

**A NOVEL INSTRUMENT OF REGIONAL DEVELOPMENT
IN TURKEY: IZMIR DEVELOPMENT AGENCY**

by

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IN TURKEY: IZMIR DEVELOPMENT AGENCY**

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ABSTRACT

A NOVEL INSTRUMENT OF REGIONAL DEVELOPMENT IN TURKEY: IZMIR DEVELOPMENT AGENCY

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M.A. in European Studies Programme, Thesis, Fall 2008

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Key Words: Regional development, regional development agencies, Izmir Development Agency, decentralization, multi-level governance model,

In Turkey, due to centralized state tradition, regional development has been kept in background and priority has been mostly given to national development. Regional development has been grasped as an extension of national development, thus top-down policies, which ignore the dynamics of each region, have been applied. However, these policies have not been successful and have created deep socio-economic disparities between the regions. With Turkey's highly motivated accession bid to EU, at the end of the 1990s, effects of Copenhagen Criteria have been influential in the country. Europeanization process obliges amendments in many parts of Turkish polity as well as the administrative structure of Turkey. The process favors bottom-up, decentralized policies where regional actors become more active in the decision-making mechanism. Therefore, Europeanization challenges the existing centralized state structure of Turkey, and triggers a transformation where dynamics of governance may prevail. With regards to this, a break in the logic of regional policy has started to occur in Turkey; new instruments of regional policy are introduced. In this context, the Nomenclature of Territorial Units for Statistics (NUTS) was established and 26 NUTS 2 regions were

formed. As a novel attempt, 26 Regional Development Agencies (RDAs), which are derived from NUTS 2 regions, will be generated in Turkey. It is an innovative attempt, because for the first time, with the Law on The Establishment and Duties of Development Agencies, regional level, which devolves some responsibilities of the state to regional level and promotes region-specific policies, is institutionalized in Turkey. Institutionalization of the regional level is a step towards the multi-level governance model of the EU, in which the regional level may interact with the EU without the interference of the central government. In this respect, two RDAs were established in Turkey and Izmir Development Agency (IZKA) is one of them. IZKA is chosen as one of the first RDAs in Turkey, since Izmir has already experienced a RDA structure, under a non-governmental organization (NGO), and has an active civil society, where NGOs, chambers of commerce and industry, universities and other regional actors are ready to cooperate with a RDA in order to develop the region.

ÖZET

TÜRKİYE'DEKİ BÖLGESEL KALKINMANIN YENİLİKÇİ BİR ARACI : İZMİR KALKINMA AJANSI

BURCU AKIN

Avrupa Çalışmaları Yüksek Lisans Programı, Tez, Güz 2008

Danışman: Prof. Dr. Korel Göymen

Anahtar Kelimeler: Bölgesel kalkınma, bölgesel kalkınma ajansları, İzmir Kalkınma Ajansı, adem-i merkeziyetçilik, çok düzeyli yönetim modeli

Türkiye'deki merkezileşmiş devlet geleneği nedeniyle, bölgesel kalkınma arka planda tutulmakta ve öncelik genellikle ulusal kalkınmaya verilmektedir. Bölgesel kalkınma, ulusal kalkınmanın bir uzantısı olarak görülmekte bu nedenle de, her bölgenin kendi dinamiklerini gözardı eden, yukarıdan aşağıya politikalar uygulanmaktadır. Fakat, bu politikalar başarılı olamamakta ve bölgeler arasında derin sosyo-ekonomik farklılıklara neden olmaktadır. Türkiye'nin AB'ye yüksek motivasyonlu katılım hedefiyle, 1990'ların sonunda, Kopenhag Kriterlerinin etkisi ülkede etkili olmaya başlamıştır. Avrupalılaşma süreci, Türk siyasetinin birçok bölümünde olduğu gibi, idari yapısında da iyileştirmeleri zorunlu kılar. Süreç, bölgesel aktörlerin karar mekanizmasında daha etkin olduğu, aşağıdan yukarıya, adem-i merkeziyetçi politikaları destekler. Bu nedenle, Avrupalılaşma merkezileşmiş mevcut devlet yapısına meydan okur ve yönetim dinamiklerinin hüküm sürebileceği bir dönüşümü tetikler. Bu bakımdan, Türkiye'de bölgesel politikanın mantığında bir kırılma oluşmaya başlamış; bölgesel politikanın yeni araçları sunulmuştur. Bu bağlamda, İstatistikî Bölge Birimleri Sınıflandırması (İİBS)

belirlenmiş ve 26 adet Düzey 2 bölgesi oluşturulmuştur. Yenilikçi bir girişim olarak, Düzey 2 bölgelerinden türeyen 26 Bölgesel Kalkınma Ajansı (BKA) Türkiye’de oluşturulacaktır. Bu yenilikçi bir girişimdir çünkü Kalkınma Ajanslarının Kuruluşu, Koordinasyonu ve Görevleri Hakkındaki Kanun ile, devletin bazı sorumluluklarını bölgesel düzeye devreden ve bölgeye özgü politikalara ön ayak olan bölgesel düzey Türkiye’de kurumsallaşmıştır. Bölgesel düzeyin kurumsallaşması; bölgesel düzeyin, merkezi hükümetin müdahalesi olmadan, AB düzeyiyle etkileşime girebileceği, AB’nin çok düzeyli yönetim modeline doğru bir adımdır. Bu konuda, Türkiye’de iki BKA kurulmuştur ve İzmir Kalkınma Ajansı (İZKA) bunlardan biridir. İzmir önceden, bir sivil toplum kuruluşu (STK) altında, BKA yapısını deneyimlediğinden ve STKların, ticaret ve sanayi odalarının, üniversitelerin ve diğer bölgesel aktörlerin, bölgenin kalkınması için bir BKA ile işbirliğine hazır olmalarından dolayı, İZKA Türkiye’deki ilk BKA’lardan biri olarak seçilmiştir.

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LIST OF ABBREVIATIONS

BYKP	Five-Year Development Plan
CEECs	Central and Eastern European countries
CNAT	National Commission for Regional Policy
CODER	Regional Economic Development Board
CoR	Committee of Regions
ÇKA	Cukuorova Development Agency
DA	Development Agency
DAP	Eastern Anatolia Project
DATAR	Delegation for Regional Policy and Regional Action
DOKAP	Eastern Blacksea Regional Development Plan
DATAR	Delegation for Regional Policy and Regional Action
DPT	State Planning Organization
DPT	State Planning Organization
EAGGF	European Agricultural Guidance and Guarantee Fund
EBKA	Aegean Economy Development Foundation
EBSO	Aegean Chamber of Industry
EC	European Community
EEC	European Economic Community
EGEV	Aegean Foundation for Economic Development
EGIAD	Aegean Association of Young Businessman
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EURADA	European Association of Development Agencies
FDES	Fund for Economic and Social Development
FDIs	Foreign Direct Investments
FIFG	Financial Instrument for Fisheries Guidance
GAP	Southeastern Anatolia Project
GNI	Gross National Income
IT	Information Technologies
IZFAŞ	Izmir Fair
IZKA	Izmir Development Agency

IZTO	Izmir Chamber of Commerce
KÖY	Priority Development Areas
LAU	Local Administrative Units
NGOs	Non-Governmental Organizations
NUTS	Nomenclature of Territorial Units for Statistics
PPPs	Public-Private Partnerships
R&D	Research and Development
RDAs	Regional Development Agencies
SDR	Regional Development Societies
SMEs	Small and Medium-Sized Enterprises
TMMOB	Union of Chamber of Turkish Engineers and Architects
TUIK	State Institute of Statistics
YHGP	Yeşilırmak River Basin Project
ZBK	Zonguldak- Karabük- Bartın Regional Development Project

CHAPTER 1: INTRODUCTION

Turkey, as a European Union (EU) candidate, has to amend some parts of her legislation and establish new institutions in both the central and local levels of administration, for the sake of being an EU member. However, since Turkey has a strong centralist tradition, it is, in some cases, a challenging process for Turkey to adapt accession criteria, Copenhagen Criteria, and newly emerging European-type governance model.

Briefly, the EU, which comprises 27 member states, has a unique administration system with her three-tiered structure. EU, the Community pillar, acts as the supranational level; each 27 member states stand as the national level; 271 regions of EU and the local governments in each member state generate the subnational level. From this point of view, it can be said that the EU has a multi-level governance model, which is not solely intergovernmental but gives influence to subnational level as well.

On the other hand, while the EU forms a community with its 27 member states and 271 regions, great economic and social disparities exist among them. In order to eliminate these disparities, the structure of regional development agencies (RDAs) have been used in Europe and nearly all these RDAs are associated under the umbrella of European Association of Development Agencies (EURADA).

1.1. The Scope and Objective of the Study:

There are various definitions of Europeanization and there is no consensus on a single definition of the term. As Kassim discusses this is because of the concept which

has no single or a stable meaning.¹ Thus rather than discussing on what the Europeanization is, it is noteworthy to understand “how the term can be useful for understanding the dynamics of the evolving European polity.”²

From this point of view it can be said that different definitions of the term are not mutually exclusive but perform as a piece of a puzzle; thus Europeanization is a byproduct of all these pieces. Thus Olsen made a conceptualization with five possible uses of the term. In his conceptualization, Europeanization can be used as “changes in external boundaries”; this usage compasses a territorial understanding where Europe becomes a single political space through enlargement process of the European Union. The second usage is “developing institutions in the European level” which provides coordination and coherence through acting collective while forming institutions in European level. These institutions can be for consulting, while enforcing binding decisions and sanctions as well. One other usage can be named as “central penetration of national systems of governance”. The EU has a multilevel governance model where there are three levels; in such a structure it is important to form unity and coordination between different levels. On the other hand, national and subnational levels act more autonomously and they have different features. What is important here is to balance coordination and autonomy and unity and diversity, which Europeanization seeks. In that case Europeanization adapts national and subnational levels to European policy arena and implies European-wide norms. Olsen defines the fourth usage as “exporting forms of political organizations”. According to this usage Europeanization can be grasped as exporting European type political organization and governance to the non-European states and institutions. Such an attempt empowers the European states in the global arena by influencing other states around its territory by trading with these countries. Thus Europeanization signifies a “more positive export/import balance” where European countries influence the non-member countries more than vice versa. This provides Europe’s influence on other countries and makes them more influential in

¹ Kassim, H. (2000) “Conclusion” in Kassim,*et.al* (2000) “The National Co-ordination of EU Policy”, 2000 , pp. 235-269(35) in Olsen (2002) “The Many Faces of Europeanization”, *Journal of Common Market Studies*, 40 (5), pp. 921

² Olsen (2002) “The Many Faces of Europeanization”, *Journal of Common Market Studies*, 40 (5), pp. 921

international arena. The last usage is developed as “a political unification process”. According to this understanding Europeanization is a deeper integration between all European countries in order to form politically strong Europe. Thus Europe is becoming a more unified entity in all its levels.³

For sure, several other definitions of Europeanization can be added to the given conceptualization. However, this thesis tries to understand the Europeanization of regional policy in Turkey, whose one of the end results are regional development agencies, which are admitted as middle range targets of the Accession Partnership Document.⁴ Therefore, within this perspective, what is meant with Europeanization in this thesis can be explicitly explained by Olsen’s definition, in which Europeanization is “domestic institutional and policy adaptation to the pressures emanating from the EU.”⁵ Hence, this thesis concentrates on Turkey’s policy adaptation to the EU specifically in regional level with a focus on regional development agencies.

In this context, since the EU has a *sui generis* governance model, during the candidacy period, the Union expects Turkey to adapt governance model. As the prevailing system of Turkish polity has a two-layered system, central and local, Turkey has made new amendments parallel to the *acquis communautaire*. Among the new amendments, the issue of local government is one of the significant turning points in the Europeanization of Turkish policy-making and its adaptation to the EU criteria. In the framework of local government, in order to harmonize policies with the EU; Turkey established a “three-tier system of statistical regions” under the heading of NUTS arrangement. Therefore, in Turkey NUTS 1 has 12 regions; NUTS 2 has 26 regions and NUTS 3 has 81 regions.⁶ It is planned that in each NUTS 2 regions RDAs will be

³ Ibid

⁴ Avaner, T. “*Bölgesel Kalkınma Ajansları Siyasal Rejim Sorunu Yaratır mı?*” in Turan, M. (ed) (2005), “*Bölge Kalkınma Ajansı Nedir Ne Değildir*”, Paragraf-yayad, Ankara, p:239

⁵ Olsen (2002) “The Many Faces of Europeanization”, *Journal of Common Market Studies*, 40 (5), pp. 921-52.

⁶ Göymen, K. (2007) “Dynamics of Chances in Turkish Local Governance”, in *Society and Economy* no:28 p:260

formed; thus, 26 RDAs will be established in Turkey. Two RDAs have already been formed; Izmir Development Agency and Cukurova Development Agency. According to the plan, eight more RDAs will be established by the end of 2008. For establishing these RDAs, the legislation has been amended by the Law No. 5449 ⁷ where the duties of development agencies were maintained. ⁸

The regional development agencies are becoming an important issue for Turkish local polity. RDAs have a unique character in the Turkish political system, which has both central and local ties. The RDAs are essential tools for regional development in Turkey where there are huge gaps between regions on socio-cultural and economic levels. In parallel to these, RDAs in Turkey will play important role in order to lay a bridge and eradicate disparities between regions both in the EU and in Turkey. As stated in the Article 1 of the Law on The Establishment and Duties of Development Agencies, the objective and the scope of this law is as follows:

“... to set out the principles and procedures regarding the establishment, duties, authorities and coordination of the Development Agencies which shall be 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.” ⁹

As discussed by Halkier, RDAs can be defined as publicly financed institutions, which are regionally based and stand outside the influence of central governments. ¹⁰ These kinds of institutions, which are publicly financed but regionally based, are new in

⁷ Law on The Establishment and Duties of Development Agencies

⁸ For further information see

<http://www.dpt.gov.tr/bgyu/kalkinmaajans/5449SayiliKanun.pdf>

⁹ Article 1 of the Law on The Establishment and Duties of Development Agencies:
http://izka.org.tr/index.php?option=com_content&task=view&id=16&Itemid=28&lang=en

¹⁰ Halkier H.& Danson, M. (1998), RDA's in Europe – A Survey of Key Characteristics and Trends in Halkier H. et al (eds) “Regional Development Agency's in Europe”, London: Jessica Kingsley. pp:27

Turkish policy since there has been a strong state-centralism in Turkey, which leaves little room for governance. For regional development, the State Planning Organization (DPT) has been the sole actor. Therefore, the challenging nature of the RDAs in Turkey created big discussions on both political and legal terms since they encourage cooperation of non-governmental organizations (NGOs), universities, chambers of commerce and industry, municipalities and the DPT in order to overcome the problems faced by each region. Hence, the draft law of the formation of RDAs came across with many critiques and legal hitches.

In this context, this thesis aims to analyze the impacts of RDAs on the ongoing Turkish political system; in addition, the thesis seeks to evaluate the role of RDAs in regional development in Turkey on the issue of combating all socio-cultural and economic differences. Moreover, this thesis tries to understand how RDAs will take a role in shifting state centered ruling tradition model of Turkey into a governance model, since considerable amounts of funds and authority will be transferred to the regional level. Furthermore, the thesis attempts to examine the role of RDAs on building bridges and eliminating differences within the regions in the EU, as well. Likewise, as “region”, as a political term, is a sensitive issue in Turkey, creating a region-based institution is problematic, due to the country’s nation-state structure after the establishment of the Republic. This is the one reason why draft law faced with critiques. In this context, the debates whether the RDAs are treat for the centralist notion of the Turkish Republic and whether they will lead to a further break up in regional bases, mainly in Southeastern part of Turkey, where considerable amount of Kurdish population live, are handled in the thesis.

While analyzing experiences of RDAs, a discussion on the issue of regional development is handled with considering both European and Turkish experiences. Regional development theories are handled and tied with the structure of the RDAs. Besides, what kind of regional development projects Turkey has applied up until now, with and without the EU funds and why Turkey needs RDA formation in her regional development policy is analyzed with examining the logic of RDA.

On the other hand, since it is hard to talk about a homogenous administration style of RDAs in Europe, there are various typologies according to administration

tradition of each country. Since France comes from a highly centralized tradition; the Napoleonic administration tradition, among all, the French case fits as the most suitable to Turkish experience, Turkey's strong centralist tradition resembles the French type administration. Thus, the experiences and the difficulties that France tackled in the establishment period of RDA can be taken as an example for Turkey. For this reason, specifically French experience is handled among all other RDAs in Europe. The rationale behind the French RDA system is scrutinized and how the RDA system have had fitted into this highly centralized system is studied in order to make inferences about Turkey. Additionally, the obstacles of the French RDAs are dealt and similarities with the Turkish case are obtained. Moreover, how multi-level governance model reshaped centralist notion of French polity is analyzed and the impediments and difficulties of adapting the model are discussed as a reference to Turkish case, which can be issues of near future with Turkey's full membership to EU.

In the Turkish case, since there are two RDAs in Turkey, in order to concentrate on the issue, Izmir Development Agency (IZKA) is chosen as a case study. The organizational structure of the IZKA is analyzed and its advantages for the regional development are handled.

1.2. Methodology

In order to understand and analyze the issues mentioned above, a detailed literature review has been done with secondary sources such as books, articles in journals and articles published as conference or working papers to demonstrate academic literature for the theories and the concepts that are discussed.

In addition to this, the method of case study is applied during this study; IZKA has been chosen as a case study in order to cover the RDA formation in Turkey more properly. For this reason, I went to Izmir to interview the president of the Executive Board of the IZKA, Yılmaz Temizocak, who is also the chair of Aegean Foundation for Economic Development (EGEV). Another interview was made with Ergüder Can, General Secretary of IZKA. I attended one of the meetings of the agency, on the issue

of innovation and had chance to have small talks with other stakeholders and listen their speeches about the agency. The data that was acquired from those interviews and meetings are used in the thesis, when it is necessary.

Furthermore, a comparative study is made with comparing French and Turkish cases considering their resembling administration systems. In addition, as discussed above, French experience on RDA formation is handled for using as an example to Turkey's situation.

1.3. Structure of the Study

The thesis has planned to be composed of seven main chapters, in which two chapters are introduction and conclusion. All the chapters are also subdivided into sections. The thesis ends with the concluding chapter, which discusses the main arguments of the thesis.

In the second chapter, the issue of regional development is handled with giving the definition of the term. Furthermore, regional development in Europe is touched upon and the regional development theories are used in order to find linkages with the RDAs. In order to expand the theoretical outlook, multi-level governance model is also discussed; its differences from intergovernmentalism vs. supranationalism are handled. The relation with the multi-level governance model and RDAs are dealt and whether there is an interlinkage between the model and the RDA is considered.

The issue of RDAs is handled in the third chapter with covering regional policy instruments. The theme of EU regional policy is analyzed and a definition of the concept is given. In addition, the need for the occurrence of RDA in the European level, as an instrument for regional development, is investigated. Likewise, classification of RDAs due to their typologies is made with a specific concentration on RDAs in France.

The fourth chapter considers how RDA could be animated in French-type administration system and how multi-level government model could function in this

nature of polity. Thus, process on regional development in France is given with combining the French RDAs.

In the fifth chapter, the Turkish case is handled which embracing the administration tradition of Turkey and Turkey's attempts on regional development with referencing specific regional development projects.

In the sixth chapter, the purpose and expectations from RDAs in Turkey are analyzed. In addition, the formation process of RDAs is handled with giving legal procedure. The debate on stressing regional bases of RDAs, which thought to be problematic, by some scholars, is discussed. The second part of the chapter is devoted to the case study; IZKA. The formation of IZKA is discussed while its structure of organization is carried out. In addition to that, the research and the interviews that I made in Izmir are benefited in this part. The goals of the IZKA are examined, furthermore whether IZKA can be a model for the further 24 Development Agencies is also discussed.

CHAPTER 2: LITERATURE REVIEW

Regional development is an important concept in order to understand regional disparities and a tool to remedy infrastructural, economic, social and cultural problems in each region. Since the concept is handled wholly in this chapter, before going into details of regional development, one can concentrate on the term, “region” as the building block of the concept.

2.1. Region:

The term “region” has many meanings in today’s world, which depend on theoretical understandings of the scholars. Etymologically the term “region” comes from Latin as *regio*, which corresponds to “environment, land”. Therefore, the term’s various meanings make it hard to draw strict lines between its different connotations.¹¹ Additionally, the term gained further meanings throughout the history, due to economic, topographic, climatic likeness of each space. Hence, the term is used for stressing on similarities of some specific lands and for differentiating the regions from other regions, as well. Furthermore, as Eraydın points out, region was first defined scientifically by the 18th century; cartographers divided lands as wetland versus mountainous areas and classified them accordingly as regions with rivers and those with mountains. Afterwards, with the efforts of geographers, regions were defined due to their

¹¹Mengi, A.. (2001). Avrupa Birliğinde Bölge, Bölge Planlaması ve Türkiye. *GAPDergisi*. 15 (23).

geographical features,¹² which are cornerstones to illustrate the perception of “region”, used today.

In order to draw a conceptualization on region, it is noteworthy to combine typologies that are organized by Keating and Hettne. It seems that each author’s conceptualization of region looks similar, for instance according to Keating, region signifies space; however, it does not correspond to a single attribution of space, it derives from several concepts. These several concepts include “territorial space, political space, and the space of political interaction; economic space; functional space.”¹³ Hettne as well, makes a similar classification and in order to clarify he distinguished five levels in his conceptualization:

- 1) The region is a geographical and ecological unit whose limits are set by natural borders.
- 2) The region is a place that social system is exercised with cultural, political and economic interaction
- 3) The region is a place for collaboration in many fields such as cultural, economic, political and military, which is governed by multilateral regional union.
- 4) The region is a civil society, which is composed of different cultures, meeting of values, etc.
- 5) The region is a heritage from an historical identity, which enables to act as a political actor.¹⁴

¹²Eraydın, A.. (2003). Bölgesel Kalkınma Kavram, Kuram ve Politikalarında Yaşanan Değişimler. Kentsel Ekonomik Araştırmalar Sempozyumu Tebliğleri Cilt 1.Denizli. pp:126 -7

¹³ Keating, M. “Is there a regional level of government in Europe?” In Patrick, L,G.(ed.) (1998) “The Regions in Europe” London; New York; Routledge p:11

¹⁴ Hettne, B. “The regional factor in the formation of a new world order” in Sakamoto, Y.(ed) (1994) “Global Transformation: Challenges to the State System” United Nations University Press, New York. Quoted in Smouts, M.C “The region as the New Imagined Community” In Patrick, L,G. (1998) “The Regions in Europe” London; New York; Routledge p:31

Furthermore, with the formation of nation-states, the concept of region was grasped within this context and no autarchy was attributed to it in nation-states of Europe. Moreover, in the structure of nation-states, regions were units, which were composed due to homogenous geographical structures of some sub-units in a specific territory.¹⁵ In this context, regional development was seen as a part of national development and there was no room to act without the permission of central governments; however, with the 1980s, as an irresistible effect of globalization, the mission of the “region” started to change. It not only referenced nation-states as an organic branch of them but also started to be a subnational actor in the arena of global economy. Simultaneously, the term “local” was assigned to usage of “region”¹⁶ which has been a challenge to centralist design of nation-states. The era of 1980s, which challenged the Fordist mode of production, has a role on shifting the concept of region to a more autonomous unit, which started to interact with global actors. With this transformation, region has become a subnational entity, which has started to take place in global economy and role in many industrial sectors and other branches, i.e. IT sector, and has tried to be competitive in both the national and global arena. From this theoretical point of view, it can be deduced that the recent changes in the concept of region are threats to the nature of nation-states, which are mainly highly centralized.

On the other hand, from the perspectives of some European countries “region” has different meanings, for Belgium it means a ‘federation’ whereas for Spain, it is an ‘autonomous community’ and for a highly centralized state, for France, it only corresponds to a ‘local government unit’. As convergence factors, regions have two common features; the first is, it is above the provinces in the hierarchical level of government; the second, they have never been in a state structure.¹⁷ Therefore, it is hard

¹⁵ Bayramođlu, S “Türkiye’de Bölgesel Politikaların Gelişimi”, in Turan, M. (ed) (2005),”*Bölge Kalkınma Ajansı Nedir Ne Değildir*”, Paragraf-yayed, Ankara, p: 37

¹⁶Eraydın, A. (2002) “Yeni Sanayi Odakları: Yerel Kalkınmanın Yeniden Kavramlaştırılması” ODTÜ Mimarlık Fakültesi, Ankara p:1

¹⁷ Bayramođlu, S. (2005) p:38 quoted in Nalbant, Ü.(1997) “Üniter Devlet: Bölgeselleşmeden Küreselleşmeye, İstanbul: Yapı Kredi p.226

to draw a singular meaning of the term “region”, where it has various connotations depending on many criteria such as geographical, cultural, ethnic, economic, etc.

In the context of the EU, regions constitute an important place in its policy structure. The EU was divided into regions and in 1994; Committee of Regions (CoR) was established in order to coordinate the networks between regions and for the cohesion within the regions.¹⁸ Thus regions are important impetuses for European integration; in addition with strengthening the roles of regions in EU polity, the EU wants to overcome the democratic deficit issue by transferring some nation-states’ responsibilities to the subnational level where non-governmental organizations (NGOs) took some roles in order to make the public’s wishes more apparent.

2.2. Regional Development

Today, regional development is a crucial instrument in European policy, although one can argue that even the term ‘development’ was not an issue in European peninsula before the First World War. Hence, despite the fact that regional development is an indispensable policy in the EU context, it is relatively new, with roots in 1920s. With the first economic crises in Europe, regional policy came into European arena as a newly emerging state activity. It is important to note that the first seeds of these regional policies were only governed by states since this period was before the establishment of EEC.^{19 20}

Afterwards with the rapid industrialization in some parts of Europe, differences between regions started to emerge; highly industrialized regions became richer whereas areas where the economy is not based on industry remained poorer. This created more

¹⁸ See <http://www.cor.europa.eu/pages/HomeTemplate.aspx> (online)

¹⁹ Ergin, D. “Redefinition of Regional Policy of Turkey with regard to New Regional Strategies of the EU” Thesis submitted to Graduate School of City Planning, METU.

²⁰ EEC is European Economic Community

emphasis on regional development, but in the 1920s and onwards it was hard to talk about autonomous regional structure in European polity where nation-states were appearing and regional development was grasped as a responsibility of the central governments and as a matter within the national development issue.

Diez argues that, today traditional regional growth/development policies and theories, which are dealt below, are not responding to today's need and new policies are arriving into the arena,²¹ which not only deal with economic growth but also other factors. In these new policies, traditional central governments are not the sole actors but delegate their powers through decentralization to the smaller administrative units in the local level. Besides, the policies that are introduced in Western Europe in the 1990s mainly aim endogenous development as well, through using all sorts of resources effectively. These policies additionally “devote much of their attention to networks of inter-company co-operation and regional innovation systems”²²

In order to understand the changing nature of regional development from 1920s up to now, and witnessing how the perception of regional development has changed over time, theories on regional development are handled. Seven regional development theories are conducted and while scrutinizing the theories, the idea that lies beneath RDA formation is questioned and the most suitable theory for RDA formation is searched.

2.3. Regional Development Theories

The concept of regional development theory is a product of several different theoretical approaches. This part covers most significant theories, which influenced the

²¹Diez, M.A (2002) “Evaluating New Regional Policies Reviewing the Theory and Practice” , Sage Publications p:285

²² Ibid p:285

development of regions and shaped the ways of development or analyzed that development.

