

# A NEW ERA IN REGIONAL DEVELOPMENT

Regional Development Agencies have initiated a new era in Turkey, which focused on centralized policies until today, bringing a boost to local actor participation in the economy.

BY MERVE KARA

**“We used to think agriculture gave rise to cities and later to writing, art, and religion. Now the world’s oldest temple suggests the urge to worship sparked civilization,”** wrote National Geographic in its cover story on Göbeklitepe in the venerable magazine’s June 2011 issue. The Neolithic hilltop sanctuary erected at the top of a mountain ridge in the Southeastern Anatolia Region of Turkey is the oldest known human-made religious structure. The site, which changed the way that we perceive the ancient life of humankind, was most likely erected in the tenth millennium BC. Although the site was discovered in 1994 and has been under excavation since that time, it is only very recently that

Göbeklitepe attained worldwide fame. Besides National Geographic, the television channels Nippon Hoso Kyokai (NHK) of Japan, BBC World, and RAI of Italy have been in Göbeklitepe for documentary shooting over the past year. The discovery is resonating more and more in global media. Dr. İlhan Karakoyun, General Secretary of the Karacadağ Development Agency, one of the organizations that assumed a pioneering role in the promotion of this unique site, appears quite pleased to have contributed to this success. Founded in 2010, the Karacadağ Development Agency accomplished a multitude of projects both large and small within a short time, one of which was preparing a video for broadcast

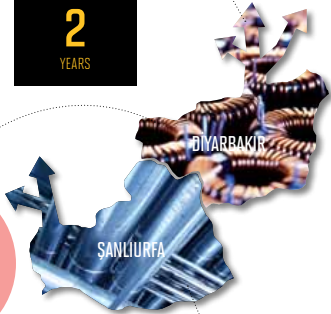


# 1. KARACADAĞ DEVELOPMENT AGENCY

**38**  
TOURISM  
PROJECTS IN  
**2**  
YEARS

The company DTS Transformer in Diyarbakır started mass-producing dry-type transformers, a product exported to countries that include Russia, the UK, Libya, and Nigeria

The companies Rasa Energy, Nett Automotive, Boydak Group, Hakan Plastics, and Pinar invested in the region

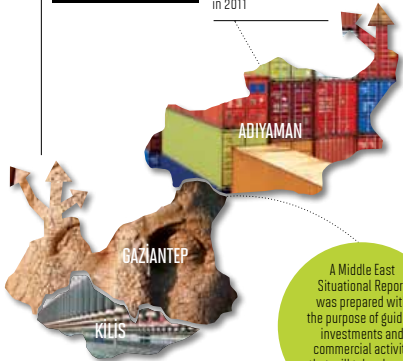


A total investment of nearly TRY 80.25 million was brought to the region with the projects implemented

# İPEKYOLU DEVELOPMENT AGENCY

**235**  
PROJECTS IN  
**2011**

Provided assistance to SMEs totaling TRY 9.1 million in 2010. Three financial assistance programs with a total budget of TRY 20.5 million were implemented in 2011



A Middle East Situational Report was prepared with the purpose of guiding investments and commercial activity that will take place in the area.

on the Turkish Radio and Television Corporation (TRT) channels, which air in 31 languages, to promote Göbeklitepe. The Hilar Caves, Çayönü Ruins, and Hasuni caves have been opened to tourism thanks to the support provided by the agency, which is active in Diyarbakır and Şanlıurfa, two large cities in southeast Anatolia. Work to restore and open many examples of civil architecture and historical citadels, walls, and towers for visitation is ongoing. In the two years it has been present in the region, the agency paved the way for the dam lakes in the districts of Birecik, Halfeti, and Eğil—brought back to life by the Southeast Anatolia Project—to be used for outdoor sports, water sports, and recreation, and it laid the groundwork for industry-leading companies like Rasa Energy, Hakan Plastics, and Pinar, as well as a Kuwaiti company, to invest millions of dollars in Şanlıurfa. Nett Automotive, a company from Diyarbakır, started construction with a partner from İzmir in order to manufacture agricultural machines on a 20,000-square-meter area allotted to them in the organized industrial zone thanks to the efforts of the Diyarbakır Investment Support Office operating within the agency. The list of projects accomplished by Karacadağ is only getting longer. The region's ability to embrace almost all of the areas in which it wields competitive advantage is the outcome of the design of the development agencies as flexible, dynamic structures inspired by the private sector, says Dr. Karakoyun.

