



An Assessment on Activities of Regional Development Agencies in Turkey

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ABSTRACT

Regional development policies became a current issue within a totally new scope with the increasing importance of local activities by the 1990s. During this period, states having a national perspective on development were replaced by “regional development agencies” within the framework of newly emerging understanding of “governance.” Regional development policies in Turkey were transformed from centralization to decentralization with the process of membership to the European Union. The “development agencies” emerging from this process were established in 26 Level 2 regions in Turkey, starting from 2006. In this context, this study is designed to examine the activities of development agencies, established within 26 Level 2 regions in Turkey, based on their activity reports, and to identify the compliance of these activities with tasks and responsibilities of the agencies. This study uses the “call for proposals” mechanism as an activity of the agencies.

Keywords: Development Agency, Activity Report, Regional Development, Decentralization, Governance

JEL Classifications: O110, R110, R580, R190

1. INTRODUCTION

Regional development theories and policies as one of the most important fields of study in the post-war period lost their importance with the process of globalization in the 1980s. However, they became a current issue within a totally new scope with the increasing importance of local activities by the 1990s. After 1990, the increasing importance and changing pattern of regional policies naturally caused development actors to change. During this period, states having a national perspective on development were replaced by “regional development agencies” within the framework of newly emerging understanding of “governance.”

Regional development policies in Turkey were transformed from centralization to decentralization in terms of implementation, method and content with the process of membership to the European Union (EU). Emerging as a result of this process and being responsible for achieving regional development, the development agencies were established in 2006-2009 within 26 Level 2 regions in Turkey.

The development agencies in Turkey use a variety of support mechanisms to enable regional development. These include the call for proposal (CFP), direct operating support (DOS), technical support (TS) and guided project support (GPS).

This study is designed to examine the activities of development agencies, established within 26 Level 2 regions in Turkey, based on their activity reports, and to identify the compliance of these activities with tasks and responsibilities of the agencies.

The first part of the study explores the transformation in regional development policies to set up an infrastructure for other sections. The second part analyzes new regional development policies in Turkey and the development agencies, which are new actors of such policies. The third part includes the examination of activities of the development agencies while discussing the compliance of them with tasks and responsibilities. Because it is a new instrument for regional development, the CFP mechanism will be used in this study.

2. THE TRANSFORMATION IN REGIONAL DEVELOPMENT POLICIES

The development policies that had been influential before the 1970s defined the issue of regional development as a problem of resource distribution, and claimed that it would be eliminated automatically if the conditions of free market were met. The development policies in the pre-1970 period assumed that all regions developed in the same way and in the same direction, so they considered the regions as homogeneous (Drabenstott, 2005).

Today, regions develop only if they are competitive against the changes in global markets. In this regard, capacity of regions for innovation and entrepreneurship is the key concept for regional development. When regional development policies were no longer relevant in the 1980s, theories of local and regional development based on inward development started to be put forward. New theories accept local/regional dynamics as the principal actor of development. Dynamics of the new regional development models, which were generated as a result of the changes in the 21st century, consist of innovation systems, tacit knowledge, learning organization, cultural theory and governance. New development policies attribute great importance to creation and implementation of national innovation systems, and emphasize that it is important to have reciprocity of several actors instead of having an only actor (i.e. the state) in the process of reform (Niskanen, 2005).

Traditional public administration model in the approach welfare state of the pre-1970s started to change based on the approach of “governance” through a series of reform in the 1980s. This change in the 1980s also brought a new period for the responsibilities and importance of local government. In this process, the “decentralization” approach, emerging in such different forms as privatization, delegation of authority and expansion of authority, increased the importance of local units (Köseçik, 2005).

Being developed by the capitalist actors after the world crisis of capitalism, neoliberal policies put forward new savings strategies and regulations to increase competitiveness of international capital in the global scale. These regulations were accompanied by certain changes in the socio-spatial form of the state. The fact that neoliberal regulations decreased the distribution expenditures and activities of the state moved nation-state away from its main roles such as social reproduction. As a result, sub-national geographies were transformed more into the locations that are more dependent on the economic growth strategies based on local resources. In order to overcome the crisis, capitalism reorganized spatially on sub-national borders (Gündoğdu, 2009).

Local economic development or bottom-up development approach became effective as a result of the change in the geographical space of economic functioning. International organizations, particularly the EU, International Labor Organization, Organization for Economic Cooperation and Development and the United Nations, started to define new policies and practices within the framework of local economic development (Çetin, 2007).

All these developments spread the idea that state’s functions should be reduced and economic development should be achieved through a bottom-up, i.e. decentralized structure, not through a top-down, i.e. center-originated approach. Thus, the issue of regional development shifted from the guidance of central state to local actors. Table 1 compares conventional top-down policies with the new bottom-up policies.

3. NEW ACTORS OF REGIONAL DEVELOPMENT POLICIES - THE DEVELOPMENT AGENCIES

A common approach to regional issues to ensure inter-organizational dialogue and the increasing importance of regional potential are results of newly emerging institutional regulations throughout the world. Today, management of regional development shifted away from a top-down to bottom-up approach. One of the most important factors for the increasing bottom-up initiatives is the reduction of regional support by central state and its ineffective practices. Moreover, due to bulky and excluding nature of the central state for private sector, various small-scale private and local actors took common action with more knowledge on the region’s sensitivities and limited financial resources (Danson et al., 2000).

