

GUIDED PROJECT SUPPORT EXPERIENCE OF TURKISH DEVELOPMENT AGENCIES

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ABSTRACT: Development Agencies are new experience for nearly 55 – year Turkish planning adventure and socioeconomic development challenges. These foundations are also new for Turkish Institutional structure since they were founded as the result of a requirement for the adoption of EU regional development policies. Most important functions given legally to the Agencies are preparing regional development plans (RDPs) for the NUTS II regions they operate, in the close collaboration and coordination with local actors in order to utilize local potentials by putting targets for socio-economic development and conduct financial programs by giving grants to both private and public sectors. Among the financial and technical supports of the Agencies in Turkey to locals are technical support (training staff of regional institutions or NGOs), direct activity support (for the production of sectoral strategies and feasibilities for large size investments), financial support programs (call for projects) for public and private sectors, guided project support (in the coordination of the Agency itself) and credit support without interest. Among the supports the Agencies provide to their regions, perhaps guided projects are expected to affect the cities' structures the most since they are designed together with the Agencies and local institutions like municipalities, which are directly responsible for the public services in the cities and have the capability of making important decisions about physical and social infrastructure in the cities. Guided projects have the largest budgets (up to 5 million Turkish Liras 1.7 Million Euros) among the Agencies' supports therefore some major projects can be designed and implemented with the support and partnership of the local institutions. The aim of the present study is to give brief information about Turkish regional development policy, development agencies, their supports and finally guided projects by considering the samples implemented in different parts of the country.

Keywords: development agency, guided projects, Turkey, financial support, grant.

1. INTRODUCTION

Depending on various reasons such as geography, human capital or conjuncture, countries or regions may have different development levels, which have been the subject and agenda of both academia and public administrators for sometimes. In additions, the reduction of development differences between the regions has been the subject of many approaches, models and studies from various scientific and occupational fields. Governmental incentives and financial supports were sometimes adopted in Europe in 1960s and 1970s to attract investments in less developed regions (Halkier 2000). Beginning from 1970s, views about the use of local potentials for the development of the mentioned regions were suggested and applied in some areas by considering the potentials of each region as the elements of global competitiveness. With the changes in economy policies towards “endogenous growth”, planning efforts were also exposed to changes in understanding which prioritised bottom – up approaches (Kayasü and Yaşar 2006) aiming to produce and implement policies prepared with the participation of locals and focused directly on the use of regional potentials (Amin 1999).

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In European Union (EU), from the mid - 1970s, a statistical approach was applied using statistical regions to collect data in order to develop more accurate policies for the development of the regions determined (The Nomenclature of Territorial Units for Statistics; NUTS). Such an application in use since 1988 in EU was officially approved in 2003 (Öztürk 2009).

Turkey, in accordance with the EU Accession Partnership Document, accepted regional policies of EU including NUTS classification in 2001. In this respect, Turkey's NUTS regions were determined in 3 classifications; NUTS I, II and III, which represent 12 regions, 26 sub-regions and 81 provinces in 2002. Among the short term regional policies, Turkey required to accept the preparation of regional development plans for 26 NUTS II regions determined through local participations and establishment of regional development agencies.

Turkey has been in a planned development process since 1960s and in the last two decades, development understanding in Turkey has completely changed by putting local/regional development approaches in place of more central one; and founding new regional development actors beginning from 2006 i.e. regional development agencies (RDAs) in 26 newly outlined Statistical Units (NUTS II Regions) which are taken responsible for preparing and implementing the RDPs by giving technical and financial supports as grant to both private and public sectors including SMEs and public institutions e.g. municipalities, local governorates and universities and by making such institutions adopt the priorities in the plans.

The instruments RDAs employ for the realization of the priorities in their plans they prepare for the socioeconomic development of their region are categorized based on the legal regulation of RDAs' project and activity supporting ways (Official Paper No: 27048) in two groups as technical and financial supports (Figure 1). While technical support represents a unique group and is granted to public and nongovernmental (not private) institutions through RDAs their own possibilities i.e. their specialists or outer experts they find related to the needs of such institutions in a limited budget – project, financial supports are categorized in 7 subgroups as can be seen in Figure 1.

