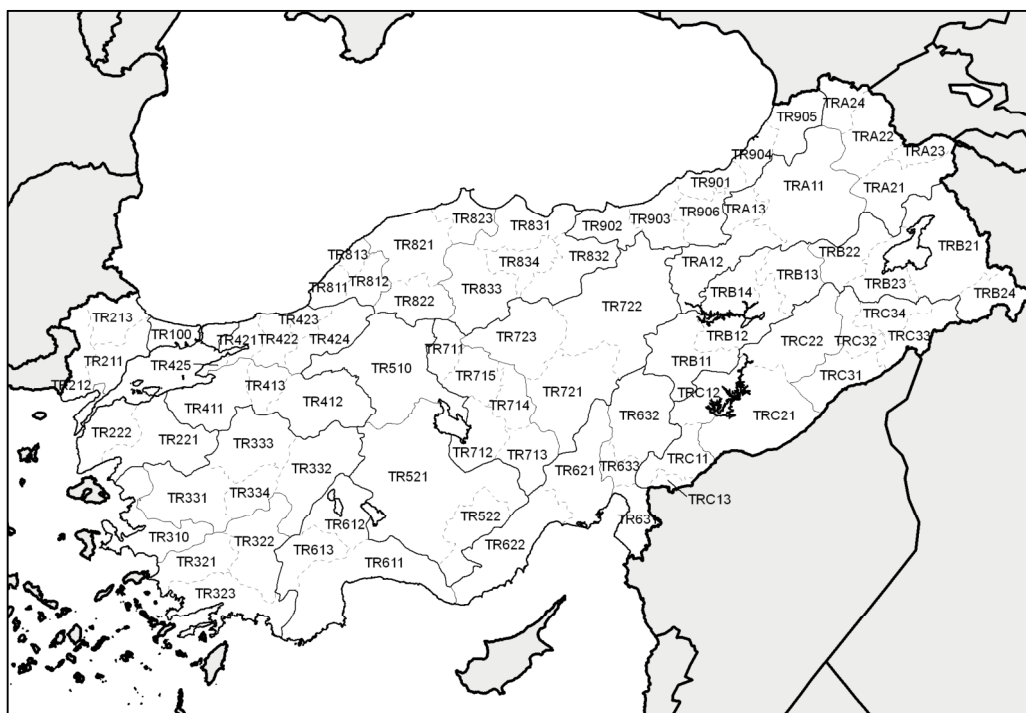


Figure 9: NUTS 3 Level of Turkey

Source: Eurostat, 2008:42. "Statistical regions for the EFTA countries and the Candidate countries 2008" Eurostat Methodologies and Working Papers.

As seen from the table and maps above, it can be argued that NUTS is simply based on the grouping of provinces which are neighbour to each other. Territorial proximity and geographical borders were considered in the classification of regions (Gezici, 2007). As a result, the efforts in combining regional groups have been mostly built on geographic type of regionalization. However, combining specific regional groups has to be shaped by their social and economic conditions and their network relations. Convergence tendency among regions is necessary due to the developmental issue for overcoming regional inequalities among more and less developed regions (Dinçsoy and Tekin, 2006; Ertugal, 2005a).

Although the movement was encouraged regions in being political power and institutional structure, it remained limited for appropriate regional development policies. Firstly, one reason is the centralized policy-making environment, which does not allow the decentralization to the regional level. Other reason is that, due to the centralist bureaucratic structure and hierarchical administration, national development remains more important rather than regional development (Ertugal, 2005a; Ertugal, 2005b; Kayasü, 2006; Reeves, 2006). When it comes to the regional formation process, it is seen that economic and social variables of provinces are not

similar to each other in terms of growth rate, income levels, demographic characteristics, economic activities, goods and service figures and so on. So, clustering regions would not be identical in having a preference for regional development strategy.

3.3.4. EU Supported Regional Development Programs

Several regional development programs, financed under the EU structural assistance and national funds have been formulated. The common characteristics of these programs are to increase economic and social cohesion by giving support to lagging regions, to put standard criteria for the selection of projects by considering regional priorities; and to gain importance to the monitoring and evaluation of programs (Akkahve, 2006; DPT, 2007; Yaman and Yener, 2009).

The Programs are carried out according to a set of instructions, which were put forward in PRAG (Practical Guide to EC Procurement Procedures) by European Commission. In order to implement these programs effectively, administrative structures both in the centre and regions, namely are Program Coordination Center (PKM) and Program Implementation Units (PUB) were set up (Akkahve, 2006; DPT, 2007).

The budget of The Programs was predominantly supplemented by EU funds together with %25 of the national contribution. The least developed regions, especially those located eastern and south-eastern regions were prioritised in the distribution of budget.

Table 4: The Budget Distribution of EU Supported Regional Development Programs

Program	EU contribution (million €)	National contribution (million €)	Total (million €)
DAKP	45	-	45
GAP	47	-	7
TR82, TR83, TRA1	40	12.3	52.3
TRA2, TR72, TR52, TRB1	70	20.7	90.7
TR90 (DOKAP)	18	6	24
Bulgaria - Turkey Cross- Border Cooperation Programme	25	6.3	31.3
Greece - Turkey Cross- Border Cooperation Programme	15	4.3	19.3

*DAKP and GAP were planned under MEDA (Mediterranean Economic Development Area) fund and the programs do not include any national contribution.

**Most of the budgets were distributed to selected projects, which is showed Table 5 and Table 6.

Source: Data sourced from Akkahve, 2006; DPT, 2007.

Following the general discussion, EU Supported Regional Development Programs can be examined under the two sub-periods in terms of the pre-accession financial assistance: (1) 2004-2006 Period and (2) 2007-2013 Period.

2004-2006 Period

In the Preliminary National Development Plan (2004-2006) Period, twelve priority statistical regional units were determined for the effective use of pre-accession financial assistance. EU Supported Regional Development Programs were implemented through these NUTS-II regions.

The fourth development axis of the pNDP, which is “Increasing the Economic Power of Regions, Reducing the Interregional Development Disparities, and Accelerating Rural Development” underlies the basis of first period. At this respect, priority fields of 4th axis are as follows (Akkahve, 2006):

- Supporting and strengthening of SMEs
- Supporting small scale infrastructure construction
- Supporting local initiatives
- Building and strengthening institutional capacity

In the line of this fact, the aim of the regional programs is to decline regional disparities between more and less developed one by increasing employment level

and competitive power of twelve regions (Akkahve, 2006; DPT, 2007; Yaman and Yener, 2009). At this point; the following table can be explainable for current situation. It shows the Regional Development Programs, which were implemented according to EU criteria.

Table 5: EU Supported Regional Development Programs in 2004-2006 Period

Name of The Program	Regions and Provinces, Covered by Program	Aim	Priority Areas of Program	The Number of the Projects	The Amount of Grant (million €)
DAKP (East Anatolia Development Program)- (2001-2007)	TRB2 Level 2 Regions (Bitlis, Hakkari, Muş, Van)	Building capacity in the region in order to implement innovative and sustainable approaches to regional policy and planning.	Agriculture and Rural Development	148	4.55
			SME	68	12.33
			Tourism and Environment	49	2.81
			Social Development	44	9.29
GAP Regional Development Program	TRC1 (Adıyaman, Gaziantep, Kilis), TRC2 (Diyarbakır, Şanlıurfa) and TRC3 (Batman, Mardin, Siirt, Şırnak)	The improvement of the economic and social conditions of people living in the regions and increasing the employment capacity and productivity of the regions.	Development of Cultural Heritage	-	-
			Rural Development	-	-
			Supporting Small and Medium-Size Enterprises	-	-
TR82, TR83 and TRA1 Level 2 Regions Development Program	Amasya, Bayburt, Çankırı, Çorum, Erzincan, Erzurum, Kastamonu, Samsun, Sinop, Tokat	Ensuring socio-economic development in the region together with 'SMEs and Small-Scale Infrastructure' projects, which will be implemented in the priority areas.	Local Development Initiatives	147	9.74
			SME	244	14.17
			Small-Scale Infrastructure	45	24.35
TRA2, TR72, TR52 and TRB1 Level 2 Regions Development Program	Ağrı, Ardahan, Bingöl, Elazığ, Iğdır, Karaman, Kars, Kayseri, Konya, Malatya, Sivas, Tunceli, Yozgat	Increasing the capacity of project preparation and implementation at regional level as well as contributing economic development.	Agriculture / Livestock		8
			Local Development Initiatives	167	12.91
			SME	277	20.57
			Small-Scale Infrastructure	66	51.40
TR90 Level 2 (DOKAP) Regions Development Program	Artvin, Giresun, Gümüşhane, Ordu, Rize, Trabzon	Decreasing inter-regional disparities and building capacity both in the region.	Tourism and Environmental Infrastructure	30	9.2
			SME	103	9.2
			Local Development Initiatives	80	5.6
Bulgaria - Turkey Cross-Border Cooperation Programme	Edirne, Kırklareli (Turkey side) and Haskova, Yambol and Burgas (Bulgarian side)	Supporting the border regions between Turkey and Bulgaria under the sustainability principles; and creating cooperation networks on both sides of the border.	Cross-Border Infrastructure		8.43
			Protection of the Environment,		9.56
			Development and Management Personal / Social Activities		1.5
Interreg III/A Greece-Turkey Cross-Border	Aydın, Balıkesir, Çanakkale, Edirne, İzmir	Strengthening economic and social	Cross-Border Infrastructure		
			Economic Development and		

Cooperation Programme	and Muğla	cohesion with cross-border, international and interregional cooperation.	Employment		
			Quality of Life, Environment, Culture		
			Technical Assistance		

Source: Compiled from Akkahve, 2006; DPT, 2007; DPT, Türkiye'de AB Destekli Bölgesel Kalkınma Programı Uygulamaları, <http://www2.dpt.gov.tr/bgyu/abbp/abbp.ht>

2007-2013 Period

Turkey could not get PHARE, SAPARD and ISPA funds, which were created for the preparation of Central and Eastern Europe to the membership by EU until 2007. Instead, within the framework of the Accession Partnership, Turkey benefited from the other fiscal program, which was called as 'Pre-Accession Financial Assistance'. After PHARE, SAPARD and ISPA pre-accession tools which were used to support candidate countries, replaced IPA in 2007, Turkey took part within the context of IPA like other candidate countries in 2007-2013 Pre-Accession Period. However, Turkey should meet the IPA's five components in order to grant assistance under IPA. By taking into consideration 2nd Component (cross-border cooperation), Bulgaria-Turkey IPA-II Cross-border Cooperation and Black Sea Basin IPA-II Cross-border Cooperation are conducted in 2007-2013 period. At this point; the following table can summarize the cross-border cooperation programs.

Table 6: EU Supported Cooperation Programs in 2007-2013 Period

Name of The Program	Regions and Provinces, Covered by Program	Aim	Priority Areas of Program	The Amount of Grant (million €)
Bulgaria - Turkey IPA-II Cross-Border Cooperation Program	Edirne, Kırklareli (Turkey side) and Haskova, Yambol and Burgas (Bulgarian side)	Boosting sustainable economic development in the co-operation area and building on the comparative advantages; Improving overall social development and promoting social cohesion among people and communities.	Sustainable Social and Economic Development	4.7
			Improvement of The Quality of Life	5.9
			Technical Assistance	1.1
Black Sea Basin IPA-II Cross-border Cooperation Program	TR1 (İstanbul), TR21 (Tekirdağ, Edirne, Kırklareli), TR42 (Kocaeli, Sakarya, Düzce, Bolu, Yalova), TR81 (Zonguldak, Karabük, Bartın), TR82 (Kastamonu, Çankırı, Sinop), TR83 (Samsun, Tokat, Çorum, Amasya) and TR90 (Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane)	achieving a stronger regional partnership and cooperation; and promoting sustainable economic and social development of the regions of the Black Sea Basin (Turkey, Greece, Bulgaria, Romania, Moldova, Azerbaijan, Armenia, Russia, Ukraine)	Cross Border Partnerships	8.6
			Environmental Protection and Conservation	9.8
			Cultural And Educational Initiatives	6
			Technical Assistance	2.5

*Cooperation Programs are carried out by Turkish International Cooperation and Development Agency (TIKA- Türk İşbirliği Kalkınma ve İdaresi Başkanlığı) with the contribution of SPO.

Source: Data sourced from Canea, 2008; EUROPA Press Releases, 2009; EC/IPA Cross-border Cooperation Programme Bulgaria – Turkey, 2007.

As an overall assessment; EU structural assistance during the pre-accession process basically guidelines the formation of Regional Development Programs. Although these funds were eligible for programs, the attempts could not work efficiently in practice. A standard approach was proposed to perform. However, the unique structure of each programs and their internal problems (especially the programs in the 2004-2006 period) were neglected (Filiztekin, 2009). Another issue is that all of the programs were realized within the same period and; due to the fact that these programs covered a more than NUTS-2 regions, interregional cooperation became hard. On the other hand; although institutional structures both in the centre and regions were set up for the first time, an effective program management could not be realized because of the inexperienced actors.

Despite all of the difficulties, there are positive sides of the programs. First, the grants were given directly relevant beneficiaries including local government, trade chambers, universities, NGOs, cooperatives, unions, farmers and other local investors. Second, supporting small scale projects in the regions contributed the regional development. Besides, cooperation networks among the local actors were built. Thus, strategic planning approach was adopted within the scope of the regional development programs.

3.4. A General Evolution of Regional Policy Practices in Turkey

Europeanization process made an impulsive effect for Turkey to configure its regional policy in the context of EU requirements. The country has attempted to adapt to its regional policy criterion of the EU regional policy.

Recent regional development plans were formulized within the scope of institutional reform to meet regional convergence criteria; yet, these attempts remained limited. None of plans could be implemented properly due to the lack of administrative capacity at regional level. Therefore, although the primary aim in regional policy is based on the reduction of regional differences and to ensure regional competitiveness, it still remains main significant problem in Turkey. At this point; the following tables, maps and figures can be explainable to what extent inter-regional differences continue in the current situation.

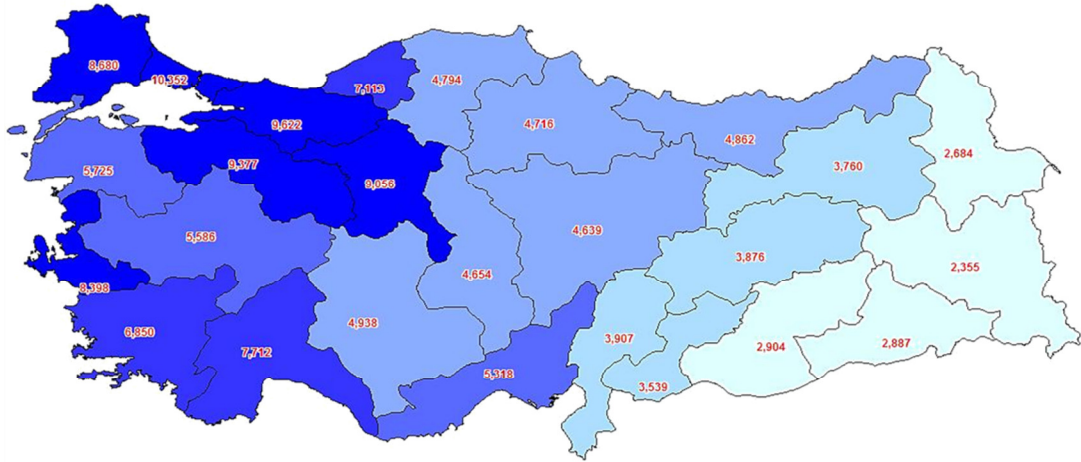


Figure 10: Inter-regional development differences, Gross Value Added per inhabitant, 2006

Source: DPT, 'Kalkınma Ajansları', Presentation, 2011.