Development agencies are designed as regional and qualified technical institutions to support the established development policies at the regional level and provide their implementation, monitoring, and evaluation through the logic of the strategic plan. Agencies, with their resources and technical knowledge, support the local institutions and act as coordinating, catalyzing bodies for the development issues in their regions. Tuncay Engin, General

Secretary of the Western Mediterranean Development Agency (BAKA), sees this as an effort to localize the government's longtime ambitions for development to the regional level. He adds, "In other words, it means the region being a pioneer in development and the participation of local actors, too, in decisions and activities related to development."

Economic, social, and political structures have been involved in a major change with the influence of the dynamics of globalization and localization in the world. Some concepts intended to explain the theoretical and practical reasons of the change stood out especially. In the 1990s, the idea of development as primarily being an outcome of local dynamics and internal potential—thus mainly using a region's own dynamics to achieve development—gained importance and led to the creation of development agencies. Although they were attempted in various forms for nearly 40 years, the most credible as an important tool for regional development was implemented within the Ninth Development Plan period (2007-2013) in Turkey. "Looking back from the point reached today, we can see that the enacted reformative Law on Regional Development Agencies in 2006 is not a result of a hastily carried out process, but it is the healthy product of the process of determination of the most appropriate

IT IS MORE IMPORTANT FOR TURKISH AGENCIES TO UTILIZE, MULTIDIMENSIONAL ELEMENTS OF SUPPORT THAT COMPLEMENT EACH OTHER AND THE CHARACTERISTICS OF THE ENVIRONMENT IN A WAY THAT TAKES THE REGION'S POTENTIAL AND DYNAMICS INTO CONSIDERATION

# DETERMINATION OF THE COMPETITIVE ELEMENTS OF A REGION AND STRATEGIES TO BE DEVELOPED ON THESE ELEMENTS CAN ACCELERATE DEVELOPMENT IN DISADVANTAGED REGIONS.

structure by examining samples of the various countries that fit to our needs with intellectual and social infrastructure, technical experience, and years of discussion," says Ahmet Akman, Secretary General of Mevlana Development Agency (MEVKA), which is established in the Central Anatolian cities of Konya and Karaman.

The European Association of Development Agencies (EURADA) divides regional development agencies according to their activities into four main groups as strategic, general, sectorial, and interregional attractiveness. "To define the model of development, agencies established in Turkey as 'sui generis' would be more appropriate. However, considered as a functional classification, it wouldn't be wrong to say that a multidirectional model serving not just one but most of these categories has indeed been established," says Ahmet Akman. It is true that the Turkish model certainly does not fit only the agency with industrial structure. On the contrary, it is much more important for Turkish agencies to utilize multi-industry, multidirectional, multidimensional elements of support that complement each other and the characteristics of the environment in a way that takes the region's potential and dynamics into consideration.

Konya—the "city of dervishes"—is one of the largest provinces in the region of Central Anatolia, which is known as the "breadbasket of Turkey" and is a leading contributor to the country's agricultural production. There are nine Organized Industrial Zones (OIZ) in Konya and one in Karaman. The Konya OIZ in

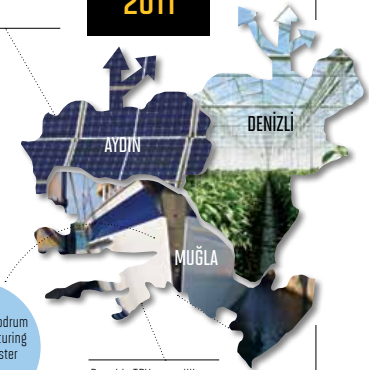
particular may become the largest OIZ of Turkey with its 25 million square meters of space, considering the possibilities for expansion. In Konya and Karaman, the cities where it is active, MEVKA provided TRY 15 million worth of support for 76 projects with a total budget of TRY 31.69 million, encompassing 15 different industries including machinery manufacturing, automotive, agricultural machinery, tourism, chemicals, renewable energy, food, medical devices, and services. In 2011, within the framework of the three priorities of the Financial Support Program for the Development of Competitiveness of Economic Enterprises with a TRY 11.5 million budget, a total of 62 projects worth TRY 24.971 million were supported, spread over two provinces, thirteen districts, twenty industries, and eight themes including R&D infrastructure, innovation, process improvement, and export-oriented product development. Additionally, the agency helped both local and multinational investors to benefit from this prosperous location, a \$100 million investment by Unilever-Algida being just one of its outcomes. These concentrated efforts to develop the region pushed Konya and Karaman, which were ranked 26th and 35th respectively in the previous index of socioeconomic development, up to 20th and 32nd place.

