

REGIONAL DEVELOPMENT AGENCIES : ENDOGENOUS DYNAMICS AND
REGIONAL POLICY

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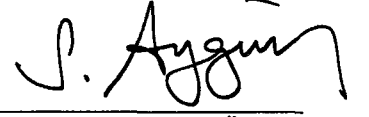
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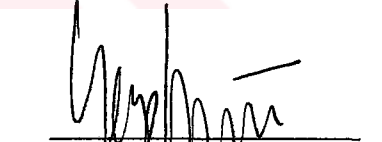


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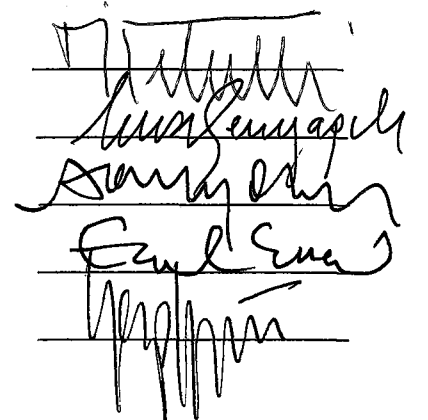
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ABSTRACT

REGIONAL DEVELOPMENT AGENCIES : ENDOGENOUS DYNAMICS AND REGIONAL POLICY

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Globalization, changing production systems, changing role of nation-state have accelerated the emergence of a new kind of bottom up regional policies that have been decentralized to regional and local institutions such as Regional Development Agencies (RDAs) which are more capable of fostering the endogenous dynamics of localities.

The main intention of this thesis is to unravel the functions of Regional Development Agencies in stimulating the endogenous development of a region in the context of globalisation and European integration processes. The basic assumption of the study is twofold; first the region is located at the focal point of economy, corollary to the new regionalist thought. Second, development policies that are regulated and co-ordinated from below and Regional Development Agencies as bottom-up approaches are necessary for developing effective regional plans/strategies as well as fostering endogenous development.

In this framework, this study attempts 1) to examine the new regionalism in Europe, 2) to examine the changes in the regional development policy towards a bottom-up approach, 3) to review the general characteristics of RDAs and to review different RDA experiences

from the EU member states and candidate countries, 4) to search endogenous dynamics of İstanbul in the framework of the RDA activities as the components of these dynamics with surveys and a series of interviews carried out in İstanbul and to suggest some clues for the development of RDAs in Turkey.

Keywords: Regional Development Agencies, new regionalism, regional policy.



ÖZ

BÖLGESEL KALKINMA AJANSLARI: İÇSEL DİNAMİKLER VE BÖLGESEL POLİTİKA

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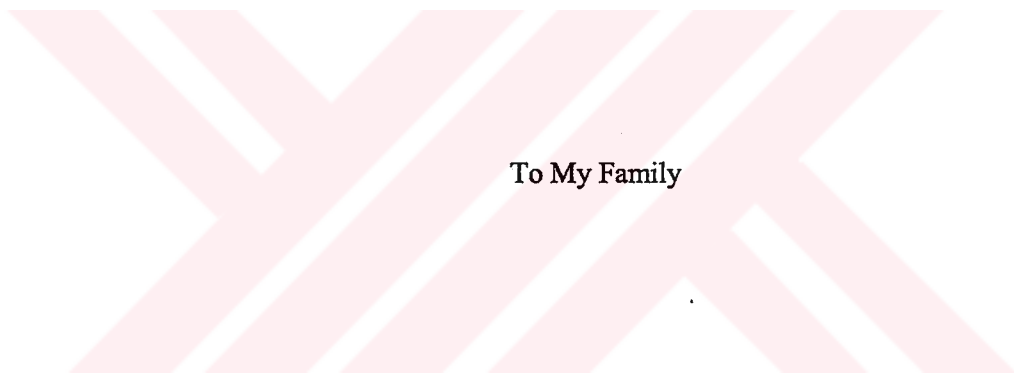
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Küreselleşme, değişen üretim sistemleri, ulus devletin değişen rolü ve Avrupa'daki entegrasyon süreçleri sonucunda bölgesel politikalar aşağıdan yukarıya şeklinde gerçekleştirilmeye başlanmıştır. Bu politikalar, içsel dinamikleri geliştirmekte daha başarılı olan Bölgesel Kalkınma Ajansları gibi yerel ve bölgesel kurumlar tarafından koordine edilmekte ve düzenlenmektedir.

Bu çalışmanın ana amacı küreselleşme ve Avrupa entegrasyonu süreci doğrultusunda BKA'ları ve içsel dinamikleri geliştirmedeki rollerini anlamaktır. Temel çıkış noktası, bölgenin yeni bölgeselleşme yaklaşımlarında ekonominin odak noktasına oturtulması ve aşağıdan yukarıya koordine edilen kalkınma politikası ile BKA'ların bu yaklaşımın bir parçası olarak Avrupa Birliği'ne (AB) aday ülke olan Türkiye'de bölgesel stratejilerin ve içsel kalkınmanın geliştirilmesinde avantajlı olacaklarıdır.

Bu doğrultuda çalışmada, 1) Avrupa'daki yeni bölgeselleşme yaklaşımını, 2) bölgesel kalkınma politikalarındaki aşağıdan yukarıya olan yaklaşıma doğru değişimi, 3) BKA'ların genel özellikleri ve AB'ye aday olan ve üye olan ülkelerden değişik örnekleri, 4) İstanbul'un içsel dinamiklerinin BKA'ların çalışmaları temel alınarak hazırlanan anket ve mülakatlar sonucunda incelenmiş ve Türkiye'de BKA'ların kurulmasına yönelik olarak ipuçları verilmiştir.

Anahtar Kelimeler: Bölgesel Kalkınma Ajansları, yeni bölgeselleşme, bölgesel politika.



To My Family

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LIST OF ABBREVIATIONS

ARP	: Agencja Rozwoju Pomorza S.A- Pomerania Development Agency
ARR	: Agentura pro Regionalni Rozvoj-Ostrava Development Agency
BİTAV	: Science and Technical Research Foundation
ÇEVKO	: Environmental Protection and Disposal Recycling Foundation
DAP	: Eastern Anatolia Project
DEİK	: Foreign Economic Relations Board
DOKAP	: Eastern Black Sea Regional Development Plan
DPT	: State Planning Organisation
DTM	: Undersecretary of Foreign Trade
EAGGF	: European Agricultural Guidance and Guarantee Fund
EBKA	: Aegean Region Development Agency
EC	: European Community
EGEV	: Aegean Regional Development Foundation
EKA	: Economic Development Agency
ERDF	: European Regional Development Fund
ERVET	: Ente Regionale per la Valorizzazione Economica del Territorio
ESF	: European Social Fund
EU	: European Union
EURADA	: European Association of Regional Development Agencies
Eximbank	: Export Credit Bank of Turkey
FIFG	: Financial Instrument for Fisheries Guidance
GAP	: South-eastern Anatolia Project
GİDEM	: Entrepreneur Support and Guidance Center
GLA	: Greater London Authority
GOR	: Government Office
Halkbank	: Turkey People Bank
İGEME	: Export Promotion Centre
İKV	: Economic Development Foundation

İŞKUR : Turkish Employment Institution
İZTO : İzmir Chamber of Commerce
KALDER : Quality Foundation
KOSGEB : Small and Medium Size Industry Development Organisation
KÜGEM : Small Enterprise Development Centre
LDA : London Development Agency
MEKSA : Vocational Training and Small Industry Support Foundation
MPM : National Productivity Centre
NOM : Noordelijke Ontwikkelingsmaatschappij- Northern Development Agency
NTBF : New Technology Based Firm
NUTS : Nomenclature of Territorial Units for Statistics
ORTKA : Workshop for Co-operative Usage
ORTLAB : Laboratories for Co-operative Usage
RDA : Regional Development Agency
SE : Scottish Enterprise
SEA : Single European Act
SFG : Steirische Wirthschaftsförderungsgesellschaft
SME : Small and Medium Size Enterprise
SPRI : Society for the Promotion and Restructuring of Industry
TEC : Training and Enterprise Councils
TEKMER : Technology Development Centre
TESK : Confederation of Turkish Craftsmen and Tradesmen
TİDEB : Technology Assessment and Guidance Institution
TİKA : Turkish Co-operation and Development Institution
TOBB : Turkey Chambers and Trade Stock Exchange Association
TOSYÖV : Turkish Foundation for Small and Medium Business
TPE : Turkish Patent Institute
TSE : Turkish Standards Institution
TTGV : Turkey Technology Development Foundation
TÜBİTAK : Scientific and Technical Research Council of Turkey
TÜRKAK : Turkish Accreditation Agency
UME : National Metrology Institute
Vakıfbank : Turkey Foundations Bank
WDA : Welsh Development Agencies
YASED : Foreign Investors Association of Turkey

CHAPTER I

INTRODUCTION

There has been a major shift in approaches regarding to regional development policies since 1980s, particularly in Europe. Changing regional production systems and regional policies in the context of globalization have accelerated those approaches that locate the region at the focal point of economy and economic development policies. Region has been taking on a role as the fundamental basis of economic and social life as well as a vital relational significance for developing competitive advantage.

The process of globalization involving an increase in free international trade and capital mobility has undermined the ability of nation states to manage their economies. Some of their functions are simultaneously being reconfigured at various spatial levels. In this context, regions are considered as being certain sub-national scales, which regulate a part of the functions of nation states. The nation state now shares its power with supra-national, sub-national and private authorities that led to the emergence of a new kind of regional policy. Namely, the regional policy turned away from an interventionist, firm-centred, standardized and state-centred approach to a decentralised set of policies. The new *bottom-up* policy is a nascent mode of regulation and co-ordination based around the inter-firm networks and public private partnerships at the regional level that has developed from below (Collis and Webb, 1999). The competitiveness of economies has been increasingly attributed to the ability to innovate, particularly within the environment of learning, interaction and networking between enterprises. Furthermore, the spatial inter-relationship, such as participation in information and research networks, supply chains, Small and Medium Size Enterprise collaboration, institution-industry relations has been recognised as being critical in the recent regional economic development thoughts

(Batchler and Yuill, 2001). Therefore, development policies now lay more stress on endogenous development or alternating investments with qualities linked to territory such as the environment, the quality of life, the labour force (Keating, 2001). To sum up, regional policy involving a bottom-up approach has been decentralized to regional and local institutions which are more capable of fostering the endogenous dynamics of localities. One of these institutions in Europe has been the Regional Development Agencies (RDAs).

Over the last two decades RDAs, which have been created mainly by the co-operation of local economic development actors, have played a role in stimulating, organising, supporting economic development all over Europe and the world. In fact, any organisation having a mission of economic development encompassing the global economic interest of a geographical zone that involves significant ties with a local authority as much from the point of view of its financing or from its objectives, is a Regional Development Agency (EURADA, 2002). RDAs have existed since the 1930s throughout the world e.g. the first RDA in the world is the Tennessee Valley Authority established in the USA during 1930s. However, they have been operating more widespread in Europe since 1950s and 1960s in order to decrease the negative effects of the Second World War and keeping up with rapid technological developments in the world (DPT, 2000a). Today, generally, they stimulate their regions' economy by assisting in the establishment of firms, counselling of firms and training of their managers, promotion of enterprise zones or attraction of local or foreign investors, stimulation of technology transfer and inter-company partnership, creation and management of company incubators, provision of risk capital, conducting of studies and territorial planning initiatives, regeneration of areas made derelict by industrial blight (EURADA, 2002).

Along with the introduction of the "Europe of the regions" policy, the strengths of the regions have been increased in the context of the European Union (EU). European integration has an impact on the sub-national governmental reform, and regions are recognized as active partners in the promotion and implementation of EU regional policies. Therefore states, more accurately regions, established regional structures and strengthened regional institutions in the quest for getting structural funds (Keating 1998b, Leonardi, 1993). RDAs as being such institutions have roles in the implementation of relevant EU policies, management of EU credits and subsidies, motivation for other economic actors to participate both locally and regionally in the EU programmes.

Today, the significance and contribution of RDAs in regional economic development becomes self-evident when the increasing number of RDAs and new RDA establishments are considered even in the wealthiest and most developed regions of Europe, e.g. London in United Kingdom and Emilia Romagna in Italy. Moreover, a widespread viewpoint in European regions involves that those regions that do not have such institutions as RDAs, will be in a disadvantageous position in the future (DPT, 2000a).

Even though there has been a significant shift in the scale of spatial units that European regional policies aimed at mainly due to the combined effects of globalisation and European integration, Turkey, as an EU candidate country and its economy remain to be highly centralised while planning its regional economy through State Planning Organisation. This centralised structure certainly does not correspond to recent regional economic development approaches that identify the importance of endogenous dynamics with a region's prosperity. RDAs, through co-ordination, and catalytic effects, can have a significant influence on the development of endogenous dynamics, including high levels of interactivity and co-operation between organisations (MacNeill, 2002).

The main intention of this thesis is to unravel the functions of Regional Development Agencies in stimulating the endogenous development of a region in the context of globalisation and European integration processes. The basic assumption of the study is twofold; first the region is located at the focal point of economy, corollary to the new regionalist thought. Second, development policies that are regulated and co-ordinated from below and Regional Development Agencies as bottom-up approaches are necessary for developing effective regional plans/strategies as well as fostering endogenous development.

The scope of the thesis is;

- to examine the new regionalism approach in Europe with respect to the fundamental forces behind it,
- to examine the changes in the regional development policy as well as in its regulation from a top-down approach to a bottom-up approach,
- to review the general characteristics of RDAs and to review different RDA experiences from the EU member states and candidate countries,
- to examine endogenous dynamics in İstanbul within the framework that takes RDA activities as the major components of these dynamics.

- to provide a number of suggestions for the potential development of RDAs in Turkey.

In the second chapter, the issues of new regionalism and changing regional policy will be explored to understand the changing region and regional development policy concepts in Europe and the increasing importance of RDAs as bottom-up approaches. Therefore, firstly, different body of thoughts underlying new regionalism and critical approaches to this heterogeneous body of thoughts will be examined briefly. Secondly, the thought of Keating (1998a) in which regions are viewed to be emerging in the context provided by mainly the European integration and the globalisation process will be taken into account. Moreover, the thought involving region as the focus of development policy within the context of new regionalism and the institutional thought will also be explored here. Following this, changes in the regional development policy after 1980s and changes in the regulation and co-ordination of regional policies from a top-down policy to a bottom-up policy will be discussed in this part of the study.

In the third chapter, to develop a comprehensive understanding about RDAs as institutions, their general characteristics will be reviewed. Moreover, detailed information about their objectives, types and legal forms as well as their management, funding resources and action areas will be examined in this part. As an intermediate agency, inter-relations with other actors, particularly with the EU will also be explained briefly. Their changing roles to being an intermediary agency after the 1980s will be the last issue overviewed in this chapter.

The following chapter is composed of the experiences of different RDAs from different European countries and regions. This chapter has been designed into two parts. In the first part the RDA experiences will be studied from EU member countries which are United Kingdom, Ireland, Austria, Spain, Italy and Netherlands. In the second part experiences of EU candidate countries including Poland, Czech Republic and Turkey will be examined. In order to comprehend the role of the RDAs in these countries, their regional policies will also be explored briefly.

The fifth chapter is based on the results of a case study conducted in İstanbul to explore endogenous dynamics within the framework that takes RDA activities as the major components of these dynamics. Throughout the study, the endogenous dynamics are generally considered as the services and the collaborative activities, networks, collective

aims among firms and institutions and between firms and institutions. A two step survey was carried out among firms and institutions in İstanbul for the empirical analysis of this thesis. The first step of the survey involved a firm and an institution questionnaire that are prepared by using the actions of RDAs for stimulating the endogenous dynamics of regions as components. To be more specific, the RDA services for enterprises and the endogenous development actions explored in the third chapter are used as inputs while preparing the firm and institution surveys that search the endogenous dynamics of İstanbul, respectively. The second step of the survey involved a series of interviews among firms and institutions that were conducted in İstanbul. The results of both surveys will be discussed and presented in this chapter. Moreover, the prevailing institutional structure in Turkey will be revealed briefly here, with respect to the services provided for SMEs. An evaluation also takes place in this part regarding to the dynamics of endogenous development as outlined previously. Certain points leading to a potential development of a RDA will also be underlined at the end of this chapter.

The final chapter is the conclusion for this thesis. Therefore the RDAs' advantages and effectiveness of their functions are discussed here. Moreover, the increasing importance of RDAs in the EU context and for Turkey is examined briefly. Lastly, clues for potential RDA developments in Turkey are provided.

CHAPTER II

RESURGENCE OF REGION and CHANGING REGIONAL POLICY

2.1 New Regionalism

A region is the meeting of various concepts of space which are political, social interaction, economic, functional, territorial. It is also an institutional system either in the form of a regional government or as a group of institutions operating on a territory. New forms of regionalism and regions are emerging nowadays. In the 1960s with the modernisation efforts in nation state, region became an important element. It is the space of action of the state. At the Keynesian era macroeconomic policies address to region as an appropriate level. In 1970s regionalism stalled after economic crisis (Keating, 1998b). A new impetus is given to regionalism in Europe during 1980s and 1990s. This new regionalism composed of two thoughts. First, the region is becoming the crucible of economic development and second, the region should be the prime focus of economic policy (Lovering, 1999).

The new regionalism include the works of various scholars based on mainly but not exclusively in North America and western Europe who have highlighted the significance of the region as an effective arena for situating the institutions of post-fordist economic governance (MacLeod, 2001). For some, especially Castells, the resurgence of region is a historically novel of economic development deriving from a profound transformation in the technological and organizational dimensions of production. Some, like Piore and Sabel, identify this with the arrival of postfordism. According to Storper technological and organizational developments with the decline of fordism mean that the region has now become a fundamental basis of economic and social life. Others, who focused on institutions, also arrived at the view that the region is becoming the key scale for

economic development. Such as Amin and Thrift note that the local economy and local institutions are becoming more salient. Another route began with debates over civil society and the social embeddedness of economic activity. This led some to conclude that, such as Ohmae, the local or regional scale rather than the nation state is appropriate to engender the type of formal and informal interactions conducive to the kind of economic interactions required to bring about the flexible economies of scope for survival in globalizing markets. Another route starts with a concern with social integration in the labour market and arrives at a New Regionalist conclusion via the assertion that the postfordist knowledge intensive economy creates a new potential for participate industrial systems which are best encouraged by startegies at the regional local or urban level. Pulling elements of these various stories together, some, Amin, Cooke and Morgan, have synthesized the notion that regions are the right scale to nurture the formation of “associational economies”. The regional scale is most suitable for the construction of economic gornance intended to bring about the development of a reflexive system of economic monitoring information exchange and policy adjustment and on-going institutional learning (Lovering, 1999). Therefore, new regionalism is not an homogenous body of thought. From the viewpoint of political economy Keating’s new regionalism offers an analysis of territorial and political change especially in Europe. Regions are seen to be emerging in a context provided by mainly the European Union and globalisation. On the other hand Lovering (1999) takes new regionalism bundles together a number of different strands of work currently being undertaken in economic geography to understand the territorials imperatives and geographical foundations of sucessful economic development. To sum up above, Lovering associates the new regionalist thinking with four distinct and quite different different perspectives. First of them include the post Fordist approaches that associate the rise of the region with an economic logic where the vertical disintegration of production is pivotal in assisting the formation of agglomeration economies which in turn encourage clusters of industrial districts at a subnational scale. Second there are approaches associated with advocate of the inability of nation state to regulate economic interests. Third perspectives show a concern with connections between production and changing labour markets based on high order skills. The region is presented as the most appropriate scale to govern a knowledge intensive economy based jobs associated with research and development sector. The last one seeks to explore the connections between production and governance of economic activity (Jones, 2001).

The main critic to the new regionalism is carried out by Lovering (1999). According to him, the trouble in new regionalism is that it is based on inadequate foundations. It tells an attractive and persuasive story but it is largely a fiction. It fails to explain contemporary regional economic development in general and correspondingly it is a poor guide for regional policy formation. It is not clear how the abstract region posited in these theoretical adventures relates to the actual regions in which real people live and work and the supposedly new foundational concept of the new paradigm is nowhere clearly defined. It is a set of stories about how parts of regional economy might work, placed next to a set of policy ideas which might just be useful in some cases.

New regionalism is characterized by markedly productivist and micro-economic focus and the disregard for the macro-economy. The loss of macro-economies is especially important in relation to innovation. In 1990s innovation and new technology has been used to cut the jobs rather than create new product markets, meet unmet needs and trigger employment expansion. Therefore, new regionalist discussions of innovation ignore this reality. The mobility of finance capital, the growth of governmental strategies to maintain the overvaluation of capital and the diversion of investment from material production to the acquisition of wealth claims are likely to be major influences on real world regional development. But these issues are foreign to new regionalism. Furthermore, the labour market is regularly portrayed in New Regionalist writings as a space of transactions little different from that presented by modern neoclassical economic accounts. New regionalist conceptions of the labour market pay inadequate attention to the fact that labour markets are socially constructed and embody relations of power. A key term in that context is competitiveness which is used as if unproblematic by new regionalists. The choice invoked by the concept of competitiveness is not simply between favoring different industries and firms but it is also deciding between different group of workers, different social structures and different national economic geographers. A competitiveness strategy for a collective entity such as a region can never be a purely technical matter (Lovering, 1999). The new regionalism's emphasis on the imperatives of globalization is irrational. The new regionalism view that non-globalized activities are important and policy relevant only (Lovering, 2001). It is no accident that the new regionalism emerged in the same period as the construction of new regional institutions. Local authorities have taken on new or expanded economic roles and have been joined by a wide range of private and quasi public bodies since 1980s. Such as in the mid 1980s world-wide there might have been 400 Regional Development Agencies, now there are at least ten times as many. The

growth of new regionalism can be seen as an information to conduct empirical research into the evolution of the relationship between economic development issues in particular regions (Lovering, 1999). According to Lovering if regionalism is to be saved more researched in the areas; the dynamics between externally and internally oriented activities, the role of the labour market as the key link between production and regional economic welfare, the relationship between regionalization and national and transnational economic governance (Lovering, 2001).

Jones (2001) rejoins Lovering's critics and added that Lovering does not provide the necessary theoretical tools to move beyond fiction. According to Jones, also new regionalism is a poor framework through which to grasp the real connections between not only the regionalisation of business and governance but also the changing role of state which is not a simple set of processes. Spatial scales like regions should not be treated as pre-given. New regionalism has a tendency to treat scale as pre-given. An alternative way of addressing the changing role of state is to see the regions as constitutive of political strategy (Jones 2001). Also in the same point MacLeod (2001) added that in the new regionalism, like Lovering said the state does not ignore, but little have done to explore the relations between the regional resurgence and the changing nature of the state (MacLeod, 2001).

In this context according to Keating (1998a) the rise of the region has three independent political economic tensions. The first is a functional restructuring. Under the conditions of intensified economic globalization nation states are no longer perceived to be capable of managing their economies through redistributive policies and the strategic placement of public investments. The second one is institutional restructuring where a decentralization of governance might be conducted in the name of modernization and as a response to pressure from regional political movements or as a means to enhance national political power by devolving the responsibility to regional stakeholders. The third is political mobilizations enacted by strategically significant communities of interest whether in the name of nationalism or regionalism (Keating, 1998a). It is meaningful to say here that the context of the new regionalism explained here is mainly from the perspective of Keating. Therefore, according to Keating (1998b) this new wave has four fundamental forces behind; economic restructuring, globalisation, changing role of state and European integration.

2.2 Resurgence of Region -Economic Restructuring, Globalisation and Changing Role of State

Economic restructuring and rapid changes in modes of production is one of the most important factors behind the new regionalism (Keating, 1998a). New regionalism as a process has strong ties with transition of fordism to postfordism. After the 1970s crisis, regions re-emerged as new industrial spaces which had successfully responded to the crisis of fordism by adopting the system of flexible specialization (Collis and Webb, 1999). These restructuring follow two complementary logic: the process of transformation responds to international markets (decision of transnational corporations, capital flows.) and a territorial logic (Keating, 1998b). Production is reduced its dependency on natural resources and reduced transportation and communication costs have permitted a geographical dispersion of production. Multinational corporations operate global investment strategies and re-allocate resources across local boundaries. It is a fact that production has been transform in important ways but these are highly specific and vary from one territory to another. Social effects of territories which mediated by political and cultural elements shape the production process. Some territorial functions of production may become less important but many of new critical factors of production are territorial which caused the resurgence of regional economies (Keating, 1998a).

