INTRODUCTION

The paper mainly focuses on the institutional performance of İzmir Development Agency (İZKA) for İzmir Regional Plan 2010-2013 activities. Main objective of the research has been to assess the extent of İZKA’s performance for the implementation of Regional Plan in the context of its organizational structure. Theoretical findings indicated that institutional settings have played significant roles in shaping regional development. In this sense, this study relates to two bodies of literature, i.e. institutional theories and their transition to regional development field. Clearly institutional approaches have attracted considerable attention for the last three decades. Although a great deal of views offered broad and complex definitions, institutions were mostly expressed through two interconnected forces comprising in formal, i.e. laws, rules, regulations, organizations as well as informal, i.e. human behaviour, social norms, community actions, conventions.

Even though the contents of institutions evolve under changing conditions, through space and over time, Scott (1995, 2004) follows up a comprehensive and multi-disciplinary way by considering institutions under three elements, i.e. regulative, normative and cognitive. While regulative elements mostly reflects formal sides of institutions, normative and cognitive elements mostly emphasizes social obligations in accordance with informal aspects. According to this approach, most economists and those constitute rationalist approaches to institutional theory dominate the regulative side of institutions (Mayer, 2003; North, 1990; Scott, 2004) whereas recent sociologists, political scientists and those who approach this issue from other disciplines emphasize the cognitive and normative sides (Amin and Thrift, 1995; Morgan, 1997; Scott, 1998, 83-8; Lakshamanan and Button, 2009).

This paper is concerned with the institutional building efforts and their transition into regional policy. The reviews developed within this...
framework put forward the argument that institutions have long been neglected in the regional policy action. In this context it has been argued that prior to the 1970s, regional issues were weakly institutionalized. This period failed to integrate institutional settings and regional development. Then, it has been discussed widely whether institutions matter in development, and thus cause growth or not. During the period between 1970s and 1990s, institutions became a focal point for regional development policies along with the rising significance of regions in a globalizing world. Currently, however, assessing what kind of institutions are to be created for regional development for more effective plans and successful implementation processes needs to be discussed. Subsequently, an emphasis underlying the diversity of institutions and their comprehensive perspectives in regional development and initial attempts for institutional building at regional level came to the forefront in policy and practice since the 1990s.

Theoretical grounds have accordingly shaped the regional policy in Turkey with respect to institutional restructuring process, too. The issues of regional disparities and regional competitiveness have been one of the significant problem areas for years. Regarding this, various policies and tools have been developed to decrease regional disparities and to accelerate local and regional development. Following regional development trajectories around the world, regional policy activities have gained momentum in Turkey, as well. Thereby, regional development plans, called as The South-eastern Anatolia Project (GAP), The Zonguldak- Karabük-Bartin Regional Development Project (ZBK), The Eastern Anatolia Project (DAP), The Eastern Blacksea Regional Development Plan (DOKAP) and The Yeşilırmak River Basin Project were formulized. However, these plans, particularly dominated by the central system could not been implemented adequately with the exception of GAP. Although comprehensive and integrated regional planning approaches were adopted, the attempts remained limited due to the lack of institutional capacity at regional level.

Due to the already experienced policy failures, building necessary institutional mechanism at regional level was necessitated. It was claimed that Europeanization process made a cross-cutting impact on weaker local system, resulted from the enhancement of regional institutional infrastructure in shaping and organizing regional development.

Driven by the alignment process of regional policies to the EU norms, a more regionalized and decentralized model has entered into the Turkey’s regional political agenda. It has been an important step from a centralized state towards a multi-level governance model. In this context, the arrangement of NUTS classification in accordance with the EU’s statistical regional structure was firstly defined and subsequently, 26 Development Agencies (DAs), which were derived from NUTS-II regions, were established with the Decrees of Council of Ministers as a result of top-down political action. Thus, Turkey’s centralized structure has been challenged by the enactment of The Law on The Establishment and Duties of Development Agencies (No: 5449). After the completion of DAs, SPO (State Planning Organization) asked agencies to prepare strategic regional development plans (2). For the first time, the responsibility for preparation of regional plans was given to DAs in Turkish history. Thus, first regional plan was produced at regional level by İZKA and İzmir Regional Plan 2010-1013 was approved by SPO on 16.06.2010. In order to assess currently existing institutional performance of DAs in regional plan activities, İZKA has been undertaken as a case study area by using a number of criteria.

2. After the new regulation with the Decree Law No.641, State Planning Organization (SPO) is transformed into Ministry of Development.
Although the institutionalization of DAs needs a long process, when considered İzmir Region; a series of drivers have shorten this long process of İZKA. These major derivers are mainly its local powers including both private and public sector, its institutional arrangements which is also a leading region of Turkey, the rising level of local activism from the early 1990s and endogenous dynamics of the region.

After the determination of İZKA, this study was designated into two stages. In the first stage, factors that shall attribute institutional performance were identified in the light of institutional approaches. In the second stage, the performance of İZKA was assessed over these factors. The effectiveness of İZKA in performing Regional Plan was handled in terms of internal and external effects of this Plan.