Financial supports include interest supports (i.e. RDAs pay the amount resulting from the interest rate of SMEs' loans or RDAs give loans to SMEs without interest) and direct financial supports are provided directly by the RDAs themselves to the successful project proposals from the public and private institutions and NGOs.

Among direct financial supports of RDAs "Guided Project Support (GPS)" has unique and different characteristics from other support types since the idea, development and preparation processes of the projects to be offered are designed with the guidance, directives, assistance and participation of the RDAs themselves without applying the procedures of "call for project proposal" whereas in other support types all the preparation process of projects are implemented by applicants' own efforts in a call for proposal period and procedure.

Aims, targets, scopes and procedures of GPS are clarified in again the related legal regulation (Official Paper No: 27048) given by summarizing it as follows. In the scope of the guided project support, (In Article 28 – 1) "On condition that it predetermines in its yearly work plan and in the aim of contributing to the acceleration of regional development, the Agency can provide direct financial and technical supports without applying the procedures of call-for-proposal to the projects which are related to the fields and sectors defined in RDP and field surveys and may involve high-quality and extended budget infrastructural and operational supports such as the construction and operation of business incubators, techno-parks, technology development centres and the centres for fairs, trade, exhibition halls, laboratory and workshops for the common use of businesses to improve the capacity for entrepreneurship and innovation in the region.

Sectoral expertise is encouraged conveniently with the RDPs and strategies in the scope of such projects". (2) The Agency can only support financially a GPS project up to 90%. (3)

The Agency conducts required coordination activities to determine possible actors to implement the GPS project general framework of which is also outlined by again the Agency itself beginning from the concretization of project idea. In such support types as GPS, cooperation is encouraged between public and private sectors and NGOs. (4) The Agency demands some kinds of documents like application projects, detailed work plans, feasibility reports, scenarios for operational model and contracts related to co-financing of the project and cooperation principles from possible project (co)applicants and other actors. The Agency can give the aforementioned sides a 180 – day time period for their completion of such documents. (5) GPS projects are evaluated by a commission made up of at least three people including the secretary general and two specialists of the Agency and presented to executive board of the Agency for approval. After the executive board approves the project whose detailed work plan and feasibility are accepted to be suitable as the result of the evaluation works in the body of the Agency, the project proposal is submitted for the approval of the Ministry of Development.”



Figure 1. Categories of supports by Turkish RDAs

Main aim in the scope of the GPS projects is to empower private sector businesses by considering the short, mid and long term benefits such as those given below (MARKA 2014).

- Improvement of the capacity for production and export,
- Increasing the number and quality of the best practice examples,
- Encouraging sectoral diversity and expertise,
- Development, transfer or expansion of special knowledge, skills and technologies,
- Development of new financial models,
- Encouraging university – industry collaboration,
- Development of new service and production organization,
- Creating cooperation networks and value chain,
- Supporting clustering,
- Development of new industrial infrastructure and organization models,
- Increasing the quality of human resources needed in the sectoral fields in the region.

More than one institutions and foundations can be (co)applicant in the application and implementation of the GPS project. Applicant can only be local authorities, universities and research institutions, other public institutions, occupational chambers, organized industrial zones, industrial zones, technology development zones and small industrial sites and NGOs.

Eligibility of the actions;

For location and time; maximum project time is 24 months beginning from the first day of the contract and actions must be implemented in the related RDA's responsibility region.

For the activities; routine, obligatory, institutional and not innovative services and infrastructural activities and the projects including only profit aimed foundations, cannot be supported.

Eligibility of the costs

Eligible costs are accepted to be those which are cost effective, implemented and documented by (co)applicant in project time.

Ineligible costs include expenses like those which are caused by the mistakes, losses, debts, or interests of the project sides, items financed by other sources, salaries of the projects sides, land and building purchasing, second hand equipment etc.

