

REGIONAL POLICY OF EUROPEAN UNION
AND COHESION OF TURKEY
WITH EU LEGISLATION

A Master's Thesis

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September 2008

To my family

REGIONAL POLICY OF EUROPEAN UNION
AND COHESION OF TURKEY
WITH EU LEGISLATION

The Institute of Economics and Social Sciences
of
Bilkent University

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September 2008

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ABSTRACT

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The aim of this thesis is to identify where Turkey stands in the context of the EU's regional policy and which challenges exist on the road to alignment with EU's regional policy and in fulfilling the requirements for candidate countries. Reducing the regional socio-economic gaps between the regions in Turkey is a key issue area in Turkey's accession process to EU. However, socio-economic measures are not sufficient alone to provide this harmonization and promote regional development because Turkey's administrative structure has been highly centralized system of government, which appears as a challenging factor against the rapid and effective implementation of the regional policies at the local level.

Key words: European Union, Regional policy, Turkey, Structural Funds, Cohesion Fund.

ÖZET

AVRUPA BİRLİĞİ BÖLGESEL POLİTİKASI VE TÜRKİYE’NİN AVRUPA BİRLİĞİ MEVZUATINA UYUMU

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Bu yüksek lisans tez çalışması Türkiye’nin AB bölgesel politikası çerçevesinde bulunduğu konumu ve bölgesel politika alanında AB ile uyum sürecinde ve AB’nin öngördüğü koşullar çerçevesinde Türkiye’nin önündeki engelleri belirlemeyi amaçlamaktadır. Fakat, Türkiye’nin merkezîyetçi idari yapısı Türkiye’nin yerel düzeyde hızlı ve etkili bölgesel politika yürütmesinin önünde en büyük engeli teşkil etmektedir. Eşitsizliklerin azaltılmasını sağlamada sosyo-ekonomik önlemler yetersiz kalmakta ve konu ile ilgili idari yapının bölgesel kalkınma stratejilerini etkili hale getirebilmesi için politika araçlarını desteklemesi gerekmektedir.

Anahtar kelimeler: Avrupa Birliği, Bölgesel Politika, Türkiye, Yapısal Fonlar, Uyum Fonları.

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CHAPTER I

INTRODUCTION

The thesis aims to identify where Turkey stands in the context of the European Union's (EU) regional policy and which challenges exist on the road to alignment with EU's regional policy and in fulfilling the requirements for candidate countries. It evaluates the attempts of Turkey's harmonization with the EU regional policy field. Turkey's alignment with EU has generated a concern for establishing and implementing a more comprehensive and coherent regional policy in line with the EU standards and the reasons of these concerns will be indicated in my research. Accession Partnership Document and National Programme for the Adoption of the Acquis (NPAA) prompted Turkey to undertake the necessary adjustments and coordination under the Chapter of "Regional Policy and the Co-ordination of the Structural Instruments". In the NPAA, Turkey has committed itself to legal and institutional changes that will contribute to its adjustment to EU regional policy. On the policy front, a key effort has been made to develop the regional

policy concerning the new division of the priority areas under NUTS¹ II regions. “A proliferated stress is now being placed on developing multi-annual and multi-sectoral integrated programs and their operational management through an appropriate and competent implementation mechanism at local level”. Therefore it is sound to suggest that accession process functions as a channel for the regional policy improvement in Turkey.

The thesis explores the challenges that Turkey face with in adopting EU *Acquis Communautaire*. In the progress towards harmonization with European regional policy, backwardness of the local administrative structures and the absence of regional structures appear as a difficulty to be dealt with a particular concern. Turkey has always had a centralized system of government and this centralization is reflected in its regional policies and projects as well as in its institutional structures. At this point, the failure in the implementation of regional policies can mainly be attributed to the lack of an effective institutional structure with corresponding distribution of financial resources at the local/regional level. Since the regionalization is strongly deemed to be associated with separatism and demands for political autonomy, the empowerment of sub-national structures may pose a challenge in the

¹ The Nomenclature of Territorial Units for Statistics which is a standard for referencing the administrative divisions of countries for statistical purposes.

harmonization with EU policy. Also, the top-down management tradition also contributes to this challenge because there is an inhibiting belief that the center knows the best. The tradition of central planning creates a difficulty in the power sharing with the lower levels of authorities. Since the planning tradition in Turkey has evolved around national planning and around a sectoral base, the country is not accustomed to regional development planning. Hence, the country has not developed appropriate institutional structures and capacity at the regional level.

The thesis stresses out what Turkey should do in order to overcome these challenges. The management of a comprehensive regional policy requires decentralized and coordinated local bodies as well as the effective central government. As the well-organized management capacity is core to project implementation, empowerment of regional and local bodies is essential in order to achieve effectiveness in line with the EU standards. Therefore Turkey needs to show remarkable efforts in order to develop competent central and local structures with the purpose of advancement and implementation of the regional policy.

The thesis is composed of five chapters. The first chapter is introduction. The second chapter explains the concept of region in Europe, regional disparities

and regional policy of the European Union. While defining the regional disparities, their reasons and results are identified. The objectives of the regional policy are explained under three headings: Convergence, Regional Competitiveness and Employment and European Territorial Cooperation. Institutions which conduct regional policy and instruments which sustain regional development like structural fund, cohesion fund and community initiatives are explored.

The third chapter analyses the concept of region in Turkey, regional disparities in Turkey and regional policy of Turkey. Regional policy instruments in Turkey are identified. Administrative structure of Turkey in regional policy field is explained through central and local administration in Turkey. The legislation in regional policy field is examined and regional development projects like Southeastern Anatolia Project, Zonguldak-Bartın-Karabük Regional Development Project, Eastern Anatolia Project, and Eastern Black Sea Development Project. At the end of the chapter three, rural development projects are evaluated and five year development plans reviewed.

The fourth chapter assesses the cohesion of Turkey to EU regional policy with examining the expectations of EU from Turkey according to the principles of partnership, programming, concentration, implementation structure, and

approach to regional policy, project selection, efficiency evaluation, private sector involvement and effectiveness. EU conditionality in regional policy and cohesion of Turkey is evaluated. The Turkey's steps towards the cohesion like decentralization process, establishment of Regional Development Agencies, adaptation of territorial organization are indicated.

Finally, the conclusion chapter asserts that, Turkey has made progress in adopting its regional policy with EU in institutional framework, administrative capacity, programming, monitoring and evaluation; it has to take further steps especially within its administrative structure. The thesis reaches a conclusion that Turkey needs to develop an effective central government and decentralized and coordinated approaches to harmonize its regional policy with the EU standards.

CHAPTER II

CONCEPT OF REGION IN EUROPEAN UNION, REGIONAL DISPARITIES AND REGIONAL POLICY OF EUROPEAN UNION

2.1 The Concept of Region in European Union

The definition of the concept of region is very significant because it is in the core of the regional policy of European Union. Region is a geographic term used in various ways among the different branches of geography. But in general, a region is medium-scale area of land or water, smaller than the whole area of interest (which could be, for example, the world, a nation, a river basin, mountain range, and so on), and larger than a specific site or location. If homogeneity factor is taken into account, region as a term can be described in terms of geographical, cultural, historical, residential areas and density (Brasche, 2001: 13).

When new economic structures and common interest factors are taken into account, the concept of region has four descriptions (Brasche, 2001: 13). Firstly, regions can be determined by areas which were dominated by specific sectors like agriculture, industry, tourism or, it can be determined as the areas which have frontiers with a neighbor state and economically effected from these states. Thirdly, transit regions which form long distance transport network like mountains. Last description is the regions which are affected by the economic structure of the common residential area. Welfare is another criterion which can illustrate the concept of region and the main indicator is accepted as average per capita income which determines the economic conditions of a region.

These definitions alone are not sufficient to define regional division of Europe in national and sub-national level. The determination of a region is very sensitive issues in Europe because of the regionalist movements which support differentiate feeling. This circumstance can be resulted with the special agreements like autonomy status and self-administration or separatist movements that can increase as a result of regionalist movements. In addition to this, regional policy is conducted by the related political institutions within the existing boundaries and if there is any attempt to define regional policy, it

can be interpreted as intervening the political system of the nation-state. Therefore, European regional policy is implemented according to the region definitions which were identified by the member states independently.

2.2 Concept of Region in European Union

In EU, regions are divided into planning regions, cross-border regions, administrative regions, autonomous regions, homogeneous regions and polarized regions in terms of their functions and structures (Şen, 2004: 8). So, EU developed Nomenclature of Territorial Units for Statistics (NUTS) regions which was created by Eurostat² in the beginning of 1970s without a legal basis however, it became more significant in last decade and it attained statutory basis in 2003. NUTS regions were developed as a standard to make administrative division of countries for statistical purposes of collecting and developing statistical information about regions and making socio-economic analysis of the regions. The classification also aims to determine the regional policy frameworks of the states and regions to create a comparable database.

² The Statistical Office of the European Communities (Eurostat) is a part of the European Commission that produce data for the European Union and promoting harmonisation of statistical methods across the member states of the European Union

In EU terminology, it was classified hierarchically into NUTS I, II, III regions considering with regional economic accounts and regional sections of the Community surveys. First and second levels are subdivided into second and third levels respectively. Existing administrative units in the member states shapes the territorial units and an 'administrative unit' plans a geographical area for which an administrative authority has power to take administrative or policy decisions in accordance with the legal and institutional framework of the member state (<http://europa.eu/scadplus/leg/en/lvb/g24218.htm>). The NUTS level to which the administrative unit belongs is determined by the population thresholds.

The NUTS nomenclature was created and developed according to three principles. The first principle refers to the NUTS' favoring the institutional breakdowns, which means different criteria like normative and analytical criteria can be used in subdividing national territory into regions. The second principle is the simplification of the regional units of a general character in which NUTS excludes specific territorial units and local units in favor of regional units of a general nature. The last principle is the three-level hierarchical classification which is described above.

Table: 1 NUTS Levels and Population Thresholds in Turkey

Level	Minimum population	Maximum population
NUTSI	3 million	7 million
NUTSII	800 000	3 million
NUTSIII	150 000	800 000

Source: <http://europa.eu/scadplus/leg/en/lvb/g24218.htm>

NUTSII is the main analytical level used for EU regional development policy and so, it is the most appropriate level for analyzing the regional and national problems of the member states. Within the context of structural funds, target areas which will be funded, are determined on the basis of NUTSII, economic and social cohesion reports are also arranged at NUTSII level. So, NUTSII level appears as the level that member states apply their regional policies.

2.3 Regional Disparities in European Union

Although European Union supports for the diversity within its members and regions, it is opposed to the disparities between them. There are differences between member states and their regions which create disparities like

topographical features, culture, natural resources, climate and distance to the outside and internal market, economic policies, local workforce and consumer base structure. Mostly, Eastern and Southern regions with 50 million populations live the difficulties in development because of their insufficient economic and social infrastructure. In EU, the first less developed group is the member states like Greece, Portugal and considerable portion of Spain whose economy depends on agriculture which have low income levels, high unemployment rate and inadequate infrastructure *vis-à-vis* other regions. Second group is consists of the declining industrial regions which have traditional industrial fields like coal, ship building which also have high unemployment rate. The less developed regions of Britain, France and Belgium can be given as examples to these groups (Brasche, 2001: 9).

Disparities in GDP per head across the regions of EU15 are stable in the period 1996-2001. But due to the process of European integration, the disparities between states have been increased and started to show convergence. So, the disparities between the regions and the states increased except Austria, Greece and Italy with showing polarization and delocalization processes. By the last enlargement in 2007, European Union accessed to 27 members and although this enlargement fostered the economy, it created a more heterogeneous socio economic structure. According to Commissioner

Hunber (2004), enlargement significantly increased the number of regions which are the below of threshold at which the Union intervenes to help them catch up.

The data of Eurostat about disparity levels indicates that the new member states over 92% of population lives in regions with a GDP/head under 75% of the EU25 average and 61% of the population lives in the regions below %50 in which the former EU15 countries, no regions falls below this level. In EU15, 32 regions or 14% of the population still live in regions below 75% of the EU average. Another 17 regions (16 of these in the EU15), which represent over 4% of the population would have remained under the %75 threshold without enlargement (Europa Press Release, 2005).

2.4 Reasons of Regional Disparities and Their Results in European Union

The regions of the European Union comprehends cultural, social, economic and traditional differences that are significant for the pluralistic structure of the European Union, however the disparities in welfare and economic prosperity of regions can be perceived negatively (Brasche, 2004: 14). Although, some of the states and regions have high living standards, some of them are still under

the European average and there are several factors which play role in creating the gap between the states and the regions. Since the main criteria which effects the disparities in terms of welfare is the GNP per capita, the reasons which affect the GNP per capita of the regions should be elaborated. In terms of GDP, there is tendency towards a core-periphery polarized distribution. The GDP per head is lower in peripheral areas in South and East of Europe and is higher in the core in the central part of Europe. Moreover, the highest GDP and productivity rates are concentrated in the state capitals.

