



Research Master in Planning and Sustainability: Urban and Regional Planning

MASTER THESIS

**INSTITUTIONAL STRUCTURE AS A FACTOR OF REGIONAL ECONOMIC DEVELOPMENT
DISPARITIES: THE CASE OF TURKEY**

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Regional disparities subject were always very interesting for me during my undergraduate education because of west-east development differences experience in Turkey and after I started to do a research master in France, I decided to work on this subject. Owing to the courses through the master program and the international environment we had gave me a great change to see about how planning systems and its institutions can be so different in each culture and institutional environment. After I realized this fact, I preferred to understand the effect of institutional environment on regional development differences.

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ABSTRACT

Today, regions are the engines of the economy and a developed region with well designed connections to the world could keep alive the economy of the whole country. That is why, while national economies and governance are losing their importance, regional economic development governance with its policy and tools are getting more and more important.

Under changing trend of the world, this work aims to understand the connection between institutional structure and regional economic development. The studies performed about regional economic development mostly were focusing on the connection between institutional structure and regional economic development but the institutional structures which are leading disparities between regions is a less discovered area. Through this work, we tried to understand how an institutional structure could influence the regional economic development trajectories and in turn regional economic disparities within a country.

Through this work, we tried to define the conceptual framework of institutional structure. It is handled within the framework; 1) institutional structuring at different governance levels, 2) coordination and cooperation mechanisms between different levels of institutions, and 3) capacities of different level institutions. After framing institutional structure, in order to test the conceptual framework, we used Turkey as a case study. We discovered its institutional environment and regional programs to decrease disparities between regions.

Our final finding in this research was the success of efforts in order to decrease regional economic development disparities within a country are strongly depends on a mature political, economical and administrative decentralization of institutions at different levels.

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I. INTRODUCTION

Economic, social and cultural development differences between regions are starting idea for this work. Regional development differences agenda is a very extensive agenda, that is why, main focus of this research will be on regional economic development disparities in order to be able to focus on one narrower subject through the whole work.

There are a lot of factors which are leading regional economic disparities and they can be classified under 4 different groups as geographical, historical, economic and social-cultural factors (Kulaksız, 2008). Institutional deficiencies in terms of regional planning are grouped under social-cultural factors (Uzay, 2005) which could lead regional economic development disparities within a country context.

The main issues that this work will discover consist the changing trends about regional governance, institutionalism at different levels of governments and the coordination and cooperation mechanisms between them, the capacity challenges of different level institutions, and uncertainty of responsibilities and powers between institutions. The concept of institutionalism is defined by academic review on the stated subjects above.

After framing the concept, the work focus on the effect of Institutional deficiencies in terms of regional planning on the evolution of regional economic disparities in Turkey, since in the case of Turkey, institutional deficiencies in terms of regional planning is one of the most important reasons which are accelerating regional economic disparities (Kılıç, 2004).

Moreover, on the process of EU candidacy, the desire of union for the management of financial assistances in coordination by different level units required to make some administrative arrangements (Kulaksız, 2008) and this fact accelerated ongoing developments about institutional development at regional level with regards to planning in Turkey after 2008.

Touch upon the case study, understanding of co-operation and coordination mechanisms between different level institutions, the capacity problems at local, regional and/or national level and the policy tools of the institutional environment will be involved through the work. The case study is handled as an empirical assessment depending on the ex ante academic review on above aligned sub-headings.

1. PROBLEM DEFINITION

Ongoing works and affords around the world mainly shows the fact that while nations are losing their importance, regions are getting more and more important in terms of economic development. Within this changing context, while some regions are becoming stars of the new era, the others are exposed to a process of extinction. This binary case creates huge regional economic development disparities between regions with an unsustainable and unfair distribution of wealth.

This unsustainable situation became a challenge for developed and developing countries. Although countries are trying to find solutions to decrease disparities mostly by using public resources, these affords are resulting with failures in many cases. At that point, with the economic crisis after 2008 within developed and developing countries, the efficient use of public resources gained more importance.

In order to not to waste public resources for fruitless attempts to decrease regional economic development disparities, it is crucial to understand the main reasons which are leading huge disparities. If the reasons are understood better, the solutions could be more effective with fewer resources. From that point of view, defining institutional deficiencies in terms of planning which is leading disparities in many cases will enlighten the way for better solutions.

2. RESEARCH QUESTIONS

- ✓ How institutional structure and its tools could influence regional economic development trajectories and in turn regional economic development disparities?
- ✓ How the institutional deficiencies in terms of regional planning could directly influence regional economic development disparities?
- ✓ What is the new trend of regional governance in multi-level systems?
- ✓ Is there any perfect level of transfer of powers and responsibilities to lower level institutions within complex multi-level systems?

3. RESEARCH AIMS

The aim of this research is to explore how a better regional governance system can be achieved in the context of Turkey. By accepting the fact that there is no optimal model that can be applied to all different cases, it is important to understand the peculiar characteristics of each different case. If the characteristics of the special cases can be understood well, it is possible to have workable solutions for betterment of situation.

From such a realistic point of view, exploring the institutional environment of Turkey from fiscal, political, administrative and cultural aspects will allow to define the real problems.

Defining real problems clearly is another aim because in the context of Turkey, the useless affords going on about 40 years needs to be re-oriented under the enlightenment of scientific knowledge in order to have more efficient solutions.

The final aim of the work is pointing the fact that regional disparities in Turkey decrease the sense of togetherness within the society. The problems caused by ethnic differences between east and west are grown stronger when it is combined with economical disparities and this situation harms the sense of community. This is an important issue that should be focused by scholars in order to attract attention of political environment that is in charge of solutions.

4. RESEARCH METHODOLOGY

In this research, it is tried to adopt a perspective approach. The appropriate data is gathered in order to understand the general context and relevant issues. After that making a sense of this data by using it for the assessment of case study was how the general process handled.

After the context of institutional structure is clearly framed, institutional structure of Turkey is investigated in terms of institutional relations, fiscal relations, planning tools and policies within current system. The main challenges of the current system in the country are assessed from a contextual point of view by using the general context and relevant issues which are investigated before.

5. RESEARCH STEPS

Whole research period can be classified under 4 different steps;

1. Content Analysis

Content analysis consists of reviewing academic literature in order to define the context and relevant issues. Academic literature consist scientific journals, articles and books with the reports of worldwide accepted organizations (Organization for Economic Development and Co-operation, OECD)

2. Data Selection

After content analysis, the type of data is selected in order to have a general tool to be able to assess the case study. The main type of data which is used to address the accuracy of problems is statistical data prepared by statistical authorities and already existing statistical data through the reviewed reports. Another type of data which is used widely through the whole thesis is the verbal and numerical data which is directly provided by reports and documents.

3. Interpretation of Data

The practical data like the relation between planning institutions, policies and tools which are obtained from the investigation of case tried to be interpreted within the defined academic context.

4. Case Study

At the end of the work, Turkey is taken as a case and investigated from the aspects which are defined by content analysis. The data about case is obtained mostly from governmental documents like plan reports, documents and conference reports which are analyzing existing situation. Moreover, the academic knowledge made on the relevant subjects is widely used to see the discussions about the existing situation. Using secondary data was compulsory because there was no change to make a field research and questionnaires on the field because of scarcity of time. The previously done questionnaires and field researches are used and referred in order to be able to investigate deeper.

II. LITERATURE REVIEW

1. Decentralization

There are inter-regional disparities and they are currently increasing because the development performance of regions is stacked on their previous development rates within the current liberal market regulations and it is not easy to change the direction of development without serious interventions. The interventions through instruments and policies seek to harness internal and external forms of growth and development (Pike, Pose, Tomaney, 2006). In the action of regional development strategies for lagging regions, the interventions which will stimulate indigenous potentials are mostly more important than external forms of growth.

The interventions can be aligned as regional policy interventions, urban planning interventions and movements, economic interventions (Storper, Scott, 1992) and in all cases they aim to develop a lagging region.

The common agreement is that there is need for decentralization of powers and responsibilities in order to overcome differences. There are numerous reasons that might explain this increasing interest in decentralization (Armstrong, Taylor, 2000). First of them is the belief in decentralization as an effective tool for increasing the efficiency of public expenditure. The second is reaction against large centralized bureaucracies not only in developing countries, but also in areas such as EU. The third reason is relevant with the change in way private corporations are managed. The fourth relates to changes in the type of regional policy implemented in the EU. The policies which are implemented to stimulate indigenous growth are very difficult to run from the centre. The last is the demand for a closer democracy which could promote public participation in social policy and administration (Tunstall, 2001).

Despite the common agreement for decentralization, however, there is no optimal solution or level of decentralization to apply to all cases because all cases have their own specialties and dynamics (Conteh, 2013).

2. Sub-national Governance

The way to overcome development differences between regions is not only depending on founding a decentralized sub-national governance, but also prior to this development, putting a new fiscal

structure which is allowing more freedom to sub-national governments to take part during the decision making processes. On the other hand, it is sure that, just fiscal decentralization does not bring the desired benefits to the governance structure.

Decentralization is more likely to lead to positive outcomes when some conditions are met before the process of decentralization start (Tanzi, 2001, p. 3). The beforehand evolution process is crucial to achieve prior intentions for regional economic development because according to Bardhan (2002), lower levels of government typically have less administrative capacity, and Bird (1995), while the central government might not know **what** to do, the local government may not know **how** to do it. The previous academic experience shows that without improving the infrastructure prior to decentralization, it is not possible to obtain expected results because in that case, the decentralization process will create an artificial and inefficient institutional environment without real abilities.

As I mentioned before, although there is a general agreement on the need for decentralization of powers in order to reach a balanced regional economic development, how to share powers in terms of responsibilities between national and sub-national governments is not a clear agenda because it is not possible to have a common optimal level for all cases in the world. The optimal level for each case is different and depends on the capacity, ability and governance history of governments.

The argument is the success depends not on any one reform in isolation but on aligning the three stages of reforms which are decentralization, territorial reforms and reforms to the system of intergovernmental fiscal relations (OECD, 2014, p73).

Fiscal decentralization discussions is at the core (World Bank, Decentralization, Intergovernmental fiscal Relations) and very dominant in most of the developing countries (Basher, 2003). On one hand, this dependency situation provides the possibility for consistency between local level and national level development decisions; on the other hand, it makes local government heavily depending on central government in its decisions. While fiscal relations lie at the heart of the discussion, on the other hand, this discussion has a bilateral character.

Existence of local/sub-national level governments and institutions is important because they represents a more homogeneous society than national government and it provides a better match between potentials, demands of society and provisions of local government. However, the capacity of local governments to manage functions which are decentralized is an important problem

definition which is raised in reference to developing countries. The idea is that local governments lack the necessary human resources and budget to manage complex tasks which are previously managed at the central level. This weakness create the risk of capture of sub-national governments by elites of locality because the possibility of effecting local politics is more easy then the possibility of effecting national government (Bardhan, Mookherjee, 2000). All these hesitations have the possibility to be real; however, it is the fact that decentralization is a process and could ripe over some time and experiences.

The term decentralization could include three distinct aspects of governance: fiscal decentralization, administrative decentralization and political decentralization (OECD, 2014, p88-89). Additional to prior developments to decentralization, the nature and type of decentralization vary across countries and depending on the governance history and administrative environment of the countries, the levels of these three kinds of decentralization change. This situation rises the fact that optimal level is special to each case and cannot directly transferred from one case to another.

Although there is no way to say that there is one optimal level of decentralization, there are indicators to measure the success degree of decentralization in each case.

One indicator of a successful decentralization is economic growth and there are studies which are showing that there is a positive relationship between decentralization and economic growth. Akai and Sakata (2002) find that fiscal decentralization, in the form of revenue and expenditure powers, produces a positive and statistically significant effect on economic growth; Lin and Liu (2000) found a similar positive effect on the economic performance of Chinese provinces; and Limi (2005) shows that the positive effect on economic growth is present also in a cross-country analysis (51 countries, in the period 1997-2001).

Another indicator of a successful decentralization is quality of governance and there are studies which are showing that there is a positive correlation between quality of governance and decentralization. For instance, Kyriakou and Roca-Sagales (2011) have found a positive relationship between the amount of resources allocated at the local level and the quality of government. This branch is indirectly related to economic growth, too because a better quality of governance means a better institutional structure and through this channel lead a better economic and social performance.

For example in Ukrainian case, Luksha (2011) maintains the need for a territorial and local governance reform in order to increase the efficiency and effectiveness of the public administration. Ukraine has a fragmented municipal structure and this situation decreases the capacities of municipalities. The proposed solution for this problem is a territorial reform before decentralization

reform, in terms of amalgamation of municipalities or the creation of new or expanded mechanisms for inter-municipal co-operation in order to mitigate problems (OECD, 2014, p92).

Ukraine example is an important example because it provides the picture of a centralized country where policies are implemented by following a top-down approach. The result of this structure is an inefficient and inadequate provision of services which means waste of time and resources. The information proves that prior to any top-down decentralization approach, needed territorial reforms should be processed in order to increase the capacity of local actors (OECD, 2014, p104). Additional to increasing fiscal autonomy, the capacity building process for local actors have crucial importance on the success rate of national level policies and development projects at local level.

In most of the countries, the public investment for local and regional development decreased in recent years because of financial crises all around the world. Decreasing deal of money for public investment requires a more efficient use of public money and this situation increases the importance of co-ordination between different levels of government. Efficient use of money is directly related with the co-operation between governments. According to OECD (2013) document, OECD governments spend 1 trillion in public investment in 2011 and almost two-third of this total was spent by sub-national governments.

Investments which aim decreasing regional economic disparities should be place-based which means specific to the potentials and characteristics of the place for workable solutions. In connection with this idea, place-based approaches need a multileveled institutional structure with decentralized institutions and decision making mechanisms. The control of central government all over the country for place-based specific approaches is not possible without empowering sub-national authorities and coordinating with them.

The perfect level of decentralization and devolution to sub-national governments is still an ambitious subject and discussions are going on it. Specifically, in terms of investments through regions, financing is the part which is the most complex and mixed involving all levels of governments like national, regional and local. This creates potential co-ordination problems between different levels of governments and end with inefficient allocation of resources (Haughwout, 2007). In some extend, the obligation of co-ordination between different levels of governments have positive impacts on improving capacity gabs of sub-national governments by partnership rather than sub-ordination.

3. Measuring Sub-National Capacities

Within a country, the capacity and ability of local governments to undertake their responsibilities change considerably and regional economic disparities are fostered by this variation. Generally, all discussions made for the national level and the linear relationship between regional institutional quality and regional economic performance is kind of ignored.

The main reason for this ignorance is the fact that it is not easy to measure the quality of regional or local governments. Statistical information mostly stays insufficient and does not correspond to needs. Currently, there is one indicator accepted for Europe: a perception-based composite indicator of the quality of government (QoG). This method uses the perception of citizens as a basis for measurement of the sub-national quality of government. In an attempt to gather data on the sub national quality of government, Charron et al. (2012) conducted a regional representative survey across 27 EU countries asking respondents about their perceived quality of their sub-national government. The survey data were then used to construct a composite index of the Quality of Government for 172 European regions. The indicator is based on public perceptions of four components of governance: the rule of law, corruption, the quality of the bureaucracy & democracy and the strength of electoral institutions.

The data were collected in a single survey year (2009) from some 34 000 respondents in 18 EU Countries (OECD, 2013, p32). As a result, it was possible to see greatly varying quality of governances even within the same countries.

4. The Challenges of Coordination

When the subject is governance at sub-national level, vertical and horizontal co-ordination methods come to the agenda widely. Co-ordination between different levels of government is necessary for a better regional governance practice, however; this process is quite complex and difficult to achieve. The main challenges of co-ordination across levels of government are listed as below by Charbit and Michalun;

Table 1: Co-ordination Challenges across Levels of Government

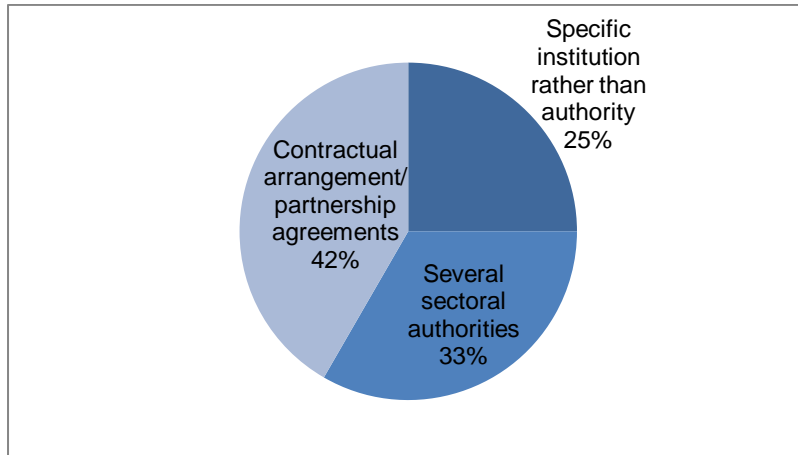
Governance gap	Description => Potential remedy
Funding	Unstable or insufficient revenues undermining effective implementation of responsibilities at sub-national level or for shared competencies => Need for shared financing mechanisms.
Administrative	Occurs when the administrative scale for investment is not in line with functional relevance as in the case of municipal fragmentation => Need for instruments for reaching "effective size" (co-ordination tools among sub-national units, mergers).
Policy	Results when line ministries take purely vertical approaches to cross-sectoral policies, to be territorially implemented => Need for mechanisms to create multi-dimensional/systemic approaches and to exercise political leadership and commitment.
Information	Asymmetries of information (quantity, quality, type) between different stakeholders, either voluntary or not => Need for instruments for revealing and sharing information.
Capacity	Arises when there is a lack of human, knowledge or infrastructural resources available to carry out tasks => Need for instruments to build local capacity.
Objective	Exists when different rationales among national and sub-national policy makers create obstacles for adopting convergent targets. Can lead to policy coherence problems and contradictory objectives across investment strategies => Need for instruments to align objectives.
Accountability	Reflects difficulties in ensuring the transparency of practices across different constituencies and levels of government. Also concerns possible integrity challenges for policy makers involved in the management of investment => Need for institutional quality instruments => Need for instruments to strengthen the integrity framework at the local level (focus on public procurement) => Need for instruments to enhance citizen's involvement.

(Source: Charbit, C. and M. Michalun (2009), "Mind the Gaps: Managing Mutual Dependence in Relations among Levels of Government", OECD Working Papers on Public Governance, No. 14, OECD Publishing, doi: 10.1787/221253707200; Charbit, C. (2011), "Governance of Public Policies in Decentralized Contexts: The Multi-level Approach", OECD Regional Development Working Papers, No. 2011/04, OECD Publishing, doi: 10.1787/5kg883pkxkxhc-en.)

According to Charbit and Michalun, the challenges of coordination across levels of government are aligned as funding, administrative, policy, information, capacity, objective and accountability issues. The addressed issues are directly related with the problems about decentralization in terms of fiscal, political and economic aspects and capacity building prior to decentralization. Depending on potential remedies provided by Charbit and Micalun, co-ordination challenges can be overcome by decentralization and decentralization can be achieved by co-ordination mechanisms. These two notions should not be handled separately.

Currently in practice, there are three main mechanisms which are used for cross-governmental coordination; however, there is need for more effective tools for multi-level governance environments.

Figure 1: Mechanisms Used for Cross-Governmental Co-ordination for Regional Development



(Source: OECD (2012), “Multi-Level Governance of Public Investment”, national and regional case study questionnaires, www.oecd.org/regional/effectivenessofpublicinvestmentatsub-nationallevelintimesoffiscalconstraints.htm.)

5. Governance Capacity Challenges of Sub-National Governments

Capacity challenges of sub-national governments cause suspicions about the necessity of decentralization, however, capacity problems can be overcome by decentralization (Smoke, 2001). The degree of decentralization and its cornerstones should be different depending on the capacity of sub-national governments but the first initiatives of decentralization will pave the way for further development and capacity building of sub-national governments with their institutions.

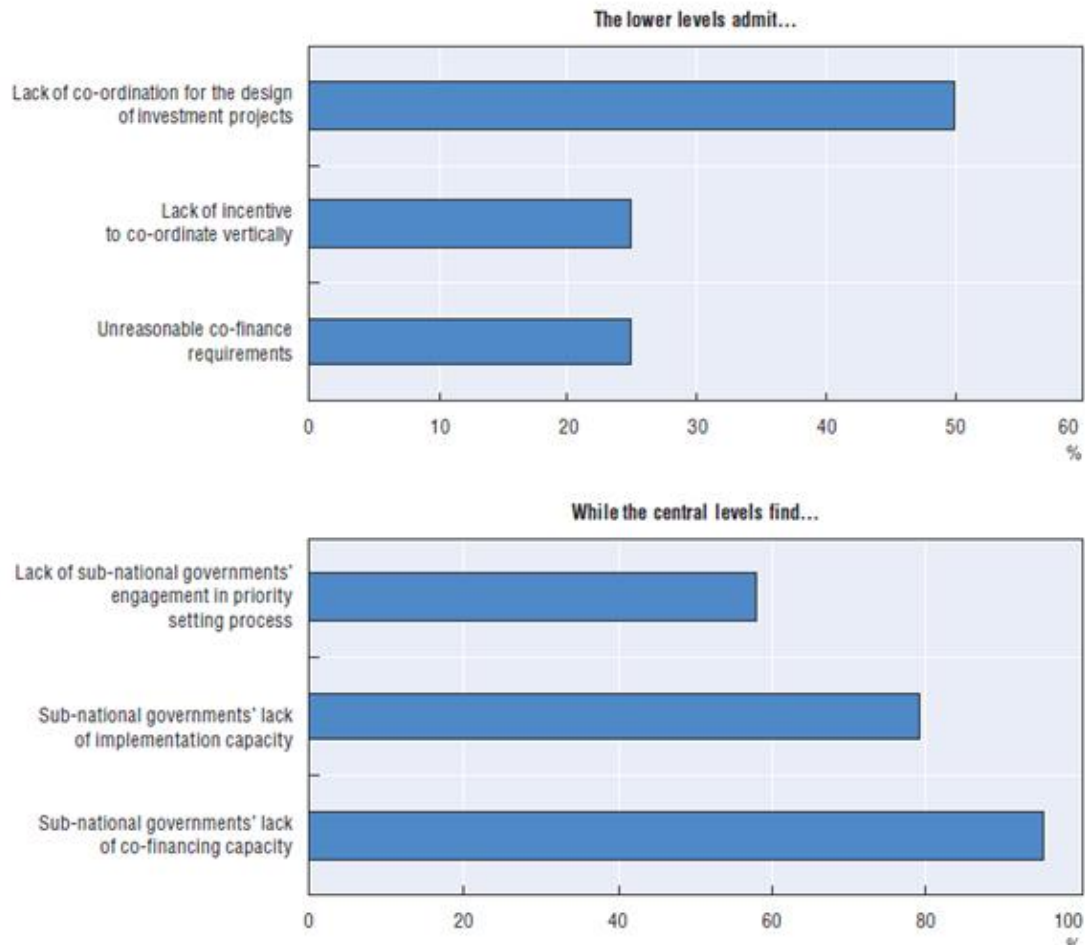
Through the work prepared by OECD, main governance capacity challenges facing sub-national governments in managing public investment are aligned as weak long-term strategic planning for investments, prevailing views of municipalities over regional priorities, prevailing sectoral priorities over integrated approach, insufficient evidence-based investment policy, administrative obstacles and red tape, difficulty in involving private firms, fraud/corruption in public procurement at the sub-national level, weak capabilities for administering public-private partnerships, lack of fiscal discipline, insufficient resources to design and monitor strategies, lack of performance monitoring of investment strategies and lack of ex post impact assessment (OECD, 2012). OECD work addresses the capacity problems of sub-national governments more specifically. These problems indicate the immature nature of sub-national governments within centralized systems and immaturely decentralized systems.