In addition to the economic resurgence of region there has been also a political resurgence of region. Because of the economic globalization, the liberalisation of markets and the mobility of capital the introduction of time compressing technologies, the increasingly complex configurations of corporate governance and the rise in political unrest over post-war nation building efforts, nation state became an inappropriate level for co-ordination and formulation of economic policy (Collis and Webb 1999, Deas and Ward, 2000). The nation state was undergone some form of crisis to which state management was required across a number of spatial scales. More recent conceptualisations of state apparatus have tended to emphasise the lack of any uni-directional re-scaling of state's functions. Functions are simultaneously being reconfigured along a number of spatial levels. Part of the nation states functions have devolved in the regions as a scale for regulation and intervention. The region most notably is defined as a means of exploring a set of issues around competitiveness, innovation and institution building (Deas and Ward, 2000) . The change of the role of the nations state has been most marked in the economic policy area because Keynesian economic management

has formally been abandoned. By the 1970s centralized regional policy was under strain and 1980s and 1990s have given way to a more competitive approach in which regions are obliged to seek their own place in the European and global division of labour (Keating, 2001). In brief, nation state now shares its powers with sub-national, supra-national and private authorities which caused the emergence of a new kind of regional policy. This *bottom-up* policy is a nascent mode of regulation and co-ordination based around the inter-firm networks and public private partnerships at the regional level that has developed from below (Collis and Webb, 1999, Keating, 1998b).

2.3 European Integration and European Union Regional Policy

European integration is another factor which is behind the new regionalism wave and affects the European regions. Region in Europe is seemed as a political arena where social, economic and political actors meet and debate on such as economic development and as actors in the national and community political arenas, pursuing their own interests (Keating, 1998b). European integration has important economic and political impacts on regions which must be considered separately and as a result it has posed a series of challenges to regions. Regions have found themselves obliged to implement European regulations within their sphere of competence, while many other European policies affect them indirectly (Keating, 1998a).

There has not been any regional policy in the European Community (EC) until the first enlargement period. Successive enlargements increased the regional disparities which are against some of the Articles in the Treaty of Rome which states as an objective “a continuous and balance expansion”. Moreover, according to the EC unresolved regional disparities might pose a threat to common market and to the basis of Community itself. As a result in 1975 the European Regional Development Fund (ERDF) which was a peak point of a process leading to Community regional policy, was established. Its objective was “to correct the principal regional imbalances within the Community resulting in particular from agricultural preponderance industrial change and structural underemployment.” After ERDF, the 1987 Single European Act (SEA) is a catalyst in the development of Community regional policy. The regional policy importance was recognized with SEA and 1988 reforms of Structural Funds (Sweet, 1999). After the SEA the belief that the sub-national forces could play a positive role in the cohesion was encouraged. Prior to 1985 European integration was dominated by the member states or more truly the national

organs of the member states. By SEA and agreement to create a single market, member states not only gave up control of their external borders to EC but also agreed to transfer significant portions of their policy making powers in specific sectors, one of which has been regional policy (Leonardi, 1993). Since the SEA, there has been a reaction from the regions which insist on being heard by the EU institutions as well as by the national governments when they are preparing negotiations within the EU (Keating, 1998b). Because, in the context of the new treaty national governments could no longer exclude subnational institutions, groups and forces from becoming actively engaged in the European integration process and becoming direct interlocuters with EC (Leonardi, 1993). It can be said that before 1988 Structural Reforms there was no serious Community regional policy existed. In 1992 with Maastrich Treaty and Economic and Monetary Union regional policy comprise the following principles:

- need to eliminate locational disadvantages of the poorer regions in the production of goods and services,
- large-scale movements of labor must not become a major adjustment factor,
- regional transfers should be sufficiently large to effect the necessary reduction in disparities among member states,
- need for aid should be determined on the basis of regions, not of countries, and aid should be concentrated in the poorer regions,
- composition of regional transfers should be weighted in favor of program financing rather than project financing; moreover it should be designed to catalyze private sector investment in the regions so that they become self sustaining,
- Union regional transfers should be financed from the resources of the Union and should be complemented by macroeconomic policies directed toward financial stability in the medium term (Sweet, 1999).

The regions are recognized as active partners in the promotion and implementation of EC regional policies. The European integration has an impact on the subnational governmental reform. This is evident because regions become the links between the national governments and EU in the formulation and administration of sectoral policies and they are linked to the determination of economic outcomes at the regional level (Leonardi, 1993). Because of the Commission principles of additionality and transparency funds are directly allocated to the the region not the state budget. A planning system is set up with a partnership between the regions, the states and the Commission allowing some direct links between the region and the Commission. States more accurately regions, to get the

structural funds, established regional structures, administer policies, strengthen regional institutions, lobby in an active fashion in the EU and redraw regional boundaries. (Keating, 1998b, Leonardi, 1993).

2.3.1 EU Regional Policy for The Period of 2000-2006

“The aim of the EU regional policy is to reduce and prevent regional disparities by allocating resources to less-favored regions without replacing national regional programs and taking account of integration, enlargement, globalization and technology” (Sweet, 1999). EU's regional policy is a shared policy based on financial solidarity. For the period 2000-2006 three priority objective areas were determined. The first objective, “Objective 1” has a territorial content and is helping regions whose development is lagging behind to catch up, i.e. providing them with the basic infrastructure which they continue to lack or encourage investments in business economic activity. Second objective, “Objective 2” has also a territorial content and is supporting economic and social conversion in industrial, rural, urban or fisheries-dependent areas facing structural difficulties. Last priority objective, “Objective 3” has a thematic content and is modernising systems of training and promoting employment.

To realize these objectives EC's Structural Funds is used. There is four major structural fund which are:

- The European Regional Development Fund (ERDF) finances infrastructure, job-creating investments, local development projects and aid for small firms.
- The European Social Fund (ESF) promotes the return of the unemployed and disadvantaged groups to the work force, mainly by financing training measures and systems of recruitment aid.
- The Financial Instrument for Fisheries Guidance (FIFG) helps adapt and modernize the fishing industry.
- The "Guidance" Section of the European Agricultural Guidance and Guarantee Fund (EAGGF - Guidance) finances rural development measures and aid for farmers, mainly in regions lagging in development

Table 2.1: Allocation of structural assistance of EU in 2000-2006

Assistance Type	ERDF	ESF	EAGGF- Guidance	FIFG
Structural Funds				
Priority Objectives	Objective 1	Objective 1	Objective 1	Objective1
	Objective 2	Objective 2		
		Objective 3		
Community Initiatives	Interreg I			
	Urban II	Equal	Leader+	
Cohesion Fund				

Source: prepared based on EU, 2002

In addition to Structural Funds to help the least prosperous member states, Greece, Portugal, Ireland and Spain Cohesion Fund was established in 1993. The Cohesion Fund provides direct finance for individual projects to improve the environment and develop transport networks. Moreover, the EU has devised four special programs, known as Community Initiatives, to find common solutions to problems affecting the whole Union. These initiatives are supported by the Structural Funds. For the period 2000-2006, four major Community Initiatives were used. These are:

- Interreg III promotes cross-border, transnational and interregional co-operation, i.e. the creation of partnerships across borders to encourage the balanced development of multi-regional areas.
- Urban II concentrates its support on innovative strategies to regenerate cities and declining urban areas.
- Leader+ aims to bring together those active in rural societies and economies to look at new local strategies for sustainable development.
- Equal seeks to eliminate the factors leading to inequalities and discrimination in the labour market.

2.4 Region as Focus of Economic Policy

As mentioned before the second claim of the new regionalism is “the region should be the prime focus of economic policy”. To deliver economic policies, regions need to be devolved with institutional capacities. The term institution refers to recurrent patterns of

behaviour and the institutional turn describes the growing recognition of the importance played by these in the process of regional economic development (Collis and Webb, 1999). In this claim, according to Amin (1999a) there are two strands of New Regionalism.

One strand is deriving from endogenous growth theory, which acknowledges the economic externalities and increasing return to scale associated with spatial clustering and specialization (Amin, 1999a). Endogenous growth theory emphasizes the importance of internal local factors in creating and maintaining sustained development. It provides a way to see a broad array of community and institutional and non-traditional economic variables such as leadership, learning, social capital, physical infrastructure, institutions and human capital as major inputs of economic development. Learning, local institutions, social capital and regional leadership are critical to endogenous economic growth and development of regions. Here, leadership for regional economic future is “the tendency of a community to collaborate across sectors in a sustained, purposeful manner to enhance the economic performance of its region”. That is it is a collaborative relationship between local institutional actors and is based on mutual trust and co-operation (Stough, 2002).

The second strand is developed largely by economic geographers and lie in the character of local, social, cultural and institutional arrangements. The insight is drawn from institutional and evolutionary economics (Amin, 1999a). There is a growing literature on the importance of institutions and networks and an emphasis on social and institutional factors in regional growth and success (Allmendinger and Tewdwr-Jones, 2000). Institutional norms such as trust, co-operation and reciprocity form *untraded interdependencies* or *relational assets*, which impact the behaviour of economic actors and have a positive effect upon the innovative capacity of economies possessing *institutional thickness* in which untraded interdependencies are embedded in networks of interpersonal relations (Collis and Webb, 1999). The region seems to be the level at which institutional networks and institutional thickness is best developed. These networks of institutions can be characterised by high levels of contact and information exchange and define collective actions to produce institutional thickness or capacity (Allmendinger and Tewdwr-Jones, 2000). These two terms combined with the endogenous growth theory to form the new regionalism consensus (Collis and Webb, 1999). Furthermore in this second strand, innovation and learning are stressed as key factors of dynamic competitiveness. Indeed, this is corroborated by the experience of successful regions as learning regions

which have the capacity to develop and retain competitive advantage around a range of existing and future possibilities. Their strength lies in learning to learn.

Institutional geographers offer a much richer understanding of territorial proximity than that offered by endogenous growth theory. But beyond their important differences, the consensus shared across both strands is that regional level industrial configurations, supply-side characteristics and institutional arrangements continue to play a critical role in securing economic success in a globalizing economy characterized by the increased transnational flows of factors inputs and global level industrial and financial organization. Both strands of the new regionalism imply practical action which transcends the limits of traditional local economic development initiatives. The focus is on building the wealth of regions with upgrading of the economic, institutional and social base considered as the prerequisite for entrepreneurial success (Amin, 1999a).

2.4.1. New Institutionalism or Institutional Turn

Over the last decade in regional studies there has been an increasing concern on institutions, relationship between institutions and economic development and a new institutional perspective or institutional turn embraced. Since the mid 1990s we have seen strong institutionalist accounts which seek to place the local and regional processes in global context (Peck, 2000 quoted in MacLeod 2001). The securing of economic success is not exclusively the result of state driven policies or a narrow set of economic factors. The capacity of a given territory to embed economic development lies in the noneconomic factors such as sub-national social, cultural and institutional forms of supports. Therefore there is an institutional turn taking place (Jones, 2001).

The institutional and evolutionary economics stress that economic life is both an instituted process and a socially embedded activity and therefore context-specific and path-dependent in its evolution. There are three sets of ideas that are important in economic behaviour. First, the markets are socially constructed and the economic behaviour is embedded in networks of interpersonal relations. Therefore economic outcomes are influenced by network properties such as mutuality, trust and co-operation, or their opposite. Networks offer economic agents the benefits of both co-operation and access to a varied selection environment for new learning. Second different actor network rationalities produce different forms of economic behaviour and decision-making. Third

the economy is shaped by enduring collective forces which make it an instituted process. These forces include formal institutions and informal institutions (Amin, 1999a).

The institutionalist focus is based on understanding of global-local relations which argues that successful regions flourish as a consequence of institutional embeddedness or thickness that create powerful local nodes of economic activity within an increasingly global economy. Institutional relations are seen as crucial in facilitating the local collectivisation of economic, cultural and social practices. The development of institutions of governance is one central features of modernity. Different forms of institutions play a vital role in mediating the social, political and economic transformations and activities. This new institutionalism as the form of local institutional relations is seen as a potential source of economic and political power within a changing global environment (Raco, 1998).

2.4.1.1 Institutional Thickness

The concept of institutional thickness highlights localised conditions that are crucial to particular articulation of localities and regions within wider scale processes of economic transformation (Henry and Pinch, 2001). "A local institutional thickness defined as the combination of factors including inter-institutional interaction and synergy, collective representation by many bodies, a common industrial purpose and shared cultural norms and values. It is a 'thickness' which both establishes legitimacy and nourishes relations of trust. It is a thickness which continues to stimulate entrepreneurship and consolidate the local embeddedness of industry" (Amin and Thrift, 1994, pg: 15). Institutions provide the basis for the social, economic networks and contacts so developing local institutional relations or institutional thickness may provide one way of encouraging and developing economic regeneration at the local level. That is; contacts, networks, and flows between institutions can create powerful nodes of local governance and economic growth and a deficit of institutional interaction can weaken the position of localities in relation to global forces. Institutions represent potentially effective nodes of local, economic, political and social organisations in the global context (Raco, 1998, 1999). Amin and Thrift defined the concept of institutional thickness to understand the ways in which global local interactions locked together at the institutional level.

In this context Amin and Thrift (1994, 1995) determined four major factors that constitute the construction of this institutional thickness. The first one is the strong institutional

presence which means having different kind of institutions such as firms, financial institutions, local chambers of commerce, training agencies, trade associations, local authorities, development agencies, innovation centers, clerical bodies, unions, government agencies providing premises, land and infrastructure, business service organizations, marketing boards. All of these institutions provide a basis for collective representations. The second factor is high levels of interaction that is high levels of contact, co-operation and information interchange among the institutions in the local area. These contacts and interchanges lie in the the social atmosphere of the region which is formed by shared rules conventions and knowledge (Amin and Thrift, 1994). They include the form and regularity of direct official contacts between officers and and policy makers, the flows of information between institutions and the importance of social and informal networks between individuals within institutions. Over time these contacts lead to establishment of trust relations and mutual co-operation (Raco, 1998). The third factor is the development of patterns of coalition resulting in the collective representation of what are normally sectional and individual interests and serving to socialize costs or to control rogue behaviour (Amin & Thrift, 1994). The interaction between institutions can not take place deprived of the structures of power domination and control. Institutions have different resource and power bases such as some are tied to local accountability or others are empowered or disempowered by changes in nation-state level politics (Raco, 1998). Last factor is development of mutual awareness among participants in the institutions that they are involved in a common enterprise which means that there is a commonly held industrial agenda which the collection of institutions both depends upon and develops (Amin and Thrift, 1994).

Institutional thickness, briefly include the combination of factors; the presence of many institutions, interinstitutional interaction, a culture of collective representation, identification with common industrial purpose and shared norms and values which serve to constitute the social atmosphere of a locality. Institutions, therefore, do not only include formal organisation but also informal conventions, habits and routines which are sustained over time and through space (Amin and Thrift, 1995). Thus institutional thickness is a simultaneous collectivisation and corporatisation of economic life, fostered and facilitated by particular institutional and cultural traditions which appear to have been central to the generation of success within the Marshallian nodes in global networks (Amin and Thrift, 1995). The process of institutionalisation that is stimulating a diffused entrepreneurship is important here.

Six outcomes are deduced from these factors which are:

- Institutional persistence-local institutions are reproduced.
- An archive of commonly held tacit and codified knowledge.
- Institutional flexibility whereby regional institutions possess the ability to learn and change.
- A high innovative capacity both of the regions and of the firms internal to it.
- Trust and reciprocity as a behavioural norm.
- A widely held common project which serves to mobilise the region in an effective manner. (Amin and Thrift, 1994).

Institutional thickness is more than institutional support structures for economic growth. It is the understanding of existing local social and cultural relations in the development of intelligent regions whose institutional structures allow for rapid dissemination of local information and development of strong local social and economic networks (Raco, 1998). Local institutional thickness can have a decisive influence on economic development. For individual firms place becomes important because firms gravitate towards localities which offer the best institutional milieu to support their needs. That is where ideas, research capability, information, skills, supply structures and services made widely available through recognizable institutions such as centres of higher education, development agencies, business organizations and other more informal associations, offering specific and general infrastructures which can foster the entrepreneurship.

It is clear that the economic success of localities in a global economy will depend upon the economic integrity that is the articulation between institutional thickness and economic variables which make it worthwhile for industry in a locality. Therefore the local economic integrity is possible in principle but it is best to the localities with proven institutional capability.

Sometimes institutional thickness is not a favor rather it is a trap. It can become a resistance to change and innovation (Amin and Thrift, 1994). Developing institutional thickness in one locality may not maintain that particular locality's advantage for long if the same process are operating elsewhere. Although institutions create consensus-based institutional relations, they do not necessarily equate with wider political representation.

Process of institutional thickness plays a role in legitimating decision-making process propagated by most powerful institutions (Raco, 1998). However, institutional thickness has a certain influence in the industrial agglomerations' economic development which are depend on the production of knowledge, innovation and information for competitiveness (Amin and Thrift, 1994). Regional examples where a positive relationship between thickness and economic success would such as Santa Croce in northern Italy, the City of London and Baden-Württemberg. On the other hand, regions like North East of England, Eastern Germany, Swiss Jura and Lowland Scotland are examples of places where thickness does not work. (Henry and Pinch, 2001)

2.4.1.2 Untraded Interdependencies

In 1950s Francois Perroux noted in his work that economies consist of spaces which have nontraded connections between other spaces. In some cases these nontraded connections overlap with traded input-output relations but mostly the relations are untraded. After 1980s the knowledge spillovers comes in packages or ensembles. Most of these knowledges and common practices are not fully codifiable. These knowledges and practices through formal exchanges and untraded interdependencies are diffused from firms who master them to other firms that are tied into various kinds of networks (Storper, 1997).

Storper focuses on the socially and institutionally embedded character of economic activity, the role of habits and customs in forging technological and production technologies and the critical and problematic nature of knowledge acquisition in contemporary economies. He argues that the enigma of regional concentration may lie in the notion of untraded interdependencies (Henry and Pinch, 2000). He defines the untraded interdependencies as interdependencies "which take the form of conventions, informal rules and habits that coordinate economic actors under conditions of uncertainty; these relations constitute region specific assets in production. These assets are a central form of scarcity in contemporary capitalism, and hence a central form of geographical differentiation in what is done, how it is done, and in the resulting wealth levels and growth rates of regions" (Storper, 1997, pg.: 5)

Untraded interdependencies is extent beyond the classical supplier and servicing relations (Keeble and Wilkonson, 1999). Underpinning of this concept is the principle that

economic forms are embedded in particular institutional frameworks (May et. al, 2001). It is arising from the proximity of innovators, manufacturers and suppliers within a region or locality and the dense pattern of informal exchanges which this encourages (Keating, 2001). It includes labour markets, public institutions and locally or nationally derived rules of action, customs, understanding and values (Storper, 1997). Untraded interdependencies comprise these institutional norms, rules, conventions that help to define strategies for firms in an environment characterised by market and technological uncertainty. These strategies help to define a possible world of production (Storper and Salais, 1997). These world of production provides sources of knowledge about new products, markets, production methods and sources of capital. Untraded interdependencies exist outside the conventional traded market mechanisms since the knowledge is generally tacit and localised, it helps to create territorialised forms of production. Also it involves the idea that firms are part of a community of knowledge and participate in collective forms of knowledge generation and dissemination (May et. al., 2001).

Traded interdependencies that is input-output relations become footlose. It is through untraded interdependencies a region gain its competitive edge (Storper, 1995). The untraded interdependencies have a direct impact on competition potential of regions because they include a part of learning environment for firms (Amin, 1999a). According to Storper a distinctive feature of places with globalization and localization of economic activity is become the strength of their untraded interdependencies or relational assets. These assets with knowledge oriented support organisations provide the infrastructure for learning and innovation (Storper, 1995). Relational assets stem from the interactions and interdependencies between firms and organizations (Lagendijk, 1999). They exist within the social aspects of networks so, they include such as tacit knowledge, embedded routines, habits and norms, local conventions of communication and interaction, reciprocity and trust based on familiarity (Amin, 1999a). These assets are not tradable or substitutable. These assets have a relational nature rather than tangible properties. Their untraded nature makes them usually unreproducible so they generate a sustainable competitiveness (Lagendijk, 1999).

Most of the institutionalists stress that when developing policies, ways for development of untraded interdependencies between firms should be sought. One of the way is by developing social and political institutions which encourage networks between firms and

development of clusters. In the development of special industrial cluster, untraded interdependencies play an important role. In these districts or called as new industrial districts, collaboration and co-operation between firms is crucial as elements. These collaboration and co-operation relations such as joint marketing, strategic-alliance building also sustain the competitive advantage (Raco, 1999). Untraded interdependencies draws the attention to the fact that knowledge is increasingly seen as the most important element within networks of firms, co-operation and collaboration of firms (May et. al., 2001). Such relations can also be fostered by the local voluntary associations act as mediators (like RDAs which are mediator institutions in these type of relations and will be examined in the next chapter) between the locally based firms. According to Hirst these local associationalism which can provide institutional co-operation which may allow for the creation of mutual networks of knowledge and production has two possible results. First, common agendas and interests can be pursued and activities organised according to the collaboration and co-operation. Second, individuals construct a variety of social networks through which greater collaboration can be encouraged (Hirst, 1994).

2.5 Changes in Regional Policy

After Second World War the regional, production capital and physical infrastructure concerns gradually moved onto the policy concern. There were a number of reasons for that the severity of regional problem increases in many countries with moves out of agriculture and downturn in traditional heavy industry resulting in unemployment, concerns about infrastructure provision, congestion levels with attendant inflationary pressures. At that time central pre-occupation of regional policy makers was regional convergence; reducing regional disparities between regions, especially core periphery ones. And regional policies was based on traditional theories of regional development which commonly concerned with explaining variations in the location of economic activity with reference to the attributes of regions such as cost of land, transportation cost, market size and the availability of workers. Therefore, policies to reduce disparities generally developed to influence these factors. In Western Europe the major concern is about the underdevelopment and depopulation of rural areas. Although there are difference in the policy emphasis among Western European countries, the approach to regional policy is broadly similar. The main objective was equalising variations in standarts of living, infrastructure and employment across the nation. The problem areas

are generally suffering from slow economic growth, low incomes and high employment (Batchler and Yuill, 2001).

Regional policy has been firm centered, standardized, incentive based and state-driven, especially in the case of Keynesian legacy that dominated regional policy in the majority of advanced economies especially after 1960s. It relied on income redistribution and welfare policies to stimulate demand in the less favored regions (Amin, 1999a, Keating, 1998a). The major motor of the economy is large-scale manufacturing industry which was intended to generate multiplier effects in the regions and through the establishment of growth poles to foster complementary development (Keating, 1998a). Policy instruments in that times included four main types:

- Financial incentives: in the form of grants, loans, tax concessions, depreciation allowances, employment premia, removal cost allowances, transport subsidies, rent subsidies, labour training aids.
- Infrastructure investment
- State owned or state controlled industries
- Development controls on manufacturing industry.

Assistance was generally provided in the form of business aid and hard infrastructure. The mode of organisation is generally *top-down* (Table 2.2) that is the design of policy, the delimitation of assisted areas and the delivery instruments are undertaken by the central government (Batchler and Yuill, 2001).

Keynesian regional policies helped to increase employment and income in the less favored regions, but they failed to secure increases in productivity comparable to those in the more prosperous regions and more important, they did not succeed in encouraging self-sustaining growth based on the mobilization of local resources and interdependencies (Amin, 1999a).

After the early 1970s oil crises, the importance of regional policy diminished. The long term period of regional convergence came to an end. Policy took more limited objectives such as maintenance of settlement structure on sparsely populated areas and ameliorating the economic and social consequences of job losses in regions of high unemployment rates. The retreat of the central government from active regional and industrial policies was accompanied by the rise of a new regional and local dimension to economic development. There was a growth in *bottom-up* initiatives (Table 2.2) as local authorities

and other groups began to develop and implement their own measures to deal with growing economic and social problems. At the same time regional policy thinking was shifting towards the promotion of endogenous development (Batchler and Yuill, 2001). In the endogenous development local social actors has the power of decision making and capacity to control and internalize external knowledge and information and by generally assuming the traits of self sustaining process of development. Endogenous development indeed means capacity to transform the social and economic system, to react to external challenges, to introduce specific forms of social regulations at local level (Garofoli, 2002). The heightened competition of globalisation has encouraged a counter movement on endogenous resources in which local ownership and control of capital can shelter economies from the effects of global fluctuations. The emphasis now is on small locally based producers acting collaboratively towards long term growth and continual improvements in standards. The aim of policy makers has been to develop networks between local producers which enhance local economic competitiveness and embed economic activity in localities. If such networks successfully established participants may obtained certain advantages through shared, collaborative ways of working which encourage dynamism, innovation and the reproduction successful practice (Raco, 1999).