CONCEPTUAL FRAMEWORK OF REGIONAL POLICY IN THE CONTEXT OF INSTITUTIONAL APPROACH

Regional development strategies are derived from the combination of various factors (human capital, innovation, both hard and soft infrastructure, labor force, accumulation of capital, financial flows etc.) and within the scope of this, one of the most and basic constituent factor of regional development which this paper wishes to address is that of institutional settings. The paper suggests that institutional settings are key drivers in formulating and operating effective regional policy practices. With regard to this point, the study initially looks at the theoretical basis in institutional approaches. It can be clarified that theoretical foundation of institutions has a broad and complex framework. In this sense, the significant contribution of North (1990) on institutional studies is particularly noteworthy. According to him, institutions are ‘rule of the games’ and ‘the humanly devised constraints that structure political, economic and social interaction’. In keeping up commonly accepted viewpoints, (Amin and Thrift, 1995; Kayasü, 2004; North, 2003; Storper, 1997) institutional structure may build upon three combinations: (1) formal rules, comprising the regulations such as laws, decrees, organizations and so on; (2) informal constraints, comprising social norms, a set of beliefs, conventions, individual behaviours and this kind of community actions, and (3) their enforcement characteristics, indicating the effectiveness of these formal and informal institutions in policy action.

There needs to be looked at theoretical basis of institutional approaches with respect to regional development. Recent studies have shown that there is a significant link between institutional capacity building and regional development. However, this formation process has been evolved over time and during the historical progress, the entity of institutions has been shaped resulting from the structural changes in policy action (North, 1990; Amin and Thrift, 1995; Keating, 1997; Storper, 1997; Cooke and Morgan, 2000; Scott and Storper, 2003; Kayasü and Doydük; 2004). Theoretical concepts about institutions present a very complex framework. In order to constitute a better understanding of the content of institutional theories, a general assessment would be helpful. Institutional approaches in the field of regional development have come from the economics and it places institutions at the centre of economic behaviour which formally established and neglects informal sides. Later on, it has been realized that new institutional forms are constrained in social context and contemporary regional economy operates its principles in social rule-based (Amin and Thrift, 1995; Lakshamanan and Button, 2009; Morgan, 1997; Scott and
Storper, 2003; Rodríguez-Pose, 2009). It is recognized that most economics and rationalist dominate regulative side of institutions while recent sociologist, political scientist etc. emphasize cognitive and normative sides (North, 1990; Scott, 1995; Scott, 2004). Regarding to this particular point, Scott (1995, 2004) presents a conceptual schema both capturing the earliest and recent theories. As pointed out by him (2004, 8), “institutions are variously comprised of cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life”. Therefore, new approach puts on a broad view of institutions, emphasising regulative, normative and cognitive structures. Drawing on this basic hand, it allows to refer some remarks, concerning a sharpen distinction between governance institutions (related to legal issues and capacity building) and economic institutions.

Following a clarification of theories about institutions briefly, institutional approaches within the field of regional development are the other relevant issues that need to be discussed. Firstly, regions were existed as a geographical expression of central government’s action in the hierarchical system and the presence of institutions has long been ignored in regional activities. Throughout the 1950s and 1960s, regional policies had been structured by external capital transfers to articulate welfare under the cover of state arrangements. The existence of an institutional setting had initially been perceived as being spontaneous and self-evident. The main aim was to strengthen those public institutions that had been established along with the nation states. Following of a series of economic crisis and industrial restructuring process, a framework for regional development that was based on local assets was adopted as a more favorable approach in the new era. In this sense, the issue of whether institutions matter in regional development or not was placed at the centre of this discussion. After centralized inventionary type of state actions were replaced by the neo-liberal policies, it led to the expansion of private entrepreneurism in regional development. However, global order envisaged that regions would not draw up a single artificial mode. This was the evidence of why only certain regions become a centre of local success while others are not able to active in the same result. Thereby, the last solution that theories adopted, involves the regional survive by activating their competitive power and the construction of specific identities by taking account of local circumstances in policy action. In regard to this, institutional approaches underline the concept of ‘context-specificity’ and ‘path-dependency’ (Amin, 2004; Camagni, 2008; North, 2003; Storper, 1997). Thus, since recent discussions have highlighted the issue of ‘capacity building’, the question of what kind of institutions can be built has come into the agenda since the 1990s.

Drawing on the theoretical frame, it has been observed that institutions are recognized as a significant factor in shaping regional development, but limited analytical analysis which exactly indicates the linkage between institution and regional success have been done due to the depending on the nature of embeddedness in social context. Thereby, the assessment of institutions is quite difficult in terms of their endogeneity with development factors. The reason is that institutions not only consist of formal content, but also informal content such as behavioural roles, social and cultural norms, values and interaction patterns (North, 1990; Storper, 1995; Amin and Thrift, 1995; Kayasü and Doyduk, 2004). However, it is seen that there have been many attempts to assess institutional performance. In keeping up literature reviews, different views determine
different factors that can play effective roles in institutional performance. while according to some (Amin, 2004; Camagni, 2008; Fukuyama, 1995; Morgan, 1997; Keating, 1997; Porter, 1993); socially constructed institutions, with a special emphasis on social capital, participation and network relations, facilitate regional development, others (e.g. Keanu, 2001; North, 1990) tend to describe this issue with adequate administrative capacity, endowed with human resources and financial tools. Some of them (Cooke and Morgan, 2000; Healey, 1998; Putnam, 1993) states that the effectiveness of institutions depends on the building cooperative relations and strong involvement of actors. Further, it is recognized that some researches generate new terms such as ‘institutional thickness’ (Amin and Thrift, 1995), ‘territorial capital’ (Camagni, 2008) or ‘untraded interdependencies’ (Storper, 1997).