There are several reasons which cause differences in GDP per capita. Firstly, there are differences in allocation of natural resources, climate conditions and settling areas between the regions which directly affect the level of income in these regions. Although some of the regions can benefit from the advantages of there factors, some of them are lack of these potentials. Second factor is the structure of local labor force and consumer base in the region (Brasche, 2004: 14). Economic success of a region partially depends on the advanced industry which relies on talented local labor force and rich consumer base. Some of the regions may have developed industry throughout its historical process but, globalization affects advanced industry negatively and globalization may transform advanced industry into old industry because of the incapability of the advanced industry handling with the effects of globalization.

There are other reasons which increase the development gap between member states and regions such as the aggregation to the rich regions; historical, social and economic events like oil crisis. Newly manufacturing countries like Taiwan, Korea, and Hong Kong expand international trade, but the crisis which is lived in textile, shipping, steel and automobile sectors, put back the economy and increase unemployment (Şen, 2004: 11). There is agglomeration effect which was created in high income areas because of the migration from other areas and regions. Agglomeration turns big cities into densely populated regions, attractive areas for both workers and enterprises, “Cumulative Causality” process starts in these areas and while economic activities are concentrated at the “Centre”, unemployment and population loss increases in the regions which were identified as “Area” (Brasche, 2001: 15).

There are also differences between regions in terms of infrastructure, transportation, telecommunication, energy, education, health, culture, and environment (Bayraktar, 2002: 10). Another indicator which shows the disparities between regions is the differences which depend on centre-area distance. It means that if a region is closer to the rich regions, it will have more opportunity to benefit from prosperity within community. Unemployment and income disparities are generally created by the

competitive capacity and productivity which are also affected by the competitive capacity (Bayraktar, 2002: 11). These differences affect the productivity and the employment across the regions and countries in EU. Regional inequalities create productivity and employment differentials. The data on productivity and employment show two opposite models of production (OECD, 2003). First data indicates the association of high levels of productivity to a low level of employment like in some regions of France and Italy. Second one is based to high level of employment associated o the low productivity jobs like in UK and Portugal. The factors which determine competitive capacity are the cost of capital, problems concerned with the infrastructure, regeneration of the production process and education.

As results of differences in allocation of natural resources, climate conditions, agglomeration effect, the structure of local labor force, consumer base, productivity and employment differentiates. So, those differences affect the GNP of the regions and create socio-economic disparities. Because of all those reasons, EU developed regional policy to decrease the socio-economic gap between its members and their regions. This process evolved according to the needs of the member states and the capacity of EU.

2.5 Historical Background of the Evolution of the EU Regional Policy

In the preamble of Treaty of Rome (1957), the founder member countries remarked the need “to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing among the various regions and the backwardness of the less-favored regions”. This expression is an indication that one of the major motives behind the foundation of the European Union is to prompt the economic development of the member states at a uniform base not only compared to one another, but also regarding their inward regional capacities. The first initiative in respect to the promotion of a harmonious development was the creation of European Social Fund (ESF) in 1958. In order to endorse inter-sectoral; thereby inter-regional parity, by the early 1960s, European Agricultural Guidance and Agricultural Fund (EAGGF) was built up.

Historical evolution of the European Regional Policy turned out to be more comprehensive and concrete with its coverage and measures in the mid 1970s when the European Regional Development Fund (ERDF) was created in order to redistribute a part of the member states’ budget contributions to the poorest regions. 1970 oil crisis, which was resulted with the economic stagnation, high rates of inflation and unemployment and the first enlargement in 1973,

which made Denmark, Ireland and United Kingdom members of the community together a closer concern for the regional development levels. With the oil crisis and the first enlargement, regional disparities started to be observed clearly which were contrary to European integration. To overcome these problems, European Regional Development Fund (ERDF) was formed to provide assistance from member states to the least developed regions of the European Union in 1975. The design and framework of the European Regional Policy followed up the process of economic integration in order to compensate or cover up wherever negative externalities were produced. The Single European Act (SEA) of 1986 laid out a basis for a genuine cohesion policy designed to counteract the burden of the single market for the southern countries and other less-favored regions. Therefore the Solidarity Funds, which are referred as the Structural Funds now, were allocated to those less-favored regions in order to promote their integration on an equitable and coherent basis.

With the Treaty of the European Union, which came into force in 1993, the Regional Policy was further widened in its significance and implications. As the Treaty assigned 'cohesion' as one of the main objectives of the Union alongside economic and monetary union and the single market, it established the Cohesion Fund with the purpose of supporting the projects in the fields of

environment and transport in the least prosperous Member States. Subsequently, European Council decided to allocate almost one third of the Community budget to cohesion policy between 1994 and 1999. In the following years, structural funds were reformed mainly in response to the enlargement process.

The Instrument for Structural Policy for Pre-Accession (ISPA) and the Special Accession Programme for Agriculture and Rural Development (SAPARD) were introduced in order to promote development in central and eastern European candidate countries. In 2006, the Council adopted “Community strategic guidelines on cohesion” which figures the basis of the new policy outlining the principles and priorities for 2007-2013.

The evolution of the European Regional Policy has been a conformation within the context of integration and enlargement concerns of the Union. The advancements in the policy framework and its measures are the reflections of aims in terms of endorsing a coherent development strategy. New policy openings or deepening efforts have been accompanied with necessary regional development strategies in order to offset the burdens of integration or/and harmonization, which may have uneven implications on different regions. Therefore Regional Policy principally has evolved both according to the

existing disparities within the borders of the Union, and according to the anticipated disparities associated within the course of widening and deepening efforts within the Union.

Regional policy of the EU has showed three dimensions since its inception in 1975 (Şen, 2004: 15). The first dimension is, regional policy provides regional approach to the other policies of the EU. While common objectives are being determined in conducting other policies of the community, development levels are always taken into consideration. Second one is the coordination of the regional development policies to prevent unstable development levels to prevent the negative effect of the development of one region the development of the others. Thirdly, regional policy reaches concrete truth through the financial supports.

To transform these three dimensions into interventions towards development, there is need to consider the socio-economic situations of the regions. Because of this reason, before the priority regions are determined and aid programs are prepared by the Council of Ministers, every year Commission prepares a report which is about the socio-economic status of the regions which is presented to the Council of Ministers.

European Union is composed of states which have different cultures, histories, traditions. There are socio-economic differences not only between 27 member states; there is also instability between the regions of the member states. Through the last enlargement which the union encloses Bulgaria and Romania, the economic and social disparities between the regions of the member states have doubled. Development gap increased among regions through the enlargement process with structural and conjunctural crisis (Bayraktar, 2002: 14). Every single member state develops its own regional policy to decrease the disparities between its regions. The issues about regional development are priority tasks of the states and they are under the responsibility of member states. Because of this reason member states has to develop their infrastructure to obtain regional development.

European Union is one of the richest regions of the world but within the 268 regions they have differences in terms of income levels and potentials which cause underdevelopment (Brasche, 2001: 14). Solidarity and cohesion are the essences of the regional policy and regional policy is based on financial solidarity, which means that all regions and their citizens should be able fully to use all the advantages of a common market and the economic and monetary union and aid to underdeveloped regions (Kersan-Skabic, 2004: 251). So, regional policy is both a solidarity tool and a factor which pushes the Union

for economic integration to develop regional policy to provide cohesion and solidarity between the regions, decrease income gap and potential differences and increase economic integration. Within this framework, to overcome the social and economic disparities between the member states European Union regional policy started to be pursued.

2.6 Objectives of European Union Regional Policy

The four main principles were defined in 1988 within the context of structural fund reforms which determine the fundamental mechanisms of the European Union are:

- Partnership, which emphasizes the co-operation between the social and economic partners in national and regional level.
- Programming, that aims to provide a linkage between the projects and the development strategy to obtain the social and economic cohesion.
- Concentration, which intends to give priority to the least developed and the most needed regions.

- Additionally, which requires that the structural funds should be used to complement the national funds?

Thereby, the local and regional authorities possessed functions during the planning and the implementation period of the regional policy and local authorities were defined as the most effective tools in resource allocation. The year 2000 can be accepted as the beginning of a new period and a turning point for the EU policies because the priority objectives, functions, organization, administration of the structural funds for the 2000-2006 periods were defined and affirmed by the commission and Lisbon Strategy was accepted. With the Lisbon Strategy in 2000, EU aims to “make Europe, by 2010, the most competitive and the most dynamic knowledge-based economy in the world”. So, EU aims to increase the average employment ratio from %61 to %70 and increase the real economic growth ratio to %3 by the year 2010. In 2005, European Council signed the relaunched Lisbon Agenda which emphasis need on mobilizing all of the national and union resources.

For the period 2007-2013 European Union reserved €308 billion fund for cohesion policy. In this new period the objectives are defined as Convergence, Regional Competitiveness and Employment, European Territorial Cooperation. Within the convergence objective, EU aims to support the

poorest member states and regions. Regional competitiveness and employment objective refers to support innovation, better accessibility to training projects and sustainable development. Lastly, EU will try to create and strengthen cross-border, transnational and interregional cooperation with the European territorial cooperation objective.

2.7 Institutions shaping regional policy in European Union

European Union institutions are not the sole responsible establishments which create and implement the regional policy and they work together with the competent institutions of the states. Local and regional institutions develop regional policies with the European Commission, European Parliament and European Council. Commission and Parliament take the first step and they prepare the draft for motion. Council will make the distribution revises. Government and competent institutions prepare a document which reflects necessities of the region. When Commission and member states reach consensus, motions will be sent to local and regional authorities. Committee of the Regions is another structure of the European Union which intends to organize the regions of the European Union. It was established in 1994 with

addressing two aims. Firstly, it provides regional and local authorities with a voice in EU and say in the development of new EU laws. And secondly, it makes public closer to the elected level of government. The opinions of the committee of the regions are not binding over the other institutions of the European Union and the execution of the motion is under the responsibility of the official authorities of the region (Brasche, 2001). There are 344 members which represent their governments at local and regional level plus 344 alternates, 27 national delegations, 4 political groups and 6 thematic commissions(sub-committees) in which big states have more members which come from the all different regions of the states.

There are three principles at the core of the Committee's work. The first principle is the "subsidiarity" which indicates that decisions should be taken by authorities which are closer to the public because EU cannot try to resolve the problems with its sanctions which must be resolved by the regional and local authorities. Second one is the principle of "proximity" which emphasis the government should aim to be close to the citizens at all level and citizens should be appraised of delegation of authority. Consequently, the organization of the work becomes more transparent. Thirdly, principle of "partnership" states that national, local and regional authorities should work with EU during

the decision making process. Committee is significant for the enlargement process of EU because it provides information about the accession process.

There are other institutions which have role in project execution process are European Investment Bank (EIB), European Court of Auditors. The credits which are used for the main infrastructural projects are under the responsibility of the EIB. It also provides low loan interests to the co-finances and small debts which take credits for the development of the regions. The control and the supervision of the EU financial aid are also under the responsibility of the European Court of Auditors.

2.8 Instruments Sustaining Regional Development

The instruments of the regional policy can be categorized as the instruments for the member states and the instruments for the candidate countries. Financial instruments which aim to create solidarity are Structural Funds and Cohesion Fund.

2.8.1 Structural Funds

With Single European Act in 1989, funds were congregated under the structural funds which aim to harmonize the economically less developed regions, improve declining economic areas, combat with unemployment in long term through reintegrating youths and unemployed people into the work life, provide cohesion between the employees and the exchange in the system of production in industry, provide consistency between the structures in agriculture and fisheries and common agricultural policy (CAP) (Şen, 2004: 21). European Union allocates almost 1/3 of its budget to finance regional policy. For the period of 2000-2006 the cohesion instruments was worth € 213 billion. For the period of 2007-2013 the cohesion instruments will be worth € 308 billion which aims to support regional growth agendas and to stimulate job creation. There were two main criteria which defined the allocation of structural funds for the period 2001-2006. Firstly, the regions should have 75% lower GDP per capita than the EU average and secondly, if GDP per capita is higher than the EU average, region should have difficulties expanding to the global networks.

New three main objectives were defined and regulates again in 2007-2013
Structuralfundregulations(http://ec.europa.eu/regional_policy/sources/docoffic

[/official/regulation/newregl0713_en.htm](#)). Firstly, under the convergence objective which EU aims to help poorest regions and states with GDP per capita is lower than the 75% of the EU average. 82% of the 308 billion will be concentrated on the convergence objective. Funds will be provided to new member states and also to the EU 15 to obtain convergence.