From the mid 1980s new concepts of regional development began to evident. The competitiveness of economies was increasingly attributed to ability to innovate, particularly within the environment of learning, interaction and networking between enterprises. Technological and organisational changes were altering the way in which companies organised their activities both internally and with suppliers and customers. Internationalisation of economic activity through foreign investment, trade and interfirm links was accelareted. In this context new theories of regional development was recognised that competitive advantage increasingly implied the ability and capacity of regions to faciliate the generation, acquisition, control and application of knowledge and information. The spatial interrelationship such as participation in information and research networks, supply chains, SME collaboration, government-industry links between organisations were recognised as critical. The policy response to this changes was a strategic mangement of regional development (Batchler and Yuill, 2001).

Table 2.2: The changing regional policy

	Traditional	New
Conceptual Basis		
	Industrial location theories Key factors are regional attributes e.g. production costs availability of workers	Learning region theories Regional capabilities e.g. innovative milieu, clusters, networks
Problems		
	Lack of capital Lack of qualified labour Exploit scale economies	Lack of entrepreneurship Lack of innovation Lack of specific know-how Lack of internationalisation
Policy Characteristics		
Aim	Equity or efficiency	Equity and efficiency
Objectives	Employment creation Increased investment	Increased competitiveness
Sphere of actions	Narrow (economic/industrial)	Broad (multi-sectoral)
Mode of operation	Reactive, project based	Proactive, planned strategic
Policy Structure		
Spatial focus	Problem areas	All regions
Analytical base	Designation indicators Regional exporting	Regional SWOT analysis
Key instrument	Incentive scheme	Development program
Assistance	Business aid Hard infrastructure	Business environment Soft infrastructure
Organisation		
Policy development	Top down/centralised	Collective/negotiated
Lead organisation	Central government	Regional authorities
Partners	None	Local government Voluntary sector, social partners
Administration	Simple/rational	Complex/bureaucratic
Project selection	Internalised	Participative
Timescale	Open ended	Multi-annual planning periods
Effects		
	No self sustained development Increasing dependence	Self-sustained development International competitiveness
Evaluation		
Stage	Ex post	Ex ante, interim, ex post
Outcomes	Measurable	Difficult to measure

Source: Batchler and Yuill, 2001:12, Cappellin, 1991 quoted in Guzman-Cuevaz et. al, 1998

Development policies now lay more stress on endogenous development or an alternating investments with qualities linked to territory such as the environment, the quality of life, the labour force than on the state subsidies (Keating, 1998b). In the old regional

development policy approach, place was taken into account only as a location, distance from the markets, labour or raw material. The new approach see place as a complex of social relationships, norms, institutions and understanding (Keating, 2001). Services are emphasized as much as manufacturing and there is much encouragement of networks among producers and public-private partnership to mobilize local energies and resources. Labour market policy and training are given prominence. Training policies have widely been decentralized to complement other instruments of intervention. There is a strong emphasis on research development and technology transfer. Much effort is put into forming networks and linkages among firms and between them universities, research centers and governments, to foster untraded interdependencies (Keating, 2001).

In the attraction of investment stress has moved from grants and subsidies to promoting the competitive advantage of region as a location to do business. These type of supply side policies require a high degree of local knowledge and connections as well as a capacity for horizontal integration. So policy has been decentralized to regional and local institutions which are increasingly competing with each other (Keating, 1998a). One of these institutions in Europe is Regional Development Agencies which will be examined in the next chapter.

CHAPTER III

REGIONAL DEVELOPMENT AGENCIES (RDAs) IN EUROPE

3.1 General Characteristics of Regional Development Agencies

Since 1950s and 1960s, Regional Development Agencies (RDAs) have been operating on the regional level for stimulating, organising and developing economy in most of the European countries (Table 3.1). A RDA is “a regionally based, publicly financed institution outside the mainstream of central and local government administration designed to promote economic development” (Halkier et. al. 1998 pg: 17). According to European Association of Regional Development Agencies (EURADA) “a RDA is an operational structure that identifies sectoral or overall development problems, chooses a range of opportunities or methodologies for their solution and promotes projects which can maximise the solutions to the problems” (EURADA, 1999a, pg: 15). However, there are agencies which may not strictly qualify on these definitions but which act in a very similar way (Hughes, 1998). The attempt to define a development agency at the European level is a very risky exercise and in an European Commission document it is stated that “Maybe the only common feature of all the regional development agencies is that their activities always relate to the development of the endogenous potential of a geographic area, even if some of them, as additional activity, or even as their main operations, try and attract foreign investment. Another identifiable feature is the very wide meaning given by the agencies to the notion of development, and the growing importance of the social component given to this concept” (EURADA, 1999a pg: 16).

Table 3.1: Historical origins of RDAs in European Countries

Time Period	Pre-1950s and 1950s	1960s and 1970s	1980s	1990s
Countries	Austria Belgium France Ireland	Germany UK Italy Netherlands	Greece Spain Finland Denmark	Bulgaria Czech Republic Estonia Hungary Lithuania Poland Portugal Slovakia Sweden Ukraine

Source: prepared based on EURADA, 2002: include RDAs among EURADA members

As a result according to these definitions a model RDA has a body which complies with three criteria:

1. Organisationally: it is in a semi-autonomous position with its sponsoring political authority.
2. Strategically: it supports mainly endogenous firms by means of soft policy instruments.
3. Implementation: is integrated with a broad range of policy instruments. (Halkier and Danson, 1998). But according to Halkier and Danson this model RDA is a Weberian ideal type and interpreted as prescriptive. There are not any specific criteria for where to establish the RDA. It can be set up in any region. But there are certain parameters for RDAs to function:
 - Sufficiently significant population
 - Potential of enterprises and entrepreneurs
 - Skilled manpower
 - Consensus on a regional/local development strategy
 - Structures of sectors define a regional area for development (EURADA, 1999a).

The reasons for setting up RDAs were different from one country to another and it was agency specific in European regions (Yuill, 1982). However the changing trends in the

regional policy and new concepts in regional economy studied in the previous chapter affects the development of RDAs and also functions of existing RDAs. As mentioned before in most of the Western European countries RDAs existed approximately since 1950s and 1960s. However, in Central and Eastern European countries that is mostly EU candidate countries, the establishment of RDAs generally has begun from the 1990s which may a result of mostly the European integration and the resurgence of region both politically, economically and institutionally.

Today most of the RDAs are bottom-up approaches while the national level policies have mainly a top-down characteristic (Table 3.2). The most specific differences between the two policies are:

- the political environment and sponsorship relations differ both with regard to the spatial dimension and the degree to which elected politicians are involved in regional policy,
- the implementing organizations operate in different territorial domains on the basis of different resources, pursuing objectives and strategies that are not necessarily compatible,
- policy implementation includes some overlap with regard to policy instruments but has important contrasts with regard to modes of implementation and the firms targeted by public policy, suggesting rather different forms of interaction between public and private actors,
- the economic environment in which each of the two approaches is likely to make a sizeable impact would also seem to differ, with top-down policies requiring the presence of private firms establishing branch plants and RDAs needing endogenous firms willing to improve their market position and network relations.

Therefore this two approaches have been seen as alternative paradigms in regional policy, two forms of public intervention that are both concerned with remedying spatial inequalities but which involve different actors, different spatial levels of operation, different underlying assumptions, different strategies, and different forms of interaction between public and private bodies and thus ultimately different consequences for the politics of regional policy (Halkier, 2000). It is believed that emphasis on regional targeting in RDA policies prompts a much more selective approach in contrast to the indiscriminate redistributive programs of central government. Together with differences in staff, RDAs discretionary decision making and capability to play a proactive role in

fostering new development initiatives should explain their importance. However there is a negative point for RDAs with respect to policy instruments, they would seem to lack the legitimacy and power to force individual firms or industries to act against their private interests by means of bureaucratic regulation (Halkier et. al., 1998).

Table 3.2: Traditional top-down model versus new bottom-up model - RDAs

Characteristics	Traditional top-down	New bottom-up/RDA model
Political environment	National policy networks Political parties	Regional/national policy networks
Political sponsorship	Central government Departmental relation	Regional/central government Arm's-length relation
Implementing organization	National authority Government department Bureaucracy Generalist qualifications	Regional authority Semi-autonomous body Business-like Specific expertise
Economic objectives	Interregional equality Growth of national economy Diversion of investment	Regional competitiveness Growth of regional economy Endogenous growth
Mode of operation	National spatial selectivity Automatic/discretionary Reactive	Non-spatial selectivity Discretionary Proactive
Policy instruments	Conditional finance Advisory services Public provision Voluntary/conditional organization Mandatory authority Bureaucratic regulation	Conditional finance Advisory services Public provision Conditional organization Voluntary/conditional information
Firm-level impact	Incoming location Endogenous expansion	Endogenous creation Endogenous modernization
Economic environment	Hierarchy/markets	Markets/networks

Source: Halkier, Danson and Damborg, 1998, Halkier, 2000

Being a bottom-up approach provide some advantages to the RDAs by overcoming some problems in local markets such as inadequate information for market participants, problems associated with rapid growth and technological change. These are:

1. A regional institution is better placed to develop strategies tailored to the specific problems of individual region especially if the production systems are becoming increasingly localised and differentiated.

2. Bottom-up approach to regional policy requires staff dealing with individual firms in a business-like manner and a position outside the mainstream bureaucracy would make it easier to recruit specialist staff and adopt a more flexible approach to policy implementation and collaboration with private actors
3. A position outside the mainstream government apparatus allows a more integrated and proactive approach use of public resources, and also generate a business-like image more attractive to private actors than the traditional civil-service image of traditional government departments. Therefore they can target available resources on key industrial problems in a region, facilitate greater integration of economic and land use planning processes and address problems associated with the intra-regional distribution of economic activity.
4. A semi-autonomous position limits direct party-political interference or local territorial interests and allows the adoption of a long term perspective capable of tackling structural weaknesses of the regional economy. With an arm's length relation, political sponsors only interfere with the activities of the policy-making organisation on a very general level, such as allocation of resources.
5. A separate regional institution not only may enhance regional influence of the political sponsors in relation to other public bodies but also may function as a visible symbol of party political commitment to the development of region.
6. RDAs offer certain advantages over local authorities in the economic development area such as providing promotional activity, embarking on major firm rescue operations, setting out strategies to retain local ownership in key local companies and in promoting new sectors (Halkier et. al., 1998, Halkier, 2000, Danson et. al., 1993).

3.1.1 Objectives of RDAs

The most obvious objective of RDAs is the economic development of a specific territory. However the objectives can be classified as; economic such as creation conditions for long term regional economic development, environmental such as improving attractiveness of the region and social such as development of social cultural and endogenous values of the region and becoming a catalyst organization in order to focus to the creation of wealth of the region. According to Hughes a model RDA must have objectives which are sufficiently broad and include regional competitiveness, regional growth, endogenous/SME growth and inward investment. To imply these objectives there should be multiple policy instruments like environmental improvement, industrial infrastructure,

business advice and venture capital (Hughes, 1998). The conditions affecting the economic development change in time. Therefore, an agency and its objectives must adapt to manage these changes. To implement its objectives it is important to an agency to absorb the efforts and the resources of potential actors in its territory.

The role of RDAs must not only concentrate upon the economic regeneration process, but has also to take social development and local democracy accountability into account. So in the future, RDAs will probably have to fix their objectives as:

- to create a competitive business environment
- to stimulate a world class workforce
- to improve the infrastructure
- to lobby for a supportive governmental attitude for the region
- to improve health and environment
- to build effective institutions

The objectives of a RDA are guided by three considerations:

- Consultation and co-operation with local actors
- Complementary and development of synergies between the actions and duties of such local actors
- Partnership among the actors (EURADA, 1999a)

3.1.2 Organization and Management of RDAs

3.1.2.1 Types and Legal Forms of RDAs

RDAs can be classified according to their bureaucratic autonomy, their origins and their activities. It is possible to define a sequence of possible relations between the political authority, legitimating a development operation and the bureaucratic executive in the frontline of policy implementation (Halkier, 1992). A basic distinction between RDAs can be drawn by their positions either inside or outside the core administrative apparatus of politically elected government (Table 3.3). Political sponsors can be the local, regional and national actors. A development body incorporated into a government structure is likely to be subjected to a high degree of political control. On the other hand, in an arm's-length situation the sponsoring authority only interferes with the activities of the policy making organisation on a very general level such as allocation of resources and broad

policy guidelines while both the strategic initiative and important discretionary powers are left with the frontline bureaucracy (Halkier and Danson, 1998). Most of the agencies in Europe exist as an independent body and have an arm's length relationship with its political sponsors and the vast majority of organizations rely on one single economic and political sponsor. Therefore the potential of political interference in the activities of the legally independent RDAs is obvious.

Table 3.3: Organisations by bureaucratic autonomy

Legal position	Position with respect to political sponsor
Part of government	Departmental (direct political control)
	Semi-departmental (direct political control mediated by advisory council)
Independent body	Arm's length/Single (political supervision, board appointed by government)
	Arm's length/Dominant (political supervision, board appointed mainly by government but influenced by other public/private organisations)
	Arm's length/Plural (political supervision, board appointed by governments and other public/private organisations)

Source: Halkier and Danson, 1998, pg: 31

A similar classification of agencies may be occupied according to the founders of the agencies. Agencies can be classified into four major groups by their origins:

- Agencies established by central governments: They have the advantage of resources available for their objectives.
- Agencies existing inside local and regional authorities: They have closer to the local realities but dependency on bureaucratic channels tends to transform them into less operational organisations.
- Agencies established by local and regional authorities: They can make quicker decisions and less dependent on political attitudes.
- Independent agencies established by public/private partnership: They have the ability to combine public and private point of view both for methodologies and for objectives. According to EURADA there is a sign that most of the future RDAs will be in the form of this type which is found more efficient than the others.

Agencies can be classified also according to their activities into four major groups:

- Strategic agencies: Their objectives are mainly the establishment of information data banks, research studies on sectoral and general social and economic factors, promotion of the region in national and international terms, supportive information to SMEs and promoting awareness of endogenous potential.
- General operational agencies: Their main objectives are the establishment, promotion and management of intersectoral development projects. They have to take in account the function of the strategic agencies. Therefore, both of them act together or inside the same organisation.
- Sectoral operational agencies: They are established to promote a specific sector or an activity of a region and specific projects in a specific area.
- Inward attraction agencies (EURADA, 1999a).

Table 3.4: Legal forms of RDAs in Europe

Legal Form	Country
Inter-municipal agency	Belgium
Non-profit association	Bulgaria, France, Hungary, Ukraine
Public law organisation	Belgium, Germany
Non-profit foundation	Denmark, Poland
Public private law institution	Spain
Foundation	Romania
Municipal enterprise	Greece
Non-profit making companies	Lithuania
Company limited by guarantee of local authorities	United Kingdom
Limited liability company	Germany
Public limited liability company	Ireland, Netherlands, Greece, Italy
Public-private joint stock company	Portugal
Limited company	Sweden
Joint stock company	Estonia, Poland, Slovakia
Mixed Economy company	France

Source: prepared based on EURADA, 1999a

The legal form and legitimacy of RDAs differs from one country to another and also one region to another (Table 3.4). There is special legislation in some countries like France, Spain for the legitimacy of RDAs. In other regions and countries the legitimacy are give by the setting up the agency by the State or depending on outline legislation. However, generally they are public institutions governed by private law for reasons of both financial and staff management flexibility.

3.1.3.2 Management

The internal organisation of a RDA consist of two bodies and it depends on the assignment, the budget and human resources that it has. First one is the Statutory bodies which may include the General Assembly, Board of Directors, Audit Committee and General Manager. Second one is the working groups, which is organised on subjects that need to be handled only once or committees, which can be established for certain important items or for technical matters (EURADA, 1999a).

The impact of the RDAs depends upon the dynamism of the organisation which is partly drawn from the leadership of the Board and more from commitment and drive of the staff (Hughes, 1998). Board of Directors is elected by the shareholders of the RDA and formed from the representatives. Sometimes an Executive Committee smaller than the Board is established because the composition of the Boards of Directors is complex to day-to-day management. The Board has assignments like approving strategic plans and budget and evaluating the impacts of RDAs work. It is mostly composed of non-technicians who have common objectives and expressed them in an operational way. From the European cases we can see that the directors are elected mostly from politicians, public and private operators, representatives from enterprises and from dominant sector of economic activity, unions, local or regional banks, universities colleges, training bodies. A most important function of a Board is to select the General Manager. The function and also the characters of the General Manager are very important for the success of the RDA. In an addition to be an executive manager, he/she is also responsible for external/internal communications and public relations. General Manager's other important function is training of the technical team (EURADA, 1999a). Recruiting the right staff with sufficient scope to develop proposals and to implement them is a key element to the success of RDAs (Hughes, 1998). Sometimes RDA can use certain services of external consultants. An

agency staffing size can vary according to its budget and from one agency to another and irrespective of size all agencies are organised basically on functional size (Yuill, 1982).

Table 3.5: Organisations by size

Size band	Staff	Funding (£ million)
Small	-20	-2,5
Medium	21-100	2,5-25
Large	101-500	25-500

Source: Halkier and Danson, 1998, pg: 30

3.1.3 Funding Resources of RDAs

Most agencies funds take the forms of grants (Yuill, 1982). The source of the budget of a RDA in European countries differs from one to another depending on level they operate (region, municipal agency etc.), the legal form they have, and the range of service they delivered. In most of the European countries the RDA created by the local and regional authorities receive direct funding from the political sponsor (EURADA, 1999a). Political sponsors mostly covers agencies running costs and also major capital expenditure programs. In addition to that there are other funding sources open to the RDAs. EU finance may be available and agency may generate its own income such as in the form of rental incomes on equity investment or charges for services rendered (Yuill, 1982). Also in some countries they participate in tax revenue raised in the region. When a RDA is created as a joint stock company, the founders put up some initial cash, services or properties. When full funding for the operation of RDA can not be provided, it's funds come from the external revenue.

The funding opportunities of a RDA can be classified into four main group :

- Direct funding from political sponsor
- Indirect funding from political sponsor: rooms, communication facilities, staff free of charge
- Funds from services and external revenues
 - taking a participation in the capital of SMEs
 - invoicing consultancy or support fees to the SMEs

- real estate and property management and development
 - giving consultancy services to local and national government
 - providing training
 - organising seminars
 - sponsored activities and managing government programmes
 - management fees from venture capital funds
 - services for foreign investors or companies
 - management of incubators, industrial parks
- International funds or projects (such as EU programmes) (EURADA, 1999a).

3.1.4 Policy Action Areas of RDAs

In the 1950s and 1960s, RDAs involved in the economic development by attracting foreign investors and managing industrial parks. Later they also began to offer both financial and non-financial services to local and regional companies by alone or in partnership. They also began to manage the specialised infrastructures (business centres, incubators, relay workshops and science parks) (EURADA, 1999a)

There are generally five main categories of strategic actions of RDAs: 1) financial assistance to business; 2) provision of premises for business and business-related activities; 3) advice, assistance and encouragement to SMEs; 4) projects to increase the long term capacity of the region to develop; 5) social and community improvement. Particular importance is how strategic elements are packaged. Currently the most high-profile packaging is to attract inward investment. RDAs are also involved in the international networks to identify and nurse the target economies and companies; the delivery of an integrated seamless local package; a strategy to create regional external economies; the creation of a mutual confidence between inward investor and region (Hughes, 1998)

According to Halkier and Danson policy areas of RDAs have been distributed into three groups according to their strategic orientation (Table 3.6). First there is the traditional

measures which are central complementing or replacing the redistributive policies of government by facilitating the import of growth from the outside of the region. Second one, new measures, is not found in the traditional armoury of central government and primarily aimed at stimulating the growth and competitiveness of endogenous firms. Finally, there are a small number of policy areas for which the strategic nature is so variable that classification is not possible.

Among the RDAs all over the Europe balance between traditional and new policy areas vary greatly (Table 3.7). Some of the agencies involved in both traditional and new activities while others concentrate heavily on policy programmes involving a particular type of resource or strategic orientation such as either promotion of inward investment or advice to regionally based firms. Therefore, the overall picture is heterogenous as can be seen from the table below (Halkier and Danson, 1998).

Table 3.6: Growth strategies and policy areas

Strategic orientation	Resource	Policy area
Traditional	Advice	Investment attraction
		Access to grants
	Infrastructure	General factories
New	Advice	General management
		Markets
		Production/technology
	Finance	Equity, loans, etc.
	Infrastructure	Science parks, etc.
Training		
Other	Finance	Own grants
		Grant administration
	Infrastructure	Land renewal

Source: Halkier and Danson, 1998, pg: 33

Table 3.7: Organisations by profile (%)

Degree of specialisation	Primary activity	
	Traditional	New
Specialised	27	43
Mixed	13	17

Source: Halkier and Danson, 1998

The potential for integrated policy implementation of development structures is also reasonably distinct in European countries. Within the individual region, policy integration can be achieved either by concentrating most policies within one agency, multi function approach, or through a network of separate agencies pursuing a more limited remit, a single function approach. Among the European countries, small ones appear to favour both single function agencies and multi function agencies on the other hand large Western European countries are generally characterised by multi function agencies.

As a result three basic model exist in Europe (Table 3.8). The homogenous single function is involving primarily endogenous oriented strategies and relatively small organisations. The homogenous multi function approach is involving broad policy profiles and relatively young organisations. The heterogenous multi-function approach is involving a variety of policy profiles and relatively large organisations (Halkier et. al., 1998)

Table 3.8: National policy patterns: policy profiles and policy integration

Method of policy integration	Strategic diversity	
Single function agencies	Homogenous	
Multi-function agencies	Homogenous	Heterogeneous

Source: Halkier et. al., 1998

3.1.4.1 Activities of RDAs

One of the major task of a RDA is developing and implementing a strategic regional program/plan for its territory. Regional strategic planning is the determination of medium

term strategic choices for economic, social and cultural development and the resources required for reaching it, the systematic consideration of existing local capacities, while determining their rate of use and identifying those that still need to be acquired and an orderly and formal set of operations which can employ existing strengths of the various actors in the region.

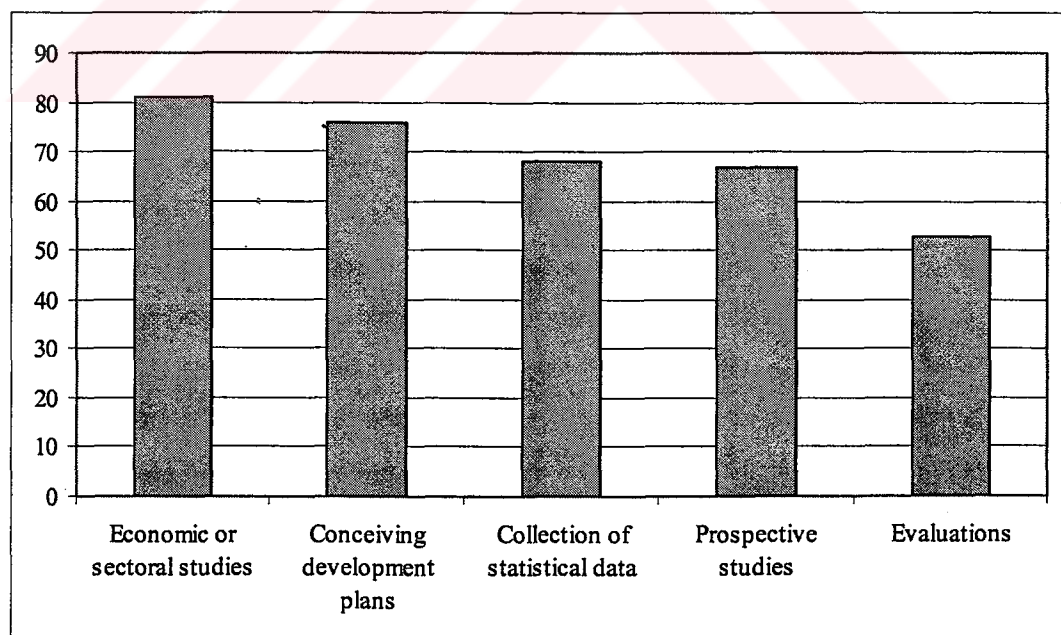
The process of regional change is taking place in a global environment, which is itself subject to rapid change and fluctuation. With world trade currently growing more than twice as fast as world output and foreign direct investment growing four times as fast, national and regional economies are being exposed to international influences in a way never conceived of in the past. Development cycles are getting shorter, there is more emphasis on value added output, greater demand for highly-trained and flexible workers, long-term full-time employment is declining, short-term contractual employment and self employment is rising and employment across sectors is changing rapidly, for example in the growth of cultural sector. These issues and many others have to be factored into regional economic strategies (Bridges, 1999). If a region is to develop the flexible and dynamic strategy needed for success, faster political, environmental, technological and economic changes, large number of factors influencing economic development, important number of actors in regional economic development must be fully understood (EURADA, 1999a). Key tasks are: to improve individual capacity through education, training, work experience and the development of entrepreneurship; to improve the quality and capacity in communities through physical regeneration, the strengthening community organisations and community based business and to secure better performance from organizations in the public and private sectors through the role of technology transfer, increased take up of information and communication technologies and higher value added output. Bringing these two sets of relationships together is the next task. To achieve all this requires a bottom-up approach for developing regional strategies. Improving the performance of individual regions radically is not only extremely challenging in terms of what has to be achieved, but also in terms of devising the means to achieve it (Bridges, 1999).