REGIONAL POLICY PRACTICES AND EXPERIENCES IN TURKEY WITH RESPECT TO INSTITUTIONAL APPROACH

After the exploration of the conceptual framework, there have been certain reflections of institutional approaches on Turkey’s regional policy, too. It is known that Turkey has been considerably characterised by disparities among regions for years. Since these disparities have been one of the significant problems of Turkey, regional policy area has entered into Turkish political agenda. With respect to institutional approach, the country has implemented various policies and tools to get a balanced structure of interregional disparities, to enhance regional development and to provide sustainable growth. Considering the targets; national development plans, regional plans/programs/projects, investment incentives, Priority Development Areas policies, provincial development plans, rural development projects were engaged as major instruments. The aim is thus concerned with the understanding of existing regional policy efforts in Turkey under three steps.

• pre-planned period

Prior to the planned era until 1960s, main objective had been based on the physical settlement plan as a public tool rather than regional development plan. The priority was mostly given to national development. Until the 1960s, there were no direct responsible institutions established for regional development in Turkey and so far that year, rather than regional growth, development at society and national level were prioritised. During the pre-planned period, redistribution of public services was the significant movement where the state revert the process towards an interventionist approach in order to develop national economy. As also revealed by Ertugal (2005:6), strong centralised tradition did not permit sub-levels to govern due to the fact that the bureaucratic centre knew the best and the fear of losing monopoly power in case of devolution of the authority.

• planned period with the establishment of SPO

With the beginning of the planned era after the establishment of SPO, which was the first direct responsible institution for national and regional planning; an integrated planning approach came into the agenda. From 1960 to 1990s, to overcome imbalanced development among regions and to increase welfare level, especially those who live less developed regions, became main tasks of SPO in formulating regional development plans. In line with this fact, various regional development plans were prepared by
taking into account the integration between spatial dimension and sectoral priorities.

Earlier regional development experiences in the planned period were the Eastern Marmara Project, Çukurova Region Project, Zonguldak Project, Antalya Project and Keban Project. Since then, the planning efforts which began quickly right after the establishment of SPO, slowed down during the period 1970 to 1985. Recession process in regional activities was experienced due to the economic and political problems i.e., the announcement of strict management, September 12 Coup and rule changes. After the stagnation period, regional policy activities gained momentum again with the resurgence of political attempts. Therefore, The Southeastern Anatolia Project (GAP), which was the biggest multi-sectoral and integrated regional development project, was put into practice in 1989. When assessed the status of GAP, it can be claimed that the project has been the most successful one among the other regional development plans until recent years.

Since 1999, driven by alignment process; regional policies were developed in cohesion with EU regional policies. After gaining official status in the accession process, structural reforms have gradually introduced and subsequently; new projects, called as Zonguldak Bartın Karabük Project, The Eastern Anatolia Project (DAP), The Eastern Blacksea Regional Development Plan (DOKAP), Yeşilkırı River Basin Development Project, and several rural development projects were launched. Although comprehensive and integrated regional planning approaches were formulated, none of them could be implemented properly.

- **ongoing planned progress, followed by EU membership efforts**

Although regional planning issue has entered into Turkey’s political agenda since 1960, regional attempts could not work efficiently in practice. Discrete regional projects, dominated by the central system, were not carried out adequately. However, Europeanization process made an impulsive effect for Turkey to configure its regional policy in the context of EU requirements.

Since Turkey has developed compliance mechanisms in regional policies to meet EU Accession criteria, it challenges the transformation of domestic political structure. These efforts lead the creation of the ‘region’ compliance with the EU norms. Since ‘the regional level’ is critical for EU’s regional policy, it became essential as an institutional unit in policy-making. However, the term ‘region’ had been seen as a sensitive issue in Turkish political system for years. Following internal and external changes coming from the alignment process, multi-level governance model of EU has challenged the economic institutional settings. In line with the announced strategic documents, i.e. National Program for the Adoption of the Acquis (NPAA), Accession Partnership Documents, Regular Progress Reports, a more decentralized and regionalized model has been forced to adopt. In these documents, it is stated that the necessary mechanism should be entailed in a decentralized manner and a more participatory approach for the effective implementation of regional policies should be built. Therefore, a system similar to NUTS (Nomenclature of Territorial Units for Statistics), based on the statistical classification of the regions in EU was established in Turkey with The Decision of the Council of Ministers No.2002/4720 on 22 September 2002. Subsequently, The Law on the Establishment, Coordination and Duties of Development Agencies was approved by The
Council of Ministers in 2006. According to The Law (No: 5449), SPO was defined as an institution that provides the coordination of Development Agencies at national level.

**An overview of regional policy practices in Turkey**

Recent regional development plans were formulized within the scope of institutional reform to meet regional convergence criteria; yet, these attempts remained limited. At this point; the following the map and the figure can be explainable to what extent inter-regional differences continue in the current situation.

It is not surprising to see that there are certain differences between western and eastern part of Turkey. While İstanbul Region (TR10) is the most prosperous NUTS-2 region with 10.352 USD share out of the Gross Value Added per inhabitant, Mardin Region (TRC3), Van Region (TRB2) and Erzurum Region (TRA1) take the lower shares with 2.887 USD; 2.255 USD and 3.760 USD. In terms of Gross Value Added per inhabitant, it can be said that there is 4.4 times of differences between the richest NUTS-II Region (İstanbul-TR10, 10.352 USD) and the poorest one (Van, Bitlis, Muş, Hakkari-TRB2, 2.355 USD).