6. Public Interventions across Regions and Perception of Challenges

There are some risks in the process of co-ordination between different levels of actors. On one hand, regions can lose their priorities for development, while they are following the priorities of central government in order to reach better incentives and funds. On the other hand, central government can give more priorities to some regions which is fitting better to central government' priorities and this situation can easily lead economic development differences between regions. However, this situation can ensure the development of some regions and contribute to total aggregation (OECD, 2012). This is kind of dual situation. The certain point is that all kind of investment to develop regions' or nations' economy needs massive co-ordination mechanisms

Public interventions across regions need a massive and intensive engagement between different levels of governments, policies and actors. Without efficient co-ordination and organization, it is not possible to have expected returns from public interventions which are made to improve lagging regions (OECD, 2012). Co-ordination and organization process is a really complex process and needs an efficient management of interdependencies. During these processes, the type of relation determines the nature of co-ordination. Financing of the projects mostly needs vertical relations because of the funds flow from supra-national or national level to sub-national level, while relations between different sectors and actors need a horizontal co-ordination.

In order to be able to apply an efficient co-ordination system between different levels, the first step should be the understanding of reasons behind failures of co-ordination mechanisms. What are the regarding challenges to co-ordination could be a good question and not surprisingly, the answers are changing in different levels. As it is mentioned before, the coordination challenges are defined by Charbit and Michalun and the possible solutions are proposed. However, while the work of Charbit and Michalun defines the challenges in a general way, according to OECD work, the perception of challenges can change from the perspective of central government and sub-national governments.

Graphic 1: Diverging Perceptions Regarding Challenges to Co-ordination

(Source: OECD (2012), "Multi-Level Governance of Public Investment", national and regional case study questionnaires, www.oecd.org/regional/effectivenessofpublicinvestmentatsub-nationallevelintimesoffiscalconstraints.htm, <http://dx.doi.org/10.1787/888932844543>)

The problem perception of central and sub-national governments is totally different from each other. While sub-national governments are defining the problems as lack of co-ordination for the design of investment projects, lack of incentive to co-ordinate vertically and unreasonable co-finance requirements, central governments are specifying problems as lack of sub-national government' engagement in priority setting process, sub-national government's lack of implementation capacity and sub-national government's lack of co-financing capacity. While proposing solution for capacity challenges, it is important to keep in mind that the challenges could change from which perspective you are looking.

This situation reveals that the solutions for capacity building will be different depending on whether it is handled with a centralized approach or decentralized approach.

The vertical relationships between different levels of government and the horizontal relationships between same levels of jurisdictions have critical importance for the coordination and implementation of national and regional level development strategies in harmony with each other and support each other.

7. Vertical Co-ordination Mechanisms

There are three different issues which should be put at the center of the vertical co-ordination discussion in order to make co-ordination work. These are information, accountability and consent (OECD, 2012). By attaining accountability, providing transparent flow of information and having enough consent, it is possible to set up a useful vertical coordination environment.

According to OECD work (OECD, 2012, p52-53), the main tools of efficient vertical co-ordination could be aligned as creating dedicated platforms for coordination, co-financing arrangements (Public-Public/Public-Private), conditionality as a policy tool. All in all, vertical coordination mechanisms should not be evaluated as a tool to enforce the power of higher level government to lower level; however vertical co-ordination is as necessary as horizontal coordination.

Even the success of a totally decentralized system for a balanced regional development heavily depends on a good vertical co-ordination mechanism because like centralized systems, decentralized systems can accelerate disparities because of uneven development of resources between regions.

8. Horizontal Co-ordination Mechanisms

The horizontal coordination means the co-operation between different sectors and between different levels of jurisdictions.

The overcoming policy gaps are the major challenge for regional economic development in big and highly centralized countries like Turkey. Fix-it-all Policies which is adopted by central government for regional economic development do not work for most of the regions because of big differences between abilities and capacities of regions. Under these conditions, horizontal coordination gains more importance because the ones who are more capable in terms of technique and experience could help in a professional way to the others who is not capable of fulfilling their responsibilities.

There are different challenges which sub-national institutions face during collaboration stages. For example, wide-reaching autonomies and varying capacities across jurisdictions are two of main challenges for horizontal collaboration (OECD, 2012). In order to overcome such challenges, national and supra-national bodies are trying to develop “soft measures” in the shape of encouraging policies and “hard measures” in the shape of funding. Soft and hard measures could be in the form of top-down or bottom-up in different cases.

Interesting point is that horizontal co-ordination needs preliminary vertical intervention because in most cases, even if there is enthusiasm for co-operation, the abilities and conditions prevent co-operation between jurisdictions. At that point, monitoring performance and evaluation capacity of central governments have an important vertical role to activate the horizontal process.

Regional development policy is a shared responsibility between national and regional level. This nature makes it more complex and needs cooperation of different levels.

In regional development context, fixed solutions and implementations do not work in different places; that is why, the place-based approach to regional development needs special arrangements and regulations in each cases. This characteristic of regional development issue arise the importance of transparency in decision making mechanisms in order to guarantee the equal approach to all regions. Contracting as a useful tool to coordinate the relations between national and sub-national levels and to develop the capacity of sub-national level authorities could be quite useful, however, in some over centralized countries like Poland case, this tool is used as an instrument to apply the vision of central government through regions and undermine the importance of regional capacity building (OECD, 2008).

There are different conditions and uncertainties in all countries and policymakers should analyze them very efficiently and then should take precautions to overcome these problems. If a fix-it-all approach is tried to be adopted, it is sure that the co-ordination mechanisms will fail (OECD, 2013).

Trust, degree of incentive to free-ride, financial incentives and conditional transfers are some mostly vertical incentives which can promote co-ordination between jurisdictions. It is sure that even though all incentives exist in an environment, trade-off (preferring not to profit from investments because it is so difficult for some sub-national jurisdictions to undertake such an investment) is still a reason for not to co-operate.

The ways to achieve co-operation between different levels can be aligned as policy alignment across levels of government in order to have parallel ways of processing in different levels, co-financing in order to include both levels during the process in terms of responsibility, using conditionality terms to keep the process more reliable between two sides, encouraging cross-sectoral co-ordination to ensure participation of different level jurisdiction at national and sub-national level and applying contracts for proposed co-ordination processes to increase trust between jurisdictions and to ensure that the process will work on time as promised.

As it can be seen, there are plenty of tools to provide coordination and cooperation at different levels and a well designed cooperation mechanism provided profits not only for sub-national level but also national level in terms of public investment issues.

9. The Importance of Sub-national Capacities in terms of Public Investment

The term “capacity” can have different meanings in different contexts. Here it refers to the ability to adhere to good practices in the design and implementation of public investment. More specifically, it refers to good practices in terms of the institutional arrangements, technical capabilities, financial resources and policy practices that can help sub-national governments (SNGs) to achieve important goals at different stages of the investment cycle. Although the focus here is on the capacity of SNGs, this does not imply that these capacity challenges only apply to lower tiers of government (OECD, 2013, p96).

When the issue is capacity challenges, the aspects of national governments and sub-national governments differ from each other. According to OECD (2013) report, the results of questionnaire made through the EOOD countries reveals that while the challenges for national government are planning and co-ordination, the challenge for sub-national governments are implementation challenges involving financial and human resources. The common challenge for both levels is the challenges involved in engaging the private sector. More detailed OECD work on this issue has some outcomes as aligned within the table below.

Table 2: Main Public Investment Capacity Challenges for Sub-national Governments

As seen by national governments	As seen by regional governments
<ul style="list-style-type: none"> ● Sectoral priorities dominate over an integrated approach ● Weak long-term strategic planning for public investment; a focus on short-term priorities ● Difficulty of involving the private sector ● Weak capacities for administering public-private partnerships 	<ul style="list-style-type: none"> ● Lack of involvement of the private sector ● Reduced fiscal capacity for public investment ● Lack of capability to administer public procurement ● Excess of administrative procedures and red tape ● Public employees' salaries not competitive with the private sector

(Source: OECD (2012) "Multi-Level Governance of Public Investment", national and regional case study questionnaires, www.oecd.org/regional/effectivenessofpublicinvestmentatsubnationallevelintimesoffiscalconstraints.htm)

By regarding the different perception of problems for public investment by national and sub-national authorities, it is important to understand the point of different levels and following a capacity building path depending of these points seems more useful in order to have solutions for the profit of both sides.

10. Exploring Sub-national Capacities through Goals

In that part of the work, a goal based approach to explore capacities of sub-national authorities investigated and the tools of capacity building is clarified by a goal based approach. The goals are determined by putting regional development as the first priority. This work is done by referring to OECD (2012) work related to sub-national capacities and this work can be improved more for further development of the capacity challenges subject,

- ✓ to design an investment portfolio that encourages regional development; the main capacity issues can be aligned as the capacity of strategic planning, the ability to encompass different stakeholders and especially citizens, the capacity of cross-sectoral co-ordination, putting incentives to address policy complementarities, the capability of cross-jurisdictional co-ordination in order to achieve scale economies and efficiency, the capacity of stakeholder involvement, capacity of ex ante appraisal in order to increase the degree of success even if there is a weak institutional background and financial scarcity by using the tools like cost benefit analysis, economic impact assessment, cost effectiveness analysis and risk assessment which need technical capacity at sub-national level.
- ✓ to ensure adequate resources; the tools can be aligned as multi-year budgeting with precise investment costs, using traditional and innovative financing methods like borrowing, inter-

governmental transfers, their own revenues as traditional methods, and the innovative methods like collection efficiency, technical skills for accessing grants, private sector financing by public-private partnerships .

- ✓ to ensure accountability for public resources through procurement; the tools can be aligned as transparency in order to stop corrupt and un-transparent practices, reorganizing strict tender rules, giving more responsibility in order to decrease corruption (Regions that have more funds and inter-governmental transfers are more prone to corruption than the regions which have their own revenues. Not surprisingly, the less developed regions are the most corrupt regions and they took the greater amount of funds (Goodspeed, 2011)).

The optimal regulation and the best tools in terms of responsibilities and powers need a really deep and serious analysis of the institutional environment. Moreover, it needs time in order to be able to reach to optimal level for each case because it is a process learned by experience. The capacity for “better regulation” differs across countries and SNGs. Even just few OECD countries have well-developed capacities for regulatory management at all levels of government (Rodrigo and Allio, 2012).

11. Varying Coordination Mechanisms and Challenges

The challenges and capacity problems that SNGs face during investment processes for development vary across countries with differing distribution of competences related to investment, legal frameworks and the degree and maturity of decentralization. Where regions are not self governing and/or where regional authority over various aspects of the investment cycle is limited, capacities which rely on government authority are likely to exist at higher (or lower) levels of government. At the regional level, some capacity may be vested in an entity like a regional development agency, but with substantial capacity remaining at the central level. In such countries, planning related capacities are critical and more complex because weak (administrative) regions confront strong authority of central and municipal levels about regional development decisions. For example, in Slovenia, mayors could have more impact on the destiny of a region than the regional authority (OECD, 2011c). Sweden is another case which the regions act as a coordinator between central and local governments without final decision making autonomy. It is possible to align plenty of different examples and these varying examples point the importance of capacity assessment for each case separately depending on the specialties of cases.

There are different challenges at all levels of decentralization. While centralized countries are suffering from the lack of co-operation, planning and private sector involvement at local level, decentralized countries are suffering from insufficient fiscal resources at local level and lack of fiscal discipline. It is important to underscore the problems at different type of institutionalizations because in order to understand that there is no one type of optimal institutional structure and it changes in all different contexts.

Capacity challenges also vary depending on the development levels and needs of the regions. For example, while developed regions in terms of physical infrastructure and human capital need investment on soft and innovative infrastructure, the lagging regions need to invest in physical infrastructure in order to be able to set up the base for further development.

Capacity assessment should begin with the clear understanding of where authority stands during an investment cycle. The decentralization context in which public investment occurs effects what can be expected from SNGs. The greater authority of public investment means better improvement of capacity. By contrast, in a centralized context, when the central government takes the responsibility for different stages like ex ante appraisal and procurement, the capacity of sub-national governments in terms of sound planning, negotiation and monitoring will have vital importance for the advance of the process. This means even the basic challenges can change depending on the context, level of decentralization and institutional environment.

12. Different Cases from Different Regional Governance Models

12.1. Canada

According to OECD (2013) report, "Canada is one of the most decentralized countries in the OECD. Sub-national governments in Canada enjoy great financial autonomy. They are responsible for collecting almost 50% of the country's total tax revenues and for financing more than 90% of public investments. Local infrastructure is mainly the responsibility of the municipalities. The second priority for public investment in the province is the development of large strategic investment programs to increase the commercial position of British Columbia (such as the Asia-Pacific Gateway). They are deemed of national importance because of their impact on competitiveness, job creation and business opportunities, and are the joint responsibility of the province and the central

government. They attract important additional financing from the private sector as well (p136). “Flexibility is a key characteristic of the Canadian public governance system” (OECD,2013,p136). ” The coordination and organization way of Canada could be a good example in term of how regional scale economic development projects could be coordinated between central and local level governments.

Canada have a really complex system in order to achieve efficient coordination between different levels of government and the role of RDAs is mediating and coordinating different level of interests and demands. The common point is extensive use of public-private partnerships for public investment.

12.2. Sweden

According to OECD (2013) report, “the regionalization process in **Sweden** started relatively recently, in the late 1990s, driven by the objective of maximizing Sweden’s growth potential. In a context of significant territorial heterogeneity, the formation of the regions addresses the need to put local actors in charge of elaborating regional development strategies tailored to local needs and mobilizing resources for regional growth. The current Swedish system of public governance comprises the central government, the county/region and the municipality. A distinct feature of the Swedish system is its “hourglass” configuration: the central government and the municipalities hold the majority of powers and functions, while the powers of the county/region, and especially their financial capacity, remain relatively limited (p139-140).”

In the Swedish system, regions enjoy limited discretion over spending; financing and implementation of public investment remains essentially a central mandate. The region’s revenues are comprised of own revenues (tax and operating revenues) accounting for almost 80% of the resources available for regional public spending, transfers from the central government in the form of grants and equalization transfers accounting for about 20% of resources, and limited borrowing (bank loans mainly with the European Investment Bank). Regional public expenditure in Skåne is confined to the health sector, which represents 93% of overall public expenditure. Health spending is a mandatory item and leaves the region with little room for maneuver for other spending options. Public investment only makes up 7% of Skåne’s expenditure (2011). Core “hard” (e.g. transport) and “soft” (e.g. higher education) infrastructure investments remain the responsibility of the central government.” The limited space to move for regions seems like the system of Turkey. How they

manage their regional development and equality issues could be a good example if they have a success on it.

Moreover, quite like in Turkey, the main challenge of the regional programme relies on the little power the region has over actual implementation and financing. Even if regional powers and institutions are the main actors of the projects and strategies, they do not have fiscal autonomy which will allow them to apply and monitor the projects and their results.

12.3. Poland

I think that Poland can be a good example for evaluation because it is formerly a centralized country depending on its nature of socialist governance.

Like many countries in Central and Eastern Europe, Poland's administrative system was very centralized until the early 1990s. " Over the past two decades, Poland has embarked on significant decentralization and regionalization reforms, which resulted in the establishment of the most decentralized territorial system among the "new" EU member countries. Fiscal decentralization has not been implemented at the same pace as decision-making autonomy, which means the regions are still fairly dependent on the central government to finance investment activities. Wielkopolska is one of the fastest growing regions in the OECD, whose fiscal situation proved quite resilient to external shocks. GDP per capita increased by about 40% from 2000-09. The regional economy is diversified and export oriented. It benefits from easy access to Western markets, in particular Germany and, thanks to the low cost of its labor force, it attracts substantial volume of foreign direct investment (FDI). As the Polish regionalization process is relatively recent, the institutionalization of this multi-level system of co-ordination for public investment is still in progress and challenges in terms of complementarities of programs and issues of competencies are still arising (OECD, 2013, p 145). "

Canada, Sweden and Poland examples are provided in a quick way because of scarcity of time, however, it is important to see how regional governance models and institutional environments could be different and how the co-ordination mechanisms works differently in different contexts. Not surprisingly, depending on their context, sub-national capacities largely in these cases. For the further development of the work, it is possible to investigate sub-national capacities and the level of regional disparities in these countries.

13. Policy Issues

On one hand, centralized polities need to decentralize their power for the sake of effective supervision and management at local level. On the other hand, extremely fragmented sub-national governments lead another type of challenge which is making it impossible to realize the economies of scale even to perform some basic actions (OECD, 2014, p11).

There is the evolution of regional development policy in terms of its legislation and institutions. Key points of this evolution are strengthening the governance of regional economic development, broadening and clarifying the range of instruments and enhancing mechanisms for performance monitoring and evaluation (OECD, 2014, p11). These general points are applied differently in different levels of decentralization.

Here are some policy recommendations for Ukrainian case by OECD;

- ✓ A territorial reform should be implemented prior to any decentralization of functions to lower levels of government; such a reform should facilitate municipal mergers and the further development of new forms of inter-municipal co-operation; simplify the legal procedures involved in transferring competences to joint bodies or companies; and provide additional financial incentives to jurisdictions that implement new types of co-operative relationships.
- ✓ Create incentives to innovate and diffuse good practices among municipalities and sub-national tiers of government.
- ✓ Create a monitoring system for the effectiveness of the policies implemented at local level.

This case is useful in terms of its general logic because these 3 main policy recommendations are useful for all cases and can be applied for more effective policy environments. Decentralization can occur in different levels in each case however the general point is the necessity of territorial reforms prior to decentralization to make sure capacity development at different tiers of governments. Creating different incentives to encourage coordination and creating monitoring system for controlling the efficiency of all processes are useful policy recommendations for all policy environments as indicated before.

14. Changing EU Policies in terms of Governance and Development

The relationship between economic development and decentralization is actually lead by neo-liberal development framework which is currently going on whole around the world. Predominant rising of technocratic understanding for development needs good governance at different levels of government which arise the need for a healthy institutional environment because as the World Bank has put it, “the ability of the state to provide institutions that make markets more efficient is sometimes referred to as good governance” (Haut, 2010, p2).

Thus, according to Haut; “ ‘good governance’ seeks to ensure efficiency in public administration and public finance management, rule of law, decentralization and regulation of corporate life, including competition laws and anti-corruption watchdogs, arms-length procurement processes and the outsourcing of public services and supply. Conceived as a form of authority outside politics and the traditional realm of administration, it is a means to claim autonomy for technocratic authority from what are seen as distributional coalitions”.

15. Strengthening Regional Development Policy

Changing paradigms of regional development unavoidably need a brand new policy approach to regional development. Because of regional specificities and complexities policies need to be designed and shaped at the regional level itself (Lagendijk, 2011).


An effective regional development policy needs a broad vision which is consisting on a broad framework of institutions and policies. The remit, aims and instruments of regional development are defined quite differently in different countries. Current main tendency in many countries is defining a strict set of policies and instruments to reach a desired aim. Most of these instruments consist of fiscal transfers from higher level of government to lower level for public investments in various forms. However, such instruments only succeed if they have a broader regional development approach which is emerging in OECD countries over the last couple of decades (OECD, 2014, p110).

According to OECD (2011a), the elements of a much broader policy vision to improve regional development performance include the followings;

- ✓ a development strategy covering a wide range of direct and indirect factors affecting the performance of local firms;
- ✓ a greater focus on endogenous assets rather than exogenous investments and transfers;
- ✓ an emphasis on opportunity rather than disadvantage;

- ✓ attention to policy settings (“rules of the game”) and soft infrastructures (networks, knowledge platforms, etc.), as well as physical infrastructure;
- ✓ a collective/negotiated approach to governance involving national, regional and local governments along with other stakeholders, with the central government taking a less dominant role.

Table 3: The Old and New Paradigms of Policy

Objectives	“Balancing” economic performance by compensating for spatial disparities	Tapping under-utilised regional potential for competitiveness
Strategies	Sectoral approach	Integrated development projects
Tools	Subsidies and state aid	Development of soft and hard infrastructures
Actors	Central government	Different levels of government
Unit of analysis	Administrative regions	Functional regions
	Redistribution from leading to lagging regions	Building competitive regions by bringing together actors and targeting key local assets

(Source: OECD (2009b), *Regions Matter: Economic Recovery, Innovation and Sustainable Growth*, OECD Publishing.
<http://dx.doi.org/10.1787/9789264076525-en>)

The evidence suggests that traditional instruments are most likely to yield good results when other elements of the policy framework are in place and the investment projects being funded are embedded within an integrated, cross-sectoral growth strategy. Investment in hard infrastructure, for example, is found to yield better returns in the presence of policies designed to improve human capital and knowledge creation efforts. Pursued in isolation, large infrastructure projects can simply turn into useless “white elephants” or even accelerate the exit of firms and workers from a region (OECD, 2009a).

The success of traditional regional development policy instruments depends on the existence of proper institutional and policy environment. This statement does not mean that traditional regional development strategies and instruments are useless but they are not a substitute of better institutions and economy-wide policies.

The unpredictable and unstable behavior of public institutions leads a back down of investments because investors are not able to see forthcoming decisions and situation.

Regional development is an “implementation-intensive” policy domain, inasmuch as it requires a great deal of cross-sectoral and vertical co-ordination, as well as strategic planning capacity and effective mechanisms for information revelation, monitoring and evaluation (OECD, 2014, p115). That is why it is not reasonable to invest in complex policies instead of small , capacity building initiatives.

Often, countries adopt several institutional arrangements. Overall, the experience of OECD countries suggests that what is crucial is not where precisely the responsibility for managing regional development is vested; what matters is how functions are distributed and implemented. Whatever the type of instruments, they broadly aim to reach three primary objectives:

- ✓ improving efficiency and avoiding redundancies and overlap (short term)
- ✓ building co-operative partnerships (medium term), and solving asymmetries of information in cases of interdependency in policy making
- ✓ Building capacities for addressing new types of issues (long-term) (OECD, 2014, p135).

The experience of regional policy in OECD – and particularly European – countries suggests a number of general points that any policy makers will want to bear in mind as they proceed with the current changes in regional development policy. First, regional policy remains a field in which there is still considerable uncertainty about what policies work best under any given set of circumstances and in which we know more about what **does not** work than about what **does**. It is still very much an “experimental science”, that said, a few general points are the subject of an increasingly broad consensus (OECD, 2009b, 2012c). The general lessons that can be taken from OECD experience are;

- ✓ Regional policies cannot and must not be merely redistributive policies with a spatial dimension. They should be focused on growth and competitiveness, as well as equity, and open-ended support for lagging or under-performing regions is to be avoided.
- ✓ Regional development policies are oriented to the long term. Stability of policy is important and many failures can be attributed to an expectation of short-term results and consequently premature change of policy.
- ✓ Concentration of effort matters, both spatially and in terms of policy priorities. Dispersion of energy and resources across too many priorities is ineffective and wasteful.
- ✓ Assessments of policy interventions should pay close attention to additionality: there is nothing easier than to subsidize agents doing what they would have done anyway. The aim is to stimulate the emergence of activities which would not have been undertaken in the absence of intervention but which can become self-sustaining (i.e. intervention as catalyst rather than open-ended support).

- ✓ The information asymmetries involved in regional policy design can only be overcome where the policy process is participatory, involving both top-down and bottom-up input, and engaging private-sector agents early and deeply in the design of regional development strategies.

CONCLUSION

Regional development disparities subject is at the core of decentralization discussions. Decentralization can take place in many different forms and it is not possible to come up with the result that decentralization decrease regional economic development disparities. In the changing context of regional development paradigm under liberal market conditions, decentralization is a necessary improvement for a balanced regional development structure; however, it does not ensure disappearing of regional development disparities.