Regional development policy of a country can be successful only when the current organizational structure complies with the requirements of related policy. Dinler (1998) listed administrative organizational problems to be resolved in executing the regional development policy as follows (Özel, 2009):

- Reorganize the current administrative structure according to the identified plan regions
- Implement delegation of authority, expansion of authority and decentralization principles at the administration level in the plan regions
- Increase financial opportunities of the regional administration and ensure that it has qualified personnel
- Engage the public to the administration
- Ensure required coordination among administration levels
- When needed, establish private institutions outside conventional framework of administration to perform certain tasks.

In the 1990s, accountability of a region’s development shifted away from monopoly of central state and its local

Table 1: Comparison of regional policy approaches

Key features	Top-down policies	Bottom-up policies
Organization	National attribute belongs to central administration units	Regional attribute Semi-autonomous
Strategies	Redistribution of growth intra-regional cooperation	Consolidation of local growth intra-regional competition
Policy instruments	“Hard” resources (e.g., infrastructure and financial funds) non-selective reactive	“Hard” and “soft” (resources such as suggestions, links, education) selective proactive

Source: Halkier (2006)

representatives. Actors such as certain local, regional authorities and non-governmental organizations took active role for regional development. “Cooperation” or “common action” became the most important starting point in the new regional movement. The regional development agencies that emerged from this change were designed as an integral part of regional policies. These agencies are seen as new instruments that are responsible for achieving regional development by carrying out projects in coordination with the private sector, various organizations and actors within the framework of governance.

The development agencies are considered in general as “governance” entities to bring out, promote, govern and make competitive the potential for economic development in regional geographies of nation states. As a result of the newly emerging institutional regulation, the development agencies took the roles of bringing together several actors of regional development, coordinating and guiding them, designing regional plans and development strategies, providing companies with a range of support, managing national and international regional development funds, and providing investors with advertisement and consulting services (Gündoğdu, 2009).

4. DEVELOPMENT AGENCIES IN TURKEY

There are huge socioeconomic gaps among regions in Turkey. Minimizing this gap has been one of the most important working areas of policymakers at all times (Table 2).

The regional development policies that are addressed within the scope of national development plans and managed with a centralized administration approach in Turkey were transformed in terms of management, implementation and content with the process of membership to the EU. Particularly with the acceptance of Turkey as a candidate to the EU in the Helsinki summit in 1999, the top-down regional development policies were abandoned and the bottom-up regional development policies started to be implemented within the framework of governance approach. This new approach to the issue of regional development in Turkey opened a debate for the development agencies as new actors of regional development.

In the document named “European Governance: White Paper” issued by the EU in 2001 five main criteria were defined as the basis for localization and governance: openness, participation, accountability, effectiveness, coherence (Çelikyay and Turgut, 2011).

The EU does not consider the consolidation of local level as a factor for increasing the effectiveness of central state. It is also defined as an opportunity to improve democracy and create equal opportunities for social cohesion. Thus, local and regional governments, local agencies and other local actors are treated as main elements of economic and social development in Europe. According to the EU, the decentralized approach of administration is the most effective way of improving service relation and quality as well as meeting the requirements of local economy (Çetin, 2007).

Table 2: Economic Indicators for Level 2 Regions in Turkey; 2011

Statistical Regional Units (Level 2)		Regional Gross Value Added at Current Basic Prices, 000 TL	Regional GVA by Kind of Economic Activity; %				Per capita GVA (\$)	Rank
			Agriculture	Industry	Services	GVA		
TR	Türkiye	1,150,453,139	100	100	100	100	9.244	
TR10	İstanbul	312,437,660	0.6	27.0	31.0	27.2	13.865	1
TR21	Tekirdağ, Edirne, Kırklareli	31,168,871	2.9	3.9	2.2	2.7	12.029	5
TR22	Balıkesir, Çanakkale	24,647,513	5.3	1.7	1.9	2.1	8.954	8
TR31	İzmir	75,922,162	4.0	6.5	7.0	6.6	11.443	6
TR32	Aydın, Denizli, Muğla	40,106,739	6.5	2.9	3.3	3.5	8.668	9
TR33	Manisa, Afyon, Kütahya, Uşak	41,304,909	7.6	4.7	2.6	3.6	8.283	11
TR41	Bursa, Eskişehir, Bilecik	73,528,126	3.9	9.5	5.4	6.4	12.126	4
TR42	Kocaeli, Sakarya, Düzce, Bolu, Yalova	72,270,948	4.8	8.2	5.6	6.3	13.138	2
TR51	Ankara	99,304,709	2.7	8.1	9.7	8.6	12.259	3
TR52	Konya, Karaman	26,967,317	5.9	2.0	2.0	2.3	7.118	13
TR61	Antalya, Isparta, Burdur	45,746,298	7.3	1.9	4.4	4.0	10.122	7
TR62	Adana, Mersin	45,529,304	6.5	3.0	4.0	4.0	7.232	12
TR63	Hatay, Kahramanmaraş, Osmaniye	29,790,758	4.1	2.6	2.4	2.6	5.904	19
TR71	Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir	17,775,668	3.9	1.3	1.3	1.5	7.087	14
TR72	Kayseri, Sivas, Yozgat	26,306,909	3.9	2.5	2.0	2.3	6.675	16
TR81	Zonguldak, Karabük, Bartın	14,702,618	0.8	1.8	1.1	1.3	8.536	10
TR82	Kastamonu, Çankırı, Sinop	8,198,649	1.8	0.5	0.6	0.7	6.594	18
TR83	Samsun, Tokat, Çorum, Amasya	30,943,620	5.5	2.1	2.5	2.7	6.762	15
TR90	Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane	28,046,924	3.4	2.0	2.5	2.4	6.652	17
TRA1	Erzurum, Erzincan, Bayburt	10,592,427	1.8	0.7	0.9	0.9	5.901	20
TRA2	Ağrı, Kars, Iğdır, Ardahan	7,685,179	1.8	0.3	0.6	0.7	4.001	25
TRB1	Malatya, Elazığ, Bingöl, Tunceli	16,047,989	2.2	1.2	1.4	1.4	5.820	21
TRB2	Van, Muş, Bitlis, Hakkari	11,989,848	2.7	0.6	1.0	1.0	3.515	26
TRC1	Gaziantep, Adıyaman, Kilis	20,288,517	2.0	2.1	1.6	1.8	4.952	22
TRC2	Şanlıurfa, Diyarbakır	23,258,247	5.4	1.4	1.8	2.0	4.282	24
TRC3	Mardin, Batman, Şırnak, Siirt	15,891,229	2.6	1.4	1.2	1.4	4.689	23