Considering inter-regional development differences in comparison to EU-27 Regions, it is observed that 5 most developed regions of Turkey are lower than EU 27 Regions average. The figure is important to see to what

![Figure 1](image1.png)

*Figure 1. Inter-regional development differences, Gross Value Added per inhabitant, 2006. Source: DPT, 'Kalkınma Ajansları', Presentation, 2011.*

![Figure 2](image2.png)

*Figure 2. Inter-regional development differences in comparison to EU-27 Regions, Gross Value Added, EU-27=100, 2006. Source: Data sourced from EUROSTAT, 2011.*
extent regional convergence is achieved as well as how much EU average is caught up. When EU 27 is taken as 100 index in terms of gross value added, TR10 (İstanbul), TR42 (Kocaeli) and TR41 (Bursa) have the highest level among the NUTS-II regions. This is followed by TR51 (Ankara) and TR21 (Tekirdağ).

It has been observed that regional policies, determined by central authorities up to now have not line up to expectation. With a special emphasis of institutional issues, the reasons to reveal why regional policies were not implemented efficiently can be ranged as follows;

- Turkey’s political agenda has always put special emphasis on the national development. Since the priority has been given to macroeconomic growth, regional planning issue was partly neglected.

- Regions have long been constituted as a sub-unit of nation state in Turkey. Under the closed and formal mode of central authority, SPO was the main actor for the implementation of the regional policies. Due to the highly centralized decision-making at the central, the devolution of responsibility to other regional authorities could not been achieved properly.

- A standard contingency approach was adopted to solve the problems of regions although each region had unique structure and different internal problems. The plans remained static and partial which were characterised by SPO, which was the only powerful role to direct regional actions from outside instead of coordinating institutional inter-linkages. The lack of institutional capability of local authorities and weak civil society structure in the regions constituted a challenge in policy formulation and implementation process.

<table>
<thead>
<tr>
<th>Period</th>
<th>Sub-Period</th>
<th>Characteristics of Institutional Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-planned Period (1945-1960)</td>
<td>Etatism Period (1923-45)</td>
<td>- closed, protectionist and inward-looking approaches</td>
</tr>
<tr>
<td></td>
<td>Liberal Period (1945-60)</td>
<td>- neglecting institutional dimension on regional scale.</td>
</tr>
<tr>
<td></td>
<td>Recession process in regional activities (1970-1985)</td>
<td>- Closed and formal mode under central authority and weakly institutionalization.</td>
</tr>
<tr>
<td></td>
<td>Regeneration process in regional activities (1985-2000)</td>
<td>- With the introduction of neo-liberal policies, entrepreneurialism and re-organization of institutions in regional development although lack of institutional capacity of local areas.</td>
</tr>
<tr>
<td>Ongoing Planned Progress, followed by EU membership efforts (2000-onwards)</td>
<td>The start of EU accession process (2000-2006)</td>
<td>- Limited complimentary type of relations and interaction mechanism despite the decentralization and fragmentation tendencies in regional policy.</td>
</tr>
<tr>
<td></td>
<td>Europeanization process (2007-2013)</td>
<td>- Static and partial practices in regional projects, characterised by top-down policies under the traditional character of centralized government.</td>
</tr>
</tbody>
</table>

Table 1. Regional Policy Process in Turkey
• The notion of common enterprise by local communities in regional plans remained weak. It can be concluded that there was not strong cooperation and participation between the central administration, local authorities, private sectors and civil society in Turkey. In this sense, since regional policy was dominated by state-driven policies, there was limited concern to the multi-level governance mechanism through which national, regional and local authorities are involved within the policy formulation and implementation process. Thus, Table 1 can summarize regional policy process based on the institutional dimension.

As a concluding remark, it can be said that the failures of earlier regional policy practices stem from the lack of institutional infrastructure in terms of formal and informal settings on the region. Thanks to the relevance of the policy failure, it needs to make necessary institutional mechanism and to strengthen this capacity at regional level. After being realized that, a shift towards a more decentralized and regionalized model during the pre-accession process is idealized. However, to what extent this is successful in Turkey remains as an open question.

REGIONAL DEVELOPMENT AGENCIES IN TURKEY

Regional plans prepared at different times could not properly find opportunity to implement with the exception of the Southeast Anatolia Project (GAP). In line with the changing conditions and approaches, Turkey has recently begun to harmonize its regional policy to EU Regional Policy process. Thereby, recent structural reforms have been operated around the establishment of necessary institutional mechanism and strengthening this capacity for the effective implementation of regional policies.

Initial attempts were explored by local initiatives, especially those from business sector and non-governmental actors in the beginning of 1990s. In this content, Entrepreneur Support and Guidance Centres (GIDEM), Aegean Regional Development Foundation (EGEV-EBKA), Chamber of İzmir Commerce and Industry (IZTO), Mersin Development Agency, Samsun Regional Economic Development Council (SAMSUN-SABEK) and Western Mediterranean Development Foundation (BAGEV) were seen as precursors of DAs. Thereafter, 26 NUTS-II Level regions were legally envisaged with the approval of The Law on the Establishment, Coordination and Duties of Development Agencies by The Council of Ministers in 2006.

According to The Law No.5449 (Article 1),

“Development Agencies are organized for the purpose of accelerating regional development, ensuring sustainability and reducing inter-regional

Table 2. The Establishment of 26 Agencies in Turkey. Source: DPT, 2010.
and intra-regional development disparities in accordance with the principles and policies set in the National Development Plan and Programmes through enhancing the cooperation among public sector, private sector and non-governmental organizations, ensuring the efficient and appropriate utilization of resources and stimulating local potential.”