At that point, the maturity of sub-national governance systems and institutional environment which means the capacity of sub-national authorities, and well designed coordination mechanisms play a vital role for desired success of decentralization. There are a lot of challenges which sub-national authorities can face with regard to coordination mechanisms and capacity issues and there is no general recipe to address these challenges. Challenges are mostly specific to place and context and this situation need to produce solutions specific to each case.

Prior developments to decentralization in terms of fiscal, political and administrative decentralization issues are essential characteristics of the process from centralized to decentralized approach.

Moreover, current scarcity of public resources requires the efficient use of existing resources which is directly related to capacities of sub-national authorities even in centralized countries and a well designed vertical and horizontal coordination mechanisms.

Furthermore, policies regarding regional governance are changing their approach depending on the paradigm shift on regional development context and the new paradigms of regional policy needs a multi-level governance model which is necessitating decentralization at some point.

III. CONCEPTUAL FRAMEWORK AND METHODOLOGICAL APPROACH FOR CASE STUDY

1. CONCEPTUAL FRAMEWORK

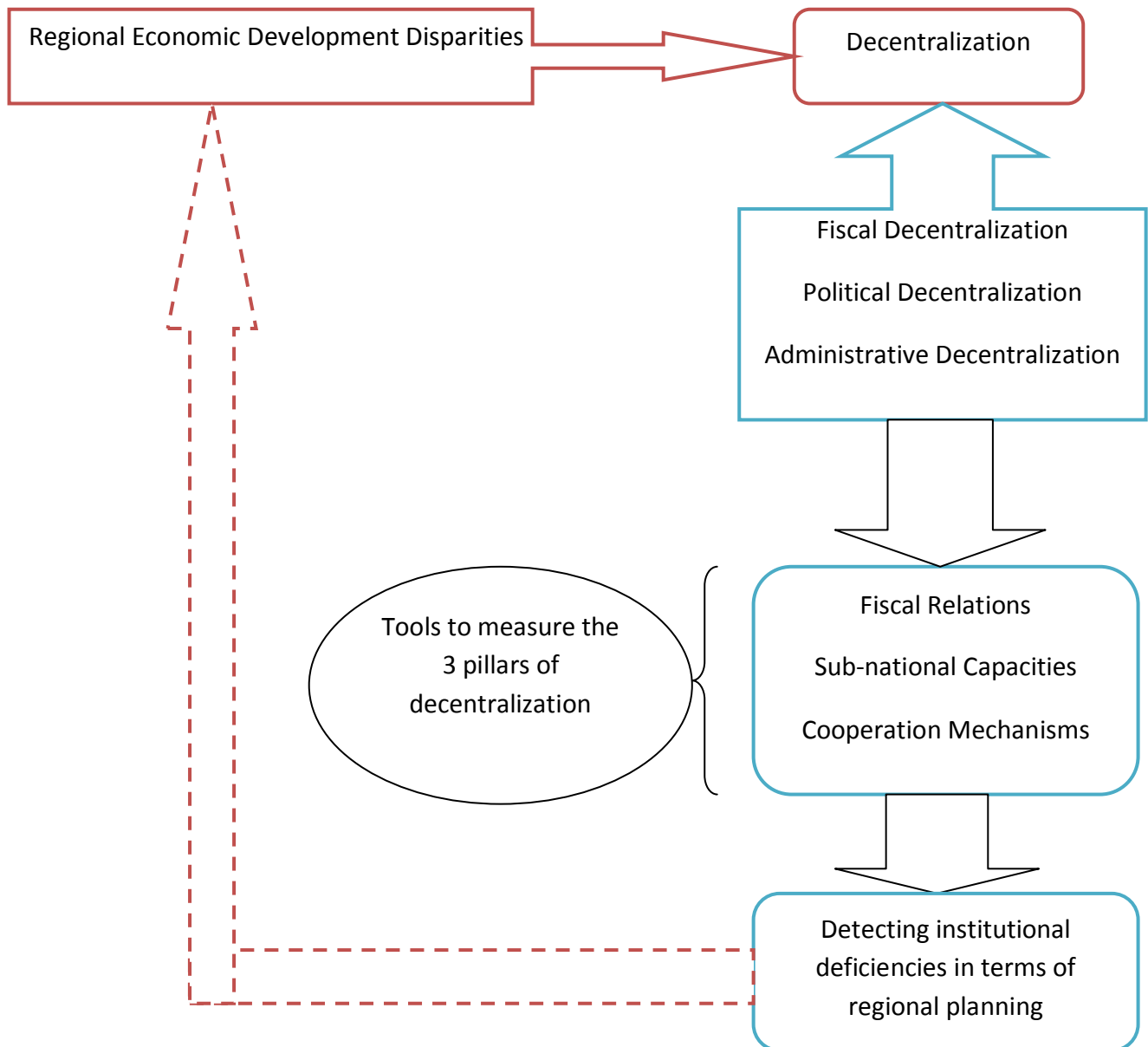
Decentralization and regional development disparities are handled in an integrated framework because decentralization issue lies at the core of regional disparities context. Decentralization subject is handled from 3 different aspects as fiscal, political and administrative decentralization. The success of decentralization depends on the equal decentralization affords of these 3 main pillars and they should be improved depending on the context of each case in order to decrease regional development disparities.

Fiscal, political and administrative decentralization should be developed parallel to each other in order to decrease regional disparities. In which degree these 3 pillars will decentralize change depending on which context regional development disparities are taking place. At that point, there is a necessity of understanding the regional disparities context of the case study to understand which aspects should be developed in which degree as specific to the case. The case specific approach is caused by the uncertain nature of decentralization context because as it is stated before there is no optimal level of decentralization which can be fixed it all.

In order to understand the specificities and characteristics of Turkey case, the general political and institutional planning environment of country is investigated in terms of sub-national capacities, coordination mechanisms and fiscal relations. These 3 aspects are used as tools to measure the 3 pillars of decentralization. Clear understanding of these peculiar characteristics will allow understanding institutional structure of the country and detecting institutional deficiencies in terms of regional planning which are leading regional development disparities.

The flowchart below explains how the integrated framework of regional economic development disparities and decentralization are associated with institutional capacities, their coordination mechanisms and fiscal relations.

Flowchart 1: Conceptual Framework of the Relation between institutional Structure and Regional Economic Development Disparities



(Source: Author)

2. METHODOLOGICAL APPROACH

In order to make the relation between regional development disparities and decentralization, we used an integrated framework and investigated these two academic contexts in a nested way. It is undeniable fact that the academic knowledge accumulation about regional economic development disparities are in most cases directly consisting of decentralization issues and the relationship between them.

Through this work, decentralization is separated 3 different forms as fiscal decentralization, political decentralization and administrative decentralization. The idea is that if these 3 pillars of decentralization can be achieved simultaneously, the result can create recipes for regional economic development disparities.

Instead of exploring deeply these three pillars through literature review, the main aim was exploring some tools which can measure the level of decentralization by regarding its three pillars in order to assess the case by using these tools.

The tools are fiscal relations, sub-national capacities and cooperation mechanisms and these tools are chosen by exploring the common literature on regional development disparities and decentralization. Each tool aims to address one pillar of decentralization as;

- ✓ Fiscal Decentralization → Fiscal relations (what is the fiscal relation between different levels of institutions and which level has the fiscal power?)
- ✓ Political Decentralization → Sub-national capacities (What is the decision making power of different level institutions, what is the maturity of sub-national capacities in terms of technical abilities what is different administrative levels and their institutions?)
- ✓ Administrative Decentralization → coordination mechanisms (how different levels cooperate with each other?)

It is possible to produce further tools in order to assess the decentralization level however regarding the case study; these 3 tools are quite proper to address the deficiencies of institutional structure with respect to regional planning.

Case study is structured by considering 3 tools and after assessment process, the deficiencies of institutional structure and its tools in terms of regional planning are detected.

After detecting deficiencies, 2 different applied regional development projects which are aiming to decrease regional development disparities in Turkey are taken and investigated. The failure of regional development projects are connected to detected institutional deficiencies in order to show

how institutional structure can affect development trajectories and in turn regional economic development disparities.

IV. CASE STUDY

Turkey is chosen as case study not only because regional disparities in Turkey were the starting idea of this work, but also it offers an interesting situation in terms of regional development efforts. The country's efforts to decrease the disparities between east and west are based on earlier than its planning history; however, currently disparities are increasing more and more instead of decreasing.

This means despite the efforts to decrease disparities since 1930s, the real reasons of disparities never discovered and this situation caused useless experiments and wasted public resources. It is sure that the amount of public investment to lagging regions is not satisfying; however, at least it is expected to see some results after efforts.

This work aimed to create awareness about this lack. The necessity of pointing real issues and producing solutions to structural problems instead of developing artificial regional development projects is more crucial for the current context of the country in order to decrease disparities.

More importantly, disparities between east and west harms the sense of society and integrity within communities and the current developments does not prone to fix this situation, unlike promoting it.

1. NATION STATE AND REGIONAL DEVELOPMENT: TURKEY

1.1. Studies about Regional Economic Development Disparities in Turkey

"When a national goal may be to make the country's economy more competitive internationally, this process can stimulate divergence in the country" (Molle and Boeckhout, 1995; Martin, 1998).

The statement of Molle and Boeckhout is enough to explain the current trend in Turkey. As a developing country, the central aim is creating an internationally competitive country by accelerating already existing potentials which mean the economic activities in developed regions. This approach leads to deepening of disparities between already developed regions and lagging regions.

Although there are plenty of programs and projects in order to decrease regional development disparities within country, there is evidences about that regional disparities are not decreasing,

instead they are increasing. Berber *et al.* (2000) applied sigma and beta convergence for geographical regions and their findings indicate that there is no tendency for convergence across regions in Turkey.

Dogrueel and Dogrueel (2003) analyzed the period of 1987-1999 and put forward that convergence is occurring only in developed-rich regions between 1987 and 1999. This period is the period which Priority Regions for Development program and GAP was implemented in order to decrease development disparities and it is expected to see their effects on space. However, regardless of projects and programs, while there is a decrease between differences within western regions, the differences between western and eastern regions are growing continuously.

Gezici and Hewings (2002) analyzed interregional inequalities based on three different partitions by using Theil index and focused on the spatial affects of growth as a major contribution to the regional development in Turkey. They found that there has been an increasing tendency for between region inequalities to increase, while within region inequalities have been declining during the period of 1980-1997. The outcome of the work of Gezici and Hewings is interesting because although there are programs and projects to decrease disparities between regions, as totally regardless of efforts, while between regions inequalities are increasing, within regions inequalities are decreasing.

All these studies give an opportunity to provide some perspectives on regional issues and the effectiveness of regional policies and projects in Turkey. Since the beginning of 1960s, two main goals have been defined: as "maximizing national income" on the one hand, and "reducing interregional disparities" on the other hand. Regional policies have taken place in the context of Development Plans, but the question is whether regional policies and projects are actually implemented and even if they implemented, in which degree the benefits are transferred to the regions?

1.2. The New Concept of Region

Under new agenda of economic development, this is so called neo-liberal policies, the approach of nation states to regions changed noticeably in terms of regional economic development. Mainly, understanding and definition of region have changed because the new environment of economic development needed to redefine regions in terms of economic relations, their potentials and capacities.

The last 40 years were the times of fast changing as socially, culturally, politically and economically. While social and cultural homogenization is served as a global project, on the other hand; polarization and heterogenization at local and regional levels started to increase (Castells, 1997;

Tickell and Pack, 1992; Habermass, 2002, Edit: Derived from Albayrak, Erkut 2010). Actually, the rising of polarization and heterogenization lead the competitiveness between regions in order to get the best. Even if it seems a fair environment and approach for economic development, in reality, the underdeveloped regions did not have any chance to gain under new market conditions.

At the rate of these new conditions, the strategy and understanding of central government to regional economic development gained more importance in order to avoid huge regional economic development disparities. Even if achieving a totally evenly distributed regional economic development is a hard task, it is possible to refrain enormous disparities between regions by using planning as an effective tool. The main reason which is lying behind increasing importance of the region concept is the fact that the regions are now the new hubs of economic development. Under changing conditions, regions are the essential cores for the sustainability of global economy. They are now the smallest entities which are organizing and managing the production and consumption mechanisms. Regions are not only trying to control their hinterlands, but also trying to manage new social and economic diverse relations while competing for economic domination (Eraydin, 1997). In substance, while regions were defined by artificial borders in the past, now they are defined by networks.

It is the fact that natural and social resources are not evenly distributed on space and if we tackle this reality with the new definition of region concept (competitiveness), an unequal distribution come out between different regions. This unequal distribution situation leads the unbalanced regional developments (Göktürk, 1998). At that point, regional issues started to seen as a subject of planning in order to decrease regional inequalities after WW2 (Keleş, 1997).

After that process, planning faced the problem of being a tool just for developing the regions which have the potential of being an economic hub instead of decreasing regional disparities.

1.3. Regional Development and Public Investments

Despite the global economic crisis, positively, the amount of total public investments all around the country did not change considerably in Turkey between 1999 and 2009. However, if we evaluate the logic of public investments, the distribution of public investments on space depends on the potential of existing network of settlements. It means that there is no special effort to increase the capacity of production or to accelerate the economic development of less developed regions in east and eastern Anatolian part of Turkey by government and this trend tend to deepen the disparities between regions of west and east (Levent & Sarıkaya, 2010).

This is an important determination in terms of understanding the reasons of regional development disparities in Turkey and the approach of government to this issue. Currently the public resources are extremely spent in Turkey for the sake of fostering already developed regions which is not consistent with the reality of country.

1.4. The Definition of Region

According to Ministry of Development(MD) in Turkey, the definition of region is “a decentralized planning and administrative unit which is bigger than a city, smaller than a country, whose administrative boundaries overlap with the country’s administrative boundaries, however, who can surpass these boundaries in terms of interaction, and who has a democratic-participatory administration and budget” (DPT, 2000a:8).

Ironically, the definition made by MD does not have any point which responds the concept of region in Turkey because of the fact that, there is no administrative regional level in Turkey who can has a budget or decision making mechanisms.

1.5. Indicators of Regional Economic Development Disparities

Indicators of regional economic development disparities are an important point because I will need to precise indicators to be able to say that there are regional economic disparities between regions in Turkey depending on precise indicators.

The reason why I focus on regional economic development disparities between regions is its devastating results in terms of a country’s economic, social and cultural life. Serious economic inequalities within a country mostly promote social and political tensions. The point at that moment is not only the individual income differences but also the conglomeration of people who belongs to similar income groups within regions and the income separation between different regions.

Firstly, I took the GINI coefficient and income inequality as indicators to prove regional economic disparities. They are widely accepted indicators to show the economic development differences between regions in a numerical way. Through my work, I want to show the degree of regional inequalities and how the different income classes of the society are living in different regions of Turkey.

Country	GINI	GDP Per Capita
Japan	24,9	31.267
Czech Republic	25,4	20.538
Hungary	26,9	17.887
Germany	28,3	29.461
Austria	29,1	33.700
Bulgary	29,2	9.032
South Korea	31,6	22.029
France	32,7	30.386
Switzerland	33,7	35.633
Greece	34,3	23.381
Egypt	34,4	4.337
Spain	34,7	27.169
Australia	35,2	31.794
England	36,0	33.238
Italy	36,0	28.529
India	36,8	3.452
Russia	39,9	10.845
USA	40,8	41.890
Iran	43,0	7.968
Turkey	43,6	8.407
Mexico	46,1	10.751
China	46,9	6.757
Malaysia	49,2	10.882
Argentina	51,3	14.280
Brasil	57,0	8.402

Table 4: GINI coefficients of Countries

Gini coefficient is an indicator to measure regional development disparities within countries.

According to World Development Report, Turkey has a high Gini coefficient which means there are more serious disparities between regions compared to UE and most OECD countries (BMGP, 2008).

As we can understand from the table, Turkey has the largest disparities between OECD countries.

(Source: Filiztekin, A, Çelik, M A, Regional Income inequality in Turkey, p118)

Table 5: Intra-regional and Inter-regional Variance Decomposition Analysis

	Total	Intra-Regional	Inter-Regional	Intra-Regional (%)	Inter-Regional (%)
1994	10,840	10,778	1,508	87,7	12,3
2003	5,528	5,424	1,047	83,8	16,2

(Source: Filiztekin, A, Çelik, M A, Regional Income inequality in Turkey, p118)

After seeing the general disparity situation of Turkey compared to other countries, it is meaningful to look at the disparities within inside country context

Although it seems that the level of disparities within country are decreasing, inter-regional disparities are increasing from 12, 3% to 16, 2% within 9 years.

Table 6: Income Distribution According to Regions

Population (%)		Income Brackets-2003				
Code	Level 2	I	II	III	IV	V
TR	Turkey	26	21	19	18	16
TR1	Istanbul	8	17	21	25	28
TR2	West Marmara	14	20	24	26	17
TR3	Aegean	21	24	20	18	17
TR4	East Marmara	15	22	24	21	18
TR5	West Anatolia	18	19	19	21	23
TR6	Mediterranean	23	22	20	18	17
TR7	Central Anatolia	28	28	22	14	9
TR8	West Black Sea Region	38	23	17	13	9
TR9	East Black Sea Region	23	26	21	18	12
TRA	North East Anatolia	41	20	17	12	10
TRB	Central East Anatolia	43	21	15	14	7
TRC	South East Anatolia	62	19	9	7	3

(Source: Filiztekin, A, Çelik, M A, Regional Income inequality in Turkey, p122)

Within the table, while 1 shows the lowest income bracket, 5 shows the highest. This table shows us that there is what kind of population distribution between different regions in terms of income distribution. And if we look at numbers basically, it shows that while in one region huge part of population comes from lower income groups (North East Anatolia 61%), in another region, a big part of population comes from higher income groups (Istanbul-53%). This is a kind of proof of spatial separation of different classes between different regions.

If we evaluate these tables together, as it is demonstrated by GINI coefficients of country, even if there is a tendency for decreasing disparities through the country by the time, another fact is that between regions disparities are increasing (Table 5). Some regions like North-East Anatolia, Central-East Anatolia and South-East Anatolia are getting more and more segregated regions according to distribution of lower and higher income brackets. At the same time, these regions are getting poorer because of increasing number of lowest income group people (table 6). When these two different variables are evaluated at the same time, it is normal to come up with the idea which is the east regions of Turkey are getting poorer and more unequal while the middle and west regions are getting better in terms of welfare and inequalities.

Secondly, regional competitiveness is another important indicator in order to show development differences between regions because currently the analysis of competitiveness contains a lot of different entries which is evaluating regions deeply starting from export to tourist bed capacity. It is important to realize the width of input range.

In the case of Turkey, while determining the competitiveness level of cities, Albayrak and Erkut used the data related to subheadings like “innovative environment-economy”, “skilled labor”, “industry”, “economic activity” and “tourism-commerce”. These 5 sub-heading’s names are general name of each group of data class and all of them contain a lot more detailed entries in order to determine the real competitiveness of regions.

After the analysis process, writers obtain the results at city level and you can see the results of the analysis on the map x below. While (1) indicates the most competitive area, 5 indicated the least competitive areas.

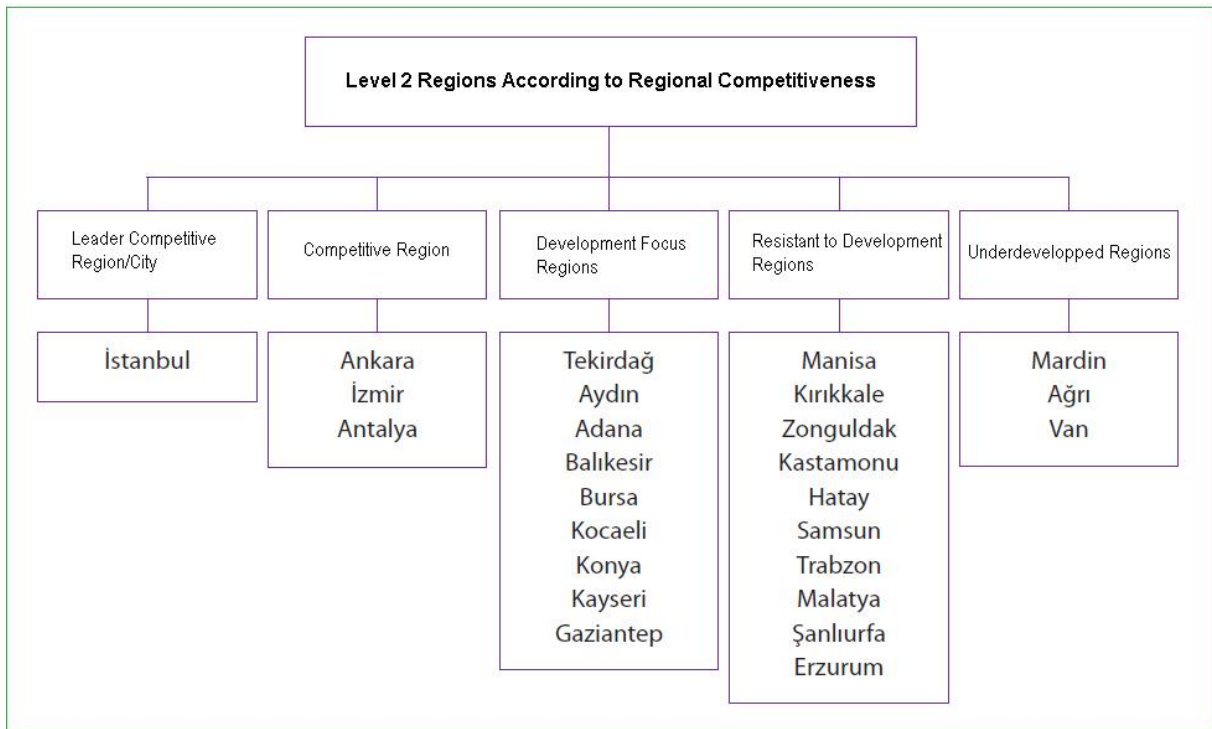
Map 1: Provincial Distribution According to Regional Competitiveness



(Source: Albayrak, A N, Erkut, G (2010), The Regional Competitiveness Analysis in Turkey, Yıldız Technical University, p144)

As it can easily be observed, more competitive cities lie on the west and south-west part of the country while less competitive regions are located at east and north-east parts of the country. Less developed regions of the country seem quite separated from the developed parts of the country.

It is the fact that there are 81 cities in Turkey and presenting the information of competitiveness levels of cities gives a very polyphonic map. This is most probably the reason why Albayrak and Erkut preferred to present the outcomes at level 2 regions which make the comprehension easier. Hierarchical clustering analysis is used to obtain homogeneous groups which have interactions with each other. Hierarchical clustering analysis prepared by using the data of regional competitiveness index came up with 5 different groups of level 2 regions.

