NOVEL REGIONAL POLICY OF TURKEY IN LINE WITH EU STANDARDS

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ABSTRACT

In Turkey, regional policy has been becoming an important policy area to be developed in the future. With this respect, the first task has been macroeconomic stabilization and reforms to provide a sounder environment for the policy. Then, at the policy level, a major effort has been made to develop the concept of contemporary regional policy following a new spatial division which generated NUTS II regions. Accordingly, a proliferated stress is now being placed on developing multi-annual and multi-sectoral integrated programs and their operational management through an appropriate and competent implementation mechanism at local level. In current phase, an ambitious agenda is to confront practical challenges. Within the process, the EU accession enacts as catalyst to the policy enhancement in terms of the European Regional Policy standards.

Key words: regional policy, Turkey, EU accession, programming, governance

1. INTRODUCTION

Turkey is depicted as a country which has both deeply-rooted interregional disparities to be intervened and growth and competitiveness concerns to achieve higher welfare level among OECD and EU countries. On the development front, the country has undergone rapid structural and policy changes in an unstable macroeconomic environment over three decades. In the course of this transformation process, several milestones have taken places in the sense of background steps to emerging regional policy. First, a set of reforms were introduced to enable a transformation from a plan-driven import-substitution to an outward-looking export-based economy in 1980. Thereafter the country has made significant progress towards developing the fundamentals of market economy; however, the perennial problem of high and structural inflation has plagued the performance of the Turkish economy. Second, the Helsinki European Council renounced Turkey as an accession country to the EU in 1999 after the Customs Union completed at the end of 1995 and a long-lasting accession relationship for over four decades. The following actions were an Accession Partnership adopted in 2001 and the genesis of the application to the European Regional Policy procedures. Third, second tier structural reforms have been applied to curb inflation in the aftermath of economic crisis burst in 2001. In spite of shortfalls, recent developments show signs of economy’s resilience in terms of marked structural adjustments and price stability.

With these caveats in mind, the aim of this paper is to draw a picture of current situation of developments regarding the novel regional policy approach in line with the EU standards. Regarding the rationale the following section looks, first, at the regions and interregional disparities justifying such a policy. Then, subsequent sections give account for the developments on the field of programming and the regionalization process in association with perplexities to the effective management of regional programs. The paper finalizes with conclusion remarks.
2. REGIONS AND REGIONAL DISPARITIES IN TURKEY

Turkey, amounting surface area to 780,000 km², was divided into seven geographical regions¹ in the 1950s, each one encompasses about ten provinces. These do not have any governance component. Territorial division of the country has been based on an administrative hierarchy consisting of provinces, counties, towns and villages since the 1925 onwards. A new tier, grouped the 81 provinces into 26 NUTS II clusters, designated in 2002. The Regulation² has also coined provinces as NUTS III level and designated the new twelve adjacent province groups as NUTS I level. The reason for the recent stipulation is that the seven geographical regions are not appropriate for regional policy purposes due to their sheer size and the provinces are too small for developing a coherent and efficient regional policy. Thereby the recent regulation was laid down not only to ensure harmonization with the EU region definition but also to achieve both more efficient implementation and analysis of regional development policies.

The NUTS II regions can be described as relatively homogenous regions in terms of size (spatial coverage), but include considerable variation with respect to GDP per head and population terms.³ Istanbul, for instance, has the highest population of amounting 14.7 percent of the total population. None of NUTS II regions lies above 60 percent of the average EU25 income level. Table 1 shows GDP per capita figures (in PPS) which allow comparisons of the poorest and the richest NUTS II regions in Turkey, set against EU15 and EU25 averages. The figures also points out a range of disparities between these regions.