As a result of these attempts, the establishment of DAs were defined as the first decentralized responsible institution at regional level. When it comes to legislation process of DAs, a series of regulations came into force to provide basic legal environment for the institutionalization of DAs. Following the Law on the Establishment and Duties of Development Agencies No. 5449; a total of 26 DAs have been established by the Decrees of Council of Ministers, published on the Official Gazette under three stages. Following the two pilot DAs that had been established in 2006, this was followed by 8 DAs in 2008 and 16 DAs in 2009 with the Decree of the Cabinet.

THE ASSESSMENT OF INSTITUTIONAL PERFORMANCE IN İZMİR DEVELOPMENT AGENCY

Research Proposal

Right after the completion of the establishment process, each of development agencies was required to prepare strategic Regional Plans by SPO. Thereby, it was evident that regional development plans started to be prepared by development agencies for the first time at regional level in Turkey. Since agencies firstly experience the plan preparation process, their contribution to the regional development was differentiated according to their institutional capacity building efforts.

In this context, main focus in the paper concentrates on the currently existing institutional performance of DAs in regional plan activities. In order to assess enforcement characteristics of them in regional policy, İzmir Development Agency was selected as the case study area according to a number of criteria.

Although DAs were established as a result of EU integration process, preliminary attempts were raised from local initiatives, particularly
from private sectors and non-governmental organizations in İzmir Region. Considering the roots of decision to establish DAs, it is seen that institutional arrangements in İzmir clearly differ from others. As a pioneer position, İZKA is one of the advanced DA which have gained much experience on regional development since 1990s. As said by Ertugal (2005:15), “lack of regional planning by SPO for the Aegean Region has ironically left a vacuum and helped the emergence of a region-wide bottom-up institutional network”. As a precursor of İZKA, The Aegean Economy Development Foundation (EGEV) was formed by business sector in the early of 1990s and then, it led to the emergence of Aegean Region Development Agency (EBKA). Since it sought to bring together local authorities, involving business associations, provincial governors, municipalities, chambers, universities, it has gained a developmental status in fostering the region’s potential. The cooperation of various developmental organizations facilitated the effective institutional setting at the local level so that regional development agency mentality was adapted to the region.

2010-2013 Regional Plan, prepared by İZKA is the first regional development plan which guidelines other agencies during the preparation process of their plans. This makes it especially necessary for other 25 Agencies to set up the capacity for development opportunities. Furthermore, İZKA has an active policy strategy, shaped by international linkages. The Agency has developed links with EURODA in attaining regional development structure. Best practices of regional development activities in European countries shed light on the future development of İZKA by sharing experiences and knowledge with them (Kayasü et. al., 2009).

Research Design

It is stated that the paper aims to assess institutional performance of İZKA for the implementation of İzmir Regional Plan 2010-2013. In order to find answer this research, common factors that shall contribute the institutional performance are composed in the light of literature reviews. The paper firstly claims that there are a large number of factors which have significant impacts on The Agency’s performance. Since there are a large number of factors and it seems impossible to insert all of them, potential factors that may clearly be indicative for institutional performance are determined. These factors are grouped into three dimensions (regulative, normative and cognitive) by adopting Scott’s comprehensive analysis about institutions (1995, 2004) for systematization. Therefore, the research design has been formed into two stages. In the first stage, the factors under three headings (regulative, normative and cognitive) were determined concerning to the fact that what kind of performance is necessary to facilitate regional plan. Derived from the literature reviews, common factors that shall allow assessing the performance are designated.

Following the identification of factors, İzmir Development Agency has been assessed over these factors in the second stage in terms of internal and external impacts.

i. Internal effects: The effectiveness of İZKA based on the direct outcomes of İzmir Regional Plan for society and organizations.

ii. External effects: The effectiveness of İZKA based on the wider impacts of İzmir Regional Plan on İzmir Region and its hinterland.
Legal regulators (North, 1990)
- Laws, regulations and decrees
- Organizational structure and the status of İZKA
- Duties and Authorities of The Agency
- Budget and Audits

Identification of how legislative framework provides responsibility and authority to the Agency

Administrative regulators (North, 1990)
- The impacts of legislation on the capacity of İZKA
Clarification of how new organizational system creates a change into the former management system and possible reflections of the legislation to the Agency

Social capital (Camagni, 2008; Putnam, 1993; Fukuyama, 1995)
- mutual awareness among the actors
- common enterprise
- integration and coordination
Identification of soft policy instruments of İZKA in İzmir Regional Plan activities for the utilization of social capital

The diversity of participation (Camagni, 2008; Eraydın, 2007; Morgan, 1997)
- the conversion power of participation on decision-making process
- collective sense of responsibility and its success
The effectiveness of participatory approach in decision-making process and performance activities of İZKA

Human capital (Keating, 1997)
- quantity and quality of employees
- skill base
- open and competitive recruitment system
Human resource policy of İZKA

Decision-making process (Keating, 1997)
- the quality of participation
Identification of collective actions by encompassing related actors

Cultural identity (Scott and Storper, 2003)
- images of the society in terms of adaptability to new changes

The interaction of İZKA to the neighbouring Agencies

Exploratory, qualitative approach in analyzing the institutional performance of İZKA is formed in the study. As the most common qualitative method, in-depth interviews were carried out in order to see interviewees’ perspective on research topic. As the secondary data, the documented text (desk research, İzmir Regional Plan 2010-2013, site visits, literature surveys and other documents relating to The Agency) was incorporated in the research method.
In the regulative aspects of İZKA, it is aimed to identify to what extent legislative framework gives responsibility and authority to The Agency. Considering the legal regulator, the legislative environment made The Agencies possible to develop its administrative capacity. After the announcement of The Law No.5449, fundamental regulations involving working principles, employments and budget of DAs put into force. These legislations have opened up the institutional formation of DAs by defining organizational structure, competitive and high qualified recruitment policy and flexible financial resource.