Table 7: Level 2 Regions According to Regional Competitiveness

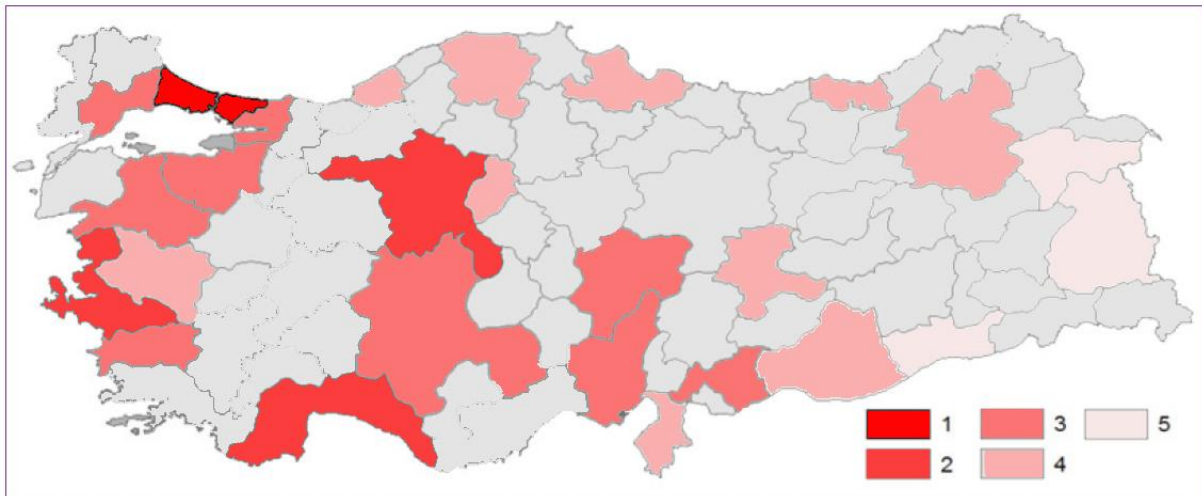
(Source: Albayrak, A N, Erkut, G (2010), The Regional Competitiveness Analysis in Turkey, Yıldız Technical University, p145, Edit: Translated by Yapıcı N)

As previously noted, according to the hierarchical clustering analysis made by Albayrak and Erkut, there are 5 different types of regions in Turkey based on their regional competitiveness.

As you see from the table above, these regions are as leader/competitive region (city), competitive regions, development focus regions, resistant to development regions and underdeveloped regions.

The cities which are standing on the table are the leading cities of their level 2 regions.

Map 2: Visualization of Level 2 Regions According to Regional Competitiveness



(Source: Prepared by Author referring on **table x**)

Visualizing and transferring the data on space will be useful to understand the severity of disparities between two parts of the country. It is possible to come up with the assignments from this map that there is a concentration of competitive regions on west part of the country.

The 4th group level 2 regions which are called as resistant to development have some specific characters. These regions were important industrial areas before however they lost their position by the time. Moreover, in the past, they were covered by the KÖY(Priority provinces for development) project and having incentives for development but clearly, it did not work and did not stop the decline of these cities (Albayrak&Erkut, 2010).

Thirdly, Socio-Economic Ranking of level 2 regions are taken as an indicator in order to see whether socio-economic development levels are indicating parallel results to economic indicators or not.

Table 8: Socio-Economic Development Ranking at Level 2 Regions

Ranking	Region	Development Index	Ranking	Region	Development Index
1	TR10	2,831	14	TRC1	0,315
2	TR51	2,016	15	TR63	-0,338
3	TR31	1,52	16	TR72	-0,376
4	TR41	0,981	17	TR71	-0,407
5	TR42	0,782	18	TR83	-0,417
6	TR21	0,572	19	TR90	-0,559
7	TR62	0,334	20	TRB1	-0,559
8	TR32	0,288	21	TR82	-0,675
9	TR61	0,281	22	TRA1	-0,79
10	TR22	0,153	23	TRC2	-0,964
11	TR81	-0,071	24	TRC3	-1,204
12	TR33	-0,166	25	TRA2	-1,267
13	TR52	-0,259	26	TRB2	-1,391

(Source: TÜSİAD (2005) Türkiye’de bölgesel gelişme politikaları, sektör bölge yığınlaşmaları, İstanbul: TÜSİAD Büyüme Stratejileri Dizisi No 4, s.76)

According to the information provided by Turkish Industrialists’ and Businessmen’s Association (TÜSİAD), table 8 shows the socio-economic developments of level 2 regions. Starting from 11th place, all regions have a negative socio economic development level and the interesting point is the last 6 regions are the regions of east part of the country. This means there is a cluster of socio-economically less developed regions at East Anatolia and South-East Anatolia of the country.

The socio-economic development ranking as an indicator gives the same results with economic indicators which are investigated before. Four different indicators states the same result as there is regional economic development disparities between east and west parts of the country.

1.6. Programs and Projects have done in order to Avoid Regional Economic Development Disparities

The issue of regional disparities was always on the agenda of Turkey after the foundation of Turkish republic. However, spatial transformation which has started with the foundation of republic had never reached enough level to clear off regional disparities (Tekeli, 2008). The period after 1960s called as “planned period” in Turkish literature and this issue was at the heart of development plans which is prepared after 1960s. Main targets of national and regional plans after 1960s were not only

supporting the regions which have the potential to develop, but also encouraging under developed regions to develop their potentials.

At this part of the work, we want to give a table about all national development plans and regional plans which national development plans proposed according to the targets of their periods.

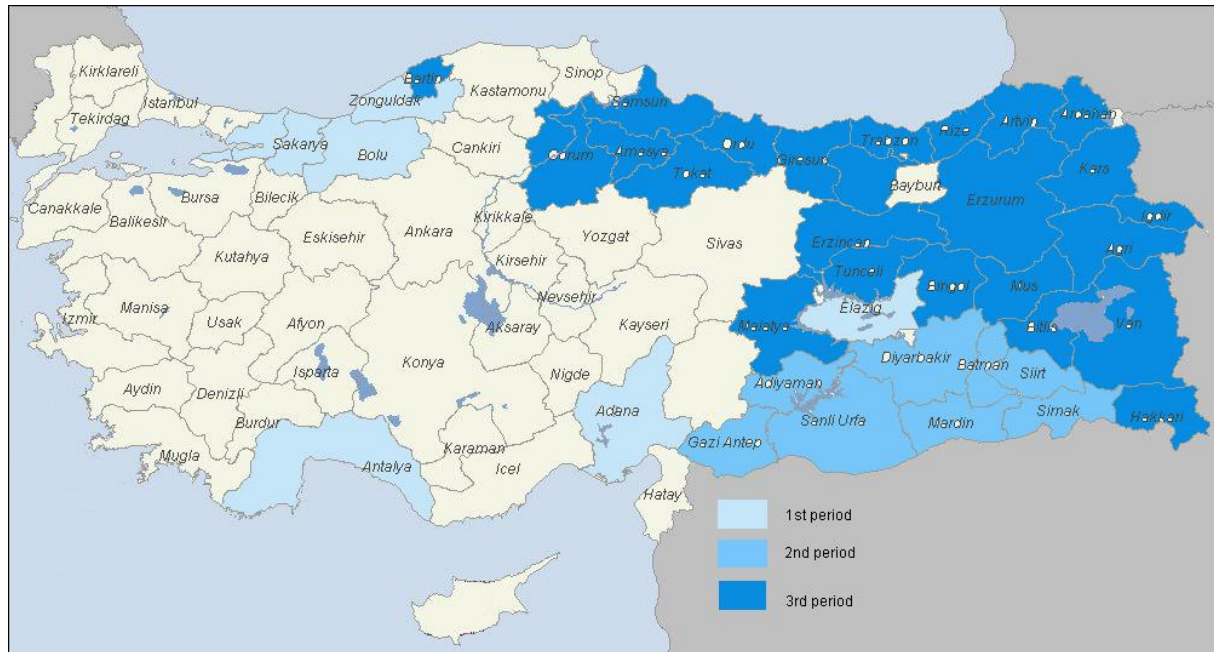
Table 9: National Development Plans and Proposed Regional Plans

National Development Plans	Regional Plans
1 st 5 Years Plan	Eastern Marmara Plan, Çukurova Plan, Antalya
2 nd 5 Years plan	Project, Zonguldak Project, Keban Project
3 rd 5 Years Plan	-
4 th 5 Years Plan	-
5 th 5 Years Plan	Çukurova Urban Development Project, South-
6 th 5 Years Plan	Eastern Anatolia Project
7 th 5 Years Plan	Zonguldak, Bartın, Karabük Regional
8 th 5 Years Plan	Development Project, Yeşilirmak Basin
Preliminary National Development Plan	Development Project, Eastern-Black See
9 th 5 Years Plan	Regional Development Project, Eastern Anatolia
10 th Development Plan	(2014-2018)

(Source: Albayrak A N, Erkut G (2010), The Regional Competitiveness Analysis in Turkey, Yıldız Technical University, Faculty of Architecture e-Journal Vol 5 No 3, Megaron, Istanbul, Turkey,p137-148. & made changes in the context by Author)

Having the information of proposed regional plans and projects by year is important because it gives the possibility to see the spatial dispersion of the plans and projects after 1960s and before the foundation of RDAs. After the foundation of RDAs, a new period have started in terms of regional planning because, all RDAs started to prepare their own regional plans in the context of competitiveness and this new structure raised the issues about capacities, abilities and potentials of regions.

Map 3: Spatial Dispersion of Regional Development Plans/Projects after 1960s according to Table 9



(Source: Prepared by Author depending on the information on table X, **Edit:** while preparing the map, the first initiation in a city have taken as the basis because in some cases, the same city had included in projects in two different planning periods)

The dispersion of regional development projects/programs seems reasonable after 1960s depending on the development needs of regions. It is possible to see that there is a concentration of projects on north-east part of the country which is less developed and need public intervention to overcome obstacles.

Actually, this map shows the dispersion of physically visible public investments through the country and does not contain private investments. Moreover, just policy based approaches to enhance private investments in some regions are not included on this map. However, it is useful to see the dispersion of physical public investments through the country because the main target of the public investments should be the development of less developed regions in order to decrease development disparities between regions from the perspective of planning.

Another analysis which can be referred to this map is that in first period, while public investments were made on the west part of country, later at second and third periods, investments have stated to focus on east and north parts of the country.

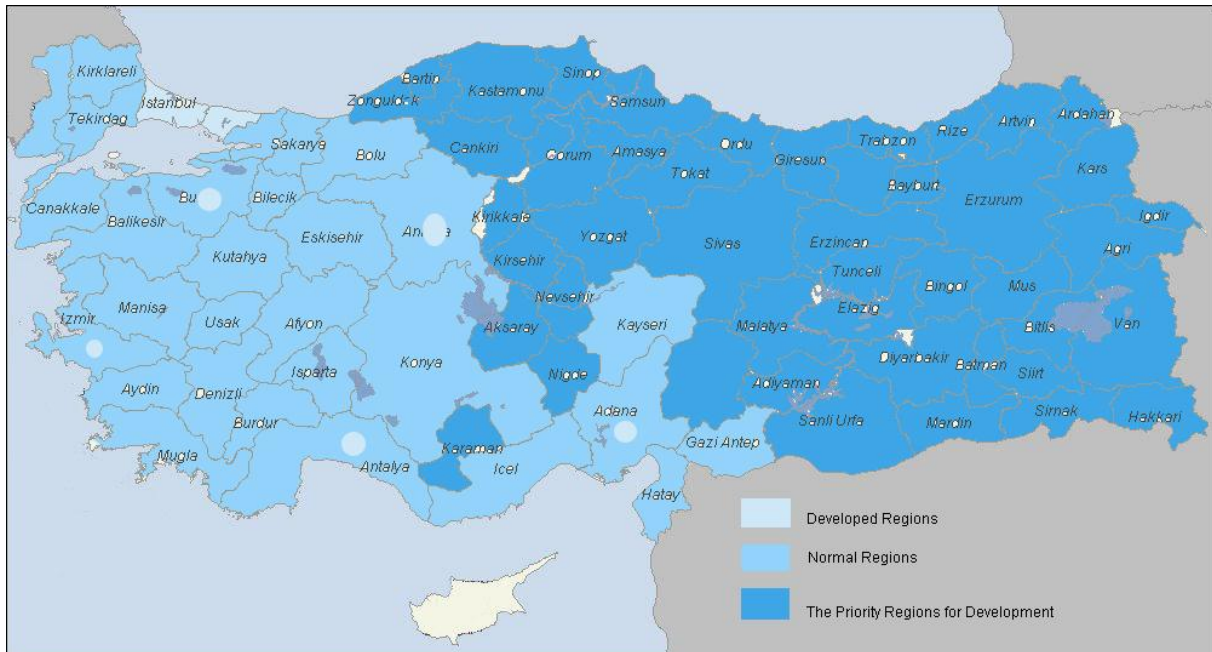
If we move on the policy based soft investment programs, during all the planned process, there are two main different types of public programs.

First is the one which is starting after 1980s and still continuing by revising the features and increasing the scope. This program called as "The Priority Regions for Development (KÖY)". The content of this program includes giving investment incentives to the less developed cities to promote the local economy in these cities. According to last data of 2003, this program contains 50 cities whole around the country. At that point, the determination made by Albayrak and Erkut is that the number of cities which is included at that program increased continuously, however, it is the fact that same cities were on the list for about more than 30 years and it rises the questions about the success or efficiency of this program to decrease development disparities between regions. Not surprisingly, at 2009, the content of the program changed to solve this efficiency problem and the country was divided for different regions which have different incentive priorities within this program (Albayrak & Erkut, 2010).

Second program, which was developed under EU nominations, is called as "Regional Competitiveness Operational Program". According to this program, level 2 regions classified depending on their share of national income. 12 regions whose national income per capita is 75% lower than the average per capita of Turkey were determined. Within these 12 regions, 15 development centers are assigned. These cities are Batman, Elazığ, Erzurum, Diyarbakır, Gaziantep, Kahramanmaraş, Kars, Kastamonu, Kayseri, Malatya, Samsun, Sivas, Şanlıurfa, Trabzon and Van. The aim is about the same with the previous program which is promoting development in these cities by providing funds and using policy tools to make investment process easier.

The common point of first and second program is their aim to develop less developed regions of Turkey. Moreover, these two programs are supporting the same cities about to 80% (Albayrak & Erkut, 2010). The difference of these two programs is through their stakeholders because while the first program directly depends on the public resources and implication, second program included corporation between public and private sectors.

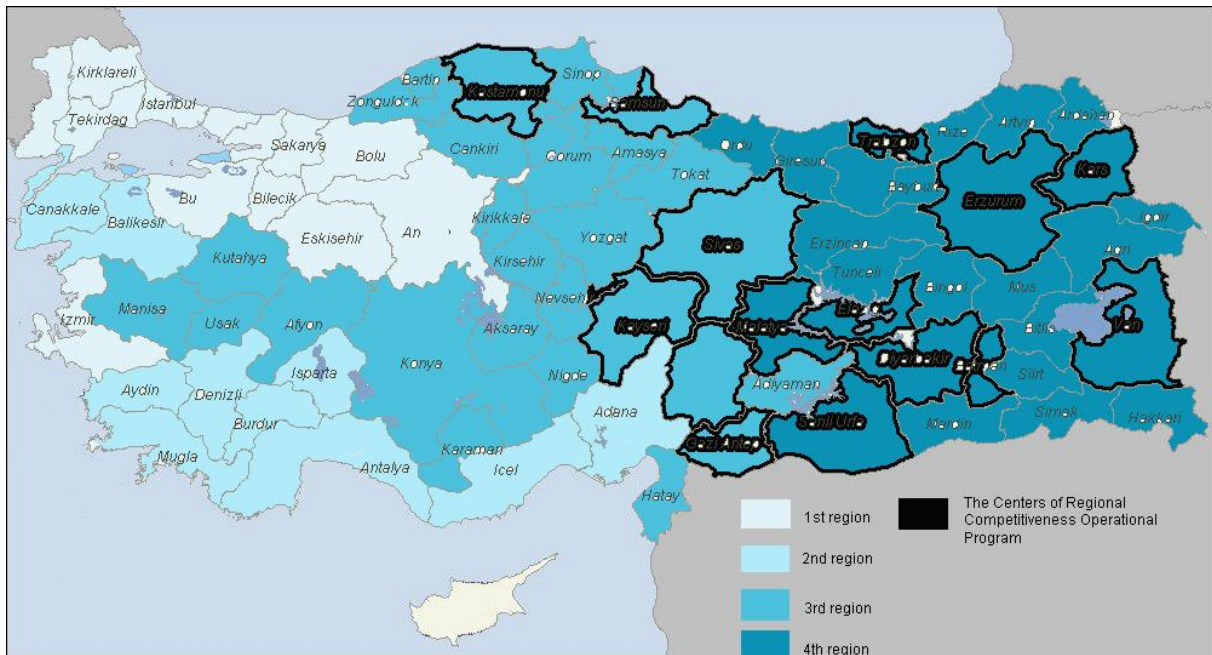
Map 4: The Old Dispersion of Priority Regions for Development



(Source: Yavan, N (2011), Evaluation of New Investment Incentive System in the Context of Regional Policy, TEPAV, KBAM, p136, Edit: Prepared by Author depending on the official gazette of 2002).

This map shows the dispersion of the priority regions for development through Turkey and about half of the country (in terms of area) is counted as priority regions for incentives. Although some regions changed their status, generally most of the dispersion of regions for incentives stayed similar to the existing one. While KÖY project started at 1960s, the initial aim was promoting development in less developed parts of the country; however, later the decisions became somewhat political in choosing which cities will be involved in the program.

Map 5: The New Dispersion of Priority Regions for Development and the Centers of Regional Competitiveness Operational Program



(Source: YAVAN, N (2011), Evaluation of New Investment Incentive System in the Context of Regional Policy, TEPAV, KBAM, p145, Edit: Prepared by Author according to 2009 data)

The map above shows the latest cities of KÖY project and the centers of regional competitiveness operational program together. As it is mentioned before, both of these projects are depending on mainly incentives like reducing taxes, providing funds etc and it is possible to call them as soft projects to reduce regional disparities. As it can be seen from the maps, while the previous incentive program have mainly 3 types of regions to support at different levels, the number of different levels increased to 4 after 2009.

While the number of different cities to support increase, the priority regions for development on map 4 overlaps with the 4th regions which has the biggest priority in terms of incentives on map 5. Overlapping regions are mostly the regions on east and somewhat north-east regions of the country. Moreover, as it can be seen on the map, the 15 centers of regional competitiveness operational program had accumulated on east and somewhat south-east part of the country and as indicated previously, these regions of the country are less developed regions and there are huge disparities between west part of the country and east part of the country.

1.7. Regional Development Policies and Attempts to Define Regions

Regional development policies in Turkey have a central character dating to 1960s; however, current national vision which is being internationally competitive does not match with regional policy approach because as it is stated before, the new hubs of economies are not nations but regions. Under this conditions, having a centralized fix-it-all regional policy approach stays inefficient and does not respond the needs of global developments in terms of regions.

Going back in the history of regional plans, the first period development policies had a centralized logic which is called in literature as "classic regional development policy". The basis of this approach consists of increasing development level of lagging regions by delivering economic investments. The decisions are taken by central government for the sake of region. Generally, central government makes infrastructure investments in order to increase attractiveness level of lagging regions for private market (Kargı, 2009).

Even if classical regional development policies have some success on decreasing regional development disparities, they cannot able to solve structural problems of the country. The main reason of it is called as "return risk" which means unlike the expectation, there is a transfer of money from region to central. Because of this duality, in some cases, instead of decreasing development differences, these policies and investments increase development differences between regions (Kargı, 2009).

Unlike the tendencies in the world about regional development policies, classical regional development policies are still dominant in Turkey.

Before trying to understand the current regional political context of the country, it is important to know peculiar characteristics in terms of causes and mechanisms of domestic change and stability. In order to understand the dynamics, we will refer to a previously conducted research which is prepared by Loewendahl-Ertugal from 22 semi-structured interviews during the summer and autumn of 2003 because of lack of time to conduct needed interviews during my research period. Interviews are conducted with a wide range of institutions starting from Ministry of Development (at that time, State Planning Office) to Universities and NGOs.

The results of interviews are putting a strong emphasis on some important issues and researcher classified them into three main groups as norms, ideas and EU as causes of change and stability.

Firstly, norms can be identified as “fears of separation”, “the unitary nature of state” and “center knows best” according to a wide range of respondents.

Secondly, main idea about the situation and ongoing process are aligned as the necessity for a degree of regional governance so as to the implement regional plans. According to research report, one respondent from MD said that;

“ The concept of regional institutions entered Turkey late. A few years ago, DOKAP (Eastern Black Sea Region Plan) and DAP (Eastern Anatolia Plan) started in the Ministry of Development. Universities in the region prepared the DAP. Projects were good, but who would implement them? An institutional question.”

Thirdly, as a response to third question, the main factor for change in regional governance is EU in terms of institutional conditions to join the union. According to research report, one respondent from MD said that;

“ We were forced to conform to the EU, so that is how we give up our power. The EU has triggered change and is forcing us to think globally and to implement locally.”

According to reviews, EU is the most dominant factor which is accelerating the institutionalism at regional level process; however, the central institutions of the country do not internalize regional governance idea effectively. According to the report, this reality leads the “coercive policy transfer”. At central level, there is no consensus about the necessity of regional governance and policies for regional development. Moreover, even if it is necessary to decentralize at some degree what is the right level of decentralization is still a question.

With the beginning of the early 1980s, the intensive effects of liberalization and globalization have been started to seen in Turkey. There was a huge structural change from closed economy to export oriented market economy. With respect to regional development, neo-liberal policies come up with two main outcomes which are on one hand lagging, less developed provinces and on the other hand rapidly growing metropolitan cities. There was a huge concentration of population and capital on the west which is the main reason of disparity because this process enhanced just the development of already developed regions.

Moreover, country has a dilemma between national and regional goals and this situation shows up in contradictory policies between national priorities and regional necessities. With the national aim of

maximizing country's growth, being competitive and being a part of EU accelerated the rapid growth of already developed metropolitan areas like İstanbul. Policy conflicts stimulated the concentration of fastest growing activities in large cities with little benefit for poorer regions. Existing policy conflicts at different levels neutralized the attempts to reduce disparities.

For a long time, geographical regions have taken into account for regional analysis. In 1982, sixteen regions were specified by referring to the notions of central place theory and interaction of centers. In this structure, each region has a central city which is expected that the developments in this city will create a spillover effect in other cities of region. These regions basically do not define any administrative borders or identity and this structure come up with the result that regional policies mostly defined based on the level of provinces instead of administrative or geographical regions.

As a broader initiative, through the 3rd Development Plan (1973-77), as it is mentioned before, Priority Provinces for Development (PPDs) were defined in order to give priority to lagging regions by directing industrial investments in order to reduce disparities in the long period. The first declaration of PPDs was at 1968 and after this date, the number of PPDs always changed with political decisions instead of rational decisions.

PPDs as less-developed of the country regions are mainly located in the Black Sea, East and Southeastern Anatolia (in the east of the country). In the 8th Development Plan in 2000, the failure of the program and its policies is admitted and explained by several reasons like equity problems which mean all PPDs had the same priority lead inefficiency. It can be a reasonable explanation because in the context of a huge country size like Turkey, supporting all less-developed regions successfully and investing efficiently seem impossible mainly because of lack of resources. Scarcity of resources combined with overmuch number of PPDs lead a serious failure of this program.

As it can be seen from the table 10, although PPDs are supported by policies, their share of GDP to country's GDP is decreasing continuously.

Table 10: The Share of Population and GDP across the Regions with Respect to Their Development Level

Clusters	1980		1985		1990		1997	
	Population	GDP	Population	GDP	Population	GDP	Population	GDP
1. Developed	25.3	41.64	26.72	44.99	27.94	44.53	30.45	46.22
2. Developed	16.97	18.77	17.01	18.23	17.37	19.03	16.87	18.47
The rest	17.93	16.58	17.73	15.54	17.15	15.28	16.61	14.58
PPDs	39.8	23.01	38.54	21.23	37.54	21.15	36.07	20.72
Turkey	100	100	100	100	100	100	100	100
Istanbul	10.69	18.18	11.53	20.49	12.94	20.74	14.63	22.49

(Source: SPO (MD), SSI (DIE), 1999)

Priority Regions for Development Program is an important planning policy initiative in the history of Turkey dating at 1960s and still partly continuing at 2014.