Besides the regional strategic programming, RDAs activities are classified into six major group:

- Endogenous development
- Attracting foreign investment
- Services to enterprises

- Services to local and regional authorities
- Training activities
- International activities

Endogenous development activity group is exist in most of the RDAs to reveal the endogenous potential of the region in both nationally and internationally (Table 3.9). In these action area RDAs have activities like collection data about the endogenous potential for both to the local authorities and enterprises, infrastructure activities like environmental protection, development of endogenous potentials like tourism and nowadays which becomes more important, development and management of infrastructures like industrial parks or free enterprise zones, technology and science parks, incubators, business and innovation centers. Among the 102 EURADA members the studies and planning group activities are provided at most and among them economic or sectoral studies and conceiving development plans are actions conducted around 80 % of the RDAs (Graph 3.1). In the assesment of resources group activities database on local enterprises was the top action of the member RDAs (Graph 3.2). Moreover half of the RDAs manage industrial and technology parks as infrasturctures and carry out sectoral industrial actions and develop tourism as endogenous resources (Graph 3.3- Graph 3.5). The least conducted activity are related to the infrastructure linked activities (Graph, 3.4).



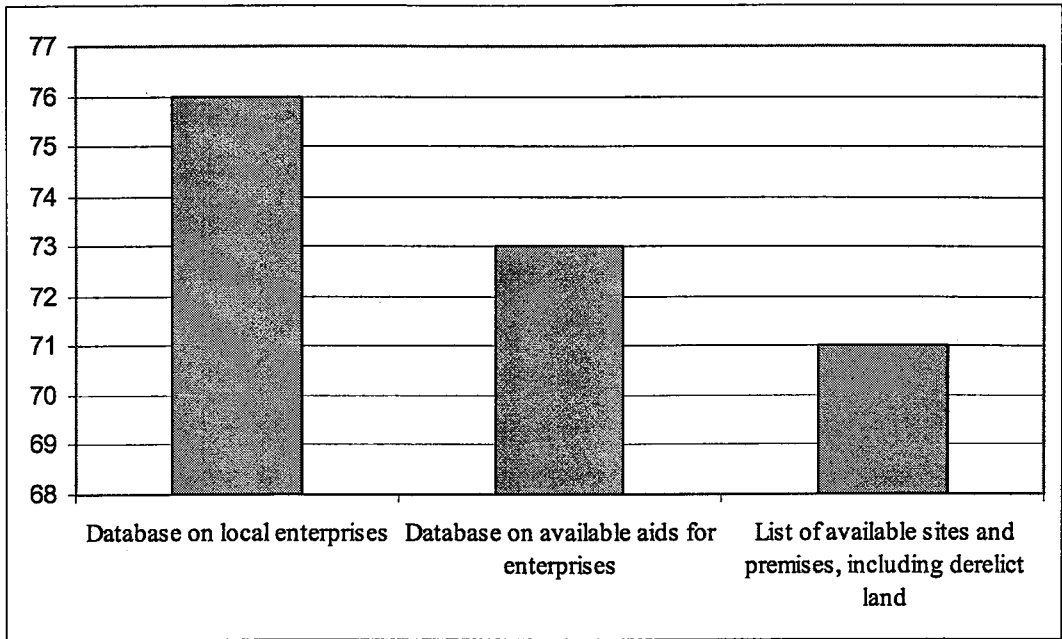
Graph 3.1: Studies and planning¹

¹ The graphs in this chapter prepared according to the data in Appendix A

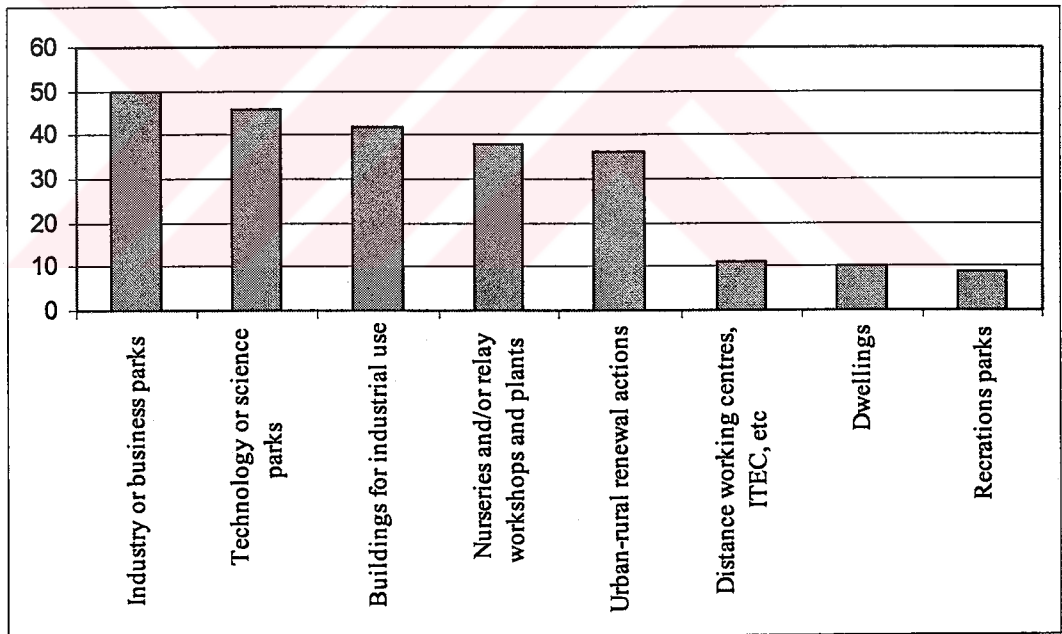
Table 3.9: Endogenous development activities

Studies and planning	Assessment of resources	Development or management of infrastructure	Infrastructure linked activities	Development of endogenous resources
<ul style="list-style-type: none"> • Collection of statistical data • Economic or sectoral studies • Conceiving development plans • Prospective studies • Evaluations 	<ul style="list-style-type: none"> • List of available sites and premises, including derelict land • Database on local enterprises • Database on available aids for enterprises 	<ul style="list-style-type: none"> • Nurseries and/or relay workshops and plants • Buildings for industrial use • Industry or business parks • Technology or science parks • Recreations parks • Dwellings • Urban-rural renewal actions • Distance working centres, ITEC, etc 	<ul style="list-style-type: none"> • Water and energy supply • Waste collection • Environmental protection • Irrigation and hydraulic work 	<ul style="list-style-type: none"> • Tourism • Raw materials • Wood • Fishing • Energy Production • Sectoral industrial actions: • Promoting regional seals of quality for certain products • Management of an energy saving consultancy desk • Management of an environmental consultancy desk • Promoting design with the enterprises • Subcontracting

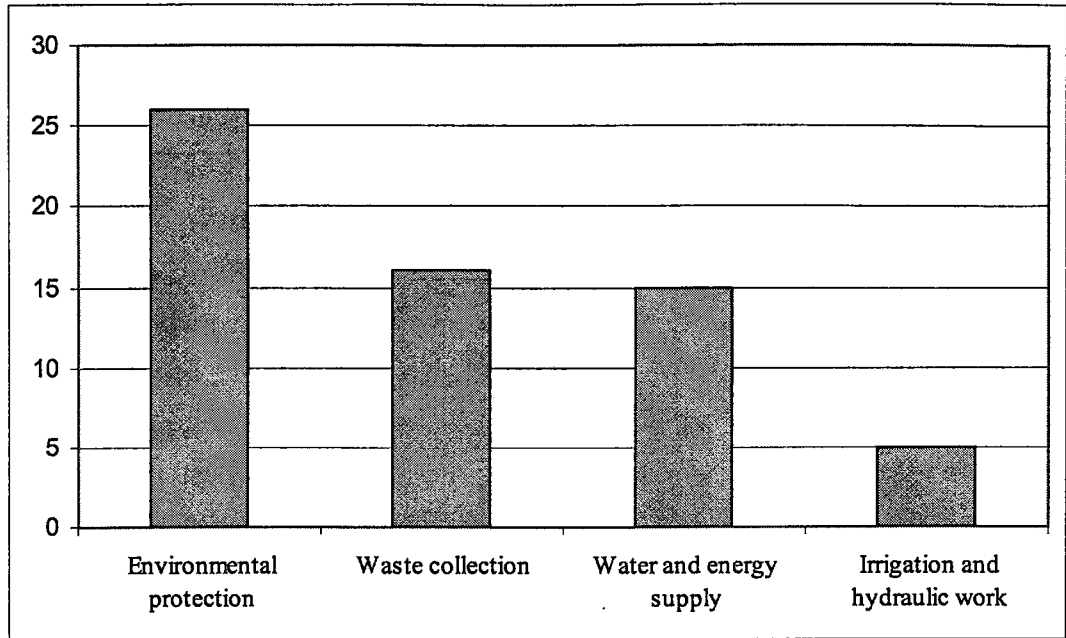
Source: prepared based on EURADA, 2002



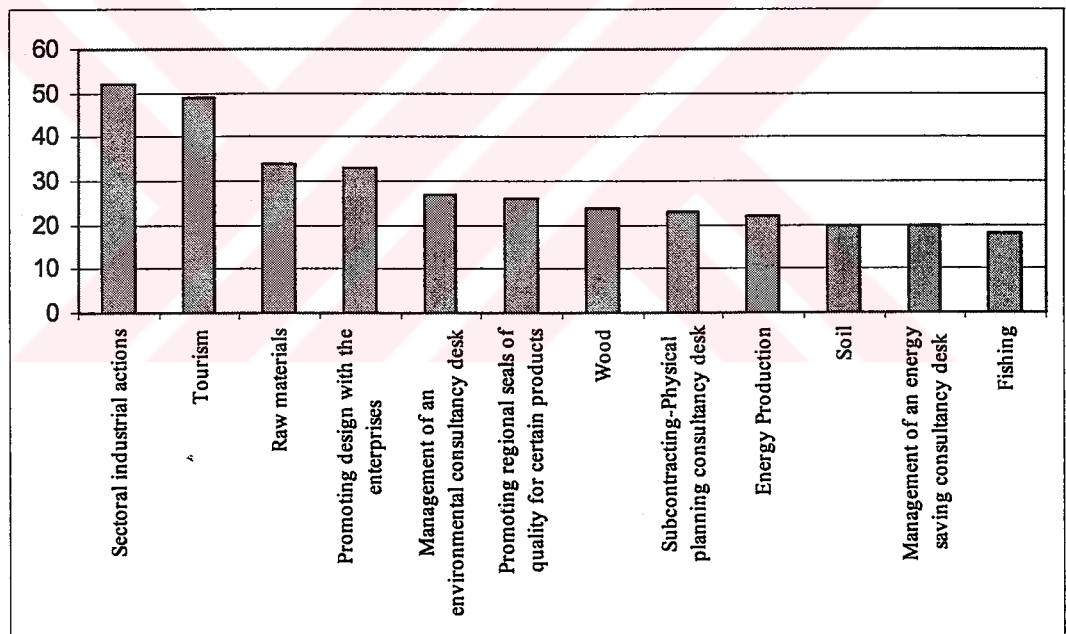
Graph 3.2: Assessment of resources



Graph 3.3: Development or management infrastructure



Graph 3.4: Infrastructure linked activities



Graph 3.5: Development of endogenous resources

The second activity group is the attraction of foreign investment which is undertaken by the large majority of RDAs. RDAs used some specific tools to attract the capital to their regions. They use these tools directly like setting up offices abroad or indirectly like cooperating with specialized national institutions, information campaigns and participating in specialized trade fairs or exhibitions (Table 3.10).

Table 3.10: RDAs policies to attract foreign investments

Direct	Indirect
<ul style="list-style-type: none"> • Face to face contacts • Specific missions • Offices abroad • Direct marketing • Workshops and seminars 	<ul style="list-style-type: none"> • Embassies • Exhibitions and events • Inter-mediate agencies • Indirect marketing • Partnerships (Chambers of Commerce, local authorities, etc.)
<ul style="list-style-type: none"> • Financial inter-mediation • Financial warrants • Technical assistance • Location availability 	<ul style="list-style-type: none"> • Environment and quality of life • Human resources • Presence of research centres (Universities, industries, etc.) • Fiscal advantages • Infrastructures

Source: EURADA, 1999a

The third activity group is nowadays becoming one of the most important and RDAs specialization activity among the others in European countries (EURADA, 1999a). RDAs support enterprises for the development and wealth of its territory as an objective and a strategic policy. There are a lot of classification of services given by RDAs to the enterprises from different view points such as intangible, tangible and financial services or consulting, financial and infrastructure services. More generally, the services to enterprises may be divided into two major group; non-financial services and financial services. Also non-financial services can be classified into three sub-group; services to existing enterprises, services to SMEs in the start-up phase and to the potential entrepreneurs and internationalisation of SME services.

Nine functions are identified in the services to existing enterprises. These are management, production, transfer and dissemination of technology, network promotion, information and communication, research, personal, sales, operational services (Table 3.11). Under that function areas RDAs by given services of consultancy, infrastructure and training, try to develop the existing SMEs and stimulate enterprneurial sprit. Some of the agencies also provide research activities. Generally these are large agencies with respect to size (Yuill, 1982).

If a RDA want to give services to the start up firms, it has to be considered the factors: the motivation and driving sources behind the establishment of an enterprise such as belief in

higher income, self realisation and entrepreneurial environment, the obstacles to start-up and expansion such as lack of capital, lack of demand, social taxes, major financial risks, and the factors necessary for success such as management experience, commercial know-how, strong motivations, education, networking, use of consultants (EURADA, 1999b). To the start-up firms agencies have various policy action areas. First policy area is instilling an entrepreneurial spirit in the population by means of local campaigns, local press, radio, television or poster campaigns. Second area is identifying potential entrepreneurs in order to offer them information on procedures for setting up a business such as assist for drafting a business plan, assist for developing prototype. Next area is training future entrepreneurs. This training covers management or is aimed at a certain target group. Assisting the first steps of a company in the form of guidance, expertise and logistics, providing short term premises or providing details of property when the enterprise develops, financing the first steps of the business, cooperating with universities in order to encourage spin-offs is other action areas of RDAs given to start up firms (Table 3.11-Continue) (EURADA, 1999a).

The last non-financial service to enterprises is internationalisation of SMEs. RDAs may offer different type of services for promoting the internalisation of enterprises. These services are information and promotion services, training services, custom tailored services and specialist collective services. Information and promotion services include services such as organising mission abroad, hosting foreign enterprise missions to the region, setting up systems for assisting in participating in trade fairs or for financing internationalisation activities. Training actions may include such as specific seminars and advice to enterprises to improve the performance of enterprises in the field of organisation and flexibility as regards of products and production. Custom tailored services are mostly individualised services which include exchange of enterprise profiles, bilateral contacts between enterprises, granting personal advice and financial assistance. The last service specialist collective services is a kind that grouping the internationalisation assistance services within a specific association or exporters club which provide export, trademark and label, design and technology services (EURADA, 1999b). Among the 102 EURADA services more than 80 % gives consultancy services for developing existing enterprises and for setting up enterprises (Graph 3.6).

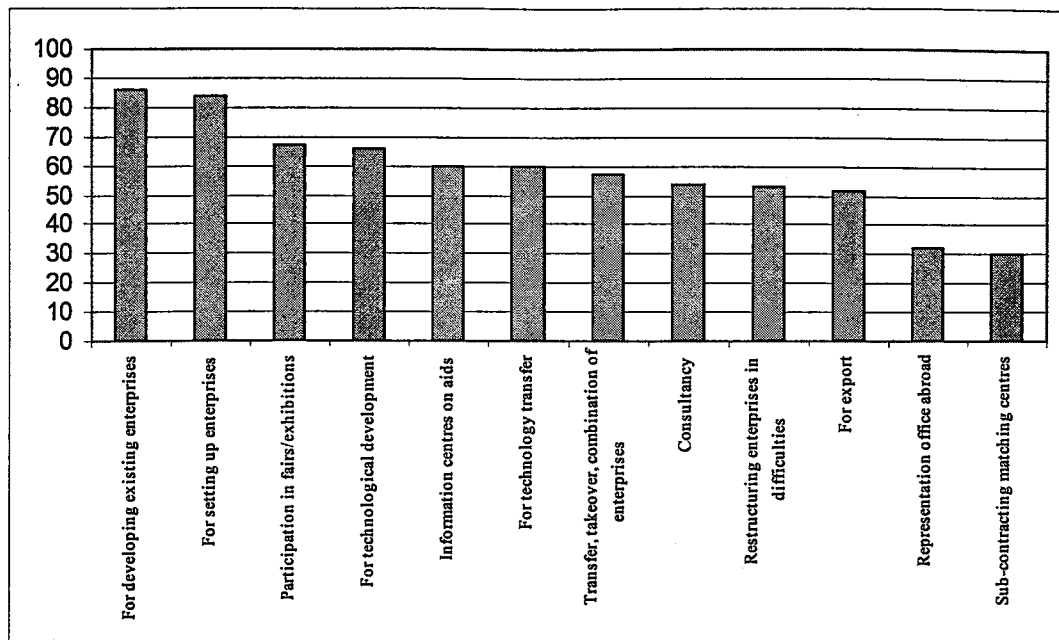
Table 3.11: Non-financial and financial business services

NON-FINANCIAL SERVICES			
Services to Existing Enterprises			
<p>a) Management</p> <ul style="list-style-type: none"> • Organisation counselling - General management - Recruitment counselling - Training counselling • Legal services - legal professions - legal consulting • Fiscal consultancy • Book-keeping and accounting auditing • Public relations • Administrative services 	<p>b) Production and control</p> <ul style="list-style-type: none"> • Inspection, certification • Repair and maintenance • Tests and trials • Packaging • Industrial engineering • Engineering consultancy • Material renting • Waste treatment • Other technical services linked to construction, production, environmental protection 	<p>c) Transfer and Dissemination of Technology</p> <ul style="list-style-type: none"> • Promoting new technologies in local businesses • Helping businesses to improve the quality of their production (quality control, certification) • Developing the transfer of know-how between universities and enterprises, and managing science and technology parks. 	<p>d) Information and Communication</p> <ul style="list-style-type: none"> • Computer services, including : <ul style="list-style-type: none"> - software - data processing - computer consultancy - technical computer services • Information services, including : <ul style="list-style-type: none"> - on line data bases services, videotext - specialised press • Private communication services, including : <ul style="list-style-type: none"> - mail and parcels service - advanced telecommunication
<p>e) Network Promotion</p> <ul style="list-style-type: none"> • Subcontracting • Licensing • Franchising • Joint Ventures • Linkages 	<p>f) Research</p> <ul style="list-style-type: none"> • Research-development under contract <p>g) Personnel</p> <ul style="list-style-type: none"> • Recruitment • Vocational training • Availability of temporary staff 	<p>h) Sales</p> <ul style="list-style-type: none"> • Market research (studies, surveys etc) • Advertising • Sales promotion • Direct marketing • Export aid • Fairs • Design • Commercial art 	<p>i) Operational Services</p> <ul style="list-style-type: none"> • Cleaning • Monitoring and security • Quality Management • ISO 9000 • Total Quality Management • Continuous improvement

Table 3.11: Non-financial and financial business services –Continue

<u>Services to SMEs in the start-up phase and to potential entrepreneurs</u>	<u>SME Internationalisation</u>
<ul style="list-style-type: none"> • Instilling an entrepreneurial spirit in the population - Media campaigns : local press, radio and television, or even poster campaigns • Training future entrepreneurs • Identifying potential entrepreneurs • Assisting the first steps of a company in the form of guidance, expertise or common clerical services • Financing the first steps of the business • Co-operating with universities in order to encourage spin-offs 	<ul style="list-style-type: none"> a) <u>Commercial Activities</u> <ul style="list-style-type: none"> • Exporting • Agent and distributor • Franchising • Co-contracting b) <u>Processes</u> <ul style="list-style-type: none"> • Joint production • Subcontracting • Joint tendering c) <u>Technological Activities</u> <ul style="list-style-type: none"> • License • Technological development • Technology transfer d) <u>Financial Activities</u> <ul style="list-style-type: none"> • Joint venture • Acquisition • Merger e) <u>Relocation</u>
<u>FINANCIAL SERVICES TO ENTERPRISES</u>	
<ul style="list-style-type: none"> • Loans • Acquisition of holdings (venture capital, seed capital) • Grant of guaranteed or mutual guarantee systems • Hire purchase • Interest-rate subsidies • Loans with interest-rate subsidy • Tax concessions • Export subsidies 	

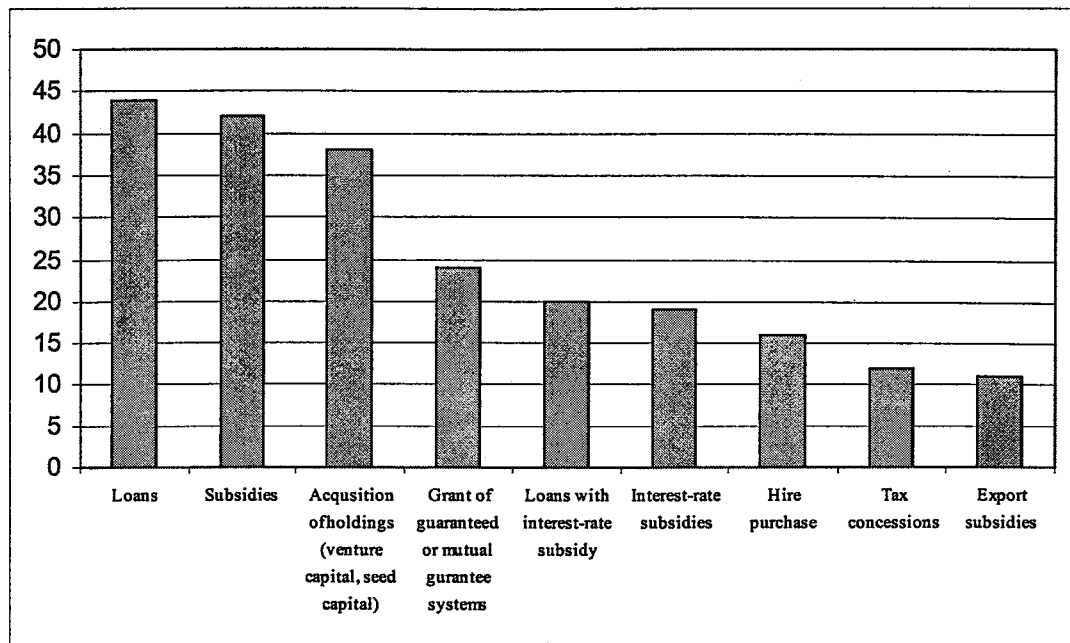
Source: prepared based on EURADA, 2002



Graph 3.6: Consultancy services

The second major area is financial services as mentioned above. In some countries, development agencies have direct management of financial instruments (Table 3.11-Continue). On the other hand in other countries they limit themselves making the applications to regional/local authorities which grant the support. Loans, subsidies and acquisition of holdings are the most used financial instruments by RDAs (Graph 3.7). In some situations specific bodies have been set up to finance enterprises. For example, beginning from the 1990s in most of the Northern European countries RDAs started to set up “business angels” networks or informal venture capital schemes. Informal venture capital is risk capital for small unquoted private companies supplied by private investors, often called Business Angels. The great strength of Informal Venture Capital is that in most cases, Business Angels can provide business skills and contacts in addition to finance in an area predominantly avoided by traditional Venture Capital”(One-London, 2002) Business angels” networks provide services like:

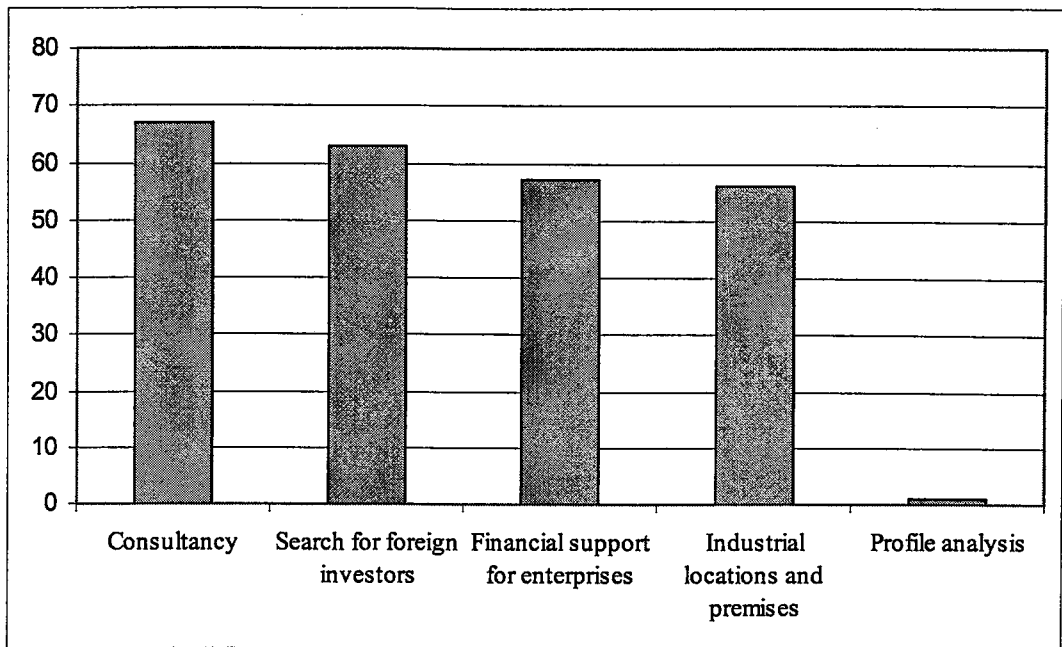
- Database of investors
- Matching system
- Establishing business angels clubs
- Investment forum
- Newsletters
- Preparing SMEs for contacts with business angels.