They are designed as development units acting as catalyst, supporter and coordinator, but not implementer as well as dynamic structures inspired by private sector logic. Considering its tasks and organizational structure, there is a tendency to work mostly within the governance approach against the prevailing state structure. Since it is proposed to build such a mechanism where public, private sector and civil society organizations are

<table>
<thead>
<tr>
<th>Law</th>
<th>Date</th>
<th>Legislation</th>
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<tbody>
<tr>
<td>The Law on the Establishment and Duties of Development Agencies (Law No:5449)</td>
<td>08.02.2006</td>
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<tr>
<td>The Establishment of İZKA as The Pilot DA and the Decree on The Working Principles</td>
<td>06.07.2006</td>
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<tr>
<td>Regulation on the Personnel Regime</td>
<td>25.07.2006</td>
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<td>Regulation on the Budget and Accounting</td>
<td>28.09.2006</td>
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<td>Regulation on Project and Activity Support and complementary documents (Guidelines for Support Management)</td>
<td>08.11.2008</td>
<td></td>
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<tr>
<td>Regulation on Internal &amp; External Auditing Procedures</td>
<td>03.08.2009</td>
<td></td>
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<tr>
<td>Regulation on Regional Planning &amp; Programming (currently being prepared) in case of the preparation of Regional Plan Guide</td>
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</table>

Table 5. Legislation Framework of Development Agencies.

### Research Findings

**Internal Effects of İZKA**

**Regulative Aspects**

In the regulative aspects of İZKA, it is aimed to identify to what extent legislative framework gives responsibility and authority to The Agency. Considering the legal regulator, the legislative environment made The Agencies possible to develop its administrative capacity. After the announcement of The Law No.5449, fundamental regulations involving working principles, employments and budget of DAs put into force. These legislations have opened up the institutional formation of DAs by defining organizational structure, competitive and high qualified recruitment policy and flexible financial resource.

They are designed as development units acting as catalyst, supporter and coordinator, but not implementer as well as dynamic structures inspired by private sector logic. Considering its tasks and organizational structure, there is a tendency to work mostly within the governance approach against the prevailing state structure. Since it is proposed to build such a mechanism where public, private sector and civil society organizations are

![Figure 4. The organizational structure of İZKA. Source: http://www.İZKA.org.tr/en/kurumsal/organizasyon-yapisil/](http://www.İZKA.org.tr/en/kurumsal/organizasyon-yapisil/)
composed at the local level, it favours bottom-up policies. There are 3 basic organisational structure of İzmir Development Agency. The organizational structure of İZKA is as follows:

The first one is the Development Board which gives consultative decisions in order to guide the Agency although their decisions are not binding for The Executive Committee. It involves a broad participation, composed of hundred people, which thirty percent of the members constitute the representatives from public institutions and organizations whereas seventy percent is from the private sector, non-governmental organisations, and universities. The second structure is Executive Board as decision making body of The Agency. The members of the Administrative Board of İZKA are Governor of İzmir, Mayor of İzmir, President of Provincial Council, President of İzmir Chamber of Commerce, President of Aegean Region Chamber of Industry, 3 delegates elected from the members of Development Board. The third one is The Secretariat General as executive body of the Agency. The executive head of the agency is the General Secretary, who is proposed by the Administrative Board and approved by the SPO. Within the framework of regional plan and programs, the executive body is responsible for preparation, implementation, monitoring and evaluation of plan, programs, projects funded by the agency. After a clarification of the formal regulators, ‘administrative regulators’ put forward the consistency between the roles of The Agency in the legislation and its functions in practice. İZKA encountered difficulties in the building process since the Union of Chamber of Turkish Engineers and Architects (UCTEA) claimed that the concept of ‘region’ constituted a separatist movement. Right after the publication of The Law No: 5449, UCTEA sued for the repeal of No. 2006/10550 Decree of the Cabinet. Thus, Council of State decided to stop the execution of Law No. 5449 and sent the Law to the Constitutional Court on 14.03.2007. Thereupon, on 30.11.2007 the Constitutional Court decided that there was no contradiction existed in The Law on DAs. Since the autonomy and sovereignty discussions about Regional Development Agencies (RDAs) were raised, SPO decided to change the term and accepted the ‘Development Agencies (DAs) instead of RDAs. It was understood that ‘being regional’ did not mean the division of national borders and pose a threat for the state structure; on the contrary, Agencies have public legal entity as the regional institutions. As stated by The General Secretary, it is realised that central policy making remained limited and regionally-based development bodies were desired.