1.8. Convergence Trends between Regions

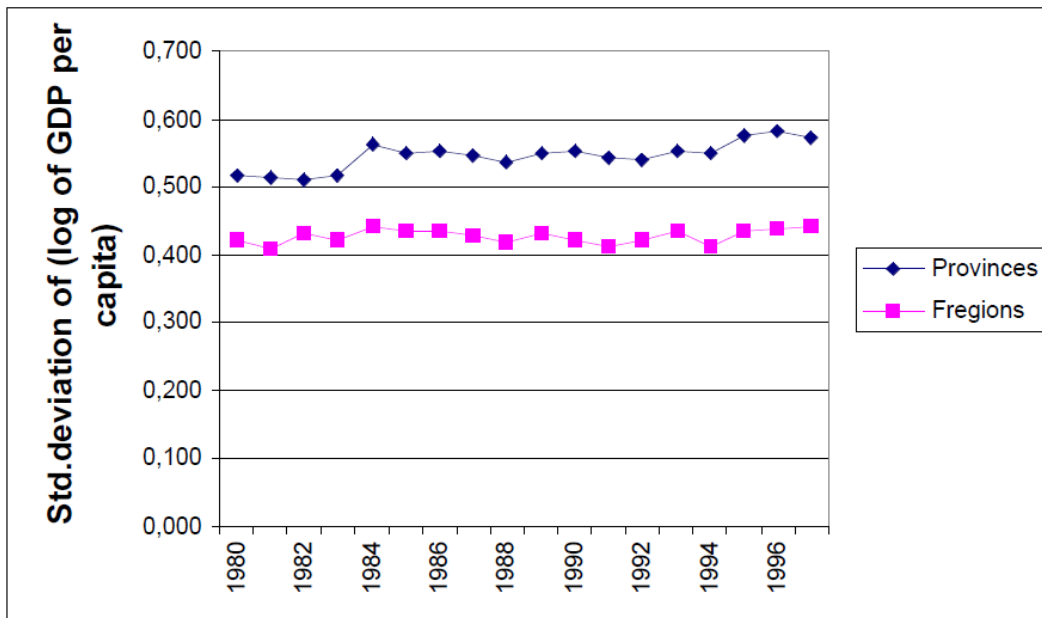
The methodology of Since Barro and Sala-i-Martin (1995) is designed to measure convergence in terms of GDP per capita. This method is used by Gezici and Hewings^{2.1} for provinces and functional regions of Turkey in order to see whether there is a different trend in terms of disparities between two spatial divisions. The part done for regional analysis will be useful to understand whether the policies and programs had any effect over disparities across regions of Turkey.

The method uses alpha (α) and beta (β) while α -convergence refers to cross-sectional dispersion of GDP per capita; if the standard deviation of the log of per capita income declines over time, it would indicate convergence. β -convergence refers to the idea that poor regions tend to grow faster than richer ones and per capita income of the former would catch up with the latter.

Through the equation, (α) is constant and (β) is the coefficient to be estimated. If (β) is negative, it indicates convergence. The equation uses the entries which are public investment ratio to GDP, migration rate, population growth and macro geographical location factors on growth. The entries of equation are important to comprehend the scale of data which is used to measure convergence between regions.

The results of the convergence analysis indicate that there is no evidence for convergence during the whole period, 1980-97. The **graphic x** below shows the results of the α -convergence analysis;

Graphic 2: Dispersion of Log of GDP per Capita across Provinces and Functional Regions

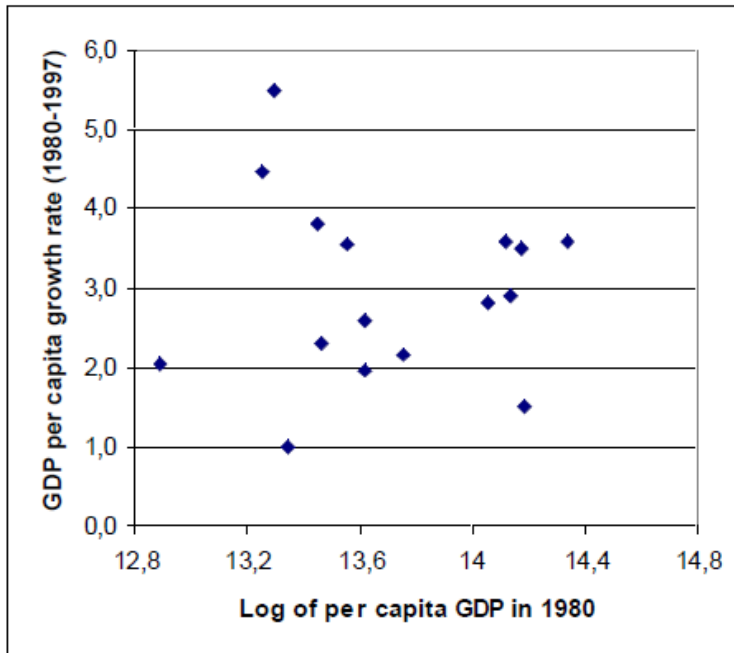


(Source: Gezici F, Hewings G J D (2004), Regional Convergence and the Economic Performance of Peripheral Areas in Turkey, Blackwell Publishing, Vol 16, No 2, p124)

According to this graphic, the level of dispersion in the last year for functional regions is 0.44 is larger than the initial dispersion which is 0.41. This basically means differences between GDP per capita increased between 1980 and 1997. For further development of the work, it is important to measure developments after from 1997 to 2014 to see whether any change in tendency exists or not.

In order to test the hypothesis of β -convergence¹, regressions are estimated between the rate of growth of per capita income between 1980 and 1997 in the provinces and the logarithm of their initial (1980) level of per capita income. According to results, it is obvious that there is no correlation between growth rate and initial level.

The graphic below indicates that there are the plots of the growth rate versus initial per capita GDP and they don't present any pattern for convergence across regions. Therefore, it is possible to come up with the idea that poor provinces have not tended to grow faster than the rich ones in terms of per capita income in Turkey since 1980 (Gezici F, Hewings G J D, 2004).

Graphic 3: Growth Rate versus Initial Level of per Capita GDP for Functional Regions (1980-1997)

(Source: Gezici F, Hewings G J D (2004), Regional Convergence and the Economic Performance of Peripheral Areas in Turkey, Blackwell Publishing, Vol 16, No 2, p125).

(Source: Gezici F, Hewings G J D (2004), Regional Convergence and the Economic Performance of Peripheral Areas in Turkey, Blackwell Publishing, Vol 16, No 2, p124)¹.

CONCLUSION

The problem of regional development disparities in Turkey has a structural nature unlike from the disparities in developed countries. In developing countries like Turkey, development is concentrating just on some metropolitan areas and all other less developed parts of the country have different problems and development levels. This reality creates the necessity of developing policies which is directly pointing regions instead of stating general national policies.

It is absolute that the general national policies and strategies do not work efficiently to decrease development differences between regions in Turkey because starting from 1960s, all national plan's first priority were decreasing development disparities between regions and currently, there is no evidence about success in terms of indicators of disparities and effectiveness of policies. Regional

disparity issue is very important in Turkish case because the situation in Turkey damages the sense of social justice in society which needs a serious policy attempt to heal.

As a turning point about regional development approach, 9th 5 years Development Plan (2007-1013) states the fact that there is need to change the logic of regional development policies in Turkey. There is attention to issues which are establishing strong connection between different levels of plans, and clarifying the responsibilities and competencies between local and central institutions about preparing plans, their implications and monitoring processes (DPT, 2007a: 45-50).

MD states that the aim of the regional planning implications in Turkey is decreasing disparities between regions in order to increase life quality of less developed regions, preventing unplanned development and solving the problem of migration from east to west (DPT (MD), 2007b:3). However, the policies are mostly not to decrease the disparities but to accelerate the potentials of a region. However, the lagging regions in Turkey have more structural problems which need more social and unrequited hard (physical investments) and soft (policy development) interventions prior to economic investments.

2. INSTITUTIONAL FRAMEWORK IN TERMS OF PLANNING

2.1. The General Evaluation of Spatial Planning System

The consensus which is introduced by a wide range of stakeholders about spatial planning practice, institutions and approach in Turkey is the necessity of restructuring the system totally (Kentleşme Şurası, 2009, p78). The reasons to come up with this result are aligned by Spatial Planning System and Institutions Committee, which is specifically generated by Environment and Urban Ministry at 2009, in order to evaluate the planning system with its institutions and to propose solutions. According to the report prepared by committee, the reasons are;

- ✓ Lack of spatial planning system and strategies associated with national development planning,
- ✓ Lack of consensus about a general planning vision and strategy,
- ✓ The absence of vertical and horizontal functional integrity and consistency in the current planning system,
- ✓ The presence of particle applications and confusion of authority,
- ✓ The existence of different planning institutions which has authority on the same place,

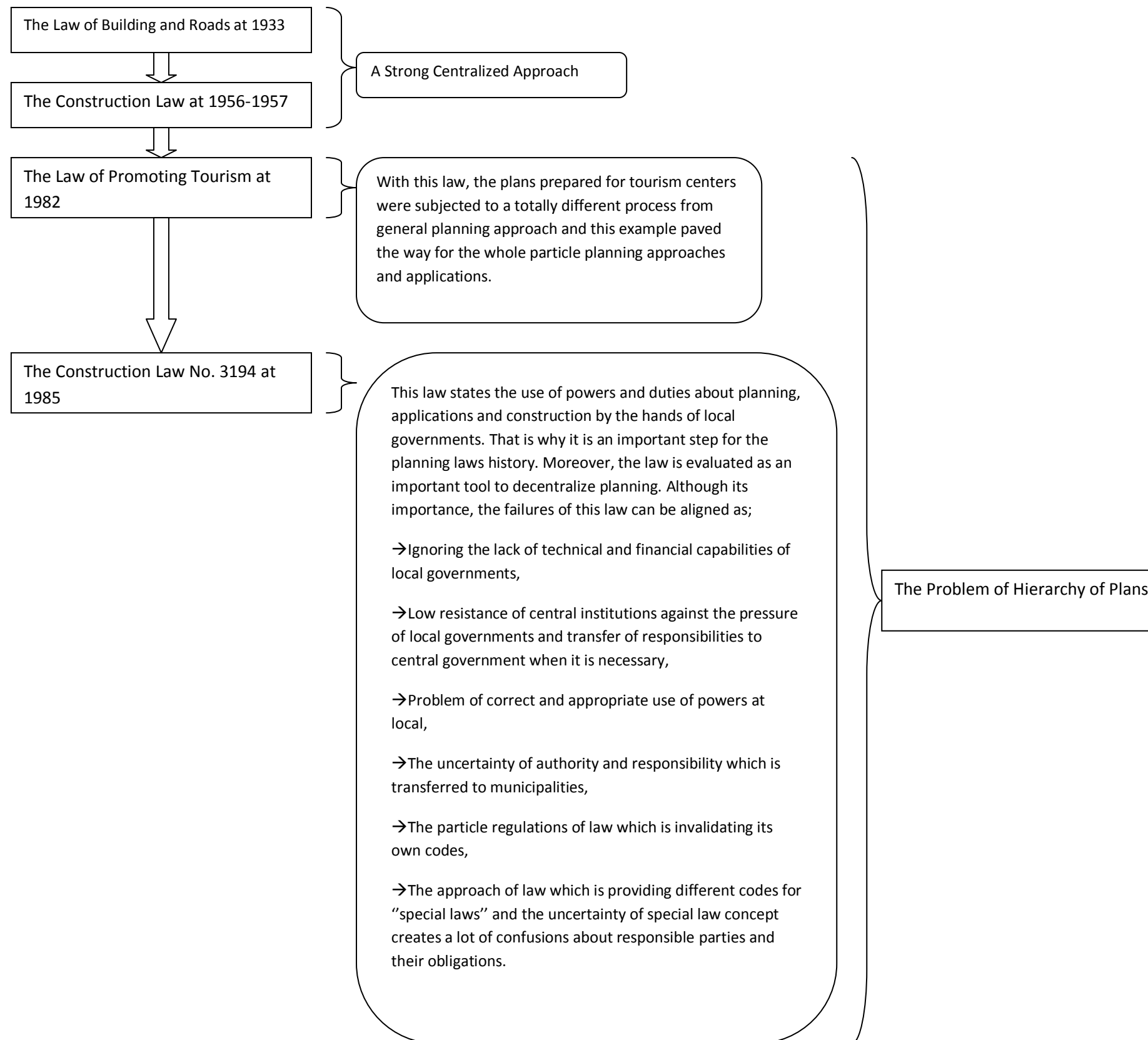
- ✓ Preparation of different plans by different institutions for the same place and their inconsistency with each other,
- ✓ Lack of inter-institutional coordination and cooperation,
- ✓ The dominance of traditional planning approach at local levels and its insufficiency to meet the needs of developing social structure.

As it can be figured out by the previous information provided by the Spatial Planning System and Institutions Committee, currently the general structure of planning system is very complex in Turkey. Although it's complex structure and the proposals of committee at 2009, last policies after 2011 have increased the complexity and uncertainty of general system more and more by the hand of state itself while centralizing it as never before (Ersoy, 2012, p6).

Today, a total of 19 planning institutions including 14 central public institutions and organizations have the authority of preparing plans depending on their area of interest and the number of spatial plans which are prepared like this is 61 (Edit: this information is transferred to Ersoy by Feridun Duyguluer at 4.5.2010 with the title of " Institutions Responsible for Spatial Planning and Planning Types in Turkey" and edited by the writer according to 2011 law regulations.).

At that part of the work, we will provide a short summery of main planning laws which is ending up with current complex situation starting from the first planning law of the country. It is crucial to understand the link between planning laws and complex planning system because during the whole planning history, each introduced law increased the complexity of system with particle approaches instead of clarifying uncertain points of it.

Flowchart 2: A Summary of Planning Laws which is Ending Up the Current Complex Situation



2.2. Definition of Region Concept before and after 2002

In fact, until 2002, there was no real understanding and acceptance of regional context by authorities in Turkey. There was no definition of region in terms of administrative and statistical borders.

It was a vague situation in Turkey until 2002. Although there were some classifications to shape regions; they were mainly not proper for the regional planning approaches because they were either geographical regions or regions which are defined according to just demographical density data which means not enough to define the borders of a region in terms of planning.

The most accepted regional concept of Turkey was geographical regions concept since 1941. According to this classification, there are 7 different regions which are Marmara Region, Aegean Region, Mediterranean Region, Central Anatolia Region, Black Sea Region, South East Anatolia Region and Eastern Anatolia Region. The main factors of this classification were natural factors, human factors and economic factors². For a long time, this classification used when there is a need for definition of regions. However, this classification was not a proper way of defining regions of Turkey because of the land size and rapidly changing social, demographic and economic characteristics of the country. Classifying just 7 regions for the whole country absolutely means ignoring a lot of differences which will fail the calculations and strategies of planning at the end.

(2)http://yegitek.meb.gov.tr/aok/Aok_Kitaplar/AolKitaplar/Cografya_7/4.pdf

In 2002, a new definition of region introduced in the process of EU by State Planning Organization (currently Ministry of Development) and National Statistics Institute. This classification called as The Nomenclature of Territorial Units for Statistics (NUTS) and defined 3 different levels of regions. According to this classification, there are 12 level 1 regions, 26 level 2 regions and 81 level 3 regions which are the cities. This classification of regions according to EU standards was kind of defining statistical borders of the regions. After the definition of regions, Regional Development Agencies were set up in 26 level 2 regions. The introduction of NUTS2 regions and the establishment of RDAs are parallel developments to each other and the new region concept cannot be evaluated separately from RDAs in Turkey.

RDAs have a special establishment law. Even though this law does not assign the legal responsibility to prepare Regional Plans to RDAs, the main establishment aim of these new formations were defined as "Regional Development" by the foundation law. Currently, RDAs are the only evidence of

new regions in Turkey. RDAs have a different character in Turkey from the other examples of EU. When the structure in Turkey viewed carefully, it is seen that even though private sector and non-governmental organizations are a part of the new structuring in regions, the power of decision making still belongs to Ministry of Development. With this structure, RDAs in Turkey could be seen as regional representatives of Ministry of Development (Berber, 2006).

2.3. Types of Plans in Practice from National Level to Local Level³

When it comes to types of plans, it is possible to classify 4 main types in Turkish planning system. They can be aligned as National Plan, Regional Plans, Environmental Plans and Development Plans³.

National 5 Years Development Plan is prepared for 5 years periods with a strategic and sectoral approach in order to define the general vision of the country by Ministry of Development since 1962. Currently, 10th 5 years National Development Plan is prepared for the period of 2014-2018.

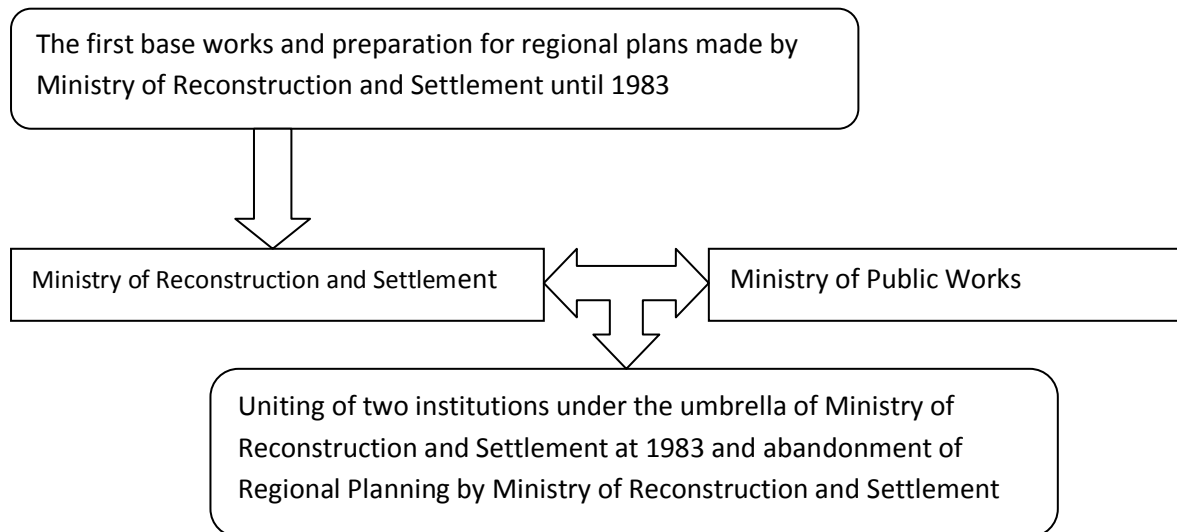
The history of preparing **Regional Plans** is based on 1980s by Ministry of Reconstruction and Settlement which does not exist today anymore. The initial studies for regional planning had been started by this institution. Currently, Ministry of Development is responsible from the preparation and approval of National Plan, Regional Plans and **Watershed Plans**. In practice, responsibility of preparing Regional Plans assigned to RDAs, however the institution who will confirm the regional plans is not clarified by the law. Despite this uncertainty, Ministry of Development takes the responsibility to approve regional plans. In the history, regional plans like GAP (South Eastern Anatolia Project) were approved by Grand National Assembly of Turkey because of the fact that there is no regional administrative level and institutions to take the responsibility of regional plans. This situation did not change even today. The history of regional planning in Turkey has had a central approach regardless of its regional character and this situation still same with some insignificant differences.

After the first initiatives to develop regional planning in Turkey by Ministry of Reconstruction and Settlement until 1983, this ministry is united with the Ministry of Public Works and this unification leads the abandonment of regional planning totally. This step can be evaluated as a backward step for the improvement of Turkish regional planning approach. The flowchart below tries to simplify the first ventures of regional planning in Turkey. At 1960, State Planning Organization (Ministry of Development) had founded and this institution took the responsibility of preparing regional plans

when it is needed but the main aim of the institution was preparation of National 5 Years Development Plan.

(3) harita.gumushane.edu.tr/user_files/files/.../plan%20kademelenmesi.ppt

Flowchart 3: The First Ventures of Regional Planning



(Source: Prepared by Yapıcı N by referring to Söylemez E behalf of the Kentleşme Şurası (2009), Mekansal Planlama Sistemi ve Kurumsal Yapılanma Komisyonu Raporu, Ministry of Public Works and Housing, Ankara, p3-117)

Another type of plan is **Environmental Plan** which is prepared for the city level or for a combination of two-three cities in the scale of 1/100.000 by Ministry of Environment and Urban. The history of environmental plans based on to 1960 in different contexts with changing scales.

There is no statement about who will prepare and approve these plans in the construction law and The Ministry of Urban and Environment takes the responsibility by referring to different codes of construction law. This plan aims to define the framework of economic development vision of the city under the umbrella of environmental sensitivity. Moreover, it aims to create a connection between upper scale plans and lower scale plans, however, currently; there are a lot of criticisms about the consistency between language of the plan and its aims (Kentleşme Şurası, 2009). At the moment, there are conflicts between Environmental Plans, **Sectoral Plans** and **Development Plans** because of the complexity of institutions that have power of preparing and approving these different plans. It is evident that such a complex planning system creates the necessity of well structured co-ordination

and co-operation mechanisms between institutions to coordinate hierarchy and consistency problems between these plans.

As a case to the hierarchy and connection problems of the plans, it is possible to take the example of Environmental Plans', Sectoral Plans' and Development Plans' interfering nature to each other. In that case, there are more than 3 different main institutions, who have right to prepare these plans, at central and local levels which could have controversial priorities.

Firstly, Environmental Plans are prepared by Ministry of Urban and Environment while Sectoral Plans are prepared by the ministry or central institution which depends on the sector of the plan. In that situation, which plan's decision will have priority and how these institutions could have a common solution is a mystery. The solutions always changes depending on the case and this promotes the particle approach of planning.

Secondly, municipality of the collocutor city is another institution which has power of preparing and approving the development plans regarding the city. At that point, Development Plan at city level has to respect the Environmental, Regional and National Plans. In this situation, while Regional, Environmental and National Plans have conflicting decisions, it is a vague that development plan at local level will respect the decisions of which plan? The horizontal hierarchy problem at central level directly induces the vertical hierarchy problem between central, regional and local plans inevitably.

There is no clear law of framework to define whose priorities or which criteria will be taken as a base while deciding about the hierarchy of the plans (Kentleşme Şurası, 2009). This is an important point because there are a lot of problems raised because of the fact that there is no connection or respect between plans which is prepared by local governments and central governments. Existing legal gaps have the potential to be used effectively by local governments for the sake of local economic and political profits and there is no structure to monitor these inefficiencies.

Legal gaps and lack of corporate formation (a strong and well structured institutional fabric supported by proper policies) at different levels specifically the institutional gab at regional level increase the complexity of the issue and took away the possibility of an effective planning at all levels.

Provincial Strategic Plan is another city level plan which is defining the vision of the city. Although it is not a physical plan, it is still an important plan within the hierarchy because it defines the main strategies which will shape the physical development of the city. All cities have to prepare their

strategic plans respecting to national and regional plans. It is expected that this plan directs the development of the city and it is prepared by the governorship.

Another type of plan which is promoting the particle approach in planning is **Local Development Plan**, which is allowing the particle changes on the master plan when it is needed. The conditions of need are not defined and this uncertainty gives the power of making arbitrary changes by local institutions because the authority of preparing and approving this plan belongs to municipalities.

City Environmental Plan is a type of plan which is partially similar to environmental plan but prepared by local institutions. At greater municipalities, the greater municipality is in charge of this plan under supervision of governor while in normal municipalities, the municipality and Special Provincial Administration is responsible from preparation of plan under control of governor. The scale of this plan is 1/25.000 and this is the main difference between Environmental Plan and City Environmental Plan. At that point, there are still a lot of confusions and debates on the authority issues and the language of these two plans. Mainly, despite their different scales and the level that they prepared, the language and the final product of these two plans are totally same.