Second objective is the regional competitiveness and employment which aims to help regions that could not catch up the speed of globalization and information society. So, EU aims to support innovation, sustainable development, and better accessibility and training projects under the second objective. Thirdly, EU aims to improve interregional cooperation through European territorial objective. It is the new criteria of the union which EU will try to trigger the cooperation between city centers, urban areas, and coastal areas. A network will be established among small and medium size enterprises (SME) and to direct the program a new institution will be established.

For the next period of cohesion programmes between 2007 and 2013, three initiatives were prepared. Projects which are developed in the regions will be funded by using these three instruments. These instruments are JASPERS, JEREMIE, and JESSICA. JASPERS is the joint assistance in supporting projects in European regions and it aims to increase the quality of the projects.

JEREMIE is Joint European Resources for Micro to medium Enterprises. It also supports to find joint European resources, venture capital and debt funds for the SMEs. JESSICA is the common European aid to obtain sustainable investment in the cities. It will also generate additional debt resources for the development of regions.

Five new regulations were adopted by the council and the European parliament for the next period and the objectives had their legal basis through this package of five regulations. First one is the general regulation that defines common principles, rules, and standards for the implementation of three cohesion instruments: European Regional Development Fund (ERDF), European Social Fund (ESF), and the Cohesion Fund. A new programming process, common standards for financial management, control and evaluation was set up by the regulation. As a result, management of structural funds became simpler, more proportional and de-centralized by the reformed delivery system.

European regional development (ERDF) fund aims to reduce regional disparities through promoting public and private investments and it supports the programmes which addresses regional development, economic change, enhancing competitiveness and territorial cooperation. Its funding priorities

include research innovation, environmental protection, and risk prevention while infrastructure investment retains as an important role. For the next period, European Social Fund (ESF) will be implemented along with European Employment Strategy and it will focus on four key areas: increasing adaptability of workers and enterprises, enhancing access to employment and participation in labor market, reinforcing social inclusion by combating discrimination and facilitating access to labor market for disadvantaged people and promoting partnership for reforming the fields of employment and inclusion.

Cohesion fund contributes to the environmental interventions and trans-European transportation networks. Member states with a gross national income (GNI) of less than 90% community average can benefit from the cohesion fund. It covers all new member states and Greece, Portugal, Spain which will be eligible to Cohesion Fund on transnational basis.

In the new period, funds will contribute alongside the ERDF to multi annual investment programmes which means that they will be managed in decentralized way rather than being subject to individual project approval by the Commission. Fifth regulation is the European Grouping of Territorial Cooperation (EGTC) which aims to facilitate cross border, transnational and

interregional co-operation between regional and local authorities. This new legal instrument will also implement territorial cooperation programmes with conventions agreed between the participating national, regional, local or other public authorities.

2.8.2 Cohesion Fund

Cohesion fund is a structural instrument which aims to reduce economic and social disparities as well as stabilizing their economies in member states. Cohesion fund finances the 85% of eligible expenditure of major projects involving the environment and transportation structure for the least prosperous states whose GNP per capita is below 90% of the EU average. For the period 2004-2006 EUR 15.9 billion was reserved for cohesion fund and half of the funding used to support the new member states. Spain, Greece, Portugal and Ireland are eligible under Cohesion fund. After 1 May 2004, with EU enlargement all new member states (Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia became eligible for cohesion fund.

Cohesion fund is conditional and eligible states have to comply with their convergence programmes for economic and monetary union. After 2006 Cohesion fund became more integrated into operation of the mainstream structural funds. Commission proposal indicates that there is also switch from project based support to programme based support and the assistance will also cover projects in the fields of energy efficiency, renewable energy and intermodal, urban or collective support.

2.8.3 Community Initiatives

Although regional projects and programmes depend on devolution of authority principle, community initiatives appears as an exception. The goals of the community initiatives are to facilitate the implementation of EU policies at regional level and to procure to benefit from advantages of structural funds (Mousis, 1998: 116). Within this framework, four horizontal programmes were prepared by the EU initiatives for the 2001-2006 periods. Although financial resources which are reserved for the INTERREG, LEADER + and URBAN programmes, they can be able to effect the regions.

Interreg III which was funded under ERDF, was one of the common initiatives which aimed to stimulate interregional cooperation in EU between 2000 and 2006. It supported to strengthen economic and social cohesion by cross border, transnational and interregional cooperation to foster balanced development of the continent. EU combats with the inequalities and discrimination in entering the common market of employment through EQUAL which is funded by ESF and it will be implemented until 2008 with financing projects that needs international cooperation. LEADER + which was funded by ESF, was designed to help rural actors with considering long term potential of the local region and it encouraged the implementation of integration with high quality, original strategies for sustainable development with focusing on the partnership and networks of exchange experience. URBAN aimed to improve the cities of member states and neighbor states with the perspective of sustainable local development.

There are also structural cohesion instruments for central eastern European countries: PHARE, ISPA and SAPARD. They are accepted as the three legs of the pre-accession strategy. PHARE covers the programs which intend to reconstruct economy and finance the projects about regional development policy, strengthening institutional capacity, improving SME projects, participating community programmes in which ISPA and SAPARD. ISPA

finances in transportation, environmental protection and infrastructure investments. Lastly, SAPARD support modernization of the agriculture and the facilities about rural development.

Table 2: Structural funds: Instruments and Objectives for the Periods of 2000-2006 and 2007-2013.

2000-2006		2007-2013	
Objectives	Financial instruments	Objectives	Financial instruments
Cohesion fund	Cohesion fund	Convergence and competitiveness	Cohesion Fund ERDF ESF
Objective 1	ERDF ESF -Guidance FIFG	Regional competitiveness and employment -regional level -national level European employment strategy	ERDF ESF
Objective 2	ERDF ESF	European territorial cooperation	ERDF
Objective 3	ESF		
Interreg	ERDF		
URBAN	ERDF		
Leader+	EAGGF-Guidance		
Rural development and restructuring of the fisheries sector (outside Objective 1)	EAGGF-Guarantee FIFG		
Nine objectives	Six instruments	Three objectives	Three instruments

Source: European Commission (2004c:29)

CHAPTER 3

THE CONCEPT OF REGION IN TURKEY, REGIONAL DISPARITIES, REGIONAL POLICY INSTRUMENTS AND IMPLEMENTATIONS

3.1 Concept of Region in Turkey

Like European Union, the concept of region is not well defined in Turkey. While dividing Turkey into regions at least one of the geographical, economical, historical, cultural, environmental and administrative criteria can be used. Turkey was divided into seven regions in terms of its topography and climate and the purpose of the division is not political. Moreover, there is also no regional basis in administrative structure of Turkey. Only planning regions in Turkey can be categorized as less developed regions, deteriorating regions,

problematic industrial regions, regions which are under pressure of development, rapid reaction regions, risk regions, sensitive regions and regions which have special status (Şen, 2004: 30).

In Turkey there are also priority regions for development (KÖY) which were determined as a result of evaluating regional policy as the development policy. These regions have huge development gaps and to reduce regional disparities, some provinces and regions in Eastern Anatolia and South Eastern Anatolia were identified as priority regions for development. In every planning period, it is implemented as stimulate industry policy in 49 provinces and 2 counties. Government aims not only industrial development in priority regions for development, it also intends to restructure and development in agricultural sector. The number of priority regions for development is too high and resources are scarce. So, resources should be used more effective and rational of less priority regions can be determined to give more efficient aid. In Turkey, in the regions which are defined out of the administrative division, the region's city limits which are the administrative units and the public institutions have problems in working together.

Table 3: The Priority Regions for Development which were Defined by the Council of Ministers of Turkey

Provinces:	Çorum	Kırıkkale	Sivas
Adıyaman	Diyarbakır	Kırşehir	Şanlıurfa
Ağrı	Elazığ	Kilis	Şırnak
Aksaray	Erzincan	Malatya	Tokat
Amasya	Erzurum	Mardin	Trabzon
Ardahan	Giresun	Muş	Tunceli
Artvin	Gümüşhane	Nevşehir	Yozgat
Bartın	Hakkari	Niğde	Zonguldak
Batman	Iğdır	Ordu	Van
Bayburt	Kahramanmaraş	Osmaniye	
Bingöl	Karabük	Rize	Counties:
Bitlis	Karaman	Samsun	Bozcaada
Çankırı	Kars	Siirt	Gökçeada
	Kastamonu	Sinop	

Source: <http://www.dpt.gov.tr>

3.2 Regional Disparities and Their Results in Turkey

In Turkey, western regions are more developed and they keep on improvement more than the eastern regions because of differences in terms of their historical development, the potential resources and settling areas. Development of western regions had an adverse effect on the other regions of Turkey and caused increase in the socio-economic gap between west and other regions.

There are socio-economic disparities in regions of Turkey in terms of GDP, unemployment rate, literacy rate. The reasons of these disparities are unbalanced distribution of resources, ineffective utilization of resources, inappropriate topographic structure, hard climate conditions, distances to the internal and external markets, dispersed settlement structure and lack of investment, rapid population growth, lower educational levels, interregional immigration, deficiency in investment service, unemployment, inefficient infrastructure, shanty settlement and geographical distribution of industrial establishments (NPAA, 2001: 382).

Rapid population growth is one of the factors which increase the regional disparities in Turkey. The rapid increase in population causes difficulties in living conditions and creates inefficiency in providing public services and employment. There are also imbalances in distribution of the population according to the regions. The results of 2000 population census shows that %26 of the total population live in Marmara region, %17 in Central Anatolia region, %13 in Mediterranean Region, %13 in Aegean region, %12 in Black Sea Region, %10 in Southeastern Anatolia and % 9 in Eastern Anatolia (DIE, 2000: 5). Moreover, migration is seen as another reason of rapid population growth and in less developed regions the migration is higher because of the socio-economic conditions and the traditional structure of them.

In Eastern and Southeastern Anatolian regions, educational level is lower, population planning is less efficient, women and children are in a poor state of health and the status of women is less developed than the average of Turkey. In Eastern regions, the number of high schools and universities are less than in Western regions of Turkey. Furthermore, the academic staff, physical infrastructure and equipment of the universities are still insufficient to provide regional development through enhancing human resources and stimulating the resources in the region. Social infrastructure is also inadequate to keep professional manpower in the regions.

Another problem which is created by the regional disparities and rapid population growth is the inter-regional migration. In addition to the inter-regional migration, there is also migration from rural areas to more developed cities. The unfavorable impact of the migration is most experienced in Ankara, Bursa, Istanbul, Izmir, Adıyaman, Antalya, Diyarbakır, Batman and İçel (Brasche, 2001: 75). As a result of intra-regional migration, socio-economic problems appeared in the fields of education, sheltering, health, infrastructure, employment. Unemployment in the cities also caused demand of infrastructure, shanty settlements and environmental problems (Şen, 2004: 32).

After 1990s, people who lived in Southeastern and Eastern Anatolia regions migrated from rural areas to urban areas because of the security concerns. Especially, the cities which are the centers of the regions like Adıyaman, Diyarbakır, Van, Şanlı Urfa received mass migration and this created overpopulation and problems in these cities. Although urban areas grow physically, their municipalities could not able to perform their infrastructural services adequately and on time because of the insufficiency in resources, uncertainty in objectives, deficiency in co-operation and personnel. Socio-economic development indexes indicate that Marmara (1,7), Aegean (0,48), Central Anatolia (0,48) and Mediterranean (0,02) regions are above; Black Sea (-0,5), Southeastern Anatolia (-1), Eastern Anatolia (-1,1) are below the average of Turkey (Dinçer, Özaslan, Kavaşoğlu, 2003: 82). In Turkey, regional disparities are also higher than the EU average. According to OECD data, GDP per head in terms of PPS is only 33.4% of the EU average. The available data about the GDP per head by 80 provinces of Turkey in 1997 numbers indicates that the west of the country in which has two-thirds of the population accounted for the 82% of national GDP with the 23% GDP per head which was above the national average. In the east, GDP per head was 53% of the national average. In İstanbul and İzmit, GDP per head was above the above the national average and around the half of the EU average.

West regions have aggregated economic development and social capital through trade relationships with West and global economic influences. On the other hand the East regions are still backward vis-à-vis west and they have been suffering from social and economic problems. These problems of the east led to the emergence of Turkish-Kurdish conflict in the East and Southeast regions in last two decades (Bilen, 2005: 2). Disparities in regional development still continue because of incomplete infrastructural investments which are caused by the insufficiency of resources and the lack of cash flow.