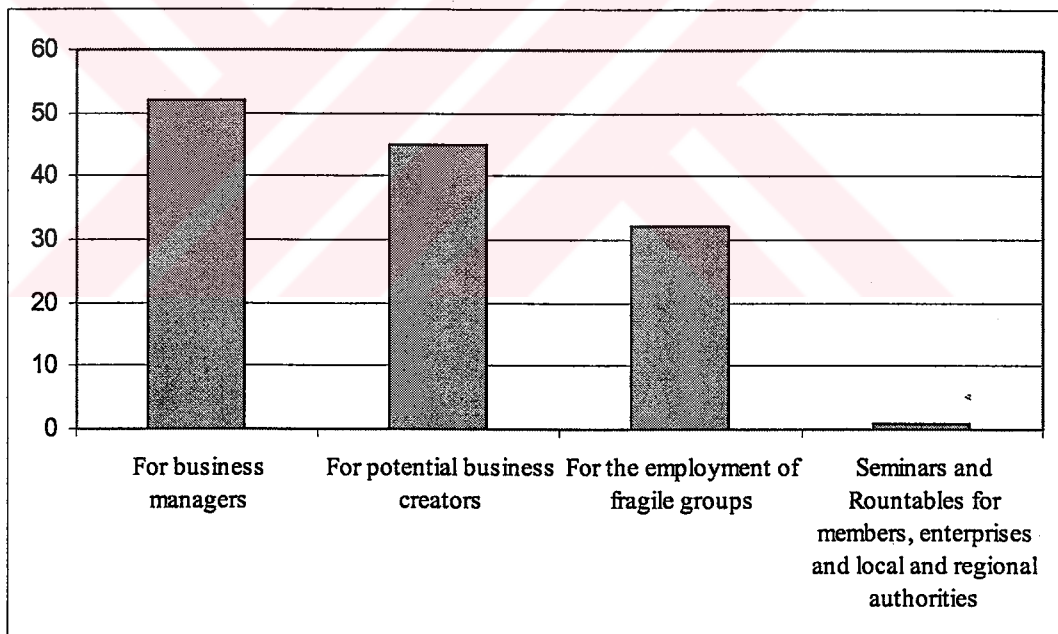
Graph 3.7: Direct financial support

Next activity group of RDAs is services to local and regional authorities. RDAs provide two major service to the local and regional authorities. First one is consultancy. Second one is managing or conducting files on the behalf of these authorities. In these second group RDAs provide services such as managing the loans and financial grants of authorities, searching for foreign investors, profiling analysis. Except the profile analysis half of the EURADA member RDAs are provide these services (Graph 3.8).

Most of the RDAs provide a range of training action for potential entrepreneurs as the fifth activity group, SME managers and fragile groups. In specific circumstances like sharp decrease in employment RDAs provide training for people made redundant. Some agencies involves in assesing skill needs (EURADA, 1999a). Training for the business managers are provided by half of the RDAs (Graph 3.9).



Graph 3.8: Services to local/regional authorities



Graph 3.9: Training actions

Last activity group is international actions of the RDAs. RDAs in Europe and in the world participate in networks, programs and projects. The international actions of the RDAs are classified into five major group which were participation of Community programs, participation in European networks, participation in actions outside the EU, consultancy

services within the framework of EU to the countries outside the EU, implementation of projects (Table 3.12).

Table 3.12 International relations of RDAs²

Participation in Community Programs	Participation in European networks	Participation in actions outside the European Union	Consultancy services within the framework of EU / Third countries relationships	Implementation of projects
<ul style="list-style-type: none"> • ADAPT • Art 10. ERDF • Art 6 ESF • CSF Obj. 1 • CSF Obj. 2 • CSF Obj. 3 • INTERREG • KONVER • LEADER • LEONARDO • NOW • HORIZON • YOUTHSTART • SME • RECHAR • REGIS • RENAVAL • RESIDER • RETEX • SOCRATES • TELEMATICS • URBAN • PESCA 	<ul style="list-style-type: none"> • BC-NET • SPRINT • VALUE • Euro-Info-Centres • EURADA • BRE • BC-NET • EGLEI • CERRM • TII • ERIDO • EBN 	<ul style="list-style-type: none"> • OUVERTURE /ECOS • COOPECO 	<ul style="list-style-type: none"> • PHARE • TACIS • AL-INVEST • MED-INVEST 	<ul style="list-style-type: none"> • INTERPRISE • CRAFT • RITTS

Source: prepared based on EURADA, 2002

One of the important networks in the Europe, which RDAs engaged, is the EURADA. It is set up in 1991 and supported by the European Commission (Halkier and Danson, 1998). It is a non profit-making organization aiming to promote regional economic development through dialogue with the European Commission services, interchange of good practice among members, transnational co-operation among members, and regional development agencies as a concept. EURADA has members around 150 development agencies from 25 countries of both the European Union and Central and Eastern Europe (EURADA, 2002).

² See Appendix B for description of the programs, projects and networks.

Not all the function areas described above was realized all of the agencies in Europe. The style of functions and roles performed by regional agencies have varied considerably over time and between places. In fact the activities and services of a RDA closely related with its funding resources, size and both regions and companies characters in its territory i.e. endogenous factors.

The functional variations have affected by a number of factors such as the political and cultural regimes evident in regions or nations, performance of region in attracting inward investment, and the absense or presence of other authorities, organizations and bodies in a region. Also another important factor affecting the function of agencies is the existing institutional capacity in a region (Danson et. al., 1993)

Most of the activities in these action areas are information and advice services as mentioned above in the policy areas section. The information provided by RDAs is aimed at potential investors, existing enterprises, regional and local authorities and consist broad background material of region like specific information on potential sites and factories, labour resources, transport and infrastructure facilities, available financial incentives and new technology. The information service approach differs from one agency to the other. For example this difference appear in the publication of information. In most of the agencies the information provided is free. On the other hand, the importance of this function is high because information services of an agency is the initial contact with local actors in its territory. Another extention of the information services is the publicity and the marketing of the region (Yuill, 1982). Regional marketing should be well targetted in order to enable the agency to make the advantages of the region known to any potential investors, to internationalise the region and to promote a new image of the region. Sometimes the marketing of the region is carried out by distributing directories or other reports of enterprises (EURADA, 1999a). In addition to that it also includes tools such as seminars, conferences, trade fairs and direct presentation to firms and advertisement. Another important activity is providing large promotion campaigns for the regions' SMEs products which are incapable of individual campaigns both in the nation and abroad. In some agencies intermediary services seen as part of information services, part of consultancy and advice. Most of the agencies in Europe has contact with regional and local authorities and private sector. RDAs has a supply of contacts with regional and local authorities regarding fiscal and financial aids, site provision and supply of public utilities. This brokavage function is primarily concerned with establishment of contacts for firms.

Also it extends beyond and include activities, trade, co-operation and partnership between producers users and partners like encouragement of mergers between firms and establishment of new manufacturing capacity with both domestic and foreign partnership. Intermediation of ideas is another form of service whereby agencies actively search out new investment opportunities and fields for further development and then place these ideas with appropriate firms (Yuill, 1982).

3.1.5 Factors That Affect the Effectiveness and Success of A RDA

There are seven factors, which influence the effectiveness of a RDA. According to Maude and Beer (2000) the first one is the adequacy of funding arrangements which affects management and planning activities, strategic planning, support of sufficient staff to carry out the core functions of development agencies. RDAs with little or no core funding spend much of their time chasing funding rather than implementing programs. Second, staffing is another factor affecting the RDAs effectiveness. Having sufficient staff to carry out the core functions of the agency and staff with the appropriate skills is important for the success of RDAs. The ability to engage in some form of strategic planning is the third important determinant of RDAs' effectiveness. Agencies need to establish strategic plans in order to set priorities and present a coherent vision for the region's development. Next factor is legitimacy and empowerment. The RDA must be seen as a legitimate representative of its territory and have local business support. For a RDA to be effective it is crucial to get support from the bottom-up local business and top-down national government. Empowerment comes from the funding which gives RDA capability, through the community support which gives them recognition and legitimacy, through the composition of management board which can give agency credibility with local interest group and through good leadership which gives an authority and acceptance with its territory. The involvement of the local business is the fifth factor shaping the effectiveness of RDAs. Some practitioners believed that RDAs boards must definitely include representatives of local business, since the private sector and the local entrepreneurship is the driver of regional development. Sixth factor influencing the RDAs effectiveness is the tasks undertaken by a RDA. The agency must be involved with the economic sectors that are the main drivers of the regional economy. Last important factor is the regional coherence. If a RDA cover a region, which has common elements, it becomes easier for the RDA to decide on common issues and goals and to gain community support. On the

other hand, agencies whose region has very diverse and unconnected economies have difficulties on these issues (Beer and Maude, 2000).

In a European Commission document some conditions for how a RDA operates successfully clarified as follows:

- A local support structure for initiatives:
 - Stability and permanence
 - Promoting co-operation between public and private sector actors and additional grouping together of rural and urban public authorities
 - Facilitating the interchange between territorial and sectoral policies
 - Promoting a comprehensive approach to development.
- Finance encouraging:
 - Promoting the local investment by seeking better adaptation of financial instruments to the projects and taking account of the strong advisory role
 - The contribution of public finance to the local areas by expanding the mechanisms for global subsidies
- Meeting the needs of the productive fabric:
 - The introduction of resource centres to strengthen dissemination, innovation, vocational training, resource to expertise and reduction of administrative procedures.
- Co-operation and incorporation in exchange and transfer of networks:
 - Artificial or sleeping partnerships
 - Strengthening the networking of the actors involved in local development through the creation of a technical support structure (EC, 1995 quoted in EURADA, 1999a).

3.1.6 Relations with Other Actors in Their Local/Regional Territory

RDAs must have close links with local and regional groups to be efficient in its economic development objective. These links have importance for the financing of the agency and durability of its functions. In its territory it has linkages with both public authorities and private sector. With local and regional authorities a RDA has linkages that may be institutional, financial and accountable. Moreover, also with private sectors RDAs have this linkages. Local partnership is important for RDAs in order to stimulate economic

development. For example, when managing some specific projects an agency can organise public-private partnership (EURADA, 1999a).

Relations with the universities and the education system are also important for the functions of RDA. Universities are the paces of storage for knowledge about the future economical, social and technological trends need to be explored to help the region's development. Also they act as a gateway to global information and tailor this information to meet the needs of different sectors of regional economy. RDAs need to explore mechanisms with universities for tapping into this knowledge. Joint research between RDAs on the strengths and weaknesses of the economy can be a useful way of building the relationship. In addition events like a regional future search conference involving staff from the university and public and private sectors within the region is another possibility (Goddard and Chatterton, 1999). Vocational training is another area, which RDAs can benefit from the universities.

3.1.7 Relations with European Union

European Community is an important source of finance for RDAs of both member states and other countries. The RDAs has generally relations with EU in three channels:

- The implementation of relevant Community policies:
- Implementing the Structural Funds: The RDAs are often involved in the definition of strategy and of priorities of the operational programmes. Depending on the Member State, the RDAs are involved in implementing the operational programs by the role of technical advisors to the project leaders or beneficiaries of the program or intermediars. Since 1988 RDAs mostly participate in Community initiatives rather than managing or implementing operational programs.
- Managing projects in connection with the Community policies: An increasing number of RDAs selected by the European Commission to implement innovative or demonstration projects. The project areas are Community policies in favor of SMEs, Research and Technology Development, education and vocational training, assistance to or co-operation with non-member states.
- The management of Community credits and subsidies;
- The motivation for other economic actors to participate both locally and regionally in Community programmes (EURADA, 1999a, EURADA, 2002).

Certain RDAs give consultancy services and technical assistance contracts or provision of services on the behalf of EC like PHARE and TACIS. Within the framework of assistance programs for Central and Eastern Europe (PHARE) and the former USSR countries (TACIS), the EC financed RDAs in many countries under pilot projects. In this situation RDAs are considered as an intermediate structure able to favor and support at the regional level transformation and transition of this countries. Another relation of RDAs with the EU is that certain RDAs are managing representation offices with the Community authorities in Brussels (EURADA, 1999a).

3.2 Changing role of the RDAs

In the 1990s development of a particular region is no longer the responsibility of just one organisation, central government or a regionally based development agency . A range of organisations involved in this process. Some of them are local some are regional and other again acting on behalf of national or European institutions. Most of this agencies will be working together and involved in partnership arrangements with private sector actors and organisations. Today regional development bodies would appear to be essentially networked organisations , achieving their objectives by working in partnership with other private and public actors (Danson et. al. 2000)

The fundamental change in the 1988 structural reforms showed a clear commitment to partnership between the EU, member states, local and regional authorities in tackling regional difficulties. These reform led to greater decentralisation of decision making to local and regional authorities. The concept of regional partnership became central to the planning and implementation of Structural Fund programs. The increased interest in economic development partnerships has been argued to be part of stimulating greater bottom up development or developing endogenous potential compared with some former top-down policies. In this partnership model for access to the Structural Funds become a changing role for RDAs vis-à-vis the other organisation the regional development field (Danson and Cameron, 2000).

The general characteristics of RDAs like flexibility and receptiveness to the specific problems of indigenous industry within the region, pursuing public policies without interventionism, more closely attuned to the need of enterprises may well be compromised by the increasing moves to partnership and formal networking.

CHAPTER IV

REGIONAL DEVELOPMENT AGENCIES EXPERIENCES FROM THE EUROPEAN COUNTRIES

In Western European countries the regional policy has existed since the 1950s. In the 1960s and 1970s regional policy was in the hand of the central government which operated various programmes designed to redistribute economic activity in favour of lagging regions and problem areas by means of financial incentives (Halkier, 2000). From the 1950s to 1970s regional policy existed as an important part of the widening social and economic intervention by governments. However it begun to change after the mid 1970s with shifting of importance from the redistribution of economic activities to endogenous development. Furthermore in the same time period the regional policy became multilevel, with the increasing number of Regional Development Agencies (RDAs) and a widening range of special purpose regional and local bodies (Batchler ve Yuill, 2001). Till the late 1970s, top down central government approach was the dominant form of regional policy in Western Europe. However, with 1980s, the bottom-up initiatives where regional organisations promoted economic development in their area through a host of policies, many of which relied heavily on attempting to improve the competitiveness of endogenous firms through various forms of advisory services and network building, has increased (Halkier, 2000). One of the important reason of these bottom up approaches in European countries is EU's policy. Today, it is a fact that in all of the Western European countries, RDAs, whether their reason of establishment, political areas change from one to another country, are shaping the regional economy and development.

While Western Europe experienced these changes, the central and eastern part of the Europe had another story. After 1989, market mechanisms replaced the central system in the allocation of resources and that market forces was the sole principle for the regulation of economic system, including its territorial structures for these post communist countries.

The introduction of market economy revealed some strong features of regional economies, exposed the weakest regions and increased regional disparities. As a result after 1990s, in the Central and Eastern European Countries or transition countries new type of approaches for regional policy have been appeared. In fact these approaches were primarily an effect of the EU. Therefore, in the EU candidate transition countries a new system of regional policy was designed according to the basic principles of EU regional policy. The ad hoc responsive programs have been replaced with a comprehensive, hierarchically organized framework of national strategy of spatial development and regional development plans. In some of the countries like Poland and Czech Republic in the late 1990s regional governments were established to implement these plans. Also in addition to these newly formed regional government and central governments other institutions also began to engage in the economic development area. In these institutions RDAs, having different forms and context in different transition countries, appears as the most prominent ones (Sykora, 1999a). Today, also all of the transition countries like Western European countries have RDAs. However, these countries experienced the establishment of their agencies differently. Nearly all of of these countries have difficulties in defining the functions and action areas of RDAs. It is a fact that the establishment of RDAs in these countries is the result of the EU candidacies and related policies. Furthermore, mainly the first established agencies were formed by the experts of EU and financed by EU. 1990s are seen as a period of export of these type institutions (Gorzela et. al., 1998).

In this chapter the RDA experiences in Europe will be examined in two sub-heading. The first group experiences are from the European Union member states and the second group experiences are from the European Union candidate countries.

4.1 Experiences from the European Union Member Countries

4.1.1 RDAs in United Kingdom

The history of RDAs in United Kingdom (UK) begins in 1960s when the regional policy was centralised and regional and national planning become more important. In 1965, the Highlands and Islands Development Board (HIDB) and Mid Wales Development Corporation forerunner of the Development Board of Rural Wales (DBRW) was established. The Scottish and Welsh Development Agencies (SDA and WDA) were set up

in 1976 and in 1977 DBRW. The Development Commission, a Standing Royal Commission set up before the First World War, restored as The Rural Development Commission in 1987. In 1991 SDA and HIDB became Scottish Enterprise (SE) and Highlands and Islands Enterprise. Between 1977-97 the government control increased in RDAs and they have only undertake projects on the government agenda. However, RDAs can exhibit independence in different dimensions. They have the ability to make decisions without reference to sponsoring department. They have issued critical reports on housing, transport and planning policies (Hughes, 1998).

In UK the regional thinking mostly stimulated by the decisions at the macro level through the EU's "Europe of the Regions" policy. Early 1990's became a period of development of new institutional structures, a stronger regional dimension to national policies and encouragement of institutional collaboration on a regional basis (Deas and Ward, 2000). "The fragmentation of the public realm arising from privatisation, the establishment of arms-length agencies and the marketisation of public service, when taken together with a limited and poorly co-ordinated presence of government departments" (Mawson, 2000:14), increase the need to improve the regional governance. On the issue of the devolved regional administration UK operates one of the most centralised state systems in Western Europe. On the other hand, despite the absence of European styles, the regional government in England characterised by an extensive level of regional governance (Lynch, 1999; Jones, 2001).

In 1991, consultation paper "Devolution and Democracy" of the Labour Party outlined the English regionalism due to the democratic deficit at the regional level, the need for more effective and accountable regional structures for accessing EU funding resources, and the requirement of development agencies to promote economic development. In 1994 Conservative Government launched its network of 10 Government Offices (GORs) for Regions. GORs succeeded in Single Regeneration Budget Challenge Fund, securing greater integration of the management of European funding, the establishment of the networks of Business Links and facilitating local and regional partnership to secure policy development and implementation. On the other hand some areas of public policy remained outside the influence of GORs (Mawson, 2000). The demands of European regional policy were a key factor behind the establishment of integrated GORs because European Structural Funds required a form of regional collaborative working, institutional capacity and regional strategy (Gibbs and Jonas, 2001). In addition to the 10 GORs, regions in

England governed by a variety of regional institutions such as water authorities, health authorities and a variety of public organisations dealing with economic development like Training and Enterprise Councils (TECs) and Urban Development Corporations (Lynch, 1999). In 1995, Labour Party consultation document “ A Choice for England” was published in which the case for making GORs and other agencies more open accountable to regions is discussed and regional assemblies or chambers proposed as a solution (Mawson, 2000). In 1996 a second proposal came from the Labour Party in the form of a report by Regional Policy Commission in which establishment of RDAs working under the control of elected regional chambers/assemblies were suggested (Murdoch and Tewdr-Jones, 1999).

In 1997, after the British General Election, with the New Labour Party government a stronger regional dimension to the policy was established (Deas & Ward, 2000). As a part of comprehensive UK devolution agenda alongside the elected Assemblies of Wales, Northern Ireland and London and a parliament for Scotland, Labour government policies for English regions formed around RDAs and possible future development of elected regional assemblies (Jones, 2001; Gibbs, 1998).

The rationale of the RDAs was developed in the White Paper “Building Partnership for Prosperity: Sustainability, Growth, Competitiveness and Employment in English Regions” published in 1997 (Mawson, 2000). The White Paper recognised that conventional regional policy was not working. Regional policy was criticised for being neither policy nor regional. Emphasis shift away from the national framework towards the root causes of economic under-performance, many of which lay within regions. The White Paper laid out a framework for the development of new policies and mechanisms to tackle it. The new policy framework called for establishment of RDAs in each English region and also development of regional economic strategies to examine the reasons behind economic under performance and recommend programmes for recovery; closer integration of a wide range of Government programmes at a regional level (Bridges, 1999). The agencies absorb the existing bodies of Rural Development Commission and English Partnerships. They are modelled from the experiences of SE, WDA, Northern Ireland Development Agency and Northern Development Corporation (Gibbs, 1998).

The eight RDAs in each England region were established under the 1998 Regional Development Act and began operation in April 1999 (London Development Agency

began its operation in 2000 after the development of Greater London Authority). RDAs are non-departmental public bodies accountable to ministers and the Parliament (except London Development Agency). They operate with existing powers transferred from central government with only limited additional public funding. They have taken over the powers of English Partnerships and the Rural Development Commission in land and property development, inward investment and promotion policies of English development organisations (Mawson, 2000). Furthermore, some of the functions of the GORs and other regional bodies transferred to RDAs. Although RDAs were taken some of the GORs functions, GORs continued their existence and the activities of the two organisations are expected to be complementary. They do not take powers from the local governments such as in activities like land use planning (Murdoch and Tewdr-Jones, 1999). Government expect from the RDAs to operate as co-ordinating bodies in the economic development rather than interventionist organisations (Lynch, 1999). For each Government Office boundaries, there is a single agency. These agencies are not blueprints of one another. They adapt arrangements according to their region circumstances. They have boards that are composed of eight to fifteen members (Mawson, 2000). The boards were made up of six people from business and three from local councils and rest from unions, voluntary sectors and other interest groups (Murdoch and Tewdr-Jones, 1999). A Chief Executive is heading day to day management. RDAs are free to adopt their own internal structure. RDAs roles are mostly advisory and consultative (Foley, 1998). They have staff approximately 150-200 in numbers. The government recognised that the success of RDAs would be heavily dependent on skills, experience and background of their board members (Mawson, 2000).

The objectives of RDAs are determined as five fold in White Paper :

- to promote regional economic development and regeneration;
- to advance business investment; efficiency and competitiveness;
- to increase employment levels;
- to assist with the development of relevant skills;
- to encourage sustainable forms of development (DETR, 1997).