As can be seen from the map above, it is not surprising to see that there are certain differences between the western and the eastern part of Turkey. While İstanbul Region (TR10) is the most prosperous NUTS-2 region with 10.352 USD share out of the Gross Value Added per inhabitant, Mardin Region (TRC3), Van Region (TRB2) and Erzurum Region (TRA1) take the lower shares with 2.887 USD; 2.255 USD and 3.760 USD. In terms of Gross Value Added per inhabitant, it can be said that there is 4.4 times of differences between the richest NUTS-2 Region (İstanbul-TR10, 10.352 USD \$) and the poorest NUTS-2 Region (Van, Bitlis, Muş, Hakkari- TRB2, 2.355 USD \$). In addition, not only remarkable differences among the NUTS-2 regions have, but also intra-regional disparities lie down among the provinces. It is possible to determine provinces displaying different levels of development. For instance, there is 5.4 times of disparity between Kocaeli (6.165 USD) and Düzce (1.142 USD) Provinces which were grouped under TR42 NUTS-2 Region in terms of GDP per capita as 2001 current prices (DPT, 2011; Gezici, 2007). It is possible to come across this kind of problems in the other regions, i.e. Antalya Region (TR61), Kayseri Region (TR72). Since grouping provinces do not reflect a perfect uniform structure, it is difficult to say homogeneous regions are composed.

Table 7: Inter-regional development differences, Gross Value Added, EU-27=100, 2006.

Relatively the most prosperous 5 regions			Relatively the least prosperous 5 regions		
1	TR10 (İstanbul)	40	1	TRB2 (Van, Muş, Bitlis, Hakkari)	8
2	TR42 (Kocaeli, Bolu, Sakarya, Yalova, Düzce)	36	2	TRA2 (Ağrı, Kars, Iğdır, Ardahan)	10
3	TR41 (Bursa, Eskişehir, Bilecik)	35	3	TRC2 (Şanlıurfa, Diyarbakır)	10
4	TR51 (Ankara)	34	4	TRC3 (Mardin, Batman, Şırnak, Siirt)	11
5	TR21 (Tekirdağ, Edirne, Kırklareli)	32	5	TRA1 (Erzurum, Erzincan, Bayburt)	13

Source: Data sourced from EUROSTAT, 2011a.

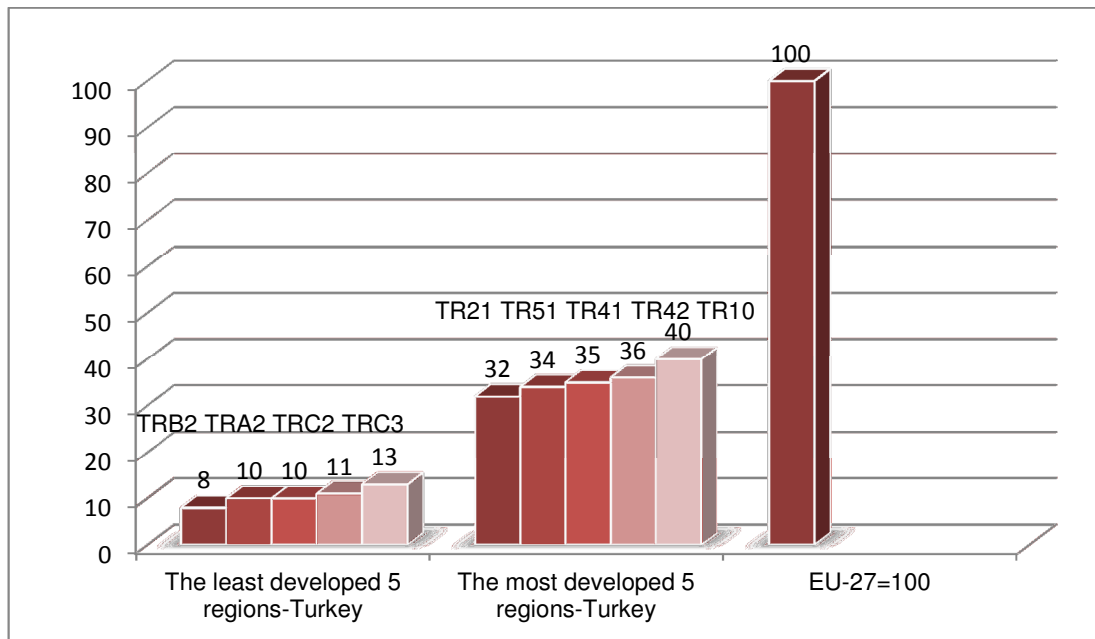


Figure 11: Inter-regional development differences in comparison to EU-27 Regions, Gross Value Added, EU-27=100, 2006

Source: Data sourced from EUROSTAT, 2011a.

Considering the table and figure above, it is observed that 5 most developed regions of Turkey are lower than EU 27 Regions average. The figure is important to see to what extent regional convergence is achieved as well as how much EU average is caught up. When the EU 27 is taken as 100 index in terms of gross value added, İstanbul, Kocaeli and Bursa have the highest level among the NUTS 2 regions. This is followed by Ankara and Tekirdağ. However, all of most developed ones are below the Community average.

Table 8: Continued

Samsun	31
Trabzon	29
Erzurum	23
Agri	18
Malatya	24
Van	15
Gaziantep	24
Sanliurfa	19
Mardin	19

Source: EUROSTAT, 2011a.

When the EU 27 is accepted as % 100 in terms of GDP per inhabitant in PPS, all of the regions in Turkey are below %75 of the Community average. This is crucial in the determination of the eligibility of NUTS 2 regions in the framework of the European Union's structural policy.

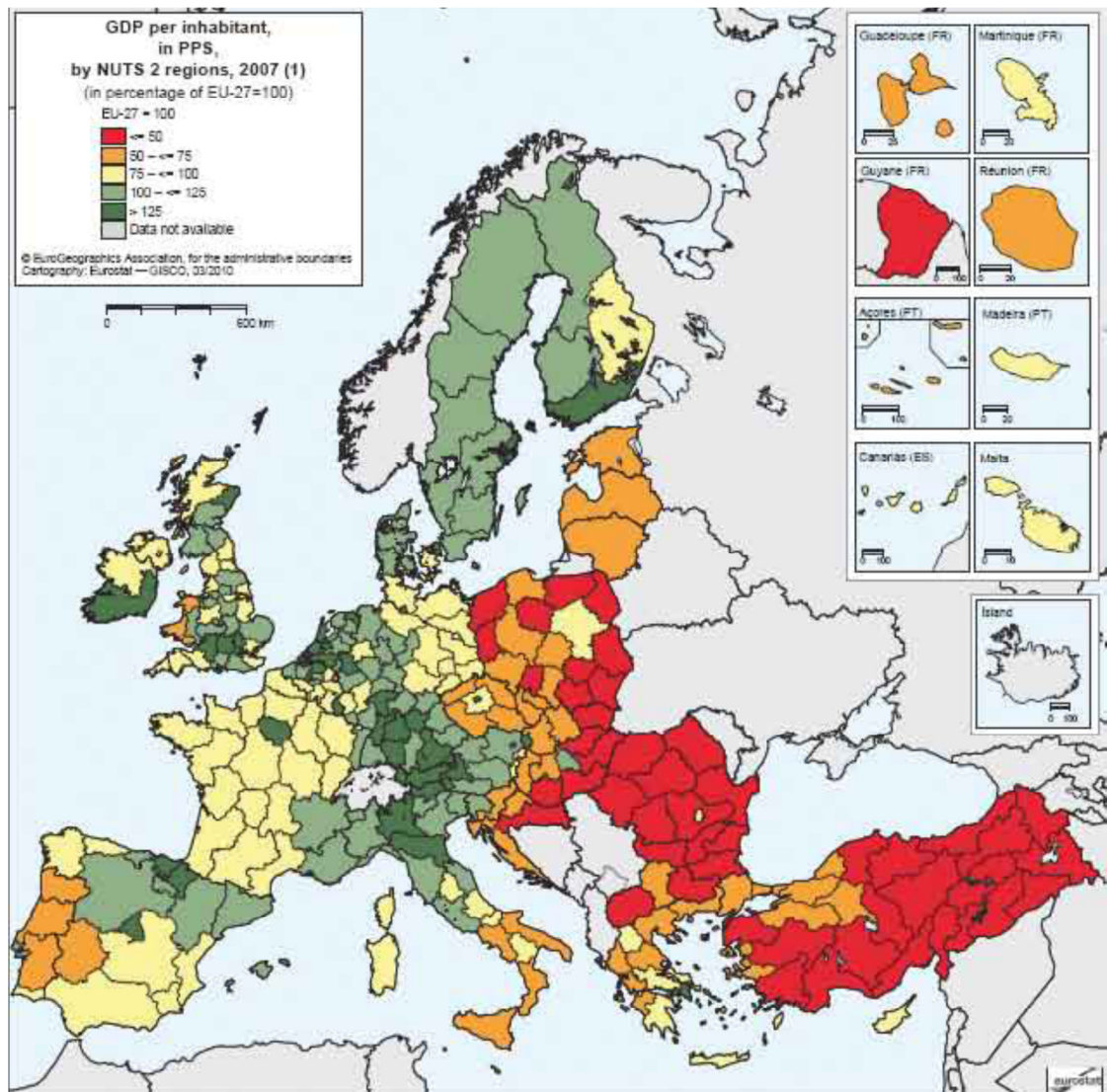


Figure 13: GDP per inhabitant, in PPS, by NUTS 2 regions, 2007 (as percentage of EU-27 = 100)

Source: EUROSTAT, 2011b.

The map shows the regional distribution of GDP per inhabitant in the year 2007 for the EU-27 NUTS 2 regions and Turkey. By this way, one can understand the gap between the most and the least developed regions. The most prosperous ones are London, Luxemburg, Brussels, Hamburg and Stockholm. Substantial regional differences are mostly concentrated on the south, east and north sides of Turkey. In comparison to all Member States, NUTS 2 regions in Turkey have the lowest values with less than %50 GDP per inhabitant. Besides, according to the statistical analysis done by EUROSTAT (2011b), the largest regional differences are located in Turkey with 4.6 times and UK with 4.9 times.

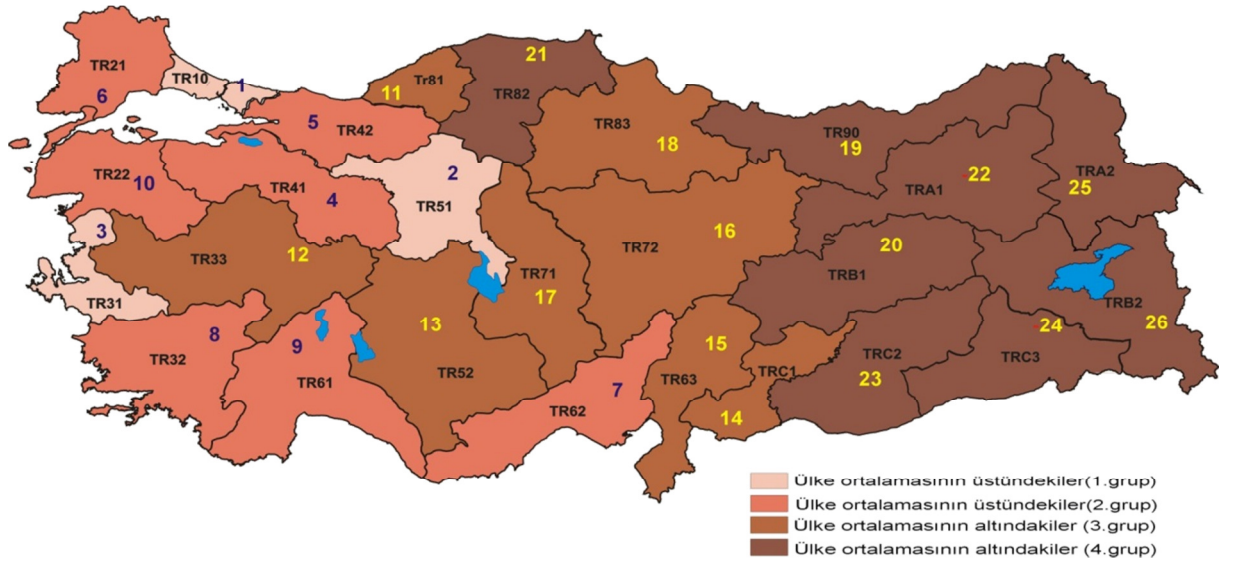


Figure 14: Regional Development Disparities: Space Socio-Economic Development Index Rankings

Source: DPT, 2010

Following a review of the inter-regional development differences, it would be meaningful to reveal why proposed regional policies have not been applied adequately in Turkey.

It has been observed that regional policies, determined by central authorities up to now have not line up to expectation. Since 2000, along with the introduction of a new era, induced by The EU alignment policy, regional policies in Turkey have been developed. The reasons to reveal why regional policies were not implemented efficiently can be ranged as follows;

- Turkey's political agenda has always put special emphasis on the national development. Since the priority was given to macroeconomic growth, regional planning issue was partly neglected. Similar to the previous reason, regional planning was formulated according to the sectoral logic rather than spatial. So, space remained in the background under the sectoral growth in the early years.
- Regions have long been constituted as a sub-unit of nation state in Turkey. Under the closed and formal mode of central authority, SPO was the main actor for the implementation of the regional policies. Besides, a standard contingency approach was adopted to solve the problems of regions although each region has the unique structure and different internal problems.

- As stated before, each region has many potentials, resources and opportunities. To identify these regional capabilities became a basic constituent part for economic development. As revealed by the Endogenous Growth Theory, the improvement of local capacity and the mobilization of regional dynamics are important. Thereby, the central concern for regional development is based on the construction of institutional capacity in the region. Regarding this, EU lives the endogenous development process whereas Turkey still continues the exogenous growth approach with the top-down dominance of the central authority due to the weak local setting.
- The plans remained static and partial which were characterised by SPO, which was the only powerful role to direct regional actions from outside instead of coordinating institutional inter-linkages. The coherence and continuity between the different levels of the plans such as master plans, landscape plans were not composed. The lack of institutional capability of local authorities and weak civil society structure in the regions constituted a challenge in policy formulation and implementation process.
- The notion of common enterprise by local communities in the regional plans is weak. The society, which will be most affected with the implementation of the plan has not adapt to the participatory approach.
- Most of the less developed regions, which are located at the eastern and southeastern parts of Turkey, display an agrarian economic structure while most of the developed regions in the west side of Turkey use the benefits of agglomeration economies by setting successful networks. In the line of this fact, new regional development policy emphasizes the competitiveness factor instead of dealing with the inter-regional inequalities. Each region's local dynamics and internal potential should be taken into account in the new era.
- It can be concluded that there has not been a strong cooperation and participation between the central administration, local authorities, private sectors and civil society in Turkey. In this sense, since the regional policy has been dominated by state-driven policies, there has been limited concern to the multi-level governance mechanism through which national, regional and local authorities are involved within the policy formulation and implementation process.

Thus, the following table can summarize the regional policy process as all its complexity by putting special emphasis on the institutional dimension.

Table 9: Regional Policy Process in Turkey

Time	Five Year Development Plan Periods	Project Name	The Covered Provinces	Basis of Policy	Executive Agencies	Characteristics of Institutional Dimension
1959-1965	1.FYDP	Antalya Project	Antalya, Burdur Isparta	to serve a training practice for regional planning and to direct social and regional investment	SPO, FAO	<ul style="list-style-type: none"> - Developmentalist movement and regional policies as major area of investment. - Closed and formal mode under central authority and weakly institutionalization.
1960		Eastern Marmara Project	İstanbul, Kocaeli, Sakarya, Bursa, Balıkesir, Tekirdağ, Edirne, Kırklareli, Çanakkale	to manage inevitable growth and the consistency of balanced development	SPO, OECD, UN	
1962		Çukurova Region Project	Adana, Mersin, Hatay	to determine suitable investment sectors (especially the industrial investment based on agricultural production) for the region	SPO	
1963-1964		Zonguldak Project	Zonguldak, Karabük, Ereğli	to examine the problems explored by heavy industry in the region and to develop regional infrastructure	SPO	
1964-1968		Keban Project	Elazığ, Malatya, Bingöl, Tunceli	To accelerate economic growth of Southeast Anatolia and to decline interregional differences	SPO	
1989	5. FYDP	The Southeast Anatolia Project (GAP)	Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Şırnak, Şanlıurfa	to utilize the rich water potential of Euphrates and Tigris Rivers for irrigation and energy production, to provide rural development, to support SMEs and to sustain cultural heritage	SPO, GAP EU Funds, General Directorate of State Hydraulic Works (DSİ), GİDEM, ÇATOM	<ul style="list-style-type: none"> - With the introduction of neo-liberal policies, the identification movements of region and significant transformations in regional studies. - Entrepreneurialism and re-organization of institutions in regional development although lack of institutional capacity of local areas.