3.3 Regional Policy Instruments in Turkey

Five year development plans are used to determine the long term strategy for regional policy of Turkey. Within this framework, two main instruments that have been utilized: regional development/rural development projects and incentives towards public and private sector (Sen, 2004: 33). Regional development projects started to be implemented with the Turkey's transition into the planning period. The projects that were completed and continue can be listed as Eastern Marmara Project, Çukurova Region Project, Antalya Region project, Zonguldak-Karabük-Bartın Regional Development Project, Eastern

Anatolia Project (DAP), Eastern Black Sea Development Project (DOKAP), Yeşilirmak Basin Development Project and Southeastern Anatolia Project (GAP). The most comprehensive project in this field is the southeastern Anatolian project. Rural development projects aims to increase prosperity in underdeveloped regions through agricultural activities and increasing income. The completed and still prepared rural development projects can be listed as; Çankırı- Çorum Rural Development Projects, Erzurum Rural Development Project, Bingöl-Muş Rural Development Project, Yozgat Rural Development Project and Ordu-Giresun Rural Development Project.

Within the context of incentives towards public and private sector, there is government assistance to state of emergency regions and priority regions for development within the framework of law No. 4325 that aims to create employment opportunities and investment in 22 provinces. Some of the instruments are income tax and corporation tax exception, investment locality free-of-charge, postponement of exaction of taxes from the employees. There is also resolution about the government aid within the field of investment. These aids are composed of investment promotion, custom tax and public housing fund exclusion, value added tax exclusion, tax-duty-fee exclusion, found origin credits, allowance of real estate free-of-charge and support to the Small and Medium size Enterprises (SME). The last incentive is the

investments that can utilize from the support in developed regions in which some of the investments sectors that can use these aids are electronic industry investments, electric energy production investments, naval construction investments and build-operate or build-operate-transfer investments. Although these incentives and exceptions encourage the investors, it is inadequate to provide economic and sustainable development because of the size of the resources, inadequacy of the savings, ineffective usage of the existing resources and the problems in execution (IKV, 2001).

3.4 Administrative Structure of Turkey in Regional Policy Field

3.4.1 Central Administration in Turkey

In determination and implementation of regional policy, Turkey follows centralist and dispersed approach. Although central authority, ministries and some of the head offices have roles in determination and implementation of regional policy, only central authority defines development policies and planning procedure which also ensures and allocates the resources for the regional development plans. State Planning Organization (SPO) was established by the 1960 constitution and its establishment and functions were

specified as to assure using resources efficiently and apply economic, social and cultural planning services as a whole efficiently, systematically and quickly to fasten development under the 540 degree law. SPO which is responsible for the long term planning for economic development is the main institution which has direct relationship with the regional policy. It also prepares and implements one year programs which it is responsible to implement.

Regional development projects are prepared with the coordination of SPO which is also in collaboration with the other institutions. New departments have been established to accommodate changing realities and to take the task of managing the EU funded regional development programs under SPO. Under the structure of the SPO, General Directorate of Regional Development and Structural Adjustment was established. Its task was defined as to make research and planning in terms of provinces and districts and to provide consistency between the development plans, annual programs and the other public institutions. SPO develops projects to solve the problems which are derived during applying structural cohesion policies. It also improves policies for the problems of SME, craftsmen and artisans, rural areas and it deliver opinions about institutional and juridical harmonization to these sectors, determines the needs of KÖYs and strives for obtaining rapid development

and coordinate regional development projects, delivering opinions, contact with international organizations and attending to the negotiations (<http://mevzuat.dpt.gov.tr/khk/540#bgyu>).

Southeastern Anatolia project (GAP) started to be implemented in 1989 as a multi-sector integrated project, aimed to achieve sustainable development for 9 million people. The goal of the GAP project is to eliminate regional disparities through raising income level and living standards. It also gives consultancy services for the entrepreneurs in the regions. Another institution which has indirect effect on regional policy is the KOSGEB which gives consulting service to the entrepreneurs in priority regions for development about investment guidance, preparing preliminary project and feasibility, cracking the investments that were unfinished and paused. KOSGEB also gives support to create area of employment and it tries to develop priority regions for development through increasing the income level of the people. Its task also covers reducing migration, pushing SME to create area of employment, giving training and consultancy services to prompt new entrepreneurs to set up businesses.

To provide regional development, regional development institute was created under the structure of KOSGEB for supporting SME and investors (NPAA,

2003: 347). Regional development institute has the mission of reducing regional disparities, increasing international and national activities of the enterprises and developing programs for balanced development within regions. Regional development institute collaborate with general directorate of small enterprises development in its programs and projects. Ministry of Industry and Trade and Ministry of Public Works and Settlement are other institutions which have role in forming regional policy. Ministry of Industry and Trade is responsible for the establishment of small industrial zones, coordination development and organization of small industries and crafts. Ministry of Public Works and Settlement is responsible for the implementation of environmental planning. Other institutions like General Directorate of Highways and the Bank of Provinces which make contributions to the related ministries and institutions.

Other establishments which have indirect role in developing regional policy of Turkey are; Ministry of Environment and Forestry, Ministry of Labor and Social Security, Ministry of Energy and Natural Resources, Ministry of Culture and Tourism, Turkish Treasury, Ministry of Agriculture and Rural Affairs, State Institute of Statistics, Public Waterworks Administration, General Directorate of Rural Services, Development Bank, Turkish Standard Institution, National Productivity Centre, Undersecretariat of Foreign Trade

and Halkbank. All these establishments have their own tasks which were emphasized in their preliminary laws and other special laws.

SPO supervises and controls the regional development projects activities and the investment projects of the institutions. SPO affirms the project and programmes if it finds them appropriate and it offers council of ministers to grant needed allowance from the next years' budget. Regional projects are financed by the loan capitals and appropriations which are reserved for the responsible institution. Annual programs which are prepared within the framework of Five Year Development Plan set the amount of funding and the instruments in the annual budget. Resources which were reserved for the municipalities and state provincial administrations are allocated through the Bank of Provinces. Ziraat Bank supports agricultural production in rural areas and Halkbank supports craftsmen and artisans through low interest credits.

3.4.2 Local Administration

Special provincial administrations, municipalities and village headmen's offices are the other actors which display as decision making units in regional

development in which there is not any hierarchic structure between these units. Hence, they do not have to operate within coordination. The powers and the responsibilities of the Special provincial administrations are given them by the central government and the governor represents the state as the head of the administration. It is composed of general provincial council and the standing provincial committee as the decision making bodies, oversees by the governor.

In Turkey, municipalities are the settlement areas which have a population over 2000. There are 3216 municipalities in Turkey which are comprised of municipal council, municipal committee, overseen by the mayor. Mayor and municipal council members are elected for a 5 year period. The administration of villages is executed by the village headman and the executive village committee who takes office through election. Villages are subject to the provincial administration and central government because their have limited powers and budgetary capacities.

The functions of the local administrations within the context of regional policy (NPAA, 2003: 384).

- Planning and implementation of activities concerning regional development
- Leading entrepreneurship activities on a regional basis

- Provision of the required information on development activities.

Additional responsibilities and functions can be vested to local governments by central ministries. The Bank of Provinces has an active role in development process of the villages and the cities. Municipalities make their functions through the resource transfers of the central government. During the wealth transfer to the municipalities, political considerations corrupt the resource distribution and obstruct the efficiency of the facilities. Treasury guarantee is also needed for the outsourcing infrastructure investments of the municipalities and this creates malfunctioning. Although the functions of the local administrations are seen legally extensive, it is limited in terms of application because of the centralist tradition of Turkey.

It is obvious that it is difficult to eliminate regional disparities through a centralist administration system. One of the factors is the significant effect of the exponential private sector and civil society. Another important factor is the tendency of European Union towards the autonomous governance system and devolution of power. EU expects from local administrations of Turkey to have more function in planning and implementation process in the regional policy field. Turkey used most of its pre-accession financial assistance for economic and social cohesion. Local administrations have the priority to use the funds which were anticipated by the preliminary national development

plan prepared by the SPO with the help of local administrations. Regional development agencies will be defined by the government to apply regional development strategies. Agencies will be responsible for conducting policies to decrease social and economic disparities. There is another reform that aims to decrease the power of central administration is the local administration reform bill which was prepared by the ministry of interior, aims to increase the power of the local administrations during the adaptation process to EU. According to the bill, after defining the functions and responsibilities of the central administration, all other local functions and powers should be left to the responsibility of the local administrations.

3.5 Regional Policy Legislation in Turkey

Within the context of regional policy, there is not a unique legislation framework in Turkey. All of the institutions which have role in conducting regional policy implement their functions about regional policy within the framework of Turkish legislation in accordance with the five year development plans.

Table 4: Regional Policy Legislation in Turkey

Statutory decree No. 540 on establishment and duties of state planning organization (Official Gazette No.21970 of 24 June 1984)
Law No. 3152 on the establishment and duties of the ministry of interior (Official gazette No. 18675 of 23 February 1985)
Law No. 1580 on Municipalities (Official Gazette No. 1471 of 14 April 1930)
Statutory decree No. 388 on the Establishment and the Duties of the Southeastern Anatolia Project Regional Development Administration (Official Gazette No. 20334 of 6 October 1989)
Law No. 3621 on Coastlines (Official Gazette No. 20495 of 4 April 1990)
Law No. 775 on Shanties (Official Gazette No. 12362 of 30 July 1966)
Law No. 442 on Villages (Official Gazette No. 336 of 18 March 1340)
Law No. 3624 on the Establishment of Small and Medium Industry Development Organization (Official Gazette No. 3624 of 20 April 1990)
Law No. 2510 on Settlement (Official Gazette No. 2733 of 21 June 1934)
Law No. 6831 on Forestry (Official Gazette No. 9402 of 8 September 1956)
Law No. 3194 on Public Works (Official Gazette No. 18749 of 9 May 1985)
Law No. 3360 on Special Provincial Administrations (Official Gazette No. 19471 of 26 May 1987)
Law No. 3030 Amending the Law on the Administration of Metropolitan Municipalities (Official Gazette No. 18453 of 9 July 1984)
Law No. 4325 on Creating Employment and Incentives for the Investments in Villages (Official Gazette No. 23271 of 27 February 1998)
Law No. 4369 Amending the Legislation on State Aids in investments (Official Gazette No. 23417 of 29 July 1998)
Law No. 4759 on the Establishment of the Bank of Provinces (Official Gazette of 2 June 1945)
Statutory Decree No. 180 on the Ministry of Public Works and Settlement (Official Gazette of 13 December 1983)
Law No. 3465 on Highways and the Maintenance and Repair Works for Highways
Law No. 2873 on National Parks (Official Gazette of August 1983)

Source: Republic of Turkey, Prime Ministry, the Secretariat General for EU Affairs (2001), Turkish National Programme for the Adoption of Acquis.

In Turkey it is difficult to provide coordinated and effective distribution of resources because there are many institutions in respect of regional policy and legislation is divided between them. This way of allocation of scarce resources affects the efficiency and timing of the projects negatively and causes extravagance of the resources. So, central government should provide strict and simpler coordination between the institutions and financial resources should be accumulated under the same framework to supervise projects efficiently.

3.6 Regional Development Projects and Rural Development Projects in Turkey

3.6.1 Regional development projects in Turkey

The first planning initiatives in Turkey were started during 1950s and in 1960s when Turkey started to take important steps about regional planning. The Bank of Provinces started to conduct the development plans and infrastructure projects of the local governments.

Southeastern Anatolia Project

Southeastern Anatolia project encloses 9 provinces in Southeastern Anatolia region with a total population of 6.2 million. The income per capita in the region is 1,619 dollars which is almost half of the national average (NPAA, 2003: 385). It is the first EU funded regional development initiative with its € 47 million budget and 5-year duration. It is planned to construct 19 dams and 22 hydroelectric power stations. The scheme of GAP was started as ad hoc projects in late 1970s and they were united under the GAP administration in 1989 which has been the sole regional administration in Turkey. The draft law on research and development agencies states that GAP administration will be replaced by regional development agencies. The three components of EU supported GAP programme are identified as; SME development, rural development and cultural heritage (Reeves, 2005: 9). the planning method of the project is multi-dimensional, inter-sectoral and decentralist which covers investments in urban and rural infrastructure, agricultural infrastructure, transport, education, health, housing, tourism and other sectors (NPAA, 2003:385).

GAP is the most comprehensive project in Turkey but it improves very slowly because of the financing and co-operation problems (Brasche, 2001: 86).

Local sources are not enough to carry on investments in the region. Because of the multi-sectoral and integrated structure of the GAP, it is very difficult the public institutions and the private sector to co-operate with each other in order to provide co-operation in terms of administrative units.