Determination of the competitive elements of a region and strategies to be developed on these elements can accelerate development in disadvantaged regions. Here, innovation-based thinking and acting offers more different alternatives than ever to the regions. The importance of innovative R&D, the strategic framework and roadmap introduced, and the financial and technical support by the agencies is coming to the fore. In this regard, a striking example that shows how the autonomy of agencies helps them to find their own inspiration is seen in the case of the Western Mediterranean Development Agency (BAKA). The

# SOUTHERN AEGEAN DEVELOPMENT AGENCY

**28**  
MILLION TRY  
INVESTMENTS IN  
**2011**

Meetings with investors for the two geothermal greenhouse projects planned for Denizli, a solar power project in Denizli and Muğla, and fruit juice concentrate facilities in Sultanhisar, Aydın are ongoing



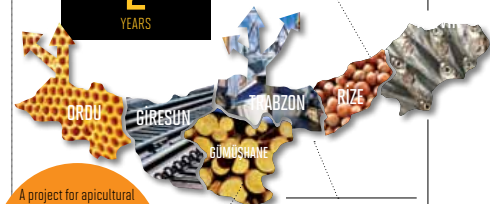
Supports the Bodrum Yacht Manufacturing Business Cluster Project

Roughly TRY 11.5 million was provided with the financial assistance program in 2010. Total investment in the region was TRY 28.5 million

# EASTERN BLACK SEA DEVELOPMENT AGENCY

**270**  
MILLION TL  
FOR AIRPORT  
INVESTMENTS IN  
**2**  
YEARS

The shipbuilding industry concentrated in Sürmene District, Trabzon is being supported with the Camburnu Yeniyay Shipyard Project



A project for apicultural production (honey and beeswax) and a wastewater processing facility are under way in Ordu Province with a total budget of approximately €40 million.

The Trabzon-Erzincan Railway is connecting the area to the Trans-Asian Railway Network.

**ÇUKUROVA DEVELOPMENT AGENCY**

**5.**

**2100**  
JOB CREATION IN  
**5**  
YEARS

The implementation of the projects gave employment to roughly 2,100 people over five years, during which companies had an average growth rate in revenues of 25%, in employment of 22%, and in exports of 17%

Joined the Harbor Cities Project launched in 2010 by the OECD Regional Development Policies Committee



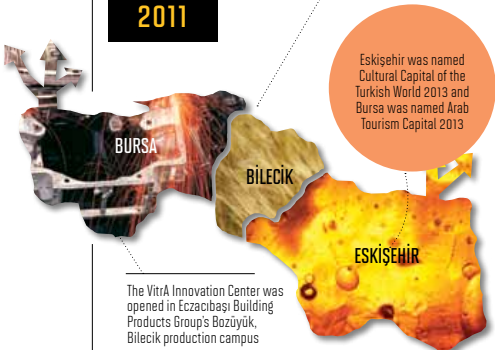
Assistance was given to large number of SMEs involved in the manufacture of food items, machinery and equipment, rubber and plastic products, apparel, factory-produced metal products, chemicals and chemical products, and furniture. Two hundred and fifty new machines were introduced to industry in the region, and a prototype was produced of a machinery not manufactured in the area

**6. BURSA-ESKİŞEHİR-BİLECİK DEVELOPMENT AGENCY**

**26**  
R&D PROJECTS IN  
**2011**

The first R&D, Project Market, and Design in the Automotive Industry of Turkey Competition is being held with the leadership of the Uludağ Automotive Industry Exporters Association, the support of the Ministry of Economy, and coordination of the Turkish Exporters Assembly (TİM)

Eskişehir was named Cultural Capital of the Turkish World 2013 and Bursa was named Arab Tourism Capital 2013



The Vitra Innovation Center was opened in Eczacıbaşı Building Products Group's Bozüyük, Bilecik production campus

agency is present in Antalya, which was visited by 11 million tourists in 2011 and which ranks first nationally in agricultural production; Isparta, which boasts Turkey's highest-quality roses and peerless fruit orchards; and Burdur, a strong competitor in marble and animal husbandry. In May and June, forty thousand Japanese tourists flock to Bulgaria just to pick roses, and each of them stays for at least a week and joins cultural tours in the area. Learning of this, BAKA took the initiative and opened a stand at the JATA Tourism Fair in Japan, after which they opened the only Turkish stand at the Rose and Gardening Fair in Japan last year, which welcomed 450,000 visitors and participants from ten countries. Representatives from various Japanese countries visited Isparta after BAKA promoted rose cultivation in the western Mediterranean, which accounts for 60% of the world's rose oil production. They toured Istanbul, Pamukkale, Konya, and Cappadocia, and included in their agendas the addition of rose gardens and rose oil factories to their tour in the proper season, too. Now, as part of BAKA's planned project support activities, a project called the Rose Valley Project is being launched in Isparta.