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<tr>
<th>Table 1. : GDP per capita Levels in Turkey in Relation to EU15/EU25 Averages</th>
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<tr>
<td><strong>The Poorest NUTS II Region’s GDP per capita</strong></td>
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<td>(Van Region)</td>
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<td>9,5 %</td>
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<td>11,5 %</td>
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Source: the State Planning Organization

*: The EU15 GDP per capita average is about € 20,000
**: The EU25 GDP per capita average is about € 16,400

The picture suggests that although the Turkish economy has experienced a remarkable long-term growth performance, this is not reflected in uniform development across the country. (Kibritçioğlu, 1998; Gaygısız and Ünsal, 2003; Flam, 2003; Hughes, 2003; Derviș et al. 2004; Ahtisaari et al. 2004) Severe internal disparities remained as a

¹ These regions are the ‘Marmara Region’ in the Northwest, the ‘Aegean Region’ in the West, the ‘Mediterranean Region’ in the South, the ‘Middle-Anatolian Region’ in the middle, the ‘Black Sea Region’ in the North, the ‘East Anatolian Region’ in the East and the ‘Anatolian Region’ in the Southeast.
³ SPO’s General Directorate of Regional Development and Structural Adjustment and the State Institute for Statistics has begun developing statistics at the NUTS II level. By the end of 2005, economic, social and environmental indicators at NUTS II will have been produced through ‘the Project on the Improvement of Turkish Statistical System’. (SPO, 2003:38)
massive East-West divide. The reasons of technological, economical, social and political backwardness of the East are traced in the historical context. Since the 18th and 19th centuries, the economic importance of the East has begun to fade away due to emerging trade relationships of West regions with the industrializing western countries. (Öğütçü, 2002) The whole of Eastern and South Eastern Anatolia as well as some parts of Central Anatolia and the Black Sea region remained behind along this economically integration process. Dinler (1998) recognizes that period as the genesis of regional problems in Anatolia. The economic policies of Turkey operated between 1950 and to present has exacerbated the situation bereft of any effective regional policy to counterbalance inequality.

In current realm, West regions have built up somehow aggregate economic development and social capital in touch with global economic influences. On the contrary, the East regions have, for centuries, been suffering from extremely social and economic structure drawbacks. The situation finally led to a fierce socio-political problem manifested in the Turkish-Kurdish conflict in the East and Southeast Regions, notably in the last two decades. (Aydı̇n and Keyman, 2004)

The nature of regional problems in the country can be described as follows:
- Backwardness of the East to be confronted from the whole development aspects
- Competitiveness concerns of the West to be enhanced from innovation infrastructure and institutional thickness to build efficient network structures
- Congestion problems of the West to be leveled off
- Emerging problem areas stemming from on-going privatization process and declining textile and clothing sectors with competition from Asian countries
- Environmental shortfalls to be reached the EU standards
- Infrastructure drawbacks to be improved as crucial components of development

3. PROGRAMMING

Turkey has progressed on the issue of regional policy planning by developing a contemporary and coherent approach within the framework of the Eighth Five-Year Plan which encompasses medium term objectives and priorities regarding efficiency and equity rationales covering 2000-05. With respect to changes in approach to economic and regional development, there is a clear stress on attaining more sustainable and competitive production structure, completing (by and large) Turkey’s transition to the information society and achieving a higher level and a better distribution of income. (SPO, 2003) Meanwhile, the European Commission has underlined the requisite of a program encapsulating an applicable integrated approach to sectoral and regional aspects of the economy.

Thereafter, Turkey prepared a National Program for the Adoption of the Acquis (NPAA) in 2001. In the same year, the European Commission made a request for a preliminary National Development Plan (pNDP) covering 2004-06, as an annex to the NPAA. It has been envisaged that the pNDP would establish a strategic framework for programming for pre-accession financial assistance. Furthermore, it was viewed that the pNDP would

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4 The Marmara, the Aegean region and the Mediterranean coasts differ markedly from the Eastern part of country, including the Black Sea coasts. However, neither the West nor the East is homogenous. There are pockets of poverty in the ‘West’ and prosperous areas in the ‘East’.
5 Historically Istanbul is the core of development in Turkey.
need to be in conformity with the planning and programming documents applicable in the EU and would be updated in line with developments in Turkey’s strategy for economic and social cohesion with the EU. Subsequently, it was acknowledged, in the Regular Reports on Turkey’s Progress towards accession in 2002 and 2003, that the pNDP would be a step in the process of preparing programs as required for Objective 1 regions in the EU Member States.