Eastern Anatolia Development Programme (EADP)

EADP covers 4 provinces around the lake Van; Van, Hakkari, Bitlis, Muş which became a NUTSII region in 2002. €45 million is reserved for 3-year duration. The components of the programme are agriculture and rural development, SME development, tourism and environment and social development. EADP was aimed to be the first integrated regional development project in Turkey (Reeves, 2005: 8).

Agriculture and rural development aims to help farmers to improve their knowledge and skills in terms of production methods, income generating activities, forming cooperatives and improving marketing. The fundamentals of the SME component are consultancy and training. SME grant scheme was also created to assist micro and small enterprises with their investment needs.

The programme also created a small grant scheme to support vulnerable groups, especially amongst women and children. Moreover, the grant scheme assistance will be delivered through training programme. The tourism and environment aims to make region as a tourist destination area, promote tourism and conservation initiatives through a grant scheme. For the future funding, it also carries out feasibility studies for infrastructure projects in the region. The essence of the social component is to procure four mobile health units to reach particularly women and children in the more remote villages.

The GAP and the EADP programmes are characterized under the Mediterranean Economic Development Area (MEDA) assistance for the Mediterranean countries. New regulations came into force to govern pre-accession assistance to assist Turkey with the harmonization process when Turkey became a candidate country.

The Samsun, Kastamonu, Erzurum NUTSII Regional Development Programme

Although its content and delivery mechanism is almost same with the earlier programmes, The Samsun, Kastamonu, Erzurum NUTSII Regional

Development Programme supports local development initiatives, small scale infrastructure and SME development with its €52.33 budget of which the EU contribution is €40 million and 2- year duration. It covers ten provinces in three NUTSII regions. It is closer to the approach to the structural funds. The 2003 programme provides technical assistance to the projects which support developing human resources, increasing tourism, promoting rural development and similar initiatives were encouraged. The programme also contains grant schemes which targets local authorities and funds will be directed towards projects like repair of defective drinking systems, improvement of public areas.

€70 million also were allocated under the 2004 EU budget for Malatya, Ağrı, Konya, Kayseri NUTSII regions. Turkish government will also provide € 20 million assistance. Although the content of the programme is similar to the others, it will include extensive training for the agricultural sector.

Zonguldak-Bartın-Karabük Regional Development Project

The Five Year Development Plan aimed to analyze the social and economic effect of the capacity decrease of the Turkish Hard Coal Authority (TTK) and

privatize Karabük and Ereğli Iron and Steel Enterprises. It is a multi-sectoral project which has been initiated in cooperation with the public and private sector (Brasche, 2001: 84). The major objectives of the project are: analyzing the economic and social impact on the region of the capacity decrease of the Turkish Charcoal Authority and privatization of the Karabük Iron and Steel Enterprises, determining new investment opportunities for promoting private sector involvement, designing a sufficient medium and long term development plan and identifying potential investments in the region (NPAA, 2003).

Eastern Black Sea Regional Development Plan (DOKAP)

Black sea region has chronic problems like unemployment, migration out of the region, low GNP per capita and single sectoral economy. After the dissolution of Soviet Union, an eastern corridor was developed and Black Sea Region had the opportunity of expansion (Brasche, 2001: 85). DOKAP which comprises seven provinces of the region, was developed to asses this opportunity. The plan aimed to develop an integrated development plan for the long term and the short term development of Black Sea Region in and to eliminate regional discrepancies between the black sea region and the other

regions. The other objectives of the plan are to define priority sectors and investment projects, and to cooperate with the relevant personnel to develop planning capabilities.

To realize the project, the development strategy was established through analyzing the existing socio-economic and topographic conditions of the region. And a draft which is integrated regional development plan was also prepared for the project (NPAA, 2003). SPO and Japan International Cooperation Agency cooperated within the framework of master plan under the main headings of “Transformation in spatial structure”, “Strengthening economic structure” and “Strengthening social and environmental responsibilities”.

The other important regional development projects are Eastern Marmara planning project which aims to expand the development of the Asian part of Istanbul to a corridor which comprises the cities like Derince, İzmit and Adapazarı. Çukurova regional project is another project that intends to increase the overall income of the region through a comprehensive approach for providing income balance in the region. Investment areas were also defined within the project. Yeşilirmak havzası development project is another development initiative of Turkey which aims to make the most appropriate

planning for the operational areas. Another objective of the project is to provide the current legal proceedings and administration of the natural resources in the region. All of these projects aim to provide sustainable medium and long term development.

There are concerns about the impact of these programmes and it is too early to make an assessment about it. Although this nature of programmes cannot reduce regional disparities, they can stimulate regional economies and encourage a participatory approach to regional development, by inviting local stakeholders to think about regional needs and potential, and to design appropriate projects responding to these for the benefit of local communities.

Rural Development Projects in Turkey

Rural development projects were started to be implemented by the end of 1970s in one of two provinces in the fields of irrigation, treatment of irrigated land, construction of village roads, construction of forest roads, water supply for animal breeding, supply of drinking water, increasing agricultural production and animal production and forestation. Rural development projects aims to increase the income level of the people through increasing the capacity

of agricultural activities in underdeveloped regions. Rural development projects which were implemented in Turkey are Çorum-Çankırı rural development project (1972-1976), Erzurum Rural Development Project (1982-1989), Bingöl-Muş Regional Development Project (1990-1999), Yozgat Rural Development Project (1991-2001), Ordu-Giresun Rural Development Project (1995-2003). Although the duration and the focus of the projects are considered as the factors which affect the success of the project, management of the project is the most important element which affects the efficiency of the project.

3.7 Five Year Development Plans of Turkey

Until 1960s, Turkey has been conducted its social economic and cultural development through five year development plans (BYKP). So, BKYPs are consisted of two periods; planning period and pre-planning period. Before the planning period the first objective was to provide economic development and improvement of the national industry. Although the Turkish government was aware of the regional disparities in Turkey, the priority was given to the rapid development of industry and the investments were made to the western regions

which have rich natural resources and good transportation opportunities. Before 1960s, regional planning is seen as a construction tool for making physical location plan rather than a tool for development. After 1960s, this conception started to change towards regional development and decreasing regional disparities (Şen, 2004: 43). FYDPs were started to be prepared and regional development plans, investment initiatives, KÖY policies, industrial zones and rural development projects were established.

Five year development plans are prepared in accordance with the specialized commission's opinions and suggestions. The Commission is composed of the representatives of all public institutions, universities, private sector and all of the plans which are affirmed by the Turkish Grand National Assembly are binding for all public institutions. It takes two and half year to prepare a plan and some stages should be proceeded in the preparation of the planning. These stages are: determination of the economic potential, establishment of the macroeconomic models which are used in the plan, election of the most appropriate policy alternative, preparation of detailed draft of the plan by SPO, conduction of studies towards the preparation and allocation of sectoral planning targets, preparation of the annual programmes and definition of annual targets according to the economic conditions of each year (IKV, 2001: 78-79).

Between the 1963-1967, the important principles of the regional development were defined. The method of the plan was election of the region to make investment and definition of the sector to be invested. In 1968-1972 planning period, the principles which were brought by the first five year development plan attained concreteness. Development centers were offered to provide economic and social development and public investments and private sector were decided to be concentrated in these areas. The third five year development plan in 1973-1977 periods in which a different method of approach was pursued, the national development was assessed as a whole and regional development projects were perceived as the integrated components of this structure. Only KÖYs were included to this plan. Economic, social, cultural, educational and health measures were taken for the Eastern and Southeastern regions of Turkey in the fourth five year development plan between the years 1979-1983. In the fifth five year development plan which encloses the 1985-1989 periods, clearly defined that the significance of regional development increased in terms of the national development and planning because of this reason there is need to develop regional planning (IKV, 2001: 80). The priority was also given to the development of the public infrastructure.

Before 1990s, five year development plans were indefinite and weak in terms of their contents. After 1990, the concept of “regional planning” replaced with the “regional development”. Five year planning period between 1990 and 1994 aims to provide a balance in classification of settling areas, prevent industrial concentration, migration to the metropolitan cities and exercise control on the inter-regional migration. In this period, Turkey also tried to adopt EU policies and had to consider about the regional policy of the EU while establishing regional policies since the accession process of Turkey to the EU. The next five year development plan which is made for the 1996-2000 period, the fundamental approach aimed to decrease regional disparities to provide sustainable development and national unity. For this purpose, regional development projects were envisaged to be prepared for the less developed regions of Turkey especially, East and Southeastern regions. The 8th five year planning period 2001-2005 was adopted on the principles of sustainability, social and economic balance, and inter-regional integration, equality of opportunity, cultural development, participant and high standard of living (Şen, 2004: 46). Required legal and administration arrangements were first started to be outlined in the 8th five year development plan unlike the other plans.

The 9th five year development plan which covers the period between 2007-2013, was prepared with considering economic and social adaptation process to EU, local dynamics, the dynamics of the globalization process and regional potentials. It also creates the basis for the necessary documents in the accession process of EU like the Strategic Coherence Framework, Pre-Accession Economic Programme as well as other regional plans and programmes, especially, the Medium Term Programme and sectoral and institutional strategy documents (9th Development Programme). So, it is expected to have a significant effect in national development and Turkey's cohesion with EU. The strategic axis of the development plan is composed of increasing competitiveness and employment, empowering human resources and solidarity, obtaining regional development and increasing quality and efficiency in public services.

The vision of the 9th development plan was defined as “Turkey, a country of information society, growing in stability, sharing more equitably, globally competitive and fully completed her coherence with the European Union” (9th Development Plan, 2006-13). To achieve these visions, some principles were designated as bases:

- In economic , social and cultural areas, an integrated approach is taken as basis
- Societal contribution and ownership are provided through strengthening social dialogue and participation
- A human-focused development and management approach is the basis
- A competitive market, effective public administration and civil society will complement each other in the development process
- In providing public services, transparency, accountability, participation, efficiency and citizen satisfaction will be main criteria
- The government will strengthen its policy-making, regulating and supervising functions rather than production of commercial goods and services.
- While conducting policy formulation and prioritization, resource constraints will be taken into account
- The subsidiarity principle will be pursued
- Within the framework of common heritage and shared values, the social structure and cohesion will be reinforced.
- Natural resources, cultural assets and the environment will be protected for the future generations.

Table 5: Main Economic Indicators of Turkey

	2000	2005	2013	2007-2013 increase
GDP, Billion \$	200	363,4	797,4	-
GDP Growth	7,4	7,4	-	7,0
GDP per Capita, \$	2879	5042	10099	9,9
GDP per Capita, PPP, \$	6819	8145	15332	8,3
CPI rise, Year- end	39,0	7,7	3,0	-
Fixed Capital Investment/GDP %	22,4	19,6	24,2	9,1
<i>Public</i>	6,0	4,3	6,0	8,1
<i>Private</i>	16,4	15,3	18,2	9,4
Export (F.O.B), Billion \$	27,8	73,4	210	14,2
Import (C.I.F), Billion \$	54,5	116,5	275	10,9
Tourism Revenue	7,6	18,2	36	9,3
Tax Burden/GDP, %	30,6	31,7	30,0	30,8
Employment, (Number in Millions)	21,6	22,0	26,9	2,7%
Unemployment rate, %	6,5	10,3	7,7	-

Source: Akça, 2007, p.3

If an assessment of the five year development plans is made, it can be clearly seen that the approach of Turkey towards regional development planning is

inconsistent in terms of their scope and scale. By the development centre strategy was partially successful but only the provinces which were chosen as centers developed and neighboring provinces did not illustrate improvement. The centers also could not obtain capability to compete with developed regions and they could not become attraction centers for their regions. There are reasons behind this failure of the five year development plans. Firstly, there are lacks of physical, economic and technical infrastructure to attract the capital in the centers. The centers also did not have adequate aggregation economy and their productivity is lower than the developed provinces and there is also lack of socio-cultural and physical infrastructure.

Within the framework of FYDPs, KÖYs are determined through political choices rather than the scientific truths and economic realities (Şen, 2004: 47). Some provinces which did not have development potential were included to the KOY scope, caused excessive waste of resources. The developments plans also failed because of the political reasons and the insufficiency in resources and institutional capacity. Another factor which made five year development plans to fail, is the centralist tradition and the administrative structure of Turkey. The plans became inapplicable because of the absence of participation at local level.

CHAPTER IV

COHESION OF TURKEY TO THE EU REGIONAL POLICY

4.1 Expectations of EU from Turkey

Institutional and policy changes are required to fulfill the conditions of EU. Regional policy of Turkey can be evaluated with the criteria which compare regional policies in the accession countries of Central and Eastern Europe to the EU. These criteria indicate major principles which govern the EU regional policy. See Table 6.