Within this framework, Turkish public administration system entered into a large transformation process in its full membership to the EU, through “Public Administration Law” on 2013 and the reform packages on many other areas (Övgün, 2007).

Regional development policies implemented in Turkey before the 1990s were based on providing the redistribution of income under the control of central administration, predominated by its social content and implemented with the requirements of security and public service (Övgün, 2007). First, the 6th 5 years development plan (FYDP) (1990-1994) considered addressing the EU regional policy when creating regional policies. In this period following Turkey’s application for membership to the EU, the EU policies were adapted to Turkey. In the 8th FYDP (2001-2005), one of the primary objectives of the plan was to speed up harmonization of the regional development policies with the EU policies as well as to focus on the efforts for the cooperation on regional policies (Şen, 2004).

In this context, Turkey initiated an effort starting from the 2000s to establish the nomenclature of territorial units for statistics (NUTS) system and the development agencies within the framework of the EU harmonization process. The EU NUTS system was accepted by the Cabinet Decision no. 4720 on 22 September 2002. Then in the 2003 accession partnership document, it was set forth that the development agencies would be established to make use of the pre-accession assistance program; the “Draft Law on the Foundation, Coordination and Tasks of Regional Development Agencies” no. 5449 was accepted by the Turkish Grand National Assembly (TBMM) on January 25, 2006, and became effective after publishing in the Official Gazette no. 26074 on February 8, 2006 (Kayasü and Yaşar, 2006).

The NUTS classification in Turkey categorized the cities as “Level 1,” neighbor cities with similar economic, social and geographical structures were classified as “Level 2” according to their regional development plans and population sizes, and Level 2 regions were grouped under “Level 3” regions. Thus, there are 81 regions of Level 1, 26 regions of Level 2 and 12 regions of Level 3 (DPT, 2007, p. 15) (Table 3).

4.1. Duties and Authorities of Development Agencies in Turkey

Goal of establishment of the development agencies is defined in the first article of Law no. 5449 as follows: “speed up and maintain regional development as well as minimize development gaps among and within the regions by improving cooperation among public sector, private sector and civil society, ensuring suitable and effective usage of resources and mobilizing local potential.”

In this regard, article 5 of Law no. 5449 defined the duties and authorities of development agencies as follows:

- Provide TS for the planning activities of local government
- Support the activities and projects that make sure the regional plans and programs are implemented; monitor and assess the implementation process of supported activities; and report it to the under secretariat of state planning organization

- Contribute to improving rural and local development capacity according to the regional plans and programs, and support the relevant projects
- Monitor other projects that are carried out by the public sector, private sector and non-governmental organizations in the region and regarded as important for regional plans and programs
- Improve the cooperation among public sector, private sector and non-governmental organizations for the purpose of meeting regional development targets
- Use and make others use the resources allocated to the agency, in accordance with the regional plans and programs
- Conduct research and support those which are carried out by other individuals and organizations for the purpose of identifying resources and facilities in the region, speeding up economic and social growth and increasing the competitiveness
- Promote and make others promote the business and investment opportunities in the region, at national and international level, in cooperation with the related entities
- Exclusively track and coordinate permit and license transactions as well as other administrative proceedings under the scope of duties and authorities of investors and public institutions within the region, to complete within the timeframe specified in the applicable legislation
- Support new entrepreneurs in small- and medium-scale businesses by cooperating with the related entities, in the fields including management, production, advertisement, marketing, technology, finance, organization and labor training
- Promote bilateral and multilateral international programs that Turkey attends, and contribute to developing a project under the scope of such programs within the region.