Table 9: Continued

Time	Five Year Development Plan Periods	Project Name	The Covered Provinces	Basis of Policy	Executive Agencies	Characteristics of Institutional Dimension
1997-2007	7. FYDP	Zonguldak Bartın Karabük Project	Zonguldak, Bartın, Karabük	To guide development process especially on the main production center of coal, iron and steel	SPO	<ul style="list-style-type: none"> - Limited complimentary type of relations and interaction mechanism despite the decentralization and fragmentation tendencies in regional policy around the world. - Static and partial practices in regional projects, characterised by top-down policies under the traditional character of centralized government. - Failures in ensuring coherent development strategy.
1997		Yeşilirmak Basın Development Project	Amasya, Çorum, Samsun, Tokat	To make most appropriate and most economical land use planning without disturbing the ecological balance on the basin and sectoral development	SPO	
1998		The Eastern Anatolia Project (DAP)	Van, Hakkari, Bitlis and Muş	To provide capacity building, agriculture and rural development, to support for SMEs and to develop tourism	SPO, EU Commission MEDA Fund	
2000-2020		The Eastern Black Sea Regional Development Plan (DOKAP)	Artvin, Bayburt, Giresun, Gümüşhane, Ordu, Rize, Trabzon	To eliminate regional disparities by defining priority sectors and to develop in economic, social and cultural field	SPO, Japan International Cooperation Agency (JICA)	
2000-2006	8. FYDP	NUTS Classification	Level 3: 81 provinces Level 2: 26 regions (grouping level 3) Level 1: 12 regions (grouping level 2)	Grouping 81 provinces into 26 territorial units for statistical purposes to align the EU's NUTS II classification	SPO	<ul style="list-style-type: none"> - Adaption process of regional policy for EU conditionality. - Appropriate policy efforts through the regional specific growth path. - Local institutional specify tendencies.

Table 9: Continued

Time	Five Year Development Plan Periods	Project Name	The Covered Provinces	Basis of Policy	Executive Agencies	Characteristics of Institutional Dimension
2007-2013	9. NDP	Regional Development Agencies (RDAs)	26 Regions according to NUTS II classification	With the EU's regional policy requirements, the establishment of Regional Development Agencies (RDAs) in 26 new regions by forming the provisional NUTS II Classification and the institutionalization of regional development.	SPO	<ul style="list-style-type: none"> - The institutionalization proposals with the influence of EU accession process. - The initial attempts for institutional capacity at the regional level, shaped by collective forces both in formal and informal setting.

As a concluding remark, it can be said that the failures of earlier regional policy practices stem from the lack of institutional infrastructure in terms of formal and informal settings on the region. Thanks to the relevance of the policy failure, it needs to make necessary institutional mechanism and to strengthen this capacity at regional level. After being realized the necessity of institutional mechanism, RDAs as a new tool in shaping development are explored. By this way, a shift towards a more decentralized and regionalized model during the pre-accession process is idealized. However, to what extent this is successful in Turkey remains as an open question and the institutional capacity will be assessed within the research methodology chapter.

CHAPTER 4

RESEARCH METHODOLOGY

4.1. Regional Development Agencies in Turkey

Regional plans prepared at different times could not properly find opportunity to implement with the exception of the Southeast Anatolia Project (GAP). In line with the changing conditions and approaches, Turkey has recently begun to harmonize its regional policy to EU Regional Policy. By this way, Europeanization process has contributed to change regional policies in terms of financial, technical, administrative and particularly institutional aspects. During the pre-accession process, main objective is based on to establish necessary institutional mechanism and to strengthen this capacity for effective implementation of regional policies.

The link between local authorities is not properly strong. When the legitimacy of decisions and the effectiveness in the implementation of plans are assessed, it is observed that the authorities still take its decision alone under the classical bureaucratic order away from coordination principle. Thereby; it can be claimed that decisions are operated around the top-down dominance of the central authority. At this respect; the recent structural reforms have been introduced for the adjustment of regional policy with EU. As a result of these attempts, the establishment of RDAs was regarded as an important step for the institutionalization of regional policy. In this sense, they were defined as the first decentralized responsible institution at regional level.

In the light of this discussion, the mobilization of endogenous dynamics of regions and the EU integration process turned out to be key factor at the establishment of RDAs. Initial attempts were explored by local initiatives, especially those from business sector and non-governmental actors in the beginning of 1990s. In this content, Entrepreneur Support and Guidance Centres (GIDEM), Aegean Regional Development Foundation (EGEV-EBKA), Chamber of Izmir Commerce and Industry (IZTO), Mersin Development Agency, Samsun Regional Economic Development

Council (SAMSUN-SABEK) and Western Mediterranean Development Foundation (BAGEV) were seen as first examples in the creation process of DAs.

Since regional policies gained priority in the EU membership process, firstly NUTS classification in accordance with EU's statistical regions was prepared in 2002 and then, The Law on the Establishment, Coordination and Duties of Development Agencies was approved by The Council of Ministers in 2006. Thus, 26 NUTS-II Level regions constituted as the basis of DAs.

According to The Law No.5449 (Article-1), "Development Agencies are organized for the purpose of accelerating regional development, ensuring sustainability and reducing inter-regional and intra-regional development disparities in accordance with the principles and policies set in the National Development Plan and Programmes through enhancing the cooperation among public sector, private sector and non-governmental organizations, ensuring the efficient and appropriate utilization of resources and stimulating local potential." Subsequently, it can be said that DAs have operational structures and they are envisaged to improve economic competitiveness and development potential of regions. The characteristics of DAs particularly are to develop cooperation between the public and private sectors and civil society in order to formulate regional strategies. Based on the decentralization principle, they are conceptualized to provide flexible, dynamic and transparent operations. They are regarded as supporter and coordinator, but not practitioner.

When it comes to legislation process of DAs, a series of regulations came into force to provide basic legal environment for the institutionalization of DAs. Following the Law on the Establishment and Duties of Development Agencies No.5449);

- TR62 (Adana, Mersin) and TR31 (İzmir) Development Agencies were established as pilot DAs with the Decree of Council of Ministers on 6 July 2006.
- 8 more Development Agencies in 23 Provinces were established with the Decree of Council of Ministers on 22 November 2008.
- Lastly, the establishment process was completed after 16 new Development Agencies in 55 Provinces with the Decree of Council of Ministers on 25 July 2009.

Table 10: The Establishment of 26 Agencies in Turkey

Number of DAs	Development Agencies	Year
2	İzmir & Çukurova	2006
8	Mevlana, Orta Karadeniz, Doğu Anadolu, İpekyolu, Dicle, İstanbul, Karacadağ, KUDAKA (Kuzeydoğu Anadolu DA)	2008
16	Trakya, Güney Marmara, Güney Ege, Kuzey Ege, BEBKA (Bursa, Eskişehir, Bilecik DA), Doğu Marmara, Ankara, Batı Akdeniz, Doğu Akdeniz, Ahiler, Orta Anadolu, Batı Karadeniz, Kuzey Anadolu, Doğu Karadeniz, Serhat (Ağrı, Ardaha, Iğdır DA), Fırat	2009

Source: DPT, 2010.

A total of 26 DAs were established under 3 stages.

4.2. Research Design

There can be seen that EU programmes and their initiatives constitute a positive impact on weaker local systems, which results to the enhancement of regional institutional infrastructure in shaping and organizing regional development. For the first time in Turkish history, the institutionalization at regional level was emerged with The Law on the Establishment, Co-ordination and Duties of DAs at NUTS II level. At this respect, DAs were initiated with the top-down political action as regional organizations which have strategic and operational functions. Thereby, it is claimed that they are increasingly experiencing the institutionalization process with a particular contribution of central government.

With the harmonization of EU Regional Policy, DAs started to formulize regional plans for each region, allowing the bottom-up promotion of endogenous growth by taking into account the inclusion of multiple actors. Although regional plans are prepared with the coordination of SPO, it has been thought to create institutional ownership at regional level with the establishment of DAs. Thereby, it has been the starting point for a new period where the institutionalization at regional basis has been emerged.

In this context, main focus in the thesis concentrates on the currently existing institutional performance of DAs in regional plan activities. As a case study area, Izmir Development Agency has been undertaken to explore the institutional capability for effectiveness in operationalizing the regional policy.

Izmir Region was chosen within the scope of this research because, as will be demonstrated in section 4.3., İzmir has been a pioneer in the establishing efforts of DAs. IZKA is one of the advanced DAs which have gained much experience on regional development since 1990s with the attempts of local actors to build institutional infrastructure. Furthermore, 2010-2013 Regional Plan prepared by IZKA is the first regional development plan which guidelines other agencies during the preparation process of plans. This makes it especially necessary for other 25 Agencies to set up the capacity for development opportunities.

As mentioned above, the research aims to assess the institutional performance of IZKA for the implementation of İzmir Regional Plan 2010-2013. In regard to this aim, **the major research question** is phrased as follows:

How does İzmir Development Agency perform regional plan in terms of institutional infrastructure?

In order to find answer to this question, there needs to be look at theoretical basis of institutional approaches with respect to regional development, which also is held in Chapter 2. In this sense, the research starts with a brief overview of institutional approaches in the studies of regional development. Recent studies have shown that there is a significant link between institutional capacity building and regional development. However, this formation process has been evolved over time and the historical progress has shaped the entity of institutions resulting from the structural changes in policy action. In section 2.3., institutionalization in the field of regional development was put forward in a more detailed way. Concerning the institutional approaches, one can observe that institutional capacity is important for regional success. At this point, attention turns out to be a brief theoretical overview of institutional settings in terms of regional development policy.

Theoretical concepts about institutions present a very complex framework. In order to constitute a better understanding of the content of institutional theories, a general assessment would be helpful. Institutional approaches in the field of regional development have come from the economics. It places institutions at the centre of economic behaviour which formally established and neglects informal sides. Later on, it has been realized that new institutional forms are constrained in social context and contemporary regional economy operates its principles in social rule-based (Amin and Thrift, 1995; Lakshamanan and Button, 2009; Morgan, 1997; Scott and

Storper, 2003; Rodríguez-Pose, 2009). While most economics and rationalist dominate regulative side of institutions, recent sociologist, political scientist etc. emphasize cognitive and normative sides (North, 1990; Scott, 1995; Scott, 2004). Regarding to this particular point, Scott (1995, 2004) presents a conceptual schema both capturing the earliest and recent theories. As pointed out by him (2004:8), “institutions are variously comprised of cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life”. Therefore, new approach puts on a broad view of institutions, emphasising regulative, normative and cognitive structures.

Drawing on the theoretical frame, which combined intersection between institutions and regional development, the research emphasizes certain points. It has been observed that institutions are recognized as significant determinants in shaping regional development, but limited analytical analysis which exactly indicates the linkage between institution and regional success have been done due to the depending on the nature of embeddedness in social context. Thereby, to measure institutions is quite difficult in terms of their endogeneity with development factors. The reason is that institutions not only consist of formal situation such as laws, rules and organizations, but also informal content such as behavioural roles, social and cultural norms, values and interaction patterns (North, 1990; Storper, 1995; Amin and Thrift, 1995; Kayasü and Doyduk, 2004).

However, there have been various attempts to assess institutional capacity. Different researchers undertake this matter with different ways. As also mentioned previously in Section 2.3., a series of different factors to measure institutional capacity have been defined by researches.

Considering the fact that there are a large number of factors affecting institutional performance, Scott’s approach is accepted as the basis within the scope of this research. In the light of this more general and multi-disciplinary definition, the research builds upon the institution’s regulative, normative and cognitive roles. Therefore, the research design has been formed into two stages. In the first stage, the factors under three headings (regulative, normative and cognitive) were determined concerning to the fact that what kind of performance is necessary to facilitate regional activity. Derived from the literature reviews, common factors that shall allow evaluating the performance are designated. In regard to this point, regulative roles include rule settings, monitoring, and sanctioning activities with

laws, decrees, contracts or technical norms and they mainly refer formal institutions. Normative roles define how things should be done and determine appropriate values, goals, behavior and so on. They generally encompass societal norms, conventions, interactions, interdependency, commitment and coordinated actions. Lastly, cognitive roles include mental paradigms, visions, expectation, human behavior, a set of beliefs, perceptions, culture, sharing common values, habits, experiences and so on under the cognitive design. However, one should consider that there is no sharp division between the normative and the cognitive roles of institutions. Following the identification of factors, Izmir Development Agency has been tested over these factors in the second stage.

In order to observe the performance of IZKA in achieving regional development, the second stage is assessed in terms of internal and external impacts.

- iii. *Internal effects:* The effectiveness of IZKA based on the direct outcomes of Izmir Regional Plan for society and organizations.
- iv. *External effects:* The effectiveness of IZKA based on the wider impacts of Izmir Regional Plan on Izmir Region and its hinterland.

The study forms exploratory, qualitative approach in analyzing the institutional performance of IZKA through the determined factors. As the most common qualitative method, in-depth interviews were carried out in order to see interviewees' perspective on research topic. Question format is based on the open-ended technique that requires detailed answers from interviewees. Formation of the question set is related with the identified factors that would allow measuring the institutional success. In this sense, in-depth interviews were conducted with The Member of Administrative Board, The Chairman of Development Board, Secretary General of IZKA and the staff in The Agency. Thereby, in addressing the questions, the significant actors being interviewed were chosen depending on their tasks and powers.

As the secondary data, the documented text (desk research, Izmir Regional Plan 2010-2013, site visits, literature surveys and other documents relating to The Agency) was incorporated in the research method.

4.3. The Reason For The Selection Of Case Study Area: Izmir Development Agency

A total of 26 DAs have been established by the Decrees of Council of Ministers, published on the Official Gazette under three stages. Following the two pilot DAs that had been established in 2006, this was followed by 8 DAs in 2008 and 16 DAs in 2009 with the Decree of the Cabinet. After the establishment process was completed, each of development agencies was required to prepare Regional Plans by SPO. Thereby, regional development plans started to be prepared by development agencies for the first time at the regional level in Turkey. Since agencies firstly experience the plan preparation process, their contribution to the regional development was differentiated according to their institutional capacity building efforts.

In order to assess enforcement characteristics of DAs in regional policy, Izmir Development Agency was selected as the case study area according to a number of criteria listed below within the scope of this research:

- Although DAs were established as a result of EU integration process, preliminary attempts were arised from local initiatives, particularly from private sectors and non-governmental organizations in Izmir Region.
- Considering the roots of decision to establish DAs, it is seen that institutional arrangements in İzmir clearly differ from other regions. For that reason, IZKA was chosen as the pilot Agency in Turkey. As said by Ertugal (2005a:15), “lack of regional planning by SPO for the Aegean Region has ironically left a vacuum and helped the emergence of a region-wide bottom-up institutional network”. As a precursor of IZKA, The Aegean Economy Development Foundation (EGEV) was formed by business sector in the early of 1990s. Since it sought to bring together local authorities, involving business associations, provincial governors, municipalities, chambers, universities, it has gained a developmental status fostering the region’s potential. Thus, it led to the emergence of Aegean Region Development Agency (EBKA). The main objective of EBKA was to improve the endogenous capacity of the region (Ertugal, 2005a; Kayasü et. al., 2009). By this way, the concept of ‘region’ was developed within the territorial dimension. Further, the cooperation of various developmental organizations facilitated the effective institutional setting at the local level so that regional development agency

mentality was adapted to the region (Ertugal, 2005a). Thus, it continued to improve its performance in relation to common benchmarks of IZKA.