2.3.1. Neoclassical Growth Theory

The neoclassical growth model, in fact, was not developed for regional needs; however, it has been applied for regional economies as well. The theory mostly tries to understand regional growth with analyzing whether regional economies will resemble each other or more diversified over time.²³

The neoclassical growth theory was proposed by Solow (1956) and Swan (1956). Filiztekin argues, for short run, Solow's neoclassical growth model envisages that increase in per capita income is dependent on capital accumulation and technological developments. In other words, as the amount of capital increases, capital's contribution to production decreases; this shows that in long run growth can only be achieved by technological development. The Solow model assumes that the technological process is exogenous; thus, the model does not explain per capita income in the long run. Furthermore, the model presupposes that since technological development is exogenous, regional differences are temporary, thus this process leads every region to have the same technological growth rates.²⁴ In this perspective, the Solow growth model argues that without technological development, growth would not be accomplished in long run.²⁵

In this context, early neoclassical models expect that differences in the price of labor and other factors across regions will be eliminated and inclined to converge. In this respect, the model has two different forms of convergence; conditional and absolute

²³ Dawkins C.J. (2003) "Regional Development Theory: Conceptual Foundations, Classic Works, and Recent Developments" *Journal of Planning Literature* 2003; 18; p:136

²⁴ Filiztekin A.(2008) "Türkiye'de Bölgesel Farklar ve Politikalar" Tusiad, Istanbul

²⁵ Armstrong,H &Taylor J. (2000) "Regional Economics and Policy" Blackwell, USA p:76

convergence. Conditional convergence refers to the convergence in which due to stable state growth rate; per capita incomes, consumption levels and capital/ labor ratios are constant. Saving rates, depreciation rates and population growth rates differ from region to region, thus it is defined as conditional. Thus, in cases of conditional convergence, per capita incomes are not necessarily equal.

On the other hand, absolute convergence occurs in cases where all growth parameters are equal for all regions/countries.²⁶ In such situations, where there is possibility of mobility of factors, at the end, inequality is absolutely eliminated due to interregional trade and mobility of factors, labor and capital. As factors transfer from leading to the lagging regions, labor and capital will follow this transfer and move to the less developed regions. The transfers are in advantage of the lagging regions, because richer regions' growth rate will slow down while that of poor regions increases; as a result, per capita income will be equalized across regions. This presumption is also named as "advantages of backwardness".²⁷ Due to the transfer of capital and factors, poor regions, where there is low level of capital per unit of worker, will have higher rates of return, and grow more rapidly than rich regions where rates of returns are relatively low due to high level of capital per unit of labor.²⁸

²⁶ Dawkins C.J. (2003) p:136-138

²⁷ Ibid

And

Filiztekin A. (2008)

²⁸ Barro, R. J., & Sala-i-Martin, X. (1999) "Economic Growth". Cambridge, MA: MIT Press. Quoted in Dawkins C.J. (2003) p:136

2.3.2. Export Base Theory

This theory, built upon regional economic convergence, is developed in the 1950s by Tiebout (1956) and North (1956). According to North the stimulus to regional growth in all local and national institutions are a region's reactions to exogenous world demand. As a result, growth in the economic sense occurs.²⁹ Thus, export base theory is profoundly a demand-side approach. The theory indicates that regions start to export resources and services to other regions; consequently, growth occurs in exporter regions.³⁰ With the increasing demand, these regions continue to grow and this creates further differences between regions. As North points out regions do not only need industrialization for growth, but regions' exports on manufactured goods, agricultural goods or service-based goods also trigger regions to grow.³¹ One may argue that although there can be mobility of workers towards other regions in industrial goods; natural resources do not lead the mobility of labor; thus per capita income of other regions will be steady and will not change. As a consequence, differences between regions become deeper and the theory does not introduce remedies for such a problem. In this point, Armstrong and Taylor clarify that natural resources and their geographical distribution may help to elucidate the reasons behind regions' different growth rates.³²

2.3.3. Exogenous Growth Theory

Neoclassical economic debate is heavily influenced by Harrod (1939) and Domar's (1946) studies on national economic growth. In contrast to export base theory, a demand supply approach, exogenous growth theory focuses on supply-side models of investment. Similar to neoclassical growth theory which was developed by Solow

²⁹ North, D. C. (1956). "Exports and regional economic growth: A reply". *Journal of Political Economy* 64, 2: 165-68.

³⁰ Filiztekin.A(2008)

³¹North, D. C. (1956)

³²Armstrong,H &Taylor J. (2000) p:92

(1956) this theory gives emphasis on transfer of capital and labor between regions. In fact, this clustering was national base whereas Borts and Stein modified the conceptualization to the regional context and discussed regional economies where capital inflow and exogenous labor are possible.³³ As Barro and Sala-i Martin argue, there are important interregional convergences since means of production are highly mobile.³⁴

2.3.4. Growth Pole Theory

The bitter truth is this: growth does not appear everywhere at the same time; it becomes manifest at points or poles of growth, with variable intensity; it spreads through different channels, with variable terminal effects on the whole of the economy.³⁵

Perroux builds his theory on the argument; quoted from the article that passage above is taken. This argument claims that there is not always a balanced growth between regions, but sometimes there is also an unbalanced growth; which creates polarized development and as a result, a dual structure appears between developed region and its hinterland, which is less developed. In this perspective, in the late 1950s, Hirschman argues how polarized development benefits both regions. He discusses that there is a mutual relationship between the leading and the lagging regions, which means growth in the leading region has positive effects on the lagging one, since there is a transfer of labor from the latter and goods of the latter are purchased by the developed region.³⁶

³³ Borts, G. & Stein J. (1964). "Economic Growth in a Free Market." New York: Columbia University Press. Quoted in Dawkins C.J. (2003) p:138

³⁴ Barro, R. J., & Sala-i-Martin, X. (1999) Quoted in Dawkins C.J. (2003) p:138

³⁵ Perroux F. (1955) "*Note Sur la Notion de 'Pole de Croissance'*" Quoted in Campell, J.(1974) "A Note on Growth Pole" *Growth and Change* April 1974, volume .5, issue.2,p:43

³⁶ Dawkins C.J. (2003) p:140

However, with the 1980s the growth pole theory started to be abandoned due to the lack of coherence between the theory and empirical reality. Many policies depended on growth pole theory, have failed since in practice there was no mutual positive relationship between a developed and a lagging region.³⁷

It seems that in all these theories, there are specific methods which ignores some other dynamics of the regions. As Çakmak and Erden describe, these regional growth models disregard endogenous dynamics, potentials and *sui generis* economic, social and political conditions of each region.³⁸ On the other hand, these models are mainly state-driven models, which leave no room to decentralization, thus all the policies are done in national level and there was a strong idea of state interventionism in economy, which is needed for a well-functioning economy and economic growth. Moreover, these neoclassical development models were not remedies for the economic depression. These models were also encouraging exogenous growth; however recently, the tendency is developing the regions through their endogenous resources.

2.3.5. Product-Cycle Theories

Vernon's product cycle approach has a good explanation of today's product-cycle modeling. The theory suggests that there are four stages of the product. In the first stage, the introduction stage, the product is produced in a developed region, in a limited number from a skilled labor with the help of entrepreneurs. The product generally aims to meet with local needs; secondly, it is exported to the regions, which are also developed and have similar preferences and needs. In the next stages, as the product

³⁷ Ibid

³⁸ Çakmak,H & Erden, L, (2004), "Yeni Bölgesel Kalkınma Yaklaşımları ve Kamu Destekleme Politikaları: Türkiye'den Bölgesel Panel Veri Setiyle Ampirik Bir Analiz", *Gazi Üniversitesi İ.İ.B.F.Dergisi* 6/3, ss.77-96 quoted in Aktakaş, B.Ş. (2006) "Bölgesel/Yerel Kalkınma, Bölgesel Gelişme için Bir Model" Çukurova Üniversitesi, Master Thesis p:34

matures and is standardized, the demand for the product increases. In these stages, however, the developed region has the license of the product, since the product becomes standardized, the firm can move to less developed regions and employ cheaper labor who are low skilled generally. This transfer of firms makes the less-developed regions as preferred locations.³⁹

Besides, this theory is applicable for today's conditions at the EU level; although there is a persistent economic competitiveness in the world between the EU, US and Japan; there is also competition within the EU regions. There are different regions based on their specialized products, which are in competition with one another. For example, different regions within the same country or in the whole EU spectrum can produce same products, such as automobile industry or IT industry. On the contrary, one of the challenges that EU faces due to globalization and international competition is "outsourcing" which means some industries, which are not competitive enough, are carried out to other countries. Since the cost of labor is high due to high wages and high quality of life standards in the EU, some industries such as iron-steel industry or shipbuilding closed down their facilities and moved to places where cost of labor are much cheaper, i.e. Turkey, China, and Egypt etc. Therefore, in the regions where there is an outsourcing industry, many problems arise like unemployment, as a remedy the EU provides "regeneration funds" in order to combat with unemployment in those regions.

In this context, one can suggest that the product-cycle theory is mainly advantageous for the less-developed regions since heavy industries are mainly leaving EU territory and moves to regions where labor is cheaper. Forming free trade or industrial zones can be one way of applying product- cycle theory where the zones will be established in developing countries with giving specific incentive and cheap labor. Since some trade barriers will be also eliminated, with cheap labor, product will be produced cheaper than it used to be.

³⁹ Dawkins C.J. (2003) p:142

2.3.6. *Flexible Specialization and Network Theory*

Before the era of post-Fordist production, in the end of 1970s, it was understood that the Fordist mode of production is no more profitable. Because of its inflexible nature, it was hard to obtain and repair errors during production and impossible to interrupt assembly line, which created high costs for the producers. Hence, with the 1980s a new type of production, which needs a high degree of specialization, occurs in the name of post-Fordist production. The post-Fordist production uses high technology instruments and creates a new industry called information technologies. This technology provides error detection before and during production. Its flexibility enables to interrupt and repair the errors during production. This new type of technology needs high-skilled labor and accordingly a new environment for these workers is needed.

Flexible specialization and network theory aims clustering industries in a specific region in order to increase competition in research and development (R&D) and share knowledge and information. Piore and Sabel show Marshallian industrial districts in Italy as an example of this clustering.⁴⁰ Today, in some other European regions, many other similar industrial groupings are landed as well, which are regions in Italy, Emilia-Romagna, in Germany, Baden-Württemberg, France, Oyonnax, Spain, Barcelona, etc.⁴¹

2.3.7. *Endogenous Growth Theory*

Endogenous growth theory presupposes growth within its internal local factors, which will provide sustainable development. Hence, this growth theory creates alternative ways rather than being dependent on trade. Technology, human capital, education, R&D, local entrepreneurships are the main impetuses for the theory. This new approach emphasizes upgrading the local supply-base and unlike other state driven

⁴⁰ Ibid. p:144

⁴¹ Özaslan, M; Şeftalici, H, (2002), Kayseri İl Gelişme Raporu, Erişim:12.05.2006, <http://ekutup.dpt.gov.tr/iller/kayseri/2002.pdf> quoted in Peşelioğlu, İ.(2007) “Avrupa Birliği Perspektifinde Türkiye Ekonomisinde Bölgesel Kalkınma Ajanslarının Uygulama İmkanları” Dokuz Eylül Üniversitesi, Master Thesis. p:37

projects, it promotes “bottom-up, region-specific, longer term policy actions.”⁴² The theory also needs local actors and local authorities to generate new policies; thus in this model, there is less state intervention on regional development and more decentralization of decision-making to local level. Furthermore, factors such as learning, social capital, local institutions and regional leadership are crucial for endogenous economic growth and development of regions.⁴³ With using all these endogenous tools, regions are aimed to become attraction centers so that they will be the focus areas for the multinational firms, entrepreneurs, which will fasten the accumulation of capital. Besides there will be transfer of human capital as well, since there will be migration of highly educated, high-skilled workers to the new jobs that are offered.

Among all, endogenous growth theory is the most crucial for the thesis, for the fact that the thesis is concentrated on RDAs. The idea behind RDA is inspired from endogenous development and the agencies aim to activate endogenous dynamics in regions and make them competitive in both the EU and the world arena.

2.4. Theories Related to RDAs

2.4.1. Theories According to Regional Development Models

Modern regional development theories have pioneered important changes in regional development policies. These theories have not only brought new understanding in regional development; but they have exposed new ideas and new concepts as well. Since RDAs are important tools for regional policy, they are also largely shaped by these modern theories.

⁴² Ertugal, E. (2005a) “Strategies for Regional Development: Challenges Facing Turkey on the Road to EU Membership” European Stability Initiative (ESI), Brussels p:5

⁴³ Yaşar, S.S. (2003), “Regional Development Agencies: Endogenous Dynamics and Regional Policy” Master Thesis Submitted to METU the Department of Regional Planning. p:15

With the 1980s there seem to be a shift in regional policies in Europe, which were in the direction of the “theory on endogenous growth”.⁴⁴ The reason why the shift was towards endogenous growth is mainly because of other development theories that were not applicable on the regional level and did not respond to regional needs; however regional development policies in the 1980s were byproduct of endogenous synergy and potential on the regional level. Since regional policies are derived from endogenous potential, they seek to use their own local resources rather than importing from any other regions. On the contrary, this trend does not mean that there is no tendency towards exogenous growth; regions try to be focused for foreign firms in order to relocate them in their regions by giving them incentives and developing the infrastructure.⁴⁵

In this context, one can argue that it is not only the endogenous growth theory that gives life to RDAs; through its mission on attracting firms for relocating them, RDAs also apply “product-cycle theories”. There is an ongoing competition between regions for transferring firms; hence, some incentives are offered to them such as cheap labor, and raw material, reduction in taxes, etc. Additionally, necessary infrastructures are completed for the related facilities and provided by regions to the firms. This system creates a product-cycle, transfers of factories from one place to another; nonetheless, as also stated above, this displacement creates new problems in the regions that the factories are moved. Those areas become out-sourced and unemployment rates arise with many other problems.

On the other hand, it is stated in the network theory that technology and industry develop in one region and a network is built around the region so that there can be transfer of labor, generally high skilled, from one region to another. Although this theory is valid for some regions in Turkey and in EU, RDAs aim to combat with such a formation since they intend to improve the economic, social situation in less developed regions. Furthermore, rather than supporting a transfer of labor, RDAs try to use endogenous resources to develop in order to eradicate disparities between regions.

⁴⁴ Ertugal, E. (2005a) pp:4-5

⁴⁵ Ibid. P:5

2.4.2. Theorization According to Decision-Making Models:

2.4.2.1. Governance

These new approaches that shape regional policy and RDAs have also triggered some new implementations. These approaches focus on “upgrading the local supply-base, favoring bottom-up, region-specific, longer-term policy actions. Growth and development factors such as human capital, local business culture, knowledge-transfer networks, quality of production factors and systems, and learning from the regional experience are emphasized for regional development.”⁴⁶

With the transformation of logic in regional development, regions seek specifically region-based, specialized policies in which they can have an authority in local government. Therefore, decentralization of decision making to the sub-national level becomes foreseeable in European arena. RDAs have become pioneering force as participants in the decision-making process for regional level issues. Thus, a transition towards government to governance became inevitable. In this context, governance designates a transition from traditional centralized form of decision-making, which refers to government, “to a plurality of coexisting networks and partnerships that interact as overlapping webs of relationships at diverse spatial scales, from the neighbourhood to the globe”.⁴⁷ Moreover, as described in the White Paper on “European Governance”, governance in the EU attributes to “rules, processes and behaviour that affect the way in which powers are exercised at European level, particularly as regards openness, participation, accountability, effectiveness and coherence.”⁴⁸

⁴⁶ Moolaert, F. & Sekia, F. “Territorial Innovation Models: A Critical Survey,” *Regional Studies*, Vol.37, No.3, (2003), pp.289-302. Quoted in Ertugal, E. (2005a) p:5

⁴⁷ Martin, D., McCann, E. & Purcell, M., (2003), “Space, Scale, Governance, and Representation: Contemporary Geographical Perspectives on Urban Politics and Policy”, *Journal of Urban Affairs*, 25(2), p. 115.

⁴⁸ “White Paper on Governance”
website: http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0428en01.pdf

In this perspective, governance is one of important keywords in understanding RDAs; RDAs are crucial tools for governance model. The EU as well gives great emphasis on the concept and publishes the White Paper on “European Governance” in 2001. Since the issue of good governance is a notable concept for the EU, its conceptualization is discussed in the paper. In addition as described in the White Paper, the EU wants to eliminate the ongoing “democratic deficit” between member states and their public through partnerships and cooperation with non-governmental organizations (NGOs), public-private partnerships (PPPs) and with private firms. Hence unlike classical public administration, European governance is not in favor of secrecy but transparency, openness and accessibility which give citizens the right to ask what is going on in supranational, national and subnational levels. People have the right to access any information and document from government officials in all three layers. European governance is also built on accountability; in traditional form, state was in tendency of making other non-governmental institutions accountable but not itself, it acts as a sole actor, but in governance model, it is accountable to people, NGOs, PPPs, private enterprise. Therefore, in the governance model all public administrations are accountable; they must explain and take responsibility for what they do. As other principles of good governance, effectiveness and coherence are important for European governance, what is expected from effectiveness is, to prepare timely and effective policies. Coherence as a principle of good governance is coherence between policies and actions; policies should response to challenges the EU faces in all levels, for instance developing a policy for demographic change is a good response to a challenging action that the EU comes across with.⁴⁹

2.4.2.2. State-Centric Governance Model (intergovernmentalism) versus Multi-Level Governance Model

This part of the thesis wishes to understand the appropriate governance model for RDAs; therefore, two governance models, which are the state-centric governance

⁴⁹ Ibid.

model (intergovernmentalism) and multi-level governance model should be analyzed respectively.⁵⁰

Before situating RDAs between these two theories, it should be underlined that theoretically, decision-making in EU is composed of two grand theories, which are intergovernmentalism versus supranationalism. In this context, multi-level governance approach is grasped as a middle-range theory, which is inspired by both two grand theories.

2.4.2.2.1. State-Centric Governance Model

Moravcsik applied ‘two-level game’ to European integration by developing ‘liberal intergovernmentalism’. He argues that EU policy-making is largely intergovernmental; it is dictated by national preferences and allows governments to escape from domestic pressures that limit their room for maneuver at national level. His approach rests on the assumption that “state behaviour reflects the rational actions of governments constrained at home by domestic societal pressures and abroad by their strategic environment”.⁵¹ Alternatively, Hooghe and Marks interpret intergovernmentalism as state-centric governance model. In their presumption, European integration is not an obstacle for the prevailing autonomy of nation-states. According to the intergovernmental approach, decision-making in the EU is determined through bargaining between member states and the parties’ negotiations depend on the lowest common denominator; thus governments do not have to integrate more than they wish. On the other hand, state-centric governance model does not claim that policy-making is under the control of nation-states in every detail; however only the “overall direction of policy-making is consistent with state-control”⁵²

⁵⁰ Hooghe, L. & Marks, G. “Multi-level Governance”, in Nelsen, B.F. and Stubb, A.(ed) (2003), “the European Union”, London: Lynne Reiner, p: 281

⁵¹ Moravcsik, A. (1993) ‘State preferences and power in the EC: a liberal intergovernmental approach’. *Journal of Common Market Studies*, 31(4), pp 480-482

⁵² Hooghe, L. & Marks, G. “Multi-level Governance” pp:281-284

2.4.2.2.2. Multi-Level Governance Model

Alternatively multi-level governance model discuss something different from state-centric model. The model attempts to eradicate the borders between national and international. In this context, multi-level governance brings the end of the Westphalian order with eradicating politics in the domestic and the international level. As Aalberts contends, “Westphalia signifies an international ‘living-apart-together’ of states, based on the doctrine of jurisdictional exclusivity as the defining element of their mutually recognized sovereignty. And this institution of sovereignty simultaneously provides the parameters for interaction between independent states.”⁵³ However, the multi-level governance challenges Moravcsik’s “two-level game analogy” and brings a new outlook to relationship between the EU and the member states. This new outlook aims to emancipate the EU as an elite-driven project, where people have nothing to say in decision-making process, into a more participative, open, accessible, union for all Europeans.

In the model there are three levels namely, supranational level, national level and subnational levels. Under the umbrella of the EU, the supranational level symbolizes the EU mainly the Commission; the national level targets 27 member states; and the subnational level implies to 271 regions of EU and each local government of member states. These levels break the hierarchical order of the state’s organization and build a form of governance, which provides actors in different levels to share decision-making competencies. Additionally as Hooghe and Marks state with multi-level governance individual national governments have significant loss of controls on collective decision making among states, because they are no longer the sole actor on the EU policymaking.⁵⁴

⁵³Aalberts, T.E.(2004) “The Future of Sovereignty in Multilevel Governance Europe – A Constructivist Reading” *Journal of Common Market Studies* 2004 Volume 42. Number 1. pp. 24-26

⁵⁴Marks, G., *et.al.*(1996) “European Integration from the 1980s: State-Centric vs. Multi-Level Governance” *Journal of Common Market Studies* vol.34 no:3 September 1996

After discussing the two governance models, the system and ideology of RDA fit more to multi-level governance model since it provides opportunities to policymaking in the subnational level. As discussed above, the model enables other actors to participate in the decision-making process as well. In this point of view, it can be claimed that multi-level governance provides a degree of flexibility for EU regions. The model prevails to new concepts, which facilitate decision-making and policy-making in the subnational level by including the public through NGOs, PPPs, etc. Therefore, the concept of subsidiarity is an important tool for this flexibility in subnational level with this concept; local governments became more important since central governments delegate some of their powers to smallest local level. Decentralization is also another instrument in this model. Decentralization is held with deconcentration and devaluation. Deconcentration is transfer of certain service from one level of state to another level,; additionally devaluation is another branch of decentralization where part of an institution is transferred to different types of organizations; privatization of some public services are good examples for devaluation. With subsidiarity and decentralization principles, in some cases the subnational level can directly communicate with supranational level, which is the EU, without taking the national level's permission. As RDAs are tools in regional policy, they can also benefit from new administration model. Since there are no classical type of bureaucratic matters in multi-level governance model, it is a more time saving, region-specific and efficient system.

CHAPTER 3: REGIONAL POLICY IN THE EU

The second chapter of the thesis mainly discusses the formation of RDAs. However before talking about RDAs, an introduction to regional policy is given. Therefore the first part of the chapter describes the regional policy and its characteristic. The subsequent part presents a brief definition of regional policy and its instruments in the EU spectrum. In the third part, RDAs are handled as instruments of regional policy, furthermore the formation of RDAs, their structure and typologies in the EU are illustrated.

3.1. Regional Policy

After the Second World War, disparities between regions became more apparent. Some regions spearheaded in heavy industries such as automobile, ship-building, steel-making, etc. while some lagging regions remained poorer with high unemployment statistics. In this kind of situations, where practices of growth pole approach prevail, people immigrate to the developed regions to find proper jobs.

This kind of a picture in Europe, in which there are severe differences between leading and lagging regions, triggered the evolution of regional policies. As discussed in the previous chapter, policies that were applied according to traditional regional development theories were top-down policies. As a result, albeit there were some

policies they were not region-specific therefore, they could not be remedy for the problems of the lagging regions.

Today, regional policies make far more sense than the former policies. Given the fact that, today's policies are more specialized in regions' problems and thus they are more effective. As today's regional policies mainly seek to increase regional competitiveness, they are more market-friendly than the former policies. In addition, serious problems of regions need urgent solution. For instance, many regions in EU do not have competitive economies and cannot transform to more challenging industries. Hospers and Benneworth's studies on such regions and they claim that:

... [M]any regions in Europe are stuck with the heritage of the "old economy", which is of a lowtech or sometimes even of a no-tech character. Due to international competition and overcapacity a number of traditional sectors have entered a prolonged period of restructuring and decline. Since the 1970s notably old industrial regions specialised in textiles, coal mining, metal and steel making, ship building, food processing and car production have suffered. Today, these regions suffer from fierce competition from the BRIC-countries (Brazil, Russia, India and China).⁵⁵

In this context, uncompetitive facilities, that create many problems, use limited technology, challenged to be in decline and have risk for out-sourcing. Moreover, in order to have well-functioning regional policy, it should have some characteristics. First of all this policy should aim to empower the network between different stakeholders and groups. The policy should also support innovative projects, which are in participatory manner, for fulfilling sustainable development. Secondly, the policy should provide coordination between autonomous and different institutions. Synergy that will be brought by this coordination is important for fulfilling regional goals. Thirdly, solutions should be context-dependent, which means they should be specialized into that region and should be founded accordingly. Additionally, solutions should be compatible with the goal of regional growth and development. Furthermore, the participatory governance

⁵⁵Hospers,G.J.& Benneworth P.(2005) "What Type of Regional Policy for Europe :Theoretical Reflections and Policy Lessons from Sardinia. *Intereconomics*, 40(6), pp:336-338.

model should be used in all levels of policy, which means both in decision-making procedure and in implementation there should not be a traditional top-down and highly bureaucratic system in policy making. On the contrary, the policies should be formed with the interaction between local organs; another aim should be to strengthen the relation between local organs and non-governmental local organs for negotiation and for being acquainted to the developments in the whole world.⁵⁶ Furthermore, Sweet states that the primary aim of regional policy should not finance incomes and balance disparities in standards of living but “equalize production conditions through investment programs” in regions, through forming physical infrastructure, communications, transportation and education. Therefore, proper financial resources and their efficient use are keys to accomplish these goals.⁵⁷

3.2. Regional Policy in the EU

Although the EU seems like an economic union, its endeavor to form a political union with determined common values is not easy to achieve in short terms. For such an intention, the EU should get rid of its heterogeneous picture and eliminate all of its disparities between the regions. In this perspective, to succeed this aim, regional policy is an inevitably one of the important policy fields for the EU. Actually, until the first round of enlargement, which means until the inclusion of England, Ireland and Denmark, there was no need for a regional policy in the European Community (EC) since Original Six of the EC have homogenous economic structures⁵⁸. Thus, each

⁵⁶ Eraydın, A. “Bölgesel Kalkınmanın Yönetişim Çerçevesinde Kurgulanması: Kalkınma Ajansları” in IPM (2008) “Bölgesel Kalkınma Ajansları”, Friedrich Naumann Stiftung, Istanbul. p:18

⁵⁷ Sweet, M.L.(1999) “Regional Economic Development in the European Union and North America, Greenwood Publishing, p: 100

⁵⁸ The group known as Original Six comprises six member states which are France, Germany, Italy, Holland, Belgium and Luxemburg.

member states have their own regional policies in national level, which combat regional disparities within the country.