RDAs were granted a range of powers to meet these objectives, much of which came from a variety of existing government agencies and programmes as mentioned before (Deas and Ward, 2000). The RDAs are charged with developing and implementing a regional strategy alongside a range of regional actors and interests, with regional development proposals to be achieved through consultation and public-private partnership (Lynch,

1999). The regional economic strategy must lay out the priorities for the economic and social regeneration of the region and provide a framework in which programmes can be delivered to meet these five objectives.(Bridges, 1999)

Each RDA has the core functions as follows:

- leadership in developing and implementing regional economic strategies, building upon existing regional competitiveness partnerships; and developing a fuller understanding of regional economies, including research, in an expanded form of the function carried out by the Government Offices;
- social, physical and economic regeneration, to gain the maximum benefits and spread the benefits of economic development and investment, including administration of the Single Regeneration Budget Challenge Fund, and the regeneration functions of English Partnerships and the Rural Development Commission;
- the economic development and regeneration of rural areas, addressing remoteness, integrating town and country;
- taking a leading role on EU structural funds;
- regional co-ordination of inward investment and other major investment/reinvestment projects of regional/national significance;
- providing advice to Ministers on Regional Selective Assistance;
- business support, where the RDAs will monitor and provide a regional focus for the work of Business Links;
- the reclamation and/or preparation of sites, including the role now provided by English Partnerships through its regional offices, and with reserve planning and compulsory purchase powers when necessary;
- facilitating investments, with RDAs investing in projects as part of public-private partnerships;
- marketing of the region as a business location, in conjunction with the Invest in Britain Bureau and regional partners;
- promoting technology transfer, including maximising the benefits of the work of higher education institutions;
- improvements to the skills base of the region, including developing a regional skills agenda and assessing the contribution of TECs towards regional objectives and promoting training for major investments.

Also they may contribute to policies and programmes on, transport, land use, environment and sustainable development, further and higher education, crime prevention, public health, housing, tourism, and culture and sports infrastructure projects.

Alongside the RDAs, regional chambers were established in each England region. In White Paper a regional chamber is defined as “a body that includes councillors from the local authorities in the region and representatives of the various sectors with a stake in the regions economic, social and environmental well-being” (DETR, 1997:28). RDAs have a duty to consult the regional chambers. Regional chambers were established because government believes that an additional means of consultation with local people is necessary (Foley, 1998). White Paper suggested that the local authority element within the chamber should be dominant and should reflect the regional political balanced. However, inclusion of representatives of various non-local authority interests groups with a concern for regions success was also suggested (DETR, 1997).

The establishment of RDAs has tended to attract much greater support for the Labour Party and solved one of the internal policy debates, the economic issues surrounding the failures of traditional regional policy. However the RDA programme has been criticized on different points. The first relates to the issue of accountability with the criticism that too much power and authority is retained at the central level (Collis and Webb, 1999). In UK, the functions historically fulfilled by institutions and actors of local state have been conceded upwards to the regional level. This voluntary displacement of powers upwards from local authorities, combined with the decision to endow RDAs with regeneration powers of the sort formerly discharged at the local level means that the growth of regional institutions cannot be seen as representing simply a modest deconcentration of administrative responsibility from the central government. RDAs can disrupt existing institutional linkages and encroach upon the carefully delimited territories of existing networks of institutions and policy actors (Deas and Ward, 2000). When accountability was discussed, comments focused upon the nature and potential effectiveness of the mechanisms through which the RDAs are held to account for the use of the public sector resources they inherited from pre-existing agencies and programmes. That discussion has two strands. The first focused upon the extent to which RDAs are really accountable at all or what degree of autonomy the business-led boards and executives of RDAs have to frame and implement their own view of priorities. The second was more concerned with how they can be accountable to Parliament and also responding to the needs and demands

of stake holders and potential beneficiaries of RDA programmes within their regions. In eight of the nine English regions, RDAs have been created in advance of the establishment of elected regional authorities. If regional government does become a reality, arrangements for accountability may become much simpler as RDAs will effectively become the executive arms of the new authorities in respect of economic development (Harding et. al, 1999). Over the longer term, the RDAs will probably become appendages of regional assemblies; however in short to medium term they are accountable to central government. There are concerns for the financial powers and the resources of the RDAs. The resources available to the RDAs were initially obscured by government's comprehensive spending review, that is funds of RDAs must be found through transferring powers from existing agencies (Lynch, 1999). To sum up it arises four main concerns about the accountability of RDAs:

1. the extent to which RDAs will have freedom of manoeuvre, given the range of powers of Secretary of State over them and detailed controls that can be attached by government departments to the RDAs' resources.
2. the extent to which government departments support the implementation of regional economic strategies
3. the degree of fit between RDA strategies and those of local authority
4. the congruence between regional viewpoints and strategic frameworks produced by the new regional chambers and RDAs' regional economic strategies (Harding et. al. 1999).

Second and a related criticism comes to their autonomy. Compared with other regional government in the UK the RDAs are limited in their scope and capacity for autonomous activity because their powers are either delegated from central government or come from existing bodies. Critics have called for the strengthening of RDAs so they could work on functions of the GORs and play a role in tourism, training, and power over Selective Assistance, but all of these powers remain with central government or other quangos (Lynch, 1999).

Third criticism relates to the RDAs provision of business driven regional economy with the fear that focus on competitiveness will undermine the goals such as sustainability and social inclusion. RDA programme can be introduced by government for encouraging and facilitating the development of collaborative networks capable of nurturing untraded interdependencies, facilitating institutional learning and thus enhancing competitiveness

(Collis and Webb, 1999). UK New Labour Government made social inclusion a pillar of its mainstream policies. On the other hand the run up creation of the RDAs seemed to be in danger of ignoring this and positioning them in a narrowly economic role. Their initial positioning was as business-led bodies dedicated to developing the potential of their regions by restoring, promoting and sustaining regional competitive advantage and improving the economic and social infrastructure. Though there was a specific commitment to promote sustainable communities among their formal objectives. However, for RDAs specifically to tackle the problems of social inclusion and new resources of quality employment growth and to include development of social economy, support for mutual organisations and co-operatives did not follow through into the formal legislative framework. Indeed, more social responsibilities seems to have come through the acceptance of a single voluntary sector representative on each board (Lloyd, 1999).

The last criticism is on the composition of RDA boards. It is also problematic as the secretary of State for Transport, Environment and the Regions retains control over the appointments process for the RDAs as well as a range of controls over its powers and functions. The RDAs are also intended to be business led meaning that business figures will be strongly represented on their boards, rather than representatives of local authorities (Lynch, 1999).

After the establishment of the RDAs, it became obvious that critics for the RDA program have reflected the facts in some points. Because since their establishment RDAs have faced a number of pressing contradictions, they lack the flexibility to respond the regional needs. It is obvious that the key budgets and responsibilities transferred to RDAs came mainly from the Department of Environment, Transport and Regions (DETR) while there has been a resistance from the Department of Trade and Industry (DTI) and the Department of Education and Employment (DfEE) to give up some regional responsibilities such as control over Business Links, TEC budgets and influence over Regional Selective Assistance (Mawson, 2000). Therefore, RDAs lost their role in influencing economic actors through skills training by leaving power to TECs and likewise enterprise and business support functions retained by the Business Links. Without these actions RDAs are limited and lost their ability to become a proactive one-step agency (Jones, 2001). Furthermore there are uncertainties in the future roles of RDAs for European funding, strategies and regeneration activities between RDAs and GORs (Mawson, 2000).

More emphasis is put on the business leadership and regional innovation of RDAs but they have enacted as subcontractors of central government. RDAs have a limited influence over a number of executive functions relating to social regeneration, attracting foreign direct investment which influence as only advisory functions (Jones, 2001). Furthermore, it can not be denied that RDAs have strong links with central government instead of regional actors. And this causes a challenge for the priorities of the RDAs economic development goals with respect to priorities of central governments (Murdoch and Tewdr-Jones, 1999).

Each RDA developed its regional economic strategy for competitiveness, showing local awareness and discretion and highlighting the changes they made to the economic development. But, in reality there can be no variation in RDAs regional economic strategy and also implementation approach of their strategy. Therefore, this causes the problems in implementation of regional economic strategy and social inclusion as well as cohesion.

The RDAs have not been given a block budget enabling them to fully shape policies to local circumstances and have to negotiate separately with each parent department in relation to the funding regimes they have given. As a result, depending on the public funds, with limited flexibility and no statutory role to bring sustainable economic development RDAs could have one choice to increase the competitiveness by focusing on public money earmarked for regeneration to attract inward investors (Jones, 2001).

To sum up, RDAs functions have to be reviewed so that they have a clear responsibility for their key regional development functions and they need to have greater budget opportunities to make an impact on regional problems (Mawson, 2000). On the other hand, it can not be denied that there are also a number of positive points behind Labour party current approach to English regional devolution. There have been significant levels of institutional emergence and development in the English regions, reinforced by RDAs and regional chambers. In UK the RDAs future lies with the regional policy and there is a scope to use RDAs as lead organisations to develop regional priority strategies for the operation of EU Structural Funds. However, the major threat to their role as innovator is that of becoming mainly delivery vehicles for central government policy (Hughes, 1998).

4.1.1.1 London Development Agency (LDA)-London

The LDA was created in July 2000 as one of the functional bodies of the Greater London Authority (GLA). It is a business-led economic development agency, working to the Mayor to promote economic development and regeneration (LDA, 2002). The GLA is a new and unique form of strategic citywide government for London. It is made up of a directly elected Mayor and a separately elected Assembly. The GLA's main areas of responsibility are: transport, policing, fire and emergency planning, economic development, planning, culture, environment, health. LDA is responsible for the economic development area. The LDA's powers derive from the Regional Development Agencies Act 1998 as amended by the Greater London Authority Act 1999, but answerable to the Mayor of London, not the Secretary of State like the eight already set up RDAs in England in April 1999 (GLA, 2002).

In this respect, the LDA's aims are to:

- further the economic development and regeneration of London
- promote business efficiency, investment and competitiveness in London
- promote employment in London
- enhance and develop the skills of local people
- contribute to sustainable development (LDA, 2002)

Mayor directs the LDA to prepare an economic development and regeneration strategy for London subject to his guidance and consistent with other strategies, consults on the draft strategy then publishes and keeps it under review, gives directions and guidance to the LDA on the implementation of the strategy and the exercise of its functions, appoints the LDA Board, its Chair and the first Chief Executive, sets the administration budget for the LDA and ensures that program funds from central government are properly managed by the LDA.

While Mayor has this kind of relationship with LDA, London Assembly and Boroughs have also some kind relationship as follows: London Assembly is consulted on appointments to the LDA Board, on the economic development draft strategy, inspects and approves the Mayor's budget and receives the LDA's audited accounts, scrutinises the performance of the Mayor and the LDA, may provide some Assembly members to sit on the LDA board. Boroughs work closely with the Mayor and the LDA to develop and take

forward the Mayor's economic development and regeneration strategy for London, retain powers to promote economic development and regeneration in their local areas (GLA, 2002).

One of the important tasks defined for RDAs in the Act and 1997 White paper is developing Regional economic strategy as mentioned before. After the establishment one of the first actions of the LDA is publishing an Economic Development Strategy for London. LDA worked with key London organisations such as the boroughs, businesses, voluntary groups, regeneration partnerships and training institutions to deliver this economic development strategy. The Economic Development Strategy for London is the outcome of a sustained program of preparatory work and consultations. Before the establishment of the LDA, the London Development Partnership consulted widely on its draft proposals. In the light of the consultation process, the Economic Development Strategy for London is based on the following four guiding principles. Also the Strategy identifies the distinctive role that the LDA will play in delivering these various objectives (LDA, 2002).

Economic Growth: Supporting London's economic growth, both as a world business centre and as a balanced regional economy.

- Developing London's role as a world business centre and European business capital with multicultural diversity as one of its major strengths
- Ensuring London continues to support a broad range of economic activity
- Encouraging competitiveness, creativity and enterprise, particularly amongst small and medium sized enterprises
- Modernising London's infrastructure
- Creating new investment and land use opportunities for economic growth
- Building on London's position as a world leader in the application of information and communications technologies
- Promoting and supporting the development of the social economy

Knowledge and Learning: Developing London as a city of knowledge and learning in order to fulfil the potential of its people and its businesses.

- Working to improve achievement and standards in school age education
- Working with the further education and training sector to increase skill and qualification levels throughout the population
- Increasing knowledge transfer and innovation in business

- Promoting London's universities and higher education institutions as one of its key global strengths

Diversity, Renewal and Inclusion: Working to support London's continuing renewal as a vibrant and inclusive city, acknowledging the ethnic, cultural and linguistic diversity of London's people as an asset.

- Celebrating diversity, building equal opportunities for all and promoting good equalities practices to produce long term business benefits
- Promoting social inclusion and renewal amongst all London's communities
- Working to increase the employment rate amongst London's most disadvantaged communities

Sustainable development: Ensuring that London's growth respects the need for social progress, environmental protection and conservation of scarce resources

- Ensuring that the growth promoted in London is sustainable
- Working to achieve an urban renaissance in London
- Developing an environmental business sector and promoting green business practices
- Promoting Londoners' health
- Improving community safety in London (LDA, 2001b; LDA, 2002)

The three main approaches that the LDA uses while practising these roles in London Economic Strategy can be summarised as follows: to develop a framework of ideas to lead the development and regeneration of the London economy, to deploy its own resources, assets and operations in support of that framework, to achieve the maximum leverage of other private and public resources against agreed and shared priorities (LDA, 2001b).

Furthermore there are six major areas defined as the expertise areas of the LDA. The first of them is the community development and physical regeneration. Together with London's sub-regional partnerships the LDA has considerable experience of community development through the operation of the Single Regeneration Budget program which currently supports around 200 projects focused towards the development of local community capacity together with physical regeneration. Second area is the project management and land development. The LDA has a team of property regeneration professionals whose specialist skills range from financial and project evaluation to surveying, engineering, planning, valuation and land assembly, asset management and site and project cost monitoring. The LDA also has direct landholdings such as the Royal Docks, Dagenham, Ferry Lane and the Royal Arsenal in Woolwich where years of decline

and neglect have demonstrated the need for intervention to secure long-term sustainable economic regeneration and development. Next one is the master plan development. The LDA also has commissioned, consulted and negotiated the development of master plans for the regeneration of London and securing local participation and ownership of proposals. In this respect it implements earlier plans such as the Royal Docks, which incorporates residential, business and leisure projects, and future projects, being assessed with local partners within the Thames Gateway and at Wembley. Another area is inward investment and growth businesses. Many of the LDA's physical regeneration projects are aimed at promoting inward investment or enabling London's existing businesses to stay and grow within London. LDA provides the business support infrastructure such as Innova Science Park in Enfield and the Royals Business Park in Newham for business growth. In addition to these businesses competitiveness is also defined as an expertise area. The LDA has a small and specialist team to ensure that all government programs are effectively co-ordinated. The team has expert skills in business evaluation to ensure that support is targeted at small and medium sized businesses and to raise the quality of business plans and survival rates amongst start up companies. Working with London Business Link, the Small Business Service, the London Chamber of Commerce and Industry, sub-regional partnerships and others, a network to achieve effective delivery is the main focus of its activity. The last area is developing skills and employment. The LDA has a team with considerable experience in addressing the skills needs in London. Following the introduction of the Learning and Skills Councils, work will be increasingly in partnership with these sub-regional bodies as well as London's businesses and further and higher education sectors. Projects are currently funded and managed through the Skills Development Fund and skills-focused Single Regeneration Budget projects and examples include a regional initiative in support of tourism and hospitality and the establishment of a centre for manufacturing excellence in Dagenham.

A Chair and Board has been appointed by the Mayor to run the LDA. Board is formed of 15 person. LDA staff comprise: former English Partnerships London staff; some staff transferred from the Government Office for London (GOL); and newly recruited staff. Some key and senior posts are filled on a temporary basis by GOL staff and agency staff while recruitment takes place (GLA, 2002).

Funds to deliver the economic development and regeneration strategy are routed through the Mayor. The budget comprises central government funds for regeneration, skills, land

and property development, inward investment and regional innovation. Funding for the program of activity directly supported by the LDA comes from Central Government. The net total for the year 2001/2 is £277 million. In common with the other Regional Development Agencies, this is currently linked to a series of centrally determined programs:

- Land and Property
- Single Regeneration Budget
- Skills Development
- Inward Investment
- Regional Development

In addition, a separate allocation covers administration costs (staff, premises, etc.). From 2002/3 these separate funding lines will be merged in a single budget ('The Single Pot'). In principle, this will give the LDA greater freedom in deciding how to allocate its resources in order to meet its priorities (LDA, 2001a).

4.1.2 RDAs in Ireland

Since 1973 January, Ireland is a member state of EU. From that date Ireland has been prepared its regional development policies in co-ordination with the EU regional policy and programs. In Ireland, the main emphasis of regional policy is the concentration on regional capabilities. There is a regional dimension in the national policies and via agencies these are co-ordinated (Yuill and Wislade, 2001).

One of the most important of these agencies is the Industrial Development Authority (IDA). Through eight regional offices, the IDA provides a significant resource to the small business manager or the prospective entrepreneur. "IDA Ireland has national responsibility for securing new investment from overseas in manufacturing and international services sectors and for encouraging existing foreign enterprises in Ireland to expand their businesses". Its objectives are defined as:

- To contribute to Ireland's economic development by encouraging the expansion of the existing base of overseas companies in Ireland.
- Convincing new overseas companies in manufacturing and internationally-traded services of the value of investing in Ireland.
- Fostering the national objective of regional industrial development (IDA, 2002).

In January 1994 another agency, Forbairt was established, because it was decided to separate functions aimed at attracting overseas investment to Ireland from activities designed to develop endogenous industry and there was a need to an agency concentrating on the development of Irish Industry in all of its aspects and bring technology into the main stream of the development of industry in Ireland. Forbairt places a particular emphasis on promoting the development of the small business. Also the scope of Forbairt's activities extends right across the manufacturing and services sectors. For small business development it works on:

- encouraging positive attitudes towards enterprise at all education levels and throughout society;
- providing direct financial support to help start-up companies and established small businesses to expand capacity and grow profitable sales;
- helping a wide variety of manufacturing and international service companies to enhance their capability and become more competitive by providing an individually tailored
- range of information and consultancy products, of an advisory, technical and business nature;
- playing a partnership role with other bodies involved in small business development and
- fostering regional and community based development (Feeney, 1996).

In recent years Ireland has experienced a rapid growth mainly due to the foreign owned high-tech sector which is a driving force of export growth. Also the sustainable employment creation has positive effects on all regions of Ireland. However this rapid growth has been some imbalance effect between and within regions and rapid growth of urban centres and related problems (Lenihan, 1999). Therefore, a National Development Plan (NDP) has been prepared for the 2000-2006 period to solve these problems. The regional policy for development was defined in the NDP as “to achieve more balanced regional development in order to reduce the disparities between and within the two regions and to develop the potential of both to contribute to the greatest possible extent to the continuing prosperity of the country” (NDP, 1999).

In July 1998, Forbairt ceased to exist and a new development agency called Enterprise Ireland developed by the government for the endogenous industry of Ireland (Lenihan, 1999). Today, in Ireland IDA is the responsible agency for international services and

industrial projects and Enterprise Ireland is responsible for small industries at the national level.

4.1.2.1 Shannon Development

Before the 1950s Ireland Shannon Region had a strategic importance as the first suitable landfall for the long distance air travels from the United States to Europe. However, when the flying ranges increased due to the advances in engine technology and aircraft designs, Shannon region lost its strategic role. As a result, in 1959, the Irish government established the Shannon Free Airport Development Company (Shannon Development) which had a role to provide an alternative way to the continuation of air transport activity in Shannon. Although being an agency of state, it was set up as a limited liability company with considerable freedom of action.

To set up the industrial and tourism infrastructures in the region, in the early years company had to develop a range of new and exciting concepts and innovations. For example, in 1968 company assumed responsibility for industrial development/inward investment in the Shannon region. In 1978, it started a program to develop small endogenous industry in the region. In 1984, National Technological Park at Plassey inaugurated. In 1986, Limerick Food Center was opened. In 1990 Shannon Development assigned responsibility for growth of aviation sector. In 1991, Shannon World Aviation Park was opened. In 1994, Shannon Venture Capital program was initiated. In 1997, Direct Marketing Centers were launched.

Today, Shannon Development is Ireland's only dedicated regional development company. The company's brief is to develop industry, tourism and rural development in the wider Shannon area, known as the Shannon Region which include agriculture, manufacturing, tourism, construction, public services, traded services as the major economic activities. This covers spanning counties Clare, Limerick, North Tipperary, South Offaly and North Kerry, which collectively have a population of over 400,000 people (Shannon Development, 2002b).

Shannon Development objective is "to initiate, participate in and support integrated development that will achieve integrated economic growth in and throughout the Shannon Region" and "pioneering regional development for the knowledge age" (Shannon

Development, 2002a; 2002b). Now Shannon Development is an integrated company responsible for:

- Continuing to develop and manage the Shannon Free Zone as a world class location for international investment in manufacturing and internationally traded services.
- Developing the Shannon Development Knowledge Network – a network of leading-edge technology business locations with direct linkages to third level educational institutions. The network includes the National Technology Park in Limerick, Kerry Technology Park in Tralee, Tipperary Technology Park in Thurles, Birr Technology Centre in Offaly, and Information Age Park Ennis in Clare.
- Developing new tourism marketing programs and new tourism products in the Shannon Region, in conjunction with the industry, to proactively respond to the many challenges facing Irish tourism.
- Managing commercial tourism businesses, e.g. castle banquets and day-visitor attractions, through a wholly owned subsidiary company – Shannon Castle Banquets & Heritage.
- Leading and encouraging regional development at urban and rural levels to ensure economic inclusion and balanced spatial development (Shannon Development, 2002a)

Shannon Development supports enterprise development through eight channels. First of them is endogenous industry development. Shannon Development is responsible for the development of Irish endogenous industry in the Shannon Region. The Region has over 750 Irish manufacturing and International Service companies employing in excess of 13,000 people. Specifically the company assists existing industry to build capability, competitiveness and capacity to achieve increased sales and employment levels. In particular it helps to identify and develop key industrial sectors and individual companies, which have particular growth potential. The path to employment growth in the Shannon Region chosen by Shannon Development involves the stimulation of many different economic activities, with various interests coming together to make the fullest use of the area's human and natural resources. The Company has major programs to encourage industries. Shannon Development operates a number of sectoral development programs to develop the region's endogenous industry on a sectoral basis. Programmes are in place for the development of a variety of industry sectors. A strong focus has been and will continue to be put on the service sector because of its vital role in the process of wealth creation, and in the competitiveness of the economy as a whole. In sectoral programs a strong focus has been and will continue to be put on the service sector (Shannon

Development, 2002b). The endogenous Engineering and Electronics sub-supply sector in the Shannon Region is emerging as a significant element of growth in industrial employment in the Region. Shannon Development will focus resources on developing competitiveness and expanding this sector to strengthen the ability of this sector to create jobs and to attain greater relative Regional advantage. The objectives will be to develop the Shannon Region into a World-Class source of sub-supply for the Engineering & Electronics Industries. Furthermore, enterprises in the Shannon Region are greatly assisted by a range of incentive, financial and developmental supports and programs. The Company is also prepared to invest directly in industry and has established a venture capital unit to seek out suitable targets (Shannon Development, 2002a).

The second channel is food development in which Shannon development offers entrepreneurs facilities to undertake the initial work for food products and help to maximise the potential of new food products. In this sense, Limerick Food Center has contributed to the Shannon Region's leading role in the Sector's business and enterprise development since 1986. The Center provides:

- High-graded food production
- A suite of small processing and product development and testing.
- A Food development laboratory.
- An Agro-Business and Natural Resources development centre.
- A fully equipped processing hall for pilot batch production.
- A food information and research centre (Shannon Development, 2002b).

Third one is the international industry. The Industrial Development Authority (IDA) Ireland is responsible for the industrial promotion of the Shannon region overseas. However Shannon Development also has a role in promoting the Shannon Estuary as international industrial location. Except the Shannon Free Zone IDA has the responsibility for the new and existing overseas manufacturing and international service industries in the region. On the other hand all grant payments in the region are made by Shannon Development. It administers the payments for IDA in the region. (Lenihan, 1999)

Next one is the Innovation centre which is an integrated system for incubating and growing high potential knowledge and technology intensive companies. Shannon Development in 1980 established the Centre at the National Technological Park,

Limerick. It offers its clients a core range of quality business incubation and growth programs and facilities:

- Campus Enterprise Program
- Incubator Business Accommodation and Services
- The Digitech Business Development Program
- Mentor Program
- Venture Development Program
- Comprehensive Package of Client Support Services

Another one is the investment partners. The Investments Department of Shannon Development fills the equity gap of small and medium-sized manufacturing and internationally-traded service firms and tourism enterprises located in Ireland's Shannon Region. The Department is also responsible for the development of a portfolio of strategic investments in Shannon Region companies, which have the potential to achieve high growth.

With offices at The National Technological Park, Limerick, Shannon Development's Investment Department offers its client companies a range of investment products and services tailored to meet their needs. Shannon Development's Funds are dedicated to investment in export-orientated, manufacturing and international service firms in the Shannon Region.

