

Institutional Implications of Regional Development Agencies in Turkey: An Evaluation of the Integrative Forces of Legal and Institutional Frameworks

Introduction

Since Turkey gained European Union (EU) candidate status with the decision of Helsinki Summit in 1999, the momentum of legal and institutional reforms has increased unprecedentedly. The prospect of Turkey's EU membership marked a significant increase in the influence of EU policies on domestic economic, political, legal and institutional changes in Turkey. The pace of changes in Turkish policies has further accelerated since 2002. Turkey has committed itself to the necessary adjustment and re-arrangement to meet EU criteria and has showed its intention in the "Urgent Action Plan" and Revised National Programme in 2003.

Further, accession negotiations between the EU and Turkey that started in 2005 and the issue of Turkey's compliance with the "*acquis communautaire*" became even more significant for the legal and institutional reform processes. Anticipated EU membership has brought about the need for an appropriate legal and institutional frameworks. Turkey, as a candidate state, is currently in a position to undertake the necessary reforms and adapt to the governance approach with corresponding institutional structure, which is laid out in the '*acquis communautaire*'. The priorities and measures for harmonization are set out in the National Programme for the Adoption of the *Acquis* (NPAA).

The move to governance and 'institution building' has been encouraged, in particular, through the way the EU has conditioned the implementation of regional policy along with the Structural Funds and the Cohesion Fund spending across the Union. After introducing principles of programmatic approaches, partnership, accountability and subsidiarity in the 1980s and 1990s, the European Commission (EC) Lisbon Agenda in 2000 gave a further push to nurturing participatory forms of territorial , i.e. particularly regional, governance. As part of its commitment to 'better government', the EU considers local and regional authorities and agencies as vantage points for informing and engaging citizens, local businesses and other local groups and organizations (Gualini, 2004).

The accelerated process of reforms in legal and institutional frameworks has significant ramifications for urban and regional contexts. Within the context of New Regionalism (Keating, 1998), the 1990s had significant implications on regional policies throughout Europe. The emphasis of regional policies indicated the importance of gaining competitive advantages for regions in the global economy by mobilizing local/regional resources and specializing in certain sectors based on local/regional capacities. Europeanization in Turkish regional policy has also taken place within the framework of Turkey's path towards EU membership.

The aim of this paper is to address the legal and institutional frameworks in the context of regional policy, which underlined the establishment of RDAs in Turkey, along with the integrative forces that they entail. The emphasis on integrative forces of legal and institutional frameworks is twofold. First, with the prospect of full accession, Turkey has committed itself to conforming its governance structures and procedures to that of the EU policy area, including regional policy. In this sense, legal and institutional frameworks are developed in order to enable the integration of Turkey to the EU. Second, legal and institutional frameworks, which are designed for establishing RDAs in Turkey, bring about the need for all economic and political actors of a particular territory to make a collaborative effort in designing and managing regional policies and achieving regional development. Those regional development projects that had been designed and implemented prior to Turkey's intense adjustment and re-arrangement process for EU membership lacked the emphasis on local political and economic actors to a considerable

extent. In this sense, institution building and governance approach encouraged by the EU will provide significant potential for maintaining integrative forces through legal and institutional frameworks in the context of regional policy making and regional development projects.

EU Conditionality in Regional Policy

One of the fundamental principles of EU regional policy is that of eliminating regional disparities not only among its Member States, but also among 'developed' and 'less developed' regions, as regional disparities exist even in the most developed countries of the EU.

The Treaty of Rome, dated 1957, marked the foundation of the European Communities by addressing the need to 'promote throughout the Community a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection' as well as 'to raise the standard of living and quality of life, and economic and social cohesion and solidarity among Member States'. Here, it was aimed that all regions would benefit equally from the opportunities of the single market.

The Maastricht treaty in 1992, on the other hand, emphasized the solidarity principle by making economic and social cohesion one of the Community's priority objectives. This treaty reinforced controls on public deficits by setting the criteria for economic and budgetary convergence for the Member States. This meant the establishment of budgetary policies in order to increase investment in infrastructure, which would in turn speed up development. Due to the fact that these criteria could not be met by the new Member States such as Spain, Greece, Ireland and Portugal, the European Community set up the Cohesion Fund to enable solidarity among its members.

Between 2000 and 2006 one third of the Community budgets which is made up of contributions from Member States have been spent on regional policy, targeting the regions which are most in need of assistance. The financial instruments by which this solidarity drive to help the least favored regions is implemented, are the Structural Funds and the Cohesion Fund (Reeves, 2005).