4.2. Scope of Development Agencies in Turkey

Among the activities of development agencies, preparing regional plans occupies an important place. Another scope of activity of the development agencies consists of financial and TS for increasing competitiveness of the region. The agencies provide financial and TS for the projects and activities in the areas specified under the national development plans and programs as well as regional plans and working programs. Investment support activities constitute another field of activity of the agencies. The agencies implement various support programs in the fields such as spreading the urban life, ensuring cooperation between universities and industry, and supporting the R and D and innovative activities as well as SMEs (BGUS, 2013, p. 89). The development agencies use a variety of support mechanisms to enable regional development. These include: the CFP, DOS, TS and GPS. Content of these supports is given in Table 4.

The “CFP,” which is analyzed in this study as a new instrument of regional development, is used by the development agencies in the areas identified according to the priorities in the national plans and strategies, regional plan and programs, and annual working program of the agency.

The CFP process consists of preparation, CFP, assessment and implementation-monitoring/assessment phases (Table 5).

Table 3: Level 2 regions and development agencies in Turkey

Level 2 region	Development agency	Abbreviation	Cities covered	Central city
TR31	İzmir Development Agency	İZKA	İzmir	Izmir
TR62	Çukurova Development Agency	ÇKA	Mersin, Adana	Adana
TR10	İstanbul Development Agency	İSTKA	İstanbul	İstanbul
TR52	Mevlana Development Agency	MEVKA	Konya, Karaman	Konya
TR83	Central Black Sea Development Agency	OKA	Amasya, Çorum, Samsun, Tokat	Samsun
TRA1	North Eastern Anatolia Development Agency	KUDAKA	Bayburt, Erzincan, Erzurum	Erzurum
TRB2	Eastern Anatolia Development Agency	DAKA	Bitlis, Hakkâri, Muş, Van	Van
TRC1	İpekyolu Development Agency	İKA	Adıyaman, Gaziantep, Kilis	Gaziantep
TRC2	Karacadağ Development Agency	KARACADAĞ	Diyarbakır, Şanlıurfa	Diyarbakır
TRC3	Dicle Development Agency	DİKA	Batman, Mardin, Şırnak, Siirt	Mardin
TR 21	Thrace Development Agency	TRAKYAKA	Edirne, Kırklareli, Tekirdağ	Tekirdağ
TR22	Southern Marmara Development Agency	GMKA	Balıkesir, Çanakkale	Balıkesir
TR32	Southern Aegean Development Agency	GEKA	Aydın, Denizli, Muğla	Denizli
TR33	Zafer Development Agency	ZEKA	Afyonkarahisar, Kütahya, Manisa, Uşak	Kütahya
TR41	Bursa Eskişehir Bilecik Development Agency	BEBKA	Bilecik, Bursa, Eskişehir	Bursa
TR42	Eastern Marmara Development Agency	MARKA	Bolu, Düzce, Kocaeli, Sakarya, Yalova	Kocaeli
TR51	Ankara Development Agency	ANKARAKA	Ankara	Ankara
TR61	Western Mediterranean Development Agency	BAKA	Antalya, Burdur, Isparta	Isparta
TR63	Eastern Mediterranean Development Agency	DOĞAKA	Hatay, Kahramanmaraş, Osmaniye	Hatay
TR71	Ahiler Development Agency	AHİKA	Aksaray, Kırıkkale, Kırşehir, Nevşehir, Niğde	Nevşehir
TR72	Central Anatolia Development Agency	ORAN	Kayseri, Sivas, Yozgat	Kayseri
TR81	Western Black Sea Development Agency	BAKKA	Bartın, Karabük, Zonguldak	Zonguldak
TR82	Northern Anatolia Development Agency	KUZKA	Çankırı, Kastamonu, Sinop	Kastamonu
TR90	Eastern Black Sea Development Agency	DOKA	Artvin, Giresun, Gümüşhane, Ordu, Rize, Trabzon	Trabzon
TRA2	Serhat Development Agency	SERKA	Ağrı, Ardahan, Iğdır, Kars	Kars
TRB1	Fırat Development Agency	FKA	Bingöl, Elazığ, Malatya, Tunceli	Malatya

Source: Ministry of Development Official Website

Table 4: Development agency supports

TS	GPS
Type of support that the agency provides through the current staff or service procurement without giving any financial support, for the purpose of improving technical capacities of related institutions	The guided projects are special projects whose subject and conditions are defined under the guidance and direction of the agencies according to priorities set forth in the regional plan, in order to provide direct support without implementing the method of CFP
CFP	DOS
Calling potential applicants, whose qualifications were clearly identified, to submit project proposal in accordance with the pre-defined subject and conditions within the scope of a certain support program conducted by the agency	These are the supports provided by the agency for the activities to contribute to making use of important opportunities for regional development and competitiveness; taking immediate actions to prevent threats and risks to regional economy; initiating and performing strategic actions that may be significant for the region such as critical research, planning and feasibility studies

Source: İSTKA (2015), CFP: Call for proposal, DOS: Direct operating support, TS: Technical support, GPS: Guided project support

Table 5: The process of CFP

Preparation	Prepare application guides and application package Publish the CFP
The CFP	Conduct information meeting Provide project preparation training Submit the prepared projects to the agency
Assessment	Establish assessment committees, select independent assessors, train the assessors Assess the projects Preview visits Conclude grant agreements with successful projects
Implementation- monitoring/ assessment	Make advance payment Provide training for project implementation Conduct follow-up visits, prepare follow-up reports Submission of interim/final report by the project owners to the agency, assessment and approval Make final payment

Source: Ministry of Development (2013), CFP: Call for proposal

4.3. Activities of Development Agencies in Turkey by Years

The Ministry of Development prepared three reports on the activities of development agencies in 2010, 2011 and 2012 respectively.