As a new structure, İZKA led to a change in the former public administration system. When compared to this new administration system through DA model with the classical system, the central difference is the locality. Considering general characteristics of DAs, İZKA mainly seeks endogenous dynamics of the region and attracts foreign investment. However; common problem is the lack of adequate legal basis and unclarified regional plan making authority. Legal basis of regional plans is merely referred by Planning Law No. 3194 and there is no regulation about regional planning and programming. Performance principles should have been clearly introduced by eliminating legal uncertainties during The Plan period. Regulations concerning the preparation and implementation process of The Regional Plan should be made earlier. The particular solution is to set out a common regulatory frame for The Plan coherence among the agencies. It surely becomes problematic after the approval of plans.
It can be also argued that current legislation limits the authority of DAs. Although agencies are non-governmental institutions, second legislations make it necessary to act as the public. It can be noted that it brings public weightiness to the system due to the exploration of secondary legislations. Since financial support programs, budgets and Regional Plans are submitted to SPO for the approval, it leads to set up strong ties with it. However, one should note that how many decisions go to SPO for approval; the less flexible you are in decision-making. It can be concluded that public weightiness in DAs are stemmed from secondary legislations, not from organizational structure.

Apart from the centralized ruling tradition, other problem is the difficulty of hard provincial administration. This strict system makes more difficult to take decisions at regional level. Therefore, local administrative organization is forced The Agency to move at a more micro level. It is taught that the sense of regional thinking will take time for all actors in the region (KBAM, 2010). The authority conflicts among the different-sized institutions are a natural consequence of this system (Kayasü, 2007).

The last issue that needs to be emphasized is that İzmir Regional Plan is not only be perceived as The Plan of İZKA. Instead, the plan should be regarded as the plan of entire region. Hence, the implementation responsibility belongs to all relevant actors in the region. In order to be successfully implemented, legal grounds in the charge of guiding the regional development strategies are necessary. Just as it is expressed in The 9th National Development Plan that the national plan is mandatory for all public sectors and incentive for private sectors, what all institutions and organizations would be expected from regional plans must be expressed in this regulation.

Normative Aspects

Institutions have not only hard organizational side but also have soft instrumental side (Storper, 1997:268). Since the responsibility for performing The Plan belongs to all relevant actors in the region, The Agency should build a coordination and cooperation mechanism where multi-level actors with different backgrounds are composed within the governance system.

For the realization of this aim, one of the potential duties of İZKA is to bring spatial perspective to sectoral and thematic issues. The development oriented system directly favours the spatial focus of regional policy. However, this type of organizational approach may run the risk against the strict sectoral-institutional structure. As noted in 2010 Annual Report of İZKA, The Agency is perceived as a key institution that restricts other institutions working in the field of development activities (İZKA, 2010:59). Thereby, there is an uncertainty in the position of former institutions existing within the classic administration system after the exploration of new organizational structure.

In aiming to understand how social capital is utilized as a policy action, the preparatory process of The Plan has encompassed with participatory planning technique, including more than 500 representatives of institutions and dozens of workshop over the period of two years. A much wider representation of different segments have been achieved. This is particularly crucial so as to be recognized, adopted and embraced by stakeholders of The Plan (İZKA, Development Board working groups, 2011)
It seems clear that İZKA made a substantial effort to raise awareness and to ensure participation. The Plan has started to be notified to whole society as much as possible. After the completion of Plan, all 30 districts were visited and all relevant representatives from districts, especially mayors and the head official as well as civil society organizations and private sectors were brought together. The content of İzmir Regional Plan was transferred into local actors for the provision of community-based regional development with the strong involvement of local interest groups. In the interviews, it is pointed out that İZKA made substantial efforts for internalisation of The Agency into the region. Correspondingly, some institutions have reported that The Plan has been taken into consideration as a reference in their work programs.

Furthermore, İZKA supports a series of projects, consistent with İzmir Plan for the realization of priorities and targets with its financial program. However, it should be noted that Regional Plan is not only a text in determining project fields that will be financed by the financial support programs of İZKA. Anyway, own financial resources of İZKA are not enough to perform all objectives and priorities of The Plan in the region. However, one should know that The Agency is not a practitioner; instead, it is served as a supporter, coordinator and catalyst.

Besides, there is an increasing recognition that human capital is an important source to stimulate development by mobilizing endogenous capacity of regions. When examined qualifications and status of The Agency personnel, it is seen that there is an open and competitive recruitment system. The personnel work under a contract grounded on The Labour Legislation unlike the classic public administration. There is not a state guarantee issued by State Personnel Law No.657. According to the performance of employees, wage payment systems are subject to change. Wages are determined by Administrative Board according to performance of employees which is measured at the end of each year. It can be said that The Agency personnel have high wages and better physical resources for job satisfaction.

Cognitive Aspects

Cognitive aspects of İZKA are concerned with the associational behaviour of policy-makers, depending on their backgrounds. As pointed out by North (1990), institutional setting is remarkably shaped by the human interactions and behavioural norms. Although there is no doubt that governance model ‘officially’ is adopted by The Law, the system may remain controversial in terms of legitimacy. The formation of such a system based on equally distributed relations from the hierarchal structure may go through a trouble (Eraydın, 2007).

The common view accepted by the interviewees is that participative approach has been adopted in İzmir Regional Plan by encompassing all actors at every stage. Due to the lack of sanction, communication efforts gain importance for the provision of public embracement. Although there is a large contribution of participants in terms of quantity in İzmir, locating all views of participants in practice is difficult. Although it is stressed that participatory principle has carried out at every stage of planning, it does not mean that outcomes of The Plan would be rich. One common problem is the lack of joint working culture. The effects of participation in decision-making process and the acquisition of consensus in implementation activities are quite unclear. It is argued that İZKA struggles with the
miscommunication among institutions through the participatory tools in the interviews. If participants get into the process with their judgments and thus, power sharing in the participation process may be varied. There is little reference by interviews whether participants feel obliged to participate or they really believe their benefits. So, it may influence negatively the generation of joint solutions for common problems. A common mind by keeping dialogue channels active as a result of efficient returns of The Plan should be created.