The State Planning Organization (SPO) has prepared and stipulated the pNDP, whose objectives cover the 26 NUTS II regions, by taking into consideration the long-term strategy (2001-2023), the Eighth Five-Year Development Plan strategy (2000-2005), the SME Strategy and Action Plan, the Turkish Industrial Policy Document, the NPAA and other national documents as well as the relevant legislation and policy priorities of the EU. In the following step, the SPO and the Commission have decided to give primacy to the 12 NUTS II regions of the East to be directed EU and national funds.

However, a discouraged aspect is that regional operational implementation of planning has not become a core component in Turkey, even though regional programming has been part of the planning agenda since the 1960s. Correspondingly, the crucial themes of being aware of underlying regional dynamics through detailed analysis of regional problems, ensuring regional participation, designating operational programs encapsulating project components and implementing the actions by monitoring and evaluating the process have not developed by far. In other words, applying a multi-annual and integrated programming has actually not entered to the policy stage in Turkey.

In current realm, the pNDP has not included any operational program to be applied. It is for this reason; the objectives and priorities remain hypothetical. Under this circumstance, the Phare allocations of pre-accession aid have been undertaken by means of yearly programming. Their project components are predominantly demand-driven rather than accession-driven in line with economic and social cohesion.

4- GOVERNANCE AND DELIVERY OF THE NEW REGIONAL POLICY

Turkey has a unitary state where the centre is a dominant actor in the sense of scheduling and implementing the activities. Recent progress of the regional policy governance imposes that such a centralized approach undermines the ability of local structures to meet local needs. In such a big country, it is viewed that central government officials are essentially far away from local potentials and problems. Therefore the decentralization of operational management prior to an actual devolution in terms of replacing a broad range of authority in favor of regional authorities has been seen burgeoning inclination in Turkey. However, to designate and develop such a governance structure, several points emerge as shortfalls. Among them, little experience of interaction with local agents recorded over national regional implementations and institutional void are striking.

Figure 1: Centralized Governance System Components in Turkey

The local level has three administrative levels; province, county and town. Provinces and counties have a two-tier governance system. Local governors appointed by central government* as the first tier. The second tier is comprised of the chairmen of municipalities and
municipal councils voted in at local elections for a five-year period. Local councils and 
chairmen are responsible for physical planning, infrastructure and, to some extent, economic 
and social development with collaboration with the agents of central departments operating 
under the provincial governor. As far as local public services are concerned, ministries** having 
branches or representatives at the provincial level (and, in some cases, at the regional level) 
have carried out independently on the basis of their own schedule and budget.

*: Provincial governors require the approval of the Cabinet and afterwards the President while county 
governors are appointed by the Ministry of the Interior.

**: The Ministry of Agriculture and Rural Affairs, the Ministry of Education, the Ministry of Health, the 
Ministry of Transportation, the Ministry of Culture and Tourism and the Ministry of Physical Planning 
and Construction.

The management of a broad and complex regional policy is demanding. It requires an 
effective central government as well as decentralized and coordinated approaches. 
Regarding effective central government, the 2001 Stabilization Reforms have built the 
institutional infrastructure of a competitive economy. However, institutions do not change 
in short term and this kind of reforms is slow-moving in nature. In particular the quality of 
bureaucracy needs to be radically improved and redirected to new priorities of regional 
policy in Turkey.

The SPO envisages a new governance system to deliver the pNDP priorities. In addition 
to this, Turkey’s PHARE Program has been envisaged explicitly as a system reflecting 
Structural Funds mechanisms and encouraging capacity building amidst national and 
regional development actors. Regarding to inclinations, it has been structuring the major 
delivery components of the forthcoming regional policy as new units to be operated at 
NUTS II level, so-called ‘Service Unions’ and existing entities liaison at central and local 
level. However, concerning the second issue, there has not been a formal actual 
distribution of responsibilities due to lack of operational programs. In the pNDP 
document, the SPO vaguely allocated responsibilities among a number of directly and 
indirectly central institutions to undertake the priorities.