On the other hand, with the widening process, regional disparities started to emerge within the EC, since those disparities opposed some of the Articles in the Treaty of Rome which state “a continuous and balanced expansion”, need for a regional policy became more apparent.⁵⁹ In addition, Article 158 of the Treaty of Rome, which deals with economic and social cohesion of the Community, states that “the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, including rural areas.”⁶⁰ Therefore, in order to form a regional policy, first, in 1975, the European Regional Development Fund was established, which is dealt below. This fund was mainly dedicated for the renovation of industrial regions in England; however, with memberships of Greece, Spain and Portugal in 1981 and 1986; the funds were also used by these countries.⁶¹ The following development was the 1987 Single European Act, which has been an important step in building regional development policy of the EU. 1988 reforms of Structural Funds were another step in the formation of Community regional policy. Moreover, with the 1992 Maastricht Treaty, principles of regional policy were declared as follows;

Regional policy,

- need to eliminate locational disadvantages of the poorer regions in the production of goods and services,
- large-scale movements of labor must not become a major adjustment factor,

⁵⁹ Sweet, M.L.(1999) “Regional Economic Development in the European Union and North America, Greenwood Publishing, pp: 76-196 Quoted in Yaşar, S.S. (2003), “Regional Development Agencies: Endogenous Dynamics and Regional Policy” Master Thesis Submitted to METU the Department of Regional Planning. p:11

⁶⁰ Treaty of Rome. http://eur-lex.europa.eu/en/treaties/dat/12002E/pdf/12002E_EN.pdf

⁶¹ Özmen, Zelal (2004) “The Process of Reform of the Structural Funds in European Union”, Master Thesis, METU, Ankara p:9 Quoted in Can, E & Akdenizli Kocagül, D. (2008) “Avrupa Birliği’nde Bölgesel Politikanın Gelişimi ve Yapısal Fonlar” Tepav.p:11

- regional transfers should be sufficiently large to affect the necessary reduction in disparities among MSs, [Member States]
- need for aid should be determined on the basis of regions, not of countries, and should be concentrated in the poorer regions,
- composition of regional transfers should be weighted in favor of program financing rather than project financing; moreover, it should be designed, as far as possible, to catalyze private sector investment in the regions so that they become self-sustaining,
- Union regional transfers should be financed from the resources of the Union and should be complemented by macroeconomic policies directed toward a sizeable Union budget⁶²

Likewise, it seems that, while targeting prosperous and competitive regions, the EU use two important values behind her regional policy, which are solidarity and cohesion. These two principles provide ways to a political union with common objectives.⁶³ With solidarity, the policy aims to assist citizens and regions that are socio-economically deprived compared to EU averages. Additionally, emphasis given to the concept of cohesion is because of the narrowing the gaps of income and wealth between all regions, which benefits both the poorer and better off regions.⁶⁴ Therefore, the eradication of differences will benefit the EU as a whole, who will have a richer and more competitive economy. In addition, better off regions will also benefit from the eradication since they will not be the net contributors of poorer regions. Consequently, one of the priorities of regional policy is to bring living standards of the new member states closer to the EU average as quickly as possible.

⁶² Sweet, M.L.(1999) p:100

⁶³ EU,(2008) “Working for the Regions, EU Regional Policy 2007-2013”,EU Publication Office, Brussels January 2008 p:4

And

Ertugal, E. (2005a) p:5

⁶⁴ http://europa.eu/pol/reg/overview_en.htm

Parallel to this, it is seen that what RDAs target in Turkey is parallel to what the EU regional policy aims. Since the duties of development agencies in Turkey are stated in the Article 5 of the Law on The Establishment and Duties of Development Agencies, the similar goals of these two attempts can be easily noticed. For sure, Turkey's road to the EU membership is an important impetus in maintaining same ends in regional policies. Therefore, Turkey made amendments in many areas such as setting up NUTS nomenclature, forming RDAs, trying to accomplish governance model in its polity, etc., which is handled in the subsequent chapters.

On the other hand, as discussed in the very beginning, the 271 regions in EU differ from each other due to their capacity of labor force, wealth, etc. The EU aims to eradicate differences between these regions and in order to provide amelioration; regional development agencies (RDA) are formed. For sure, EU is not a homogenous entity, but as an economic union, EU expects all its regions in the same level economically. Actually, since the GDP per capita in London is nine times higher than the regions in Romania, a solution should be found to this paradox. RDAs function for eliminating these huge differences and providing sustainable endogenous development in European regions. RDAs not only aim to make poorer regions more prosperous but also bridge regions, to communicate between them and make them more competitive in the world arena. For instance in the Framework Programs, which encourage research and innovation in the EU, the main motto is to form partnership within universities, NGOs, municipalities from different countries and regions. What is targeted here is increasing competitiveness of EU in the world arena while forming relationship between regions, through partnerships.

Migration and security are also two important challenges that the EU copes with. With considering migration issue, similar to many other challenges that the EU faces, the problem of integrating immigrants into society is not a unique problem of the regional policy; it is a problem of the EU as a whole. Since the EU is a magnet for many people all around the world, human smuggling is a commonly used way to enter into the borders of the Union illegally. Today the millions of immigrants living in the EU territory have problems in integrating to society. Exclusion attempts from indigenous people and the immigrants' feeling of alienation as a response to those acts of exclusion have created problems in integration. EU regional policy also tries to find some ways to

integrate immigrants to the regions and helps them to find jobs, go to schools and learn the languages of the host country.

One other issue that challenges regions of EU is terrorism and security problem. All cities and regions in EU are now face-to-face to security problems and terrorist attacks. In this context, in order to provide safer regions, coordination with police forces is needed, parallel to this; saving city from marginal groups and terrorism are also aim of the regional policy.

To sum up, one may say that, as a response to prevailing challenges in European regions, regional policy has set some goals, as discussed above. These goals can be listed as increasing prosperity, enhancing quality of life, making the EU more democratic and creating citizens' Europe, in European regions. With the notion of governance, regional policy targets to empower subnational structures such as regional administrations, improving efficiency, and facilitating accountability, protecting the socially and economically weak with providing equal opportunity to everyone in all public services. Additionally with respect to the EU's motto of "unity in diversity", regional policy aims to preserve and promote social and cultural diversity to protect and to tolerance differences. Furthermore, in order to give a chance to some of the poorer regions to catch up the richer ones, regional policy emphasize eradication of regional disparities. In addition, regional policy aims to meet the global challenges and to improve the status of the EU as a global player.

3.2.1. NUTS Arrangement of the Regional Policy

The Nomenclature of Territorial Units for Statistics (NUTS) was established in the beginning of 1970s via Eurostat for providing regional statistics of the Community depending on same measures. The term NUTS is used for the classification of regions according to their population size. Although NUTS has been in use since 1988, there

was no legal base of the term until the Regulation on NUTS was adopted by the European Parliament and the Council in 2003.⁶⁵

The present NUTS arrangement is valid from 1 January 2008, which subdivides EU into “97 regions at NUTS 1 level, 271 regions at NUTS 2 level and 1303 regions at NUTS 3 level”. In addition, two levels of Local Administrative Units (LAU) have been defined; through this definition, four regional and two local levels are maintained in EU. “The upper LAU level (LAU level 1, formerly NUTS level 4) is defined only for the following countries: Bulgaria, Cyprus, Czech Republic, Estonia, Finland, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovenia, Slovakia and the United Kingdom. The lower LAU level (formerly NUTS level 5) consists of around 120 000 municipalities or equivalent units in the 27 EU Member States (as of 2007).”⁶⁶ Furthermore, for the candidate EU members NUTS have already been defined. Since Turkey is a candidate member, NUTS arrangement have already determined in Turkey, which is dealt in the following chapters. It is important to note that, RDAs are formed through NUTS 2 arrangement both in the EU and in Turkey.

3.2.1.1. Principles of NUTS Nomenclature

Additionally, there are three preferences of NUTS arrangement. According to these preferences,

a) “The NUTS favors institutional breakdowns”: two different criteria are used to classify and subdivide regions; these are normative and analytic criteria. Normative regions are representation of political will and “their limits are fixed according to the tasks allocated to the territorial communities, according to the sizes of population necessary to carry out these tasks efficiently and economically, and according to historical, cultural and other factors”. On the other hand, analytical regions are the

⁶⁵ Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (Official Journal L 154, 21/06/2003)

⁶⁶ http://ec.europa.eu/eurostat/ramon/nuts/mainchar_regions_en.html

regions maintained through “analytical requirements” they are grouped according to geographical or socio-economic criteria. NUTS arrangement is sustained through normative criteria, which means it is determined by considering population, mainly.⁶⁷

b) “The NUTS favours regional units of a general character”: Territorial units, which have special kind of activity such as mining regions, and agricultural regions, can be used in some Member States.

c) “The NUTS is a three-level hierarchical classification”: As stated already, the NUTS system is a hierarchical categorization. Therefore, “the NUTS subdivide each Member State into a whole number of NUTS 1 regions, each of which is in turn subdivided into a whole number of NUTS 2 regions and so on.”⁶⁸ These NUTS 2 regions also subdivide into NUTS 3 regions.

Level	Minimum	Maximum
NUTS 1	3 million	7 million
NUTS 2	800 000	3 million
NUTS 3	150 000	800 000

TABLE 3.1: The table illustrates the NUTS Regulation, which manifests the minimum and maximum thresholds for the average size of the NUTS regions.

Source: http://ec.europa.eu/eurostat/ramon/nuts/basicnuts_regions_en.html

⁶⁷ http://ec.europa.eu/eurostat/ramon/nuts/basicnuts_regions_en.html

And

Can, E.(2004) “Avrupa Birliği Bölgesel Politikaları ve Yapısal Fonlar: Uyum Sürecinde Türkiye için bir Değerlendirme, Asil Yayın Dağıtım, Ankara

⁶⁸ http://ec.europa.eu/eurostat/ramon/nuts/basicnuts_regions_en.html

3.2.1.2. Purpose of NUTS

NUTS uses these principles for fulfilling its purpose, in this context NUTS system serve as a reference to many tools in EU regional policy.

a) It is mainly used for statistical data of the EC/EU. It is a tool for collecting, developing and harmonizing the statistics of the Community's regions.

b) The NUTS nomenclature is also used for providing socio-economic analyses of the regions. Through this perspective, in the 1961 Brussels Conference on Regional Economies, it is stated that NUTS 2 (basic regions) are chosen for the application of regional policies; thus it is the suitable level for evaluating problems between regions and nation-states. On the other hand, it was declared as follows:

NUTS 1 (major socio-economic regions grouping together basic regions) should be used for analysing regional Community problems, such as "the effect of customs union and economic integration on areas at the next level down from national areas". NUTS 3, which broadly comprises regions which are too small for complex economic analyses, may be used to establish specific diagnoses or to pinpoint where regional measures need to be taken.⁶⁹

c) NUTS nomenclature also serves a reference for "the framing of Community regional policies." As handled below, it is decided that the structural fund for the less developed regions (in the objective of Convergence) is classified according to NUTS 2 region whereas, the areas tied to other objectives are classified through NUTS 3 level.

3.2.2. Instruments of the Regional Policy

After talking about aims of regional policy and being acquainted with NUTS, it will be timely to cover the instruments of the policy. EU assigns important portion of its budget, 1/3 of the budget, to regional policy. As it follows in its website,

⁶⁹ http://ec.europa.eu/eurostat/ramon/nuts/application_regions_en.html

Based on the concepts of solidarity and economic and social cohesion, it achieves this [aim of regional policy] in practical terms by means of a variety of financing operations, principally through the Structural Funds and the Cohesion Fund. For the period 2007-2013, the European Union's regional policy is the EU's second largest budget item, with an allocation of €348 billion. The objective of economic and social cohesion was introduced in 1986 with the adoption of the Single European Act. The policy was finally incorporated into the EC Treaty itself (Articles 158 to 162) with the Maastricht Treaty (1992).⁷⁰

Several funds are used in regional policy, such as structural funds, cohesion funds, Community initiatives and specific area funds.

3.2.2.1. Structural Funds

EU has run a robust regional development policy since 1975. Structural funds were important components of this policy with transferring funds from the richer member states to poorer countries and regions. In the previous budget period (2000- 2006), spending from these funds was one third of the total EU budget. Additionally, in this period, the biggest beneficiaries were Greece, Spain, Portugal, Ireland, Southern Italy and the Eastern part of Germany.⁷¹ In addition, in order to eliminate differences between regions, candidate members also benefit from the funds in pre-accession programs; therefore, Turkey, as a candidate member of EU, benefits from structural funds. As discussed above structural funds in new budget period (between 2007 and 2013) cost €308 billion.

Structural Funds consist of four different funds, which are The European Regional Development Fund (ERDF), The European Social Fund (ESF), Fisheries Fund, the European Agricultural Guidance and Guarantee Fund (EAGGF), and the

⁷⁰ http://europa.eu/pol/reg/index_en.htm

⁷¹ http://europa.eu/pol/reg/overview_en.htm

Financial Instrument for Fisheries Guidance (FIFG). Each funds has different target groups, parallel to aims of regional policy. the ERDF “contributes mainly to assisting the regions whose development is lagging behind and those undergoing economic conversion or experiencing structural difficulties”⁷². ESF is used in order to provide assistance under the European employment strategy; in addition EAGGF “helps in both the development and the structural adjustment of rural areas whose development is lagging behind by improving the efficiency of their structures for producing, processing and marketing agricultural and forest products”; FIFG promotes restructuring the fishing sector.⁷³

3.2.2.2. Cohesion Funds

Cohesion funds are another component of the instruments of the EU regional policy, Cohesion Funds aim;

to strengthen the economic and social cohesion of the Community through the balanced financing of projects, technically and financially independent project stages and groups of projects forming a coherent whole.⁷⁴

The Cohesion Funds cover environmental and transport infrastructure costs as well as projects that develop renewable energy. Funding from this source is restricted to member states whose living standards are less than 90% of the EU average. However according to Copenhagen economic criteria, which states that, those living standards are less than 90% of the EU average cannot be an EU member, these funds phased out. Only Portugal, Greece and Spain benefited Cohesion Funds operations in order to increase the economic level of these countries.

⁷² <http://europa.eu/scadplus/leg/en/lvb/l60014.htm>

⁷³ Ibid.

⁷⁴ <http://europa.eu/scadplus/leg/en/lvb/l60018.htm>

3.2.2.3. *Community Initiatives*

Besides, in the name of regional policy in order to provide cohesion between member states, there are also community initiatives, which targeted in 2000-2006 Period, on cross-border cooperation, sustainable urban development, and EQUAL. On cross-border cooperation, there are certain rivers, which pass through within the borders of many EU member states; therefore, it is not possible to keep these rivers clean if one country only deals with these rivers. As a result, these countries cooperate with each and take common precautions to keep the rivers clean.⁷⁵ One other community initiative is on sustainable urban development, in which the aim is to regenerate some dilapidated old urban areas and form more livable places. More livable places can be formed by completing infrastructure, preventing epidemics in urban areas and increasing sustainable competitiveness in some economic facilities. Another aim of sustainable urban development is combating with urban poverty, in this context, poverty does not refer to an absolute poverty, but the relative poverty, where in certain depressed areas people are living in difficult social conditions. Thus, one of the aim of regional policy is to tackle with this kind of poverty. Moreover, another instrument under the head topic of Community initiatives is EQUAL funding. The aim of the Community initiative EQUAL is to “promote new ways of combating all forms of discrimination and inequalities in the labor market on the basis of transnational cooperation and to facilitate the social and occupational integration of asylum seekers”⁷⁶. Local and regional governments act as partners in this funding as they are the ultimate beneficiaries of financial aid in providing an equal, competitive labor market.

⁷⁵ <http://europa.eu/scadplus/leg/en/lvb/g24204.htm>

⁷⁶ <http://europa.eu/scadplus/leg/en/cha/c10237.htm>

3.2.2.4. Specific Areas

In the regional policy of EU, in addition to all these funds, some funds are devoted to specific areas, which are funding on ‘rural development’ and ‘pre-accession funding’⁷⁷ Rural development funds are attributed to rural areas in order to cultivate the EU’s agricultural farms and improve the life standards of rural community. With the wave of migration to cities, rural areas have faced with several problems, due to these funds recently a new wave of migration has occurred and people are moving back to rural areas. Therefore, the projects that are available for such assistances are completed by the EU in order to improve the life standards in rural areas.⁷⁸ Another funds concentrated on specific areas are pre-accession funding. Candidate members of EU can benefit from these funds in order to reach the EU level before being a member state in regional issues. Thus, Turkey benefits from the pre-accession funding.

3.2.3. Objectives of the EU Regional Policy

All these regional development funds in the EU use three different objectives. In the previous budget period, these objectives were named as Objective 1, 2, 3 whereas these new objectives, in the 2007-2013 period are Convergence, Regional Competitiveness, Employment, and Territorial Cooperation. The Convergence objective is used if a certain region is at NUTS 2 level. If a region’s per capita income is below 75% of the EU average, that region is entitled to assistance from structural funds. However, the Convergence objective does not only cover the regions but also countries, where country’s “Gross National Income (GNI) is below 90% of the Community average”. These countries also benefit from the objective through Cohesion funds.

⁷⁷ <http://europa.eu/scadplus/leg/en/s24002.htm>

⁷⁸ <http://europa.eu/scadplus/leg/en/lvb/l60026.htm>

Furthermore, 81.54% of the total budget is devoted to regional policy, which makes EUR 251.163 billion, which is financed through ERDF and ESF and Cohesion Funds.⁷⁹

The second objective is Regional Competitiveness and Employment. The objective provides assistance for regions, which have structural differences in economy, where restructuring is needed for dying economic activities. As already noted, the EU faces out-sourcing in some of its regions, the objective targets these regions, where building a new economy is needed in order to combat unemployment and poverty. For example since coal and steel industries are dissolved in England, these firms closes down and the regions that host mine industries need restructuring for gaining new economic activities. Restructuring of these regions are funded via this objective. Furthermore, the objective targets to enhance “economic and social changes, promote innovation, entrepreneurship, protection of the environment, accessibility, adaptability and the development of inclusive labor markets” through funding by the ERDF and the ESF.⁸⁰

The third objective is the European Territorial Cooperation objective, which seeks to “strengthen cross-border, transnational and inter-regional cooperation.” The objective which is financed by ERDF targets to “promote common solutions for neighboring authorities in the fields of urban, rural and coastal development, the development of economic relations and the creation of networks of small and medium-sized enterprises (SMEs). Cooperation will be based around research, development, information society, the environment, risk prevention and integrated water management.”⁸¹ Additionally the regions, which will be funded, must be in NUTS 3 level and they must be “situated along internal land borders, certain external land borders and certain regions situated along maritime borders separated by a maximum of 150 km.” For this objective EUR 7.75 billion will be devoted which will be divided

⁷⁹ <http://europa.eu/scadplus/leg/en/lvb/g24231.htm>

⁸⁰ Ibid.

⁸¹ Ibid.

between the three different components which are cross-border, transnational and inter-regional cooperation.⁸²

2007-2013 Regional Policy

Objectives	Financial Instruments		
Convergence Regional Competitiveness and Employment	ERDF	ESF	Cohesion Fund
European Territorial Cooperation	ERDF	ESF	

TABLE 3.2: Distribution of funds according to three Objectives of 2007-2013 Regional Policy

3.3. Regional Development Agencies (RDAs)

Although regional development agencies are the main topic of the thesis, the background knowledge of EU regional policy is introduced for understanding dynamics of regional development. It is noteworthy to note that regional development policy and RDAs are indispensable concepts. The RDAs should be grasped as tools of the EU regional policy. Therefore, one should admit that these two concepts are not mutually exclusive but interlinked.

With the flexibility provided by multi-level governance model, the regions seem to be the most appropriate level for maintaining development. Because of their potential for flexibility and cooperation, they are more ready for competing in global market, forming new industries, and adapting themselves to changing nature of production systems. Therefore, with the Second World War, differences with and within the countries became more apparent. In order to eradicate these differences in Europe, regions have become the unit for eliminating regional disparities by ameliorating

⁸² Ibid

infrastructure, attracting new enterprises. In addition, the need for new institutions raised which would decrease the negative effects of the War and catch up recent technological development in the whole world. This need gave birth to a new structure, the regional development agency. Despite the fact that RDAs were first seen in European scene in 1940s and 1950s, the first known RDA is formed in USA in 1930s, which is Tennessee Valley Authority.

The first RDAs of Western Europe were focusing on sustainable development and were restructuring the old economies of Western European countries. In those years, decision-making mechanism was heavily on central governments; therefore, all the implemented policies were top-down policies. However, things began to change with 1980s. Globalization started to challenge traditional economies and central governments were not successful in developing regions and rejuvenating the old economies of Europe. Thus, bottom-up regional policies have become more applicable and these conditions have made RDAs more important. Consequently, with the 1990s, RDAs have transformed into a tool in regional policy of the EU. As the EU's enlargement process has continued, not only in Western Europe, in Central and Eastern European countries (CEECs) as well, new RDAs have formed. These RDAs are mainly concentrated on industrial restructuring. With the structural funds of EU, which are devoted to NUTS 2 level, the level that RDAs are formed, influence of RDAs has become more widespread.⁸³ The table below presents the establishment periods of RDAs in EU.

⁸³ İzmir Development Agency (İZKA) (2008) "Avrupa'da Kalkınma Ajansları" İzmir Development Agency, İzmir. pp:9-22
And

Güneşer Demirci, A. "Farklı Ülkelerde Bölge Kalkınma Ajansları" Turan, M. (ed) (2005), "Bölge Kalkınma Ajansı Nedir Ne Değildir", Paragraf-yayın, Ankara, pp:181-196

And

Kayasü,S (2006) "Institutional Implications of Regional Development Agencies in Turkey" in 42nd ISoCaRP Congress 2006: "Institutional Implications of Regional Development Agencies in Turkey: An Evaluation of the Integrative Forces of Legal and Institutional Frameworks" p:3

ESTABLISHMENT DATE	COUNTRIES
Pre 1950s and 1950s	Austria
	Belgium
	France
	Ireland
1970s	Germany
	Holland
	England
	Italy
1980s	Spain
1990s	Bulgaria
	The Czech Republic
	Estonia
	Hungary
	Poland
	Portugal
	Rumania
	Slovakia
	Slovenia
2000s	Turkey

Table 3.3: European Countries and dates that they establish RDAs in their countries.

Source: İzmir Development Agency (İZKA) (2008) "Avrupa'da Kalkınma Ajansları" İzmir Development Agency, İzmir. p:12

And

Dura, Y C.(2007) "Dünya Uygulamaları Bağlamında Kalkınma Ajanslarının Yapısal Analizi", *Türk İdare Dergisi (TİD)*, Sayı 455, Haziran 2007, pp: 141-171.

And

Halkier, H & Danson M. (1998a) "Regional Development Agency's in Europe, London: Jessica Kingsley Publishing, p:14

3.3.1. General Characteristics and Definition of Regional Development Agencies

First of all, it should be noted that RDAs are not homogenous entities, which means the RDA formations in the EU differs in each member state due to administrative tradition of each country. As Velasco wrote up in the European Commission's report

[m]aybe the only common feature of all the regional development agencies is that their activities always relate to the development of the endogenous potential of a geographic area, even if some of them, as additional activity, or even as their main operations, try and attract foreign investment. Another identifiable feature is the very wide meaning given by the agencies to the notion of development, and the growing importance of the social component given to this concept.⁸⁴

However, for sure, all RDAs have convergence factors; this part mainly discusses the general characteristic that one can come across nearly in each RDA. In this framework, as an inference from Halkier and Danson's survey on RDAs, one may conceptualize them as "a regionally based, publicly financed institution outside the mainstream of central and local government administration designed to promote indigenous economic development through an integrated use of predominantly 'soft' policy instruments in regions that are generally designated as problem or priority areas"^{85 86}

⁸⁴ EURADA (1999) "Creation, Development and Management of RDAs, Does it Have to be so difficult", EURADA, Belgium p:6

⁸⁵ The definition is done by Allen however Halkier and Danson have modified the definition, therefore references are given below accordingly.

⁸⁶ Yuill, D. & Allen, K(1982) "European Regional Development Agencies- an overview" in Yuill, D.(ed) (1982) "Regional Development Agencies in Europe" Aldershot: Gower. p:1

And

In addition, RDAs are connected under a network, which is called European Association of Development Agencies (EURADA); “EURADA is a non profit-making organization aiming to promote regional economic development through dialogue with the European Commission services, interchange of good practice among members, transnational co-operation among members, and regional development agencies as a concept.”⁸⁷ Hence, EURADA prepares papers, seminars and conferences about RDAs; one of its papers on RDAs defines them as structures, which investigate and find out developmental problems. It is added that, with their multiple ways of methodologies, RDAs try to find solutions to developmental and sectoral problems with encouraging projects, which take role in the problem-solving process.⁸⁸ Furthermore according to Ferry’s definition, RDAs can be understood as “policy implementers,” broadly defined as regionally based organizations, sponsored by government but functioning strictly outside the public sphere, with the primary objective of stimulating economic growth, particularly through the support of enterprises.⁸⁹

It can be concluded that RDAs are semi-autonomous structures, which mainly seek indigenous development of regions by using their own resources and attracting foreign direct investments (FDI) to the region. As an assumption from all these discussions, Halkier and Danson handle the ideal type, model RDAs as development bodies, which fulfill three criteria;

Halkier, H & Danson M. (1998a) p:17

And

Halkier,H.(2006) “Regional Development Agencies and Multi- Level Governance: European Perspective” in Bölgesel Kalkınma ve Yönetişim Sempozyumu/Sempozyum Bildiri metinleri 7-8 September 2006, Odtü mimarlık Fakültesi, Ankara. pp:3-4

⁸⁷ <http://www.eurada.org/home.php?menu=2> (online)

⁸⁸EURADA (1999) p:6

⁸⁹Ferry, M. “From Government to Governance: Polish Regional Development Agencies in a Changing Regional Context *East European Politics and Societies*.2007; 21: 447-474

1. *Organizationally*: compare to political central authority which sponsors RDAs, RDAs are in a semi-autonomous position.
2. *Strategically*: as also discussed as a main goal, RDAs encourages local firms and local resources “by means of ‘soft’ policy instruments”.
3. *Implementation*: RDAs have extensive range of policy instruments.⁹⁰

On the other hand, according to European Commission’s report, in order to establish a RDA in a region, the conditions would be as follows,

- local support structure for the initiatives, possessing the following qualities :
- Stability and permanence,
- variable structures of partnership, promoting cooperation between public and private
- 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 to draw up a long-term overall strategic plan.
- Finance encouraging risk-taking is essential.
- the channeling of savings into local investment must be promoted
- the contribution of public finance to the local areas must be improved.
- 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 centers 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

⁹⁰Halkier H.& Danson, M. (1998b), “Regional Development Agency’s in Europe – A Survey of Key Characteristics and Trends” in Halkier, H & Danson M. (eds) (1998a) “Regional Development Agency’s in Europe, London: Jessica Kingsley Publishing, p:27

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.
- The methodology of the transfer and transferability must be examined in more detail.⁹¹

The European Commission encourages forming RDAs in regions where there are trends towards cooperation, decentralization and increasing local investment through attracting foreign firms, reactivating local firms and promoting them local entrepreneurs being global players. In addition, in well-performing RDAs there is a bottom-up approach rather than a traditional top-down decision-making. In addition, these RDAs easily communicate with EU level without the permission of the national level. This character of RDAs provides local and regional based solutions, which are not taken as granted through the national plan, but taken through the *sui generis* dynamics of each region. It is seen that more specialized bottom-up approaches are more successful than earlier traditional methods since they provide transfer of knowledge from different layers of the society, and from related national ministries.

For sure with applying a bottom-up approach, RDAs become more semi-autonomous policy implementers. Crucially, this character of RDAs provides advantages, since they have weak ties with “public service codes” and are no doubt subjected to electoral handicaps; these situations allow RDAs to form long-term and flexible regional policies and to have closer bounds with indigenous business communities.⁹² Furthermore, as Halkier and Danson assert, the semi-autonomous

⁹¹ EURADA (1999) pp:7-8

⁹² Danson, M, & Halkier, H(2000) and Cameron, G., eds., “Governance, Institutional Change and Development” London: Ashgate, in Ferry, M. “From Government to Governance: Polish Regional Development Agencies in a Changing Regional Context” *East European Politics and Societies* .2007; 21 pp: 449-450

organizational set-ups of RDAs have some other advantages; a regional institution is the best agent for developing region-specific strategies especially in the cases where there is unique and differentiated production system in that area. Secondly, the bottom-up approach makes it easier for staff to concentrate on individual firms. The third advantage is with the limitation of political interference, long-term policies, which are more capable of tackling “structural weakness of regional economies”, are developed. If there were political interference, perhaps these policies cannot be solved with short-term populist goals.⁹³ The table below demonstrates differences between traditional top-down policies and RDAs’ bottom-up model, according to political organization, operational freedom, economic objectives, mode of operation, and policy instruments.