External Effects of İZKA

Regulative Aspects

SPO has started to develop a strategic framework to steer the regional development activities throughout the country (DPT, 2011). In regard to this, ‘coordination and direction platform at the central level’ is designated as the regulative factor. New elements of regional development approach can be named as Development Agencies, The National Strategy for Regional Development (BGUS) and The Regional Development Committee (BGK). While DAs provide a basic coordination mechanism at regional level, BGUS constitutes the basic policy framework at national level. This strategy aims to determine principles and priorities for regional policy at national level as well as to ensure compatibility between national plans and regional plans. It is envisaged that the coordination and direction platform at the central level will be generated by BGK. One of the development axes in the 9th National Development Plan refers the formation of BGK with the expression of “making regional development policy effective at the central level’. BGK will be a formal platform for the negotiations of policies and practices affecting directly or indirectly regional development. By this way, it will be an interface between central and local authorities (DPT, 2011).

After putting forward the attempts for regional development at the central level, it would be useful to examine their possible reflections to İZKA. One can know that the core field of DAs is to produce strategic regional plans compatible with the national development plans and programs. Nevertheless, the absence of strategic plan definition in the legislation creates a problematic issue (Kayasü, 2007). It is thought to prepare a ‘regional plan guide’ by SPO in order to provide a standard framework for regional planning. However, how this guide will be efficient since development strategies differ according to local regional needs and potentials is an open question. As this guide provides a standard framework, the critical question is that how SPO will accomplish coordination on conducting the same methodology during the preparation process of regional plans.

Normative Aspects

In regard to economic, social, institutional and geographical aspects, certain activities make it necessary to work parallel with other regions. For instance, while working on the port area, potentials of Aegean Region should be paid attention as well as tourism which is also one of the activity area moving together with its hinterland. There are three DAs concerning of İZKA: Güney Ege Development Agency (TR32: Aydın), Zafer Development Agency (TR33: Manisa) and BEBKA-Bursa Eskişehir Bilecik Development Agency (TR41: Bursa). It can be claimed that İZKA becomes a leading agency not only for its hinterland but also for entire regions thanks to the experiences coming from the early 1990s. Moreover, İzmir
Regional Plan becomes a source of inspiration to other agencies during the preparation process of regional plans.

CONCLUSION

After the announcement of Law No.5449, a series of legislations, (i.e. comprising organizational structure, working principles and procedures, recruitment policy, budgets, audits) which makes İZKA possible to develop its administrative capacity, came into the force. The Law introduced a semi-autonomous mechanism where public sector, private sector and civil organizations work together by emphasizing unbureaucratic approaches across the state centered ruling tradition. Unlike the classical local administration system, İZKA has been designed as a regionally-based development body. It can be recognized that İZKA offers a governance mentality by considering duties, organizational structure and financial resources of DAs. Utilization of these factors beneficially is critical for the legitimization of governance model.

The Agency utilized soft policy instruments to enhance effectiveness of İzmir Regional Plan. The first issue that needs to be emphasized is that although this Plan was prepared by İZKA with the participatory approach, the responsibility for performing it belongs to all relevant actors in the region. One should know that İZKA could not perform regional plan on a stand-alone. In this sense, İZKA is not regarded as practitioner, instead; acting as coordinator, supporter and catalyst. Hence, The Agency kept dialogue channels open by emphasizing that this Plan was prepared together as a result of collective actions of local actors with a feeling of ownership. One of the significant roles of İZKA is to build joint mechanism which brings relevant institutions and organizations together to achieve common goals and to conduct its functions effectively. However, İZKA encountered many problems to induce collective action within the governance system since some institutions particularly tend to pay more attention their working fields. It is substantial to provide participation in a belief that this form of participation is able to reflect participatory democracy which shifting decisions through the equality of power among participants.

Considering the fact that building efforts of DAs will take time, İZKA has gained remarkable experiences on regional development since 1990s and it guided to newly established agencies to build institutional infrastructure.

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İZMİR KALKINMA AJANSINDA KURUMSAL PERFORMANSIN DEĞERLENDİRİLMESİ


Kurumsal yapılama sürecinde elde edilen deneyimlerin ardından, bu çalışma; bölge planı faaliyetlerinde mevcut Kalkınma Ajansının kurumsal performansını incelemeyi amaçlamaktadır. Kurumsal altyapı açısından Kalkınma Ajanslarının bölge planına ilişkin nasıl performans gösterdiklerini açıklamada İzmir Kalkınma Ajansı (İZKA) çalışma alanı olarak seçilmiştir. Bu amaçla ulaşmak için araştırma iki aşamalı olarak kurulmuştur. İlk olarak kurumsal performansı etkileyen faktörler belirlenmiştir. İkinci olarak İZKA bu faktörler üzerinden


Anahtar Sözcüklər: bölgesel kalkınma politikası; kurumsallaşma; kurumsal kapasite; Kalkınma Ajansı.
İzmir 2010-2013 Bölge Planının uygulanmasına İzmir Büyükşehir Belediyesi'nin kurumsal performansını değerlendirmek adına derinlemesine görüşmeler yoluya nitel araştırma metodu kullanılmıştır. Buna ek olarak; dökümü yapılmış metinler üzerindeki söylem analizi ikincil veri olarak araştırmaya dahil edilmiştir.

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