Tuncay Engin describes development agencies as a new approach and perspective in Turkey. He indicates that they have placed great importance on renewable energy investments; solar, wind, and biogas most of all. Active in the region since 2010, BAKA seems to have been standing by this claim so far. At the end of last year, the agency facilitated the launch of Turkey's first project to generate biogas and electricity from greenhouse waste in the Western Mediterranean region. The project entails the generation of electrical energy from biogas obtained from 400,000 tons of greenhouse waste annually, with production on the side of bio-coal, composite fertilizer, and liquid fertilizer. The €30 million investment was kicked off by a Turkish-Danish partnership in

the Kumluca district of Antalya.

As the investment agencies play a key role in making attempts to eliminate the barriers before investments to improve the investing climate, BAKA has taken on a pioneering role in securing a TRY 38 million investment in what will be Isparta's first five-star hotel and in smoothing out the final stage before an investment in a biomass power plant worth €90 million.

It can be said that investment agencies play a unique role for Turkey in drawing foreign investment, especially in places that require promotion, and the fact that the investment support offices—a department in almost every development agency—publish in at least two languages is evidence of this. Besides investments, the agencies can facilitate the transfer of know-how from abroad, too. For example, the Bursa-Edirne-Bilecik Development Agency (BEBKA) signed a protocol of cooperation with the German state of Hessen, with which it aims to develop direct relations, concentrated information exchange, and contacts between Hessen and the region. Additionally, as a result of the agency's efforts, Eskişehir has become the 2012 Culture Capital of the Turkish World, while Bursa has become the Arab Tourism Capital of 2013. BAKA, a reference agency in the Persian Gulf countries, brought tour operators that account for 90% of the tourism in the countries

**AT THE END OF LAST YEAR, THE WESTERN MEDITERRANEAN DEVELOPMENT AGENCY (BAKA) FACILITATED THE LAUNCH OF TURKEY'S FIRST PROJECT TO GENERATE BIOGAS AND ELECTRICITY FROM GREENHOUSE WASTE IN THE WESTERN MEDITERRANEAN REGION.**



**DEVELOPMENT AGENCIES ARE DOING RESEARCH ON THE INDUSTRIES THAT STANDOUT IN THEIR REGIONS, AND THEY ARE PREPARING STRATEGIC ROAD MAPS. SIMILARLY, THEY ARE TAKING ON A GUIDING ROLE IN COMMUNICATING INFORMATION ABOUT THE REGIONS.**

of Saudi Arabia, Kuwait, Qatar, and Bahrain, and hundreds of executives from India, the US, China, Georgia, Thailand, the Czech Republic, and the Middle East to Turkey's Western Mediterranean. The agency was the only agency participating in the first Expo Turkey 2011 in India, held in Mumbai the Istanbul Chamber of Commerce. DOKA—the Eastern Black Sea Development Agency—signed a contract for a three-year project with the Japanese International Cooperation Agency to develop its institutional capacity.

Development agencies bring together the public, private sector and the non-governmental organizations by prioritizing strengthening the governance dimension of development. As stated in the law no. 5449 of the Turkish Republic, development agencies are established in order to accelerate regional development in line with the policies foreseen in the national development plans and programs. "With the agencies opportunity to perform visible, tangible, and concrete applications emerges for regional development quest which once has been only the limited experience of planning," says Ahmet Akman.

As a result, almost all of the development agencies—most of which started operations in 2010—possess a 2010–2013 Regional Plan. The joint vision designated here helps regions to focus their different makeup on the same targets, too. For instance, the Silk Road Development Agency's (İKA) 2010–2013 Regional Plan

discusses becoming a logistical hub in the Middle East. İKA, which encompasses Adiyaman, Kilis, and Gaziantep (the largest border province in southeast Turkey), shows the region's commercial heritage and potential to become an international logistical hub due to its location on the paths that connect Turkey to the Middle East. "It can be said that development agencies' most important duty is to kick off the potential in their respective regions," says Dr. Bülent Özkan, the agency's secretary general. Expressing another important function of the agencies, he says, "The development agencies made it possible to devolve the research done centrally until this day down to the local level, where it is based more on local information. Currently, many development agencies are doing research on the industries that stand out in their regions, and they are preparing strategic road maps. Similarly, they are taking on a guiding role in communicating information about the regions in a more correct and faster fashion via reports prepared on the national level."