Table 6: Comparison between Regional Policy of EU and Turkey

<i>Criteria for comparison</i>	Turkey Regional Policy	EU Regional Policy	Remarks
Partnership	No tradition; non-existence of regional agencies in most cases especially at NUTS II level	Different practice	A draft law for establishing RDAs at NUTSII level
Programming	No tradition except for GAP region; but recently some progress under EU influence	Already the third generation of programming documents	Excessive emphasis on analysis in regional plans, weak strategic component
Concentration	Weak	Focus on the most needy	
Implementation structure	Prevailing sectoral approach	Different systems	
Approach to regional policy	Narrow conception of regional policy and its insufficient coordination with other policies	Integrated multi-sectoral approach	Attempts towards an integrated approach in GAP
Selection of projects	Problems with transparency, no separation of functions	Clear separation of management, monitoring and control function	
Evaluation of efficiency and effectiveness	Weak tradition, performed infrequently and ad hoc	Systematic attention and pressure for further enhancement	
Involvement of private sector	Low participation for preparation and limited awareness of regional policy	Strong role, often significant initiative	

Source: Adapted from Loewendahl-Ertugal (2005)

The Table shows that there is a clear separation of management, monitoring and control function in the selection of projects in EU regional policy; whereas

there have been problems in the separation of functions. In contrast to the importance attached to efficiency and effectiveness in the EU regional policy, Turkey has a weak tradition with infrequent and ad hoc application. Also the private sector's role in regional projects has been very limited, especially in the least developed regions in contrast to EU where the private sector has a strong role.

4.1.1 Partnership Principle

Partnership criterion which was introduced by the 1988 reform of the EU structural funds, emphasis on the close involvement of regional and local bodies with the community and the national authorities in the planning, decision-making, and implementation of the structural funds (CEC, 1998). Although the implementation process belong to the national governments previously, 1988 reform ensured the sub-national level of governance a formal role in administration programmes within member states. The partnership principle was extended to include non-state actors with the 1993 reform of Structural Funds (CEC, 1993: 19). These processes in the implementation of the Structural Funds field led scholars to depict the EU governance system as

“multi-level governance” in which nation-state share its decision-making competencies with the actors at different levels like EU and regional level.

Partnership tradition is very weak in Turkey. There are several reasons of this weakness. Firstly, the constitution of Turkey states that Turkey is a unitary and centralized country. Territorial administrative units (Provinces and Districts) have very limited powers: their tasks have been executive, and based on the principle of de-concentration (Loewendahl-Ertugal, 2005: 25). Regional structures for handling power are not strong. There are three types of local governments in Turkey: provinces, municipalities and metropolitan areas, in addition to village administrations. Official regional subdivisions have not been done yet except the delineation of statistical regions in 2002 as part of conditions of EU for the accession of Turkey. There is also lack of administrative structure and institutional capacity which are overlooked by the Turkish government. The deficiency of regional administrative structures causes ineffective in the application of the principle of partnership within Turkey.

Local and regional level of governances do not involve in the preparation of regional policies. Regional planning and formulation of regional policy are assigned to the SPO in the central administration. In Turkey there are

unsuccessful attempts at regional planning which could not be implemented due to lack of administrative structures for implementation like regional plans for Çukurova, Antalya and Zonguldak regions.

4.1.2 Programming

The principle of programming was also a part of the 1988 reform of EU Structural Funds. With the reform individual funding was replaced by the requirement that projects had to form part of larger multi annual programmes for each assisted region with the aim of encouraging a more coherent, long term approach to regional development (Loewendahl-Ertugal, 2005: 26). In Turkey, GAP is the sole regional project which has its own tradition of programming. Regional plans are composed of individual project proposals and SPO prepares the annual programmes for national investments. But, macroeconomic imbalances inhibit these programmes to be realized. Economic and Social Committee of the EU reported that one of the most important premises of the European regional policy has not been taken into account which is the very tight link between the programming activity and the preliminary drafting of the budget that expose high uncertainty concerning the

availability of resources to be invested, and the same programming exercise become more difficult (ECOSOC, 2003).

Preliminary National Development Plan (pNDP) established a strategic framework for programming for pre-accession financial assistance in Turkey. It is used to be in conformity with the planning and programming documents of EU and updated in line with the strategy of Turkey for economic and social cohesion with the EU. However, pNDP has not included any operational program to be applied and the objectives and priorities remain hypothetical. Although regional programming has been the part of the planning agenda since 1960s, regional operational implementation of planning could not become the core component of the regional policy in Turkey (Bilen, 2005: 4). Turkey is still not able to analyze the regional problems deeply to be aware of underlying regional dynamics, ensure regional participation, designate operational programs which encapsulate project components and implement the actors by monitoring and evaluating the process. Simply stated, Turkey does not still have a multi annual and integrated programming strategy in policy stage.

4.1.3 Concentration

Concentration principle states that EU concentrates on spending to the most needy regions and states. EU regional policy 2007-2013 based on concentration of resources on the least prosperous regions and concentration of the effort on the Lisbon Agenda. The policy targets are over ¼ population lives in regions below 75% of EU average GDP and 14 member states have GDP below 90% of average (34% of population).

The share of resources in Turkey does not seem to reduce regional and internal disparities. National industrialization is the determinant factor in the national development plans and it became the goal. In fact, economic inefficiency in investing in under-developed regions was accepted only the initial years of the Republic because of the pressing need for national unity (Loewendahl-Ertugal, 2005: 27). It is to say that the Government preferred economic efficiency to the development policy of Turkey.

Since 1960s, regional projects were formulated for East Marmara, Antalya, Çukurova, Zonguldak and Keban regions which are moderately prosperous. The resources were transferred from small rural municipalities to the big urban municipalities. By the end of 1970s İstanbul received 40.5 percent of financial

and physical incentives and it alone accounted for 49 percent of all major industrial establishments in the country (Güler, 1998: 228).

4.1.4 Implementation Structure of Regional Policy in Turkey

Traditionally there have been two major tools of regional policy in Turkey: public investments and incentives to the private sector (Loewendahl-Ertugal, 2005: 28). The relevant agencies of central administration implement the public investments that have constricted duties, such as State Hydraulic Works, Highways authority. Three development banks and half-investment half-commercial banks (Ziraat and Halk) implement the incentives to the private sector. In terms of implementation of regional plans, there are technical, budgetary and legal deficiencies. There are also problems with the administrative organization and power vacuums. The problems of implementation show themselves at various levels (Dülger, 2001: 22-23):

- Institutional organization for implementation of plans at the national level is very weak;
- In terms of implementation of regional plans, there is no legal arrangement and division of labor between the central and sub-central administrations about the implementation of regional plans;

- The duties of provinces in the implementation of plans are not evident;
- There is need for “regional development institution models” responsible for the management of regional plan/project implementation in the regions and there is need to re-define the division of powers between the central, regional and local levels.
- Implementing agencies of the central and sub-central administrations should co-operate with each other. Regional officials, local officials, NGOs and private entrepreneurship should incorporate in co-operation into regional planning processes.

4.1.5 Turkey’s Approach to Regional Policy

The approach of Turkey to regional policy is more production related (sectoral) rather than territorially integrated development. The traditional planning method is centralized and sectoral. Sectoral planning approach refers to encourage the improvement of certain sectors without any consideration of regional or sub-regional dimensions and without making any links between different territorial spaces (Loewendahl-Ertugal, 2005: 29). The five year development plans intends to direct investments at the economic and sectoral

levels. And there is not any consideration for regional distribution because national plans emphasis on economic measures and city plans at the local level which have physical character and not suitable for undertaking regional disparities.

GAP is an exception to the sectoral approach because in 1989 the project transited from one-centre one sector planning practice to two-centers which are national and regional. On the other hand, financial resources were distributed disproportionately in favor of energy sector. A directorate based Regional Development Administration was also established for GAP project.

4.1.6 Project Selection, Efficiency Evaluation and Private Sector Involvement

In Turkey there is no separation of management, monitoring and control function in the selection of projects. Moreover, there is not transparency and there is not separation of functions in the selection of projects. Whereas EU pays systematic attention and pressure for further enhancement of EU regional policy, Turkey has a weak tradition with occasional and *ad hoc* applications.

In contrast to the EU, private sector has a limited role in regional projects in Turkey especially in the least developed regions. But, the government has tendency to increase emphasis on encouraging private sector involvement in regional projects. There is also influence of EU, World Bank and IMF which push Turkey for more private sector involvement in regional projects.

4.2 EU Conditionality in Regional Policy

EU *Acquis Communautaire* is the main document which forms the framework of accession negotiations that are conducted in different chapters. *Acquis Communautaire* is composed of 31 chapters and 'Regional Policy and Co-ordination of Structural Instruments is the Chapter 21 which is different from the other chapters because it defines the framework, implementing regulations and rules for implementing Structural Funds rather than transposition into national legislation. Moreover, under the Chapter 21 the framework and regulations lack the formal conditionality which characterizes most of the other chapters of the *acquis* and this caused in most of the candidate country not to give priority to the regional policy. So, regional policy became of the

most significant and controversial issue in accession negotiations and it was one of the last chapters to be closed by the candidates (Kayası, 2006: 3).

Since 1997, a supranational uniform model of regional governance was formulated by the EU Commission as part of its enlargement conditionality. The core requirement was defined as “regional administrative capacity”. Commission emphasis that an efficient system of public administration at regional and local level, is essential for the implementation of *acquis* and the dispersion of structural funds (Loewendahl-Ertugal, 2005: 30). The Commission states conditions in progress reports since 2000. All these reports require that Turkey should strengthen its structures for managing regional development at two levels:

- At the central level, responsibility for regional policy should be given to a specific department like SPO.
- At the regional level, regional development agencies(RDAs) should be settled up

The European Commission demands from the candidate countries administrative and institutional capacity to manage the Structural Funds. The formal basis of the negotiations under Chapter 21 on regional policy is consisted of:

- A territorial organization based on a provisional NUTS classification,
- A legislative framework that allows for implementation of the specific provisions,
- An institutional framework and administrative capacity in which tasks and responsibilities of all bodies and institutions are defined,
- An effective co-ordination between ministries,
- Programming capacity for designing development plans,
- Clear definition of procedures for multi-annual programming of budgetary expenditure,
- Implementation of partnership principle at the different stages of programming, financing, monitoring and evaluation.

Regular and Accession Partnership Reports illustrate the changes in the regional policy of Turkey and with regard to the 2004 regular report, the Preliminary National Development Plan was adopted to meet the requirements stated in progress reports which are prepared by the Commission and it aims to establish a strategic framework for programming pre-accession financial assistance for the economic and social cohesion of Turkey with EU. Turkey set up NUTS II regions (territorial units for statistical classification of regions in EU) and two different cross-border co-operation regions with Greece and

Bulgaria in 2002. Twenty six new statistical regions were established to meet EU requirement.

SPO established a new department which is responsible for the monitoring and evaluation of regional development plans. Additionally, regional statistical offices were established in each provisional NUTS II regions to develop operative regional statistics. On the other hand, these NUTS II regions lacks corresponding institutional structures and Turkey is urged to prepare regional development plans for all NUTS II regions. A draft law establishing Development Agencies was prepared (CEC, 2004).

The 2005 Commission Report states that the planning experience of SPO is still at strategic level and there are weaknesses in linking strategic plans to operational programmes. Moreover, collaboration between sectoral and regional departments of SPO is not strong, which is a vital element for defining investment strategies (Kayasü, 2006: 3). In the final evaluation the Commission states that Turkey is still need to strengthen its regional administrative capacity in order to meet EU regional policy requirements (CEC, 2005). The requirement about the establishment of RDAs was underlined and they are conceptualized as being those local/regional

institutions that will enable the adoption of local/regional governance approach in certain territories (Kayasü, 2006: 3).

4.3 Turkey's Step towards Greater Decentralization and Participation in Regional Policy

The management of a complex and broad regional policy requires an effective central government as well as decentralized and coordinated approaches. Although Turkey is still in early stages in decentralization process, the trend towards decentralization spread rapidly in Europe to strengthen the ability of local structures to meet local needs. Turkey has a unitary state where the centre is the most dominant actor and it is the heritage of the Ottoman Empire and consolidated by the nationalist government of the Republic of Turkey. This centralized culture in public administration is one of the reasons for weak regional governance in Turkey. Regionalization movements in Turkey were opposed because of the fear that they might undermine national territorial integrity which is enshrined in the constitution of Turkey. There is fear of separatism and the fear of the breakdown of the nation led observers to depict the term "Sevres Syndrome" which is the single-minded emphasis on threats

to the unity of the Turkey. It is the biggest obstacle in the way of change in areas of regional, political and economic governance.

The centralized nature of the governance has enhanced the belief that “the centre knows best” that can be accepted as the political culture of SPO and the ministries which do not want to lose power of decision making. Because of the centralized administration system of Turkey, there is also an understanding that everything should be from the top (Loewendahl-Ertugal, 2005: 34). There is top-down approach in the economic, social and regional administration of Turkey.