Provincial Management Plan is another type of plan which is obliged to prepare by provincial administration and assigned by National Development Plan.

For municipalities and governorships, **Development Plans** are the most important plans in terms of applications. The target of the plan is clearly defined as public interest by regulation on existing codes at 2001; however, there are still discussions about the lack of legal basis for it and lack of well defined tools which will provide the efficient implementation of plan targets. Moreover, although it has a great importance for local governments and shapes the local spatial development, there is no definition of Development Plans on construction law. This plan is just mentioned as the compilation of Master Plan and Implementation Development Plan.

Master Plans are considered as the first stage of development plans and expected to be prepared at the scale of 1/5000 because of its language and its nature as a base for lower development plans, however, as usual because of sketchy definitions and legal gaps, in some cases Master Plans are prepared by municipalities at the scale of 1/25.000 and there are different scale plans which is called as Master Plan currently. After all confusions, with Metropolitan Municipality Law at 2012, it is allowed to prepare Master Plans at the scale of 1/25.000.

There is another plan which is not defined by law but can be legalized by legal gaps is **Environmental Master Plans**. This type of plans emerged totally because of ill defined plan definitions and their frames. The Environmental Plans are under responsibility of Ministry of Environment and Urban; however, the name of the plan is not included within the law and the language of the plan is just defined with some codes. Under this condition, the plans which are prepared according to those codes by municipalities are called as Environmental Master Plans.

Metropolitan Area Master Plan is another plan which is prepared by metropolitan municipalities at the scale of 1/25.000.

Actually, within all these chaos about defining and naming plans, the scope of Environmental Plan and Master Plan became quite similar in terms of preparation methods, tools and approaches and their reports. It is not easy to distinguish the final products of these different plans from each other.

Implementation Development Plan is the last stage of planning and prepared and monitored by interlocutor municipality of the plan. It is the most dominant type of plan at local level.

Improvement Development Plan is special type of plan which is prepared by municipalities for the renovation and rebuilding of gecekondu areas.

(3) The information about types of plans is collected from 3 different resources: 1. Unsal, F (2008+), Critical Evaluation of Legal and Institutional Context of Urban Planning in Turkey: The Case of Istanbul, Mimar Sinan Fine Arts University, Department of City and Regional Planning, Istanbul, Turkey; 2. Beyhan, B (2009), 3. Bölgesel Kalkınma ve Yönetişim Sempozyumu Bildiri Kitabı, On the Evaluation and Monitoring of Upper Scale Plans: The Necessity of Urban and Regional Observatories, TEPAV Yayınları, No: 45, Mersin; 3. Söylemez, E behalf of the Kentleşme Şurası (2009), Mekansal Planlama Sistemi ve Kurumsal Yapılanma Komisyonu Raporu, Ministry of Public Works and Housing, Ankara

After detailed information about different types of plans within planning system, the flowchart below tries to clarify the main planning stages, the plans which are prepared at that stages and the main institutions who are responsible from the preparation and approval of these plans. Main planning stages are divided to 4 according to which scale they are planned. Basically, stages are classified under 4 different levels as national level, regional level, city/above city level and city/lower city level. After clarification of main levels, I tried to state the main plan types which are prepared at those stages by different institutions. This plan types just include main plan types and if it is deepened more, it is possible to reach more diversity of sectoral plans. At last part of the flowchart, the main

institutions are stated in order to see the diversity of institutions and in order to see whether there is diversity of different level institutions from central to local within planning system or not.

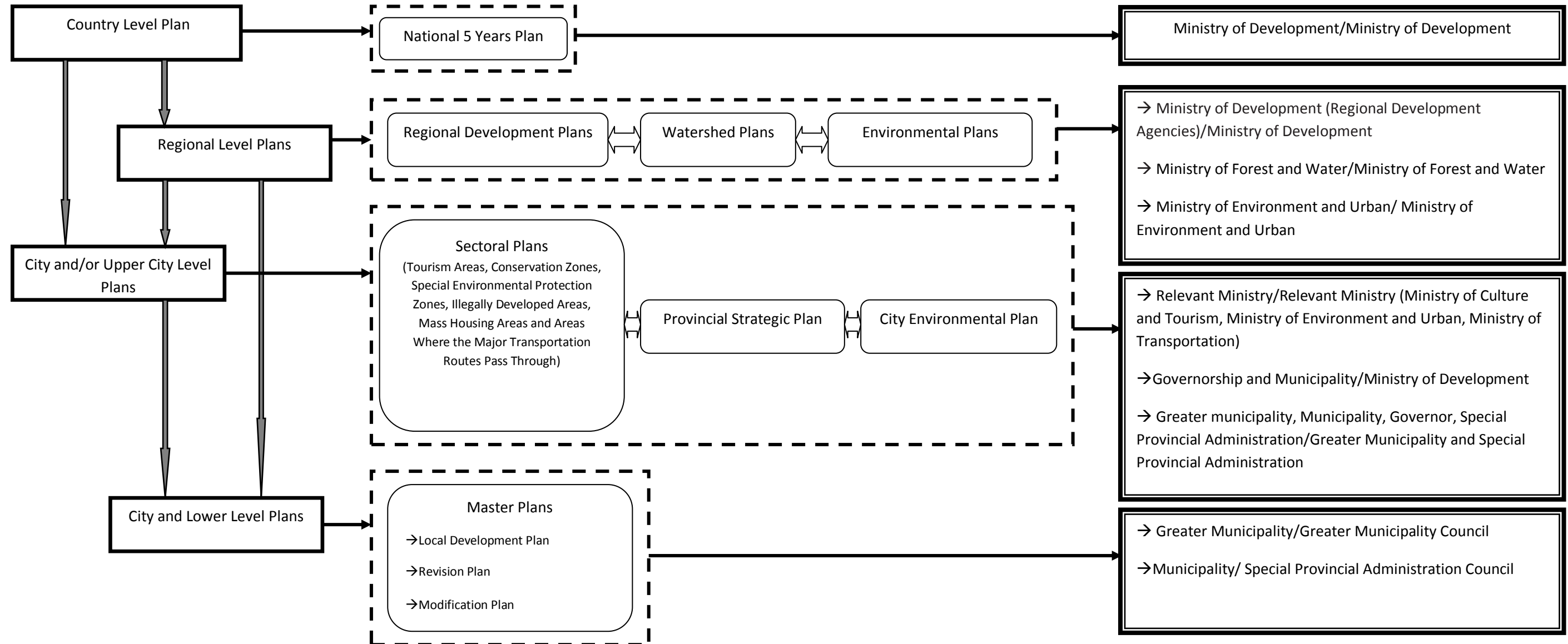
This flowchart is not prepared just depending on one source. I used a mix of different information sources in order to capture generally the whole information of the process.

Flowchart 4: Planning Stages

Main Plan Types (Vertical and horizontal order of plan types in this column do not exactly mean the hierarchy of plans

Institutions Who Are Preparing / Approving the Plans

because there is a vague situation about hierarchy of plans and hierarchy can change depending on the situation)



(Source: Unsal, F (2008+), Critical Evaluation of Legal and Institutional Context of Urban Planning in Turkey: The Case of Istanbul, Mimar Sinan Fine Arts University, Department of City and Regional Planning, Istanbul, Turkey; Beyhan, B (2009), 3. Bölgesel Kalkınma ve Yönetişim Sempozyumu Bildiri Kitabı, On the Evaluation and Monitoring of Upper Scale Plans: The Necessity of Urban and Regional Observatories, TEPAV Yayınları, No: 45, Mersin, Söylemez, E behalf of the Kentleşme Şurası (2009), Mekansal Planlama Sistemi ve Kurumsal Yapılanma Komisyonu Raporu, Ministry of Public Works and Housing, Ankara)

(Edit: Prepared by Author by referring the information on stated sources)

As it can be seen from the flowchart, despite the rich and diverse range of plans, there are just two main levels of institutionalism as central and local institutions that are responsible from the preparation, approval and implementation of plans. At national level, the main institutions are Ministry of Development and Ministry of Environment and Urban. Other ministries are taking part when sectoral plans came to the agenda. RDAs are standing in a central institution position at regional level owing to its foundation law because they are founded directly under the prime ministry. RDAs are the only institutions which exist at regional level. Local level mainly consists of different level municipalities and they are in charge of preparation, approval, implementation and monitoring of plans by respecting environmental plan of the city and regional plans.

Additional to existing problems about clear definition of plans and sectoral approach of planning, multi-headed institutional structure, inadequate organizational structure and vague plan types which make impossible creating a proper hierarchy of plans, there are serious problems about the implementation of plans, too. The insufficiency of implementation tools for plans come up with the result of imaginary plans which have no impact on real life. Implementation process of plans is an integral part of planning process but there is no efficient tool for implementation except for regulation of land, expropriation and license (Kentleşme Şurası, 2009).

In the past, especially a lot of regional planning experience has failed because of the fact there is no legal regulation towards the realization of these plans (Keleş, 2006).

Moreover, current planning system does not contain any auditing and controlling mechanisms and controls are mostly taking place in the form of judicial review. These controls are working so slowly and when a decision made by courts, the process would already have been completed about the plans or projects. In most of the cases, the decisions are so late to solve disagreements (Söylemez E, 2009).

Central institutions and local institutions have different type of problems about planning. While central institutions have relatively more resources to fulfill the requirements of plans, they have approach related problems because their approach to planning is sectoral and they have problems about preparing integrated plans additional to co-ordination and organization problems between them.

Local institutions have problems about scarcity of financial resources and technical inabilities because while central government was devoting the responsibilities to local institutions, transfer of financial resources and technical aids remained incomplete.

2.4. Characteristics of System in terms of 3 Tools

2.4.1. Fiscal Relations

At that point, it is meaningful to analyze financial income sources of local governments which mean municipalities in Turkey. Their main income resources are the share of state's general tax income, municipality's own incomes and the credits and funds from municipalities' fund. Central government transfers 6% of general tax income revenues to Greater Municipalities while transferring 4,5% to Central municipalities and 1,5% to lower level Municipalities. Moreover, Special Provincial Administrations took 0,5 % of the tax revenues. In total, central government transfers about 12% of the general tax revenues to local governments (Karaarslan, 2013). Own revenues of municipalities consist of taxes gathered for services like real estate, advertisement, entertainment, participation shares of services, penalties at locality for illegalities, rent revenues and loans. Finally, Municipalities' Fund provides loans for the investment projects of the municipalities. State transfers 2, 5% of the tax revenues to this fund (Baydemir, 2006).

The average transfer of central revenues to local governments in Scandinavian countries is about 45%, in African countries about 15% and in the world about 30% while this average in Turkey is about 10%. Most of the municipalities are facing a lot of financial difficulties and they finance their spending by external fund about 25, 64 % (Baydemir, 2006). Although local governments have autonomy according to the constitution, it is difficult to say this in reality when the financial freedom of municipalities is taken into account. The degree of financial decentralization between institutions is insufficient.

The financial power is hold totally by central government and it is not possible to speak about financial decentralization at different levels. While the only existing different level is local level (municipalities), even their financial resources are so weak.

2.4.2. Co-ordination Mechanisms

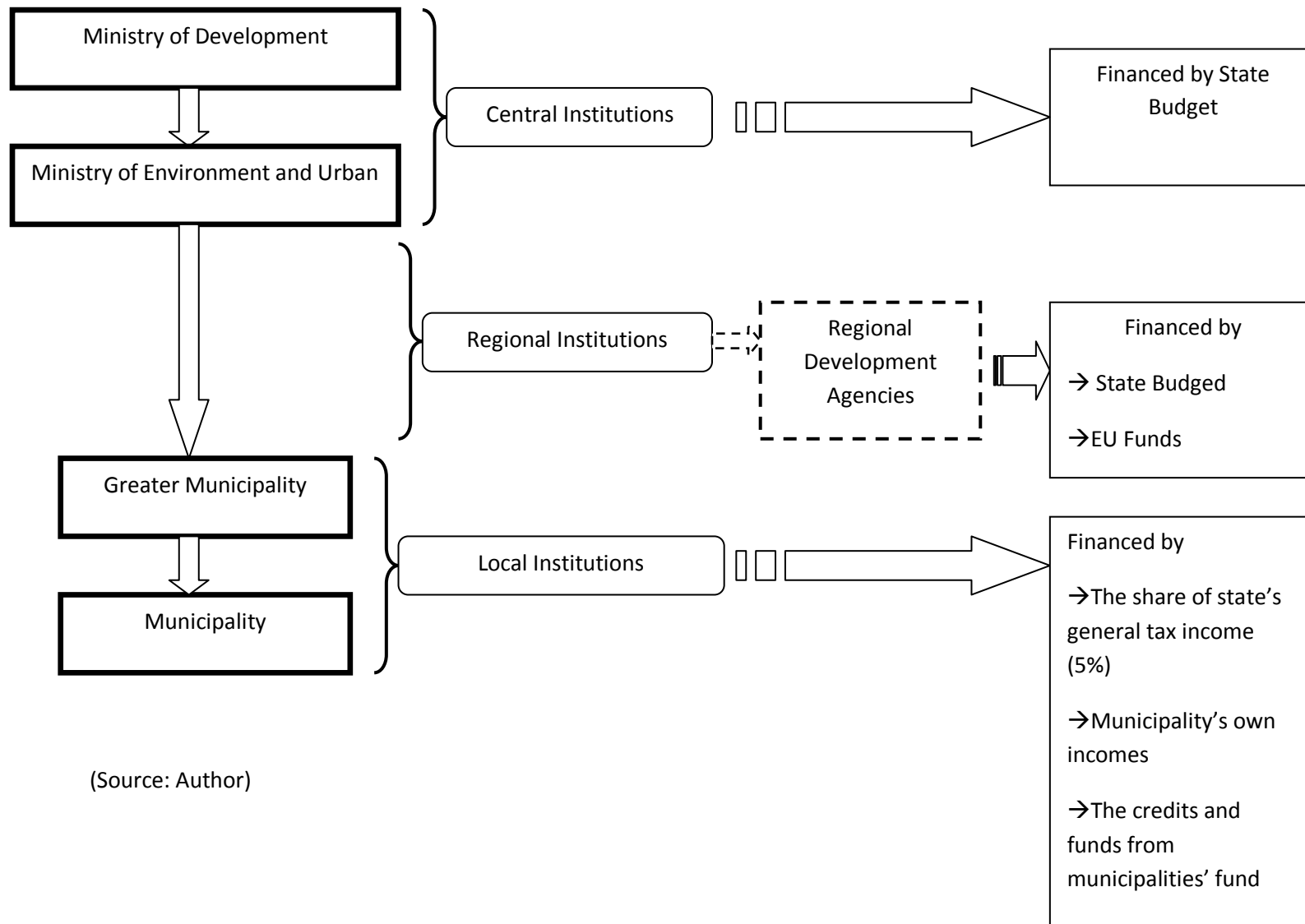
The flowchart below provides the information of main institutions in planning system and the hierarchy relations between them. Moreover, the financial resources of institutions basically defined. It can be easily seen that institutions are accumulating at central level and local level. Unfortunately, there is no institution which will perform at regional level and which will provide coordination and co-operation of central and local institutions.

At that point, RDAs have an important role in terms of regional planning issues and co-ordination and co-operation problems. Even if RDAs are the representatives of central government at regional level, they have the authority of preparing plans and they know the territory they work. They exist since 2008. Even though they are still central institutions at the moment, the experience they will gain at regions by the time can be used for further institutional development at regional level.

Another point is that although the institutions are accumulating at central and local levels, the financial authority is just accumulating at central level. As it is mentioned before, degree of financial freedom of local institutions are so weak and all financial resources of the country are controlled by central institutions. This situation unveils the fact that there is a high domination of central institutions in planning field.

This situation creates serious problems about service provision of municipalities and solving problems at lagging regions because central government holds financial power and apparently there are no coordination mechanisms within the system. Under these conditions, a lot of problems at local and regional level are staying as unsolved if they are not profitable enough to attract the attention of central institutions.

Flowchart 5: Analysis of Institutional Hierarchy in Planning



By referring to the flowchart above, the lack of institutions at regional level in terms of coordination and applicability of regional plans are obvious and one of the most important structural problems. Under these conditions, regional plans stay as plans which have no institutional level to address in terms of responsibilities of plans.

As noted before, there are plenty of plans in different scales with different aims. In Turkey, the number of plans boomed specifically after 2000s. Despite the willingness of different institutions to prepare plans, it is not possible to see the same enthusiasm in the process of application. During the preparation of plans, the responsible institutions for implementation are not defined and mostly institutions are not ungrudging in taking responsibility for the proper applications. This situation comes up with the result of not applicable plans and the projects which are applied by the sake of financial concerns regardless of the real targets of plans.

At the point of implementation of plans, lack of regional institutionalism come out more seriously, because while national institutions do not have priority to monitor the proper implementation of plans according to plan targets at regional level, local institutions do not have any co-ordination mechanisms to move according to regional targets. Clearly, there is no institutional mechanism which will take the responsibility of implementation and monitoring process of plans.

2.4.3. Local Administrative Structure and Sub-National Capacities

In the process of EU, there are some new attempts like the introduction of NUTs regions and the foundation of RDAs in order to create a new regional institutional and administrative structure, however, the developments are so limited in terms of devolution of powers and a new administrative structure. Moreover, regulations in planning have more increased the complexity of planning system with increasing authority conflicts and fragmentations. Despite the increasing chaos, there is no sign of the introduction for a new regional administrative structure and there is no regulation about regional plans, too (Eraydın, 2008).

As it is stated, country's institutions have a strong central organization and at that point it is useful to see how such a strong approach organize its local tiers.

The sub-national government level in Turkey consists of three tiers. It includes 81 provinces, municipalities which include 30 Greater Municipality and 51 Municipality, and 18.217 villages.

Alongside this structure is the provincial administration, an arm of the central government, at the province, sub-province and township level.

Provinces operate as field branches for the central administration and are also described as the provincial special administrations.

These local administrations are established to carry out tasks in the places within and beyond municipal boundaries, within their respective provinces. These duties are associated with health, agriculture, industry and commerce, civil works and housing, soil preservation, the prevention of soil erosion, culture, art, tourism, social services and social aid, child-care centers, the provision of land for the construction of school buildings for primary and secondary education, and the construction, maintenance, and repair of these buildings. This law also tasks the Provincial Governor with ensuring co-ordination of services on a provincial scale across other local governments and agencies. Further duties relate to economic matters such as approving a budget, deciding on investment partnerships, and the purchase and sale of fixed property. The Provincial Special Administration prepares a Strategic Plan and Performance Plan by either the Greater Municipalities or the provincial special administrations pursuant the respective act.

The number of Provincial Special Administrations are decreased by the law number 6360 which is called as "Greater Municipality Law" at 2012. With this law, the responsibility area of Greater Municipalities is fitted to the administrative borders of the provinces and the responsibilities of Special Provincial Administrations are transferred to Greater Municipalities and to some central institutions at 30 Greater Municipalities. Such a change which is leading a great increase of workload for municipalities did not result any recognizable financial transfer and technical aid increase. It can be foreseen that these municipalities are going to have more serious problems in terms of financial scarcities and technical capacities.

Municipalities are established in settlements that have more than 5 000 inhabitants in provincial and in sub-province centers regardless of their population. The basic duties of municipalities include cleaning, public transportation, water supply and sanitation, public works (local road construction and maintenance) and public safety. Originally, a metropolitan municipality (Greater Municipality) is a municipality that has more than one sub-province or first level municipality within its boundaries.

The duties of the Greater Municipality cover a wide range of urban services that are considered most effective when conducted at this level. This was recently formalized in legislation that called for local authorities to undertake all duties not specifically under the central government's authority. The law

allows these duties, originally assigned to the Greater Municipality, to be delegated to lower level authorities or performed in conjunction with them. According to the law, the Metropolitan Municipality prepares a strategic plan, annual goals and investment programs as a basis for their budget. The lower-level authorities provide comments that the Greater Municipality incorporates as it prepares the Master Plan for the whole area.

The duties of the lower level authorities, **sub-province and first level municipalities**, are defined by law as those not assigned to the Metropolitan Authorities. They cover the more detailed responsibilities, such as regulatory procedures, and collecting solid waste; inspecting for health hazards and public safety; building car parks and recreation areas; building and maintaining secondary and local urban roads; building and maintaining facilities for health, education, and culture; protecting cultural, natural and historical assets; offering social and cultural services for the elderly, women, children and disabled; providing burial services; and offering training for skills and trades.

Villages are settlements with populations of less than 5 000 inhabitants. The competences of public management are now concentrated at the level of the Greater Municipality, according to “Greater Municipality Law” at 2012, strengthening its competency, parallel to the geographical reconfiguration.

Especially with the enactment of “Greater Municipality Law”, some sub-provincial ministries and villages lost their autonomous management authority and they directly became a district of Greater Municipalities. This law increased the level of centralization through the whole country even if it looks like it increased the autonomy of municipalities. With this law, only the responsibility area of ministries increased with no change about their autonomy level. Representation possibility of small settlements within municipality decreased seriously because in some cases, the responsibility area of a ministry is about the same or bigger than a European country like Konya (39 000 km²)-(41 526 km²) Holland example, and in some cases, the population of the municipality is higher than some EU countries like Istanbul (14.16 million)-(11.14 million) Belgium example.

As it can be seen, centralization pressure is not only visible at regional level, but also it is becoming more and more visible at local level with changing regulations. The reality which is the necessity of institutionalism at different levels with a more decentralized approach does not match with the current centralized law regulations of the country.

Institutionalism issue is the most important issue of the planning system currently because all main problems of the planning mainly caused by the lack of institutionalism, especially at regional and below regional levels. RDAs can be seen as a starting point for further institutionalism at different levels and that is why I want to go further on the foundation process of RDAs and the problems arose at that process in order to understand general dynamics for institutionalism at different levels.

Sub-national institutionalism exists at local level. Municipalities are the only administratively defined part of administrative structure except for central institutions. The only defined sub-national level of country is struggling with a lot of financial, political and technical problems. The responsibilities transferred to local governments are not parallel to their budget and technical abilities. While the responsibilities are transferred to municipalities, the same degree of financial transfer, technical aid for human resources is not on the carpet. The capacities of local governments are so weak because there is no attention by central government for capacity building at local level.

Moreover, municipalities are under pressure of central political powers and they don't have the autonomy to decide more objectively in terms of local needs. In most cases, the priorities of central government prevails the local needs and actions of municipalities are oriented by central government. Some capacity building efforts have started just after the foundation of RDAs which can be seen as a positive development for the capacity building at local level.

2.5. Regional Development Agencies as a Subject of Constitutional Court

The concept of "regional development agency" in Turkey came into question after 2000s and faced a lot of serious discussions and critics. The most important criticism was that the law No. 5449 which is so called "the law about foundation, organization and responsibilities of development agencies" does not comport with the unitary structure of country. Moreover, critics were about the fact that these agencies are not consistent with the constitutional principle of country which is called as "the integrity of administration". For these reasons, the foundation law was filed to Constitutional Court for cancellation. This case was so important because the result would show the change in understanding of nation-state and for the future of regional development agencies. At the end of the process, the court decided that the law about foundation of regional development agencies was not unconstitutional. After this decision, the working process of regional development agencies started (Şinik, 2010).

Because of the general understanding about the unitary character of state by central government and society, any institutional development at different levels especially at regional level creates a lot of negative responses and going further on such an issue is not an easy decision that politicians could go on. Even though the characteristics of RDAs in Turkey are so central and they are just representatives of central government at regional level, such a primitive institutionalism at regional level faced serious criticism for a long time.

At the moment, RDAs in Turkey are the tools of regional economic and social development. Their main methods to develop the regions which they are in charge can be aligned as attracting foreign investment to the region, financial and technical assistance to companies operating in the region, encouraging the creation of new businesses and providing technical assistance to the public institutions at local level (Şinik, 2010).