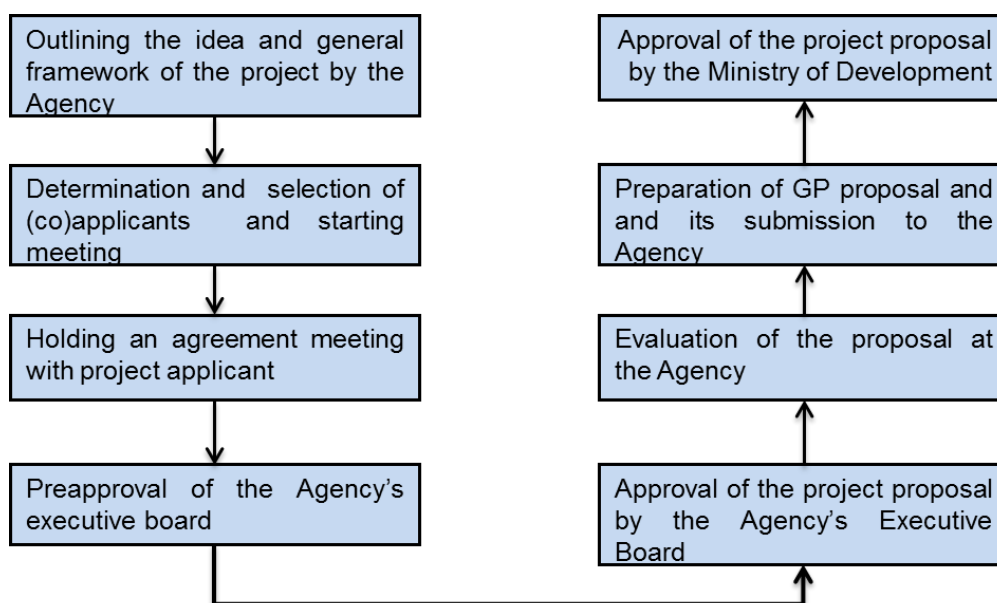


Figure 2. Preparation scheme of a GPS project

2. COMPLETED, CONTINUING AND PLANNED GUIDED PROJECTS IN TURKEY

Title, responsible RDA, duration, (co)applicants and total budget (granted by RDAs and co-financed by applicants and co-applicants) of the guided projects are presented in Table 1. It can be stated according to the table that in half of the NUTSII Regions (13 of 26) at least one guided project (GP) is completed or being implemented. The number of completed or continuing GPs is 25 all over Turkey. Total budget (i.e. amount granted by RDAs + co-financed by (co)applicants) left for these projects is above 155 million Turkish Liras (above 50 million Euros).

It is seen when considered the aim and scope of the project that they mainly include, in sectoral terms, industry, e.g. energy, textile, high-tech (medical) products, air-conditioned

storage; measurement, accreditation, standardization and test laboratories, innovation centers and incubators for common use of sectoral actors and fairs; tourism e.g. completion of infrastructure for culture, health, convention and fair tourism; agriculture e.g. completion of research and development infrastructure for health and care of animal livestock and plant and agriculture based industry. Spatial distribution of the completed, continuing and planned GPs is given in Figure 3.



Figure 3. Spatial distribution of GPs

The number of regions and responsible RDAs implementing and completing at least one GP is 13, half of them while only five regions or RDAs are in planning process of a GP and the rest, eight RDAs (Ankara DA, Çukurova DA, Tigris DA, South Marmara DA, Istanbul DA, Middle Anatolia DA, North Anatolian DA and Zafer DA) have not yet prepared or applied a GP. Duration of the GPs is planned mainly to be 24 month at the beginning but at the implementation stage this duration may have to be extended in most cases depending on various reasons mainly caused by (co)applicants. Local actors from public and private sectors, NGOs such as vocational unions, local authorities and universities can be (co)applicants of GPs such as chambers of commerce and industry, organized industrial zones, special provincial administrations, municipalities, unions of chamber of merchants and craftsmen, chamber of agriculture, unions of sales cooperatives, Re –De Centers, techno-parks and commodity exchanges.

Total of the total budgets of the GPs seems to be over 50 million Euros, which means the RDAs' grant and co-finance of (co)applicants. When the share of the RDAs is considered, which is not lower than 75%, RDAs seem to supply nearly 40 million Euros to their regions from central budget through such projects and also make use a considerable amount of financial source at local level.