- IZKA is the first established agency which produced regional plan among the other agencies. This makes The Agency to guide others during the preparation process. IZKA has made many attempts to mobilize endogenous dynamics of the region. Therefore, it can be said that Izmir is one step ahead in comparison to other agencies in terms of institutional capacity building. Moreover, it can be claimed that Izmir is a leading region of Turkey in terms of governance experience. It displays a collective action thanks to the rising level of local activism from the early 1990s. In forming RDA, İzmir has already lived governance experience with the participation of local actors. A bottom-up institutional framework was explored in achieving the competitiveness of the region.
- İzmir Region is one of the dynamic and highly developed parts of Turkey. İzmir, with its high population growth rate and growing economy has been taken place in global race. According to the Socio-Economic Development Index of Provinces prepared by SPO in 2003, İzmir has the third rank. Thanks to its production potential, economic and social linkages and multi-sectoral structure, The Region performs effective economic growth by activating its competitive power. Moreover, İzmir has a rising agglomeration economy, mostly based on industry and trade as well as agriculture (Can, 2009; İzmir Regional Plan 2010-2013, 2010). It can be said that İzmir is one of the core region, characterized by the knowledge intensive and learning based. By addressing its skill formation, human capital and other capabilities, it refers an active incentive structure.
- IZKA has an active policy strategy, shaped by international linkages. The Agency has developed links with EURODA in attaining regional development structure. Best practices of regional development activities in European countries shed light on the future development of IZKA by sharing experiences and knowledge with them. During the establishment process, especially with the efforts of Izmir Chamber of Commerce, Izmir Region sought to cooperate with UK experts. However, establishment efforts of DA remained limited due to the inadequate financial and bureaucratic provision (Kayasü et. al., 2009).

4.4. The Assessment of Institutional Performance in Izmir Development Agency

As discussed earlier, the aim of this thesis is to assess institutional performance of IZKA in the implementation of 2010-2013 Izmir Regional Plan. In regard to this point, the plan preparation process of Izmir Region will be briefly overviewed.

2010-2013 Izmir Regional Plan is defined as “the essential policy documentation that presents the progress axes, aims and priorities of the development strategy to be realized by İzmir with an integral approach in economic, social and cultural fields” (IZBP, 2010:7). It is foreseen that The Regional Plan has been prepared with the strategic planning approach in the light of the following points (IZBP, 2010: 13):

- determining the relationship between the policies, plans and strategies generated at national level and the activities to be carried out at local level,
- strengthening the cooperation and coordination between the institutions and organizations existing at local level,
- fastening regional development, ensuring its sustainability,
- triggering local potential by realizing the efficient and effective use of resources, and forming a basis for the regional programmes and projects.

In this context, IZKA has begun the plan preparation process with participative planning techniques in accordance with the Ninth Development Plan (2007-2013) at the beginning of 2008. As stated in The Law (No:5449), IZKA constitutes an institutional structure which will enhance the cooperation among public sector, private sector and non-governmental organizations. In regard to this, Stakeholder Analysis was made in aiming to determine stakeholders who ensure participation in the plan preparatory works. In this analysis, approximately 500 stakeholders were identified as representative bodies. It can be seen that there is a certain attempt to provide participation as highest as possible in the preparation of Regional Plan. For instance, various workshops and working groups in aiming to determine priorities and targets of the region were organized as well as SWOT analysis was made. Afterwards, Current Situational Analysis was carried out on the basis of Izmir Regional Plan. It encompassed focus group studies, workshops, survey applications and face to face interviews with the determined actors. Thereby, the current

situation of Izmir was presented by combining a range of items based on local needs and resources. The stages in the plan process are as follows:

- i. Stakeholder Analysis studies
- ii. Situational Analysis studies
 - “A Socioeconomic Outlook for Izmir Region (TR31)” Report
 - “Izmir Emerging and Strategic Sectors” Report
 - Conclusion Report on Studies Towards Developing Izmir Clustering Strategy
 - Izmir Situational Analysis (June 2009)
- iii. Vision and Main Purposes studies,
- iv. Participative meetings and workshops,
- v. Compiling results, determining performance criteria and writing the plan.

In this context, strategic priorities were formed under the vision, main objectives and development axes of 2010-2013 Izmir Regional Plan. In this circumstance, three basic principles were determined in forming these strategic priorities. The principles were accepted as the basis within the scope of all process. They are listed below:

- Sustainable Development
- Equality and Social Inclusion
- Participation

In the light of these three principles, the vision of The Plan was determined as a result of the shared opinions of all relevant institutions and organizations. Therefore, the vision was decided as “Developing and Growing, Innovative İzmir”. In addition, 2010-2013 regional plan principles were taken into consideration in determining the development axes. The research and analysis studies, covering the social, economic and environmental status of the region were carried out with the all relevant institutions and organizations in Izmir. By means of these studies, four development axes were defined to reach the vision and main objectives, emphasized in 2010-2013 IZBP:

- competitiveness for enterprises
- employment and social integration
- sustainable environment
- strengthened infrastructure and superstructure

After the finalization of The Regional Plan in the light of the opinions and suggestions, it was approved by SPO on 16 June 2010. Thus, it became the first regional development plan prepared by DAs in Turkey.

After putting forward the planning process, the study builds upon the institutional performance of IZKA in the regional development.

It has been mentioned previously that there is a broad range of potential factors affecting the performance. The factors on how well IZKA performs Izmir Regional Plan are so diverse. Following the Scott's broader and integrated approach to institutional issue, the factors affecting the institutional performance are basically handled under three headings; involving regulative, normative and cognitive aspects. From this point of view, derived from the literature reviews, common factors that shall attribute the success have been put forward within the scope of the thesis. In terms of the institutional building process, the factors are grouped into two stages: (i) internal effects and (ii) external effects.

- i. *Internal effects of IZKA*: It covers the direct effects of Izmir Regional Plan to Izmir Region.
- ii. *External effects of IZKA*: It covers the respective effects and externalities of Izmir Regional Plan to the hinterland of Izmir Region.

Both of two impacts present a complementary perspective for IZKA. The factors are divided into two according to the internal and external effects of IZKA below:

Table 11: The Factors affecting the internal performance of IZKA

Factors	Explanation	Purpose
Regulative aspects		
formal regulators (North, 1990)	<ul style="list-style-type: none"> - Laws, regulations and decrees - Organizational structure and the status of IZKA - Duties and Authorities of The Agency - Budget - Audits 	Identification of how legislative framework provides responsibility and authority to the Agency
administrative regulators (North, 1990)	<ul style="list-style-type: none"> - The impacts of legislation on the capacity of IZKA 	Clarification of how new organizational system creates a change into the former management system and possible reflections of the legislation to the Agency
Normative aspects		
Social capital (Camagni, 2008; Putnam, 1993; Fukuyama, 1995)	<ul style="list-style-type: none"> - mutual awareness among the actors - common enterprise - integration and coordination 	Identification of soft policy instruments of IZKA in Izmir Regional Plan activities for the utilization of social capital
The diversity of participation (Camagni, 2008; Eraydın, 2007; Morgan, 1997)	<ul style="list-style-type: none"> - the conversion power of participation on decision-making process - collective sense of responsibility and its success 	The effectiveness of participatory approach in decision-making process and performance activities of IZKA
Human capital (Keating, 1997)	<ul style="list-style-type: none"> - quantity and quality of employees - skill base - open and competitive recruitment system 	Human resource policy of IZKA, and qualifications and status of The Agency personnel
Cognitive aspects		
Decision-making process (Keating, 1997)	<ul style="list-style-type: none"> - the quality of participation 	Identification of collective actions by encompassing related actors
Cultural identity (Scott and Storper, 2003)	<ul style="list-style-type: none"> - images of the society in terms of adaptability to new changes 	

Table 12: The Factors affecting the external performance of IZKA

Factors	Explanation	Purpose
Regulative aspects		
coordination and direction platform at the central level (DPT, 2011)	- Activation of regional policies at central level	Possible reflections of Regional Development Committee and National Strategy for Regional Development (BGUS) to The Agency
Normative aspects		
building bridge capital (Tekeli, 2009)	- network relations extending beyond the region	The interaction of IZKA to the neighbouring Agencies

The factors, listed in the tables above are measured through the interviews as the primary data and documented texts as the secondary data.

The interviews were conducted by:

- Secretary General of IZKA Dr. Ergüder Can and the expert of IZKA Sibel Ersin as the executive body,
- The Chairman of Development Board Kemal Çolakoğlu (Ege Young Businessmen Association) as the advisory body,
- The Member of Administrative Board Ekrem Demirtaş (President of İzmir Chamber of Commerce) as the decision-making body.

4.4.1. Internal Effects of IZKA

4.4.1.1. Regulative Aspects

In the regulative aspects of IZKA, it is aimed to identify to what extent legislative framework gives the responsibility and authority to The Agency. This part considers how current legislation affects the building efforts of IZKA, as well. In this context, two factors, namely as ‘formal regulators’ and ‘administrative regulators’ were designated.

4.4.1.1.1. Formal Regulators

The first factor related to regulative aspects of IZKA is ‘formal regulators’. This factor is examined over the items listed below:

- Laws, regulations and decrees
- Organizational structure and the status of IZKA
- Duties and Authorities of The Agency
- Budget
- Audits

Laws, regulations and decrees

The legislative environment made The Agencies possible to institutionalize at the regional level. Firstly, The Law on the Establishment and Duties of Development Agencies (Law No:5449) was announced on the National Gazette dated 08.02.06. According to The Law, it has been observed that governance mentality has been existed considering the roles, the organizational structure and financial resources of The Development Agencies.

Table 13: Legislation Framework of Development Agencies

Law	08.02.2006	The Law on the Establishment and Duties of Development Agencies (Law No:5449)
Decree Law	06.07.2006	The Establishment of IZKA as The Pilot DA and the Decree on The Working Principles
Regulation	25.07.2006	Regulation on the Personnel Regime
	28.09.2006	Regulation on the Budget and Accounting
	08.11.2008	Regulation on Project and Activity Support and complementary documents (Guidelines for Support Management)
	03.08.2009	Regulation on Internal & External Auditing Procedures
		Regulation on Regional Planning & Programming (<i>currently being prepared</i>) in case of the preparation of Regional Plan Guide
Directive		Directive on Procurement Principles and Procedures

After the announcement of The Law, fundamental regulations involving the working principles, employments and budget of DAs put into force. Thus, it contributed to develop administrative capacity of IZKA. These legislations have opened up the

institutional formation of DAs by defining organizational structure, competitive and high qualified recruitment policy and flexible financial resource. The Agencies have been designed as dynamic structures inspired by private sector logic. They are designed as development units acting as catalyst, supporter and coordinator, but not implementer. Within the principle of good governance, they are legally envisaged as critical institutions which combine public, private sector and civil society organizations in both decision-making and advisory body.

Subsequently, The Regulation on 'Project and Activity Support' and complementary documents (Guidelines for Support Management) provide a broad spectrum comprising types of supports, limits, ethical rules, call for proposals, disbursement, procurement principles and procedures, reporting, monitoring, evaluation, control, audit and other rules.

Regulation on Regional Planning & Programming is currently being prepared. Besides, The Directive on Procurement Principles and Procedures was completed. The Directive aimed to provide flexibility, faster decision mechanism and dynamic processing. Transparency, reliability, accountability, efficiency, confidentiality, effectiveness became fundamental principles in the activities of DAs. An audit mechanism put into force with The Regulation on Internal & External Auditing Procedures.

Organizational structure and the status of IZKA

For the first time, the responsibility of preparing regional plan was given to IZKA as the first regional actor. It seemed impossible for central administration to remain leading position in preparation of regional plans. Thus, it began to be prepared through the multi-level platforms and multi-level actors. A mechanism where plans are designed with the cooperation of regional and local actors was set. In this context, Article-3 of The Law (No:5449) states that DAs have legal personality and they "shall be subject to the provisions of private law except the ones stated in this law". This means that DAs are institutional entities contributing regional development (Tamer, 2008).

The general coordination of Agencies is conducted by SPO at the national level. The SPO has an oversight role which handles the compatibility between the regional strategic plan and national plan.

There are 4 basic organisational structure of The Izmir Development Agency.

1. The first one is the **Development Board** involving a broad participation as advisory body. The Board are formed in a participative manner. Although it gives consultative decisions in order to guide the Agency, their decisions are not binding for The Executive Committee. It is composed of hundred people, comprising the private and public sector as well as NGOs. In IZKA, thirty percent of the members constitutes the representatives from public institutions and organizations whereas seventy percent is from the private sector, non-governmental organisations, and universities.

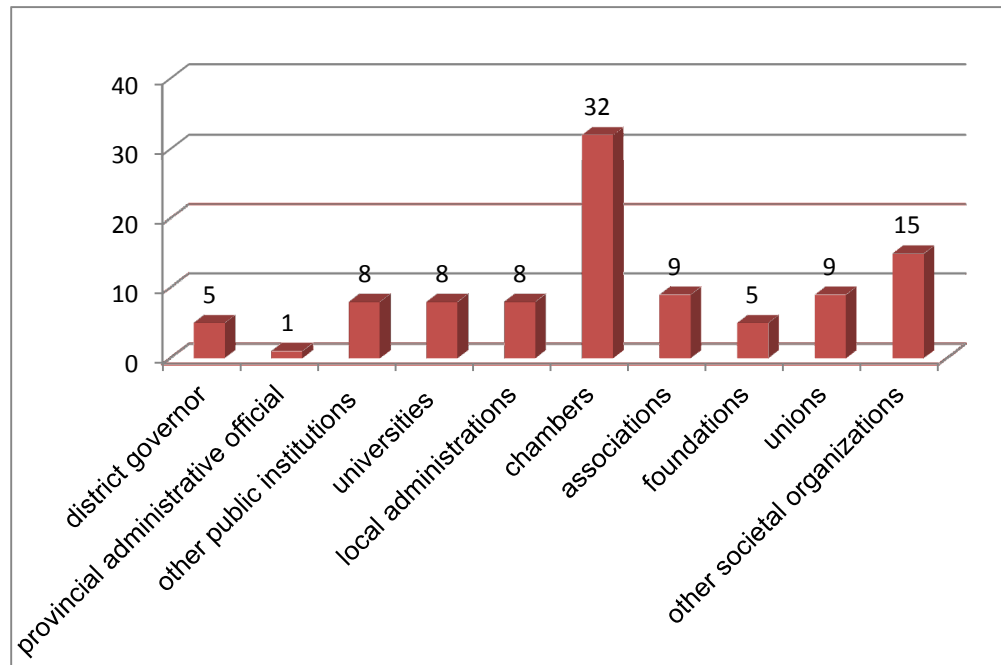


Figure 15: The distribution of members in Development Board

Source: Can and Yaşar, 2008: 68.

The Law allows the participation of civil society into decision-making process. As described by Ertugal (2005a:12), this new effort is the consultation processes of civil society at regional level. A chairman and a deputy chairman among its members are selected into The Boards. Three members of The Development Board are elected to the Administrative Board of IZKA, as a single province region. It is required to meet a minimum of twice per year by The Law.

2. The second structure is **Executive Board** as decision making body of The Agency. The members of the Administrative Board of IZKA are Governor of

İzmir, Mayor of İzmir, President of Provincial Council, President of İzmir Chamber of Commerce, President of Aegean Region Chamber of Industry, 3 delegates elected from the members of Development Board. Three representatives from The Development Board are President of İzmir Chamber of Agriculture, President of İzmir Union of Craftsmen and Artisans and President of BASİFED (Western Anatolia Industrialists' and Businessmen's Association Federation). Governor is the chairman of The Board. Decisions are taken with the majority vote. The chairman calls the members for meeting at least once per month.

3. The third one is **The Secretariat General** as executive body of the Agency. The executive head of the agency is the General Secretary, who is proposed by the Administrative Board and approved by the SPO. Within the framework of regional plan and programs, the executive body is responsible for preparation, implementation, monitoring and evaluation of plan, programs, projects funded by the agency. It is such an institution operating effectively with the high technical capacity.
4. The last one is **Investment Support Offices** who are responsible for The Secretariat General for their duties.

The organizational structure of IZKA is as follows:

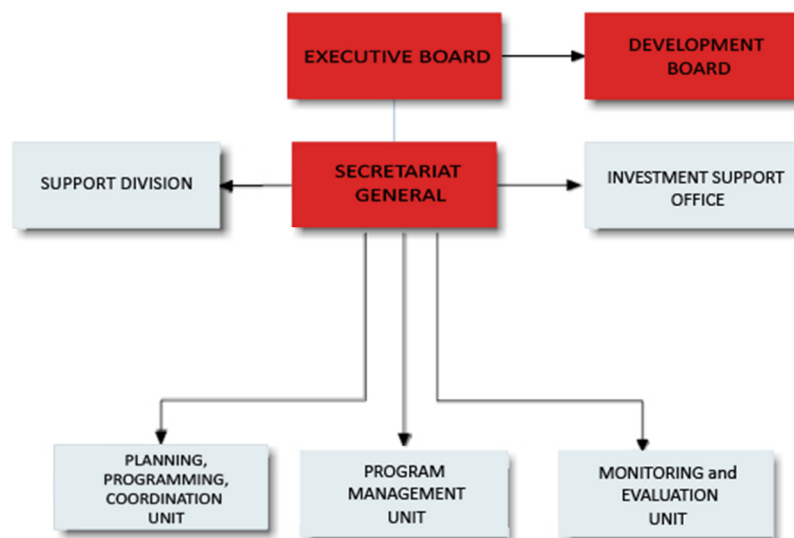


Figure 16: The organizational structure of IZKA

Source: <http://www.izka.org.tr/en/kurumsal/organizasyon-yapisi/>

IZKA has a functional organizational structure focused on the distribution of the grant mechanism. The general structure of The Agency consists of 5 units under Secretary General.