From the establishment of agencies to date, the amount of budget the agencies allocated and the number of projects they accepted under the scope of CFP, DOS and TS are as follows (BGUS, 2013):

- The amount of granted support through the mechanism of CFP is TRY 1.6 billion. This figure rises to TRY 3 billion when co-financing is included. The CFP received 27,200 project applications in total, 5800 of which were accepted
- Within the scope of DOS, TRY 33 million was sourced until August 2013, and 751 out of 2580 project received funds
- In the field of TS, a fund of 13 million was provided while 2200 out of 4050 applications were approved.

4.3.1. Activities in 2010

Income of the agencies in 2010 is provided in Table 6. In 2010 a total fund of TRY 450 million was allocated from general budget for 26 agencies, and 98% (TRY 442 million) of this amount was transferred according to the expenditure programs of agencies. Budget income realization throughout the agencies was around 76%. The rate of collection remained low because the agencies had difficulties in collecting payment from municipalities (Ministry of Development, 2011).

Expense budget of the agencies in 2010 was about TRY 1 billion, but realized by 14% only (Table 7). Functional distribution of expenses show that about TRY 93 million was spent for general services while the remaining TRY 48 million for the project and operating support services (Ministry of Development, 2011).

A total of 24 agencies applied for CFP in 2010, and a fund of about TRY 451 million was allocated for eligible projects. In 2010, KUDAKA, DİKA and KARACADAĞ announced their list of projects that are found eligible for funds after the assessment. These three agencies allocated about TRY 60 million for 228 successful projects out of 1082 applicants. All the agencies except for two (KUZKA and ANKARAKA) applied for CFP in 2010. The projects that received funds constitute 21% of total project applications (Ministry of Development, 2011, p. 33). The calls for proposal made in 2010 and their components are shown in Table 8.

4.3.2. Activities in 2011

Although total income of the agencies in 2011 was estimated to be TRY 1.54 billion, it realized as TRY 939.6 million. This was caused by the deduction in shares transferred to the agencies from the central budget. The share to be transferred from the central budget to the agencies was estimated to be TRY 450 million, but realized only 22.2% of it as TRY 100 million (Table 9) (Ministry of Development, 2012).

Budget expenditures of the agencies in 2011 were realized as TRY 315.7 million despite the estimated amount of TRY 1.48 billion. The most important reason for this was that the project and operating support expenditures were realized at low levels. This is because progress payments of the projects funded under the financial support program extended to 2012 (Ministry of Development, 2012) (Table 10).

Realization status of the expenses of development agencies in 2011 shows that the project and operating support expenditures were

Table 6: Income of agencies in 2010

Income budget	Budget realization	Realization rate
1,012,860,390	764,829,179	0.76

Source: Ministry of Development, (2011, p. 50)

Table 7: Expenses of Agencies in 2010

General service expenditures			Proje ve faaliyet destekleme giderleri			Total		
Budget allocation	Budget realization	Realization rate	Budget allocation	Budget realization	Realization rate	Budget allocation	Budget realization	Realization rate
344,774,881	92,791,139	0.27	668,085,508	48,490,273	0.07	1,012,860,390	141,281,412	0.14

Source: Ministry of Development (2011)

realized by 15% while total expenditures were realized by 21.2%. In 2011, the agencies allocated a budget of TRY 172.2 million for the programs. 1786 project applications were received and 563 projects were found eligible for funds. The projects that received funds constitute 16% of total project applications. On the other hand, 21 agencies among those which applied for the CFP in 2010 completed the assessment process in 2011. A total fund of TRY 391.9 million was allocated by the agencies, and 1445 out of 8242 project applications were found eligible to receive funds. 17.5% of total project applications were granted support (Ministry of Development, 2012) (Table 11).

4.3.3. Activities in 2012

Although total income of the agencies in 2012 was estimated to be TRY 704.1 million, it was realized as TRY 373.8 million. This was because TRY 336 million to be transferred from central budget to the agencies was deposited to the accounts of agencies in 2013, thus it could not be included as a budget income in 2012 (Table 12) (Ministry of Development, 2013).

Budget expenditures of the agencies in 2012 were realized as TRY 548 million despite the estimated amount of TRY 1580 million. The most important reason for this was that the project and operating support expenditures were realized TRY 832 million lower than expected. This is because progress payments of the projects funded under the financial support program extended to 2013. The project and operating support expenditures have a share of 70% in total expenditures. Realization rates show that the project and operating support expenditures were realized by 31.6% and total expenditures by 34.7% (Table 13).

In 2012, the agencies allocated a total fund of TRY 104 million for the programs. 151 out of 717 projects were found eligible to receive funds. The projects that received funds constitute 21% of total project applications. Among those which applied for CFP in 2011, 18 applicants completed the assessment in 2012. A total fund of TRY 292.3 million was allocated by the agencies, and 1103 out of 4604 project application were found eligible to receive funds. Rate of the supported projects in total number of project applications was 23.9% (Table 14).

5. ASSESSMENT AND CONCLUSION

When regional development policies were no longer relevant in the 1980s, theories of local and regional development based on inward development started to be put forward. New theories accept local/regional dynamics as the principal actor of development.