Table 1. Completed and continuing projects

No	Title	RDA	Time (Month)	(Co)applicants	Total budget (Million TL)
1	Founding Biocompatibility, Environment and Fuel Analysis Laboratory	Ahiler	24	Kırıkkale University Kırıkkale Chamber of Commerce and Industry and Kırıkkale Organized Industrial Zone	3.35
2	Foundation of Kırşehir Biogas Facility	Ahiler	24	Special Provincial Administration of Kırşehir, Kırşehir Municipality, Chamber of Commerce and Industry, Union of Chamber of Merchants and Craftsmen, Chamber of Agriculture	4.25

3	Rose valley; Foundation of rose tourism, wellness, research and living centers	BAKA	24	Süleyman Demirel University Güneykent Municipality, (Gönen/Isparta), GÜLBİRLİK (a union of sales cooperatives) Arzen Cosmetics, Gül Sarayı Cosmetics	10.67
4	Centre of excellence for textile and Technical textile	BEBKA	24	BUTEKOM (Bursa Textile Confection Re –De Centre BTSO (Bursa Chamber of Commerce and Industry) UTİB (Uludağ Union of Textile Exporters)	10.00
5	Eskişehir Fair and Convention Centre	BEBKA	24	Eskişehir Chamber of Commerce	13.4
6	Construction of plant disease and harms Clinique	DOĞAKA	24		-
7	Nut and Chocolate Park	DOKA			-
8	Production of Troponin I and CK-MB Diagnosis Kits in the region	MARKA	24	Kocaeli Univ.	1.37
9	Foundation of regional orthopedic and dental Implant design, industrial production and test center	MARKA	24	Sakarya Üniversitesi SAÜ Teknopark A.Ş., Medikap Ltd.-Sakarya, Hexagon-İstanbul, Solid İmplant-Sakarya, Os İmplant-Ankara, Medist-İstanbul, Sistem Ortopedi-Konya, TST- İstanbul, Hipokrat-İzmir	3.4
10	Foundation of Ornamental plant research, development and application center	MARKA	24	Saksılı Süs Bitkileri Üreticileri Derneği İştirakçi: Yalova Garden Süs Bitkileri Tarım Sanayi A.Ş. (42 Firms)	4.03
11	Foundation of integrated circuit design and training laboratory	MARKA	24	TÜBİTAK and the universities and some private sector representatives in the region	4.00
12	To build a touristic attraction center by designing a traditional and cultural arts fair and exhibition area	FIRAT	18	Special Provincial Administration of Malatya Malatya Municipality Provincial Culture and Tourism administration	1.86
13	Muğla International Fair Area	GEKA	24	Muğla chamber of Commerce and Industry Special Provincial Administration of Muğla, Municipality, İstanbul World Trade Centre Bodrum chamber of Commerce, Milas, Marmaris and Fethiye chambers of Commerce and Industry, Union of chamber of merchants and craftsmen of Muğla, Fethiye Chamber of Commerce and Industry	12.00
14	Aydın Air conditioned (cold storage) depot working on solar energy	GEKA	24	Aydın Commodity exchange Aydın Chamber of İndustry, Aydın and Nazilli chamber of commerce Ticaret Odası, Aydın chamber of agriculture Söke Commodity exchange AYTER Company	4.50
15	Gaziantep vocational training complex	Silkroad	24	Gaziantep Organized Industrial zone	3.35
16	İZTEKGEB İnnovation centre	İZKA	24	İzmir Technology Development Zone (İZTEKGEB)	7.00
17	Foundation of accredited test and analysis laboratory for industrial air-conditioning, acclimatization and cooling sector	İZKA	24	Ege Soğutma Sanayicileri ve İşadamları Derneği (ESSİAD)	4.60
18	Erzincan Business Incubator (İŞGEM)	KUDAKA	24	Erzincan Chamber of Commerce and Industry Special Provincial Administration of Erzincan, Erzincan Organized Industrial Zone	2.00
19	Business Incubator (İŞGEM)	MEVKA	18	Karaman Organized Industrial Zone Karaman Chamber of Commerce and Industry, Special Provincial Administration of Karaman Commodity Exchange KMB University	1.33