1. Planning, Programming and Coordination Unit
2. Program Management Unit
3. Monitoring and Evaluation Unit
4. Investment Support Office
5. Support Office

Duties and Authorities of The Agency

Duties and authorities of The Agency are as follow as well as it is stated by The Law No: 5449 (Can, 2009; DPT, 2009):

- Act as management/intermediary body for utilization of regional development funds,
- Support preparation process of regional development strategies/plans
- Support local and rural development initiatives/projects,
- Improve cooperation, coordination and harmony among public sector, private sector and non-governmental organizations,
- Support and promote entrepreneurship
- Follow and coordinate investment permission and licence transactions of the investors through business support offices/one stop shops
- Promote business and investment prospects of the region,
- Provide technical support to local governments,
- Carry out researches and establish databases
- Monitoring and evaluation

Budget

According to The Law (No.5449, Article-22), 'Budget, prepared in compliance with the national and regional level plans and programs, annual working plan and indicative allocation record determined by High Planning Council, shall indicate the revenues and expenditures estimation of the Agency within the budget year.' The budget of IZKA consists of the following items (Can and Yaşar, 2008):

- Shares, determined by Planning Board (Yüksek Planlama Kurulu) according to the criteria of population, level of development and performance for each agency (%48).
- Obtained sources from European Union and other international funds (%2)
- Annual revenues (%18)
- Transferred shares from the previous year budget revenues of Special Provincial Administration, Municipal Cooperation and Chamber of Commerce and Industry (%32).

One of the most important tools for The Agency is the grant mechanism for the development of Izmir. IZKA contributes the social, economic and cultural development in the region by providing financial support to the projects of local governments, NGOs and private sectors.

Financial supports, designed by IZKA are given to such grantable successful projects within the scope of call for proposals. The framework of the grant programs in IZKA is determined according to the Regional Development Plan.

Audit

Internal and external audits are made in The Agency.

- Internal Audit: Agency's activities, accounts, transactions and performance are controlled by The Board Chairman or general secretary with an internal auditor.
- External Audit: as stated by The Law No:5449 (Article 25), 'every kind of accounts and transactions of agency shall have been examined by the Administrative Board every year in March at the latest according to the principles and procedures that will be determined by the Ministry of Interior, Ministry of Finance and the Undersecretariat of State Planning Organization jointly and, if seen necessary, been examined by independent auditing institutions established according to the Capital Market Board legislation'.

4.4.1.1.2. Administrative regulators

After a clarification of the formal regulators, the second factor puts forward the consistency between the roles of The Agency in the legislation and its functions in

practice. In this part, the interviewees were asked to interpret the institutional building process of IZKA. Moreover, it is tried to figure out how new organizational form leads to a change into the former management system. In other words, the changes in the administrative structure are examined.

The General Secretary Dr. Ergüder Can states that IZKA encountered difficulties in the building process. Right after the publication of The Law No: 5449, the Union of Chamber of Turkish Engineers and Architects (UCTEA) sued for the repeal of No. 2006/10550 Decree of the Cabinet. UCTEA claimed that the concept of 'region' constituted a separatist movement. Thus, Council of State decided to stop the execution of Law No. 5449 and sent the Law to the Constitutional Court on 14.03.2007. Thereupon, on 30.11.2007 the Constitutional Court decided that there was no contradiction existed in The Law on DAs (Tamer, 2010). In addition, since the autonomy and sovereignty discussions about Regional Development Agencies (RDAs) were raised, SPO decided to change the term and accepted the 'Development Agencies (DAs) instead of RDAs.

It was understood that 'being regional' did not mean the division of national borders and pose a threat for the state structure; on the contrary, Agencies have public legal entity as the regional institutions.

As stated by The General Secretary, The Law ensures to create decision makers at the local level by suiting a financial structure for the effectiveness in decisions. Since it is realised that central policy making remained limited, regionally-based development bodies were desired. Thereby, DAs were recognized as the active actors at the local.

As a new structure, IZKA led to a change in the old public administration system. When compared to this new administration system through the DA model with the classical system, the central difference is the locality. The responsibility for the preparation of regional plan has been given to DAs for the first time in Turkey. In this way, Izmir Regional Plan 2010-2013 came into force with the approval of SPO on 16.06.2010. Although regional plans are prepared with the cooperation of central ministries under the coordination of SPO, the moderator of plans is local actors. Awareness in asymmetric relations through the participation is created. It leads to a change in the communication system, as well.

As expressed in Izmir Regional Plan Report (2010:6), The Plan 'aims to create a background for the effective and efficient use of the potential of Izmir by providing the strategic planning works and institutional and sectoral strategy documents with different purposes realized by all relevant institutions and organizations in Izmir and Aegean Region to steer towards the same priorities and aims'. Considering general characteristics of DAs, IZKA mainly seeks endogenous dynamics of the region and attracts foreign investment. However; common problem is the lack of adequate legal basis and unclarified regional plan making authority. Legal basis of regional plans is merely referred by Planning Law No. 3194 and there is no regulation about regional planning and programming. Performing principles should have been clearly introduced by eliminating legal uncertainties during the plan period. Dr. Can expresses that regulations concerning the preparation and implementation process of the regional plan should be made earlier. The particular solution is to set out a common regulatory frame for the plan coherence among the agencies. He says that the regulation process is still ongoing although all regional plans cover the 2010-2013 Period and we are in the midyear of 2011. However, these rules had to be written from the beginning. He continues to say that it surely becomes problematic after the approval of plans.

Izmir Regional Plan should not only be perceived as The Plan of IZKA. Instead, the plan should be regarded as the plan of entire region. Hence, the implementation responsibility belongs to all relevant actors in the region. In order to be successfully implemented, legal grounds in the charge of guiding the regional development strategies are necessary. Just as it is expressed in The 9th National Development Plan that the national plan is mandatory for all public sectors and incentive for private sectors, what all institutions and organizations would be expected from regional plans must be expressed in this regulation.

Considering the tasks and organizational structure of IZKA, there is a tendency to work mostly within the governance approach. DAs encourage governance model against the prevailing state structure. Since it is proposed to build such a mechanism where public, private sector and civil society organizations are composed at the local level, it favours bottom-up policies. They act as a semi-autonomous structure outside the mainstream government administration. Representatives from all universities, NGOs, local authorities and public institutions within the region take part both in The Administrative Board and Development

Board. Moreover, there are 3 delegates elected from the members of Development Board in decision making body of The Agency. The case in point makes The Agency more efficient in terms of governance.

Dr. Can argues that current legislation limits the authority of DAs. Although agencies are non-governmental institutions, second legislations make it necessary to act as the public. Since an autonomous structure is conceptualized with the Law No.5449, interventions to DAs should be less. Due to the exploration of secondary legislations it brings public weightiness to the system. Since financial support programs, budgets and Regional Plans are submitted to SPO for the approval, it leads to set up strong ties with SPO. However, one should note that how many decisions go to SPO for approval; the less flexible you are in decision-making. It can be concluded that public weightiness in DAs are stemmed from secondary legislations, not from organizational structure. As noted by Dr. Can, the decision-making body of Izmir Region (Administrative Board) is not a public-weighted structure unlike the other agencies composed of two or three provinces. All members are selected by election except The Governor. The Governor is directly assigned to be a member of This Board by Law No.5449.

Apart from the centralized ruling tradition, other problem is the difficulty of hard provincial administration. This strict system makes more difficult to take decisions at regional level. For the first time, development oriented decisions started to be taken at regional level rather than provincial level. Therefore, local administrative organization is forced The Agency to move at a more micro level. The sense of regional thinking will take time for all actors in the region (KBAM, 2010).

Unlike the classic provincial administration, DAs are local service institutions, shaped in a semi-autonomous position. Coordinated actions between the work field of IZKA and local governments in terms of jurisdiction are important. The authority conflicts among the different-sized institutions are a natural consequence of this system (Kayasü, 2007).

4.4.1.2. Normative Aspects

Institutions have not only hard organizational side but also have soft instrumental side (Storper, 1997:268). Considering IZKA approach to regional policy, soft policy

instruments gain importance to stimulate regional development by mobilizing endogenous dynamics.

Although The Regional Plan is prepared by IZKA, The Agency is not the only actor to perform it. Hence, The Agency builds a coordination and cooperation mechanism where multi-level actors with different backgrounds are composed within the governance system. This soft infrastructure requires 'social capital', 'diversity of participation' and 'human capital'. Therefore, this part examines encouraging roles of IZKA in provision of these factors.

4.4.1.2.1. Social Capital

It is proposed that 'the plan shall serve to increase the communication, coordination, collaboration and cooperation between the public sector, private sector and the civil society; providing a general viewpoint and common purpose formed by the opinion of all segments' In Izmir Regional Plan (2010:6). For the realization of this aim, one of the significant factors is 'social capital.' According to Putnam (1993:167), social capital refers institutional arrangements and he defines it as 'features of social organisation, such as networks, norms and trust that facilitate cooperation and coordination for mutual benefit'.

Under the 'social capital' factor, main objectives can be listed as follows:

- the integration of actors
- the capacity in meeting actors around the same focus
- coordination for mutual awareness
- The provision of community-based regional development

Objectives of Regional Plan must be owned by all stakeholders in the region. For this reason, the presence of communication, joint decision-making and monitoring mechanism is required. In this perspective, DAs are one of the actors to ensure coordination and cooperation. The embracement, the internalization and being operational of this Plan plays key roles in the implementation process.

Firstly, it is aimed to learn the effectiveness of local actors in both preparing and performing The Regional Plan within the scope of this part. Secondly, the part

examines whether İzmir Plan reflects the representation of different segments or not.

The expert of IZKA Sibel Ersin initially states that the first movement of IZKA was to introduce The Agency to other institutions by contacting them right after the establishment phase. Thereby, it turned into an advantage even as activities were stopped by Constitutional Court in 2006 Period. Concerning the vision of İzmir, the opinions of corporate actors were taken in İzmir Region.

As one of the potential duties of IZKA, it brings spatial perspective and differentiation to sectoral and thematic issues in order to meet regional needs. The development oriented system directly favours spatial focus of regional policy. This type of organizational approach may run the risk against the strict sectoral-institutional structure. As noted in 2010 Annual Report of IZKA, The Agency is perceived as a key institution that restricts other institutions working in the field of development activities (IZKA, 2010:59). There is an uncertainty in the position of former institutions existing within the classic administration system after the exploration of new organizational structure. The Agency may cause an 'othering' effect to the current local institutions. For this reason, inter-sectoral relations and coordination in practice is important for regional development.

Several interviews expressed the view that the significant role of IZKA is to bring important actors of İzmir, i.e. the chamber of commerce, the chamber of industry, the mayor, governor and other civil society organizations together around a table. However, the biggest shortcoming is to reach common point of all institutions and organizations.

During the preparation process, development axes, priorities and objectives of İzmir Regional Plan were evaluated in detail with workshops and sector meetings. Five thematic workshops; namely food sector, renewable energy sector, logistics, textile and clothing sector and advanced technology based industrial sector were organized.

Table 14: Sectoral workshops for 2010 2013 Izmir Regional Plan preparation process

Meetings	Date	The number of representatives
Workshop on food sector	29 May 2009	16
Workshop on renewable energy sector	13 June 2009	17
Workshop on logistics	17 June 2009	21
Workshop on textile and clothing sector	30 June 2009	17
Workshop on advanced technology based industrial sector	10 July 2009	22

Source: compiled from <http://www.izka.org.tr/planlama/bolge-plani/2010-2013-izmir-bolge-plani-calismalari/calistay-ve-sektor-toplantilari/>

During the workshops, sectoral problems and solutions to these problems was revealed in aiming to contribute 2010-2013 Regional Plan. Each sectoral representative created strategic priority headings by grouping problem areas. Group works were carried out to determine objectives under each strategic priority. This study was taken into consideration in the identification of development axes in Izmir Regional Plan. The axes encompassed strategic priorities to meet socio-economic needs of the region. The objectives under each development axes provided an outline for potential interventions which would realize the strategic priorities.

In aiming to understand how social capital is utilized as a policy action, The Secretary General of IZKA and The Chairman of Development Board Kemal Çolakoğlu explain preparatory works of Izmir Regional Plan. The preparatory process of The Plan has encompassed with participatory planning technique, including more than 500 representatives of institutions and dozens of workshop over the period of two years. A much wider representation of different segments have been achieved. This is particularly crucial so as to be recognized, adopted and embraced by stakeholders of The Plan.

Priorities and needs of Izmir are identified by stakeholders as result of workshops held during the preparation process. The Governor, Mayors and Heads of Trade and Industry Chambers told regional problems to the related Ministers in the meeting of Economic Development and Coordination Board on 13 February 2010 (IZKA, 2010). It became an input for Regional Plan. Thus, there is certain evidence that The Plan is prepared together with the participation of all stakeholders.

An effective regional planning process requires an appropriate mechanism where actors are closely involved to maintain policy dialogue. For this reason, Local and Regional Economic Development Workshop was held on November 1-4 and 22-25,

and December 6-9, 2010 in Ankara and Izmir by SPO. This workshop aimed to develop planning capacities of DAs (IZKA, 2010). During the interviews, it is claimed that The Agency has learned regional planning process by experiencing itself within the process.

After discussions on the preparation process of Izmir Regional Plan, this part intends to learn the impacts of Regional Plan on society in practice. The question that needs to be answered is how coexistence between the preparation and implementation process of The Plan will be achieved. In addition, the second question is that how Izmir Plan meets the expectations. These strategic goals may not be realized in the region. Therefore, how these goals are going on and how beneficially these goals work will be assessed within the scope of this part.

It seems clear that IZKA made a substantial effort to raise awareness and to ensure participation. In interviews, it is emphasized that this plan does not belong to IZKA; instead, it belongs to the region. According to the widespread view, The Plan has started to be notified to whole society as much as possible. After the completion of Plan, all 30 districts were visited and all relevant representatives from districts, especially mayors and the head official as well as civil society organizations and private sectors were brought together. The content of Izmir Regional Plan was transferred into local actors in order to induce collective action. Moreover, in pursuing to create common enterprise; the structure of The Agency, the preparation process of Izmir Regional Plan, the findings of the socio-economic needs for relevant districts and priority goals set out for each district in The Plan was told and discussed interactively in the local environment.

Subsequently, a survey, involving all districts (total 1562 participants who know best its territory) has been made. By this way, their urgent needs to be realized firstly, their possible approaches for the solution of problems and concrete project proposals were sought out. Actions were designed with the strong involvement of local interest groups. An assignment strategy where each experts of IZKA would be responsible for each district has been made. Face to face interviews with local actors, i.e. mayors, chambers of commerce and industry, civil society organizations were done by the experts of IZKA. Subsequently, a report for each district was written to contribute future studies.

IZKA attempts to generate focal points among the participants to foster trust and communication. According to Dr. Can, Development Board should be activated much more. For instance, this board meets approximately four or six times a year although it is required to meet a minimum of twice per year in The Law. However, It was decided to be done four meetings per year in The Development Board meeting in 5 May, 2011.

More efficient operation of Development Board was determined as the agenda item on Development Board Meeting, dated on 5 May 2011. A way to run more effective of The Board is to have authority and responsibility for the enforcement of this Board (IZKA, 2011). It was asked to increase enforcement power of Development Board for the selection of public members of The Board and approval of budget in Development Board Meeting on 2 February 2011. The reason of inability of the Board is the lack of systematic study from the beginning. Besides, participation rate of Development Board meetings occasionally drops to 40%. A commission was formed to work on the issues of legislative changes for the effectiveness of the Board.