- Seed Capital Fund: Seed capital investment is available to companies with protectable products or ideas, either at the research or development stage and which have innovative products and ideas that involve the application and development of new technologies.
- Early Stage Equity: Early stage equity funding is available to companies, which have commenced trading and demonstrate the potential to achieve significant increases in profit growth and performance and which are in the early stage of development and require equity capital for expansion, product adaptation or market penetration.
- Venture Capital Equity: Venture capital equity funding is available to companies, which have a proven record of success and demonstrate the potential to achieve further profit growth and performance.
- Tourism Enterprise Fund: Shannon Development's Tourism Enterprise Fund is dedicated to investment in tourism firms, which are in the early stages of development

and which require capital for expansion, product adaptation or market penetration in the Shannon Region.

- **Business Angels:** Business Angels are private investors, who generally have a business background and are experienced entrepreneurs, business owners, company directors, senior managers or business-related professionals. Business Angels usually play an active role in the business, in which they invest by joining the Boards of the investor firms, providing informal consultancy, and in some cases, they work in the firms on a part-time basis. Business Angels are a major source of knowledge for the firms in which they invest.

National Technological Park is a Science and Technology Park is another channel in the enterprise development of Shannon Development. Since its inception in 1984, the National Technological Park has become home to a growing and influential nucleus of high technology and knowledge-based companies. I.C.T., Materials and E-Business are the dominant sectors at the National Technological Park.

Next one is the Free Zone. Shannon Development has provided the benefits given by the Ireland Government within a package of supports for industry residence in the Shannon Free Zone Companies in Zone benefit from progressive taxation concepts, which recognize the particular characteristics of industry. Modern industry requires higher than average skill levels and must have workers who are adaptable and flexible. The availability of such a workforce is a powerful incentive for companies considering the Shannon Free Zone. Shannon Development and local educational authorities has set about generating the skills and disciplines required by the high technology industries. The University of Limerick's undergraduates are co-opted for a period of nine months practical work experience in industry

The last is the tourism development. Shannon Development's Tourism Development is divided into 3 main activities:

- The Tourism Product Development section implements strategies (support / partnership / direct development) to secure targeted sustainable projects capable of increasing numbers of discerning travellers and revenues into the Region. The section also works in partnership with relevant public/trade organizations to pilot initiatives and projects, which will improve the quality of the built and natural environment in the Region and establish best practice models for wider replication

- The Tourism Product Marketing Team tries to attract greater numbers of discerning overseas visitors to the. The team also seeks to encourage visitors to stay longer and to spend more time in the area, particularly during non-peak times. The Tourism Product Marketing section works in partnership with all the Region's tourism interests initiating, supporting and, where necessary, co-ordinating promotional efforts to develop both overseas and home holiday business
- The core business of the visitor services unit is to provide information and a range of services through a network of tourist centres in order to enhance the holiday experience of visitors to the Shannon Region. Particular emphasis is placed on developing the network, within a commercial environment, so that the services provided are sustainable and continuously improved.

There is also two important function of Shannon Development. The first one is related to the relationships with the EU. With its EU Affair Department, Shannon Development promotes the general awareness of European developments within the Shannon Region and ensures that the Region benefits to the maximum degree from the funding and other supports available.

Its key objectives are to:

- Ensure a high level of information service is provided to manufacturing and service industries, local authorities, development agencies, community groups and all other relevant interests in the Region.
- Maximize the benefits arising from EU Community Initiatives and Programs (Shannon Development, 2002b)

The second is a recent initiative started in 2001. Shannon Development Knowledge Network comprises five technology locations developed specifically to support the development and growth of technology driven enterprise in the Shannon Region. Shannon Development has maintains the network with the third level institutions of the region. The locations within the network include:

- National Technology Park Limerick,
- Kerry Technology Park (established in,
- Tipperary Technology Park,
- Information Age Park Ennis,
- Birr Technology Centre.

Each location is dedicated to providing the resources and environment in which ideas and knowledge-based businesses are created, developed and succeed. Each has an Innovation Works facility – ‘smart’ buildings, incorporating state of the art telecoms, and managed facilities specifically focused on generating new high growth knowledge intensive businesses. Each location comprises the business, education, and innovation (Shannon Development, 2002a).

The legal statue of the Shannon Development is a company with subsidiary companies. Its directors are appointed by the Minister for Enterprise Trade & Employment after consultation with the Minister for Finance and the Minister for Tourism Sport & Recreation. There are 11 directors in the board. A number of Board and Executive Committees are in place to assist the Board and the Company in their tasks. These are:

- Audit Committee
- Economic Policy Sub-Committee
- Property Sub-Committee
- Executive Committee
- Senior Management Team
- Investment Committee
- Management Approvals Committee
- Rural Development Committee

The subsidiary companies has specific objectives relating to overall tasks of securing sustainable economic growth within the Shannon region.

Shannon Castle Banquets & Heritage Ltd.: The Company is responsible for the development and operation, on a commercial basis, of the Company’s day visitor attractions and medieval banquets to the highest standards.

Kilrush Creek Marina Ltd.: The Company is responsible for the promotion and management of Kilrush Marina as an integrated marine related tourism and recreational services project.

The National technology Park Plassey Ltd.: This Company is responsible for the overall development of the National Technological Park in Limerick, and draws upon inputs from the Enterprise Ireland, Department of Enterprise Trade & Employment, and the private sector, all of whom are represented on the board.

Shannon Estuary Development Ltd.: This subsidiary was established by Shannon Development to focus on economic development issues specifically related to the

Shannon Estuary. The Board is comprised of senior representatives from Shannon Development, IDA Ireland, and from the four local authorities and the two port authorities whose areas of responsibilities include the Shannon Estuary.

The average number of persons employed in integrated economic development activities including wholly owned subsidiaries is 421. (Shannon Development, 2001)

Shannon development budget is formed from its sales of services, grants from central government and funds from European Union.

By class of activity:

- Oireachtas Grants:
 - Grant-in-Aid - Running Expenses
 - Grant-in-Aid - Grants to Industries
 - Capital Development Works - Grants
- Grants from Industrial Development Authority Ireland & Enterprise Ireland

Other grants:

- ERDF Operational Programs for Tourism
- European Social Fund
- EU Program / Consultancy Income
- Business Innovation Centre Funds
- Rental Income
- Sales and Admissions
- Interest Income (Shannon Development, 2001).

4.1.3. RDAs in Austria

Unlike other European countries, many regional industrial policy still takes place at the federal level in Austria. Since Second World War it has an rapid grown in industrial sector which now form %30 percent of its economy. Despite of being a well performing country it has some structural problems: a high share of manufacturing is competing with low-wage countries, active internationalization is very low, large enterprises are either subsidiary or state owned, technological position is low, interaction between business sectors and within sectors is modest, also national and international co-operation is low (Sturn, 1999). While the central government much involve in the financing of business structure at sub-national level, several economic departments at the Lander have the responsibility for developing local business and innovation policy (Raines, 2001).

Regional policy is not separated from the other policies like technology or labour. In spite of being national, these policies have included a regional dimension in Austria i.e. each of the nine Lander below the federal level has a regional development plan implemented by districts themselves and aimed to develop their specific areas (Downes, 2000).

Austrian industrial policy is based on technology and includes: firms settlement support, support for structural change, assistance in infrastructural projects, an export initiative and some new initiatives in the domain of mobility and energy/environment. At the Federal level the two ministries involved in industrial policy of Austria. These are Federal Ministry of Science and Transport which co-ordinates the federal research funds and the Ministry of Economic Affairs and Labour which is responsible for general technology and innovation policy and mainly technology transfers. Publicly owned independent funds are used as policy tools (Sturm, 1999). These funds are the Austrian Industrial Research Promotion Fund which is a financing source for research and development projects and innovation projects carried on by industry, Austrian Science Fund which is the central body for the promotion of basic research, ERP-Fund which is the promotion and supported loans for projects involving a high proportion of technology. Moreover, there are institutions operating at the federal level for this kind of Funds. For example, Finanzierungsgarantie Gesellschaft is a government owned financed institution bears the risk of long-term financing of Austrian companies engaged in domestic and foreign projects with company-specific, individually structured guarantees (SFG, 2002).

In recent years there was a regional and decentralized culture, which has both strategic and institutional aspects, emerges at the Lander level of Austria (Raines, 2001, Sturm, 1999). New elements appeared in each Lander of Austria such as emphasis on software measures like consulting, creation of industrial and technologic infrastructure, network and cluster policy, creation of RDAs with some degree independence from Lander government (Sturm, 1999).

4.1.3.1. Styria- The Steirische Wirtschaftsförderungsgesellschaft (SFG)

Styria is one of the nine Lander of Austria. It has a population around around 1.2 million and 12 percent of the Austrian GNP. Its regional economy was formed from manufacturing sector. During the last decade a number of studies based on Styria have

analysed the economic situation of the region and suggested adequate strategies for protecting of the long term competitiveness. In these strategies, briefly, the following are suggested. Technology transfer should be improved for generating innovative impulses in the region, national industry should be restructured to make it more flexible for the changing economic environment, rural and peripheral areas should be integrated to the transregional networks. With regard to these strategies big nationalised firms have reorganised and divided into smaller parts. Technology parks was established. A technology transfer and advisory service infrastructure and a RDA has been established to support innovative economic activity financially and with different kind of soft measures (Jud and Steiner, 2000). In more detail, the regional development in Styria has been carried out by three institutions: Styrian government; Styrian Economic Development Agency (SFG) and Intermediary organizations such as WIFI (Wirtschaftsförderung Institut), BFI (Berufsförderungsinstitut), OAR, Innovationsagentur (Tödting and Sedlaleck, 1997).

The Styrian Economic Development Agency (SFG) was founded in 1991 as an independent, semi-public regional development agency operating under private law, owned, controlled and financed by the Land government (Tödting and Sedlaleck, 1997 and Steiner and Jud, 1998). Its activities are limited by legal regulations written in Styrian economic promotion law. These regulations include precise guidelines for granting financial support. They define to whom to support, which circumstances to have to be fulfilled, what procedure must be followed and they limit the promotional activities of SFG to the regional area of the province. To safeguard the Styria, an evaluating committee was established which supervises the activities of the institution (Steiner and Jud, 1998).

In fact the objectives of SFG are not precisely defined but they include improving preconditions for economic development in Styria, increasing economic growth in disadvantaged regions and strengthening endogenous regional potentials. With its greater autonomy, it acts like a service agency and supports innovative activities, providing direct financial incentives and soft infrastructure measures, including seed capital, subsidies for project costs, new start-up premiums and consultancy (Tödting and Sedlaleck, 1997). Furthermore, SFG promotes important infrastructure projects of municipalities and other institutions (Steiner and Jud, 1998). The SFG is also responsible for the distribution of the Regional Innovation Premium, which supports product and process innovations in problem regions (Tödting and Sedlaleck, 1997).

Its main tasks are:

- Granting differentiated financial support
- Providing information and advisory services
- Supporting the creation of new firms
- Establishing and managing technology parks
- Initiating border cross initiatives
- Organising trade fairs, seminars and workshops to improve technology transfer.

These tasks divided into seven activity areas which are also possible to subdivide into two as endogenous development and firms. In the endogenous development part, the activity areas are:

Regions:

- funds for infrastructure projects,
- information services,
- marketing for locations.

Technology parks, innovation and incubation centers:

- establishing and managing,
- providing infrastructure,
- mediating contacts,
- information for firms.

Training:

- improvement of quality,
- globalisation,
- information for firms,
- personal development.

In addition in the firms part the activity areas are:

Founders of firms:

- encouraging business startups,
- providing information and advisory services,
- financial support and infrastructure such as business parks, technology parks etc.

Growing firms:

- information and advisory services,
- financial support,

- equity capital.

Technology transfer:

- mediation of co-operation,
- internationalisation,
- innovative transfer,
- organisational management,
- organisation of fairs.

Settlement of firms:

- acquisition of investors,
- informing and taking care of investors,
- mediating information,
- providing infrastructure,
- mediating promotions.

The provision of these activities occur in the framework of comprehensive projects which are worked out together with the supported firms and organisations. So the activities are combined to a whole which is oriented towards an explicit goal.

The basis of financial support activities in the framework of particular projects is the legally defined guidelines prescribing preconditions which have to be fulfilled by projects. Only innovation projects which either eliminate regional disparities, strengthen the economy of Styria, or contribute to the realisation of new technologies and the strengthening of the regional innovative potential can be supported. SFG subsidises all costs arising out of a project; fees for external advisory services and training costs as well as costs that are directly connected to the projects. Therefore SFG promotes innovative SMEs in the phase of growth and newly established firms (Steiner and Jud, 1998).

There is also a cluster policy of SFG for automotive cluster in Styria.. The policy was to attract international firms (Chrysler, Magna) which could serve as lead firms in an emerging cluster. Recently an initiative was launched by the Association of Industrialists together with SFG in order to strengthen this cluster and to intensify and improve subcontracting with Styrian firms (Tödtling and Sedlaleck, 1997). The Styrian Cluster support initiative is at the initial stage and for near future the program management plans

to develop a database which contains information about products, services and related issues of all institutions and firms in the Styrian automotive cluster (Jud and Steiner, 2000).

One of the important and main focus of SFGs work lies on supporting New Technology Based Firms (NTBFs). They are newly founded, profit oriented firms aiming at selling products or services based on new technological ideas or research results. They are a major factor in the Styria's economic development. However they are facing severe problems which are responsible for lowering actual foundation rates, preventing new ventures from reaching the market and impeding the expansion of successful firms. In Styria and Austria the venture capital market is barely developed. Therefore it's not possible for SFG, a public funded RDA, to compensate for all the services supplied on specialised private financial markets. But its autonomous position offers a considerable potential for initiatives to be taken in some respects beyond the services a profit driven market can offer.

To support technology oriented entrepreneurship in Styria the SFG elaborated a twofold approach.

1. It tries to establish adequate preconditions for successful development of entrepreneurial activities.

The SFG provides a rather diversified set of services relating to preconditions for a successful development of NTBFs:

- It establishes and runs technology parks and incubator centres to offer necessary infrastructure for newly established firms and generate synergies between them.
- It organises meetings and workshops to put young entrepreneurs in touch with experienced managers, potential customers, collaborators and investors.
- It manages the presentation of new products and services of NTBFs at international trade fairs and exhibitions.
- It runs demonstration centres to put potential customers in touch with innovative products and services of NTBFs (Steiner and Jud, 1998)

SFG is engaged in building up networks of actors to generate and disseminate information important for the development of NTBFs. One of these networks is recently established Technologiepartner Steiermark (TP). TP network emerged from a long process of discussion and collaboration of 15 different partners actively engaged or indirectly

involved in local or regional economic development activities (research institutions, external institutes of regional universities, chamber of commerce, technology transfer centres, science parks, training institutions etc.) for better co-ordination of these institutions activities and improvement of transparency and accession of the supply of services for firms (Jud and Steiner, 1998; 2000). The members of the TP agreed to develop and establish a common internet based information system. Styrian firms and regional business send requests in terms of technology, training, funding and other support to the Internet home page of TP-network. Coordination of requests and management of the Internet server lies within the responsibility of the SFG (Steiner and Jud, 1998). There are many advantages of this system. Solutions can be delivered quickly and with high quality by interdisciplinary group of public or semi-public business service providers. Moreover, it increases the opportunity for regional agencies to evaluate the market, constantly review the services, co-ordinate measures and policies (Jud and Steiner, 2000).

2. It offers a phased or project-oriented structuring of its financial and soft promotional services aimed at NTBFs.

With regard to firms SFG has two major packages offered to target groups in their two major stage of evolution: promotion of start-up phase and seed and promotion of the expansion phase. The first package contains non-refundable subsidies, refundable seed capital, and financial grants for external advisory services and direct management support in elaborating business plans and financial projections. The second package includes real equity capital provision (Steiner and Jud, 1998).

4.1.4. RDAs in Spain

Spain's economy has changed in 1986 with the entry of the EU. It resulted in the liberalization in the economy and the regionalization of the state system. There has been a shift to a more federalist system. Before, in 1980 regionalization seriously began with the passing of the Law for Financing of the Autonomous Communities and with the devolution of powers to the regional level. Spain has seventeen region in which more historic ones, Basque Country, Galicia and Catalonia has got a special place. The powers devolved to the regions fall into two broad categories. First one is social in which regions have acquired actions in health, welfare, education, housing, environment, and culture. On the other hand in the second category economy, the important functions are infrastructure, agriculture, industrial regulation and economic development in general (Cooke and

Morgan, 1998). As a result with the transfer of policy powers to Autonomous Regions in Spain, RDAs gain importance as similar to the other European countries (Raines and Taylor, 2001).

4.1.4.1. The Society for the Promotion and Restructuring of Industry (SPRI), the Basque Country

Following the process of administrative de-centralisation carried out in Spain from 1980, the Basque Country gained autonomy. During the first years of autonomous management, the autonomous government chose to aid SMEs which were experiencing great difficulties and in danger of shutting down owing to the prolonged negative impact of the industrial crisis on the Basque economy. In spite of its limited legal and financial authority, the Basque Government granted aid as subsidies and loans (Uranga and Etxebarria, 2000) and government's SME support policy has three main dimension:

- promoting sectoral restructuring and labour adjustments in sectors not covered by central government
- fostering investment especially in new product and process technologies
- provision of a wide array of real services like R&D support, organizational innovation, and inter-firm collaboration.

In all these support schemes the key vehicle of the government has been the Society for the Promotion and Restructuring of Industry (SPRI), the regional development agency for the Basque Country.

SPRI, created in 1981, is subordinated to the autonomous government. Similar to regional development agencies, a great amount of the Basque Country's industrial policy is channelled through it. SPRI is a publicly owned company, attached to the Department of Industry, Trade and Tourist of the Basque Government with the mission of supporting industrial development and the creation of employment (SPRI, 2002). It is created as a reaction to oil crisis. In spite of its semi public structure its highly politicized due to having three top positions being political appointees. This has a negative effect on SPRI because whenever the government changes the agencies have got new plans and personalities which resulted in the departing of SPRI from its aim. Moreover, constant turnover of staff means that SPRI loses its institutional memory every so often which makes it that much more difficult for it to build durable, high trust relations with regions firms. According to Cooke and Morgan, SPRI being a modest agency can not hope to

regenerate the regional economy on its own because it needs to harness the resources of other agents like the technology centers (Cooke and Morgan, 1998).

SPRI aims the development of the industrial policy implemented at each specific time by the Basque Government. Today its activities revolve around following fundamental axes:

- The creation of conditions that provide the right climate in which industrial activities can be developed.
- Encouraging new foreign firms to set up in the area.
- Seeking and identifying new products, processes or technologies in the world economy that may be applied in Basque firms
- From the point of view of innovation, helping companies to improve their competitive position.
- The promotion of new business projects, performing the activities required to push forward, advice and analyze these initiatives, paying particular attention to those that create employment and supporting the rational internationalization of Basque enterprises (Uranga and Etxebarria, 2000 and SPRI, 2002).

In order to fulfil these objectives, SPRI has been endowed with a series of programmes directed at creating incentives for industry while also supporting change and technological innovation (Uranga and Etxebarria, 2000). The SPRI Group is structured as a central company with three operative areas that act on matters relating to industrial promotion, internationalization and business innovation, a technological strategy unit and several companies, each of which operates in a different field of industrial promotion (SPRI, 2002). Its principal activities are aimed towards the dissemination of information and assessment of new business ventures through its business and innovation centres. These services are also available for the existing firms. Society operates actively in consultancy and in the diffusion of information and financial aid for new projects. SPRI aim its intervention towards certain industrial sub sectors: the environment, software, automobiles, aeronautics and small appliances. (Guzman-Cuevaz et al., 1998)

After 1990s SPRI' functions, staff, priorities has been restructured due to the political reasons. It has five major function areas: technology promotion, business infrastructure, financial products, international links and promotion of new and existing firms. With these changes short term policy objectives like job creation were imposed by political masters. Specifically, two important shift occurred in SPRI's enterprise support policy. First, its aid

structure changed its target from a single firm to cooperated firms. Second, it introduced much tight procedures to try to ensure that its financial support had demonstrable effects within the firm. Moreover, enhancing the absorptive capacity of SMEs is now one of the main priorities of SPRI's enterprise support policy. An example for this is the RETO program stated in 1995 which aims to enhance the strategic management capacity of SMEs. However, SPRI has had some difficulty getting SMEs to sign up the well designed program (Cooke and Morgan, 1998).

SPRI's Business Promotion Area works to encourage business projects which generate new job opportunities, using all the existing instruments available from the various public authorities and designing customized instruments of support for each project. Under the concept of active promotion, business projects that create new employment opportunities are assisted. Its activities are directed towards the search for entrepreneurs or promoters with new business ideas, providing advice on the carrying out of feasibility studies for projects, collaborating in the search for economic and technological resources, training, choice of location, economic aid packages, etc.

Support instruments used for Business Promotion are:

- Financial support as an incentive for investment and the generation of employment, in the form of non-returnable subsidies and reductions on the interest rates on loans
- Venture Capital Fund: support in the form of taking a temporary minority shareholding in the capital of industrial SMEs.
- Training and Business Management support instruments materialized in the form of assistance for management training, the carrying out of business, strategic, product and market plans, etc.
- Access to industrial infrastructures on advantageous conditions, through an extensive offer of land, premises and buildings located in different industrial estates, technology parks, etc.
- Fiscal Support: fiscal support and economic reactivation measures for investment and the generation of employment.
- Assistance with contracting aimed at promoting the creation of employment through subsidies and deductions in Corporation Tax and on quotas paid to the Social Security.

For business innovation, SPRI Group provides the cultural and structural change that Basque enterprise requires in order to successfully tackle the challenges of competitiveness, adapting its management models and its economic-financial parameters to the evolution of the market, while also trying to create an environment that makes it possible for managers to perform strategic reflection and to adopt continuous improvement techniques (SPRI, 2002). Support for technological innovation has special importance through its participation with two technological parks where it aids SMEs focused on R&D. (Guzman-Cuevaz et al., 1998)

Support instruments used for Business Innovation are:

- Program for DESARROLLO DIRECTIVO: Management training, using the system of self-study, on aspects such as total quality, strategic marketing, marketing plan, production strategies, economic-financial management, internationalization, management plan, strategic alliances, strategic management, personnel management, intelligent organizations.
- Program for Strategic Reorientation and Operating Techniques: Fosters the strategic reflection and putting into operation of participative change and continuous improvement processes in companies, providing the operating techniques and applicable methodology that facilitate the processes and improve performance in the areas of manufacturing, quality, marketing, human resources and finance.
- Other Programs:
 - ELKARLAN-support for the carrying out of inter-company co-operation activities and projects
 - PROMOWEB-support for the access and development of Internet applications between industrial SMEs
 - ORGANIZACIÓN Y ESTRATEGIA-support with the preparation of strategic plans and other projects that improve the management of industrial SMEs
 - AURRERABIDE -support for R&D activities in the field of management
 - ONENAK (gathering and dissemination of best practices) (SPRI, 2002).

For Internalization, its purpose is to increase the presence and implantation of Basque industries abroad and to attract foreign business investments to the Basque Country.

Support instruments used for Internationalization are:

- Network of 40 Consultants in more than 25 countries (in Europe, Asia and North, Central and South America, including the Basque-American Co-operation and Development Institutes in Mexico, Venezuela, Argentina and Chile): mission of collaborating in the development of international projects for Basque enterprises, providing the necessary advice to undertake associations, joint-ventures, mergers and other types of business activities with success.
- Intermediation in business co-operation agreements or projects such as: distribution between manufacturers, cofabrication/distribution agreements, technology transfers, joint ventures and implantation abroad, by identifying the most suitable companies for the targets set, and analysing and visiting the most interesting potential partners.
- Support in promoting the sale of large capital resources and infrastructures by identifying projects capable of being the target of a competitive bid, coordinating with companies interested in bidding and with the capacity to develop the project in the corresponding country, searching for financial support and contributing in its negotiation, and providing advice, commercial management and a support infrastructure in the country of destination (SPRI, 2002).

Horizontal aid for technology and innovation is channelled through SPRI and a policy to protect and foster new technology centres. Defining a technological policy on which industrial policy was based took place in 1990 with the Plan for Technological Strategy in Basque Country (Uranga and Etxebarria, 2000). SPRI has four priority technology areas in the technological support. These are manufacturing technologies, information technologies, new materials and environmental technology. Technological support is being focused on near market projects in specific industrial clusters (Cooke and Morgan, 1998). In 1989 Technological Strategy Unit was created within SPRI, the unit draws up proposals for technological strategy and selects projects (Uranga and Etxebarria, 2000). It has two major aims: first, to help the Industry Department devise a technological plan to establish new guidelines for public support for innovation and secondly, to provide information about technology transfer needs of key sectors in Basque economy (Isusi, 1991 quoted in Cooke and Morgan, 1998).