Characteristics	Traditional top-down	New Model bottom-up
Political Organization	-National Government department - Bureaucracy -Generalist qualifications	-Regional semi- autonomous body -Business-like Specific expertise
Operational freedom	Limited	Arm’s length
Economic Objectives	-Interregional equality -Growth of national economy -Redistributed growth	- Interregional competitiveness - Growth regional economy - Indigenous /imported growth
Mode of operation	- Non-selective Automatic/discretionary - Reactive	-Selective - Proactive -Discretionary

⁹³ Halkier, H & Danson M. (1998a) p:119

Policy instruments	- Bureaucratic regulation	- Financial inducements
	- Financial inducements	- Advisory services
	- Advisory services	- Public provision
	- Public provision	

Table 3.4: Traditional top-down model vs. RDAs' bottom-up model

Source: Halkier, H & Danson M.(1998a) “Regional Development Agency’s in Europe, London: Jessica Kingsley Publishing, p: 18⁹⁴

It can be seen from the Table 4 that, bottom-up approach more concentrates on the needs of the regions; it does not set similar goals for each region and apply similar goals for every region regardless of their specific characteristics.

3.3.2. Objectives of Regional Development Agencies

The main objectives of RDAs are economically oriented. They seek economic growth and prosperity in the regions, where they were formed. There are some instruments to reach these goals. On the other hand, RDAs also have societal targets; they aim to develop regions as more livable places, with building infrastructure, schools, hospitals, parks; moreover, another societal aim can be integrating immigrant people to that region, which is an important problem in today’s world.

Within this context, EURADA makes a three-fold typology for understanding the objectives of the RDAs; according to that conceptualization, there are strategic agencies, general operational agencies, and sectoral agencies. Strategic agencies essentially try to activate endogenous potentials through establishing information data

⁹⁴ The table presents *précis* of the discussion of a number of authors on the issue of top-down and bottom-up regional policies. Therefore source are based on: - Young, S. and Lowe,A(1974) “Intervention in the Mixed Economy: The Evolution of British Industrial Policy1964-72” London: Croom Helm
 -Stephen F.(1975) “the Scottish Development Agency” in G.Brown (ed) The Red Paper on Scotland. Edinburg: EUSPB
 -Danson, M. Lloyd, G. and Hill,S. (eds) (1997) “Regional Governance and Economic Development”. London: Pion
 -Halkier, H. (1992) “Development Agencies and Regional Policy: the case of Scottish Development Agency” *Regional Politics and Policy* 2,3, 1-26

banks, research centers on specific industrial branches as well as on social and economic aspects. In addition, these kinds of agencies supervise to small and medium enterprises (SMEs) in order to increase awareness on regional development and form endogenous firms. The second type is general-operational agencies whose objectives are encouraging inter-sectoral development projects. They try to create crucial projects focusing on economic restructuring through contributions of SMEs and public sector. Thirdly, sectoral agencies concentrate on a specific sector and promote development through that sector in that particular region. These sectors can be ceramics, automobile industry, tourism; culture etc. Therefore, specific projects on the specific areas are applied in this kind of agencies.⁹⁵

Furthermore, according to Hughes there are some sufficiently broad objectives for model RDAs. However, his conceptualization covers largely strategic RDAs which solely aim development from indigenous dynamics. Through out this perspective he sets four objectives: “1-regional competitiveness 2- regional growth 3-indigenous / SME growth 4-inward investment” and he adds that for accomplishing these objectives “[t]here should be multiple policy instruments: 1-environmental improvement 2-industrial infrastructure 3- business advice 4- venture capital”⁹⁶

Moreover, RDAs are classified into two groups according to their aims. The RDAs, whose main goal is to attract exogenous entrepreneurs to their regions, make marketing attempts over their regions; these kinds of agencies are generally called weak RDAs. The weak agencies work for transfer of technology to their own regions from the firms, which are mainly using high technology in their business. Thus, these kinds of agencies generally establish offices in other regions and countries for developing their relations with foreign firms. It is seen that 70 percent of the agencies in EU are weak agencies. On the contrary, the agencies which seek to increase employment, to maintain landscaping and develop regional economy and work force are identified as strong RDAs. Generally, these agencies are appointed by central governments who

⁹⁵ EURADA (1999) pp:15-16

⁹⁶ Hughes, J.T. (1998) “The Role of Development Agencies in Regional Policy: An Academic and Practitioner Approach in Journal Urban Studies [ISSN: 0042-0980] 1998 Volume:35 Issue:4 p: 615

organize the distribution of the funds given by both the EU and central government, rejuvenate the areas where there are losses of economic potentials and where there are highly out-sourcing activities. In addition strong RDAs work for solving the problems of rural areas and activating industry, if possible, in those areas.⁹⁷

3.3.3. Functions and Activities of Regional Development Agencies

Since the main aim of RDAs is economic development of the regions, facilities are set accordingly. However as they have environmental and social aims as well, services in accordance with these aims are also done largely in strong agencies. To systematize all these objectives RDAs set strategic plans for their regions. These plans are as regards to the situation of the regions, its capability, and the future of the region, which will be rebuilt through its capacities and dynamics.

The 1950s and the 60s, when RDAs were first established, the main activity of agencies was drawing attention to foreign investments, FDIs. In time, within their strategic plans, facilities of RDAs have varied. Certainly, for sustaining these activities there should be bottom-up approach in decision-making process. In this context, as many agreed by many authors, the facilities of RDAs can be listed as follows;

- Indigenous development,
- Attracting foreign investment,
- Service provided to entrepreneurs,
- Service provided to local and regional authorities,
- Educational services, training activities

⁹⁷ Dura, Y C.(2007)

And

DPT (2000) “Bölgesel Gelişme Özel İhtisas Komisyonu Raporu, Sekizinci Beş Yıllık Kalkınma Planı”, DPT, Ankara. Quoted in Çelepçi, E. (2006) “Türk Bölgesel Kalkınma Politikalarında Yeni Arayışlar: Kalkınma Ajansları ve Türkiye’de Uygulanabilirliği”, Retrieved from: <http://www.metinberber.ktu.edu.tr/linkler/kajans.pdf>

- International activities.⁹⁸

In addition to these activities of RDAs, there are many other services given by the agencies to the entrepreneurs, such as for the new firms; consulting, financial and infrastructure services are provided. On the other hand, “the services to existing enterprises are management, production, transfer and dissemination of technology, network promotion, information and communication, research, personal, sales, operational services”. In addition to these facility areas of RDAs, by providing services of consultancy, infrastructure and training, RDAs try to develop the existing SMEs and stimulate entrepreneurial spirit. Some of the agencies also provide research activities.”⁹⁹ Furthermore establishing technology parks, in order to follow the latest technology and develop further steps; forming data banks about the region, provision of land for investors, as well as social infrastructure and as a fiscal aid, provision of loan capital are other activities of the RDAs.

In this context, since RDAs in each EU country is not handled in this thesis, for having a general overview, the table below (Table 5) illustrates how RDAs function in each EU member /candidate states.

⁹⁸ Izmir Development Agency (IZKA) (2008) “Avrupa’da Kalkınma Ajansları” İzmir Development Agency, İzmir. p:18

And

Dura, Y C.(2007)

And

Arslan, K. (2005) “Bölgesel Kalkınma Farklılıklarının Gderilmesinde Etkin Bir Araç: Bölgesel Planlama ve Bölgesel Kalkınma Ajansları” *İstanbul Ticaret Üniversitesi Sosyal Bilimler Dergisi Yıl:4 Sayı:7 Bahar 2005/1* p:286

EURADA (1999) p:24

⁹⁹ Yuill, C. (1982) “Regional Development Agencies in Europe”, Gover: Aldershot quoted in Kayasü,S (2006) p:4

Country Name	Main Establishment Objectives and Activities
Netherlands	<ul style="list-style-type: none"> -Encouraging entrepreneurship -Developing and supporting industrial activities
Slovenia	<ul style="list-style-type: none"> -Activate the dynamics for the economic, environmental, social and cultural development -Developing SMEs by providing financial and institutional consultancy service -Preparing regional development programs and providing coordination among local shareholders -Developing the capacity of making project to benefit from regional and international funds -Encouraging entrepreneurships -Developing human resources and increase employment
Austria	<ul style="list-style-type: none"> -Reducing the differences in regional development -Attracting investments to the region and marketing it. -Providing guide/consultancy about incentive and finance. -Raising the opportunities for employment
France	<ul style="list-style-type: none"> <i>-Contributing to the performing of the local development politics</i> <i>-Providing local, national and international technical support for companies at the region</i> <i>-Attracting investment</i>
Romania	<ul style="list-style-type: none"> -Reducing the difference in development among regions -Applying governments' sectoral politics at the regional level -Providing regional, inter- regional, international and overseas partnership
Slovakia	<ul style="list-style-type: none"> -Providing balanced economic and social development -Developing partnership both at local and regional level -Supporting regional strategic plans -Supporting business activities, attracting local and foreign investors to the region

-Efficient use of the financial sources led by the European Union

Poland

- Removing the differences in regional development
- Enable people, living in the region to contribute the regional development
- Increase regional investments
- Enabling business development and opening new businesses/companies
- Preparing local and regional development strategies
- Main innovation and technique transfers
- Elaborating businesses in international markets

Spain

- Improve and encourage industrial activities
- Encourage new firms in the region
- Encourage innovation and entrepreneurship
- Encourage new network, information and technologic creations

Germany

- Improving the economic development of regions
- Encourage new investment opportunities in the region
- Encourage innovation and entrepreneurship
- Supporting clustering and networking

Estonia

- Enabling financial assistance, consulting and partnership to enterprise, research and development institutions, public sector and third parties.
- Developing competition in global market
- Attracting foreign investments directly
- Developing local and foreign tourism
- Encouraging technologic and innovative products and services

Belgium

- Developing business efficiency, investments and competitive strength

- Increasing employment
 - Contribute to country's sustainable improvement
 - Encouraging rural growth through providing urban development.
 - Encouraging to establish new sectors based on information and communication
 - Performing economic development and providing the reconstruction of the region
- Portugal**
- Attracting foreign investments
 - Encouraging entrepreneurship.
 - Reforming infrastructure for regional development
 - Preparing regional plans and programs
- Sweden**
- Supporting competitive SMEs
 - Encouraging entrepreneurs and innovative actions which will provide growth to industry and business life
- Turkey**
- Support to set and prepare the regional strategies, - Supporting entrepreneurship and providing assistance to its growth*
 - Attracting investments to the region*
 - Enable public and private sector and NGO to work with in consistency*
 - Increasing the project making and developing capacity*
- Italy**
- Attracting investment to the region/country
 - Providing assistance for business development and opening new businesses./companies
 - Supporting the public services
- England**
- Contributing the economic, social and physical

	development of the region
	-Providing business support and raise competition and investment
	-Raising employment
Ireland	-Strategic planning
	-Increasing power of competitiveness
	-Supporting clustering and networking
	-Encouraging entrepreneurship
	-Developing and supporting industrial activities
Czech Republic	-Providing technical support to public and private sector
	-Giving support on solving regional problems and applying development strategy
	-Activating local potential
	-Creating commercial value with efficient use of regional resources
Bulgaria	-Supporting entrepreneurship
	-Supporting sustainable development projects of local governments
	-Marketing the region and attracting the foreign investors
	-Encouraging usage of new technologies
Hungary	-Providing cooperation within and between the regions
	-Supporting institutions and organizations whose area of interest is regional development
	-Increasing local effectiveness of investments
	-Application and coordination of national and EU-funded regional development programs

Table 3.5: Establishment objectives and activities of development agencies according to countries.

Source: İzmir Development Agency (İZKA) (2008) "Avrupa'da Kalkınma Ajansları" İzmir Development Agency, İzmir. pp:18-21

3.3.4. *Types and Legal Forms of Regional Development Agencies*

As discussed in the introductory section of RDAs, there are many divergence factors between the agencies; their types and legal forms are crucial divergence factors. Thus, this section mainly handles the different typologies of RDAs. The agencies can be classified according to their bureaucratic autonomy and their origins, since some of them are state-owned and some private. In addition, this part analyzes the differences of RDAs through their positions on “core administrative apparatus of politically elected government”.¹⁰⁰ In this debate, one may think that a model RDA, by definition, should be positioned outside the governments and other political sponsors should have a semi-autonomous position. As illustrated by Table 6, if a RDA is a part of government and acts as a department of it, then government may have a crucial political control over RDAs; whereas if it is semi-departmental, direct political control, which is mediated by advisory council, may be observed. Furthermore, if the RDA is an independent body in an arm’s length situation, interference of the sponsoring authoring may practice “in the activities of the policy-making organization” for instance in the distribution of resources or such.¹⁰¹

¹⁰⁰ Halkier, H. (1992) “ Development Agencies and Regional Policy: The Case of Scottish Development Agency, *Regional Politics and Polity* Vol. 2.3, pp:1-26. Quoted in in Yaşar, S.S. (2003) p:32

¹⁰¹ Halkier H.& Danson, M. (1998b) p:30-31

Legal Position	Position vis á vis political sponsor
Part of government	Departmental (direct political control) Semi-departmental (direct political control mediated by council)
Independent body	Arms length/Single (political supervision, board appointed by government) Arm's length/ Dominant (political supervision, board appointed mainly by government but influenced by other public/private organizations) Arm's length/ Plural (political supervision, board appointed by governments and other public/private organizations).

Table 3.6: Organizations by bureaucratic autonomy

Source: Halkier H. & Danson, M. (1998b), "Regional Development Agency's in Europe – A Survey of Key Characteristics and Trends" in Halkier, H & Danson M. (eds) (1998a) "Regional Development Agency's in Europe, London: Jessica Kingsley Publishing, p:31

Moreover, EURADA classifies RDAs by origins. In this arrangement, there are four types of agencies:

- "Agencies established by central governments
- Agencies existing inside local and regional authorities
- Agencies established by local and regional authorities
- Independent agencies established by public/private partnership"¹⁰²

Additionally, according to Saublens, since RDAs in Europe are not homogenous, there can be five important categories or types of RDAs. Table 7 illustrates both these five categories and the countries, which match with the related types.¹⁰³

¹⁰² EURADA (1999) p:8

¹⁰³ Saublens, C. (2007) "The Role of RDAs" Iktisat Meeting in Istanbul 11 June 2007 Retrieved from: http://64.233.183.104/search?q=cache:e-fi2oaq_0MJ:www.iktisad.org.tr/eng/files/meeting.pdf+Christian+SAUBLENS+iktisad.org.tr&hl=en&ct=clnk&cd=3&client=firefox-a

Models of RDA	Countries
RDAs CREATED BY A STATE	Ireland (Shannon Development), United Kingdom (Scottish Enterprise, Welsh Development Agency)
RDAs CREATED BY “AD HOC” LEGISLATION	9 new English RDAs within the framework of the devolution
RDAs CREATED WITHIN THE FRAMEWORK OF A PROCESS OF REGIONALIZATION OR DECENTRALIZATION	Spain, France , Germany
RDAs CREATED UNDER THE “RIGHT” OF ASSOCIATION IN PARTNERSHIP WITH LOCAL STAKEHOLDERS : such as municipalities, regions, chamber of commerce, employers association	Italy, Portugal
DECENTRALIZED BODIES FROM THE STATE ADMINISTRATION	France , Portugal

Table 3.7: Five important categories of origins of RDAs in Europe

Source: prepared based on Saublens, C. (2007)

As summarized in the Table 7, RDAs in EU differ by origins. Thus, the agencies are not clustered by one origin but show diversity between highly centralized and privatized RDAs.

As already noted in the definition, RDAs are characterized as “...publicly financed institution outside the mainstream of central and local government administration designed to promote indigenous economic development...”¹⁰⁴. Nonetheless Yuill points out that Arbed’s New Industries Department in Luxembourg is the only agency that does not fit Halkier & Danson’s description since it is obviously not a “publicly-financed institution” but privatized. On the other hand, from the other side of the point, DATAR is “an interministerial body under the authority of the French Prime Minister”. Therefore, the rest of the agencies are situated in between DATAR and Arbed’s New Industries Department. They are publicly financed by central or local governments but neither totally tied to government nor completely privatized or non-publicly financed. Moreover, in legal forms of some RDAs, they are seen as so-called “private RDAs”; however even if they are identified as private; they are not totally non-publicly financed. Therefore, the distinction between private and public agencies, in practice, is not meaningful, as they are “wholly or partially funded from public sources”.¹⁰⁵ Theoretically, it can be assumed that, the whole European RDAs are ranged between Arbed’s New Industries Department, and DATAR, which is illustrated below. (See Figure 3.1)

¹⁰⁴ Yuill, D. & Allen, K(1982) p:1

And

Halkier, H & Danson M. (1998a) p:17

And

Halkier,H. “Regional Development Agencies and Multi- Level Governance: European Perspective” in Bölgesel Kalkınma ve Yönetişim Sempozyumu/Sempozyum Bildiri metinleri, Odtü mimarlık Fakültesi, Ankara. pp:3-4

¹⁰⁵Yuill, C. (1982) pp:13-14

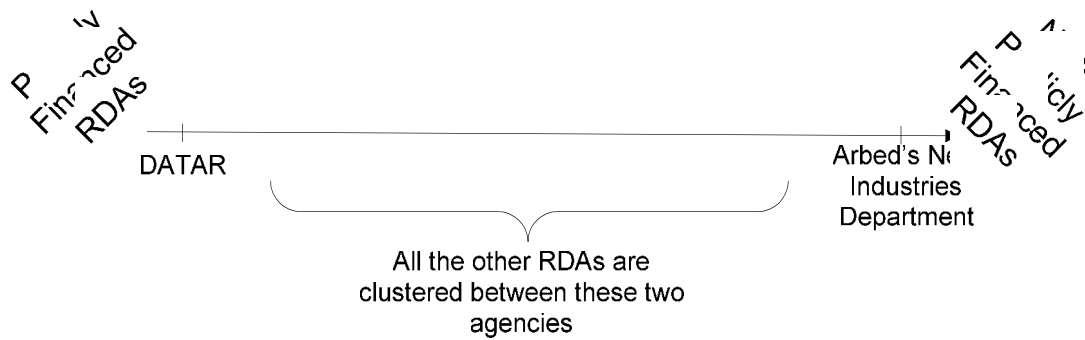


FIGURE 3.1: DATAR and Arbed’s New Industries Department are the two poles of the RDAs in Europe and others cluster between the two agencies

On the other hand, many other features of RDAs, the legal form of the agencies as well, diverge from country to country and region to region. Table 8 summarizes the legal forms of RDAs according to countries that they are corresponding. As seen, the countries in the list are heavily publicly financed RDAs, however some are named as private RDAs, which bring “financial and staff management flexibility” to these agencies but they are also public institutions in fact.¹⁰⁶

Legal Form	Country
<i>Non-profit association</i>	Bulgaria, <i>France</i> , Hungary, Ukraine, Austria
Public law organization	Belgium, Germany, Slovenia
Non-profit foundation	Denmark, Poland
Public private law institution	Spain
Foundation	Romania
Municipal enterprise	Greece
Non-profit making companies	Lithuania
Company limited by guarantee of local authorities	United Kingdom

¹⁰⁶ Yaşar, S.S. (2003) p:35

Limited liability company	Germany, Czech Republic, Slovenia
Public limited liability company	Ireland, Netherlands, Greece, Italy, Estonia
Public-private joint stock company	Portugal, Czech Republic
Limited company	Sweden, Hungary
Joint stock company	Estonia, Poland, Slovakia
<i>Mixed Economy company</i>	<i>France</i>
Inter-municipal agency	Belgium
Association whose duties and authorities maintained by law	Turkey

Table 3. 8: Legal Forms of RDAs in Europe

Source: prepared as a combination of Yaşar, S.S. (2003) p: 35 and İzmir Development Agency (İZKA) (2008) p: 14

French RDAs differ from others due to the state structure of France. Since Turkey’s administrative structure is formed similar to that of the French, it is meaningful to handle French RDAs separately and try to analyze convergence and divergence factors between the agencies of Turkey and France.

3.5. Management of Regional Development Agencies

After discussing the idea behind the RDAs system and illustrating their activities and typologies, it is timely to touch management system of RDAs. The term management means the organization and budget of the agencies. Therefore, this part is divided accordingly.

3.5.1. Organization of Regional Development Agencies

Actually, it is difficult to draw a model for organization of RDAs due to their numbers of staff. Since the objective of each RDA diverges, this diversification is reflected to its staff as well. The numbers of people who work in these agencies are determined through the aims and activities of RDAs. In addition, due to flexible staff

regime, no strict criteria are maintained for the size of the staff.¹⁰⁷ Budgets have also a role in deciding the sizes of agencies. In RDAs, which have larger budgets chance to employ more people is higher; hence, there is a dependency between budgets and size of the agencies.¹⁰⁸ In this context, agencies are classified into three groups according to their size of staff; small, medium and large agencies. (See Table 9)

Furthermore, in the agencies, one of the most important points is sharing same common values on both objectives and the end results of the agencies' activities. For a well functioning RDA, staff must be aware of the missions of the agency, therefore the quality of the staff means a lot for RDAs; this makes the issue of human resources so crucial for the agencies.

Size band	Staff	Funding(£ million)
Small	-20	-2,5
Medium	21-100	2,5-25
Large	101-500	25-500

Table 3. 9: Size of RDAs

Source: Halkier, H & Danson M.(1998a) "Regional Development Agency's in Europe, London: Jessica Kingsley Publishing, p:30

The election of Boards of Directors is confirmed by shareholders or the members of the RDA. The Board's assignments are determined by the laws of each country and shaped according to their legal functions. Likewise, the Board has some common duties such as approving the strategic plan and budget of the RDA. The Board also evaluates agency's attempts towards its goals.¹⁰⁹ Furthermore, from the European

¹⁰⁷ Güneşer Demirci, A, p:188

¹⁰⁸ Yuill, D.(ed)

¹⁰⁹ EURADA (1999)

examples, it can be deduced that the directors are generally elected from politicians, representatives of enterprises, NGOs, unions, universities, local and regional banks, and from the leading economic activity of the region.¹¹⁰

One other important function of the Board is to select the General Manager. This appointment is an important process since some criteria is needed for the required professional profile. The General Manager is in charge of “external communications, public relations and internal communications”. As the character of General Manager is an important tool in success of RDAs, the General Manager should carry some specific features:

The candidate must have:

- abilities on management and technique in order to advance region’s and its institutions’ prestige,
- profound knowledge about region, predominantly on social, economic and cultural dynamics of the region,
- well-developed knowledge of international and national activities which cover RDAs concentration areas,
- deep knowledge on the enterprises’ and institutions’ activities in the region and
- handle interdisciplinary work, on which RDAs mainly depend,
- a strong leadership traits, which will create a team spirit within the colleagues of RDAs,
- a capability to find partners, set goals and encourage projects,
- awareness of the sources of knowledge and funds of RDAs which will catalyze their activities,
- well-experienced to co-work with people from different backgrounds for achieving the end which is the success of agency
- be fair while obtaining technical and administrative staff.¹¹¹

¹¹⁰ Yaşar, S.S. (2003) p:35

¹¹¹ EURADA (1999) pp:19-20

3.5.2. Budget of Regional Development Agencies

As discussed above, financing the RDAs is an important issue for accomplishing RDAs objectives. Agencies' size, objectives and activities are highly bounded to their budgets. Certainly, their budgets hinge upon different funds.¹¹² Funds which are devoted from central and local governments are the main sources of RDA financing. Moreover, in some EU countries, RDAs also benefit from tax revenues of their region.¹¹³

Therefore, RDAs are financed by governmental funds, activity revenues, funds supplied from private sector, international funds, and EU funds.¹¹⁴ As dealt in part 2.2 and 2.3 of this chapter, the Convergence objective of EU regional policy is devoted to NUTS 2 regions, the level that RDAs are formed. Therefore, as illustrated in Table 2, ERDF, ERF and Cohesion Funds are dedicated to Converge objective and could also be used by RDAs as well.

¹¹² İzmir Development Agency (İZKA) (2008) p: 16

¹¹³ EURADA (1999) p:21

¹¹⁴ İzmir Development Agency (İZKA) (2008) p: 16

CHAPTER FOUR: REGIONAL DEVELOPMENT IN FRANCE

This chapter concentrates on RDAs in a specific country; France. France is chosen due to its centralist notion of administration that has similarities with Turkish case. French case is conducted with its administration system. Moreover, adaptation of multi-level governance model into the prevailing system is analyzed with focusing on RDAs' role on the transition. RDAs' functions in developing regions are also scrutinized.

4.1. Regional Development Agencies in France

France is a unitary state whose administration structure is organized in three levels; these are regions, (26); departments (100); and communes (36.778) In addition, for the organization of local development two responsible bodies are created; appointed prefects, and elected council.¹¹⁵

France is a significant example for Turkey since Turkey modified the French type politico-administration in the beginning of the Turkish Republic. In all administration levels of Turkey, it is not surprising to obtain traces belonging to highly

¹¹⁵ Ibid.

And

Retrieved from: diact.gouv.fr

centralized French system. Therefore, the French transformation to multi-level governance model could be a valid example for discussing Turkey's attitudes towards governance. However, obviously, this thesis does not assert that Turkey will face the same difficulties that France has faced during transformation to decentralization or Turkey's transformation to governance is a carbon copy of French's. However, the thesis supports the idea that the French case could be seen as a road map so, while there are difficulties and blockages in the system, which resist changing from government to governance the French case could be a hand book to look for alternative solutions to overcome the problems, if there are available solutions.

Another reason for choosing the French RDAs owes to marginalization of RDA structure of France among their European counterparts, due to their centralized notion. In this context, studying the French RDAs and comparing them with Turkish ones provide to understand standing of Turkish RDAs among all European agencies.

From the interviews that were made for this thesis, the Izmir Development Agency (IZKA) and Aegean Foundation for Economic Development (EGEV) have contacted with RDAs in France and have taken recommendations from those agencies. In respect to this, it is, in some cases natural for Turkish agencies to have resemblance with French agencies.¹¹⁶

With acknowledging all these, the following part points out the centralist notion of the French politico-administrative tradition and study the evolution of the need for decentralization in French regional policy. In terms of decentralization, what is discussed is whether there was truly devolution of powers or a continuation of centralized powers by appointing governors to regions instead of by electing them through people's vote. Besides, one other discussion point is French's DATAR, which functions as the boss of development agencies, as an interministerial body. Therefore instead of focusing each RDA in France, which could be a topic of a unique thesis study, general information about the whole RDA structure of France is presented, for the sake of giving exact picture of France in terms of regional policy, centralization, decentralization and regional development agencies. Lastly, people and political elites'

¹¹⁶ From the interview done by Yılmaz Temizocak, who is the Chairman of EGEV. 25.05.2008, İzmir.

ideas about regions and RDAs are indicated to figure out whether there is a consistency between people's and political elites' thoughts.

4.1.1. French Centralist Tradition

As discussed, the French model of state organization has been copied by other countries for several times. Many countries such as the Benelux countries, Finland, Portugal, Spain, Italy, Greece and Turkey, etc. have adopted this highly centralized French system and adopted French departmental model as well.¹¹⁷ As this model is copied and adopted by many other countries, the logic behind the system, which made it so preferable, should be examined in order to understand it.