In the 1990s, accountability of a region's development shifted away from monopoly of central state and its local representatives.

Table 8: Components of CFP and amount of funds granted (2010, TRY million)

Agency	Components of the CFP	Funds granted (TRY million)
AHİKA	Financial Support Program for Rural Development	4.7
	Agro-Industry Financial Support Program	5
	Financial Support Program for Small-Scale Infrastructure	3.3
BAKA	Financial Support Program for Increasing Competitiveness in Industry and Tourism (Profit making)	7
	Financial Support Program for Increasing Competitiveness in Industry and Tourism (non-profit making)	3
BAKKA	Financial Support Program for Increasing Economic Power and Competitiveness of Businesses	11
BEBKA	Financial Support Program for Increasing Competitiveness in Industry and Tourism (Profit making)	8
	Financial Support Program for Increasing Competitiveness in Industry and Tourism (non-Profit making)	4
ÇKA	Economic Development	17.5
	Social Development	12.5
	Small-Scale Infrastructure	10
DAKA	SME Financial Support Program	11.1
	Financial Support Program for Spreading Model Cattle Breeding Businesses	7.4
DİKA	Increasing Entrepreneurship through SMEs	10
	Small-Scale Infrastructure	8
	Turkey-Syria BİP 5 th CFP	2.5
DOĞAKA	Financial Support Program for Economic Development (Profit making)	4.5
	Financial Support Program for Economic Development (non-Profit making)	4.5
	Financial Support Program for Social Development	2.5
DOKA	Financial Support Program for Mobilizing Regional Potential in Tourism (Profit making)	5
	Financial Support Program for Mobilizing Regional Potential in Tourism (non-Profit making)	5
	Financial Support Program for Small-Scale Infrastructure in Tourism	4.5
FKA	Financial Support Program for Economic Development	11
GEKA	Financial Support Program for Economic Development (Profit making)	7
	Financial Support Program for Economic Development (non-Profit making)	3.3
	Financial Support Program for Economic Development (Small-Scale Infrastructure)	5.7
GMKA	Financial Support Program for Economic Development (Profit making)	8
	Financial Support Program for Economic Development (non-Profit making)	4
İKA	Financial Support Program for Economic Growth (Profit making)	8.5
	Financial Support Program for Economic Growth (non-Profit making)	3
	Financial Support Program for Small-Scale Infrastructure	4
İSTKA	Financial Support Program for Knowledge-Based Economic Development for Businesses	20
	Financial Support Program for Knowledge-Based Economic Development for Non-Profit Organizations	20
	Small-Scale Infrastructure Financial Support Program for Social Inclusion and Social Integration	15
	Financial Support Program for Development of Creative Industries for Businesses	7.5
	Financial Support Program for Development of Creative Industries for Non-Profit Organizations	7.5
İZKA	Economic Diversity in Rural Areas	6
	Competitiveness and Innovation in Tourism	12
KARACADAĞ	Economic Development	12.5
	Tourism Infrastructure	10.4
	Turkey-Syria BİP 5th CFP	2.5
KUDAKA	SME Financial Support Program	10
	Agriculture-Tourism-Industry Financial Support Program	5
MARKA	Financial Support Program for Increasing Competitiveness of SMEs	15
MEVKA	Financial Support Program for Economic Development	15
	Financial Support Program for Social Development	5
OKA	Financial Support Program for Improving Small-Scale Infrastructure, and Protecting and Improving Cultural, Touristic Values and Ecological Balances	18
	Financial Support Program for Economic Development	14.4
ORAN	Financial Support Program for Small-Scale Infrastructure Projects	4
	Financial Support for Economic Growth (for Small- and Medium Scale Businesses)	8.5
SERKA	Financial Support Program for Economic Growth (Small-Scale Infrastructure)	3.5
	Financial Support Program for Increasing Competitiveness (Profit making)	9
TRAKYAKA	Financial Support Program for Increasing Competitiveness (non-Profit making)	2
	Financial Support Program for Small-Scale Infrastructure	2.5
	Financial Support Program for Mobilizing Regional Potential	20
ZEKA	Financial Support Program for Mobilizing Regional Potential	20
Total		450.8

Source: Ministry of Development (2011, p. 28-31), CFP: Call for proposal

Table 9: Income of agencies in 2011

Income budget	Budget realization	Realization rate
1,543,279,470	939,688,528	0.61

Source: Ministry of Development (2012)

“Cooperation” or “common action” became the most important starting point in the new regional movement. The development agencies that emerged from this change were designed as an integral part of regional policies. These agencies are seen as

Table 10: Income of Agencies in 2011

General services expenditures				Project and operating support				Total	
Budget	Percent Share	Budget Realization	Percent Share	Budget	Percent Share	Budget Realization	Percent Share	Budget	Budget Realization
332.752.338	22,40	142.278.264	45,1	1.153.574.718	77,6	173.386.238	54,9	1.486.327.056	315.664.502

Table 11: The CFP activities in 2011 (TRY thousand)