It was decided to make The Board more democratic and functional structure. The number of three members elected from the Development Board to Administrative Board should be increased for balance representation of different segments. According to the record meeting of Development Board, the creation of more active and small working groups came into the agenda. Further, groups on the virtual platform have been created in aiming to incorporate members of The Development Board into the every decision-making stage. Face to face visits with members of The Board have been carried out regularly by each experts of IZKA. Thus, it has made members of The Board to feel itself inside The Agency. The interaction level has increased as a result of taking part in the activities of IZKA.

IZKA Development Board Meeting was held on 8 February 2010 in order to contribute regional plan studies and share mutual knowledge and experiences of members within the Development Board. According to the development axes identified in Izmir Regional Plan, seven working groups on the issues of advanced technology-based industries, renewable energy, tourism, logistics and transportation, agriculture and agriculture-based industries, promotional activities and clustering were formed. Board members were involved in working groups in line with their demands. First meeting was taken place to deliver their opinions and

contribute Regional Plan strategies on 25 February 2010. It was decided to perform meetings at least once a month.

Table 15: IZKA Development Board working groups

Name of working groups	Institutions
advanced technology-based industries	Bornova District Industrialists and Businessmen Association
	New Synergies Group
	Ege University
	Izmir Institute of Technology
	Atatürk Organized Industrial Zone
	ENDA Energy Holding
renewable energy	New Synergies Group
	Çiğli District Industrialists and Businessmen Association
	Aegean Forest Foundation
	Provincial Directorate of Environment and Forests
	Izmir University
	ENDA Energy Holding
tourism	Head Official of Çeşme District
	Chamber of Shipping in Izmir Branch
	The Municipality of Foça District
	Association of Aegean Tourist Establishments and Accommodation
	The Municipality of Karaburun District
	Association of Turkish Travel Agencies
	The Municipality of Bergama District
	Craftsmen Association of Historical Izmir Kemeraltı
	Izmir Chamber Of Commerce Industrial Zone
	Ege University
	Izmir Tourism and Promotion Foundation
	Aegean Tourism Association
	Çeşme District Union of Turkish Hotels
logistics and transportation	Aliağa District Trade Union
	Chamber of Shipping in Izmir Branch
	Bergama District Trade Union
	Izmir Businessmen Association
	Menemen District Trade Union
	Izmir Metropolitan Municipality
agriculture and agriculture-based industries	Izmir Young Businessmen Association
	Aegean Small and Medium-Sized Industrial Enterprises Association
	Associations of Balkan Federation
	Agricultural Sales Cooperation Union
	Tire District Organized Industrial Zone
	Aegean Exporters' Union
	Izmir University
	Ödemiş District Trade Union
	Izmir Chamber of Agriculture

Table 15: Continued

Name of working groups	Institutions
promotional activities	Hurriyet Journalism Printing Inc.
	Foundation Of Education Volunteers
	Ege Vision Visual and Audio Media Publications and Trade Inc.
	Aegean Free Zone
	Chamber of Shipping in Izmir Branch
	Izmir Cultural Arts And Education Foundation
	Yaşar University
	Aegean Tourism Association
	Provincial Directorate of Environment and Forests
	Aegean and western Mediterranean Industrialists and Businessmen Association Federation
	Izmir Business Women's Association
	Ödemiş District Trade Union
	European Broadcasting Inc. (Sky TV)
	Dokuz Eylül University
clustering	Aegean Free Zone
	Ege Contemporary Educational Foundation
	Aegean Small and Medium-Sized Industrial Enterprises Association
	Izmir Operation and Development Office of Small and Medium-Sized Industries
	ENDA Energy Holding

Source: www.izka.org.tr/files/CalismaGruplari.pdf

In the work program of The Agency, main activities are parallel with main goals of Izmir Regional Plan. For instance, one of the activity fields is the clustering and innovation strategy. A technical committee, involving of people working on the innovation issue has been formed. Thus, Development Board has become more active as an interface. Representatives have been assigned from this Board. Dr. Can states that representation of different segments is important in terms of transferring activities to their institutions and reporting these activities into their own strategies and work programs. By this way, it has gained chance to reach large masses.

It has been observed that The Plan has been introduced on any platform, including Provincial Coordination Committee and Provincial Councils. Correspondingly, some institutions have reported that The Plan has been taken into consideration as a reference in their work programs. As also noted by Dr. Can and Çolakoğlu (The Chairman of Development Board), relevant targets were considered by the municipalities and Izmir Special Provincial Administration as an input in their

strategic plans. Performance indicators were put into annexes of The Plan in order to explore how other institutions take care of regional development goals. Furthermore, Dr. Can adds that IZKA will check the goals by the end of 2011 in order to see how much compliance are realized. Likewise, main effects of The Plan will be occurred on '2013 Impact Analysis' with the help of survey at the end of 2013.

Financial support program, which is one of the most important tools of IZKA, has been designed with the help of SPO for the realization of priorities and targets. These support programs are formed according to the strategies, defined in Izmir Plan. It is stated that the selection of projects should be consistent with Regional Plan. Thus, all practitioners of the winning projects are also directly being involved in the implementation process. As claimed by The Chairman of Development Board, own financial resources of IZKA are not enough to perform all objectives and priorities of The Plan in the region. However, one should know that The Agency is not a practitioner; instead, it is served as a supporter, coordinator and catalyst.

One can understand that this is not just a passive process ending with the preparation process of Izmir Plan; in contrast, it is an active process acting together around the common goals. The Member of Administrative Board Ekrem Demirtaş expresses that the measurement of effectiveness ratio is hard although there is a wide range of participation in both planning and performing process.

As stated previously, there is no sanction if other institutions are not willing to perform the objectives of The Regional Plan. Hence, IZKA should make efforts on both national and local level regarding the adoption and ownership of Izmir Plan. In this respect, the institutionalization of coordination is necessary to ensure coordination in such a way of awareness among the all institutions (KBAM, 2011).

In the interviews, it is pointed out that IZKA made substantial efforts for internalisation of The Agency into the region. The coordination efforts of IZKA through conducted surveys, search conferences, workshops and meetings on different platforms were overviewed above. It is demonstrated that The Agency is a crucial unit for development activities. IZKA gathered a large number of local actors in decision-making process and implementation activities. Nonetheless, it is quite unclear to what extent IZKA made progress in coherent regional policy making.

All in all, the performance characteristics of Regional Plan should be based on the process-oriented rather than result-oriented (Dedeoğlu and Serteser, 2011; Eraydın, 2007; KBAM, 2011). A policy dialogue associated through a series of tools, i.e. workshops, surveys, focus groups should be developed. Besides, a continuous monitoring is necessary to achieve regional development goals. Finally, it should be noted that Regional Plan is not only a text in determining project fields that will be financed by the financial support programs of IZKA.

4.4.1.2.2. The Diversity of Participation

There is no doubt that DAs refer a multi-level governance model due to their encouraging roles in the provision of participation, coordination and communication. Although governance model 'officially' is adopted by The Law, the system may remain controversial in terms of legitimacy. The formation of such a system based on equally distributed relations from the hierarchal structure may go through a trouble (Eraydın, 2007).

One of the main elements of governance is the provision of political networks (Eraydın, 2007). The weakness in governance system is directly related with monopolistic dominant environment versus cooperative relations in building policy action. The relational infrastructure which enables to mutually develop knowledge, capacity and skills of local actors is important. Institutional linkages make available the policy-learning process (Eraydın, 2008b; Ertugal, 2005a:16-17).

A mechanism in which participation to development activities are at sufficient levels should be established. Participation enhances the effectiveness of Plan by empowering local actors. It requires strengthening social dialogue for an effective policy-making process. Within the scope of this part, 'the diversity of participation' factor is constituted to assess participation level in the implementation process of Izmir Regional Plan. In regard to this, the part explains how participatory approach can be improved to ensure better regional development.

The common view accepted by the interviewees is that participative approach has been adopted in Izmir Regional Plan by encompassing all actors at every stage. Due to the lack of sanction, communication efforts gain importance for the provision of public embracement. It is implied that this plan has prepared together with a feeling of ownership.

Due to the late approval of Izmir Plan, the implementation was delayed a year. Since approval process of The Plan took longer, opinions and comments from 35 institutions and organizations at national scale were received to improve the content of The Plan. In the light of the opinions and comments, The Plan has been revised and then approved by SPO on 16 June 2010.

In the interviews, it is widely stated that IZKA has attempted to encourage local participation and awareness. By this way, stakeholders take an active part in the identification of local needs and problems. After approval of Plan, firstly contact meetings and workshop studies were conducted in 30 districts.

Table 16: 2010 2013 Izmir Regional Plan Publicity and Information Meetings

Meetings	Date	The number of participants
Local and National Press Conference	5 October 2010	35
Provincial Coordination Committee	13 October 2010	100
General Secretaries Meeting of Union of Chambers of Tradesmen and Artisans of Izmir	19 October 2010	100
The Board of Directors Meeting in Union of Chambers of Tradesmen and Artisans of Izmir	22 October 2010	120
Izmir Awareness Meeting in Clustering	26 October 2010	150
Narlıdere District Izmir Regional Plan Launch Meeting	11 November 2010	73
Metropolitan Municipality Council Meetings	12 November 2010	100
Provincial Council Meeting	26 November 2010	100
Menemen District Izmir Regional Plan Launch Meeting	26 November 2010	64
Seferihisar District Izmir Regional Plan Launch Meeting	2 December 2010	40
Karşıyaka District Izmir Regional Plan Launch Meeting	8 December 2010	36
Karaburun District Izmir Regional Plan Launch Meeting	9 December 2010	27
Kınık District Izmir Regional Plan Launch Meeting	10 December 2010	38
Buca District Izmir Regional Plan Launch Meeting	13 December 2010	76
Beydağ District Izmir Regional Plan Launch Meeting	14 December 2010	44
Gaziemir District Izmir Regional Plan Launch Meeting	15 December 2010	57
Selçuk District Izmir Regional Plan Launch Meeting	15 December 2010	78
Torbalı District Izmir Regional Plan Launch Meeting	16 December 2010	20
Konak District Izmir Regional Plan Launch Meeting	16 December 2010	31
Urla District Izmir Regional Plan Launch Meeting	17 December 2010	30
Balçova District Izmir Regional Plan Launch Meeting	17 December 2010	33
Kiraz District Izmir Regional Plan Launch Meeting	20 December 2010	51

Table 16: Continued

Meetings	Date	The number of participants
Bornova District Izmir Regional Plan Launch Meeting	12 December 2010	78
Tire District Izmir Regional Plan Launch Meeting	22 December 2010	74
Bayraklı District Izmir Regional Plan Launch Meeting	23 December 2010	19
Karabağlar District Izmir Regional Plan Launch Meeting	24 December 2010	35
Menderes District Izmir Regional Plan Launch Meeting	27 December 2010	30
Bergama District Izmir Regional Plan Launch Meeting	28 December 2010	53
Aliağa District Izmir Regional Plan Launch Meeting	29 December 2010	44
Güzelbahçe District Izmir Regional Plan Launch Meeting	30 December 2010	27
Total		1763 people

Source: IZKA, 2010:25.

The stakeholders have been informed about strategic development axes and spatial scenarios according to the relevancy of each district. In order to achieve these targets, it is emphasized that relevant institutions and organizations should include the same targets into their working programs and strategic plans, too. The content of Izmir Regional Plan was officially announced in aiming to create awareness at local level. A large number of people have been gathered through surveys, workshops, search conferences, study visits, round-table meetings and face to face interviews. Further, The Plan has been launched to investor organizations in The Provincial Coordination Committee chaired by the governor.

All in all, there is a large contribution of participants in terms of quantity in Izmir. As expressed by Dr. Can and The Member of Administrative Board, locating all views of participants in practice is difficult. The effects of participation in decision-making process and the acquisition of consensus in implementation activities are quite unclear. It is argued that IZKA struggles with the miscommunication among institutions through the participatory tools in the interviews. Participants get into the process with their judgments and thus, power sharing in the participation process may be varied. So, it may influence negatively the generation of joint solutions for common problems.

In the interviews, it is revealed that IZKA creates a common mind by keeping dialogue channels active as a result of efficient returns of The Plan. There is a little

reference by interviews whether participants feel obliged to participate or they really believe their benefits. At least, taking part in the participation process is beneficial to follow The Agency's activities.

According to the interviews, IZKA attempted to publicize Regional Plan within the place-bounded relations. Nevertheless, there are some missing points. It is necessary to create an interaction environment where actors are involved in a common enterprise (Amin and Thrift, 1994). Although it is stressed that participatory principle was carried out at every stage of planning, it does not mean that outcomes of The Plan would be rich. One common problem is the lack of joint working culture. Gathering people around a same focus is critical. The other point is the imbalances of power which actors think their self-interest under win-win situation.

4.4.1.2.3. Human Capital

There is an increasing recognition that human capital is an important source to stimulate development by mobilizing endogenous capacity of regions. When examined qualifications and status of The Agency personnel, it is seen that there is an open and competitive recruitment system. The personnel work under a contract grounded on The Labour Legislation unlike the classic public administration. There is not a state guarantee issued by State Personnel Law No.657. According to the performance of employees, wage payment systems are subject to change. Wages are determined by Administrative Board according to performance of employees which is measured at the end of each year. The Agency personnel have high wages and better physical resources for job satisfaction.

IZKA has a functional organizational structure focused on the distribution of the grant mechanism. The general structure of The Agency consists of 5 units under Secretary General (IZKA, 2010).

1. *Planning, Programming and Coordination Unit:* This unit is responsible for the preparation of regional plan with the participation of local actors in accordance with National Development Plan under the coordination of SPO.
2. *Program Management Unit:* This unit is responsible for the management of financial and technical support to projects and activities which ensure the implementation of regional development plans and programs.

3. *Monitoring and Evaluation Unit:* This unit is responsible for monitoring and evaluation of grant programs and projects and activities supported by the Agency within the framework of the regional plan and regional operational programs.
4. *Investment Support Office:* It is responsible for introducing investment opportunities of Izmir to national and foreign investors and for supporting firms which plan to invest in Izmir.
5. *Support Office:* It is responsible for providing services in finance, human resources, press and media relations and other systems.

Considering the amount of employees in IZKA as size; 32 experts, 8 support personnel and 1 internal auditor are employed.

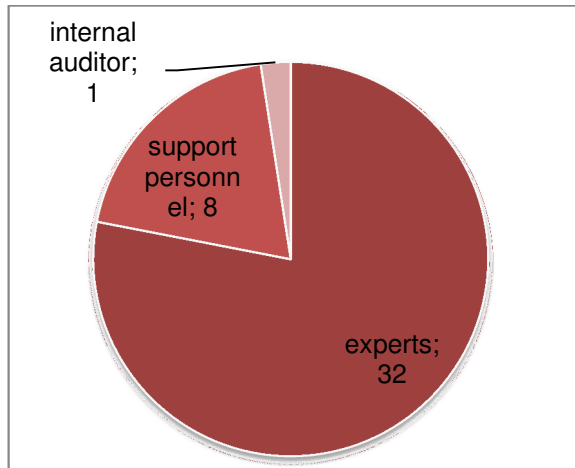


Figure 17: The distribution of employees according to their status

Source: IZKA, 2010.

When examined the educational background of employees in The Agency, there are 35 graduate students and 7 doctoral students.

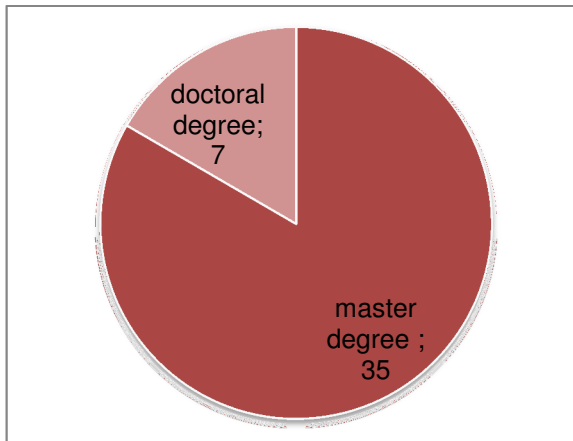


Figure 18: Educational background of employees

Source: IZKA, 2010.

The distribution of the Agency staffs by gender is approximately equal.