While the history of RDAs in Europe dates to 1950s-1960s, the foundation of them in Turkey dates to 2000s like in many Eastern-Europe countries at the adaptation process to EU. Because of this connection, in order to understand the evolution process of RDAs in Turkey, it is important to explore this process parallel to the development on EU axis (Şinik, 2010).

In Turkey, the foundation of RDAs does not have an ideological regional development aim. It is more like a step which the government had to take in order to be able to move on the EU adaptation process. This reality creates a lack of real ambition and vision for RDAs and makes these agencies more centrally motivated and arguable.

As it is mentioned before, all infrastructures for RDAs based on EU adaptation procedures in Turkey. During this process, EU commissions prepared different documents for regional development initiatives in Turkey and mostly these commissions' reports paved the way for the development of a regional institutional structure and a regional approach. Before, regional politics and visions were determined by a central planning approach. There were not even awareness about the necessity of regional planning and the development of institutional capacities at different levels.

The first reports are prepared at 1998 and 1999 and the emphasis of these reports was regional development disparities in Turkey and lack of regional dimension in planning. In the report which is prepared at 2000s, it was stated that in order to have the same administrative structure like EU, Turkey should develop statistical classification of territorial units (İBBS). Another emphasis was that there is no implementation or monitoring structure for regional planning at regional or local level. The only responsible institution was Ministry of Development (SPO) in Ankara except for the special

institution which is called South-East Anatolia Regional Development Administration which is founded for a special case so called South-East Anatolia Project. After that, the reports which are prepared at 2001, 2002 and 2003 were stating the same point which is the lack of institutions for planning and implication at lower levels of country. Moreover, the last report at 2008 pointed the weakness of administrative capacity at regional level. Furthermore in this report, the expectation is the development of administrative capacity at national, regional and local levels as a forward looking process (Şinik, 2010).

As it can be seen from the main statements of EU commissions' reports over years, from 1998 to 2008, there is not any recognizable change in terms of regional approach to planning issues and an institutional capacity development at different levels of country. The problems mentioned in these reports like regional disparities, lack of regional dimension in planning or lack of capacity at lower levels of country are mainly caused by the lack of well structured and proficient institutional development at different levels.

It is quite clear to understand that EU commissions put a great emphasis on regional issues in Turkey and the main idea of reports is that the reason of existing situation is lack of regional dimension in planning. At that point, it is important to clarify the real reason of regional development disparities in Turkey for further development of this work. The real reason is whether lack of regional dimension in planning or lack of institutional structure for application and monitoring of proposed projects.

Turkey's constitution does not contain any regional level organization of public institutions and it has a centralized approach. However, RDAs set up under a special law and currently; there is no public control over RDAs. Although they are not under public control, they are using public resources and this confusion creates some questions on the general system. Because it is expected that all institutions which are using public resources should be under control of public in order to have a transparent, healthy institutional environment and to set up reliable relation between institutions and between society and institutions. Without changing basic laws of constitution, adding some artificial laws to constitution and founding RDAs under such an unpredictable environment cannot be evaluated as a right approach to regionalization.

During the foundation process of RDAs, it was not even clear what is the position of this new generation institutions within the current institutional and administrative environment. At the end of the whole process, it is clear that central planning system has a new centralized institution to present itself at regional level. When it is evaluated from that point, these institutions exactly fit the current

central approach and the whole trial process was just a product of lack of information. RDAs in Turkey have a strong public legal entity and it is not possible to say that they are representing the regions in a self-governing way.

In a country like Turkey which always had a strong central government with weak local governments through the whole history, it is the fact that improving policy tools for governing at different levels, paving the way for a more predictable, reliable and stable institutional environment and improving capacities at different levels in order to make them able to handle a self-governing institutional and administrative system have fatal importance prior to foundation of more autonomous institutions at regional and local levels. At that point, even if they are central institutions, RDAs could be evaluated as institutions which will play an important role for capacity building process of the country's different levels and they can be catalyzer of the transition process.

Even if it is not mentioned directly in constitution, article 123 of constitution which is entitled as "integrity of administration and public entity" says that organization and functions of administration based on the principles of central administration and local administrations. This article clearly states that Turkey is a unitary state (Şinik, 2010). All discussions about the foundation of RDAs are actually lead by this reality because agencies were seen as a threat for the unitary structure of the state.

RDAs have a special position within Turkey's system of administration and it is difficult to position them in an exact place.

RDAs have a legal entity out of central administration but they are under control of it indirectly. There are different reasons for this inference. Firstly, RDAs are coordinated directly by Ministry of Development at national level. Secondly, the head of decision making mechanisms of RDAs are the governors who are assigned by central government and finally, the representatives of cities' institutions and their member numbers at development committee is determined by governor who is the representative of central government (Şinik, 2010).

3. REGIONAL DEVELOPMENT PROJECTS: GAP AND DAP

In that part of the work, I want to give more detailed information about some projects which is initiated to decrease regional development disparities and to increase the general economic development of the country.

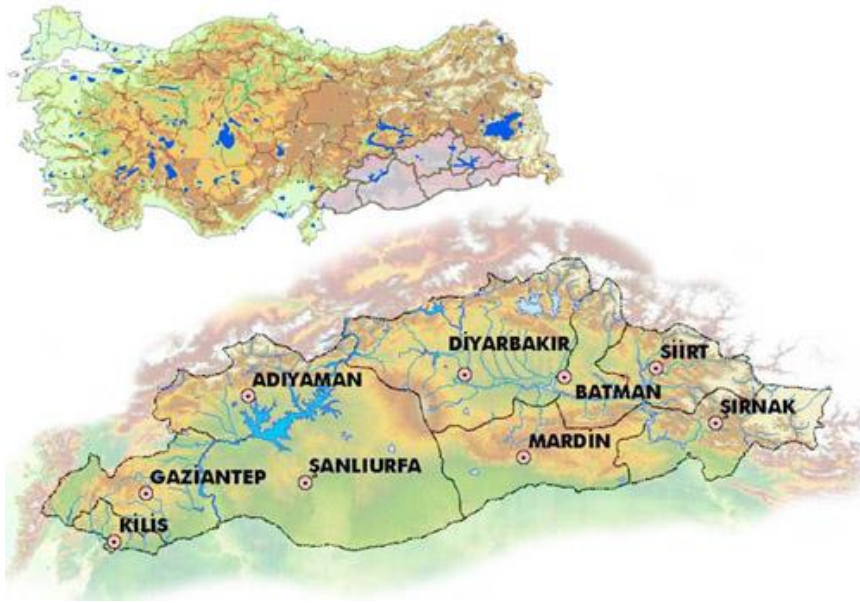
The regions which regional development projects are initiated are socially and economically the less developed regions of Turkey. The aim of this great scale projects are developing these regions and decreasing development differences between these regions and more developed ones. In order to be able to understand the catchment area of projects, it is possible to refer to numbers. South-East Anatolia and East Anatolia regions are the subject area of the projects and they count 31% of the country's floor space and %20 of the population. This information proves that disparities do not only affect a small part of the society, but a huge part of it.

At the moment, just the regional project for South-East Anatolia Region (GAP) had already started and initiated for a long time. The project for East Anatolia (DAP) have been initiated later and still on the process.

3.1. Southeastern Anatolia Project (GAP)

3.1.1. What is GAP?

According to Ministry of Development-Southeastern Anatolia Project Regional Development Administration's official website, the definition of GAP is basically a regional project which has an integrated regional development approach with a sustainable human development philosophy. The project area covers 9 cities which are Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Şanlıurfa and Şırnak. According to NUTS regions at level 2, 9 cities of GAP consists of TRC1(Adıyaman, Gaziantep, Kilis), TRC2 (Diyarbakır, Şanlıurfa) and TRC3 (Batman, Mardin, Siirt, Şırnak). These regions constitute 10% of the total size of Turkey. The map below shows the area and its position within Turkey.

Map 6: GAP Project Area

(Source: <http://www.gap.gov.tr/gap/gap-nedir#this>, Edit: Official website of the project)

The main targets of the project are aligned as opening the resources of the country for increasing the life quality of the people in that region, decreasing regional disparities between this region and developed regions, contributing to national economic and social development goals by increasing the productivity and employment opportunities in rural areas in that area.

The first target of GAP project was development of water and soil resources of Firat and Dicle basins by planning 22 dams, 19 hydroelectric power plants and irrigation investments within 18 million ha area for the sake of irrigation and hydroelectric energy production at 1970s. About irrigation, this region has great agricultural potential owing to its fertile lands and but there is technical and natural borders to reach water for irrigation. That is why there is inefficient use of existing potential for years. GAP mainly aims to activate the agricultural potential of the region by providing technical support for irrigation.

With the preparation of Master Plan at 1989, GAP became an integrated regional development project consisting of agriculture, industry, transportation, education, health and rural and urban infrastructure development.

3.1.2. The Foundation of GAP Regional Development Administration Organization

The history of GAP project dates back to 1930s with the target of effective use of water resources for irrigation and energy production. The first field and planning works about projects were conducted by State Water Works Planning Authority until 1970s.

After a long particle approach time to the projects in that area, it is decided to appoint Ministry of Development as (at that time State Planning Organization) the responsible authority in order to handle South-East Anatolia Region with an integrated regional planning approach at 1986. The main responsibilities of the ministry were providing coordination and steering the process. After that development, the projects which are going on partially are organized under a master plan with an integrated approach at 1989.

The interesting thing about the preparation of master plan was that as parallel to preparation of plan, authorities worked on possible alternative management systems. This development shows that for the succession of an integrated regional plan, there was a need for a new structure of management system with its institutions and Ministry of Development was not able to control such an intensive project at region from central level. The implications of the plan at the region was so intensive and that is why GAP Regional Development Administration Organization was founded in order to plan, project, apply, monitor and evaluate the whole process in an integrated way at 1989. Currently, this institution directly works under control of Ministry of Development.

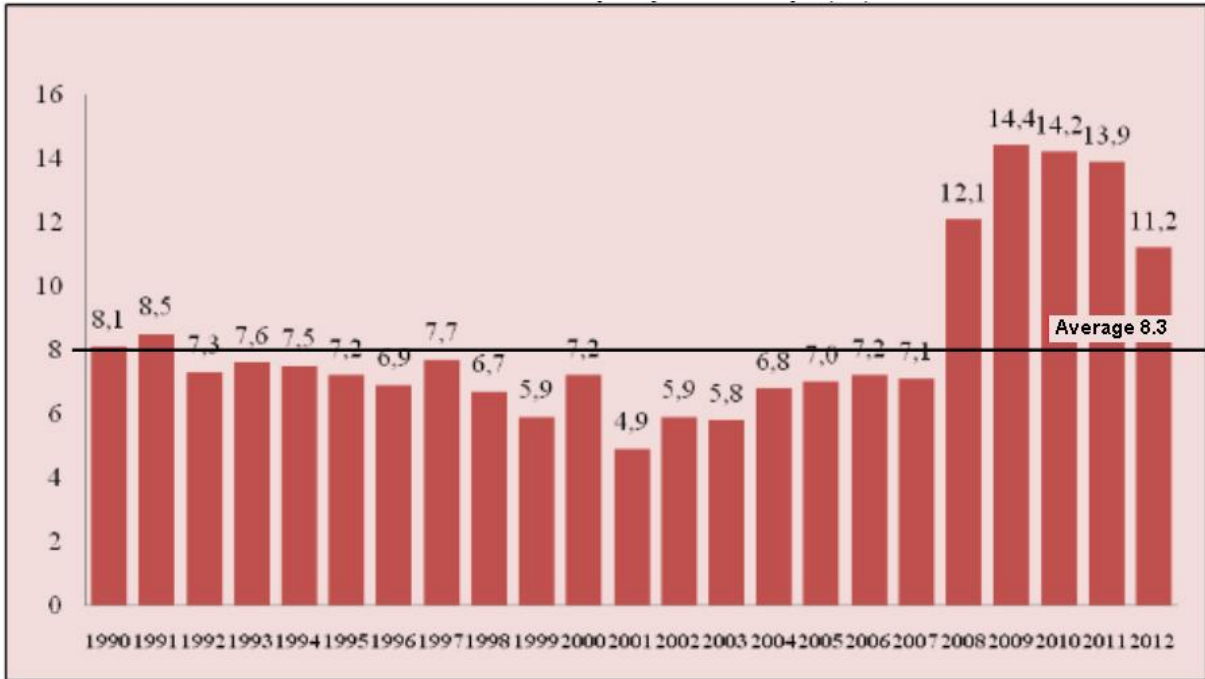
After the foundation of GAP Regional Development Administration Organization, all responsibilities about planning, coordination and monitoring are transferred to that institution. In a traditional way, main investments of GAP project are completed however secondary turnovers are still going on and the last action plan is prepared for the period 2014 - 2018 for further development of the area at 2013.

3.1.3. Financing of the Projects

The projects are financed by 40 different public institutions and organizations depending on the sector of the project. The funds for projects are directly transferred to the budget of public institutions and used by concerned institutions. As it can be understand, the projects are publicly funded projects and depending on the finance relations, last decision power is still hold by central government not by GAP Regional Development Administration Organization.

The expected total investment amount is foreseen as 44, 5 billion TL and it is reported that 86% of it already invested at 2011. The graphic below shows the share of public investment allocation which is made through GAP and the average of Turkey.

Graphic 4: The Share of Investment Allocations of GAP within Turkey



(Source: Ministry of Development, GAP Regional Development Administration Organization (2013), Güneydoğu Anadolu Projesi Son Durum, p23)

3.1.4. The Final Point through the GAP and its Effects

According to official website, at the moment the project is already contributed to national economy a lot. At 2011, hydroelectric power plants within the region which is the projects of GAP produced 44% of the hydroelectric energy production and 7, 5 % of the whole energy production of the country. Moreover, GAP Region performs 3% of total export amount of country at 2007 while it is 5, 2% at 2011.

Although the economic success of the projects, urbanization rate of the region is somehow less than average of Turkey while population density of the region is slightly higher than general average of the country. The table below gives the numbers to understand the region's situation according to country.

Table 11: Urbanization Rate and Population Density in GAP Region

	2000		2008		2012	
	Urbanization Rate	Population Density	Urbanization Rate	Population Density	Urbanization Rate	Population Density
GAP	62,70%	88	67,80%	98	69,60%	106
TURKEY	64,90%	77	75%	93	77,30%	98

(Source: National Statistical Agency (TÜİK), Address-Based Population Registration System, 2012)

After an intensive public investment period within the region, it is expected to see higher urbanization rates than average of country; however, the table does not reflect exactly the success predictions of the GAP Master Plan. Moreover, even if population density is higher than the country level, it is the fact that this region has the biggest birth rates through the whole country and despite out migrations, population increase continues in that area.

Looking at the migration rates of cities in that area could give a better understanding of the situation currently and could give an idea about whether it is possible to see the positive effects of the investments.

Table 12: In -Out Migration and Net Migration Rates of Cities in GAP Region between 2011-2012

City	Total Population	In-Migration	Out-Migration	Net Migration	Net Migration Rate (thousand)
	2012	2011-2012	2011-2012	2011-2012	2011-2012
Adıyaman	595.261	14.323	22.591	-8.268	-13,79
Batman	534.205	15.906	20.739	-4.833	-9,01
Diyarbakır	1.592.167	30.789	47.575	-16.786	-10,49
Gaziantep	1.799.558	41.672	39.410	2.262	1,26
Kilis	124.320	4.315	6.075	-1.760	-14,06
Mardin	773.026	21.676	30.299	-8.623	-11,09
Siirt	310.879	8.823	14.628	-5.805	-18,50
Şanlıurfa	1.762.075	31.890	44.878	-12.988	-7,34
Şırnak	466.982	11.075	14.617	-3.542	-7,56
GAP Total	7.958.473	180.469	240.812	-60.343	-7,55
General Total	75.627.384	2.317.814	2.317.814	0	0

(Source: National Statistical Organization (TÜİK), Regional Statistics, Migration Statistics, 2012)

Net migration rates of the cities within region are still negative and the region is one of the important out-migration sources of the country. Moreover, South-East Anatolia region has the second biggest

migration rate (-7, 55) after North-East Anatolia region (-15, 35) according to 2011-2012 data (TÜİK, 2012).

Table 13: Gross Value Added Per Person

Region Code	Region Name	Gross Value Added Per Person				
		2004	2005	2006	2007	2008
TR	Türkiye	5.103	6.187	6.686	8.267	9.384
TR10	İstanbul	7.943	9.511	10.314	12.925	14.591
TR21	Tekirdağ, Edirne, Kırklareli	6.300	7.878	8.625	10.567	12.243
TR22	Balıkesir, Çanakkale	4.515	5.526	5.724	7.404	9.000
TR31	İzmir	6.598	7.859	8.425	10.298	11.568
TR32	Aydın, Denizli, Muğla	5.320	6.283	6.858	8.076	9.076
TR33	Manisa, Afyon, Kütahya, Uşak	4.042	5.079	5.617	6.986	8.256
TR41	Bursa, Eskişehir, Bilecik	6.930	8.564	9.409	11.719	12.983
TR42	Kocaeli, Sakarya, Düzce, Bolu, Yalova	7.183	8.725	9.612	11.563	13.265
TR51	Ankara	6.978	8.284	9.082	11.134	12.598
TR52	Konya, Karaman	3.887	4.706	4.968	6.251	7.213
TR61	Antalya, Isparta, Burdur	6.048	7.337	7.785	9.503	10.334
TR62	Adana, Mersin	4.065	4.965	5.327	6.593	7.363
TR63	Hatay, Kahramanmaraş, Osmaniye	3.155	3.814	3.907	4.999	5.937
TR71	Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir	3.674	4.458	4.676	5.941	6.789
TR72	Kayseri, Sivas, Yozgat	3.635	4.353	4.659	6.002	6.813
TR81	Zonguldak, Karabük, Bartın	5.209	6.577	7.108	8.097	8.734
TR82	Kastamonu, Çankırı, Sinop	4.178	4.679	4.825	5.968	6.676
TR83	Samsun, Tokat, Çorum, Amasya	3.549	4.343	4.736	5.781	6.914
TR90	Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane	3.545	4.577	4.882	6.063	7.059
TRA1	Erzurum, Erzincan, Bayburt	2.975	3.428	3.768	4.722	5.520
TRA2	Ağrı, Kars, Iğdır, Ardahan	2.048	2.507	2.661	3.174	3.601
TRB1	Malatya, Elazığ, Bingöl, Tunceli	3.017	3.752	3.857	4.845	5.517
TRB2	Van, Muş, Bitlis, Hakkari	1.877	2.319	2.341	2.934	3.419
TRC1	Gaziantep, Adıyaman, Kilis	2.678	3.342	3.530	4.157	4.597
TRC2	Şanlıurfa, Diyarbakır	2.377	2.772	2.896	3.417	3.724
TRC3	Mardin, Batman, Şırnak, Siirt	1.853	2.484	2.865	3.405	3.812

(Source: National Statistical Organization (TÜİK), National Accounts Database, 2008)

The last three columns belong to GAP regions and generally, the gross value added per person in these regions is quite low when it is compared the other regions of Turkey.

There is awareness about the failures of effectiveness of investments and central authorities are looking for solutions and mainly they are focusing on development of institutional capacity. However, according to official website of the GAP, the solution proposed by central government and authorities is improving the capacity of service units of central government at region. The responsibility about capacity improvement action plan is assigned to Ministry of Development. Moreover, there are some similar capacity development action plans about existing institutions in GAP region and all assigned institutions for these projects are central institutions like Ziraat Bankası (Public Bank), İŞKUR (Turkish Employment Organization) and Ministry of Education. Such an approach

does not seem different from the general approach since 1970s about institutional capacity building. It proves that the necessity of developing sub-national capacities didn't recognized yet.

Even though there is awareness about the necessity of coordination and efficiency, and it is strongly emphasized by 7th 5 Years Development Plan, there is still no integrity between implemented projects and coordination between institutions. Previously projected ambiguous targets seem to fail because the outcomes of the implemented processes are not as it is expected. Irrigated areas under the coverage of the GAP project are already facing a lot of problems about operating, maintenance and management. From the planning process to finance methods and the redistribution of financial gain from projects, there is lack of participation of local community through the whole process. Lack of participation and involvement leads lack of improvement of locality directly. Moreover, the income which is obtained from projects is directly transferred to central government institutions; however, there is no system to redistribute this gain to the region again. The economic profit is not equally distributed between central government and the regions.

The crucial point is that although the energy related investments are completed about 90% percent, irrigation and agriculture related projects are just completed about 25%. This difference is important because the income revenues of energy related projects are mainly transferred to central government and local government and local people do not have a direct access to revenues. At that point, agriculture related projects were expected to be the driver force of local economic development; however, the agricultural part of the projects is just completed about 25%. The main investments that the locality will profit are ignored and this is one of the main reasons of socio-economic backwardness of the region.

As it can be seen, the domination of central institutions is not only visible at decision making, planning and investment processes, but also visible at the redistribution of income obtained from investments.

Such a financial relation does not match with the main aim of the project which is developing region and decreasing development disparities between regions.

(Edit: All information provided above refers to official website of GAP project; <http://www.gap.gov.tr/>)

3.2. East-Anatolia Project (DAP)

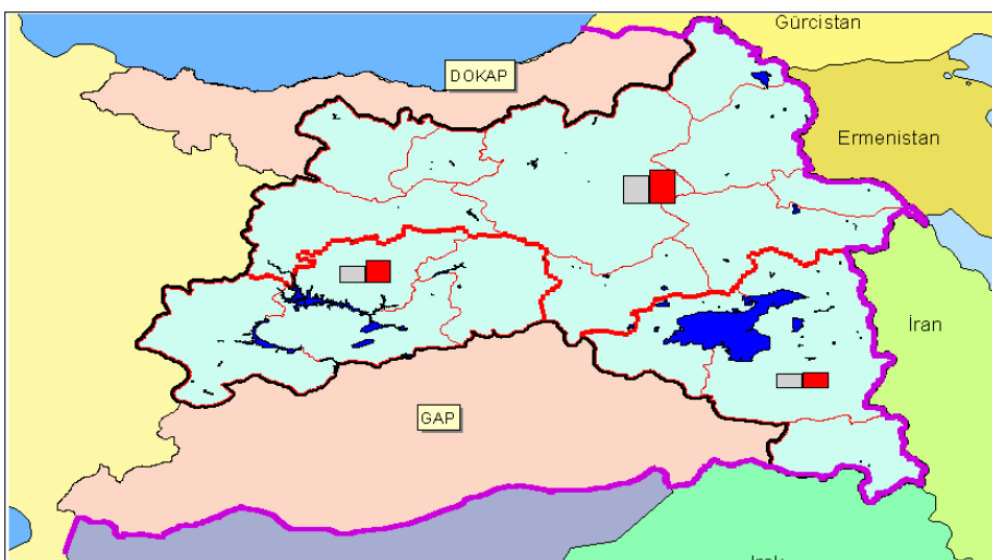
3.2.1. What is DAP?

East Anatolia is another less developed region of the country in terms of economic and social indicators. East Anatolia Projects is a regional development project which is aiming to develop that region and decreasing development disparities between this region and the other regions of Turkey. This project has 3 main target areas which can be aligned as economic, social and environmental.

The plan mainly aims to coordinate and improve existing potentials and activities of the region by supporting the existing active potentials and steering the developments to non-active potentials. DAP is more current and not deep rooted like GAP project, however, it is expected to have outcome during 14 s-years from the beginning of the project.