Agency	Components of the CFP	Amount of agency support (announced, TRY thousand)
AHİLER	Development of Innovation in Manufacturing Industry (Profit making)	6500
	Tourism (Profit making and non-profit making)	6500
	Agriculture and Rural Development (non-Profit making)	2510
ANKARA	Mobilizing Potential for Tourism	16,000
	Innovative Activities	9000
BAKA	Development of R and D and Innovation (Profit making)	5000
	Development of R and D and Innovation (non-Profit making)	2500
	Making Use of the Potential for Tourism (Profit making)	4500
	Making Use of the Potential for Tourism (non-Profit making)	1750
	Development of Agro-Industry (Profit making)	4500
BAKKA	Development of Agro-Industry (non-Profit making)	1750
	SME	11,500
BEBKA	Social Development	3000
	Environment and Energy (profit making)	4500
ÇUKUROVA	Environment and Energy (non-profit making)	4500
	R and D and Innovation	5000
	Social Development (non-profit making)	2000
DİCLE	Increasing Competitiveness (for profit making organizations)	17,000
	Social and Economic Adaptation of Immigrant Population (for non-Profit making organizations)	6000
	Minimizing the Intra-Regional Development Gaps (for profit making organizations)	2000
	Minimizing the Intra-Regional Development Gaps (for non-profit making organizations)	2000
DOĞAKA	Industry-Specific Development	10,000
	Improving the Urban Life Quality	4000
	Improving Collective Industrial and Commercial Areas	3000
DOKA	Small-Scale Infrastructure - Improving Tourism Infrastructure	7000
	Development of Agro-Industry	10,000
FIRAT	Small-Scale Infrastructure in Tourism	5000
	Agro-Industry	10,000
	Development of Tourism and Industrial Infrastructure	7000
GMKA	Development of Tourism Sector	4500
	Economic Development	8700
	Model Businesses in Agriculture	6000
	Export and Innovation	10,950
İPEKYOLU	Social Development	4250
	2011 University-Industry-Society	6000
	2011 Financial Support Program for Tourism	8000
İSTANBUL	2011 Small-Scale Infrastructure	6500
	Abled Istanbul	15,000
	Environment and Energy Friendly İstanbul for Businesses	20,000
İZMİR	Environment and Energy Friendly İstanbul for Non-Profit Organizations	15,000
	Financial Support Program for Technological Production and Innovation	14,000
KARACADAĞ	Economic Development	13,000
	Tourism Infrastructure	6200
KUDAKA	SME	11,000
	Small-Scale Infrastructure	5000
KUZKA	SME	11,500
	Environment and Tourism Infrastructure	4500
MARKA	Increasing Competitiveness of SMEs	11,149
	Research and Development and Innovation (for profit making organizations)	1079
	Research and Development and Innovation (for non-profit making organizations)	3852
MEVLANA	Development of Competitiveness in Economic Enterprises	11,500
	Rural Development	3500
OKA	SME	15,000
	Development of Human Resources	3000
ORAN	New Product, Innovation and R and D	7300

(Contd...)

Table 11: (Continued)

Agency	Components of the CFP	Amount of agency support (announced, TRY thousand)
SERHAT	Geothermal and Mining	4500
	Development of Tourism Infrastructure	5000
	Small-Scale Infrastructure	4500
	Development of Model Combined Cattle Breeding Businesses	5250
THRACE	Economic Growth	5250
	Economic Development	9500
	Socioeconomic Development	5500
ZAFER	Small-Scale Infrastructure	5000
	Focus Industries	12,200
	Sustainable Rural and Urban Infrastructure	5900
	Total	463,090

Source: Ministry of Development (2012), CFP: Call for proposal

Table 12: Budget realizations of development agencies in 2012 (TRY)

Income	Budget	Realization	Difference	Realization rate
Income total	704,076,562	373,807,136	-330,269,426	53.1
Income from prior year	908,804,664	908,804,664	0	
Grand total	1,612,881,226	1,282,611,800	-330,269,426	80

Source: Ministry of Development (2013)

Table 13: Expenses of Agencies in 2012

General services expenditures				Project and operating support				Total	
Budget	Percent share	Budget realization	Percent share	Budget	Percent share	Budget realization	Percent share	Budget	Budget realization
364,176,933	23.00	164,636,458	30.0	1,216,769,319	77.0	383,895,630	70.0	1,580,946,252	548,532,088

Source: Ministry of Development (2013)

new instruments that are responsible for achieving regional development by carrying out projects in coordination with the private sector, various organizations and actors within the framework of governance.

With the process of EU membership process, Turkey abandoned the regional development policies that were based on incentives, and adopted a new practice. With the acceptance of Turkey as a candidate to the EU in the Helsinki summit in 1999, the top-down regional development policies were abandoned and the bottom-up regional development policies started to be implemented within the framework of governance approach. The “Draft Law on the Foundation, Coordination and Tasks of Regional Development Agencies” no. 5449 was accepted by the Turkish Grand National Assembly (TBMM) on January 25, 2006. Thus, the establishment of development agencies in 26 Level 2 regions was completed in 2006-2009.

In order to achieve regional development, the agencies use a range of support mechanisms, including the CFP, DOS, TS and GPS. As a new regional development policy instrument, the CFP is used by the development agencies in the areas identified according to the priorities in the national plans and strategies, regional plan and programs, and annual working program of the agency.

According to the data from the Ministry of Development, the agencies allocated TRY 1.6 billion grant for the projects through the CFP mechanism. This figure rises to TRY 3 billion

when cofinancing is included. The CFP received 27200 project applications in total, 5800 of which were accepted. Within the scope of DOS, TRY 33 million was sourced until August 2013, and 751 out of 2580 project received funds. In the field of TS, a fund of 13 million was provided while 2200 out of 4050 applications were approved.