France has had a unitary- nation state, which can be traced back to years that France was governed by highly centralized monarchy and directed by the capital; Paris. French unitary structure was built upon a well- known Jacobin notion “the one and indivisible Republic”, also corresponds to the slogan of “one country, one nation, one flag, one nation”. The notion of “state” in French type of administration leaves no room to diversities but homogenizes all elements. Furthermore, French administration is highly influenced by Napoleon, the leader of French First Republic (1792-1804), who cemented the uniformity of state by forming departments (*départements*). This is a highly centralized system, which divides the country into ninety departments, which are under the strict control of Paris. The departments are headed by prefects (*préfet*) who are appointed by central government and highly bounded to it.¹¹⁸

¹¹⁷ Loughlin, J & Seiler, D.L “ France: Between Centralization and Fragmentation” in Loughlin, J (2001) (eds) “Subnational Democracy in the European Union : Challenges and Opportunities” Oxford ; New York : Oxford University Press p: 185

¹¹⁸ Ibid p: 185-186

And

Hayward, J.E.S (1983) “Governing France: The One and Indivisible Republic”, 2nd edition. London: Weidenfeld & Nicolson in Loughlin, J & Seiler, D.L.

And

Therefore, Napoleon’s attempt on forming departments may not be labeled as an act towards decentralization. Today, Napoleonic administration tradition is grasped as a source of French administration and is studied as a unique tradition, which has specific characteristics. One may argue that Napoleonic tradition is a top-down administration model, in which all the policies are developed in Paris and applied with the permission of Paris through the central government’s own channels, who are prefects. Within this debate, Grémion reveals that French administrative understanding not only aimed to annihilate the ‘local’ or the ‘periphery’ however, amalgamated them into the center through multiple holding of offices (*cumul des mandats*) by making local people represented in the Senate.¹¹⁹ Multiple holding of offices is a peculiar system in which the same person can be a mayor of the city and a parliament member at the same time. Local actors’ presentation in Senate also works as the same logic. Both target amalgamating the local into the center and want to erase the idea of local, solely, through nesting the concepts via these mechanisms.

4.1.2. Emergence of Regional Development in France

The first Republic endeavored to consolidate “the one and indivisible Republic” by augmenting the power of Paris, the centre. Therefore, as Hindley and Walker point out, all the ninety departments were accountable to the center, they had no autonomy. Furthermore, the ruling elites found new ways for centralization. The railway network was designed by centering Paris, it was nearly impossible to make cross-country travel without calling at Paris; for all the travels within the country, there was a Paris station. Moreover, the foremost banking and financial institutions were established in the capital

Lefebvre, D. “Fransız Yönetim Sistemi” in Pendik Belediyesi Kültür Yayınları (2004) “Avrupa Birliği ve Türkiye’de Bölgesel Yönetişim” p.159

And

Hindley, S & Walker, G. “France: Datar” in Yuill, D.(ed) (1982) “Regional Development Agencies in Europe” Aldershot: Gower. 129

¹¹⁹ Grémion, P. (1976) “*Le Pouvoir Périphérique, Bureaucrates et Notables dans le Système Politique Français*” Paris : Seuil in Loughlin, J & Seiler, D.L.

city. The industry mainly moved to Paris and the distribution of industrial goods was done by capital city. As a result, there was a huge inward migration towards the urban areas of Paris. During the years 1851 to 1931, though the population fell to 1.2 million of population in France, the population of Paris increased to 4.4 million¹²⁰; this shows a great immigration to Paris and signifies the imbalance between the capital city and rest of the France.

These imbalances were an important problem for France; however, such an attitude of state towards centralization was survived until the end of Second World War. In the Second World War, France was highly damaged; as a result, an urgent need for restructuring had occurred. Old methods of administration did not work for overcoming economic, spatial and societal problems. Due to imbalance within the country, there were ineffective uses of French resources. Therefore, in the post-war period, France recognized that revitalization of regions is crucially important for the country.¹²¹ The economic plans were introduced and the First Plan implemented. The First Plan, a postwar modernization and equipment plan (1947–53), aimed “to get the machinery of production going again; the basic economic sectors - coal, steel, cement, farm machinery, and transportation- were chosen for major expansion, and productivity greatly exceeded the target goals.”¹²² In addition, the Second Plan, (1954) clarified that renewal of regions is indispensable and stated that new measures should be enabled in order to activate regional economies; the measures should especially be focused on the regions where local industry declined. The following year, 1955, was a crucial year for French regional policy since 21 regions were introduced in France, and France was

¹²⁰ Hindley, S & Walker, G. p:129

¹²¹ Ibid p:130

And

İzmir Development Agency (İZKA) (2008) p:231

¹²² The First Plan: Retrieved from:
<http://www.nationsencyclopedia.com/Europe/France-ECONOMIC-DEVELOPMENT.html>

divided into 21 regions (it is 26 today). Regions, which consisted of departments formed in the Napoleonic Era. All those measures were delimited the power of Paris, and promoted economic and social expansion in all regions. Within the Second Plan, in order to finance regions and encourage decentralization, the Fund for Economic and Social Development (FDES- *Fonds de développement économique et social*) was introduced.¹²³

Again in 1955, a new unit was formed which is Regional Development Societies (SDR-*Societe de Developpement Regional*), currently 15 SDRs function “ to provide financial assistance to industrial enterprises in the form of equity participation, long-term loans, and bank guarantees”.¹²⁴ Despite all these attempts, in the 1960’s, Paris was still the most powerful region in France. Decentralization attempts were not enough and new policies should be implemented in order to equalize all the regions.

With 1950s, RDAs were also launched. As discussed before, the same objectives of RDAs also applied for French RDAs whereas due to the centralist state, it was not easy to be autonomous. Those RDAs were promoting local actors to take part in economic development; the agencies were also seeking bottom-up policies in France, which was unknown throughout the French history.¹²⁵ With Charles de Gaulle, a famous political figure of France, in the 1960s further steps for regional policy were taken. Gaullist regime was pursuing a single government body for regional development which would take the control of all the regions, prepare decisions on regional development, implement these decisions and coordinate activities on regional policy in many ministries. Therefore an interministerial body was formed in 1963, the Delegation for Regional Policy and Regional Action (DATAR- *Délégation à l'Aménagement du*

¹²³ Hindley, S & Walker, G. p:130

And

İzmir Development Agency (İZKA) (2008) p:229

¹²⁴ Ibid. p.130

¹²⁵ İzmir Development Agency (İZKA) (2008) p:231

Territoire et à l'Action Régionale). DATAR is totally funded by public sector; it is under the authority of the Prime Minister and is a highly centralized body, which focuses on regional development. As an organizational structure, DATAR has many teams in itself: “industrial team, infrastructure and urban problems team, tourism, environment and culture team, rural environment team, coordination group, etc. All the teams are funded separately due to their concentration areas and the team members of each team vary by responsibilities.

Moreover, the reasons of establishment of DATAR were summarized in French President Giscard d'Estaing's speech in 1978: “DATAR was created as a result of the desire of the President himself to build up, develop and modernize France; the desire that all the regions of France should participate in its economic growth and that no part of the territory should miss out on progress. That the giant city of Paris- useful particularly in competing with European neighbors ... should no longer slow down the economic growth of the regions”. Moreover, today DATAR has emphasis on more selective policy concentrating on “developing firms, the service sector, research activity, small and medium-sized enterprises and artisan activities”.¹²⁶

With DATAR, further bodies were introduced in France; the Regional Economic Development Board (CODER) functioned as a consultative body for the regional prefects. One other body was formed in the same period: the National Commission for Regional Policy (CNAT). CNAT's 50 members are mainly appointed by different state institutions; only a small portion is from NGOs. It is responsible for redevelopment according to National Plans. DATAR is a mediator between CNAT and other regional bodies. In addition to all these bodies, many new bodies were also formed for achieving regional economic development.¹²⁷ However, all these decentralized attempts were considerably directed by national government or from its appointed officials. Thus, it could be claimed that decentralization attempts were only covering economic matters, not for adapting democracy and autonomy to the subnational level.

¹²⁶ Hindley, S & Walker, G. p: 135-149

¹²⁷ Ibid. pp:132-133

For the French state, centralization had been grasped as the “ideal type” for many years. French people as well, got used to this idea and were living in isolated places, where every function was ran by the state. However, the 1980s brought decentralization waves to France, which have modified the highly centralized administration through changing the roles of the prefects and generating new bodies such as elected regional councils. It is also argued it took long time for French political elites and French politico-administrative culture to penetrate the soul of decentralization.¹²⁸ When the roots of this process are analyzed, it is seen that this decentralization process, which was gradually began with the Socialist government in 1982, gave great emphasis on delegation of power to the smaller levels. Therefore, the reforms in that era transferred some duties to the regional layer of government.¹²⁹

4.1.3 Regional Development Agencies in France: A General Outlook

Elected regional councils were important for France. Generally, officials had been appointed to their post in regional matters, whereas with the 1982 reforms, they have been chosen through elections. The process empowered the agencies and raised their autonomy since RDAs have been formed with the guidance of regional and local councils. Since many members of the councils are in the RDAs’ assembly, there is an influence of regional authorities on RDA’s decision-making. In this context, RDAs has been a tool in the process of decentralization in France, but they are also not privatized totally. Since due to legal structure, French RDAs have their own board of directors, which are recorded as association. Therefore they are not described as local government’s body, this structure provides an autonomy, on the other hand since they are financed through national and local governments, in practice they have ties to territorial bodies.¹³⁰

¹²⁸ Loughlin, J & Seiler, D.L. p : 186

¹²⁹ Wright V. “Intergovernmental relations and regional government in Europe a Sceptical View” In Patrick, L,G. (1998) “The Regions in Europe” London; New York; Routledge p:39

¹³⁰ İzmir Development Agency (İZKA) (2008) p:232

It is seen that, as illustrated in Table 3.7, RDAs in France are created within the framework of a process of decentralization and regionalization, and they are seen as decentralized bodies from the state administration. Moreover, as shown in Table 8, RDAs are non-profit companies, which include not only local or regional council members but also members from regional industries, universities, research centers, etc; which denote to mixed economic companies for RDAs in France.

With regarding RDAs in France, according to National Federation of Agencies for Development and Committees for Economic Expansion (CNER), which occurred concurrently with the emergence of RDAs in 1950s, there are four broad categories of RDAs activities in France. Naturally these activities match with the general RDAs function, which were already discussed.

- 1) Support to Business: French RDAs' aim is economic development. Therefore, they work closely with SMEs, and support existing businesses, encourage new enterprises through funding them, finance local initiatives, support to businesses which are in difficulty economically and transfer of new technologies.
- 2) Advice to Local Communities: RDAs give advice in order to support intermunicipal links, form business parks, give ideas about business real estate, establishment and management of enterprise zones, and develop further plans for sustainable development.
- 3) Assessment and Communication: French RDAs also give emphasis on communication and assessment. For this intention, they design brochures, leaflets, etc. Agencies make assessment and statistical analysis including assessing a region's economic power, improving local resources, transferring technology.
- 4) European Initiatives: many RDAs implement EU programs.¹³¹

¹³¹ Retrieved from the website of CNER: <http://www.cner-france.com/public/?page=b.d>.

All these show that French RDAs mainly seek economic development. Social and cultural development is mainly seen as national government's responsibility, thus CNER does not classify any socio-cultural objectives.

4.1.4. French People's and Political Elites' Attitudes towards Decentralization

Today France is far beyond the Napoleonic era; definitely, it is still a centralist and unitary state and still has difficulties in delegating powers to both subnational and supranational level. France as an EU member is a vigorous advocate of intergovernmental decision making in EU, even though she is one of the founders of the EC. Although, she supports intergovernmentalism, she is also affected by multi-level governance through its RDAs.

Currently, in the terms of regions, despite the acceptance of regions by the main political parties in France, the central governments both from leftist and rightist parties are unwilling to empower regions. The root of this problem lies behind the strong departmental system in French history; today regions are unions of departments without their own territories.¹³²

In this context, while French people and political elites' have these in mind, their attitudes towards decentralization are crucial. According to a poll conducted in 1991 in order to measure the reaction towards to decentralization, 65 percent of French people support decentralization, since they believe that many services are better fulfilled by local governments. It could be deduced from the poll that French people are not in favor of regions due to regional identity but its functionality. In addition according to some people in lower income group, regions are an extra state subsidies for educational and health services and these subsidies make regions, and decentralization preferable.¹³³

¹³²Nay, O.(1998) *La réforme du scrutin régional l'hypocrisie politique*". *Pouvoirs locaux*. 36. Quoted in Loughlin, J & Seiler, D.L. p : 197

¹³³ Mabileau, A. (1997) *“Les Génies invisibles du local. Faux-semblants et dynamiques de la décentralisation”*, *Revue Française de Science Politique* 47(3–4): Quoted in Loughlin, J & Seiler, D.L. p : 203

Percheron on the contrary, utters that French people in fact do not want departments to disappear, and the emergence France of Regions. In parallel to this, 78 % of French people want to maintain prevailing status quo. On the other hand, 65 % of people are also in favor of amalgamating municipalities¹³⁴. As inferred from the results one may argue that French people's minds seem confused regarding region and decentralization issues.¹³⁵

Finally, for the French case, it could be concluded that although France is one of a founder of European Commission, and the supporter of further integration in Europe, the subnational level of France was heavily excluded from the EU policy-making. Therefore, one leg of multi-level governance, subnational level, was absent. As Loughlin and Seiler express, the French found a practicable way to exclude a subnational level in EU polity. According to this plan, DATAR is more important in implementing Community Support Frameworks and taking EU funds.¹³⁶ Nevertheless, with the motto of "Europe of Region" and with further decentralization attempts, France regions are able to integrate with European regions and being actors in European level. In this context, French RDAs have offices in Brussels; they take part in cross-border associations. Opinion polls show that for French people, Europeanization is inevitable.¹³⁷ Therefore, France regions will more interact with the EU and this interaction will lead to more devolution of power to the local level.

And

Loughlin, J & Seiler, D.L. pp : 203-204

¹³⁴ Percheron, A.(1992) "*L'opinion et la décentralisation ou la décentralisation apprivoisée*" Pouvoirs, 60:25-40. Quoted in Loughlin, J & Seiler, D.L. p : 204

¹³⁵ Loughlin, J & Seiler, D.L. p : 204

¹³⁶ Ibid p : 205

¹³⁷ Mazey, S. (1995) "French Regions and the European Union" in Loughlin, J and Mazey, S. (eds) "The End of the French Unitary State: Ten Years of Regionalization in France, 1982-1992. London: Frank Cass

And

CHAPTER FIVE: REGIONAL DEVELOPMENT IN TURKEY

The fifth chapter of the thesis is devoted to regional development in Turkey, which is concentrated heavily on Turkish regional development agencies. However, in order to grasp the process of the regional development issue, whose peak point is RDAs recently, a wide discussion on regional development in Turkey is given which encompasses the process from Ottoman era to 21st century's Turkey. This debate will help to conceptualize the nature of regional development in the given territory; therefore one can therefore apprehend the whole transition in Turkey's administrative structure which is forced to become more decentralized albeit its highly-centralized notion. After such a clarification, discussion of the evolution of RDAs in Turkey will enable to understand the speculations and criticisms about these agencies and the reasons why, legally, the term "regional" is taken off from their titles and are renamed as "development agencies" (DA) only.

Thus in order to handle all these issues above, the chapter is divided into multiple sections. The first section covers the understanding of regional development, from Ottoman era to Turkey, and the regional development policies of Turkey through out its history. In order to give a chronological background, the section is separated into two main subsections, which covers the regional development policies before the planned period (1923-1960) and the policies within the planned period. The policies in planned era are also split into related subtopics. Moreover, the latter section concentrates on RDAs in Turkey, focusing on their evolution, structure, aims and debates on RDAs with analyzing Izmir Development Agency as the case study.

5.1. The Regional Development Issue in Turkey

Before talking about the period that starts with the establishment of Turkish Republic (in 1923), one should demonstrate that Turkey inherited a highly centralized politico-administrative structure from the Ottoman Empire. Ottoman Empire was under the reign of the sultan, the only and the absolute ruler of the Empire. Until the 19th century, it was impossible to form a decentralized unit, such as local government, in which sultan devolves his power. The whole empire was ruled by the center, Istanbul, and periphery had been controlled and taxed via sultan's agents, fief holders, for centuries. Therefore, a newly born Republic did not come into a decentralized tradition of state structure. Even after the 19th century nothing changed in Ottoman policy, although it was so-called modernized, which is defined as "defensive modernization", this type of modernization only perpetuated the power of center itself.¹³⁸

Attempts for the defensive modernization were because of several military defeats of Ottomans by the Europeans. Since Europe was far beyond than Ottomans in respect to their military power, technology, etc. Ottomans were losing lands and authority thus bringing new solutions was inevitable. Modernizing the state through imitating Europe, through forming identical military schools, administrative institutions, secular schools, were seen as the most relevant solutions and this type of modernization; modernization because of necessity is called defensive modernization. As defined in Göymen's article, this Ottoman-type of modernization, which inspired European-type of institutions and schools can be named as "westernization in spite of the West"¹³⁹.

¹³⁸ Heper, Metin, "Local Government in Turkey: An Overview with Special Reference to the Municipalities," in. Heper, M. ed.(1986) "Dilemmas of Decentralization: Municipal Government in Turkey" Bonn: Friedrich-Ebert Stiftung.

¹³⁹ Göymen, K. (2004) "Local Government Reform in Turkey: From Bureaucratic Ruling Tradition to 'shy' Local Governance" paper presented at the International Institute of Administrative Sciences Annual Conference Annual Conference, Seoul, South Korea.

These modernization attempts were carried out by military and civilian bureaucracy and by some intellectuals as well. The coalition composed of these groups was similar to the French Jacobean approach. They believed that they were superior to the Ottoman's people which means, according to the perceptions of some bureaucrats and intellectuals, they were the only people who were capable enough to save the Empire from the Western onslaught. This newly emerging type of central administration in the Empire, as imported from Jacobean understanding, had nationalistic ideology in both political and economic arenas. This ideology, in addition, embraced xenophobia and secularism, which were unfamiliar concepts for central administration of the Empire. All these characteristics of the new form created the "bureaucratic ruling tradition". Since the same coalition and ideology played crucial role in the process of establishing the new Republic, imprints of the same ideology were profoundly effective in the Turkish Republic, especially during the 1923-1946 period, where there was dominance of one-party system in Turkey.¹⁴⁰

5.1.1. Regional Development in Turkey before the Planned Period: 1923-1959

With the change in the regime, the new country, Turkey, became a republic. However, transformation was not unilateral; many aspects of the Empire transformed and adapted to the new republic. For instance, there was a transition from multinational empire to unitary nation-state. Legally, all the people who are living in Turkey are named as Turk regardless of their religion and ethnicity. The new state and the governing elites were favoring homogenization of all the people in the country, by calling them Turk. This attempt resembles the Jacobin type of homogenization and targets the Jacobin notion of "the one and indivisible Republic" for Turkey.

¹⁴⁰Göymen, K. (2008) "Involving Private Enterprise in Local Development in a Centralized Country with an Etatist Legacy : The Case of Turkey" in De Vries, M, (ed.) (2008) *Improving Local Government: Outcomes of Comparative Public Administration Research. Governance and Public Management* . Palgrave, New York, p:151

And

Göymen, K. (2004)

Moreover, in the early Republican era, 1923 to 1959, all the reforms and structural transformations were imposed from the center over the periphery. Due to strong tradition of centralization of the state, the governing elites were implementing their programs to all sections of the society; there was a huge transformation in political, social and cultural senses, the Republic was introducing revolutionary changes in administration system as well as in people's daily life. All these changes were implemented as top-down policies on the periphery, which has created, as Mardin asserts, center-periphery cleavage in Turkey.¹⁴¹

Dulupçu argues that the bureaucratic ruling tradition of Turkey had been the unique actor in maintaining every kind of social and economic relations. They were also dominant in generating provincial administration system. Like in many other cases, provincial administration system of Turkey has traces from French type administration; French model of "prefects" was adapted to Turkey and the country comprises 81 provinces.¹⁴²

On the other hand, in the era, Turkey was facing with severe social, economic, political problems. After the long period of wars and invasions, economic functions were nearly stopped; the whole country was trying to cope with a lack of infrastructure, accommodation, unemployment, etc. Because of the wars, all the existing buildings, hospitals, schools were ruined; thus restructuring all the country was inevitable. However, as Turkey did not inherit a local government tradition, it was the central government's responsibility to overcome all these problems. Therefore, the center, which has been located in Ankara, in the new Republic, was dominant in all issues. Eraydın points out that, the main strategy of the regional policy in this period was creating national economy and society into the new politico-administrative system. Therefore, the transfer of capital city from Istanbul to Ankara was related with this

¹⁴¹ Mardin (1975) "'Center Periphery Relations: A Key to Turkish Politics,'" in Akarlı, E and Ben Dor, G. (eds.) *Political Participation in Turkey: Historical Background and Present Problems*. Bogazici University Press: Istanbul

¹⁴² Dulupçu, M.A (2005) "Regionalization for Turkey: an Illusion or a Cure" *European Urban and Regional Studies* 12;99 p:106

policy, in this respect, new industrial facilities were not established in Marmara region or in Istanbul but in Central Anatolian region or Aegean region.¹⁴³

Furthermore, the state was promoting etatism between 1923-1950, in which the state sponsored the economic development and acted as the sole and the main actor in economy. Truly, after long years of Independence War, where all the economic functions were stopped, it was believed that etatism could reactivate the economy and encourage industrial dynamics in the country. In this context, state implemented “industrial seeding” in different parts of Anatolia, such as in Zonguldak, Karabük, Kayseri¹⁴⁴. Actually, these were long-term policies; therefore, they became economically active in later stages; these seeded industries today are highly competitive industries. For instance, Ereğli-Karabük is one of the leading iron and steel producing centers in Europe, Denizli is also one of the leading textile producers in the world, mainly in towel producing.

In addition, etatism functioned as a branch of elitist modernization project as well. Since the new state tried Turkification of economy via forming a ‘national’ economy, and wanted to create “an indigenous entrepreneurial class and accumulation of capital in private hands”. In this process, etatism acted as an instrument in fulfilling these goals.¹⁴⁵ The method behind creating indigenous entrepreneurial class with etatism lies in transferring some state-funded industries to newly emerging Turkish firms in the following years of the Republic, so that accumulation of capital will be directed by Turkish firms, which was directed by non-Muslims in the Ottoman era.

Between the years 1950-1959, with forming indigenous firms, etatist policies were left and implementations of liberal policies were started. The other reasons of applying liberal policies were the effects of the Second World War. The war had

¹⁴³ Eraydın, A.(2001) "The Roles of Central Policies and the New Forms of Local Governance in the Emergence of Industrial Districts," in Taylor, M & Felsentein,D. (eds)"Promoting Local Growth Ashgate:Aldershot. Quoted in Göymen, K. (2004) p:36

¹⁴⁴ Göymen, K. (2004) “*Türkiye’de Bölge Politikalarının Evrimi ve Bölgesel Kalkınma Ajansları*” in IPM (2004), “*Yerel Kalkınma için Ortaklıklar*”, IPM, İstanbul p:36

¹⁴⁵ Göymen, K. (2008) p:158

negative implications on Turkey, because of decline in Turkey's resources and crises in Europe, the state could not subsidize her investments; therefore, she needed the private sector to own the investments. In this respect, the state was encouraging the private sector through privatization. Although the state aimed to distribute public investment in all over Turkey, essentially to eastern parts, private firms did not invest accordingly. Investments of private firms concentrated on Marmara region, specifically in Istanbul.¹⁴⁶

For the period 1923-1960, there were not any significant attempts for the regional development. Because, for the early Republican years, (1923-1950) it was hard to concentrate specifically on regional development since it was a newly born state and the conditions of the era needed urgent precautions. However, after being at war for several years, the economy was bankrupt there was not enough money to assign special budget for regional development; priority was mostly given to national development. Afterwards, with the Second World War, the state had to privatize its investment to private sector and gave incentives for further investments. However all the investments were clustered in the Marmara region and in Istanbul; the rest of the country could not benefit from them. In this context, the target of the given period was not development but economic growth. Furthermore as Ertugal claims, there were many other reasons for the policy failure in this era; for instance bureaucratic ruling tradition and highly centralized state structure did not let sub-central levels for policy making, the tradition did not require regional actors and institutions, it was assumed that the bureaucratic elites, the center, knew the best for the regions and provinces. Consequently, according to bureaucratic elites, regional planning was not functional; common national policies were adequate for development. Hence, all those top-down policies, "the uniform remedies for all the regions", which were implemented without a regional institution's contribution, did not meet with real needs of the regions.¹⁴⁷

¹⁴⁶ Göymen, K. (2004) p:37

And

Izmir Development Agency (IZKA) (2008) p:535

¹⁴⁷ Ertugal, E. (2005a) p:7

5.1.2. Regional Development in the Planned Period

5.1.2.1. 1960-1972 Period

Without any regional plans, it was impossible to eradicate differences between regions. Although new facilities were established in the Marmara region, the rest of the country, mainly the eastern parts had scarce economic activities. Therefore, it seemed that differences between western and eastern part of the country were deepening: the eastern provinces were becoming poorer whereas the western provinces, mainly Istanbul and Marmara region, were becoming relatively richer. For making some provisions, State Planning Organization (DPT) was formed in 1960 and with 1963, development plans started to be implemented by the DPT.¹⁴⁸ In fact, establishment of DPT was an important step for regional development; the organization which is a branch of central administration is responsible for both national and regional planning. Sometimes DPT made presentations for regional developments which are in line with national plan, however since there was no regional organization, it was nearly impossible to implement these plans.¹⁴⁹

Regional planning became an instrument for eradicating regional problems. DPT has been the main actor for these plans, in 1960s, the first step was taken and Five-Year Development Plan (BYKP) was promulgated. The objective of these plans were balancing social and economic aspects and reducing the regional discrepancies. In this context, the First Five-Year Development Plan (1963-1967) made classifications of regions according to their potentials on development. In the plan, “Priority Development Areas” (KÖY)¹⁵⁰ were defined according to investment and services given to these areas. Firstly, 22 provinces were defined as Priority Development Areas.