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. Together, these funds form the financial tools of the Community's cohesion policy for reducing economic and social disparities between developed and less developed regions. As evidenced by the experiences of Central and Eastern European countries (CEECs), the importance of regional policy is certainly not limited to its financial implications. For most of the newest member states, the imperative to meet the institutional requirements of EU regional policies during the accession negotiations brought about a major reform of their local and regional governance structures. For some of them, these institutional reforms went as far as regional decentralization and the establishment of democratized regional governance structures (Beleli, 2005).

Acquis communautaire is the body of EU legislation that forms the framework of accession negotiations, which consists of 31 chapters. Accession negotiations are conducted in different chapters. 'Regional Policy and Co-ordination of Structural Instruments' is Chapter 21 of the *acquis communautaire*. This chapter differs significantly from the rest of the *acquis communautaire* as it consists mostly of framework and implementing regulations, which define the rules for implementing Structural Funds, and does not require transposition into national legislation.

The scope of institutional reforms in CEECs that resulted from the negotiations on regional policy came as a surprise to most policy makers given the nature of the Chapter 21. In other words, the framework and regulations under Chapter 21 lack the formal conditionality that characterizes most of the other chapters of the *acquis* (Beleli, 2005). Consequently, the relative vagueness of the *acquis* on regional policy combined with its brevity caused most candidate countries' not to prioritize regional policy in their preparations for accession negotiations. To the

surprise of most policy analysts, regional policy soon emerged as one of the most important and controversial issues in the accession negotiations and was one of the last chapters to be closed by the candidates (Hughes *et al*, 2004).

The EC requirements, regarding regional policy during the accession negotiations, include the administrative and institutional capacity to manage the Structural funds. The current *acquis* under Chapter 21 on regional policy that forms the formal basis of negotiations is consisted of:

- a territorial organization based on a provisional NUTS classification,
- a legislative framework allowing for the implementation of the specific provisions,
- an institutional framework and administrative capacity whereby clear tasks and responsibilities of all involved bodies and institutions are defined,
- an effective interministerial co-ordination,
- programming capacity whereby the country can design a development plan,
- appropriate procedures for multi-annual programming of budgetary expenditure,
- implementation of partnership principle at the different stages of programming, financing, monitoring and evaluation.

The Commission outlines the main lines of conditionality by Accession Partnerships and assesses the fulfillment of requirements of the candidate states by the Regular Reports. In the meantime, the changes in Turkish regional policy influenced by the drive towards harmonization with the EU demand a particular emphasis. The changes in Turkish regional policy can be analyzed through the Regular and Accession Partnerships Reports (Pala, 2005). With regard to the 2004 Regular Report, for instance, the Preliminary National Development Plan (pNDP), aiming to draw up the guidelines of economic and social cohesion policy for the period 2004-2006 was adopted. The twelve priority regions at the NUTS II level and two different cross-border cooperation regions with Greece and Bulgaria were determined and the regional development programmes were prepared. Concerning monitoring and evaluation, DPT established a new department specifically responsible for the monitoring and evaluation of regional development plans. With regard to regional statistics, regional statistical offices were established in each of the provisional NUTS II regions. A draft law establishing Development Agencies was prepared (CEC, 2004).

With its 2005 Report, the Commission stated that extensive planning experience of DPT is mostly confined to the strategic level. There is significant weakness in bridging the divide between strategic plans and operational programmes. Further, collaboration between sectoral and regional departments within DPT is not strong, which could be a vital element for defining investment strategies. The final evaluation of the report refers to the fact that the need to strengthen regional administrative capacity in order to meet the EU regional policy requirements still stands (CEC, 2005). The requirement on establishing RDAs should be underlined at this point, in the sense that RDAs are conceptualized as being those local/regional institutions that will enable the adoption of local/regional governance approach in certain territories.

Regional Development Agencies in Europe

RDAs have been operating in Western European countries since 1950s and 1960s in order to decrease the negative effects of the Second World War and keeping up with rapid technological developments in the world. A RDA is 'a regionally based, publicly financed organization outside the mainstream of central and local government administration designed to promote economic development' (Halkier *et al*, 1998). According to European Association of Regional Development Agencies (EURADA), 'a RDA is an operational structure that identifies sectoral or overall development problems, chooses a range of opportunities or methodologies for their solution and promotes projects which can maximize the solutions to the problems' (EURADA, 1999). An attempt to define a development agency at the European level would not be possible, due to the fact that their only common feature is the aim of endogenous development of a region.