20	Regional Innovation Centre	MEVKA	24	Konya Chamber of Industry Konya Organized Industrial Zone Konya Chamber of Commerce Commodity Exchange ABİGEM AŞ Selcuk University Necmettin Erbakan University	5.34
21	Vocational Training Centre	MEVKA	24	Konya Chamber of Commerce	15.00
22	Congress and fair center	MEVKA	24	Karaman Municipality	5.93
23	Seed and gene technologies valley	MEVKA	24	Konya Commodity Exchange	6.66
24	Çorum technology development zone	OKA	24	Hittite University Çorum Organized Industrial Zone and Çorum Special Provincial Administration	6.00
25	Samsun Fair and Congress Center	OKA	24	Samsun Chamber of Commerce and Industry Samsun Special Provincial Administration Samsun Grand Municipality Samsun Commodity Exchange Ondokuz Mayıs University	12.02
TOTAL BUDGET					154.90

1. Ahiler DA (TR71 NUTSII Region; provinces of Aksaray, Kırıkkale, Kırşehir, Nevşehir and Niğde)
2. BAKA West Mediterranean DA TR61 NUTSII Region (provinces of Antalya, Isparta and Burdur)
3. BEBKA DA TR41 NUTSII Region (provinces of Bursa, Eskişehir and Bilecik)
4. DOĞAKA; Eastern Mediterranean DA (TR63 NUTSII Region Hatay, Kahrmanmaraş, Osmaniye)
5. DOKA (Eastern Blacksea DA; TR90 NUTSII Region, provinces of Artvin, Giresun, Gümüşhane, Ordu, Rize and Trabzon)
6. MARKA (East Marmara DA; TR42 NUTSII Region, provinces of Bolu, Düzce, Kocaeli, Sakarya, Yalova)
7. FIRAT (Euphrates) DA (TRB1 NUTSII Region, provinces of Bingöl, Elazığ, Malatya, Tunceli)
8. GEKA Southern Aegean DA TR32 TRB1 NUTSII Region, provinces of
9. Silkroad DA TRC1 NUTSII Region, provinces of Gaziantep, Adiyaman, Kilis
10. İZKA (Izmir DA TR31 NUTSII Region) KUDAKA (Northeast Anatolia DA; TRA1 NUTSII Region, provinces of Erzurum, Erzincan and Bayburt)
11. MEVKA (Mevlana DA TR52 NUTSII Region, provinces of Konya and Karaman)
12. OKA Middle Blacksea DA (TR83 NUTSII Region, provinces of Çorum, Aamasya, Tokat, Samsun)

Table 2 shows planned but not yet started projects whose idea has been founded and partners have been coordinated by RDAs. As can be seen in the table five regions and RDAs at the preparation stage of GPs.

Table 2. Planned projects

Responsible RDA	Project idea
BAKKA (Western Blacksea DA)	Being planned about Fair and Congress Centre and Zonguldak Airport
DAKA (East Anatolia DA)	2 projects at feasibility stage; Van 100. Yıl University fish fry farm and Hakkari touristic and cultural attraction center
Karacadağ KA (DA)	Diyarbakır Freight village (preparation stage)
SERKA (Serhat DA)	4 projects at research stage between 1.5 and 5 million TL. Kars (Sarıkamış) sportive camping, Iğdır animal hospital, Ardahan Çıldır lake touristic facility, Ağrı commercial and cultural centre
TRAKYA DA	A project idea of founding film plateau in Edirne with a budget of 7 million TL

3. CONCLUSIONS

This study shows that even though RDAs are very new institutions and concept for Turkey's planned development challenges they are actively using their all support types to develop their responsible regions. Among their support types, GPS is a useful tool to coordinate local actors and make them cooperate on a specific subject and project. Through such large extended and budgeted projects requiring more than one actor to be implemented, a cooperation culture, which is so little in nearly all regions of Turkey can be improved. Such objectives and expectations from GPS of RDAs are of course promising for regional development adventure of Turkey, however; stories of completed GPs are full of lessons. Results of completed projects in this respect must carefully be monitored, followed and evaluated to transfer to next project terms. The most serious problem in preparing and applying this project type in nearly whole Turkey is to find local actors to develop a project other than governmental institution since civil initiative is too weak to achieve such projects. In addition, governmental institutions are not willing to spend time money and effort for a project which is out of their main duty. For these reasons, a concrete cooperative structure among all types of local actors must be constructed and such types of project must easily be implemented.

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