In that region, 70% of the population is working in agriculture with low efficiency. Agriculture and livestock are the main powers of region's economy. The biggest problem of the region is increasing poverty according to the general statistics collected by East-Anatolia Project Main Plan (p15). DAP area covers a region with 16 cities which are Ağrı, Erzincan, Erzurum, Gümüşhane, Kars, Muş, Ardahan, Bayburt, Iğdır, Bingöl, Elazığ, Malatya, Tunceli, Bitlis, Hakkari and Van. These cities compose 21% of the country size with about 6 million populations.

Map 7: DAP Project Area

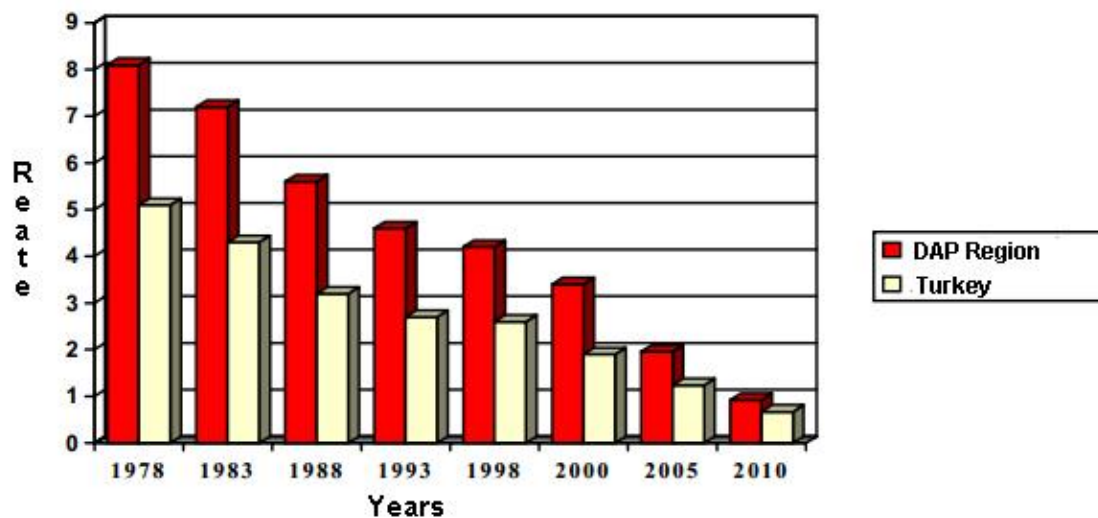


(Source: Undersecretary of State Planning Organization (2000) East-Anatolia Project Main Plan, p31)

Although region has a high rate of birth, because of out-migration, its average population increase stays under the average of country and it is expected to see the same tendency until 2010 even if some precautions have taken through the DAP. 7 of 10 cities which have the biggest migration rates of Turkey are locating in that region. The problems of this area is more fatal problems about education, health etc. This situation leads the projects which are mostly focusing on these fundamental areas rather than direct economic development. The main approach of GAP and DAP differs at that point. Through the plan report, the main approach is doing a general analysis of existing situation, determining strategies and developing projects to reach the targets.

The main plan report of DAP stand many times on the need for different organization models in order to apply projects and it states the fact that there is need for regional level organization (a new institutional structure) to assign the responsibilities of the projects.

Graphic 5: Total Fertility Rate Trend in East Anatolia Region and Turkey



(Source: Undersecretary of State Planning Organization (2000) East-Anatolia Project Main Plan, p119)

3.2.2. The Foundation of DAP Regional Development Administration Organization

After the gained experience with GAP, DAP project is had been started under the coordination of DAP Regional Development Administration Organization since 2011. This institution is directly under control of Ministry of Development and works as regional organization of central government. Its main center locates at Erzurum.

The responsibility of the institution is defined as research, planning, programming, projecting, monitoring, evaluating and coordinating the necessities of investments at DAP region in order to develop this areas. This institution does not have a character which autonomous in terms of financing the projects and decision making.

3.2.3. Financing of the Project

The approach of DAP plan report is proposing a plenty of projects in order to heal the situation and finance of these projects are mostly assigned to central institutions like in GAP project. Differently, in DAP; there is attention for the participation of local institutions to the process of financing however the project is still centrally driven and because of lack of institutional level at regions, the scale of projects are not consistent with attained institutions. Most probably, this will lead the ignorance of a lot important projects because of the fact that they are not important at central level and central institutions have different priorities.

3.2.4. The Final Point through the GAP and its Effects

The preparation date of the DAP is 2000 and it is possible to evaluate current situation by using some numerical data about the cities of the region and to have an idea whether the targets of the plan is achieved or not. Even if the main target year of the plan is 2020, this means project should be completed about 75% at the moment. The table below shows the gross value added per person for all level two regions of Turkey. The first 4 regions are the area which DAP project covers for development. As it can be seen, these regions have the worst value adds per person through the whole regions of country. It can be evaluated as that the target which is increasing efficiency in agriculture and livestock could not be achieved yet.

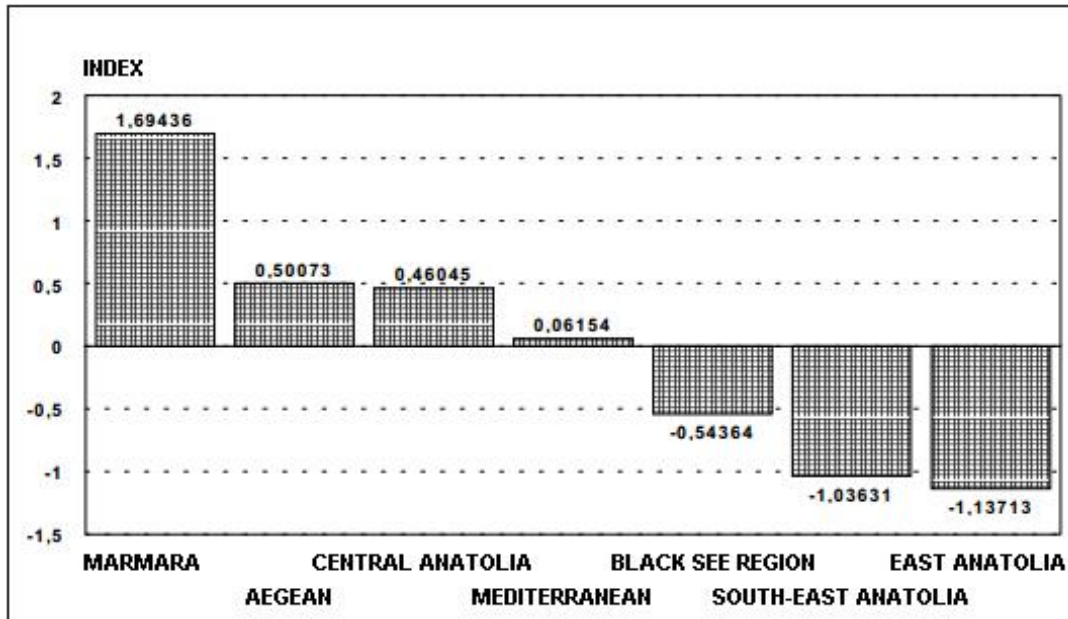
Table 14: Gross Value Added Per Person

Year	İBBS2		The Gross Value Added Per Person (\$)	
			(TL)	
2011	TR	Türkiye	15.500	9.244
	TRA1	Erzurum, Erzincan, Bayburt	9.893	5.901
	TRA2	Ağrı, Kars, Iğdır, Ardahan	6.708	4.001
	TRB1	Malatya, Elazığ, Bingöl, Tunceli	9.759	5.820
	TRB2	Van, Muş, Bitlis, Hakkari	5.894	3.515
	TRC1	Gaziantep, Adıyaman, Kilis	8.303	4.952
	TRC2	Şanlıurfa, Diyarbakır	7.179	4.282
	TRC3	Mardin, Batman, Şırnak, Siirt	7.862	4.689
	TR10	İstanbul	23.247	13.865
	TR21	Tekirdağ, Edirne, Kırklareli	20.169	12.029
	TR22	Balıkesir, Çanakkale	15.013	8.954
	TR31	İzmir	19.187	11.443
	TR32	Aydın, Denizli, Muğla	14.534	8.668
	TR33	Manisa, Afyon, Kütahya, Uşak	13.888	8.283
	TR41	Bursa, Eskişehir, Bilecik	20.332	12.126
	TR42	Kocaeli, Sakarya, Düzce, Bolu, Yalova	22.028	13.138
	TR51	Ankara	20.554	12.259
	TR52	Konya, Karaman	11.935	7.118
	TR61	Antalya, Isparta, Burdur	16.972	10.122
	TR62	Adana, Mersin	12.125	7.232
	TR63	Hatay, Kahramanmaraş, Osmaniye	9.900	5.904
	TR71	Kırkkale, Aksaray, Niğde, Nevşehir, Kırşehir	11.882	7.087
	TR72	Kayseri, Sivas, Yozgat	11.192	6.675
	TR81	Zonguldak, Karabük, Bartın	14.313	8.536
	TR82	Kastamonu, Çankırı, Sinop	11.057	6.594
	TR83	Samsun, Tokat, Çorum, Amasya	11.338	6.762
	TR90	Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane	11.154	6.652

(Source: National Statistics Organization, <http://tuikapp.tuik.gov.tr/ulusalhesapapp/bolgelesgskd.zul>)

Economic productivity indicators are not the only indicators which will help to understand the possible developments or stability about the cities of the regions. For further understanding, it is meaningful to look at the socio-economic development data. The tables below provide the socio-economic development rankings of the regions and all cities of the country and this will able us to see the development differences between East Anatolia region and the other regions. According to the data of 1996, East Anatolia Region is the most lagging region of the country. According to the data of 2011, most of the East Anatolia Region's cities are still the least developed cities of the country not only from economic point of view but also from socio-economic development level. The sub-indicators of socio-economic development ranking are defined clearly on the referenced book below and it roughly covers all economic, social, cultural and environmental aspects of development.

Table 15: Socio-Economic Development Index of Geographical Regions (1996)



(Source:

<http://www3.kalkinma.gov.tr/PortalDesign/PortalControls/WebContentGosterim.aspx?Enc=51C9D1B02086EAFBAFE2F5BBD1D73793AC38E7F9A806AD2DCD93E349D7136A33>)

Table 16: Socio-Economic Development Ranking of the Provinces (2011)

City Code	Cities	SEGE-2011 Ranking	SEGE-2011 Index Value	City Code	Cities	SEGE-2011 Ranking	SSEGE-2011 Index Value
TR100	Istanbul	1	4,5154	TRB11	Malatya	42	-0,0785
TR510	Ankara	2	2,8384	TR332	Afyon	43	-0,0797
TR310	İzmir	3	1,9715	TR905	Artvin	44	-0,1046
TR421	Kocaeli	4	1,6592	TRA12	Erzincan	45	-0,1056
TR611	Antalya	5	1,5026	TR631	Hatay	46	-0,1302
TR411	Bursa	6	1,3740	TR821	Kastamonu	47	-0,1471
TR412	Eskişehir	7	1,1671	TR813	Bartın	48	-0,1976
TR323	Muğla	8	1,0493	TR722	Sivas	49	-0,2208
TR211	Tekirdağ	9	0,9154	TR833	Çorum	50	-0,2405
TR322	Denizli	10	0,9122	TR823	Sinop	51	-0,2479
TR424	Bolu	11	0,6394	TR903	Giresun	52	-0,2564
TR212	Edirne	12	0,6383	TR633	Osmaniye	53	-0,2892
TR425	Yalova	13	0,6263	TR822	Çankırı	54	-0,3312
TR222	Çanakkale	14	0,5999	TR712	Aksaray	55	-0,3671
TR213	Kırklareli	15	0,5923	TR713	Niğde	56	-0,3761
TR621	Adana	16	0,5666	TR832	Tokat	57	-0,3821
TR721	Kayseri	17	0,5650	TRB14	Tunceli	58	-0,3892
TR422	Sakarya	18	0,5641	TRA11	Erzurum	59	-0,4327
TR321	Aydın	19	0,5597	TR632	Kahramanmaraş	60	-0,4677
TR521	Konya	20	0,5308	TR902	Ordu	61	-0,4810
TR612	Isparta	21	0,5272	TR906	Gümüşhane	62	-0,4814
TR221	Balıkesir	22	0,4764	TRC13	Kilis	63	-0,5733
TR331	Manisa	23	0,4711	TRA13	Bayburt	64	-0,5946
TR622	Mersin	24	0,4636	TR723	Yozgat	65	-0,6079
TR334	Uşak	25	0,3737	TRC12	Adıyaman	66	-0,9602
TR613	Burdur	26	0,3684	TRC22	Diyarbakır	67	-1,0014
TR413	Bilecik	27	0,3634	TRA22	Kars	68	-1,0923
TR812	Karabük	28	0,2916	TRA23	Iğdır	69	-1,1184
TR811	Zonguldak	29	0,2758	TRC32	Batman	70	-1,1203
TRC11	Gaziantep	30	0,2678	TRA24	Ardahan	71	-1,1384
TR901	Trabzon	31	0,2218	TRB13	Bingöl	72	-1,1920
TR522	Karaman	32	0,1864	TRC21	Şanlıurfa	73	-1,2801
TR831	Samsun	33	0,1579	TRC31	Mardin	74	-1,3591
TR904	Rize	34	0,1550	TRB21	Van	75	-1,3783
TR423	Düzce	35	0,1056	TRB23	Bitlis	76	-1,4003
TR714	Nevşehir	36	0,1029	TRC34	Siirt	77	-1,4166
TR834	Amasya	37	0,0510	TRC33	Şırnak	78	-1,4605
TR333	Kütahya	38	0,0198	TRA21	Ağrı	79	-1,6366
TRB12	Elazığ	39	-0,0103	TRB24	Hakkâri	80	-1,6961
TR715	Kırşehir	40	-0,0211	TRB22	Muş	81	-1,7329
TR711	Kırıkkale	41	-0,0687				

(Source: Ministry of Development (2013) İllerin ve Bölgelerin Sosyo-Ekonomik Gelişmişlik Sıralaması Araştırması (SEGE-2011), Bölgesel Gelişme ve Yapısal Uyum Genel Müdürlüğü, Ankara 2013, p50)

Although the DAP and its action plans, from 1996 to 2011, the situation in East-Anatolia Region did not seem to change a lot in terms of decreasing disparities and at least increasing the life quality and standards in that area do not seem to be achieved. By evaluating and comparing two tables, it is not possible to say that there is an improvement on the general situation.

(Edit: All information provided above refers to official website of DAP project; <http://www.dap.gov.tr/>)

3.3. The Reasons of Failures

In terms of fiscal relations;

- ✓ Projects are financed directly by the institutions of central government that is why economic priorities of central government prevails regional and local necessities.
- ✓ The income gained from previously invested projects is directly transferred to central level and regions do not profit from their own resources.

In terms of sub-national capacities;

- ✓ Lack of institutionalism at regional level decreases the efficiency of projects because the coordination and monitoring mechanisms of center is not enough to manage an integrated regional development process.
- ✓ Local governments do not have chance to develop their capacities in order to contribute to the process and profit from the results because of political pressure and lack of resources.
- ✓ There is no specific effort to include local level stakeholders for more efficiency and to make local profit from the process
- ✓ The institutions which are responsible from the projects are centrally controlled institutions without decision making power and without their own budgets.

In terms of cooperation mechanisms;

- ✓ There is no defined coordination system or incentives to promote coordination at any level.
- ✓ The approach of central institutions is in the shape of vertical relations depending on flow of money.
- ✓ Not only vertical coordination is problematic because it has a dictating approach, but also horizontal coordination does not exist.

CONCLUSION

The institutional framework of the country has a lot of problems. If we move on the 3 tools that we determined before;

In terms of fiscal relations, there is a highly visible dominance of central government with its institutions and local institutions are highly depends on central government to fulfill even the basic responsibilities. The power of money accumulated at central level.

In terms of sub-national capacities, there are two main administrative levels as central and local. There is a serious structural problem about disparities which are caused by lack of regional administrative level. The technical ability of local governments is not enough to manage any process at regional level. The maturity of democratic environment is not enough because there is political pressure of central government over local governments and this environment undermines the possible capacity building efforts. The general central characteristic of the governance prevent any capacity building process by experience at lower levels of administration. The current developments are prone to centralize the country more and create more pressure on local governments.

In terms of coordination, there is no mechanism to coordinate different level institutions and same level institutions. Not only vertical relations are problematic, but also horizontal relationships even do not exist. There is no defined structure for coordination by law and relationships are working in a traditional way depending on money transfers. There is no vision of coordination.

When all problems are taken and assessed together, the result is a mass of overlapping responsibilities and power relations within a highly centralized structure. The structure is ill-organized and the central institutions are not able to manage the complexity of lower level developments.

At that point, the clear need for institutional development at regional level is still ignored and the lack of institutionalism at regional level lead the failure of large scale regional economic development projects because such regional level integrated projects needs a new institutional restructuring at regional level. The characteristics of regional level institutions have to be different from the institutional development history of country because as it can concluded from the results of regional development projects, centrally motivated and controlled regional structures do not work as it is expected and this approach does not create any profit for regions.

V. TESTING CONCEPTUAL FRAMEWORK

At the beginning, the aim of the work was directly discovering the relationship between regional economic development disparities and institutional structure in order to understand how institutional deficiencies in terms of planning can affect regional development disparities and what is the relationship between these two subjects.

During the academic review, the direction of work had changed and we improved the work from starting decentralization discussions to institutional structure, instead of directly discovering

institutional structure. As it is mentioned before, the connection between decentralization discussions and institutional structure set up through three tools which are fiscal relations between institutions, sub-national capacities at different level and coordination mechanisms between different levels and same levels.

Institutional framework in terms of planning is discovered over these three tools and institutional deficiencies are detected which are leading regional economic development disparities. After detecting deficiencies institutional system, two regional development projects are introduced and their failures are proved by different indicators. After this proof, reasons of failures are identified by using academic discussions on these projects.

The identified reasons were just parallel to institutional deficiencies within planning system which means that institutional deficiencies regarding planning cause the failure of integrated regional development projects and the failure of projects lead increasing regional economic development disparities.

CONCLUSION

In this research, our hypothesis was the deficiencies of institutional structure in terms of planning promote regional economic development disparities in case of Turkey. Inherently, the success of proposed regional economic development projects in order to reduce regional development disparities heavily depends on reforms about existing institutional structure. Regional development projects are taken to crosscheck the deficiencies of institutional system because they are the main tools to decrease regional economic development disparities in Turkey. We tested our hypothesis through a theoretical study which leads us to a framework for addressing regional economic development disparities in relation with institutional structure. We used some tools which are attained by literature review for assessing the institutional structure of the case study.

We can summarize our findings as below;

- ✓ Although it is not possible to say that decentralization decreases regional development disparities, it is still at the core of balanced regional development discussions.
- ✓ In the changing context of regional development paradigm under liberal market conditions, decentralization is a necessary improvement for a balanced regional development structure; however, it does not ensure disappearing of regional development disparities.

- ✓ At that point, the success of decentralization to decrease disparities depends on the parallel improvement of 3 tiers of decentralization which are fiscal, political and administrative decentralization. Improving one or two tiers of decentralization mostly does not enough to create solutions.
- ✓ Building more fair environment at different levels of institutions in terms of fiscal relations, improving sub-national capacities and defining a well designed coordination environment with vertical and horizontal connections are important factors which should be developed prior to 3 tiers of decentralization in order to be able to create a better institutional environment.
- ✓ Challenges about coordination mechanisms and capacity issues are mostly specific to place and context and this situation need to produce solutions specific to each case.
- ✓ Current scarcity of public resources requires the efficient use of existing resources which is directly related to capacities of sub-national authorities even in centralized countries. Capacity building at all administrative levels is necessary component of all type of restructurings.
- ✓ In case of Turkey, the problem of regional economic disparities has a structural characteristic which is lowering the general well being of country socially, economically and politically like in most of the developing countries. It needs a case specific remedy.
- ✓ The general national policies and strategies do not work efficiently to decrease development disparities between regions in Turkey because it has a lot of different dynamics through the regions. Starting from 1960s, all national plan's first priority were decreasing development disparities between regions and currently, there is no evidence about success in terms of indicators of disparities and effectiveness of policies.
- ✓ As a turning point about regional development approach, 9th 5 years Development Plan (2007-2013) states the fact that there is need to change the logic of regional development policies in Turkey which actually means that there is awareness about real reasons behind regional disparities.
- ✓ There is a chaos about plan types, hierarchy of plans, institutions, their responsibilities and powers and this chaos is triggered by lack of coordination mechanisms, capacity deficiencies and legal gaps.
- ✓ Traditional way of planning which means controlling everything from center with a fix-it-all approach is still dominant in Turkish context.
- ✓ MD states that the aim of the regional planning implications in Turkey is decreasing disparities between regions in order to increase life quality of less developed regions, preventing unplanned development and solving the problem of migration from east to west

(DPT (MD), 2007b:3). However, the policies are mostly not to decrease the disparities but to accelerate the potentials of a region. The vision of central institutions is not consistent with the current applications.

- ✓ The planning process in Turkey is becoming more centralized than ever before unlikely the claims of central institutions.
- ✓ The institutional framework of the country has vital problems like the unfair distribution of national incomes and the collection of central power at central level, lack of financial and political autonomy of local institutions which are accelerating capacity problems at local level and the lack of vision for coordination at all levels.
- ✓ The maturity of democratic environment is not enough because there is political pressure of central government over local governments mostly by using the power of money, and this environment undermines the possible capacity building efforts.
- ✓ The general central characteristic of the current institutional approach prevent any capacity building process by experience at lower levels of institutions. The current developments are prone to centralize the country more and create more pressure on local governments.
- ✓ There is a mass of overlapping responsibilities and power relations within a highly centralized structure. The structure is ill-organized and the central institutions are not able to manage the complexity of lower level developments.
- ✓ There is a clear need for institutional development at regional level but this need is still ignored by central institutions. Lack of institutionalism at regional level leads the failure of large scale regional economic development projects because such regional level integrated projects needs a new institutional restructuring at regional level.
- ✓ The characteristics of new generation regional institutions have to be different from the historical institutional development approaches of the country because old trends do not work for new necessities of regions.

Suggestions depending on conclusions can be aligned as;

- ✓ Introducing a new planning policy document to fix all policy gaps of current planning policy document instead of introducing artificial policies special to different cases.
- ✓ Being careful not to lose the historical gains about local institutionalizations and benefitting from 100 years planning experience of country instead of ignoring it.
- ✓ Instead of adopting a more centralized approach, more multileveled versions of institutionalism should be adopted.

- ✓ Especially, the necessity for a new structuring at regional level should be accepted and the prior improvements for this should be implemented. Under such an environment, decreasing disparities between institutions can be expected with fewer resources owing to increasing efficiency.
- ✓ Central institutions should be fairer in terms of distribution of national revenues to different level institutions and the regions should be able to profit from the income which is produced at that region.

While doing this research, the main challenge was that we had to do this research within 4 months and this prevented the possibility of doing field research on different regions of Turkey. The obtained information had to depend on prepared documents and plans instead of questionnaires and experiences in the field. This work can be improved a lot by field research and discussions with real stakeholders at local, regional and central level. Following the issue from previously done discussions lead some subjectivity in some points because of the lack of neutral information which could be obtained only by field research.

Finally, the hope was being able to produce a research which can create further discussions on relevant issues and being able to pave the way for the further research around the subject of institutional structure and its effect on regional economic development disparities.

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Appendixes

Appendix I. Semi-Structured Questionnaire held by Loewendahl-Ertugal;

The questions asked to interviewees were aligning as,

- What are the reasons for weak regional governance in Turkey compared to larger countries of the EU?
 - What is the thinking in Ministry of Development on its approach to regional economic development and its relationship with regional institutional capacity?
 - What is the most important factor that is responsible for change in regional governance at present time?
-