¹⁴⁸ Bayramoğlu, S.(2001) “*Türkiye’de Bölgesel Politikaların Gelişimi*” in Turan, M. (ed) (2005),”*Bölge Kalkınma Ajansı Nedir Ne Değildir*”, Paragraf-yayec, Ankara, p:55

¹⁴⁹ Ertugal, E. (2005a) p:7

¹⁵⁰ It is seen that instead of using “region”, it was preferred to use “area”. This usage was made consciously which will be dealt in the following sections

However, in time they had become 49 provinces and 2 districts. Many provinces in Southeastern and Eastern Anatolian regions are grouped as less developed regions and are in the KÖY grouping.¹⁵¹

In this sense, in the 1960s many regional development projects were accomplished. These were the Antalya Project, which intends to activate tourism; the Eastern Marmara Project, which seeks industry; Zonguldak Project, for industry; Çukurova Region Project, which endeavored agriculture.¹⁵²

The Second Development Plan (1968-1972) was also put into force. The plan had emphasis on urbanization, since there was a rapid migration towards urban areas; restructuring these areas were the main targets. In addition, opposite to the First Plan, the Second Plan did not concentrate on specific regional plans: on the contrary, regions were divided as developed versus less developed areas and policies were adapted accordingly.¹⁵³ Hence, there was no specialization on regions; general policies were adapted to regions in the same cluster. Additionally it was stated in the plan that regional plans should be in accordance with national plans, and all the plans would be carried out by DPT.¹⁵⁴

¹⁵¹ İKTİSAD (2007) “*Türkiye’de Uygulanan Bölgesel Kalkınma Politikaları ve Geline Nokta*”, İKTİSAD 12.03.2007 No:2

And

İzmir Development Agency (IZKA) (2008) p:537

¹⁵² Göymen, K. (2004) p:38

¹⁵³ Bayramoğlu, S.(2001) p:60

¹⁵⁴ İKTİSAD (2007)

And

DPT, Second Five-Year Development Plan, DPT Retrieved from:
<http://ekutup.dpt.gov.tr/plan/plan2.pdf>

5.1.2.2. 1973-1977 Period

This period comprised the Third Five-Year Development Plan. Similar to the Second Plan, the Third Plan either did not contemplate on regional planning but gave emphasis on Priority Development Areas. Besides, according to the Plan, in order to subsidize investment initiatives through public funds, DPT decided to give incentives to private entrepreneurs to invest in these areas. In addition, unlike the Second Plan, the Third Plan did not promote urbanization, on the contrary supported people to stay in their villages.¹⁵⁵ Therefore, it seems that being supportive in KÖY had been an instrument on controlling the population in their hometowns. Sponsoring such policies, which accelerate urban migration, would have severe economic, social and cultural costs in both urban and rural areas and lead depopulated rural areas in some parts of Turkey.

Moreover, Ildırar argues that, the logic behind the usage of KÖY, instead of using developed vs. less developed regions as in the Second Plan, was based upon the idea that there could be developed areas in less developed regions and less developed areas in developed regions¹⁵⁶; thus, usage of KÖY prevents grasping each region as homogenous entities. Furthermore, it was stated in the plan that, the only way to overcome the regional disparities and to achieve regional development is to activate regional indigenous resources and to empower local government. This approach has been dominant in the following plans and policies and has led to bottom-up policies applied from local governments.¹⁵⁷ One may infer from the Second Plan that, the Plan addressed endogenous growth theory as an appropriate instrument for eliminating regional disparities and developing the regions. Therefore using regional resources was encouraged by the Planning Organization.

¹⁵⁵ Bayramoğlu, S.(2001) p:60

¹⁵⁶ Ildırar, M, (2004), p:183

¹⁵⁷ Göymen, K. (2004) p:39

5.1.2.3. 1978-1994 Period

In the beginning of this period, in 1980, there was a *coup d'etat* in Turkey, which pioneered radical transformation in the state and the society in economic, political and social means. In the following phase with the civil government, the Motherland Party, neo-liberal policies became effective in Turkey.¹⁵⁸ The policies triggered change in many areas, statist era of Turkish economy phased out, investments of foreign entrepreneurs rose, and Turkish market was opened and started to integrate to the global market. For sure, these developments had implication on regional policies in Turkey.

Within such a situation, 1978-1994 periods comprise the Fourth, Fifth and Sixth Five-Year Development Plans and in connection with them, many regional plans started. The Fourth Plan (1979-1983) envisaged specialization on each region as remedy for disparities; hence, the plan built different regional plans, mainly in Eastern and Southeastern Anatolia, which is dealt in the following sections. In addition, Hiç claims that unlike the Third Plan; the Fourth Plan gave emphasis on solving prevailing problems in Eastern and Southeastern Anatolia, in line with concentrating on regions, rather than on KÖY.¹⁵⁹ Furthermore, in order to overcome regional differences, it was stressed that interaction within and between the regions should be fulfilled.

Önen argues that The Fifth Development Plan (1985-1989) accomplished what the First BYKP emphasized: regional planning. Targets that were set in the Fourth Plan followed by the Fifth and applied as regional planning which was stressed 20 years ago in The First Plan.¹⁶⁰

¹⁵⁸ Ibid. p:40

¹⁵⁹ Hiç, S. (1994) “Türkiye Ekonomisi”, Bilim ve Teknik Yayınları, İstanbul, p:71. Qouted in Güner, M.(2007) “Bölgesel Kalkınma Ajansları ve Türkiye Uygulaması”, Master Thesis, Gazi Üniversitesi,Ankara p: 33

¹⁶⁰ Önen, A.S.(2007) “Avrupa Birliği Uyum Sürecinde Türkiye’de Bölgesel Gelisme Politikaları” Master Thesis, Gazi Üniversitesi,Ankara p:53

5.1.2.3.1 Southeastern Anatolia Project (GAP)

GAP covers the Southeastern Anatolia region of Turkey with its nine provinces (Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Şanlıurfa). GAP is an integrated project, which aims to use Tigris and Euphrates's water resources for energy production and watering. In addition, the project, which launched in 1986, intends to ameliorate infrastructure, industrial activities and service sector. GAP is organized as a sustainable development program and works for improving economic and social development of the region and welfare of the inhabitants.¹⁶¹

First, in 1986, the DPT was assigned for coordination and guidance of GAP: however in 1989, with the Decree Law No. 388, "Southeastern Anatolia Regional Development Administration" was established. The Administration is responsible for "[t]o materialise or ensure the materialisation of investment and services in the fields of planning, infrastructure, licensing, housing, industry, mining, agriculture, energy, transportation and others needed for the rapid development of areas covered by the Southeastern Anatolia Project." Today the GAP Higher Board is the decision-making authority of the project regarding its plans, programs, and projects. The Board is chaired by the Prime Minister.¹⁶² This shows that GAP is state-driven project, although it has different shareholders, Prime Minister, as the head of government, directs the project. Moreover, GAP has an importance in Turkish regional policy since it is the only regional administration regulated by a specific legislation.^{163 164}

The total cost of the Project is 32 billion Euros, which makes it the largest regional development project in Turkey. Although GAP seems like an economic-driven

¹⁶¹ DPT(2007), "*Yeni Bölgesel Gelişme Politika ve Uygulamaları*" DPT. p:8

¹⁶² GAP Official Webpage:
http://www.gap.gov.tr/gap_eng.php?sayfa=English/Ggbilgi/gtarihce.html

¹⁶³ There was also Emergency State Region (OHAL) but it was different since it was for tackling terrorism.

¹⁶⁴ Dulupçu, M.A (2005) p:106

project, in fact it has social and cultural targets as well. The Project deals with development of the region, by all means, which are stated as education, life expectancy, health services, literacy rate, infant mortality rate, etc.¹⁶⁵

On the other hand, Kayasü states that, even though there are similarities between the objectives of the project and the objectives of the RDAs in promoting regional development, they differ due to their institutional settings; GAP is directed by Ankara and is an extension of the central state¹⁶⁶, whereas RDAs, by nature, are bodies that are more autonomous. Moreover, Göymen emphasizes that, in time regional governance has become applicable in GAP; the central government has not been the sole shareholder, especially, municipalities have taken role in sharing responsibilities and authority.¹⁶⁷ Hence, since GAP is a multi-sectoral and integrated project it is inevitable to form partnerships with national and international associates. Achieving such a big project may only be possible with coordination of different institutions and actors. In this respect, related public institutions, universities, national and regional NGOs, local governments are national partners of the GAP, where the United Nations (UN), the EU, international NGOs, universities are, other partners of the project.¹⁶⁸

5.1.2.4. 1995-2000s

With the 1990s, Turkey entered into the EU's orbit and applied for the membership of the Union. With 1990s, one may easily perceive EU's footprints in Turkish regional policy and in the related plans and programs. In this context, the Five-Year Development Plans have also adapted the EU's goal on regional policy.

¹⁶⁵ Ibid.

¹⁶⁶ Akpınar, R.(2004) 'Regional Development Dynamics and Institutional Reflections: Development Agencies', Unpublished Specialization Thesis, Ankara: State Planning Organization (DPT). Quoted in Kayasü,S (2006)

¹⁶⁷ Göymen, K. (2004) p:41

¹⁶⁸ Özgül, Y.M & Şelli, F. "GAP Bölgesinde Ortaklıklar Deneyimi" in IPM(2004), "Yerel Kalkınma için Ortaklıklar", IPM, İstanbul pp: 85-86

Even though previous plans tried to eliminate regional differences, they were not successful; in the 1990s, severe differences between regions occurred, in terms of economic and social welfare. The Seventh Five-Year Development Plan (1996-2000) drew attention to these issues and tried to build up new policies with targeting sustainable development in less developed regions. Thus, new projects were set in various regions and rural parts of the country.¹⁶⁹ Brief descriptions of the projects are given below.

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

The project, which took part in Black Sea region, started in 1995 and finalized in 1997. As there was rapid socio-economic transformation in the region due to loss of competitiveness in iron and steel and coal production sectors, a regional project was essential for analyzing economic and social consequences of the transformation, attracting the entrepreneurs for investment, and for maintaining the areas available for the investment. In addition, objectives of the projects are reducing migration through providing job opportunities; generating employment in manufacturing industry and service sector; balancing agriculture and forestry; increasing welfare, income and labor force.¹⁷⁰ The outcome of the ZBK was regeneration of the area after the economic loss that the region had faced. Since many people became unemployed, crucial measures should be taken to overcome the economic and social challenges in inhabitants' daily life.

¹⁶⁹ The Seventh Five-Year Development Plan Retrieved from:

<http://ekutup.dpt.gov.tr/plan/plan7.pdf>

¹⁷⁰ Zonguldak- Karabük- Bartın Regional Development Project. Retrieved from:

<http://www.dpt.gov.tr/bgyu/bkp/ZBK.pdf>

And

DPT(2007), p:10

5.1.2.4.2. Eastern Anatolia Project (DAP)

As Göymen states, Eastern Anatolia is the less developed region of the country. Although it has the biggest area per square kilometer, it has the lowest population. In 1983-1997 period, the region has the lowest GNP thus in 1998, DPT generated a project for developing the region. The project was created in a participatory manner since five universities participated to the preparation of the project and left room for other shareholders to take part in the project.¹⁷¹

The project consists of 16 provinces and works for accelerating the region's own potentials. DAP has seven potential areas for sustainable development of the regions, which are

- Development of human resources
- Extension of the organizational capacity
- Provision of infrastructure
- Improvement of the pastureland
- Procurement of the environmental quality
- Combating against poverty
- Financing¹⁷²

5.1.2.4.3 The Eastern Blacksea Regional Development Plan (DOKAP)

Blacksea region is the third less developed region of Turkey after Southeastern and Eastern Anatolia regions. It has challenging chronic problems such as unemployment which also leads to migration, low GNP per person, inadequate economic activities, etc.¹⁷³ In this context, DOKAP has started in 1999 with covering seven provinces, it was affirmed that “[t]he project also aims to develop the intra-

¹⁷¹ Göymen, K. (2004) p:43

¹⁷² DPT(2007), p:8

¹⁷³ Ildırar, M, (2004), p:188

regional income distribution and to obtain an intra-regional integration by social development and solidarity.” Hence, a strategy is developed with four components that are as follows,

- Improvement of the main transportation network.
- Improvement of the multi purposed water resources.
- Improvement of the land use and land ownership.
- Strengthening of the local authorities¹⁷⁴

5.1.2.4.4. The Yeşilirmak River Basin Project (YHGP)

YHGP has been on track since 1997 because of the necessity arising from floatation in Yeşilirmak River. Due to floatation of the river, erosion, water and environment pollutions, there was a need of a project, which would find solutions to clear up these problems without interrupting the ecological balance.¹⁷⁵

In this perspective, the project’s vision has been obtaining high quality of life: sensitiveness on environmental matters, and competitiveness. In order to fulfill the vision, project foresees a sustainable development pattern.¹⁷⁶

From all these regional development plans, one may presume structure of a strong centralist state that directs all of its development projects in the whole country. (See the Map 1). On the other hand, since governments are so active in regional policy-making and regional projects, there can be populist attempts and irrational public investments in some areas. Dulupçu claims that in order to have successful regional development projects, politicians should be separated from economic decisions and politicization of public investments and spending must be prohibited.¹⁷⁷ Actually, the

¹⁷⁴ DPT(2007), p:9

¹⁷⁵ Bayramoğlu, S.(2001) p:91

¹⁷⁶ DPT(2007), p:9

¹⁷⁷ Dulupçu, M.A (2005) p:110

Turkish case affirms his ideas since, as Ertugal asserts, many regional plans and projects could not be implemented and were unsuccessful¹⁷⁸ because of irrational, populist decisions taken by the governments. Furthermore, Turkish case exercised that it is impossible to sustain regional development through statism, highly centralized governments, and their top-down policies, which are not in favor of delegating their powers to subnational levels or NGOs.



MAP 5.1: Regional Development Projects in Turkey
Source: DPT (2007)

5.2. Europeanization Process of the Regional Development Policies

As a response to Turkey's highly motivated accession bid to the EU, in the Helsinki Summit held by European Council in 12 December 1999, Turkey's candidacy to EU was approved. The date 1999 was a sign of fundamental reforms in Turkish politico-administrative structure. For the EU partnership, as discussed in the previous chapters, Turkey has to fulfill many criteria, amend legislations and the constitution in many issues. In this context, Avaner notes that, regional development agencies are admitted as middle range targets of the Accession Partnership Document.¹⁷⁹

¹⁷⁸ Ertugal, E. (2005a) p:7

¹⁷⁹ Avaner, T. "Bölgesel Kalkınma Ajansları Siyasal Rejim Sorunu Yaratır mı?" in Turan, M. (ed) (2005), "Bölge Kalkınma Ajansı Nedir Ne Değildir", Paragraf-yayad, Ankara, p:239

Consequently, Turkish candidacy to EU entailed Europeanization of regional policy. Although Europeanization may have various meanings, what is meant here is, as Olsen refers “domestic institutional and policy adaptation to the pressures emanating from the EU”¹⁸⁰ Through this process, the degree between administrations levels must be reshaped which means power relations between the state, regions and the EU must be redefined. However, the needed restructuring is not only in vertical relations but also horizontal, Turkey has a weak tradition of partnership due to its state structure.¹⁸¹ Horizontally, what EU expects is devaluation of some state responsibilities with considering subsidiarity principle in subnational level. Therefore, NGOs, subnational organizations, universities, chambers, trade unions may also be shareholders in regional policies and projects.

It is obvious that the EU has an enormous role in transforming centralized state into a more governance model. Among the scholars, there is a distinction whether these transformations efforts are “voluntary” or “coercive policy transfer”¹⁸². Voluntary policy transfer refers to adapting new policies or practices willingly, from another country or the EU, due to the emerging need for a new policy or the dissatisfaction from the prevailing policies. Coercive policy transfer emerges when a policy is transferred and adapted by the force of an organization i.e. the EU.¹⁸³ For sure, this is a

¹⁸⁰ Olsen (2002) pp. 921-52.

¹⁸¹ Ertugal, E. (2005a)

¹⁸² Ertugal, E. (2005a) p :37

¹⁸³ Doğruel, F. (2006), “*Türkiye’de Bölgesel Politikalar*”, in Eraydın, A., (eds.), “*Değişen Mekan, Mekansal Süreçlere İlişkin Tartışma ve Araştırmalara Toplu Bakış: 1923-2003*” Ankara, Dost Yayınları, pp:164-195. Quoted in Filiztekin A.(2008)

And

Dolowitz D. and Marsh, D. (1996), “Who Learns What from Whom: A Review of the Policy Transfer Literature”, *Political Studies*, 44 (2), pp. 343-57. Quoted in Ertugal, E. (2005a) p :37

long discussion however; one may argue that, the important thing is implementing long term and sustainable regional policies. It is obvious that if the policies are coercive and applied with force and if they are not implemented in daily life, it has no positive contribution to Turkey and it is contrary to the logic of RDAs, which seek bottom-up endogenous policies.

As a matter of fact, the status quo is the main obstacle in Turkey for prohibiting the application of these policies. Under the term of the Turkish Constitution, Turkey is a unitary and centralized country; additionally through out the Republic there were not any regional institutions and official regional subdivisions, which handle power. Hence, the year 2002 is a break in this continuum since the NUTS arrangement creates something new in Turkey.¹⁸⁴ In this respect, Europeanization can be figured out as giving more power to subnational governance¹⁸⁵, which explicitly leads to multi-level governance model of EU that shares power into three components: supranational, national, subnational institutions.

And

Bache, I. (2000), "Europeanization and Partnership: Exploring and Explaining Variations in Policy Transfer", Queen's Papers on Europeanisation, 8, Retrieved from: <http://www.qub.ac.uk/schools/SchoolofPoliticsInternationalStudies/Research/PaperSeries/EuropeanisationPapers/PublishedPapers/>
and

Bache, I. and Marshall, A. (2004), "Europeanisation and Domestic Change: A Governance Approach to Institutional Adaptation in Britain", Queen's Papers on Europeanisation, 5, <http://www.qub.ac.uk/schools/SchoolofPoliticsInternationalStudies/Research/PaperSeries/EuropeanisationPapers/PublishedPapers/>

¹⁸⁴ Ertugal, E. (2005b) "Europenisation of Regional Policy and Regional Governance : The Case of Turkey" *European Political Economy Review* Vol. 3, No. 1 (Spring 2005), pp. 18-53

¹⁸⁵ Featherstone, K. "Introduction: in the Name of Europe," in Featherstone K. and Radaelli C. M. (eds.), *The Politics of Europeanization* (Oxford: Oxford University Press, 2003), pp.3-26. Quoted in Ertugal, E. (2005a) p :3

5.2.1. Adaptation of Multi-Level Governance Model to Turkey

During the pre-accession process, it is obvious that the multi-level governance model of EU is challenging the prevailing centralist notion of the state and forcibly transforms the notion towards a decentralized and regionalized model.¹⁸⁶ Certainly, it is difficult to endure all these transformations and stay centralized all after the related amendments. All the EU member states have transformed themselves into a three-tiered governance model, therefore Turkey as well, has to adapt herself to the model with weakening the central government's power and distributing the power to supranational, the EU, and the subnational levels, municipalities, RDAs, etc.

Although Turkey is a candidate member of the EU, according to the EU procedures, Turkey has to adapt herself to the EU in many issues, i.e. regional policy and its measures. Therefore, regardless of Turkey's situation, that the EU laws are not binding Turkey in this stage; Turkey should deal with establishment of a structure, which enables multi-level governance model. Nevertheless, it is very complicated to break down the ongoing hierarchy in Turkish politics. Historically, there is a deep commitment of the unitary nation state notion of the Republic. As Öniş describes, "Sèvres Syndrome" has been very influential in the elite modernization project of Turkey. The political elite and the bureaucracy have the fear that Turkey may break up one day into many other pieces¹⁸⁷ that happened in the Treaty of Sèvres in 1920. As a result, today Turkish political elites are not willingly allowing this transformation towards decentralization and multi-level governance. As handled in the subsequent chapter, there were many constraints during the establishment of RDAs, because of the functions they perform.

¹⁸⁶ Ertugal, E. (2005a)

¹⁸⁷ Öniş, Z. (2000), "Luxembourg, Helsinki and Beyond: Towards an Interpretation of Recent Turkey-EU Relations", *Government and Opposition*, 35 (4), pp. 463- 483.

And

Ertugal, E. (2005a)

5.2.2. NUTS Arrangement in Turkey

The “region” is very important instrument for EU’s regional policy. Therefore, in order to launch a regional development strategy and projects, region, as an institution, is an essential unit. Nonetheless, in Turkish political spectrum the term “region” is a sensitive issue and an unfavorable term. In Turkish regional policies, except in statistical matters, bureaucrats avoid the usage of “region” instead; they prefer to use “area”, which does not have so-called “dangerous” connotations. Keleş also admits that for a long time “region” is used rarely due to anxiety it generates and even in the article 115 of the 1961 Constitution “environment” was used instead of “region”. He adds that, in 1960s’ Turkey, it was believed that the usage of region connotes autonomy, political decentralization, and a step towards federalism.¹⁸⁸

As discussed, due to historical reasons, political elites and bureaucrats have fears of the break down of the country and have strictly bounded to principle of the “indivisible unity of the Turkish state”¹⁸⁹ and the nation¹⁹⁰. Thus for them, the term region refers somehow divisibility of the state, which arises the fears towards stressing on region, and making policies considering regional bases, etc. It is obvious that the phobia towards collapse of the country made centralism and the principle of “indivisible unity of the Turkish state” one of the most important ideological pillars of Turkish politico-administrative structure.

Before the Europeanization process, due to strong centralism, regional projects, except GAP, were not regional but local or area-based projects. Thus, Europeanization, in this sense, is a break towards these policies since the EU *acquis* obliges the regions as an administrative institutional unit in policy-making. These attempts triggered the fears again; consequently, the NUTS arrangement and RDA establishment took many reactions since they were seen as threat toward the unity of the country.

¹⁸⁸ Keleş, R. (1994) “*Yerinden Yönetim ve Siyaset*” Cem Yayınevi p:157

¹⁸⁹ The Constitution of the Republic of Turkey Retrieved from: <http://www.byegm.gov.tr/mevzuat/anayasa/anayasa-ing.htm>

¹⁹⁰ Dulupçu, M.A (2005) p: 253

For sure, the main fear of threat arises because of the Kurdish population in the Southeastern Anatolia; as a result forming semi- autonomous RDAs in these provinces, it is believed that separatist movements will arise and these movements will lead to the separation of some provinces from the whole country. Thus, the title of regional development agencies was redefined as development agencies and ‘region’ was taken out, in order to make agencies so-called more ‘secure’ and more ‘loyal’ to indivisible unity of the state.

In this context, as NUTS nomenclature is a middle range aim of the EU, as a response, in 2001 The National Programme for the Adoption of the Acquis suggests the NUTS arrangement as a short-term goal, for harmonizing the policies with the EU. Accordingly, with the Cabinet Decree in 2002, Turkey established a three-tier system of statistical regions: NUTS.¹⁹¹

Since the principles of NUTS was described in the second chapter (part: 2.1.1), this chapter does not mention the principles again. However, in Turkey, three levels of NUTS are defined according to some data; NUTS 1 and NUTS 2 were organized by analyzing data of ongoing regional development plans, rankings of provinces according

¹⁹¹ Dulupçu, M.A (2005) p:105

And

Göymen, K. (2007) .p:260

And

Çamur, K. C. & Gümüş, Ö. “İstatistiki Bölge Birimleri (NUTS Sistemi)” in Turan, M. (ed) (2005),”*Bölge Kalkınma Ajansı Nedir Ne Değildir*”, Paragraf-yayec, Ankara, p:153-154

And

Kayasü,S (2006) p:6

to their socio-economic development, and basic statistical indicators on provinces.¹⁹² Thus, according to NUTS 1 Turkey has been divided into 12 regions; 26 NUTS 2 regions and; 81 NUTS 3 level, which are the existing Turkish provinces. (See Map 2, 3, 4 and Table 10) Dulupçu argues that the generations of new regional levels are top-down policies; both DPT and State Institute of Statistics (TUIK) did not coordinate with regional institutions. That is why he thinks that the “new regionalization” under the name of NUTS is done for the sake of Europeanization attempt of Turkey.¹⁹³ In parallel to this idea, in the interview that was made with Temizocak, the chairman of EGEV, he made similar criticism that during the formation of NUTS 2 regions in Aegean region¹⁹⁴, clustering of the rest two regions, were not arranged since economic activities and development rate of these provinces are not similar to each other. Although DPT consults them in the process of NUTS arrangement, they clustered some provinces improperly; as a result, since the development rate of each province will not be identical, RDAs in those two regions will precede slowly more than expected.¹⁹⁵

NUTS 1	NUTS 2	NUTS 3
İstanbul	İstanbul	İstanbul
		Tekirdağ
Western Marmara	Tekirdağ	Edirne
		Kırklareli
	Balıkesir	Balıkesir
Aegean		Çanakkale
	İzmir	İzmir

¹⁹² DPT (2001) “Bölge- Bölgesel Yaklaşım AB- Türkiye Uygulamaları”, Ankara Quoted in Çamur, K. C. & Gümüş, Ö. P: 155

¹⁹³ Dulupçu, M.A (2005) p: 105

¹⁹⁴ There are 3 NUTS 2 regions, one is İzmir region,

¹⁹⁵ From the interview done by Yılmaz Temizocak, who is the Chairman of EGEV. 25.05.2008,İzmir.

		Aydın
	Aydın	Denizli
		Muğla
		Manisa
	Manisa	Afyon
		Uşak
		Kütahya
	Bursa	Bursa
		Bilecik
Eastern Marmara		Eskişehir
		Kocaeli
	Kocaeli	Bolu
		Sakarya
		Yalova
		Düzce
Western Anatolia	Ankara	Ankara
	Konya	Konya
		Karaman
		Antalya
	Antalya	Burdur
		Isparta
Mediterranean	Adana	Adana
		İçel
		Hatay
	Hatay	Kahramanmaraş
		Osmaniye
		Kırıkkale
		Nevşehir
Central Anatolia	Kırıkkale	Niğde
		Aksaray
		Kırşehir
	Kayseri	Kayseri
		Sivas

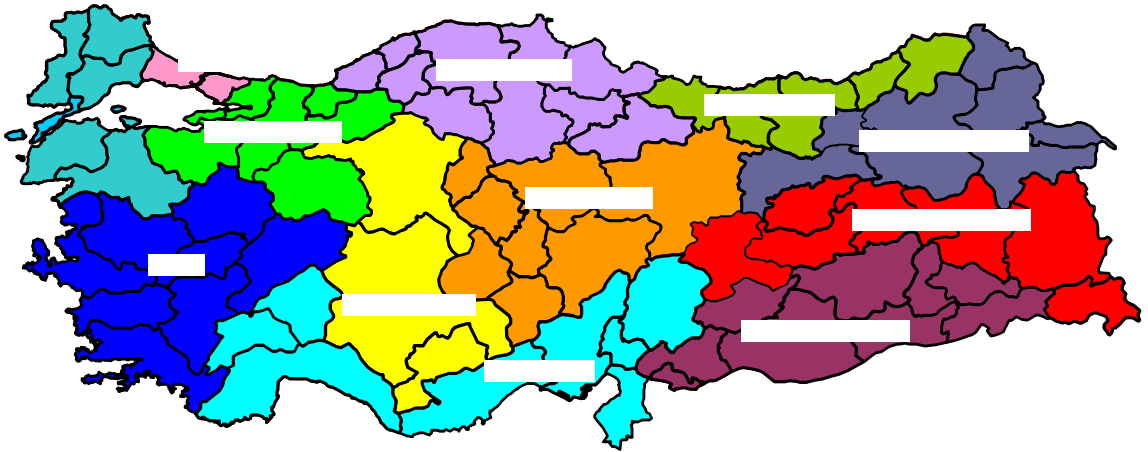
		Yozgat
		Zonguldak
	Zonguldak	Bartın
		Karabük
		Kastamonu
Western Blacksea	Kastamonu	Çankırı
		Sinop
		Samsun
	Samsun	Amasya
		Çorum
		Tokat
		Artvin
		Giresun
Eastern Blacksea	Trabzon	Gümüşhane
		Ordu
		Rize
		Trabzon
		Erzurum
	Erzurum	Erzincan
		Bayburt
Northeastern Anatolia		Ağrı
	Ağrı	Kars
		Ardahan
		Iğdır
		Malatya
	Malatya	Bingöl
		Elazığ
Middle Eastern Anatolia		Tunceli
		Van
	Van	Bitlis
		Hakkari
		Muş
Southeastern Anatolia	Gaziantep	Adıyaman

	Gaziantep
	Kilis
	Diyarbakır
Şanlıurfa	Şanlıurfa
	Mardin
	Siirt
Mardin	Batman
	Şırnak

TABLE 5.1: NUTS Levels in Turkey

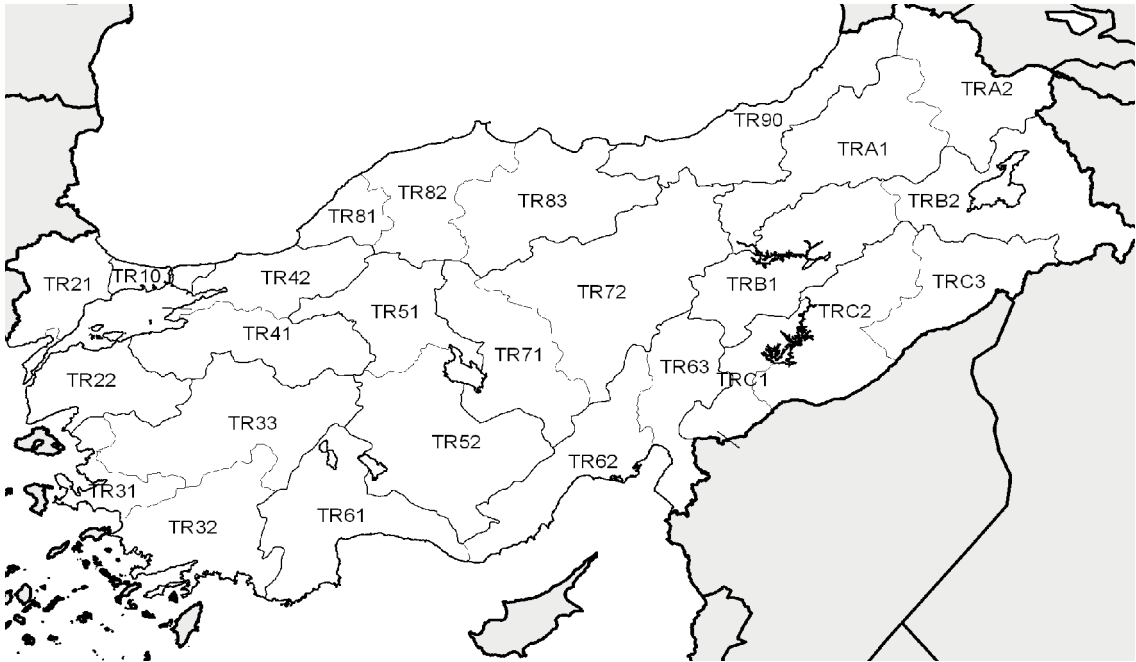
Adopted by: Filiztekin A.(2008) "Türkiye’de Bölgesel Farklar ve Politikalar” Tusiad, Istanbul

In order to illustrate these statistical regions, these three maps are given.