The management of a complex and broad regional policy requires an effective central government as well as decentralized and coordinated approaches (Bilen, 2005: 5). In Turkey public administration system is composed of the central government and local authorities. The central government is also comprised of the ministries and their field organizations. There is lack of coordination at regional level which is the function of the provincial administrative structure. The regional directorates have been set up by the central ministries and these regional directorates cover do not overlap with each other. In addition to this regional directorates do not carry out coordination function of provincial governors as the former comprise more than

one province (Loewendahl-Ertugal, 2005: 34). Consequently, too many institutions involve in the decisions related to regional development and there is lack of communication between these institutions with no co-operation and coordination mechanisms which directly affect the policy-making and implementation process.

Recent years, Turkey has attempts to transform its style of governance because of the internal and external pressures for the harmonization with the EU in preparation for accession. Last five years the constitution has been amended several times which brought a reexamination of the administrative structures. When it is compared with the last decade, today there is more support for self-government at the provincial level. Although the public administration is highly centralized in Turkey, the reforms about the state institutions gained momentum after 1999 and under the five year development plan there is a commitment which indicates the necessity of further modernization of the public administration system.

The issues about the modernization of the public administration system have been also addressed in the comprehensive public administration reform package which defines the tasks between central and local government and aims to introduce good governance principles like transparency, accountability

and participation as well as the elements of subsidiarity by no longer allowing central government to assume the responsibilities that have been specifically entrusted to local administration. The package also emphasizes using participatory tools like consultation with civil society.

SPO brought a new governance system to deliver the priorities of the pNDP (Bilen, 2005: 5). But it allocated responsibilities among a number of directly and indirectly central institutions to undertake the priorities which create problems in distribution of responsibilities. The PHARE program of Turkey which has been reflected the Structural Funds mechanisms also encouraged capacity building among national and regional development actors.

‘service unions’ which can be accepted as the major delivery component of the forthcoming regional policy, were established to provide linkages between the central and local level. Apart from the decentralization initiatives an ‘Operational Programs Department’, a ‘Monitoring and Evaluation Department’ and a ‘Central Coordinating Unit’ were established at the central level under the SPO. Although all of some of the steps have been taken for decentralization in administration of Turkey, the laws still do not emphasize local democracy and decentralization of power. For instance, although the executive organ of the Special Provincial Administrations (SPAs) is described

as the local represents of the central government, they are not appointed through election. Similarly the Ministry of Interior appoints the General Secretaries of the SPAs and of the metropolitan municipalities. Furthermore, local governments still have very limited tax revenue and they are largely depending on central government funding.

4.4 Establishment of Regional Development Agencies (RDAs) in Turkey

Regional development agencies were first established in 1950s and 1960s to supervise and monitor the development programmes which were conducted by the central government and assure information about them. In conjunction with the expansion of the public enterprises and the local competitiveness which were appeared as a result of globalization, RDAs were entrusted the task of providing active participation of private sector and local actors into the regional development process in 1980s. In 1990s, the number of the RDAs increased because of the new administration and development understanding which were pushed by the intergovernmental agencies like World Bank, UNDP. Consequently, in 1990s too many RDAs were appeared which have different institutional identities, functions, responsibilities, financial resources

and relations with other institutions. There are two main reasons of the differences between the RDAs. The research which was conducted by Halkier and Danson between 1991 and 1992, shows that the first reason is the differences in political process rather than the socio-economic differences. The second reason is the dynamic and flexible process of the regional development because different requirements create different institutional structures.

The functions of the RDAs are diversified and multi-dimensional and there is not a common framework of the functions of the RDAs. However, the tasks of the RDAs in the world can be listed as:

- Monitoring the region through establishing data banks
- Conducting strategic planning for the local/regional development and monitoring the implementation process
- Providing information for the entrepreneurs and investors and giving technical assistance.
- Supporting the investments of the local investors
- Making publicity operations to attract foreign investors to the region

- Providing information and giving advice about the financing procedures to the investors.
- Generating financial resources for SMEs and co-operating with local, national, international funds, credit institutions and the banks.
- Introducing modern inventions and technologies
- Monitoring infrastructure and energy activities
- Procuring the expansion of the national and international networks of the region.

One of the requirements within the scope of the regional policy is the harmonization of the local/regional governance structures through establishing regional institutions with de-centralized power for enhancing the regional capacity. Enhancing regional capacity is essential in the enlargement conditionality and eligibility of the structural funds. During the accession negotiations of Turkey, the attempts for establishing the regional development agencies (RDAs) extends far behind Turkey's accession negotiations; current developments indicate that a particular emphasis should be given to RDA formation within this framework (Kayasü, 2006: 6).

In Turkey, first RDAs were established in the beginning of the 1990s as non-governmental actors in the business sector. In Aegean region, Aegean Regional Development Foundation (EGEV) which was established in 1992 by governorship, municipality, chambers, industrialists and businessman organizations with the aim of achieving sustainable economic development in the Aegean region, was the driving force of this kind of development. EGEV developed a project on an RDA named with *Aegean Research and Development Agency* (EBKA) which have had the financial resource of a 300.000 ECU within the context of the EU MEDINVEST programme and evolved as a local centre for economic intelligence, and also an agency developing trade co-operations between local SMEs and the EU. Although it took some steps in terms of developing RDAs and it established a database for İzmir, it moved away from its original objectives and continues as a joint stock company at present (Kayasü, 2006: 6).

The Chamber of Commerce took the other initiatives about establishing RDAs and it helped to the development of the IZTO in İzmir and MTSO in Mersin. Until 1999, IZTO has been trying to develop an RDA in the Aegean Region. The project is carried out with the co-operation with a group of experts from the United Kingdom, especially *Trade partners UK*, which is the international branch of England Commerce Ministry (Kayasü, 2006: 6). In 2001, IZTO *and*

Trade Partners UK signed a contract for co-operation and two meetings were organized to establish an RDA with regional/local actors, municipalities, SPO and the experts from UK. However, the project could not be realized due to the lack of legal framework for this type of institutional formation. In June 2002, the development agency in Mersin started its activities to promote regional development and its objectives were stated as the improvement of infrastructure along that of economic intelligence like collection of statistical data and providing support for business (Kayasü, 2006: 7). In 2004, Mersin Development and Cooperation Council was also established with the governorship, municipalities, universities, chambers participation to provide a wider basis for support and legitimization for the Development Agency.

“The law on the Establishment, Coordination and Duties of Development Agencies” was ratified on January 25, 2006 and came into force on February 2006 (Law No. 5449, 2006). The purpose was to accelerate sustainable regional development, to promote co-operation between public and private sectors along with NGOs and to contribute to the reduction of inter-regional disparities. Moreover, RDAs also aims to conduct promotional activities, to attract investment and to provide non-financial business services and the purpose is to set up an agency in each of the 26 NUTS II regions. SPO is determined as the responsible organization for the co-ordination of RDAs at

the national level. The proposed organizational structure of RDAs is consisted of a Management Board, a General Secretariat and Investment Support Offices for business support. The executive body of the RDAs is the General Secretariat. The development board which functions as an advisory body is formed by the representatives of various public and private organizations. The management board is composed of governors, the chairmen of the Chambers of Commerce, mayors of the metropolitan municipalities and three representatives from NGOs or from the private sector. There will be also one Investment Offices in each province of the NUTS II regions.

The aims of DAs in Turkey is to ensure sustainable regional development, cooperative networking between local authorities, private sector and civil society, stimulation of local potential and decrease in inter-regional disparities through principles and policies which are designated in the Development Plans and Programmes. In addition to these, DAs tries to assure co-operation among civil society associations, universities, representatives of local administrations and private sectors in Development Council. By this way, it will preserve the traditional central and local public administration interrelations (Kayasü, 2006: 8). SPO which is the National Agency, can be accepted as the central control on the allocation of resources because it is the institution that has the function of approving the annual plans of Agencies and providing the conformity of

programmes and regional plans of DAs with the National Development and Regional Plans. Monitoring and evaluating the implementation of plans and programmes are also under the responsibility of the SPO.

The Law on the Establishment of Turkish Investment Support and Promotion Agency which was passed on June 2006, created a legal framework and aimed to facilitate and regulate the establishment of an Investment Support and Promotion Agency which will co-operate with RDAs on promoting and supporting investments. Under the Prime Ministry, Undersecretariat of Treasury will be determined as the agency which aims to identify national investment support, to encourage strategies and to carry out the implementation process in co-operation with RDAs and other related institutions. The organizational structure of the agency will include an Advisory Board and a President.

Black Sea Development Association, Yeşilırmak Watershed Area Development Association and Erzurum-Erzincan-Bayburt Provinces Development Association were established as development associations by SPO. Moreover, Adana-Mersin and İzmir NUTS II regions were designed as the pilot RDAs and as a result of the success of these two regions, the Council of Ministers signed the decree concerning the establishment of two new RDAs

in Adana-Mersin and İzmir NUTS II regions on July 6, 2006 (The Official Gazette, 6/772006). For the future attempts, it is predicted that Gaziantep, Şanlıurfa and Mardin which are still under the GAP project can be selected as the pilot regions for RDAs. Furthermore, Elazığ and Adapazarı are also requesting to become official pilot regions for the establishment of new DAs in the future (Kayasü, 2006: 8).

Although developing strategic plans for regional development is one of the main tasks of the DAs, the Law on the Establishment, Coordination and Duties of Development Agencies does not contain a section about the development of strategic plans. There was the notion of the strategic planning in earlier drafts of the law but the major problem area is the lack of an emphasis on planning (Kayasü, 2006: 6). Strategic plans are significant for regional development because they generate extensive framework for private sector representatives and the NGO with considering the development objectives at local and regional level.

It is argued that Development Agencies are more peculiar to advanced economies and they do not aim to eliminate regional disparities to provide national stability. Hence, the fundamental intent is to accelerate the economy in the region, increase the entrepreneur potential and to provide incorporation

and utilization of the community. Hence, these establishments are administrated by national and regional authorities, have strong relations with public and they can use public authorities. In Turkey, regional development plans were not seriously taken into consideration because of the perception that planning should be based on more economically and physically. So, the cultural and environmental dimension of the planning was not taken into consideration and sustainability in the planning was not aimed. It is difficult for development agencies to fall into line with the administrative, economic structure of Turkey because the model that will be used to regulate development agencies reduces the role of state.

Research and development agencies are the new structures for Turkey at Regional Level and Turkey has a wide scope for RDAs which are funded from the central budget to private funds with the RDA generated income. Turkey has wide scope for designing RDAs according to its conception because there is no European “model” agency and RDAs in EU are characterized by very substantial variety in terms of size, structure and responsibilities (Reeves, 2005: 7). The RDAs will be funded in part from transfers from national budget and in a part by the special provincial administrations (local authorities) and municipalities. The draft laws on establishing RDAs also give the impression that they are being created only for the purpose of administering EU funds,

and avoiding disordering the traditional centre-local government structure of Turkey (Loewendahl-Ertugal, 2005: 45). So, they are not intended to be created as a separated structure for the regional development process. The members of the RDAs like governors, provincial administrations and municipalities which are identified as the most important bodies of the RDAs have to fulfill their obligations related to RDAs in addition to their existing tasks.

After the draft became law, opposition raised against the inclusion of the the phase of “region” because it is claimed that the phase will lead to the ethnic and regional damages the unitary structure of the nation-state. UCTEA (Union of Chambers of Turkish Engineers and Architects) also sued about the cancellation and motion of stay of “Public Act working Procedure and Origin of Development Agencies”, and council of state decided to stay of execution and applied to the Constitutional Court (TMMOB, 2007). Some articles of the law is unclear which does not refer to national development plan and charged with regional planning and programming without any necessity for the engagement with national development plan. UCTEA states that development plans must be underlined by technology, science, industrial policies and innovation. Every fields and sectors should be included by national plans. Moreover, according to UCTEA, the fact of “region” and strategy of “regional

development” are contrary to the principles of independence, democratic participation, public interest and social benefit.

The suit about establishing the Development agencies still continues in the Constitutional Court and Çukurova and İzmir development agencies have recessed their activities for a while until the legislation will be arranged again (IZKA, 2007). However, the employees still continue to work and agencies continue their vital activities because the Development Agencies still keep their private and legal personality. So, the Development agencies still seem to be problematic within the transition of regional policy because some factors like functions, accountability, funding resources and relations and legitimacy with central government are not taken into consideration efficiently.