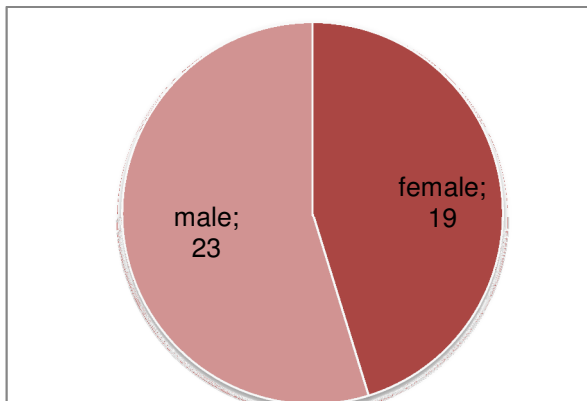


Figure 19: The distribution by gender

Source: IZKA, 2010.

There are two factors in the distribution of tasks. Firstly, the capability of staffs by considering their skills is the determinant factor in performing their responsibility. Secondly, the distribution of tasks is differed according to the priority needs of The Agency. The Secretary General has a complementary and enabling role in decision-making process. There is an intense interaction between Dr. Ergüder Can and The Agency personnel. Competencies and objectives for each title group are defined in line with the Rules and Procedures of IZKA Performance Assessment. Regular staff meetings are held in order to ensure smooth communication between the units. As a human resource policy, opinions and recommendations of the Agency staff are regularly taken by the Agency management.

4.4.1.3. Cognitive Aspects

Cognitive aspects of IZKA are concerned with the associational behaviour of policy-makers, depending on their backgrounds. As pointed out by North (1990), institutional setting is remarkably shaped by the human interactions and behavioural norms. In this context, 'cognitive roles in decision making process' and 'cultural identity' are determined as factors to see their impacts on implementation activities of Izmir Regional Plan.

4.4.1.3.1. Cognitive Roles In Decision Making Process

This part is focussed on the ability of policy-makers in performing Izmir Regional Plan. The interviewees were asked to discuss that background of participants are adequate to identify regional potentials, needs and problems.

As overviewed previously, participatory tools have been carried out by encompassing related stakeholders during the decision-making process and implementation activities. The expert of IZKA says that a large number of people have been gathered through workshops, meetings and research conferences. However, it is difficult to reach a compromise in heterogeneous communities (Allmendinger and Twedwr-Jones, 2000). In line of this fact, when participation list are too broadly defined, collective actions to achieve common goals have encountered with some problems. Firstly, to what extent the views of participants reflect effectively into The Plan is quite unclear. Secondly, the equality of power among participants is slightly controversial, too. Moreover, since participants get into decision-making process with their judgements, it is difficult to reach coherent regional policy making.

There is a limited tradition of public participatory process resulted from the weak civil society. IZKA attempts to provide community based regional development by mobilizing civil society through the joint involvement of actors. Achieving common goals require the quality of participation with a feeling of ownership to The Plan. It can be argued that outcomes of participation are quite symbolic. Collaboration among actors in achieving common goals is not clearly defined in the interviews.

According to the expert of IZKA, since the chairman of Administration Board is governor, it creates a public image in perception. This image has both advantage

and disadvantage. On one hand, it provides a positive atmosphere in terms of mutual awareness of actors. On the other hand, when IZKA is perceived as a public structure, it causes trouble to attract public sector and NGOs.

4.4.1.3.2. Cultural Identity

Since institutions are embedded in social context and have culturally-rooted character (Scott and Storper, 2003:586), social, economic and cultural infrastructure play a crucial role in performing the Regional Plan. Considering adaptability of new changes, it has been observed that the society displays an open behaviour in Izmir.

4.4.2. External Effects of IZKA

4.4.2.1. Regulative Aspects

This part highlights regulative issue through the external impacts of IZKA. In order to accelerate regional development, it is argued that effective cooperation and coordination ground among institutions at the central level is crucial. In this context, SPO has started to develop a strategic framework to steer the regional development activities throughout the country (DPT, 2011). In regard to this, 'coordination and direction platform at the central level' is designated as the regulative factor.

4.4.2.1.1. Coordination And Direction Platform At The Central Level

New elements of regional development approach can be named as Development Agencies, The National Strategy for Regional Development (BGUS) and The Regional Development Committee (BGK). While DAs provide a basic coordination mechanism at regional level, BGUS constitutes the basic policy framework at national level. It is envisaged that the coordination and direction platform at the central level will be generated by BGK.

Preparations for BGUS still continue under the initiative of SPO. This strategy aims to determine principles and priorities for regional policy at national level as well as to ensure compatibility between national plans and regional plans. It also contributes to draw spatial development perspective at national level.

One of the development axes in the 9th National Development Plan refers the formation of BGK. It is expressed as “making regional development policy effective at the central level”. BGK will be a formal platform for the negotiations of policies and practices affecting directly or indirectly regional development. By this way, it will be an interface between central and local authorities. All representatives related to regional development, i.e. Ministry of Finance, Ministry of Education, Ministry of Public Works and Settlement, Ministry of Health, Ministry of Transport, the Ministry of Labour and Social Security, the Ministry of Industry and Commerce and so on will take part in The Committee (DPT, 2011).

The impacts of national policies on regional development will be assessed and the works of BGUS will be steered within The Committee. In addition, BGK will make recommendations and proposals to relevant institutions to achieve objectives set out in regional plans. Thus, the realization status of regional plans will be monitored and evaluated (DPT, 2011).

After putting forward the attempts for regional development at the central level, it would be useful to examine their possible reflections to IZKA. One can know that the core field of DAs is to produce strategic regional plans compatible with the national development plans and programs. Nevertheless, the absence of strategic plan definition in the legislation creates a problematic issue (Kayasü, 2007). It is thought to prepare a ‘regional plan guide’ by SPO in order to provide a standard framework for regional planning. The expert of IZKA Sibel Ersin expresses that she is not quite sure how this guide will be efficient since development strategies differ according to local regional needs and potentials. As this guide provides a standard framework, the critical question is that how SPO will accomplish coordination on conducting the same methodology during the preparation process of regional plans. After the completion of 2010-2013 Period, all agencies is going to prepare regional plans at the simultaneous time. Correspondingly, 10th National Plan is going to force in the new period. As stressed by the interviewee, the analyses need to be done in all NUTS-II regions with comparable methodologies and the result of these analyses

need to be evaluating as an input to national strategy. SPO is expected to respond the question of whether regional plans will be developed according to the national plan or regional plans will provide input to the national plan in the new period. For instance, the expert of IZKA mentions that if biomedical is implemented as the priority sector in The Plan, this sector should be able to take place in the national strategy. But, how it can be taken place is the coordination matter of SPO.

It can be seen that coordination between national and regional level is tried to be built. The Committee makes central authority possible to realize operational programs at regional level. Thus, The Committee will be at the centre of national coordination whilst DAs take place at the centre of regional coordination.

When it comes to the implementation process, Dr. Can claims that if organisations are not willing to enforce the objectives of The Plan, there is no sanction to apply. In addition, the second problem arises from the administration system of ministries. The budget of the provincial directorates of the ministries, i.e. the provincial directorates of agriculture or the provincial directorate of the environment and forest comes from the central government. For this reason, it puts pressure on both national and local authorities to meet the objectives for regional policy. Therefore, coordinating role of the central authority becomes significant to steer regional development with reference to Regional Development Committee.

4.4.2.2. Normative Aspects

This part focuses on the network relations extending beyond the region. 'Building bridge capital' factor is determined under the external normative aspects of IZKA. The effects of Izmir Regional Plan to its hinterland will be assessed in the context of this study.

4.4.2.2.1. Building Bridge Capital

Regional development requires mutual complementarity with its environment. Building external networks through inter-institutional linkages has become a significant policy (Tekeli, 2009). In this context, firstly this part will examine the influence of Izmir Regional Plan to the other regions. The part is concerned with the possible changes that can be occurred following the implementation process.

Secondly, the effectiveness of mutual communication between national and local authorities is clarified.

In consideration of the Izmir's standing within the region and country, Izmir has the highest share within the overall GDP produced through The Aegean. Izmir comprises almost fifty percent of The Aegean GDP and seven percent of Turkey overall GDP (Izmir Regional Plan 2010-2013, 2010; İzmir Situational Analysis, 2009). One can understand that Izmir has a central position within The Aegean. The interaction of Izmir with neighbouring provinces has been put forward in the context of development axes and strategic targets in Izmir Regional Plan (2010, 136-141).

As stated by Dr. Can, Izmir has a close link especially with Aydın and Manisa. In regard to economic, social, institutional and geographical aspects, certain activities make it necessary to work parallel with other regions. For instance, He says that while working on the port area, potentials of Aegean Region should be paid attention. Tourism is also one of the activity areas which move together with its hinterland. Hence, building of network linkages with other agencies through the joint involvement plays a crucial role. However, Dr. Can and the expert of IZKA Sibel Ersin confess that one of the deficiencies in Izmir Plan is to exclude its hinterland within The Regional Plan. The reason is based on the experienced difficulty to obtain data even for Izmir from other institutions in Situational Analysis and Clustering Analysis. So, it was not possible to obtain data one by one for each province, including Manisa, Aydın, Uşak, Kütahya. Nevertheless; for instance, Watershed Management Plan, prepared by Gediz Basin Association is taken place on The Agency's agenda. Moreover, IZKA intends to carry out project-based collaborations with other agencies. For example; EXPO, which is not only important for Izmir but also for The Aegean Region and Turkey, has recently come into the agenda.

IZKA attempts to develop and transfer its experiences, gained earlier from EGEV to other agencies.

Table 17: Trainings provided by the Agency staff

Experience exchange programs of Development Agencies (Mevlana, Orta Karadeniz, Doğu Anadolu-Şanlıurfa, Dicle, Güney Marmara, Kuzey Ege, BEBKA (Bursa, Eskişehir, Bilecik DA), Ahiler, Kayseri, Fırat)	4 February-22 March 2010
Experience exchange programs of Development Agencies (Orta Anadolu, Batı Akdeniz, Doğu Akdeniz, Zafer, Güney Ege)	18 June 2010
Experience exchange programs of Development Agencies (Batı Akdeniz and Doğu Marmara DAs)	14-15 July 2010
Karacadağ DA Contact Meeting	17 September 2010
Dicle and Karacadağ DAs Visits	09-11 June 2010

Source: IZKA, 2010.

As also stated by Dr. Can, there are three DAs in concerning of IZKA: Güney Ege Development Agency (TR32: Aydın), Zafer Development Agency (TR33: Manisa) and BEBKA-Bursa Eskişehir Bilecik Development Agency (TR41: Bursa). IZKA has supported the institutional infrastructure of other agencies regarding the issues related with Izmir Region in aiming to create synergy. The Plan of IZKA was introduced to neighbouring agencies to guide them in preparation process of their regional plans. In addition, IZKA guided the agencies in building their institutional capacity. Consultation meetings concerning organizational efforts, the construction facilities and the recruitment of technical personnel of the agencies were held. The agencies still have some problems in the institutionalization process. As soon as they were established, it was required to design financial support programs. For this reason, preparing regional plan in a short time became hard for them. However, IZKA played a key role to provide inter-regional interactions. Dr. Can expresses that when the agencies become better, IZKA will cooperate more efficiently with them.

When examined the relationship of IZKA with national authorities, it is seen that there is less dialogue and coordination attitudes. According to Dr. Can, highly centralized state is the main obstacle to develop inter-institutional dialogue. Relationships remain top-down since all strategic documents and plans have to get approval from SPO. Instead, it is necessary to maintain trust and autonomy based relations.

It can be concluded that IZKA becomes a leading agency not only for its hinterland but also for entire regions thanks to the experiences coming from the early 1990s. Moreover, Izmir Regional Plan becomes a source of inspiration to other agencies during the preparation process of regional plans.

4.5. Limitation Of The Study

A number of constraints have been explored during the research. These constraints are listed below:

- The institutional capacity of IZKA was assessed mostly in terms of subjective indicators, i.e. social capital, participation, coordination and so on. Qualitative approach was utilized within the context of this research. The reason is that institutions not only comprise formal rules such as laws and regulations but also informal rules such as behavioural roles, social norms and values.
- Another constraint of the study is the availability of limited factors. As mentioned previously, there are a large number of factors which were undertaken by researchers in measuring the performance of institutions. Within the scope of this study, it is quite impossible to incorporate all factors with all dimensions into institutional capacity. However, in the light of literature reviews, common factors that shall attribute the capacity were taken into account.
- The other limitation faced during the research is time. Only one development agency could be chosen as a case study area to investigate institutional performance of the agency. Within the scope of this research, it has not been possible to obtain general picture of DAs. The reason is that each of agencies has different characteristics. Recent theories have exposed that regions are embedded in local circumstances of institutions. In line with this fact; methods, goals and development process of all agencies can be differed according to needs and opportunities of regions. Therefore, the agencies' contributions to regional development can be varied according to their institutional building efforts. Izmir made progress in performing regional plan in comparison to others.
- It is necessary to acknowledge that the appointments with President of Administrative Board (Governor of Izmir) and Vice President (Mayor of Izmir) could not be arranged. For this reason, the interview was conducted with The Member of Administrative Board Ekrem Demirtaş (President of İzmir Chamber of Commerce). In addition, there was an impossibility incorporating all actors, especially those from Development Board. However, Actors were selected according to their critical roles in performing regional plan.

- Due to the nature of in-depth interviews, multidimensional outcomes were explored according to the respondents' cognitive structure; i.e. perceptions, skill levels, backgrounds, behavioral attitudes and so on. Furthermore, while some of interviewees openly expressed their views, others intended to give ideal responses. Interviewers' prejudices to disclose the reality had an impact on the research success.

CHAPTER 5

CONCLUSION

The thesis focused on the institutional performance of IZKA in Izmir Regional Plan 2010-2013 activities. The main objective of this research was to learn to what extent IZKA performs Regional Plan in terms of institutional infrastructure. Theoretical findings proved that institutional settings have played significant roles in shaping regional development. In this sense, this study was concerned into two major issues: institutional theories and their transition to regional development field. Institutional approaches gained much attention for a long time. A great deal of people offered broad and complex definitions. However, institutions were mostly expressed with two forces, comprising in formal, i.e. laws, rules, regulation, organizations and so on; and informal, i.e. human behaviour, social norms, community actions, conventions and so on.

Furthermore, Scott (1995, 2004) handled institutional settings in a complementary way. He presented a broad conceptual framework by taking into account institutions under three elements; including regulative, normative and cognitive. While regulative elements mostly reflected formal sides of institutions, normative and cognitive elements mostly emphasised social obligations in accordance with informal sides. Scott's broad approach about institutions guided the research design of this thesis.

As the second issue, there needs to be look at institutional approaches with respect to regional development. Before 1970s, regional issues were less favoured and weakly institutionalized under nation state's border. Institutional assets had long been neglected in the neo-classical theory. This period failed to integrate institutional settings and regional development. Major efforts were primarily based on the strengthening of institutions. During the period of 1970s and 1990s, institutions became a matter for regional development with the identification movement of regions. The endogenous capacity and capital accumulation of regions were emphasized throughout the endogenous theory. The importance of institutional

development was discovered. Initial attempts for institutional building at regional level came into forefront since 1990s. So, institutional arrangements were directly related with regional specific policy actions. Collective forces, both in formal and informal settings were recognized in shaping regional development in New Economic Growth Theory and Associational Economy.

There have been certain reflections of institutional approaches on Turkey's regional policy. With respect to institutionalization, major regional development policies have been implemented in Turkey. The central concern was based on the elimination of regional disparities and the acceleration of regional development. Therefore, effective tools such as national development plans, integrated regional projects, investment incentives, Priority Development Areas (PDAs) policies, provincial development plans, organized industrial zones, SMEs approaches and rural development projects and so on have been defined in order to deal with the inter-regional inequalities. Within the scope of this study, regional policy efforts in Turkey were examined in three steps. Prior to the planned era until the 1960s, main objective had been based on the physical settlement plan as a public tool rather than regional development plan. The priority was mostly given to national development. With the beginning of the planned era after the establishment of SPO, which was the first direct responsible institution for national and regional planning; an integrated planning approach came into the agenda. In the new planning concept, sectoral priorities and spatial dimension was undertaken together. With the establishment of SPO, initial attempts in regional plans were explored in aiming to integrate sectoral priorities with spatial dimension. In regard to this, several development plans were prepared in order to reduce regional disparities and to ensure regional development.