In addition to enabling large-scale investments worth millions of dollars, the development agencies are able to facilitate better cooperation with the SMEs that make up more than 90% of all enterprises in Turkey. Ankara Development Agency (ANKARAKA) Secretary General Assoc. Prof. Dr. Asım Balcı points to the agencies' success in creating locally tailored urban and regional economies with increased global competitive ability, highlighting in particular their aim to increase local/regional competitiveness by taking advantage of SMEs' externalities and geographic proximities with region-specific clustering.

The Northeast Anatolia Development Agency (KUDAKA), which has been active since February 2010 in the provinces Erzincan, Erzurum, and Bayburt, ran 45 projects in the SME Financial Support Program for 210, helping to secure a total

**7.**

**WESTERN BLACK SEA DEVELOPMENT AGENCY**

**18**  
MILLION TL PROJECT INVESTMENT IN  
**2011**

A project to increase production capacity and quality product diversity and to conduct environmentally sensitive production by establishing a dye application unit, implemented by Den-ko Furniture and Construction Materials

"Project to Put Wastewater in the Black Sea Basin to Use—The Usage of Artificially Irrigated Areas and the Improvement of Organic Waste Management", coordinated by Romania



A project titled "Ayanoğlu Fish Processing Facility Project," implemented by Ayanoğlu Natural and Aquatic Products

**WESTERN MEDITERRANEAN DEVELOPMENT AGENCY**

**8.**

**156**  
MILLION TL PROJECT INVESTMENT IN  
**2011**

Project to generate electricity from greenhouse waste, the first in the Western Mediterranean region and in Turkey

€90 million biomass power plant investment



Launch of aircraft painting and maintenance operations at Süleyman Demirel Airport

# 9. ANKARA DEVELOPMENT AGENCY

**189**  
PROJECTS IN  
2011

Support provided to numerous projects ranging from unmanned aerial vehicle and ground station development for regional reconnaissance to the production of a simulation system to train dentists with more skills and expertise.



Technology Development Zones

# MEVLANA DEVELOPMENT AGENCY

**76**  
PROJECTS IN  
2010

The irrigation of 3,388 hectares of indoor space, the improvement of 1,627 decares of pasture land, the planting of 530,000 saplings to battle erosion and the collection and dispatch of solid waste from 61 villages in three districts

# 10.

Projects addressing quality in wheat, innovative and alternative products, quality in viticulture, safe food, fungiculture, fruit cultivation, organic agriculture and agricultural best practices.



of TRY 21.81 million in investments. Secretary General Dr. Rafat Altan indicates that a machinery purchase by a water processing facility utilizing KUDAKA support within these projects increased manufacturing capacity by 20% and employment by 90%. Dr. Altan, a longtime researcher in the area of development at the University of Nottingham and the Free University of Brussels, highlights SME cooperation in areas in which women's employment needs to be improved. Fifty women received vocational training in a ready-to-wear clothing workshop established in cooperation with a foundation active in the areas of women's education, employment, and active participation on society. The women in the KUDAKA-supported project were simultaneously provided with applied entrepreneurship training. Fourteen of these women established their own enterprises, for which they also utilized KOSGEB's support for new entrepreneurs.

Together with all these, the clustering system regarded as a new model of development is in the development agencies' agendas today as one of the prominent headings in the New Incentives System. "The clustering approach aiming to strengthen regional alliances among businesses provides financial and competitive advantages in many areas to the businesses that are part of the project," says Mehmet Aydinler, Secretary General of the Southern Aegean Development Agency (GEKA). "As a clustering model, by focusing on our region's strong industries, we aim to create production basins consisting of businesses that nourish one another," says Aydinler, explaining how the system will be implemented in the region encompassing the provinces Aydin, Denizli, and Muğla. GEKA pinpoints industries that have clustering potential, initiates the clustering process, and creates national and international collaboration networks in industries that have clustering potential. The

industries in which GEKA sees potential are textiles in Denizli, food manufacturing in Aydin, and yacht manufacturing in Muğla. Aydinler states that meetings, technical support, and analysis efforts to this end are ongoing. The Bodrum Yacht Manufacturing Business Cluster Project is supported by GEKA, he adds.