RDAs can be classified according to their bureaucratic autonomy, their origins and their activities. A basic distinction between RDAs can be drawn by their positions either inside or outside the core administrative apparatus of politically elected government. Political sponsors can be the local, regional and national actors. A development body incorporated into a government structure is likely to be subjected to a high degree of political control. However, agencies established by central governments have the advantage of resources available for their objectives. Moreover, agencies existing inside local and regional authorities have closer to the local realities but dependency on bureaucratic channels tends to transform them into less operational organizations and agencies established by local/regional authorities can make quicker decisions and less dependent on political attitudes (EURADA, 1999). In an arm's-length situation the sponsoring authority only interferes with the activities of the policy making organization on a very general level such as allocation of resources and broad policy guidelines while both the strategic initiative and important discretionary powers are left with the frontline bureaucracy (Halkier, *et al* 1998).

Generally, RDAs stimulate their regions' economy by assisting in the establishment of firms, consultancy for firms and training of their managers, promotion of enterprise zones or attraction of local or foreign investors, stimulation of technology transfer and inter-company partnership, creation and management of company incubators, provision of risk capital, conducting of studies and territorial planning initiatives, regeneration of areas made derelict by industrial blight. Their most important activity is preparing a regional development strategy for their region (Yaşar, 2003).

Endogenous development activity group exist in most of the RDAs to reveal the endogenous potential of the region in both nationally and internationally. In these action area RDAs have activities like collection data about the endogenous potential for both to the local authorities and enterprises, infrastructure activities like environmental protection, development of indigenous potentials like tourism and nowadays which becomes more important is development and management of infrastructures like industrial parks or free enterprise zones, technology and science parks, incubators, business and innovation centers.

Attraction of foreign investment is undertaken by the large majority of RDAs. RDAs used some specific tools to attract the capital to their regions. They use these tools directly like setting up offices abroad or indirectly like cooperating with specialized national institutions, information campaigns and participating in specialized trade fairs or exhibitions.

RDAs' specialization activity has been given a particular emphasis during the late 1990s in European countries (EURADA, 1999). RDAs support enterprises for the development and wealth of its territory as an objective and a strategic policy. There are a lot of classification of services given by RDAs to the enterprises from different view points such as intangible, tangible and financial services or consulting, financial and infrastructure services. The services to existing enterprises are management, production, transfer and dissemination of technology, network promotion, information and communication, research, personal, sales, operational services. Under that function areas RDAs by given services of consultancy, infrastructure and training, try to develop the existing SMEs and stimulate entrepreneurial sprit. Some of the agencies also provide research activities. Generally these are large agencies with respect to size (Yuill, 1982).

RDAs provide two major services to the local and regional authorities. First one is consultancy, while the second is managing or conducting files on the behalf of these authorities. In the second group, RDAs provide services such as managing the loans and financial grants of authorities, searching for foreign investors, profiling analysis (Yaşar,2003).

Most of the RDAs provide a range of training action for potential entrepreneurs, SME managers and fragile groups. In specific circumstances like sharp decrease in employment RDAs provide training for people made redundant. Some agencies involves in assessing skill needs (EURADA, 1999). Training for the business managers are provided by half of the RDAs.

RDAs in Europe also participate in networks, programmes and projects. The international actions of the RDAs are classified into five major groups, which were relations participation of Community programs, participation in European networks, participation in actions outside the EU, consultancy services within the framework of EU to the countries outside the EU, implementation of projects.

All in all, the most significant function of RDAs in general can be singled out with regard to enabling endogenous development of regions through collaborative efforts of local/regional actors. In this context, the development of strategic plans in line with the national development plans and programmes is one of the fundamental tasks of RDAs.

Regional Development Policies and Projects in Turkey

The EU candidate countries in the accession period have to comply with certain requirements that are addressed in accession negotiations. In its National Plan for the Adoption of the *Acquis* (NPAA), Turkey has committed itself to legal and institutional changes that will contribute to its adjustment to EU regional policy. Turkey has already complied with the requirement on territorial organization with the establishment of 26 NUTS II regions and partially with the requirement on programming capacity with the preparation of a preliminary National Development Plan (pNDP) (Reeves, 2005).

In Turkey, regional development policies have been developed in the quest to eliminate regional disparities, to accelerate local and regional economic development and to enable sustainable development. However, those policies developed towards particularly less developed regions have not been very successful, mainly due to the lack of institutional capacity at the local/regional level, i.e. the lack of effective institutional structures at the local level as well as that of sufficient financial resources.