Earlier regional development experiences in the planned period were the Eastern Marmara Project, Çukurova Region Project, Zonguldak Project, Antalya Project and Keban Project. Since then, the planning efforts which began quickly with the establishment of SPO, slowed down during the period 1970 to 1985. Due to the economic and political problems such as the announcement of strict management, September 12 Coup and rule changes; recession process in regional activities was experienced. After the stagnation period, regional policy activities gained momentum again with the resurgence of political attempts. Therefore, The Southeastern Anatolia Project (GAP), which was the biggest multi-sectoral and integrated regional

development project, was put into practice in 1989. When assessed the status of GAP, it can be claimed that the project has been the most successful one among the regional development plans being implemented until recent years.

Since 1999, driven by alignment process to the EU; regional policies were developed in cohesion with EU regional policies. After gaining official status in the accession process, structural reforms have gradually introduced for regional convergence. In this sense, new projects, called as Zonguldak Bartın Karabük Project, The Eastern Anatolia Project (DAP), The Eastern Blacksea Regional Development Plan (DOKAP), Yeşilırmak River Basin Development Project, and several rural development projects were launched. Although comprehensive and integrated regional planning approaches were formulated, none of them could be implemented properly.

The EU accession agenda made a cross-cutting impact in the implementation of regional policies. In Turkey specificity, regional policies and programmes are formulated by the demand of the EU, too. Influenced by these external policies, the country has gradually introduced reforms in order to update its regional system. It challenges the transformation of domestic political structure. In line with the announced strategic documents, i.e. NPAA, Accession Partnership Documents, Regular Progress Reports, multi-level governance model has been adopted. It has transformed the centralized state towards a more decentralized and regionalized model.

Turkey has developed compliance mechanisms in regional policies to meet EU Accession criteria. These efforts lead the creation of the 'region' compliance with the EU norms. Since 'the regional level' is critical for EU's regional policy, it became essential as an institutional unit in policy-making. However, the term 'region' had been seen as a sensitive issue in Turkish political system for years. But, the case was broken by Europeanization attempt and thus, Turkey firstly lived new regionalization experience with NUTS classification. In regard to this, the *acquis* on regional policy in cohesion with EU standards NUTS classification was implemented with the NUTS system. Following this, The Law on the establishment of RDAs played an important role against Turkey's centralized structure. By considering The EU Regional Policy standard, NUTS-II regions constitute the basis in launching regional development plans/projects (Ertugal, 2005a; Ertugal, 2005b; Kayasü, 2006;

Reeves, 2006). Therefore, the establishment of DAs requires to the replacement of traditional policy instrument with the regional institutional structure.

The need for the establishment of DAs mainly comes from the earlier policy failures. Local agents hardly played any roles under the domination of SPO. The concept of 'integrated regional development' approach could not be adequately implemented. Although participatory approach and coordination was ensured during the plan process, weak local system failed to create local synergy. It can be claimed that institutional capability of local authorities and strong civil society structure in regions are necessitated to identify regional potentials, resources and opportunities. Following the fact that regional institutional specify tendencies are increased, DAs as a new tool in shaping regional policies are adopted.

Since earlier regional policies were failed to implement regional plans due to the lack of institutional infrastructure in terms of formal and informal settings on the region, there needed to be built necessary institutional mechanism at regional level. Thus, DAs were established as a result of top-down political action in the context of EU requirements with the Law on the Establishment, Coordination and Duties of Development Agencies. Agencies were designated in a decentralized way and participatory method for the effectiveness of regional policies. Thus, a structural transformation was explored in regional development. Firstly, regional development plans have acquired a strategic content. Secondly, regional development has become more effective with the participation and cooperation mechanism.

After the announcement of Law No.5449, a total of DAs were established with the Decrees of Council of Ministers. After the completion of DAs, SPO asked DAs to prepare strategic regional development plans. For the first time, the responsibility for preparation of regional plans was given to DAs in Turkish history. Thus, first regional plan was produced at regional level by IZKA. Izmir Regional Plan 2010-2013 was approved by SPO on 16.06.2010. Within the context of this thesis, IZKA was chosen as a case study area in order to assess institutional performance of IZKA in Izmir Regional Plan 2010-2013 activities.

This case study area was chosen using a number of criteria. The institutionalization of DAs needs a long process. When considered İzmir Region; a series of drivers have shorten this long process of IZKA. These major drivers are its local powers including both private and public sector, its institutional arrangements which is also a

leading region of Turkey, the rising level of local activism from the early 1990s and endogenous dynamics of the region and so on. So it was chosen as a pilot Agency. As being chosen a pilot agency, IZKA's actions and experiences have guided other agencies. EGEV, which have played a vital role in integrating local authorities such as municipalities, chambers, universities since 1990, is a guiding spirit for the first agency, IZKA.

This study was designated into two stages. In the first stage, factors that shall affect the institutional performance were identified in the light of institutional approaches. In the second stage, the performance of IZKA was assessed by these factors. The effectiveness of IZKA in performing Regional Plan was handled in terms of internal and external effects of this Plan. The study acknowledges that Izmir Regional Plan has not only direct outcomes for Izmir Region, but also wider effects for its hinterland.

The thesis firstly claims that there are a large number of factors which have significant impacts on The Agency's performance. In regard to this, there have been many attempts by researches in order to determine what kind of factors can play effective roles in institutional capacity. In keeping up literature reviews, different views take this issue with different ways. According to some (e.g. Amin, 2004; Camagni, 2008; Fukuyama, 1995; Morgan, 1997; Keating, 1997; Porter, 1993) socially constructed institutions, with a special emphasis on social capital, participation and network relations, facilitate regional development. Others (e.g. Keanu, 2001; North, 1990) tend to describe this issue with adequate administrative capacity, endowed with human resources and financial tools. Some of them (e.g. Cooke and Morgan, 2000; Healey, 1998, Putnam, 1993) states that the effectiveness of institutions depends on the building cooperative relations and strong involvement of actors. Further, some researches generate new terms such as 'institutional thickness' (Amin and Thrift, 1995), 'territorial capital' (Camagni, 2008) or 'untraded interdependencies' (Storper, 1997).

In the light of these reviews, common factors that shall contribute the institutional performance are composed within the scope of this research. Since there are a large number of factors, it seems impossible to insert all factors. For this reason, potential factors that may clearly be indicative for performance are determined.

This study adopts the Scott's comprehensive analysis about institutions (1995, 2004). Scott's approach helps to systematize these factors. Therefore, factors are grouped into three dimensions (regulative, normative and cognitive).

This research adopted qualitative analysis to measure institutional capacity of IZKA. In-depth interviews as the primary data and documented texts as the secondary data were utilized. The interviews were carried out by Secretary General of IZKA Dr. Ergüder Can and the expert of IZKA Sibel Ersin *as the executive body*; The Chairman of Development Board Kemal Çolakoğlu (Ege Young Businessmen Association) *as the advisory body*; The Member of Administrative Board Ekrem Demirtaş (President of İzmir Chamber of Commerce) *as the decision-making body*.

In the light of these compiled data, research findings were presented as follows:

Table 18: Research findings of internal performance of IZKA

Factors	Purpose	Research Findings
Regulative aspects		
formal regulators (North, 1990)	Identification of how legislative framework provides responsibility and authority to the Agency	<ul style="list-style-type: none"> - The Law on the Establishment and Duties of Development Agencies No.5449 allow the exploration of DAs. Therefore, IZKA was established as the pilot DA with the Decree of Council of Ministers on 6 July 2006. After the announcement of Law, a series of legislations, comprising organizational structure, working principles and procedures, recruitment policy, budgets, audits came into the force. These legislations made IZKA possible to develop its administrative capacity. - The Law introduced a semi-autonomous mechanism where public sector, private sector and civil organizations work together. Unbureaucratic approaches across the state centered ruling tradition have been explored thanks to the exploration of DAs. Policies are shaped according to the principle of voluntarism in governance structure unlike the authoritative and binding policies in government structure (Eraydın, 2007).
administrative regulators (North, 1990)	Clarification of how new organizational system creates a change into the former management system and possible reflections of the legislation to the Agency	<ul style="list-style-type: none"> - Although legislations defined formal rules of DAs, it was not properly realized in practice. It is not possible to say that political patterns have properly changed with the emergence of governance model. - The weakness of this system firstly has come from the legislations. A public-weighted structure has explored since regional plans, financial support programs, budget and other strategic documents have to be approved by SPO. - It has also made relations top-down with national authorities although new system requires more equally distributed relations rather than hierarchical. For this reason, IZKA lives difficulties in being independent structure and less flexible in decisions. - The Agency draws a spatial perspective to sectoral and thematic strategies. As regional development policy favoured the spatial focus, some difficulties are encountered across hard sectoral-institutional structures. Decisions, which started to be taken at regional level, challenge the standardized ruling tradition. It forces The Agency to move at a more micro level. Time is needed for a way of thinking 'regional'.

Table 18: Continued

Factors	Purpose	Research Findings
Normative aspects		
Social capital (Camagni, 2008; Putnam, 1993; Fukuyama, 1995)	Identification of soft policy instruments of IZKA in Izmir Regional Plan activities for the utilization of social capital	<ul style="list-style-type: none"> - The Agency utilized soft policy instruments to enhance effectiveness of Izmir Regional Plan. The first issue that needs to be emphasized is that although this Plan was prepared by IZKA with the participatory approach, the responsibility for performing it belongs to all relevant actors in the region. In this sense, IZKA should not be regarded as practitioner, instead; acting as coordinator, supporter and catalyst. In order to be successfully performed, IZKA encouraged participation, coordination, communication and cooperation mechanisms by encompassing multi-level actors within the governance structure. - After the completion of Izmir Plan, there have been many attempts to inform entire region about this Plan on any platforms. A broad range of local actors was gathered through contact meetings, search conferences, surveys, visits to all districts, face to face interview and so on. - Participative approaches were adopted to strengthen social dialogue for efficient policy-making. Strategic development axes in The Plan were transferred into stakeholders in order to be recognized, adopted and embraced by them. In addition; priorities, targets and spatial scenarios set out in Regional Plan was told related to the each district. - Due to the absence of sanctions, communication and coordination efforts gained momentum. Regional Plan was taken into account as an input to strategic plans and working programs of municipalities, head officials, private sectors, civil society organizations
The diversity of participation (Camagni, 2008; Eraydın, 2007; Morgan, 1997)	The effectiveness of participatory approach in decision-making process and performance activities of IZKA	<ul style="list-style-type: none"> - IZKA kept dialogue channels open by emphasizing that this Plan was prepared together as a result of collective actions of local actors with a feeling of ownership. - Although IZKA provided strong involvement of local actors into regional development process for awareness, it is quite unclear that how beneficially returns of coordination ensured. To what extent opinions of participants influenced decision making process and how The Plan met expectations is a controversial issue, too. At least, it was an important step to follow The Agency's activities and to transfer these activities into working programs of other institutions.

Table 18: Continued

Factors	Purpose	Research Findings
Normative aspects		
Human capital (Keating, 1997)	Human resource policy of IZKA, and qualifications and status of The Agency personnel	<ul style="list-style-type: none"> - IZKA has a highly qualified recruitment system. It is seen that the capability of experts is adequate to identify regional priorities and needs.
Cognitive aspects		
Decision-making process (Keating, 1997)	Identification of collective actions by encompassing related actors	<ul style="list-style-type: none"> - During decision-making process and implementation activities, IZKA encouraged stakeholders to participate more actively through various workshops, meetings, surveys and so on. - Although participatory tools were used very effectively and IZKA gathered a large number of participants, the quality of participation was quite unclear in attaining collective goals. It was not evident that the community based regional policy making was properly succeeded. - Since participation level was too high in terms of quantity, it was problematic to compose all participants' opinion and to make consensus on decisions. It is substantial to provide participation in a belief that this form of participation is able to reflect participatory democracy which shifting decisions through the equality of power among participants. - Considering the culturally-rooted character of Izmir Region, it can be said that Izmir represents an open community structure in adapting new changes.
Cultural identity (Scott and Storper, 2003)		

Table 19: Research findings of external performance of IZKA

Factors	Explanation	Purpose
Regulative aspects		
coordination and direction platform at the central level (DPT, 2011)	Possible reflections of Regional Development Committee and National Strategy for Regional Development (BGUS) to The Agency	<ul style="list-style-type: none"> - SPO attempts to develop coordination mechanism at national level. When the formation process of BGK and BGUS is analysed, it is seen that BGK is formed to ensure participatory decision making, coordination and direction in regional development field together with BGUS and DAs. BGUS envisages an essential policy framework to ensure consistency between regional plans and national plan.
Normative aspects		
building bridge capital (Tekeli, 2009)	The interaction of IZKA to the neighbouring Agencies	<ul style="list-style-type: none"> - Some particular impacts of Izmir Regional Plan extending beyond the region were explored. Although the interaction of Izmir with neighbouring provinces was taken place in the content of Regional Plan, possible effects of its hinterland to Izmir Region was neglected due to the difficulties in obtaining data for each provinces. - IZKA built inter-regional networks with its hinterland. Many activities (e.g. trade, logistics and tourism) in the Region required IZKA to cooperate with other agencies. Thereby, Izmir made a close link with TR32 (Aydın), TR33 (Manisa) and TR41 (Bursa). - Since IZKA gained much experience in preparation of Regional Plan in comparison to its neighbouring, it guided to newly established agencies to build institutional infrastructure.

As a concluding remark, it can be said that IZKA displayed an active process, not only ending with preparation, but also continuing with implementation. Considering the fact that capacity building of DAs will take time, the institutionalization of agencies in providing regional development within a short time seems quite difficult. However, considering Izmir's standing within the other agencies, the region has gained remarkable experiences on regional development since 1990s. However, research outcomes show that there are some shortcomings being obstacle to the effectiveness of Regional Plan. IZKA should ensure more effective mechanism in order be more concrete and binding results of Izmir Plan.

Unlike the classical local administration, IZKA has been designed as a regionally-based development body. IZKA could not perform regional plan on a stand-alone by considering its roles, financial resources and organizational structure. The Agency stimulates regional development by using soft policy instruments. It has facilitator and empowering role by coordinating local actors. One of the significant roles of IZKA is to build joint mechanism which brings relevant institutions and organizations together to achieve common goals and to conduct its functions effectively. However, IZKA encountered many problems to induce collective action within the governance system since some institutions particularly tend to pay more attention their working fields.

It can be recognized that IZKA offers a governance mentality by considering duties, organizational structure and financial resources of Das. Utilization of these factors beneficially is critical for the legitimization of governance model.

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APPENDIX A

QUESTION SET FOR THE THESIS INTERVIEWS

Internal Effects of IZKA

1.Regulative Aspects	
1.1.Administrative Regulators	1.1.1. How do you interpret institutional building process of IZKA? 1.1.2. How does new organizational form with the establishment of IZKA lead to a change into the former management system?
2. Normative Aspects	
2.1. Social capital	2.1.1. To what extent are relevant local actors effective in both preparing and performing Izmir Regional Plan? Does Izmir Regional Plan reflect the representation of different segments of not? 2.1.2. How does an appropriate mechanism, where actors are closely involved to maintain common enterprise, set? 2.1.3. How does Izmir Regional Plan meet the expectations of local authorities?
2.2. The diversity of participation	2.2.1. Is there an active participation process for the effectiveness of Regional Plan? 2.2.2. To what extent is mutual learning process achieved by gathering a large number of local actors in decision-making process and implementation activities?
2.3. Human capital	2.3.1. Is the distribution of tasks differed according to the capability of staffs? 2.3.2. Are there any role conflicts among staffs and the manager?
3. Cognitive Aspects	
3.1. Cognitive roles in decision-making process	3.1.1. Is the background of participants adequate to identify regional needs and potentials? 3.1.2. To what extent do the views of participants reflect effectively into The Plan?

External Effects of IZKA

1.Regulative Aspects	
1.1. Coordination and direction platform at the central level	1.1.1. How do regional policy attempts at central level (Regional Development Committee and The National Strategy for Regional Development) affect IZKA's performance in regional plan activities?
2. Normative Aspects	
2.1. Building bridge capital	2.1.1. Is there any interaction between IZKA and its neighbouring Agencies?