Among GEKA's ongoing efforts to work with investors are a project for two geothermal greenhouses planned for Denizli; solar power in Denizli and Muğla; marketing the Aydin chestnut in the European market with German investors; and partnering projects with Singaporean investors and entrepreneurs in the region who wish to produce organic fertilizer.

The emphasis on high-tech industrial production and the New Incentives System's definition of strategic industries guides the agencies' priorities as well. Ankara, a hub for technologically intensive industries like IT, defense, electronics, medical devices, and bioinformatics, ranks near the top nationally in product and patent applications. In connection to this, ANKARAKA Secretary General Assoc. Prof. Dr. Asım Balci states their belief that Ankara will take a relatively larger share of the strategic investments in the general incentives package. "We have intensified our efforts in this direction," says Balci, and he explains that they plan to take advantage of the new incentives package by conducting activities

**IN ADDITION TO ENABLING LARGE-SCALE INVESTMENTS WORTH MILLIONS OF DOLLARS, THE DEVELOPMENT AGENCIES ARE ABLE TO FACILITATE BETTER COOPERATION WITH THE SMES THAT MAKE UP MORE THAN 90% OF ALL ENTERPRISES IN TURKEY.**

**"WE REGARD THE BENEFIT PROVIDED IN THE SENSE OF INCREASING PROJECT-RUNNING CAPACITY IN OUR REGION AS MORE IMPORTANT AND VALUABLE THAN THE CONTRIBUTIONS WE PROVIDE FINANCIALLY," SAYS MEHMET AYDINLER, SECRETARY GENERAL OF GEKA.**

to draw high-tech medical, IT, and defense products manufacturing investments—investments in products not produced in Turkey previously, which were imported—to Ankara. ANKARAKA's vision is to make Turkey's capital city, Ankara, a global R&D, innovation, and technology nexus. Since the agency started operations in 2010, it has financed 189 projects with its financial and technical support programs to the benefit of public institutions, SMEs, NGOs, Technology Development Regions, and universities. The Hezarfen Project launched in 2007, which is aimed to increase domestic production in the medical industry in Turkey, was for the first time put into practice on a regional and industry-based level in Ankara this year. According to the exports figures announced in May, Ankara's exports increased more than any other city.

Most of Turkey's 26 development agencies are just about to wrap up their second years. One can expect to see the full effect they will have on the national economy within a few years. Some are older, however—the Çukurova Development Agency located in Çukurova, an important transportation and logistics center for the eastern Mediterranean and Middle East, was founded in 2007. In the five years since, it created 2,100 jobs. Companies operating in the region experienced an average increase of 25% in revenue, 22% in employment, and 17% in exports. The Çukurova Development Agency serves a region that

is highly suited for both logistics and industrial manufacturing—the area boast a bustling harbor, free industrial zones, rail links, a sizable semitrailer fleet, an international airport, a culture that rewards industrial activity, and a cache of human capital that evolved to suit its needs. Encompassing the provinces of Mersin Province, which has been added to the Marine Highways Project together with the Middle East in the plan to expand the EU transportation network; and Adana, positioned as the energy bridge of Europe, the Çukurova Development Agency's provinces could well reach the level of Turkey's big industry towns says Zekeriya Şarbak, the agency's secretary general. The agency "will continue its activities in all economic, social, and cultural fields of development within the scope of the regional development program with a diversifying, continually increasing push in the coming term," says Şarbak.

The aggregate results of the micro-level efforts of the development agencies are quite striking, too. So far, in Turkey as whole, allocations for projects called by proposal increased by a minimum of 100% every year since 2008.

Regional development agencies (RDAs) could be characterized as the new institutions behind the regional development policies whose objectives and toolsets changed within the process of localization, which gained importance in parallel with globalization in the general course of the world economy. Increasing in number continually, RDAs opened a new era in regional development in Turkey, which focused on centralized policies until today, as it boosted local actors' participation in the economy. The wealth spread across the country and the transformation being facilitated is likely to become even clearer as these initiatives mature—just as how the discoveries in Göbeklitepe changed many things we thought we knew about the course of history.

# 11. NORTHEAST ANATOLIA DEVELOPMENT AGENCY

**22.5**  
MILLION TL  
INVESTMENT IN  
2011



Winter tourism, cultural and faith tourism, outdoor and adventure tourism, health, and geothermal spring tourism

**ALLOCATIONS FOR PROJECTS HAVE BEEN INCREASING RAPIDLY SINCE 2008**