The establishment of DPT stemmed from the goal of enabling social, economic and cultural development. Since its establishment in 1960, DPT has been the main institution in charge of regional development policies, plans and their implementation. Regional development projects have been designed, mainly for the less developed regions, and regional development policies have been developed as part of the National Development Plans, which have been also prepared by DPT. DPT has prepared nine five-year development plans so far. Throughout the planned period, the priority has been on eliminating regional disparities among regions of Turkey. In spite of good intentions, a balanced distribution of resources could not be realized to an extent that would meet the range of these intentions.

There had been a number of initiatives of regional development projects prior to Turkey's comprehensive adjustment process towards EU candidacy. In the planned period, East Marmara Region Planning Project (1963), Zonguldak Regional Planning Project (1963-64), Antalya Project (1960-65), Aegean Region Regional Development Project (1963-69), Çukurova Region Planning Project (1962), Keban Project (1964) aimed at developing policies, plans and proposals for the problems of different regions. The first integrated regional project has been the Güneydoğu Anadolu Projesi, i.e. GAP, South-Eastern Anatolia Regional Development Project, which started in 1989. Although the objectives of GAP corresponds to that of an RDA, i.e. fostering regional development; the project is an extension of the central state in terms of its institutional setting. For instance, the location of GAP's central activities are located in Ankara.

During the second half of the 1990s, Eastern Black Sea Region (DOKAP) and Eastern Anatolia Region (DAP) were planned by DPT. The implementation processes of these plans are still being carried out along with the studies of Zonguldak,-Bartın-Karabük Regional Development Project (Akpınar, 2004).

Turkey has always had a highly centralized system of government and this centralization is reflected in its regional policies and projects as well as in its institutional structures. Even though regional development policies and projects mobilized certain local/regional resources to a some extent, the aim of eliminating regional disparities has been far from being accomplished. In this

sense, 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. In the absence of any dedicated agency or ministry for regional policy at national level, responsibility for this sphere of competence has been assumed by the State Planning Organization (DPT), whose main task has been to prepare five-year development plans, largely on a sectoral basis. Regional policy has therefore had to be superimposed on its traditional vertical, sectoral approach to provide a horizontal, regional dimension. New departments have been created within the DPT to accommodate changing realities and to undertake the task of managing the implementation of EU funded regional development programmes (Reeves, 2005).

In 2002, the State Planning Organization (DPT) defined NUTS (Nomenclature of Territorial Units for Statistics) levels in Turkey. DPT was designed as a National Agency at the central level. At the NUTS II level, 26 'statistical regions' were established, which group together Turkey's 81 provinces. Following the definition of NUTS levels, a new institutional framework for these regions was introduced through a programme, which is under way to establish RDAs. Currently Turkey is at the stage of establishing Regional Development Agencies (RDAs) in NUTS II regions. RDAs are expected to play a critical role in managing regional policy, achieving regional development as well as in mobilising support and funding for regional development projects while integrating the public and private sectors along with NGOs into regional development.

Regional Development Agencies in Turkey

In the scope of regional policy, the EC emphasizes that the candidate countries to harmonise their local/regional governance structures by establishing regional institutions with decentralised power in order to enhance regional capacity. Enhancing regional capacity is considered as being essential in the enlargement conditionalities to be eligible for the Structural Funds. Even though the attempts to establish RDAs extends far behind Turkey's accession negotiations; current developments regarding to RDA formation should be given a particular emphasis within this framework.

RDAs are characterized by their variety in terms of structure and responsibilities throughout Europe. Turkey has had a wide scope for RDAs, based on its own experiences as well as European examples. The structure of each agency will depend in part on the secondary legislation setting up each one. The sources of funding will range from the central budget to private funds along with the income generated by the RDAs themselves.

The first initiatives towards establishing Regional Development Agencies in Turkey took place in the early 1990s. Local initiatives were started by non-governmental actors, mainly the business sector. A particular NGO, i.e. Aegean Regional Development Foundation (EGEV), was the driving force of this kind of development in the Aegean Region. EGEV was established in 1992 by governorship, municipality, chambers, industrialists and businessman organizations with the aim of achieving economic development for the Aegean Region. In 1993, this NGO initiated studies on an RDA under the name of the *Aegean Region Development Agency* (EBKA). The project could draw on financial resource of a 300.000 ECU within the context of the EU MEDINVEST programme. EBKA has evolved as an agency developing trade co-operations between local SMEs and the EU, and also a local centre for economic intelligence. EBKA has established a database for İzmir. However, the agency eventually moved away from its original objectives and continues as a joint stock company at present.