4.5 Territorial Organization

Turkey which consists of 81 provinces, is divided into seven regions according to their economy, topography, climate and public requirements. In addition to this, Turkey has been divided into 12 NUTS level-I regions, 26 NUTS level-II regions, and 81 NUTS level-III regions in the base of harmonization with EU *Acquis*. Thus, Turkey has shown progress in the field of regional statistics at

the NUTS level. 81 provinces composes the NUTS level-III regions; level-II regions were identified by grouping the neighbor provinces in the scope of level-III, and level-I regions were defined by grouping the NUTS level-II regions. The reason for this classification is the inappropriation of the seven geographical regions for regional policy purposes because of their sheer size and the provinces are too small to develop a coherent and efficient regional policy (Bilen, 2005: 2). This grouping structure of the provinces also ensures advantage to collect more detailed and reliable data-information from region groups. Consequently, the regulation about NUTS regions ensured both harmonization with the EU definition of region and more efficient analysis and implementation of regional development policies.

26 NUTS level II regions based on the grouping 81 provinces. These regions are Istanbul (one province), Tekirdağ (three provinces), Balıkesir (two provinces), İzmir (one province), Aydın (three provinces), Manisa (four provinces), Bursa (three provinces), Kocaeli (five provinces), Ankara (one province), Konya (two provinces), Antalya (three provinces), Adana (two provinces), Hatay (three provinces), Kırıkkale (five provinces), Kayseri (three provinces), Zonguldak (three provinces), Kastamonu (three provinces), Samsun (four provinces), Trabzon (six provinces), Erzurum (three provinces), Ağrı (four provinces), Malatya (four provinces), Van (four provinces),

Gaziantep (three provinces), Şanlıurfa (two provinces), and Mardin (four provinces). The attempts to develop EU type of regionalization brought ideas about which steps should be taken and where Turkey needs to go. Since Turkey was shaped by the conditions of neighbor provinces or boundary lines and ignored social and economic conditions of other regions, EU geographic type regionalization could not bring too much advantage except the achievement of the data-information. Although, preparations in this area are moderately advanced, current classification at the NUTS II level may require further improvement because NUTS II regions which were formed in 2003, do not have sufficient capacity to carry out program delivery in long-term and medium-term (Bilen, 2005: 12). Data and information collection should be conducted together with appropriate regional development projects which are the most essential part of the balanced regional development. Most of the institutions in Turkey also continue to use the traditional geographical regions as the main reference.

Regional convergence as an objective showed that regions require their own grouped regional development plans, projects and administrative structures, which will also play the most important roles for Turkey in the solution of regional inequalities as much as integration with the EU and the world regional policies (Tekin, Dincsoy, 2005: 85).

4.6 Pre-accession Assistance of EU to Turkey

Assistance for candidate countries, so for Turkey, is driven by the pre-accession process. Since accession is set out as a short or medium term goal, the assistance, provided by the EU in this process, is carried out in a medium term rather than long term perspective unlike traditional development aid. So, Turkey does not utilize from the PHARE, ISPA and SAPARD but it benefit from the funds which is under the Pre-Accession Financial Assistance to Turkey programme. The importance of regional policy during negotiations derives mainly from its financial implications, as it prepares candidate countries to utilize the Structural Funds and the Cohesion Fund for regional development following their accession (Kayas: 2006: 2). Therefore, pre-accession assistance functions like a bridge longing to Structural Funds and the Cohesion Fund. Pre-accession assistance has been made available to Turkey since 2002. The instruments for Turkey's pre-accession have the same extent with the previous accession countries. These instruments cover the subject areas for assistance for the implementation of the *acquis*, investments in economic and social cohesion and cross-border cooperation.

In 1999 Helsinki, a special agreement was made on Turkey's utilization of financial assistance. Before the recent regulation which creates the present instrument, IPA, the history of financial assistance between EU and Turkey can be divided into two as between 1964-1999 and 1999-2006. After the confirmation of the membership of Turkey in Helsinki, the financial assistance to Turkey was made for the membership preparation with the purposes of capacity building for adaptation with EU *acquis*, increasing investment to establish and strengthen regulatory infrastructure and providing social and economic development. Turkey started using financial assistance in 2001 which has two distinct features. Firstly, Turkey started to use not only to utilize for its needings but also, to harmonize itself in EU because after Helsinki, EU alignment became priority for the accession process. Secondly, Turkey utilizes financial assistance to establish a de-centralized implementation system which is not specific to Turkey, because all of the candidate countries should establish this structure to harmonize with EU.

Table 7: EU Pre-Accession Assistance to Turkey

Years	2004	2005	2006	Total
Amount of financial assistance	250 Million €	350 Million €	500 Million €	1050 Million €

Source: <http://www.ikv.org.tr/maliisbirligi.php>

Through the effect of enlargement, structural funds were revised and accession assistance was renewed under the name of IPA (Instruments for Pre-accession). IPA were started to be used by the candidate countries for the adoption of Structural Funds and the Cohesion Funds in their future membership. The framework for new instruments, that covers the period 2007-2013, will aim to reinforce the bridging function towards the adoption of the rules and principles of structural funds management. It gives candidate countries opportunity to perform cohesion and rural policies of the community by trying to apply the rules as closely as to the structural funds before the accession. From January 2007 onwards, IPA replaces a series of EU programmes and financial instruments for candidate countries, namely PHARE, ISPA, SAPARD, CARDS and financial instrument for Turkey.

The preliminary EC draft budget 2007 envisaged that Turkey could obtain 2.0995 billion euros for the first four years of IPA between the periods 2007-2010 (EC, 2007). Financial assistance to Turkey which was 300 million € in 2003 is increased to 500 million € in 2005 and 10 billion € was reserved for the candidate countries between the periods 2007-2013. The financial assistance for the period 2007-2013 is shown in the Table 8.

Table 8: EU Assistance to Turkey between years 2007 and 2010

	%	2007 Million €	%	2008 Milli on €	%	2009 Milli on €	%	2010 Milli on €	Total Milli on €
Regional Development	100	167,5		173,8		182,7		238,1	762,1
Regional Competitiveness	25	41,9	25	43,5	30	54,8	30	71,4	211,6
Environment	40	67,0	40	69,5	38	68,5	38	89,3	294,3
Transportation	35	58,6	33	56,5	33	59,4	33	77,4	251,9
Human Resources	-	50,2	-	52,9	-	55,6	-	63,4	222,1
Total	-	217,7	-	226,7	-	238,3	-	301,5	984,2

Source: Ministry of Labor and Social Security

Regional development component which is the third component of the IPA, aims to reduce the socio-economic disparities between Turkey's regions and to improve internal economic and social cohesion in addition to the convergence to EU. Three sub-components were designated to reach objectives (<http://www.deltur.cec.eu.int/ipa/comp-003.htm>):

- Environment -35/40%
- Transport-30/35%
- Regional competitiveness-25/35%

Environment sub-component which is the most costly and difficult to implement, intends to support Turkey in terms of implementing and

enforcing the environmental legislation of the EU. Transport sub-continent aims to support procurement of flexible, efficient and safe transport infrastructure because good transport networks increase the opportunities for trade and increase efficiency. The last sub-component, regional competitiveness help Turkey in terms of internal development to provide higher level of social and economic cohesion between the regions of Turkey by productivity growth and high employment.

Within the framework of financial assistance, State Planning Organization and Secretariat General for EU Affairs are the responsible institutions for the programming of the projects. Contracting projects, their settlements and implementation are under the responsibility of Central Finance and Contracting Unit (CFCU). For the new period, the responsibilities about programming were transferred to the Ministries which were identified as the authority of the programming. Moreover, a transition period was envisaged for the establishment of the new units about the implementation process function which will be performed by CFCU during this period.

EU funding is very significant for Turkey because it tries to provide long-term process in Turkey through improving the lives of the individuals. It aims to make long-term changes in Turkish society and economy which make it more

important for the regional development of Turkey. To use these funds efficiently, Turkey has to make institutional and administrative reforms which are also necessary for the Turkey's cohesion with EU legislation. In addition to this, EU is the key factor which pushes Turkey for these reforms and regulations. For the regulation of financial management in Turkey, EU adopted a de-centralized management system which transferred overall management from the headquarters of the European Commission in Brussels to the delegation in Turkey, and from 2003 to Turkish authorities, under the supervision of the EC Delegation (Delegation of the European Commission to Turkey).

4.7 Problems and Weaknesses of Turkey's Regional Policy

Turkey is advantageous in regional development because of its geographical position, climate conditions differential which enable different development alternatives to the regions of Turkey. Turkey also gained experience in regional policy field through regional development programmes, GAP and its attempts to comply with EU requirements. There is increasing concern and sensibility about regional development and Turkey is still make efforts to

enhance its regional policy and decrease the regional disparities. Although Turkey has potentials of young population, entrepreneurship, diversity of local resources which derive Turkey for development, regional disparities is still very high because of the problems and weaknesses of the regional policy of Turkey.

Firstly, one of the problematic area about the regional policy issue is the insufficiency of resources and capacity in regions, inefficient and unproductive use of resources and inefficient an unsystematic allocation of resources. There are not enough strategic and operational regional plans and programmes to manage resources rationally. Another problematic area is the inefficiency in human resources, social and human capital. Turkey also does not also have enough capacity to benefit from structural funds because of it s institutional capacity deficiencies in the fields of central planning, project execution, monitoring and evaluation, administration and financial issues. In the implementation of the regional policy, there is not institutionalization in local level and because of this reason attempts about regional policy are not passed through effective monitoring and evaluation process. In Turkey, there are also not enough experts who are experienced about the project preparation and management. So, regional policies cannot be implemented in multistage and with more actors.

There is also inefficiency in the existing regional development policies and instruments in focusing of the needs and capacities of the regions, prompting the endogenous potentials of the regions, increasing competitive powers of the regions and increasing the living conditions of the individuals. The last problem about the regional policy of Turkey is the inefficient co-ordination of the regional development policies and policy instruments with the other policies in the country. There are also other weaknesses of regional policy like unobvious definition of the tasks in regional policy legislation which creates confusion in authority and the lack of coordination.

CHAPTER V

CONCLUSION

Regional policy is an agent that provides economic integration through abolishing inter-regional disparities and ensuring solidarity between the member states of European Union. Since Turkey maintains wide inter-regional disparities than the scale of regional disparities in the EU, reducing the regional socio-economic gaps between different regions in Turkey is a key issue area to be developed in Turkey's accession process to EU.

Turkey's traditional regional policy has not been a dynamic and systematic procedure, which should have been embedded in the general macroeconomic policy. Therefore the regional policy approach, its management and institutional structure in Turkey have lagged behind the continuous advancements of the European Regional Policy. Within this context the thesis tried to identify where Turkey stands in the context of the EU's regional policy and it tried to demonstrate the challenges exist on the road to harmonization

with EU's regional policy and in fulfilling the requirements as a candidate country. It evaluates the attempts of Turkey's harmonization with the EU regional policy field.

The first chapter draws a picture on Turkey's attempts to develop its regional policy according to EU legislation. It argues that Turkey had made progresses but it has to improve its institutional and administrative capacities. It is stated in the introduction that the thesis will describe the regional policies of EU and Turkey and it will be based on the search of Turkey's compatibility with EU legislation.

Second chapter explains the concept of region in European Union, regional disparities and regional policy of EU. While making an assessment of the understanding of region and regional disparities in EU, the thesis also tries to evaluate the reasons and results of the regional disparities. Historical background of the regional policy is explained to understand how EU regional policy evolves. Within this context widening and deepening attempts of EU emerge as the main reason of developing a regional policy of EU which aims to decrease regional disparities for prosperous member countries and facilitate the integration process of unwealthy member and candidate countries. The

chapter concludes with the institutions shaping regional policy and the instruments sustaining regional development.

The third chapter is formulated to display the concept of region in European Union, regional disparities and regional policy of Turkey. Regional disparities between Eastern and Western regions are stated with their results. Five Year Development plans are identified as the main instruments of regional policy of Turkey that seem inconsistent in terms of their scope and scale. State Planning Organization has the main responsible institution in regional policy field which is highly centralized and not coordinated with line ministries. Lastly, the chapter evaluates the regional development Project and Rural Development Projects of Turkey with underlining their deficiencies like lack of multi-sectoral approach and their own administrative units except GAP.

Chapter four examines the cohesion of Turkey with EU regional policy. Although some progress was, taken in place within the institutional framework, there has not been any major change and the preparations are at early stage. The most problematic area is the administrative structure of Turkey. In the progress towards harmonization with European Regional Policy, backwardness of the local administrative structures and the absence of regional structures appear as a difficulty to be dealt with a particular concern.

Turkey has always had a centralized system of government and this centralization is reflected in its regional policies and projects as well as in its institutional structures. At this point, the failure in the implementation of regional policies can mainly be attributed to the lack of an effective institutional structure with corresponding distribution of financial resources at the local/regional level.

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