As far as new structures are concerned, at the NUTS II level, service unions have been 
planned ahead as forerunners of regional development agencies (RDAs) for operational 
management of regional programs. For time being, operational management will be 
undertaken at the local level through RDAs following the “interlude” of Service Unions. 
The structure of any Union has been designating on the basis of a number of sub-
divisions consisting of a union council, union committee, and secretariat general. A union 
council shapes by province governors, municipality chairman of province and county, a 
number of representatives from SPO and the local authorities of relevant ministries. A 
union secretariat general has different sectoral sub-divisions such as agriculture, 
infrastructure, tourism and SMEs. Capacity building remains concern for the short and 
medium terms to develop and initiate appropriate mechanisms to deliver forthcoming 
regional programs; because, the capacity building requires not only passive training but 
also experience.

Apart from decentralization initiatives, at the central level, an ‘Operational Programs 
Department’, a ‘Monitoring and Evaluation Department’ and a ‘Central Coordinating Unit’ 
have been established under the SPO entity. In generally, the SPO has taken on a 
prominent role in designation and implementation of programs. The SPO is, as the
Program Manager, responsible for coordinating, monitoring and reporting tasks of projects and programs, apart from designating the plans and programs. Currently, in terms of operation, the SPO operates as the Managing Authority carried out the tasks of both the managing authority and the program managing unit. However, within the current framework, the following tasks of program management are missing with respect to regional priorities. (SPO, 2003):

- Developing a project selection criteria approach
- Drafting guidance on implementation and up-to-dating it
- Assessing applications by means of advisory groups liaison when needed

Meanwhile, the pre-accession aid to Turkey is being operated in a Decentralized Implementation System (DIS) structured in October 2003 and thereafter accredited by the European Commission. Regional programs and projects under the pNDP are also subject to the rules and principles of the DIS. Under the DIS framework, a National Aid Coordinator and a National Authorizing Officer were identified, and the National Fund, the Central Financing and Contracting Unit, the Financial Co-operation Committee and the Joint Monitoring Committee were established. An Extended Decentralization Implementation System, without the ex-ante controls operated by the European Commission, will be put into practice in Turkey as of 2005 as well. Nonetheless, the volume of pre-accession aid does not give economic and social policy preparations a high profile in Turkey. As a result, the DIS system remains a limited implementation field.

To sum up, regionalization in terms of multi-level governance encapsulating supranational (European Commission) and sub national authorities is acknowledged as the biggest challenge for Turkey with respect to the new regional policy approach.

4- CONCLUSION

All these draw a picture of major perplexities of the novel regional policy paradigm in Turkey. The dimensions of the continuum as follows:

- A broad and contemporary regional policy has to be implemented in Turkey to respond internal and external pressures stemming from respectively substantial interregional disparities and European Regional Policy requirements
- In the pre-planning phase, regional analysis of dynamics has not deemed thoroughly from a broadened aspect encapsulating shared responsibilities among relevant ministries and regional agents as well as civil and private stakeholders
- Relatively sound economic environment gravitates toward a new mode of public sector intervention logic in the sense of regionalization
- Recently designated NUTS II regions have too little capacity to undertake program delivery at least in short and medium term

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6 Concerning the issue of the awareness of potential project applicants, it is worth stressing that the knowledge on how to prepare a project proposal as well as manage the project is weak or non-existent in Turkey.
7 The main components of the DIS was established by a circular of the Prime Ministry was issued on 18 July 2001 (No. 2001/41) concerning pre-accession aid providing to Turkey since 2002.
8 Since 2002, pre-accession aid has been providing under Phare Framework for 2004-06 period, the aid amounts to 1050 meuro, of which 35 per cent has been allocated in the field of economic and social cohesion.
- Turkey needs tremendous and highly targeted efforts to develop competent central and local components of the implementation.

The new regions of whole country will emerge gradually and the work in the field requires technical, economic and social rather than political approaches.

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