Other initiatives were taken by the Chambers of Commerce, the first one was in İzmir (İZTO), while the second one was in Mersin (MTSO) (Kayasu *et al*, 2003). In İzmir, İZTO has been working on the development of an RDA in the Aegean Region from 1999 onwards. This effort has been carried out in co-operation with a group of experts from the United Kingdom, specially *Trade Partners UK*, which is the international branch of England Commerce Ministry. İZTO and *Trade Partners UK* signed a contract for co-operation in 2001. In 2001, İZTO organized two

meetings towards establishing an RDA with regional/local actors, municipalities, the DPT and UK experts. Even though a plan emerged to establish a proto-agency, the attempt was not successful mainly due to the lack of legal framework for this kind of institutional formation. In Mersin, the Development Agency started its activities in June 2002 to foster regional development. Its specific objectives were defined as the development of infrastructure along with that of economic intelligence, e.g. through the collection of statistical data and providing support for business. In addition to this development agency, another agency was established in 2004 with the participation of governorship, municipalities, universities, chambers, under the name of Mersin Development and Cooperation Council, to provide a broader basis for support and legitimization for the Development Agency.

Legal and Institutional Frameworks Toward Establishing RDAs in Turkey

The public administration system in Turkey has been restructured through the last few years. Two documents should be mentioned, which provide the framework for the restructuring of public administration, i.e. the Urgent Action Plan of the Government and the Draft Framework Law on Public Administration. Within this context, the government prepared a comprehensive public administration reform, the legal framework of which is comprised of a number of laws such as the Public Administration Draft Law, the Law on Metropolitan Municipalities, the Law on Municipalities, and the Law on Special Provincial Administrations.

Priorities of the aforementioned reform are improving organizational, managerial and information systems; strengthening the capability for decision-making; redefining the role and structure of coordinating bodies charged with modernizing working and communication procedures and means; setting-up a more professional and neutral civil service, with efficient links between the political and administrative levels, rationalizing and modernizing current structures; operationalizing newly created structures; continuing the decentralization process and strengthening local authorities; modernizing public finance management; increasing the degree of transparency for citizens and creating partnerships with civil society (Sungar, 2005).

Turkey has agreed to facilitate the development of structures of local/regional governance in line with the principles of good governance adopted by the EU. This refers to transparency, accountability, subsidiarity and the establishment of partnerships between the public and private sectors, encompassing local/regional actors.

In order to facilitate the development of structures of local/regional governance, Turkey, in agreement with the EU, has introduced the new division of regions at the NUTS II level. In addition, a law, 'The Law on the Establishment, Coordination and Duties of Development Agencies', passed on January 25, 2006 (Law No. 5449, 2006) to facilitate and regulate the establishment of DAs in NUTS II regions. DPT has been defined as being the National Agency. In this context, DAs in Turkey can be conceptualized as being those agencies that are established by the central government, with strategic and operational functions. Their aims include accelerating sustainable regional development, eliminating regional disparities and fostering collaboration and cooperation among the public and private sectors along with NGOs. Attracting investment, conducting promotional activities and providing non-financial business services are also among the aims of DAs.

The proposed organizational structure of the DAs includes a Developmental Board, a Management Board, a General Secretariat and Investment Support Offices for business support. The Developmental Board members are representatives of various public and private organizations, NGOs and universities within the region. This board functions as an advisory board. The Management Board is formed by governors, mayors of the metropolitan municipalities, the chairmen of the Chambers of Commerce and Industry and three representatives from NGOs or from the private sector. General Secretariat is the executive body in DAs. Moreover, Investment Support Offices are located in each province of the NUTS II regions.

Another significant legal framework has been provided by the introduction of a law, 'The Law on the Establishment of Turkish Investment Support and Promotion Agency', which passed on June 21, 2006 (Law No. 5523, 2006). The Undersecretariat of Treasury, which operates under the Prime Ministry, will be designed as the Agency. This law is designed to facilitate and regulate the establishment of an Investment Support and Promotion Agency that will cooperate with the Development Agencies on supporting and promoting investments. The aim of the Agency include defining national investment support and promotion strategies and conducting the implementation processes in collaboration with DAs and other related institutions. The proposed organizational structure of the Agency includes a President and an Advisory Board.