This means that a total of TRY 1646 billion was allocated for the projects submitted under the three mechanisms of agencies. 8751 out of 33,830 projects were approved. The project approval rate was about 26%.

The activity reports examined show that the components of CFP of the agencies were in compliance with the regional socioeconomic characteristics. This is important to reveal sensitivities and characteristics of each region. Identification of project components by regional socioeconomic characteristics is consistent with the approach that the regions should not be addressed homogeneously. For example; The Eastern Anatolia Development Agency that covers Bitlis, Hakkari, Muş and Van supports the projects, which are suitable for the regional structure, such as “small-scale infrastructure for reinforcing investment infrastructure,” “supporting cattle breeding” and “development of fruit-vegetable gardening.” On the other hand, the Southern Aegean Development Agency covering Aydın, Denizli and Muğla calls for projects on “increasing added value in agro-industry” and “Our Heritage: leather Trade,” which are consistent with the regional characteristics.

Table 14: The CFP activities in 2012

Agency	Components of the CFP	Amount of agency support (announced, TRY thousand)
AHİKA	Sectorial Competitiveness	17,000
	Small-Scale Infrastructure	7000
ANKARA	Innovative Environment Friendly Practices	12,000
	Social Development	5000
	Rural Development	5000
	Tourism	5000
BAKA	Supporting R and D- and Innovation-Oriented Industry (non-Profit making organizations)	2100
	Supporting R and D- and Innovation-Oriented Industry (Profit making organizations)	4900
	Development of Agro-Industry (non-profit making organizations)	1950
	Development of Agro-Industry (profit making organizations)	4550
	Development of Alternative Tourism (non-profit making organizations)	1950
	Development of Alternative Tourism (profit making organizations)	4550
BAKKA	SME	5000
	Small-Scale Infrastructure	7500
BEBKA	Sustainable Industry	8000
	Small-Scale Infrastructure in Tourism	10,000
	Promotion of Tourism	2000
ÇKA	Competitiveness and Innovation	20,000
	Improving Working Conditions and Life Quality - Small-Scale Infrastructure	15,000
	Increasing Woman Employment and Vocational Education	5000
DAKA	Fruit and Vegetable Gardening in Hakkari	4000
	Encouraging the Use of Renewable Energy Sources	5000
	Small-Scale Infrastructure for Reinforcing Investment Infrastructure	10,430
DİKA	Development of Competitive Industries	15,337
	Tourism, Urban and Industrial Infrastructure	7000
	Effective Use of Water Resources in Agricultural Production	3000
DOĞAKA	Development of Sustainable Production and Innovation	30,000
GEKA	Increasing Added Value in Agro-Industry	11,600
	Our Heritage: Leather Trade	3000
İSTKA	Knowledge-Based Economic Development for Non-Profit Organizations	50,000
	Istanbul as Global Tourism Center for Non-Profit Organizations	20,000
	Supporting Entrepreneurship, Skills and Futures of Children and the Youth	25,000
	Preparation to Disasters	10,000
	Economic Development Based on Information and Communication Technologies (Businesses)	15,000
	Economic Development Based on Information and Communication Technologies (non-Profit making)	15,000
	Small-Scale Infrastructure for Social Inclusion	40,000
	Development of Creative Industries (Businesses)	15,000
	Development of Creative Industries (non-Profit making)	15,000
İZKA	Renewable Energy and Environment Technologies	25,000
KUDAKA	Development of Tourism (for Profit making)	4500
	Development of Tourism (for non-Profit making)	2000
	Small-Scale Infrastructure in Tourism	6500
	Development of Meat and Milk Industries in Bayburt	2000
KUZKA	Increasing Industrial Production (SÜRAT) MDP	13,000
	Diversification and Development of Tourism (TURGEP) MDP	6000
MEVKA	Increasing Competitiveness of the Region	14,000
	Small-Scale Infrastructure in Tourism	6000
ORAN	Competitive SMEs in Developing Industries MDP	15,000
	Development with Agriculture MDP	5000
THRACE	2012/2013 Economic Growth	11,000
	2012/2013 Socioeconomic Growth	3500
	2012/2013 Small-Scale Infrastructure	6500
ZEKA	Social Development	9800
	Social Infrastructure	7500
	Total	575,167

Source: Ministry of Development (2013). CFP: Call for proposal

Components of the CFP s are continuous during the three periods examined. For example, the Eastern Marmara Development Agency covering Bolu, Düzce, Sakarya, Yalova and Kocaeli applied for the CFP in each period under the name of “increasing competitiveness of SMEs.”

The development agencies play an important role in developing the project culture in Turkey. When the agencies’ budget expenditures are examined, it is shown that the biggest share was allocated to the expenses of “project and operating support.” However, contribution of these projects to regional development and thus

national development is questioned. First of all, the performance indicators of the finalized projects and how their contribution is measured are not clear. The total fund of TRY 1646 billion that was allocated to the supporting mechanisms from their establishment to August 2013 is not sufficient for the fulfillment of duties and authorities set forth in the Law no 5449. This inadequacy stands out further when considering the regional differences in Turkey.

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