MAP 5.2: NUTS 1 Level of Turkey

Adapted by: Filiztekin A.(2008) "Türkiye’de Bölgesel Farklar ve Politikalar” Tusiad, Istanbul



Map 5.3: NUTS 2 level of Turkey (The level that RDAs will be formed)

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



Map 5.4: NUTS 3 Level of Turkey

Source: Eurostat, (2008)

CHAPTER SIX: REGIONAL DEVELOPMENT AGENCIES IN TURKEY

After covering the regional development process of Turkey, the main subject of the thesis, RDAs in Turkey can be handled. In this chapter, first of all RDAs in Turkey is dealt and secondly Izmir Development Agency is discussed with including its administrative structure, management, and projects.

6.1. Regional Development Agencies in Turkey

With the establishment of NUTS arrangements, as exercised in the EU Member States, NUTS 2 level is devoted to formation of RDAs in Turkey. In this respect since there are 26 NUTS 2 regions, there will also be 26 RDAs in Turkey. Recently, there are only two RDAs functioning, IZKA and Cukurova Development Agency (ÇKA); eight will also be established by the end of the year.¹⁹⁶

RDAs witnessed heated discussion on autonomy and sovereignty issues. As discussed, “region” has been a highly controversial term, which connotes a separatist movement in some bureaucrats and authors’ minds. Therefore as a last alternative, DPT changed the term and RDAs were renamed as “development agencies” (DA). Moreover, in order to tackle with critiques and because of the prevailing state structure in Turkey, although the most developed province becomes the headquarter in RDAs which consists of more than one province, some exceptional cases emerged. For instance in Diyarbakır and Şanlıurfa grouping, although Diyarbakır is more developed

¹⁹⁶ www.dpt.gov.tr

than Şanlıurfa, since Diyarbakır has more political connotations in Turkish politics, due to the Kurdish question, Sanliurfa was pushed forward and became the headquarter in their NUTS 2 level.¹⁹⁷

Despite, all these attempts, many critiques were made; some authors i.e. Güler, in some websites¹⁹⁸ made further complaints on RDA issue, arguing that these RDAs are under the control of the EU, which is so-called an imperialist power and aim to divide the country into several pieces by giving autonomy to provinces and regions in RDAs. These arguments provoke the belief that the EU wants to eliminate the national level in policymaking and build further relations with subnational levels. According to the arguments by giving high autonomy to RDAs, particularly in the Southeastern regions, Kurdish people may rebel and ask for separation from the country. In addition, according to these authors, the perception of “development” and “competition” of RDAs are mainly selling the public enterprises and resources in very cheap prices to foreign entrepreneurs.¹⁹⁹ One may argue that these critiques mainly grasp the RDAs as the Trojan horses, which are organized by the EU in order to divide the country. Actually, these critiques fits well to Öniş’s “Sèvres Syndrome”²⁰⁰ argument, even today there is still such fear in some people’s mind that Europeans are enemies and their only aim is to ‘exploit’ Turkish resources and lands.

6.1.1. Establishment of RDAs: The Legal Process

Regardless of all these discussions and fears, RDAs in Turkey were established in 1996; which has been an opening of a new era; before 1996, top-down regional

¹⁹⁷Avaner, T. p:256

¹⁹⁸ Many websites can be given as an example but www.yayed.org which make “studies” on local government with nationalist tendency can be given as an contextual example.

¹⁹⁹ Güler, B.A.(2006) “Ajanslar Sistemi Üzerine: Merkezi Yatırım Destek Ajansı Işığında Bölgesel “Kalkınma” Ajansları” Mimarlık Dergisi, July 2006

²⁰⁰ Öniş, Z. (2000)

policies were dominant in Turkey, the aims of the agencies are making a break in regional policy through generating bottom-up policies in Turkey. As handled already, RDAs have been formed in Europe since 1950s; thus, this is a late attempt for Turkey to transform into more decentralized policies.

In 25.01.2006, Law on The Establishment and Duties of Development Agencies (Law No: 5449) was approved and on 08.02.2006 it was published in National Gazette. In addition, with the Decree of the Cabinet, two development agencies, ÇKA (TR 62) and IZKA (TR 31), were established.

However, the Union of Chamber of Turkish Engineers and Architects (TMMOB) sued for the repeal of No. 2006/10550 Decree of the Cabinet and issue of stay order for the RDAs. TMMOB's arguments for suing the DAs are mainly identical with the criticisms handled above. TMMOB claims that the law is unconstitutional since it aims to assign local resources to private entrepreneurs. Moreover, the chair of TMMOB Soğancı affirms that RDA project works for eliminating national borders and retrenching the power of public institutions, and publicly auditing and the law includes exploitative articles, which transfer all the local resources to conglomerates.²⁰¹ As a result, on 14.03.2007, Council of State decided to stop the execution of Law No. 5449 and send the law to the Constitutional Court in order to investigate.²⁰² As a response, on 30.11.2007 the Constitutional Court decided that the law on development agencies (DA)

²⁰¹ TMMOB report. Retrieved from:
<http://www.tmmob.org.tr/modules.php?op=modload&name=Sections&file=index&req=viewarticle&artid=407&page=1>

And

http://www.referansgazetesi.com/haber.aspx?HBR_KOD=50867&KTG_KOD=122&ForArsiv=1

²⁰² İzmir Development Agency (IZKA) (2008)

And

www.dpt.gov.tr

is constitutional and did not consider repealing the law necessary.²⁰³ Therefore, the legal constraints on the RDAs are disappeared and they started to function.

6.1.2. General Characteristics of RDAs in Turkey

The characteristics of RDAs in Turkey are compatible with RDAs in Europe, which were discussed in previous chapters.²⁰⁴ As mentioned, Turkey recently established her RDAs compare to the European counterparts. Nevertheless, importance of regional development plans had already been mentioned in the First Five-Year Development Plan.²⁰⁵ However, these aims were not accomplished due to lack of regional institutions in Turkey; many top-down regional projects were generated but there were no responsible local or regional units to implement these projects, therefore they were left as unsuccessful projects.²⁰⁶ RDAs in Turkey aim to fill this gap and to build a mechanism where regional development projects will be accomplished by using regional and local actors.

In this context according to Law on The Establishment and Duties of Development Agencies, the general characteristics of Turkish RDAs are as follows:²⁰⁷

1) Objective: Agencies are planned for making further attempts in regional development with the principle of sustainability and for diminishing “inter-regional and

²⁰³ http://www.yayed.org.tr/genel/bizden_detay.php?kod=689&tipi=2&sube=0

²⁰⁴ See Chapter 2 for further information

²⁰⁵ Can,E & Morova,F & Saylan,S. “Yönetişim İlkesi Işığında Türkiye’de Kalkınma Ajanslarının Yapısı ve Rolü” in Tsarouhas,D. &Ertugal,E.& Aybars, A.İ. (2007) “Bridging the Real Divide Social and Regional Policy in Turkey’s EU Accession Process”, METU Press, Ankara p:188

²⁰⁶ GAP Ekonomik Kalkınma Ajansı Model Etüdü. pp:5-6 Quoted in Tamer, A. (2008) “Kalkınma Ajanslarının Türk Hukuk Sistemindeki Yeri” DPT Uzmanlık Tezleri p:35

²⁰⁷ This part is summarized from the law

intra-regional development disparities” with guiding the National Development Plan and Programs. In this process, RDAs or DPT are not the sole actors. They cooperate with public sector, private sector, NGOs for the efficient and appropriate use of resources and encouraging local potential.

2) Legal personality: As stated in the Article 3 of the Law, RDAs have legal personalities and subjected to provisions of private law. This means legally RDAs are institutions and have institutional identity.²⁰⁸

3) DPT’s responsibility: DPT plays crucial role on the coordination of RDAs in national level. Thus, due to its earlier experiences DPT is responsible for:

a) Providing consultancy and guidance to RDAs on planning, programming and project designing, on monitoring and evaluating the projects.

b) Determining principles and procedures of agencies for implementation of programs.

c) Determining principles and procedures for allocation of national and EU funds

d) Promoting inter-agency cooperation and encouraging for generating joint projects.

e) Ensuring cooperation of the agencies and institutions in the central level in order to work effectively.

f) “Approving the Secretary General of the agency selected and proposed, among the candidates having appropriate qualities, by the Administrative Board.”

g) Ratification the Annual Working Programs of the DAs.

h) Determining principles and procedures for recruitment of the staff, forming the budget, auditing, and activity reports. In addition, maintaining principles and procedures “regarding working of the investment support offices by taking into account the opinions of related public institutions and establishments”.²⁰⁹

²⁰⁸ Tamer, A. (2008) “Kalkınma Ajanslarının Türk Hukuk Sistemindeki Yeri” DPT Uzmanlık Tezleri p:45

²⁰⁹ Özen, P. (2005) “Bölge Kalkınma Ajansları” Tepav, May 2005 p:23

4) Duties and responsibilities of the agencies: In the law, DAs' responsibilities are described as follows:

a) to provide technical support to local authorities on regional planning,
b) to support the implementation of regional activities and to monitor and evaluate the implementation process of activities and projects supported and to present results to the Undersecretariat of State Planning Organization,

c) to contribute into the improvement of the capacity of the region concerning the rural and local development in accordance with the regional plans and program and support the projects within this extent.

d) to monitor other projects implemented by public sector, private sector and NGOs in the region.

e) to improve cooperation between public sector, private sector and NGOs to achieve regional development objectives.

f) to use or have them used the resources allocated to agency in conformity with regional plan and program.

g) to carry out research, or to have them carried out, for determining resources and opportunities of the region, acceleration of economic and social development and enhancement of competitiveness, and to support other researches carried out by other persons, organizations and institutions,

h) to promote, or have them promoted, business and investment facilities of the region at national and international level, in close cooperation with other related institutions.

i) to follow and coordinate centrally the permission and license transactions and other administrative transactions of the investors in regional provinces within the extent of the duties and authorities of public institutions and organizations, in order to finalize them within the time stated in the related legislation.

j) to support small and medium-size enterprises and new entrepreneurs in the various fields such as management, production, promotion, marketing, technology, financing, organization and labor force training, by ensuring cooperation with other related institutions.

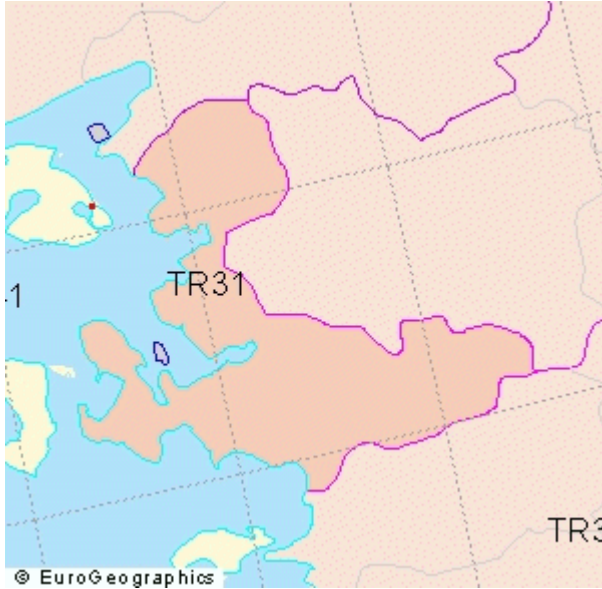
k) to promote activities related to bilateral or multilateral international programs to which Turkey has participated in the region and to contribute to the development of projects within the context of these programs.

l) To prepare a website that includes activities and financial structure of the agency, etc.²¹⁰

All these articles explain the objectives, responsibilities of DAs in Turkey by examining the legal structure of the agencies. Since general overviews of RDAs are given in the previously, they are not dealt in this chapter. Moreover, Izmir Development Agency, IZKA, is a case study of this thesis. Thus, the further analysis of DAs in Turkey will be made by considering IZKA.

6.2. Izmir Development Agency (IZKA)

IZKA is formed due to NUTS 2 arrangement of Izmir region, which is also a province itself. Since Izmir is an economically developed province that attracts migrants and diverges from the neighbor provinces due to economic, social and cultural factors, it is estimated as one-province region in NUTS 2 level. (See Map 5) Izmir is also an important province in terms of RDAs; with 1990s, attempts for establishment of RDAs have started in the province by the efforts of NGOs. Thus, Izmir has worked eagerly on the formation of RDA in the region.²¹¹



Map 6.1: Izmir NUTS 2 region (TR 31)

²¹⁰ Law No:5449 Article 4

²¹¹Can, E & S.S.Yaşar “İzmir Kalkınma Ajansı Kuruluşu ve Faaliyetleri” in IPM (2008)“Bölgesel Kalkınma Ajansları”, Friedrich Naumann Stiftung, Istanbul. p:66

Source: Eurostat: http://ec.europa.eu/eurostat/ramon/nuts/maps_searchpage_en.cfm

Highly motivated nature of Izmir for the establishment of decentralized institution, which aims to trigger endogenous resources and dynamics to activate local entrepreneurship, provided formation of an agency in Izmir. Economically motivated NGOs in Izmir struggled for forming a RDA, which is regionally based and financed from regional stakeholders, however due to lack of legal framework and unwillingness of the state, it was impossible to act autonomously and implement projects without the government's approval. Nonetheless, with such an experience, local actors in Izmir became familiar with forming a region; this made them preferable on establishing the pilot DA in their region.

Furthermore, although Izmir is the third most developed province in the country since it has severe developmental differences between its districts and as Izmir is facing with structural developmental problems, similar to all metropolitan provinces, such as unemployment, lack of infrastructure, disintegration of migrants, etc Izmir has been an appropriate choice for forming the pilot DA.²¹²

6.2.1. The Precursor of IZKA: EBKA

Thus, with the participation of NGOs, and chambers of commerce and industry, an economically driven RDA was formed; in 1993, the Aegean Region Development Agency (EBKA) was created under the umbrella of the Aegean Economy Development Foundation (EGEV). In the meantime, the Izmir Chamber of Commerce (IZTO) also engaged in forming an agency, which would function within the Chamber. For cooperation they also made an agreement with Trade Partners in England, but their attempts were not accomplished; IZTO could not establish an agency.²¹³

²¹² Can, E & S.S.Yaşar p:74

²¹³ Kayasü, S.& Yaşar, S.S. (2003) "Bölgesel Kalkınma Ajansları: Türkiye Deneyimi için Öneriler" Kentel Ekonomik Araştırmalar Sempozyumu, Denizli 2003. Quoted in Can, E & S.S.Yaşar p:66

EBKA signifies how the concept of “region” is developed in the Aegean region those economically driven NGOs, the chambers of commerce and industry act together for the same goal. Furthermore, as the Aegean Chamber of Industry (EBSO) claims, with the 1990s, regional institutions were seen as important elements for innovation, economic competitiveness, endogenous development, technologic development, which are also the EU practices.²¹⁴ As Ertugal states, the emergence of EBKA owes to lack of regional development plans and projects by the DPT. Thus with their absence, EBKA was situated in the region, by the local and regional agents. Moreover, the case of EBKA and the Aegean region as a whole is an example of Europeanization attempts in Turkey²¹⁵ since they favor bottom-up approach with the participation of local actors.

In order to concentrate to fulfill the responsibilities of RDAs, EBKA took support services from the European RDAs mainly in France. As Temizocak stated in the interview Alsace Development Agency was one of them. He adds that they made pair work with Alsace and some of EBKA employees made intern and experienced there.²¹⁶ On the other hand, the founder members of EBKA did not only consist of non-governmental members but also governor of the Izmir was a founding member, in addition Izmir mayor, all the chambers in the province, Izmir Commodity Exchange, Union of Journalists, Aegean Association of Young Businessman (EGIAD), Izmir Fair (Izfaş) were all participated as founding members of the agency.²¹⁷

The main objectives of EBKA expand the influence of local governments and local actors, initiate the financial autonomy of the local governments and other institutions, promote the region and Izmir, set regional goal, generate plans and projects accordingly, attract foreign investments and give technical consultancy, retain

²¹⁴ EBSO (1993), “Ege’de Planlı Kalkınma Modeli” Izmir, 1993.

²¹⁵ Ertugal, E. (2005a) p:15

²¹⁶ From the interview done by Yılmaz Temizocak, who is the Chairman of EGEV. 25.05.2008,İzmir.

²¹⁷ Taş, H.C.*Bölgesel Kalkınma Ajanslarına Yönelik Eleştiriler ve Son Gelişmeler*”Türk İdare Dergisi, Ministry of Interior

investment opportunities of the provinces in the region and direct foreign entrepreneurs to these provinces.²¹⁸

Despite all the goals that were set, EBKA could not survive as a development agency. Legal basis was a crucial obstacle. In addition Temizocak asserts that “Turkey was not ready for a ‘regional’ agency not only legally also politically and socially because people linked ‘regional agency’ with ‘regional autonomy’ which is completely meaningless, we, as regional actors, have right to declare our regional aims and act in line with that aims”.²¹⁹ It can be deduced that, IZKA inherited an environment, which has already achieved participation of local and regional actors. This notion of Izmir elucidates why Izmir is chosen for one of the pilot DAs. Within this perspective, Temizocak argues that, IZKA found a completed example of a RDA, which is just similar to the goals and the structure of the IZKA today.²²⁰

On the other hand, it should be noted that EBKA is economically oriented. It has only goals concerning economic matters, and it excludes social and cultural development issues. By this point, IZKA diverges from EBKA, although IZKA is economically motivated it also deals with social, cultural, spatial needs of the Izmir region.

6.2.2. Izmir Development Agency

After illustrating the precursor of IZKA, it will be simpler to understand the dynamics of Izmir, in terms of local actors and their relations with state institutions. As discussed formerly, IZKA is statutory to Law 5449 and all the implications, administrative structure and budget are bounded to this law. In this context, this part analyzes the structural characteristics of IZKA.

²¹⁸ Ibid.

²¹⁹ From the interview done by Yılmaz Temizocak, who is the Chairman of EGEV. 25.05.2008,İzmir.

²²⁰ Ibid.

6.2.2.1. Management of Izmir Development Agency

Management of the IZKA is handled into two groups: the organization structure and the budget. Thus, this section is shaped accordingly.

6.2.2.1.1. Organization of Izmir Development Agency

In the previous sections, it was mentioned that although DAs are not state institutions, they are under the coordination of DPT and subjected to provisions of private law. This feature of the agency has affected organizational structure of IZKA.

6.2.2.1.1.1. Development Council

Since DAs are formed in participative manner and promotes decentralization, in order to prevent democratic deficit and make public's voice visible, the development council is one of the most important mechanisms of IZKA for fulfilling its mission. Development Council is composed of hundred people from different segments of the society. Some of them are from public institutions i.e. governor; local governments i.e. mayor of the province, or the districts; universities; private sector i.e. foundations, newspapers, foundation universities; NGOs i.e. chambers, commodity exchanges, NGOs.

In IZKA thirty percent of the development council is from the state institutions, whereas seventy percent is from the public sector. This ratio is not static; it may show varieties from agency to agency, depending on dynamics of agencies. For example in ÇKA, forty percent is from the public institutions while sixty percent is from private sector.²²¹ One may argue that since private sector and NGOs are aware of the process,

²²¹ Izmir Development Agency (IZKA) (2008)

the ratio of private sector is more than the public.²²² (See the Chart 1) By such a distribution, Development Council instills partnership between the public and private sectors and the civil society. Although the Council is an advisory body and their decisions are not binding the Executive Committee, the law brings “institutionalization of participation” with the Development Council via including civil society into decision-making process. Such an effort is new in Turkish legal framework, as Ertugal describes the consultation processes of civil society at regional level is “most innovative aspect of envisaged institutional change”.²²³

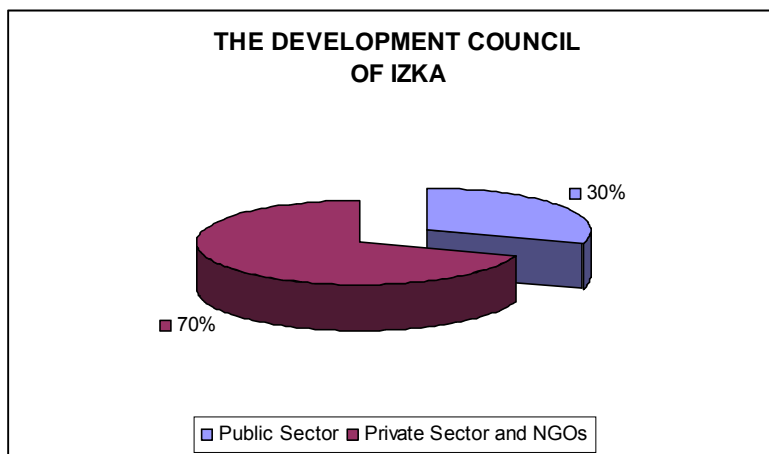


CHART 6. 1: The Distribution of Development Council of IZKA

As stated in Article 9 of the law, duties of the Development Council are as follows:

- a) to select respectively the representatives of private sector and/or non-governmental organizations and their doubled associate members who shall take place in Administrative Board in the regions composed of a single province,
- b) to discuss and evaluate annual activity and internal audit reports of the agency and to make recommendations to Administrative Board,

²²² For the whole list of the Development Council of Izka:
http://izka.org.tr/files/IZKA_KalkinmaKuruluTemsilciSayi_021208_v1.pdf

²²³ Ertugal, E. (2005a) p :12

c) to make recommendations to Administrative Board regarding problems and solution proposals, promotion, potential and priorities of the region,

d) to report the results of the meeting to the Undersecretariat of State Planning Organisation and publish conclusion notice of meeting.²²⁴

The critical point in the Council is selecting procedure of the members; since representatives in the Development Council are determined by the state, some questions occurs, whether there is a bias in selecting the representatives or not²²⁵, which is a common problem of Turkish polity.

6.2.2.1.1.2. Administrative Board

The administrative board is the decision-making body of the agency. It is stated in the Article 10 of the law that, in the regions composed of one province, like Izmir, the Board comprises governor, mayor of metropolitan municipality, Chairman of the Provincial Council, Chairman of the Chamber of Industry, Chairman of the Chamber of Commerce and three representatives of private sector and/or NGOs who are selected by Development Council. The governor acts as the chair of the Board and calls the other members for the meetings at least once in every month, in which the Secretary General of the Agency attends with no voting right. In this context, three representatives chosen by the Development Council as members the board are chair of the Izmir Union of Chamber of Merchants and Craftsmen, chair of Izmir Commodity Exchange and chair of EGEV who is also co-president of the Board with the chair of Chamber of Commerce.²²⁶

²²⁴ Article 9 of the Law No.5449

²²⁵ Ertugal, E. (2005a) p :12

²²⁶ IZKA wesbite: www.izka.org.tr

Actually, it was expectable for the Council to select EGEV; EGEV is the precursor of the IZKA with forming EBKA. In addition, EGEV, as an NGO was formed in 1992, and has worked on regional development of the whole region since 1998. It was engaged with coordination of region for economic matters by the participation of all public and local stakeholders. Additionally, EGEV is in favor of bottom-up policies and it is the first NGO who worked with DPT for devaluation of some authorities.²²⁷ In this respect, Temizocak claims that they are eagerly engaged with regional planning and they grasp IZKA as a chance for implementing their development projects, which they cannot finance by themselves and cannot realize due to legal constraints.²²⁸

The law on DAs introduces the duties and responsibilities of each organ of the agency explicitly; duties and authorities of the Administrative Board are also listed as follow,

- a) to accept the annual work programme and submit it to The Undersecretariat of State Planning Organisation for approval,
- b) to revise the budget according to the needs during the year,
- c) to approve annual financial report and the results of final budget,
- d) to decide purchase, sale and rent of movable and immovable properties and purchase of service,
- e) to submit six-month interim report and annual activity report to the Undersecretariat of State Planning Organisation,
- f) to approve the budget of the Agency and submit it to Undersecretariat of State Planning Organisation,
- g) to approve the proposals concerning giving support to the programmes, projects and activities submitted by the General Secretariat and the aids to individuals and organisations,
- h) to accept donations and grants extended to the Agency
- i) to decide recruiting and dismissing of the personnel,
- j) to approve the service units determined by Secretary General and the division of labour among them,

²²⁷ EGEV website: <http://www.egev.org/?mode=other&Id=130&endId=1>

²²⁸ From the interview done by Yılmaz Temizocak, who is the Chairman of EGEV. 25.05.2008, İzmir.

k) to identify the Secretary General and submit to the Undersecretariat of State Planning Organisation for approval,

l) to determine the limit of authority of secretary general about the issues concerning purchase, sale and rent of the movable properties except vehicles, and purchase of service,

Determining the limits clearly, Administrative Board may delegate some of its duties and authorities to Secretary General where necessary.²²⁹

The duties of Administrative Board, which are listed above show that although DAs are separate non-governmental institution it has strong ties with DPT, which is a state organism. Every decision and approvals of the Board are submitted to DPT for the Undersecretary's approval. This picture is an important clue for understanding the typology of IZKA, which is discussed below.