Within the confines of this legal and institutional frameworks, the process of DA launching that starts with the establishment of pilot DAs in selected NUTS II regions is currently carried out in Turkey. Even though three development associations had already been established by DPT previously; namely, Orta Karadeniz Development Association, Yesilirmak Watershed Area Development Association, Erzurum-Erzincan-Bayburt Provinces Development Association, the pilot regions that have been selected for DA formation are Adana-Mersin and İzmir NUTS II regions. The success stories of these two regions in terms of their previous attempts of establishing RDAs can be accounted for this development. In fact, the Council of Ministers signed the decree regarding to the establishment of two new RDAs in Adana-Mersin and İzmir NUTS II regions on July 6, 2006 (The Official Gazette, 6/772006). The next step, on the other hand, can be NUTS II region of Gaziantep, Sanliurfa and Mardin in South-Eastern Anatolia, which is currently covered by the GAP. Adapazarı and Elazığ are also seeking to become official pilot regions for the establishment of new DAs in the near future.

Given the absence of binding EU rules about the form, role and power of the established regional institutions, the law bring about specificity to Turkey. The law emphasizes the need for a new regional policy approach along with the integrative forces, comprising participation of local actors in preparation, implementation and monitoring, endogenous development, capacity building, a bottom-up approach, efficient and effective use of financial resource and subsidiarity. The defined aims of establishing DAs are accelerating regional development, ensuring sustainability and reducing interregional development disparities in accordance with the principles and policies set in the Development Plans and Programmes, cooperative networking between local authorities, private sector and civil society and stimulating local potential. In this sense the definition of new regional approach and the aims of DAs are very similar to other examples in CEEC countries (Pala, 2005).

This framework places the bottom to top approaches with an emphasis on the significance of locality and local/regional development in the forefront of priorities. The facts that 'global competition on the basis of competitive advantages accelerates local/regional specialization...Under the circumstances, competition among countries has evolved into competition among cities and regions' are emphasized specifically in the Law on the Establishment, Coordination and Duties of Development Agencies. Statements such as these, which are in line with the accounts of New Regionalism, indicates that Turkish regional policies have transformed from a highly centralized structure to a decentralized framework. At first, this transformation may appear as though it includes the disintegrative forces that would lead to the abandoning of traditional top to bottom institutional structures with corresponding legal frameworks. However, in spite of the fact that DAs are designed to incorporate civil society associations, universities, representatives of local administrations as well as that of the public and private sectors in the Development Council, the legal and institutional frameworks of DAs have been formulated in such a way that maintains the traditional central and local public administration interrelations.

Moreover DPT, as the National Agency, is likely to use allocated resources within the confines of central control, i.e. the institution is in charge of approving the annual plans of Agencies and of ensuring the conformity of the regional plans and programmes prepared by DAs in accordance

with the National Development and Regional Plans. DPT is also responsible for monitoring and evaluating the implementation of plans and programmes that are prepared by DAs.

Corollary to this, developing strategic plans for regional development is one of the fundamental functions of DAs at the local/regional level; however, the Law on the Establishment, Coordination and Duties of Development Agencies does not include a section on the development of strategic plans. In spite of the fact that the notion of strategic planning had been included in the earlier drafts of the law, the lack of an emphasis on planning constitutes a major problem area. Strategic plans can provide a comprehensive framework for representatives of the private sector as well as that of NGOs with regard to the development objectives at the local/regional level, which, in turn, would eliminate those concerns that are related to motives of profit maximizing behaviour on the part of the former.

The Law on the Establishment of Turkish Investment Support and Promotion Agency also includes significant ramifications that can be related to public administration traditions. The very fact that another central Agency is designed to take charge of the implementation aspects of DAs' strategies appears to be a contradiction in itself. The responsibilities defined for DPT and the Undersecretariat of Treasury by the Law on the Establishment, Coordination and Duties of Development Agencies and the Law on The Establishment of Turkish Investment Support and Promotion Agency, respectively bear the potential for somehow overlapping. Although this can be conceptualized as being implementative for enabling central coordination, further secondary legislations with regard to particular DAs and the implementation processes need to be observed in order to make final decisions.

Finally, the institutional structure of DAs in Turkey would benefit a great deal from the existence of a local/regional intermediary Development Support Offices, i.e. to operate in coordination with the Investment Support and Promotion Agency, between the General Secretariat and Investment Support Offices. Technical staff of the local/regional Development Support Offices could undertake significant tasks not only in the process of strategic plan making, but also in that of project management in the framework of strategic plans. These activities constitute the most fundamental tasks of DAs in conducting their development programmes; that is, if they are to be effective local/regional institutions that are designed to implement regional policies with horizontal dimension.

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