6.2.2.1.1.3. Secretariat General

The law states that Secretariat General is the executive body of the agency and Secretary General, who is responsible to the Administrative Board, is the superior Chief of Secretariat General and investment support offices.

The duties and responsibilities of Secretary General are defined clearly in the Article 14 of the law, which follows as,

- a) to implement the decisions of Administrative Board,
- b) to prepare annual work plan and budget, and submit them to Administrative Board,
- c) to collect revenues of the Agency, to make the expenditures in accordance with the procedures and principles to be determined by the Article 4, and according to the budget and decisions of Administrative Board,
- d) to decide on the purchase, sale and rent of moveable properties except for vehicles, and purchase of service according to the limits to be determined by Administrative Board,
- e) to engage in/organize activities for improving project generation and implementation capacity of people, institutions and organisations in the region,

²²⁹ Article 11 of the Law No.5449

- f) to assess project and activity proposals of private sector, non-governmental organisations and local administrations and make suggestions to Administrative Board for providing financial support,
- g) to monitor, evaluate, audit the supported projects and activities; and prepare reports,
- h) to cooperate and develop joint projects with domestic and foreign institutions and agencies related to regional development,
 - a) to provide technical assistance to planning studies of local authorities,
- j) to determine the performance criteria of personnel and evaluate their performance,
 - a) to make proposals to the Administrative Board related to personnel's recruitment and termination of contracts,
 - l) to attend the national and international meetings about regional development on behalf of the Secretariat General of the agency and carry out foreign contacts.
- m) to perform secretarial works and other services within the sphere of duties of the agency
- n) to use authorities delegated by Administrative Board.²³⁰

6.2.2.1.1.4. Investment Support Office

One other organ of the agency is Investment Support Office, Office's objective is "to follow and coordinate the permission and license transactions of investors in private sector within duties and authorities of public institutions and organizations and other administrative works and transactions on time specified in the related legislation"²³¹

After giving descriptive information about organization structure and units of IZKA (See Chart 6.2), one may deduce that there is a hierarchical structure in the agencies. Although the units are bounded with each other, Administrative Board is the main unit for decision-making. Besides, although DPT has no organic bonds with the

²³⁰ Article 14 of the Law No.5449

²³¹ Article 16 Paragraphy A of the Law No.5449

agency, it is an approval mechanism for the facilities and decisions that are taken in the agency.

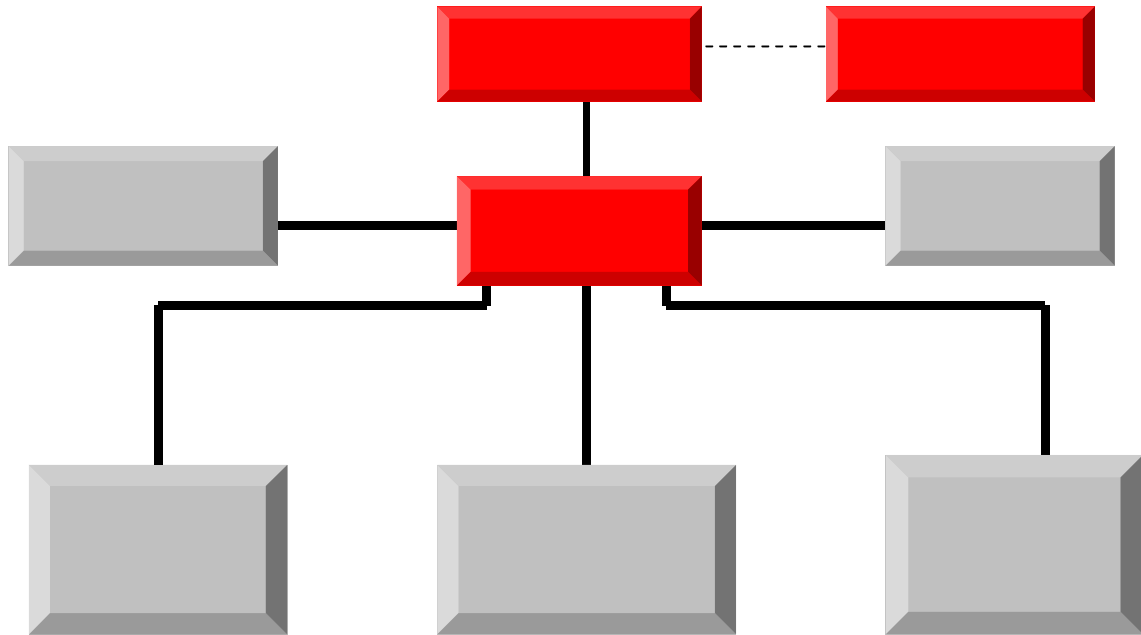


Chart 6.2: Organization Structure of IZKA
Source: İzmir Development Agency (IZKA) (2008)

6.2.2.2. Financial Structure of the Agency

6.2.2.2.1. Revenues and Fund

According to the law, all the revenues and funds of the agency has already been determined. On the other hand, in EU countries and specifically in France, the typology of the RDA could mostly be understood from its financial resources. Therefore as discussed, mainly European RDAs are clustered between the French type RDA, publicly financed, and Arbed's New Industries Department in Luxembourg, non-publicly financed. In IZKA case, the big portion of the funds are devoted from the state, thus it seems that IZKA is similar to French-type RDA, which are mainly publicly financed. In this context, IZKA is financed by:

- Share from the tax revenues of the general budget (5 %)
- Financial sources provided from European Union and other international funds,
- Activity revenues,
- Share from special provincial administrations, (1%)
- Share from municipalities,
- Share from the Chambers of Industry and Commerce, (1%)
- Aids and grants provided by national and international institutions and organizations,
- Revenues turning over from the previous year.²³² (See Chart 3)

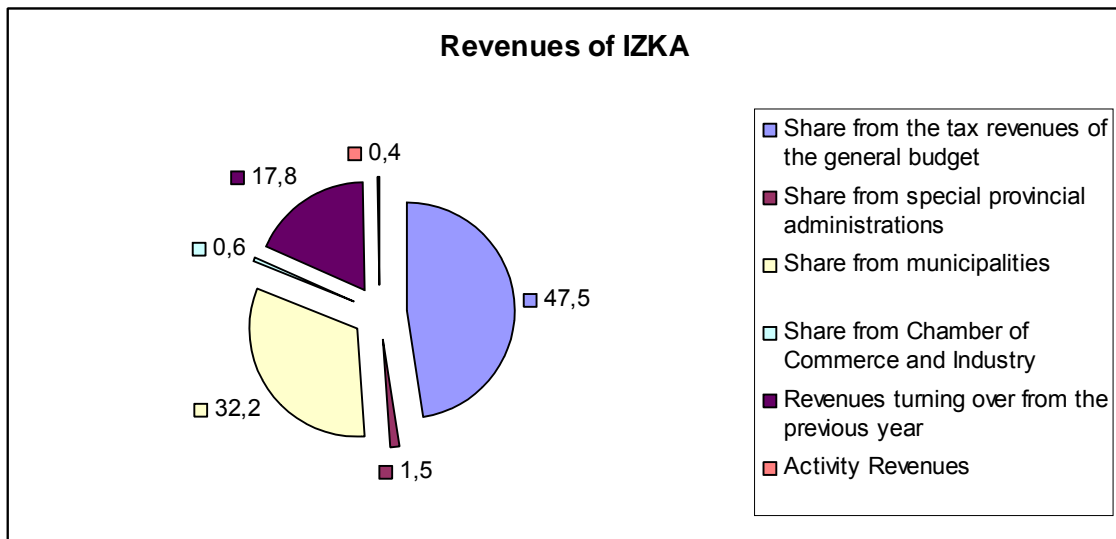


CHART 6.3 :Revenues of IZKA

Source: adapted from Can, E & S.S.Yaşar p:70

6.2.2.2.2. Expenditure

Expenditure of the agency is stated in Article 20 of the law as follows,

- a) Planning, programming and project expenses,
- b) Expenses for supporting projects and activities,
- c) Research and development expenses,
- d) Promotion and education expenses,

²³² Article 19 of the law No.5449

- e) Purchase of moveable and immoveable property as well as services,
- f) Administrative and personnel expenses,
- g) Other expenses related to the duties.²³³ (See Chart 4)²³⁴

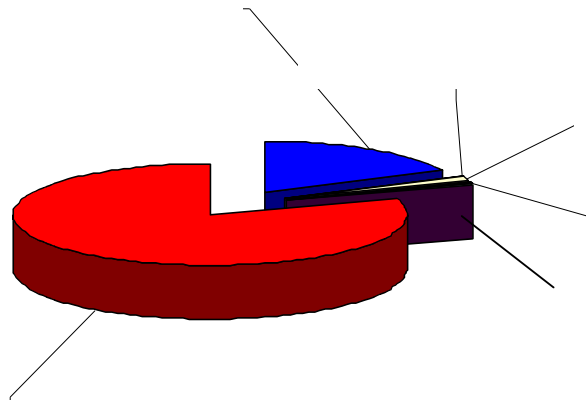


Chart 6.4: Expenditure of IZKA

Source: adapted from Can, E & S.S.Yaşar

Chart 4 illustrates that IZKA devotes the largest portion of its expenses for supporting projects and activities; this distribution also evokes an idea about its structure. In line with the expenditure chart of IZKA, the Secretary General of IZKA, Can, said, IZKA does not implement a project, this is not DAs business. However, DAs call for projects and support the eligible projects and activities, which seek regional development on economic, social and cultural aspects.²³⁵ By supporting projects and activities IZKA enables decentralization and the contribution of regional stakeholders, such as NGOs, universities, chambers of commerce and industry, etc, to their regions.

²³³ Article 20 of the aw No.5449

²³⁴ For further information, please analyze Law No.5449

²³⁵ From the interview done by Ergüder Can, who is the Secretary General of IZKA. 26.05.2008,İzmir.

Considering all these information given, a framework evokes in minds about IZKA, all its organizational structure and financing issues give idea about the nature of the agency and the DA structure in Turkey, in general. In this respect, from the observations and interviews that was made in Izmir, one may figure out that, there is a high participation of NGOs and private sector to DAs. They attend the meetings and educational services given by IZKA and they highly support IZKA where their voices can also be effective and they can be part of decision-making process. With related to this Temizocak states that, “we are 56 years behind on establishing the agencies thus with overcoming constitutional constraints we should make further steps and hurry up to develop Izmir and find remedies to its problems.”²³⁶ In addition, Can’s argument is similar to Temizocak’s that, he promotes the participation of stakeholder in the decision-making process. He adds that, “there is no such model in Turkey which empowers participation of people in every step of management. Moreover, since our mission is to support projects we ought to co-work with all stakeholders, this is the nature of development agencies.”²³⁷ Essentially, the participation of people to the process denotes imprints of governance; in addition, with devolving some authorities to regional level, the subsidiarity principle also becomes possible in the agencies. Instead of tackling with bureaucratic constraints, projects and plans could be implemented more easily and fast with the approval of Administrative Board of the agency. Thus, NGOs in Izmir support IZKA. For instance, even during the stay of execution period of IZKA, the agency made some meetings in the districts of Izmir for introducing the agency to the people. Additionally they made search conference with IZKA and maintain their goals in the region during the stay of execution period. Taşkın, Chair of Aegean Region Chamber of Industry utters that “Stopping the execution of DAs means stopping development of Turkey.”²³⁸

²³⁶ From the interview done by Yılmaz Temizocak, who is the Chairman of EGEV. 25.05.2008,İzmir.

²³⁷ From the interview done by Ergüder Can, who is the Secretary General of IZKA. 26.05.2008,İzmir.

²³⁸ Dünya Newspaper Retrieved from www.dunyagazetesi.com.tr

Since IZKA is a relatively new established agency, whose execution was abolished for some time due to legal process, it has not started to function as intensively as aimed to. The staff in the agency mainly deals with the promotion of IZKA by holding conferences, visiting districts, NGOs, etc. Actually, this is an important step for internalization of IZKA by the all segments of people living or investing in Izmir. They published a book on the regional development agencies in Europe to analyze the general trend in RDAs in the EU member states. Furthermore, they make the sectoral analysis to comprehend rising sectors in Izmir and promote these sectors. IZKA also has recently started to concentrate on Regional Development Plan for the years 2009-2013, which Can emphasized in the interview. He claims that the plan will provide to make further developmental projects in Izmir, on the other hand he stresses that plan will be coordinated with the National Plan.²³⁹

Moreover, even though there is a tendency towards decentralization in IZKA, the state also has a significant role. General picture in European RDA connotes organization where local and regional actors, mainly NGOs and private sector are dominant to take initiative whereas Turkish case does not resemble this model. Despite the significant power of local and regional actors, governor of Izmir is the chair of the administrative board and DPT performs the key role and gives the last decision in the decision-making process. However, stakeholders are not complainant from this situation. Temizocak claims that “there is nothing wrong in that, it is almost similar in all European RDAs, state finances IZKA as a result, she want to control, it is normal.”²⁴⁰ Nonetheless, this argument is not very correct; Turkish DAs do not wholly resemble the RDAs in Europe. Ratio of state funding is not that high in all RDAs. On the other hand, with a positive perspective, DAs are big and important steps in Turkish politico-administrative tradition it was impossible to devolve some authorities and duties of the state to the local or regional level. Thus, even though DPT has control over DAs, compared to previous phases of the Turkish polity, DAs herald new

²³⁹ From the interview done by Ergüder Can, who is the Secretary General of IZKA. 26.05.2008,İzmir.

²⁴⁰ From the interview done by Yılmaz Temizocak, who is the Chairman of EGEV. 25.05.2008,İzmir.

formations where decentralization could be possible. Thus from this point of view, due to the existing political culture of Turkey, favoring people's participation in regional issues is a very innovative step in Turkish political tradition.

Last but not least, Eraydın discusses that, because of distributing EU funds in regional level, RDAs may be attractive for the first glance, but this may lead to survival of existing passive and demanding citizen model in Turkey, which would not have any benefit for governance model. As a remedy, she advises that objectives of the DAs should be handled again and some parts of the law should be modified²⁴¹.

²⁴¹ Eraydın, A. (2008) p:26

CHAPTER SEVEN: CONCLUSION

After discussing the regional policy issue in both the EU, specifically France, and Turkey and presenting the RDA structure in the given parties, outcomes of the study should be assessed.

It is discussed throughout the thesis that, as inherited from the Ottoman Empire, Turkey has been a highly centralized country where the bureaucratic ruling tradition prevails. Thus, all the regional development plans and programs have been overshadowed by the legacy of centralized state in Turkey. For bureaucratic elites regional development is highly bounded to national development, and these elites believe that regional development should be an extension of the national development. In this point, Filiztekin asserts that generally in all developing countries, national development has the first priority²⁴² then comes to regional development, which is an outgrowth of national development.

Until the establishment of the RDAs in Turkey, all the development plans and programs have been built up through this ideology of the state; the state has been “the boss” of the all projects and left no room for local stakeholders. One other characteristic of the Turkish state is, in general, she has avoided emphasizing ‘region’ in plans and projects, due to ethnic and politic reasons and historical inferences. Thus, bureaucrats have prevented the implementation of region-based plans, but largely focused on provincial-based projects, and consciously refrained from empowering regions.

²⁴² Filiztekin A.(2008) “Türkiye’de Bölgesel Farklar ve Politikalar” Tusiad, Istanbul

Historical fear and the logic of bureaucratic ruling tradition have resulted in unsuccessful regional development plans and projects in Turkey. Due to these unsuccessful experiences, regional differences deepened and resulted with unemployment, which lead to a migration flow towards economically well off provinces and regions. As discussed in the previous chapters, migration created severe socio-cultural and economic problems in more developed regions.

Throughout the thesis, it is examined whether Turkish politico-administrative structure and the attitudes towards regional development resemble the French type or not. One may infer that there are similarities between the Turkish and French model. Turkey originated her province system by modeling the French department structure. The structure of provinces is highly bounded to central government, as departments do. France applied top-down policies, which did not specialize on regional characters. France also did not stress on regional development and prioritized national development, which has been the case in Turkish model as well. Thus, severe regional differences occurred in both countries. Filiztekin argues that France used the growth pole approach, which was a successful attempt, to solve the regional problems; Turkey as well emphasized the same approach in the First Development Plan²⁴³. Thus similar to France, Turkey tried to maintain the leading sectors in each region, for a period.

In the case of RDA structures, France and Turkey have some similarities. As already mentioned, a RDA's position towards state control largely depends on its financing and management. In that case, the management features of Turkish RDAs resemble the French RDAs; their budgets mainly depend on the state funding and the central administrations of both countries have a role on the organizational structure of their agencies. (See Figure 2) Furthermore, when main objectives are compared, it seems that, both French and Turkish RDAs have similar objectives. These RDAs want to set regional strategies through empowering local actors and attracting investments in their regions. (See Table 5) On the other hand, Turkish RDAs encourage coordination of public and private sectors and NGOs whereas French RDAs do not promote such coordination. Another divergence factor between the two cases is emphasis given to social and cultural development. It is stated in the law that, Turkish RDAs should

²⁴³ Ibid.

support social and cultural development while French RDAs are economically driven agencies. Social and cultural development is grasped as central government's responsibility.

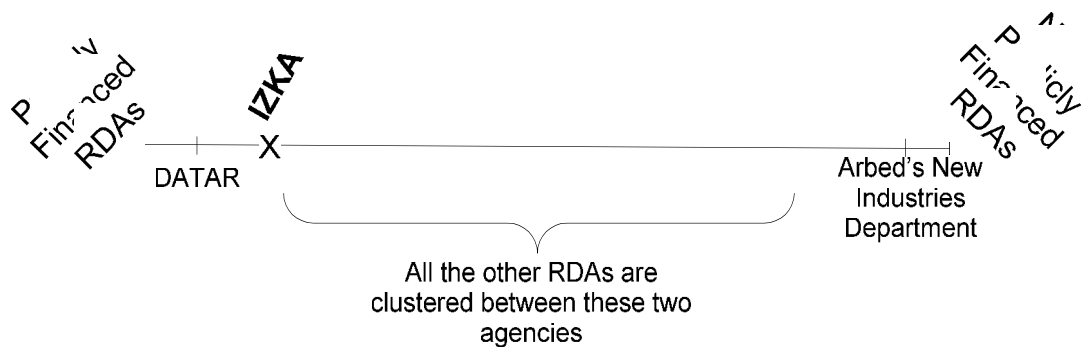


FIGURE 7.1: An assumed position of IZKA in RDA clustering.

Moreover, the agencies in two countries also resemble according to their origins. As both are coming from highly centralized traditions, these agencies are established by central governments. Some economically oriented regional actors in Izmir, EGEV and IZTO, endeavored for forming RDAs but it was impossible due to legal constraints, thus central government, by herself, formed the RDAs in Turkey. However, in other member states of the EU, RDAs could be formed by regional authorities or PPPs.

Similar to all strong agencies, French and Turkish agencies also seek indigenous growth, by using their own resources, capabilities and by encouraging local and regional enterprises. On the other hand, although they stress largely on indigenous dynamics, they also try to attract foreign firms to invest in their regions.

One other point for the RDAs in these two parties is, people's and institutions' attitudes towards them. As widely discussed in this thesis, RDAs in Turkey has confronted with strong critiques from a particular segment of the society. They are accused of being a leg of imperialist power, which challenge the sovereignty and the autonomy of the state. Similar assessments have been made in France as well. Political parties from all ideological segments do not want to empower the regions. Furthermore,

the Napoleonic ruling tradition is highly rooted in the society that, 78 % of the French people are in favor of maintaining the prevailing status quo²⁴⁴.

Turkey's candidacy to the EU has triggered structural changes in the country. This process can be seen as a break in political and administrative tradition. Copenhagen Criteria's great emphasis on democratization and governance obliges Turkey to transform the existing structure, if she really wants to be an EU member. Thus, applying bottom-up policies and paying attention to regional matters are byproduct of the pre-accession process of Turkey. In addition, the formation of RDAs should be grasped in this perspective; Turkey established NUTS system for adapting the EU and setting up the RDA arrangement as a further step, which are intended consequences of Europeanization process. In this point, there is an ongoing discussion for understanding the impact of the EU on Turkey.

On the other hand, as the Europeanization process is a break in politico-administrative structure of Turkey, the establishment of RDA can also be grasped as a break within the regional policies of Turkey since the Republican Era. Thus, the logic that lies behind the establishment of the agencies is very different from the prevailing logic. RDAs are based on the "region" itself. The agencies are region-specific institutions, which produce development targets for each region due to their *sui generis* social, cultural and economic background. In this context, RDAs legally, for the first time, institutionalize a regional level in Turkey.²⁴⁵ This is a very important step in Turkey where used to be efforts for avoiding empowerment of regions.

Moreover, unlike the prevailing centralized hierarchical structure in the Turkish polity, RDAs encourage a governance model. The RDA model leaves no room to top-down policies but favors bottom-up policies, developed by the civil society. Promoting a governance model is also new in Turkey, since there have been limited governance practices in the country. Moreover, historically speaking, civil society does not participate in the policy-making process in Turkey. The process is not transparent and

²⁴⁴ Loughlin, J & Seiler, D.L. p : 204

²⁴⁵ Ertugal, E. (2005b) p:8

the politicians and bureaucrats are not accountable to the public. Thus, due to the bureaucratic ruling tradition where bureaucrats think that they are the only actors for taking decisions, Turkish political structure has a huge democratic deficit issue. The agencies also bring a new outlook to this issue. The RDA model brings the participation of people in the decision-making process. In the Development Councils, voice of the civil society is apparent and influential. In addition, some NGOs and chambers of trade and industry take part in Administrative Board and participate in the decision-making process of their own regions. Participation of people is a fascinating step in Turkey where there is a tradition of passive citizens. Moreover, the agency structure in Turkey is developed not as a project implementer but as an enabler. As Can utters, IZKA does not implement but supports the projects by financing them.²⁴⁶ In addition, the size of the agency, which can be ranged as small or medium size in terms of its staff, also does not allow implementing the projects. (See Table 9) Thus, all these efforts toward decentralization and coordination with regional actors may weaken bureaucratic ruling tradition in long run and make governance possible.

Furthermore, the decentralization of power is inevitable in the governance model. For responding regional needs more quickly, subsidiarity principle, which devolves some state responsibilities to the lowest level possible, is aimed in Turkish RDAs. The formation of RDA favors such a structure of decentralization. This attempt may create the subnational or regional level, which is missing in Turkey. With the powerful RDA organization in Turkey, regional level will be more apparent and interact with the EU in some cases, without the interference of the national level.

Subnational level can be in some forms, it can be a political level, administrative level or a coordinative level. For the Turkish case, due to legal structures of RDAs, subnational level may be a coordinative level. Legal constraints concerning RDAs act as political or administrative levels are mainly because of the imprints of state-centric governance model in Turkey. Since government is seen as the sole actor in policy making and decision making process, no political or administrative responsibilities are attributed to the agencies in Turkey, they may only act as coordinative levels whose

²⁴⁶ From the interview done by Ergüder Can, who is the Secretary General of IZKA. 26.05.2008, İzmir.

administrative control is on the DPT, a state organization. However, one may argue that in long run the coordination and interaction of the RDAs with the EU may enable the practices of multi-level governance model in Turkey. For sure, RDAs are a step in the subnational level for building up multi-level governance model, which was impossible before Turkey's candidacy process. Within the multi level governance model in the EU, regions listed in NUTS 2 level have their own powers and consult or communicate with the supranational level, without interference of the governments. Certainly, such a picture is not immediately possible today because RDAs are relatively new in Turkey and do not have enough experience, but as deduced from the European counterparts, the process of RDAs in Turkey may enable the multi level governance model possible.

RDAs, on the other hand, mostly adapt endogenous growth model in their regions. Their main aim is activating regional dynamics and development by using these dynamics. Besides endogenous growth model favors bottom-up, region specific projects and policies, which targets indigenous growth and interregional competitiveness. IZKA, as defined in the law, also promotes indigenous development. This feature of the agency shows that IZKA is a strategic and a strong agency.²⁴⁷ On the other hand, although it is a strong agency it may also apply, product-cycle theory in some sectors by attracting foreign entrepreneurs by providing land, infrastructure and labor force. In this context, forming free trade or industrial zones can be a way for attracting foreign entrepreneurs. By forming such zones, some incentives can be given to foreign firms; for instance some trade barriers, tariffs and quotas may be eliminated, and bureaucratic formalities may be minimized in order to attract foreign entrepreneurs. In addition, with cheap labor product will be produced in a cheaper price than it used to be. These zones will lower unemployment and poverty in less developed parts of Izmir. Moreover, Flexible specialization and network theory may also be applicable for IZKA, since it is stated in the law that, technology parks can be established in Izmir and with concentrating on some sectors, a network similar to industrial districts in Emilia-Romagna can be formed, which will increase competition.²⁴⁸

²⁴⁷ For the definitions of strategic and strong agencies see chapter 2, part 3.2.

²⁴⁸ Dawkins, C.J. (2003) p:142

Besides RDAs are not only economically driven projects, they also try to find solutions for socio-cultural problems. Migration, for example, is an important issue in Turkey. There is a huge migration flow towards the more developed regions; however, migrants cannot integrate to these regions and cities. As a result, they generate their own neighborhoods and ghettos generally in the outskirts of the cities. Although their main engine of migration is unemployment, they also suffer from unemployment in the regions they migrate. This leads to a feeling of alienation and exclusion; thus RDAs should aim to overcome these problems by renovating their neighborhood through ameliorating infrastructure, building hospitals, schools, forming occupational courses for overcoming unemployment, etc. Up to now, it seen that IZKA could not implement such a practice but as Can declared in the interview, IZKA prioritizes social problems as well and tries to find solutions accordingly.²⁴⁹

One should admit that the RDAs are big steps for the existing structure of the Turkish policy. They brought decentralization and the participation of people to the decision-making process and originate region-specific policies. Although in the Turkish framework, RDAs are seen as a marginal step, from the general picture, which comprises all the RDAs in Europe, Turkish agencies are more like French agencies, which are funded by state and are not totally autonomous and under the control of a state institution. From this point of view, as Ertugal mentions, RDAs are not separate regional structures.²⁵⁰ As shown in IZKA case, the head of Administrative Board is the governor of Izmir, who is a representative of the state. Thus, Ertugal claims that as they are part of the central administration, they foster the interest of the government. DPT is responsible for the “performance” of RDAs and many decisions taken in the agencies have to be approved by the DPT. This creates a different type of governance where the government, or the national level, is more dominant.²⁵¹

²⁴⁹From the interview done by Ergüder Can, who is the Secretary General of IZKA. 26.05.2008, İzmir.

²⁵⁰ Ertugal, E. (2005a)

²⁵¹ Ibid.

Moreover, in IZKA case, civil society in the region is very active and ambitious to participate in the decision-making process. Izmir has already established a RDA, EBKA, but it was not functioning properly due to legal constraints. EBKA is an important experience for Izmir. Thus Izmir is chosen as one of the pilot agencies in Turkey. In the short run due to high motivation of the civil society and the staff of the agency who are willing to cooperate with people, IZKA may influence Izmir and find appropriate remedies for Izmir's problems.

One may infer from all these discussion that, RDA is a debatable issue for Turkey since the agencies demolish the existing traditional relations between the state and the public and build a new relationship on coordination and participation. It is a novel and innovative effort on regional development, which will both accelerate development in regions and build subnational level, which will interact with the EU level.

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