The specific functions that it performs are:

- Evaluation and monitoring of R&D projects proposed by Basque companies in response to public invitations, by means of their receipt, analysis and monitoring, acting as interlocutor and presenting subsidy proposals to the Executive Committee created to decide about these projects.
- Management of the Innovation Relay Centre (IRC), increasing awareness and facilitating the incorporation of advanced technologies into Basque industry by means of encouraging participation in the R&D programs of the E.U., transferring technology tasking advantage of the results of research. European Commission DGXIII has appointed SPRI as the organization in administering one of the 62 Innovation Relay Centres. These Innovation Relay Centres aim to promote innovation in industry, acting as the nexus for linking or relaying between the technological supply available in the different regions of the European Union and industry, with special emphasis being placed on SMEs. The services of IRC are:
 - Information and consulting service
 - Diffusion of technological services available
 - Analysis of industrial needs and demands. (Technological audits).
 - A data base covering needs and technological supply.
 - Partner searches.
 - Sectoral encounters for companies supplying and demanding know-how.
 - Organisation of demonstration and presentation meetings.
 - Specific advice on technology transfer negotiations and for the preliminary design of proposals R&TD programs.

SPRI is organized as a holding company which unites central services, a society for the promotion of land for industrial use and several municipal level societies that provide some basic services to firms. (Guzman-Cuevaz et al., 1998). Number of staff employed is 92. (EURADA, 2002)

SPRI Group companies are:

- Technology Parks: A network of advanced infrastructures promoted in order to house business initiatives with a highly innovative technological content and which, because of their special characteristics, need an environment capable of encouraging collaboration between themselves and other institutions, such as Universities, Research Centres, etc.

- Biscay Technology Park S.A.
- San Sebastian Technology Park. S.A.
- Alava Technology Park S.A.
- Basque Country Venture Capital Management S.A. (Gestión de Capital Riesgo del País Vasco): This venture capital management company administers funds which are used to take a temporary minority stake in the share capital of SMEs, with the exception of financial and real estate companies.
- Business Innovation Centres: These business innovation centres have facilities suitable for housing business activities, by providing guidance from their initial development stage to the time they are launched.
 - CEIA S.A. (Alava)
 - CEDEIBU S.A. (Buskurkalidea)
 - CEDEMI S.A (Left Bank)
 - BIC Beritan S.A. (Lower Deba)
 - BIC Salokan S.A. (Upper Deba)
 - URBIGA S.A (Donostialdia)
- SPRILUR: Sprilur, S.A. manages industrial land and premises suitable for the specific requirements of each company through: a supply of industrial premises, urbanization of industrial land and the creation of strategic reserves of land for development in the medium and long term.

Almost all of SPRI's financial resources come from the Basque government's budget. However, it receives additional funding from European Union for certain programs (Guzman-Cuevaz et al., 1998). Approximately 94% of its capital for actions is granted by state and 6% of its budget is provided from sales of services. SPRI's 70 percent budget is jointly financed by regional and provincial governments and 30 percent by six Basque saving banks. It is a modest sized development agency with its 15 million pound budget and approximately 90 employees (Cooke and Morgan, 1998).

4.1.5 RDAs in Italy

Historically, Italy is a centrally governed country and as a result forms its industrial policy at this scale. In 1977 regions gained an ordinary statute but had only powers to deal with territorial development, the artisan sector and professional training. In recent times, there has been an extension of powers of regions in the area of industrial affairs. 1980s can be

described as the golden years of industrial policy in Italy. With a number of legislative acts and especially with the law of supporting innovation of small and medium enterprises the devolution from the centre to regions progressed (Bellini and Pasquini, 1998) With the Bassanini Law in 1997 which aimed to reform Italian public administration by reserving only central functions to central administration and transferring the remainder to regional and local government, regional administration gain more power and also RDAs (Yuill and Wislade, 2001).

The reform of regional policy in Italy may be seen as the expression of an emergent policy discourse. The struggle for a reform of territorial policy rationales is in fact understandable as the progressive merging of two lines of discourse dominating Italian debates in the 1990s: the former focusing on the reframing of national approaches to regional programming, as part of a broader process of modernization of the public sector and of the reconstruction of the State's role in the framework of European integration; the latter focusing on the rooting of locally promoted and endogenously supported forms of initiative, as the expression of a commitment to the territorial dimension of socio-economic development (Gualini, 2001).

In 1970, with a law the regions were authorized to setup financial agencies, which in some cases have been designated as development and promotional boards. These financial agencies and development boards have been created in almost all Italian regions. Their activities have focused on safeguarding the industry and providing financial incentives (Bellini and Pasquini, 1998).

4.1.5.1 Ente Regionale per la Valorizzazione Economica del Territorio (ERVET)- Emilia Romagna

Emilia Romagna is one among the 20 regions in Italy. Located in the north of Italy, the region is one of the wealthiest among the other regions of the European Union as far as GNP per capita is concerned. The economic system of Emilia Romagna is built on a productive reality based on SMEs with a high technological level and degree of specialisation (Liguabue, 1996). The role of intermediary associations, organizations and institutions are great in sustaining the Emilia-Romagna economy (Cooke and Morgan, 1998). In Emilia-Romagna most of these firms were nurtured by very supportive artisans associations such as General Conferadation of Artisans (CGA) or National Confederation

of Artisans (CNA) (Cooke and Morgan, 1994). The CGA and the CNA played a vital role for their members by lobbying for them in policies and legislations, establishing sector specific training programs, providing a range of business services, helping to establish consortia for joint purchasing and sales or to secure guarantee loans or credit. Furthermore, Labour Unions, industry associations, chamber of commerce developed research intelligence for the use of their members and sponsors (Amin, 1999b).

In Emilia Romagna there are many industrial districts. The most important are in the industrial sectors of: textiles and clothing, ceramics, shoes, building, farm machinery, packaging machinery, instrumental mechanics. In the region there are about 4 million inhabitants and 300,000 enterprises, of which 66,000 are in manufacturing. The industrial policies in Emilia Romagna date back to the first half of the 1970s with the constitution of the regions and the successive foundation of the regional agency for the economic development, ERVET as technical body to implement the Region's long-term economic policy (Liguabue, 1996).

In 1974, ERVET was created as a joint stock company for the economic valorization of region by carrying out studies and supervising projects either directly or through participation of ad hoc companies (Bellini and Pasquini, 1998). It has a collaborative structure in that its shareholders, are both from public and private sector. The regional government 80 %, local banks 18.5 % and chambers, associations and municipalities owned 1.5 % of ERVET. It tries to include a wide social constituency because of the budgetary constraints and involvement of private sector interests (Cooke and Morgan, 1994, ERVET, 2002).

ERVET's wide-ranging activities can be grouped by objectives under three main headings:

1. Conceive, design and carry out activities and services to help businesses innovate their operations and keep it with international competition
2. Prepare analyses, advance pilot projects, and facilitate agreements among local administrations, public agencies, business associations and private operators to take advantage of potential resources in local areas throughout the region
3. Provide the regional government with technical support in implementing its programmes (organise and carry out actions, assess plan effectiveness and impact, etc.)

The first two groups make up the traditional core or ERVET System Activities. The third involves actions that the region has decided to carry out through an external organisation, maintaining guidance and control, and in some cases providing funds to third parties (ERVET, 2002).

For the realization of these objectives, ERVET provides its services in two channel; directly or through its wider support network which consist of service center systems (Cooke and Morgan, 1994). In the 1970s the regional policy drew in the direction of incentives for artisan equipped areas, qualification of the companies, investments in new technologies, access to credit. After a policy of reducing the economic unbalances among different industrial areas, in the early 80s ERVET began to create a network of business service centers oriented towards specific productive sectors such as the textile and clothing, shoe, construction and mechanic industries in co-operation with Entrepreneurial Associations and Chambers of Commerce. The mission of the centers is to act as collective agents whose tasks are to give a solution to a problem that can not be tackled by individual companies, to point out innovation opportunities, to promote industrial co-operation and to improve the level of relationships between enterprises (Liguabue, 1996). The success of ERVET lies in the service specific or sector specific centers with easy access of small firms (Cooke and Morgan, 1998).

Some of the service sectors in the system is focused on sectors while the other are functional. The establishment of ERVET sectoral service center for ceramics (Centro Ceramico, 1976) followed by knitwear (CITER, 1980) and earth moving machinery service centers (CEMOTER, 1982). Later, centers for footwear industry (CERCAL, 1983), agricultural machinery (CESMA, 1983), metals (CERMET, 1986), construction (QUASCO, 1986) and agriculture mechanical engineering (CERMA, 1987) were established respectively. Functional service centers such as for generic technology transfer (ASTER, 1986), for mechanical engineering subcontracting advice (RESFOR, 1987), export services (SVEX, 1988), financing of technological innovation (FIT, 1989) were founded in the late 1980s. In this sense fourteen business centers gave services to business sector and localities (Cooke and Morgan, 1998, Bellini and Pasquini, 1998) .

In 1993 with the pressure from the regions Confredation of Industry, which was seeking gretaer policy influence, the regional authority introduced a series of reforms to change ERVET into a more market driven organization away from its role as an intelligence

gathering RDA. The size of the management board was slimmed down, the number of staff was reduced, public sector funding was reduced. Moreover, ERVETs control over the business centers like ASTER and CITER was reduced and both ERVET and the service centers came under pressure to chase project-based funding from a variety of sources including the EU. Furthermore, some centers closed, others merged and most effective ones such as ASTER and CITER are reinforced. The strategic policy making has been reduced and for some observers ERVET lose its role as a key intermediary between the region's institutions (Amin, 1999b). In addition, ERVET's new regional policies are based on the objective to operate inside a complex series of activities implemented at various levels by public institutions by collective or private bodies, such as entrepreneur associations (Liguabue, 1996). In strategic terms ERVET is being reorganized to promote the principal activities, innovation, internationalization and finance which are crucial for the future of a regional economy. For the first activity principle, innovation regional authorities propose to integrate the ERVET system with the new technological poles at Bologna, Parma and Piacenza so that the research projects more widely diffused in the region. For internationalization, integration of the regional economy into the wider structure of EC is suggested and the task for co-ordinating the regions involvement in EC networks was given to ASTER. For finance, it was decided that ERVET not directly but should be the intermediary between the regions SME and national and international sources of investment capital (Cooke and Morgan, 1994).

The service centres, created in collaboration with all the business associations operating in Emilia-Romagna includes nearly 1000 firms combined membership. Today ERVET is composed from a group leader and eleven specialized service centres which are:

- ASTER is the agency for the technological development of the Emilia Romagna at Bologna.
- CERAMIC is the centre of search and experimentation for the ceramics industry which works in the search of technologies advanced in the fabrication of the ceramics for building and supports the development of certification techniques and test of the materials, organizes course and seminars in collaboration with the University of Bologna and Modena.
- CERCAL supplies the own services to Italian and foreign enterprises of the shoe field, with one particular attention to the innovative technologies, markets, information fashion.

- CERMET works in all the fields for the quality of the enterprises, the services and infrastructures, through the spread of advanced information, the certification of products, companies, instruments, the search for the innovation of the products and the processes.
- CESMA gives services in the field of agriculture machinery for industries
- CITER works in order to support the process of requalification and innovation of SMEs in the textile field through the spread of products and other initiatives.
- DEMOCENTER offers to the enterprises, acquaintance, instruments and technical support in order to use fully the industrial automation and the connected technologies.
- QUASCO develops, searches methodology for the spread of a building culture of the emergency, supplies relative support to the technical norms and procedures, organizes and promotes activity for the qualification of the profession in the construction field.
- QUASAP operates with the objective to promote the quality of the management and coordination of the procedures of the Local Agencies, through activity study, formation and information.
- EARTH supplies services to the enterprises in the field of agriculture and food for quality, innovation and emergency.

The group leader of the ERVET system main action is to formulate and set in action a regional policy for Emilia Romagna administration to support to the innovation, the territorial development and infrastructures. In particular, its main function is:

- Information society and transmission of data: For the aim of transition towards a digital economy in the region and forming an information society, ERVET promotes innovative actions and plans the use of the digital technologies both in public and private sectors.
- Territorial development programs: For the territorial development, activating both the exogenous, national and European level resources and endogenous resources by a bottom up approach in partnership with local institutions and formulating an integrated development plan.
- Public policy appraisal and participation: ERVET contributes to promote more effective methodologies for the distribution, monitoring and control of the public finance, simplification of the innovative procedures and the use of the data transmission.

- Promotion of sustainable development: ERVET for sustainable development has some actions such as favouring and promoting integrity of the ecosystem, developing the own action on the prevention principles, promoting of Local Agenda 21, realizing studies for the development of the recycling of the wastes of the productive activities, applying Ecodesign in the products.
- Information and application of EU policy: ERVET supplies support to the local institutions and interest groups about the EU using tools such as informative newsletters, e-mails, programs.
- Innovation activities in the field of sanitary and culture: ERVET supplies technical support in new technologies for the public institutions, private enterprises and organizations in the urban places with the accessibility, recreation, open spaces, transportation.

The ERVET System operates with both public and private resources. Private sector resources come from companies that buy services and from the business associations, chambers of commerce and banks involved in specific activities and projects (ERVET, 2002). The associations and chambers are important in the funding resources of ERVET (Cooke and Morgan, 1998). Public funds are assigned by the Emilia-Romagna region for specific projects and actions; provincial and municipal governments also contribute to the promotion of new activities. Moreover, in the past few years the ERVET System has taken a very active part in European Union research, development, innovation, demonstration and training programs. In particular, its budget is formed by funding resources from regional government (58 %), by special funds from the region (19 %), from EU (19 %), businesses and associations (2 %), public entities (2 %) (ERVET, 2002).

At present ERVET faces some difficulties. The first one is directly related to the economic system; increasing internalisation, new hierarchies among firms etc. In the region require more than an adjustment in the organisation and structure of ERVET. Its strategic positioning must be questioned with regard to the issues such as networking of service activities, furthering of the regional economy, modernisation of infrastructures. Furthermore, there is a problem with the local authorities which act as protagonists in the field of economic development and over which regions have very weak powers of control. Another problem is in the industry policy co-ordination. There is need for co-ordination both integrating the supply services of ERVET system and integration between ERVET and other entities.

4.1.6. RDAs in Netherlands

In 1960s the general principle of the Dutch regional policy was based on social justice principle. Therefore from the 1960s to 1980s the regional policy had an aim to reduce the gap between the well developed western part of the country and the lagging regions. After the economic stagnation and the rise of new activities in the 1980s policy is more based on an efficiency approach. It focuses on spatial allocation of activities across the regions in a way which they most contribute to the national economy. Because of the economic recession in Dutch economy in 1970s the policy was changed and also the restructuring of industry became important.

The establishment of RDAs in Netherlands was occurred after the energy crises in 1973 and economic stagnation characterised by high unemployment in lagging regions. The important issue for RDAs is providing financial support for industry in their early periods and preservation of the employment. As a result of the general weak economy in Netherlands in 1970s and 1980s RDAs attraction of foreign firms was very low. In the mid 1980s in addition restructuring and preservation issues the necessity of new activities was realised. The first of these are techno-institutional issues that are related to the new products and new production processes that is R&D activities. The second one is related to the spread of knowledge and new opportunities. Although the RDAs was seen as regional agents of their areas 18 additional regional innovation centers were established in the 1988-89. They are publicly financed and their main task is to provide local small and medium sized firms with general information regarding new technologies and opportunities. The third one is the supporting activities of business and start-up firms. With the introduction of these new institutions the development functions of RDAs become less important (Slegers, 1998).

Recent regional policy in Netherlands is based on to ensure the positive business location climate in the Netherlands and provide an appropriate response for developing international challenges. Because of the three major factors:

- the growth in the global network economy in response to increasing globalisation and rapid technological change.
- recognition of the network economy not only for the effective competition but also for the regional diversity to meet the varied needs of firms

- the importance of regional level in responding to the challenges

In this policy one of the major principles is tailormade solutions allowing the strenght of regions to be match with the special prefernces of firms. Provision of regional for the enhancing the competitive business environment co-operation is another principle in the policy (Yuill and Wishlade 2001).

Beginning from the 1974 five RDAs were existed in Netherlands to support the national policy aiming to develop the region lagging behind. The general objective of RDAs is to improve the socio economic sturcture and employment of its region. To achieve this goal RDAs have three essential tasks.

- to stimulate initiatives that lead to new firm formation
- the acquisition of branches of induatrial enterprises
- to develop initiatives that contribute to the preservtion of favourable economic activities.

The five RDAs have different features with repect to their regions different economic structures. The five RDAs were established at different moments in time. The first of them is the Northern Development Agency (Noordelijke Ontwikkelingsmaatschappij-NOM) established in 1974 to deal with the problems in the northern part of the country. Regions general character is agriculture. Afterwards in 1975 two agencies Limburg Institute for Development and Finance (Limburgs Instituut voor Ontwikkeling en Financiering-LIOF) and Overijssel Development Agency (OOM) was set up. The former one was developed in a old coal mining industry region where restructuring is needed. The latter one was similarly established in a region where old textile and engine industry is locatead and increasing unemploymnt causing a problem. Later in 1978 Gelderse Develoment Agency (GOM) and in 1983 the Brabantse Development Agency (BOM) was founded.

In recent years significant changes occurred in the finacial operataions of RDAs. The types of industries have been funded by the venture capital have changed and a reduction in the average size of shareholders can be noticed. Therefore the governement has decided that state funding of RDAs except NOM will be ended. The four RDAs will exist but they will have to depend on their own finacial sources. The northern part of the counrty, in contrast, is not in the phase of expansion and therefore NOM will exist as the only state financed that aim of a specific region RDA (Slegers, 1998).

4.1.6.1 The Northern Development Agency (NOM)

NOM is developed in 1974 in the Northern Netherlands where agricultural activity was dominant (Slegers, 1998). The objectives of NOM are formulated by the Dutch Central Government and derived from macro economic goals. NOM's aim is to make a contribution to the sustained improvement of the economic growth and the employment in the provinces of Groningen, Friesland and Drenthe (NOM, 2001). With regard to this aim NOM participates, on the basis of a business plan, with share capital and/or deferred loans, assists northern companies in investment matters and companies considering relocating to the Northern Netherlands, advises entrepreneurs on subsidy arrangements, initiates and coordinates in the conversion of an idea into a concrete project (NOM, 2002). In NOM's annual report (2001) its means for realizing its aim are:

- Financial participation through venture capital,
- Business investment promotion,
- Early stage business development projects,
- Subsidy advisory service for business enterprises (NOM, 2001).

Today in the Northern Netherlands, chemical industry, biomedical and pharmaceutical industry, food industry, metal industry, information and communication technology exist as dominant sectors. The region has a population of 700 thousand and its GDP share in the Netherlands is 9.4%.

NOM has four sections for its means and activities. The first of them is NOM Investment Development. The task of NOM Investment Development is to interest potential national and international entrepreneurs for business sites in the Northern Netherlands. Working in close co-operation with national and regional governments, the organisations of municipalities in the three provinces of the Northern Netherlands and an extensive network of mediators, consultants, and other internationally oriented advisors, this NOM department helps entrepreneurs to find the best possible site (NOM, 2002). The business investment promotion section focuses on foreign companies, as well as on companies in other parts of the Netherlands. It deals both with start-ups and extensions of existing companies (NOM, 2001).

NOM Investment Development gives information on:

- the position of establishment locations in relation to European markets;

- the present and future practical values of the northern industrial and port locations;
- logistic facilities and infrastructure;
- business and service climate in the various lines of business;
- site characteristics and land and energy prices;
- establishment conditions and permits;
- subsidy and financing possibilities;
- main sectors in the Northern Netherlands (NOM 2002).

These activities such as resulted in 16 investment projects in 2001 with a total investment amount of € 495 million, and 1337 new direct jobs to the region and firmly contributing to NOM objectives (NOM, 2001).

The second section of NOM is the Development Projects section which aims at bringing about new and innovative business activity in the Northern Netherlands. The means of this section is based on projects. There are business development projects and strategic projects. The project managers in the Development Projects section can assist companies in the actual implementation of new product/technology combinations. In particular, section

- draws up a step-by-step plan on how to approach a business development project;
- seeks partners who wish to participate in the project assuming all the risks;
- seeks financing opportunities;
- timely delivery of project management;
- assists in the realization of a business plan (NOM, 2002).

Now this section also carries on important strategic projects. One of them is TxU Northern Netherlands on endeavouring to strengthen the supplier structure. Others are Offset on exploring the possibilities of stimulating industrial activities in the Northern Netherlands and Web Tec on enhancing the web technologies of SMEs (NOM, 2001).

NOM Subsidy Advice is the other section of NOM which informs, advises, and supports entrepreneurs with subsidy regulations from authorities for specific activities or developments. These involve regulations on a provincial, national, and European level. NOM Subsidy Advice presents subsidy possibilities, makes contact with subsidy providers, takes care of complete applications, supervises the follow-up and solves communication problems between the entrepreneur and the subsidy provider (NOM,

2002). During 2001 the department was involved in 157 subsidy request cases with a total investment amount of € 570 million (NOM, 2001).

The last section is NOM-Financing for strengthening the assets of companies in the Northern Netherlands. Venture capital can be provided for financing strongly growing business activities, management buy-outs/buy-ins, and for setting up joint ventures or share transfers. Venture Capital is provided by means of share capital, possibly in combination with deferred loans (NOM, 2002).

The major funding resource of NOM is the Netherlands government. Furthermore, it has some financial resources also from sale of services, the credit institutions and EU programs. Its income for the year 2001 is € 12 million (NOM, 2001).

4.2. Experiences from the European Union Candidate Countries

4.2.1. RDAs in Poland

In 1980s Polish governments regional policy with the pressure of trade unions was focused on the social negative impacts of the economic restructuring. Providing the infrastructural subventions for old industrial districts formed the basis of the policy. The beginning of 1990s became a period of macro-economic policy rather than regional policy (Sykora, 1999b) and the Polish government has used a package of programs providing support to regions with high unemployment (Sykora, 1999a). However, this period was characterized by widening regional disparities and the market competition revealed the strong components of regional economies and exposed the weakest regions. Regional policies of the early 1990s were characterized by low activity due to the priority given to macro-economic policy, unclear institutional responsibilities and little co-ordination between various governmental ministries and other agencies and very limited funding. It was based on reactive approach without any attempts to formulate longer-term regional development strategies (Sykora, 1999b).

Throughout the 1990s the regional development in Poland was the matter of state administration (Sykora, 1999a). Since 1975 Poland was administratively subdivided into 49 voivodships. Once the transformation processes had been initiated in 1989, 49 voivodships seemed too small and weak to meet new challenges of globalization and

integration and function as effective partners for EU regions, both in the pre-accession period of EU enlargement. The former voivodships were merged into 16 new ones and new institutional setups were created. At the regional level, Sejmik, a regional parliament headed by the chairman, deals with programming of regional policies. The Voivodship Board is an executive body, headed by the Marshal whose duties are making development policies and controlling over regional self-government executive bodies. In particular, Marshals are responsible for creating a proper environment for regional development, shaping the regional labour market, developing regional infrastructure - both social and technical, financial engineering of undertaken projects, education, R&D, innovation, environmental protection and culture. Apart from this, the Marshal prepares a regional development strategy and represents the region externally. In a region there is also a representative of the central government, a Voivod, the governor of a voivodship who acts as the supervisor of regional policies from legal point of view (Kosarzyn, 2001).

Today an important impact on the formulation of a new regional policy comes from the association agreement with the European Union (Sykora, 1999b). At the beginning of transformation processes, EU funds to the countries of Central and Eastern Europe were directed mainly for the assistance in restructuring of the economies. This was also the original aim of Phare program (Poland and Hungary; Assistance in Restructuring Economies). In 1997, the Phare changed the overall aim of the support to prepare Poland for integration with EU structures (Kosarzyn, 2001).

Regional development agencies in particular are new active actors in regional development (Sykora, 1999b). Today nearly 70 RDAs exist in Poland. Agencies generally operate within the boundaries of one voivodship. They are joint stock companies. The first of these type agencies created in 1991 and most of them were set up in 1993. Most of the RDAs were established by voivods, local governments, Polish Agency for Regional Development (Gorzelać, et. al., 1998) and the Industrial Development Agency in cooperation and with the support from chambers of commerce and industry, local firms, banks and business associations, etc. The state represented by the Industrial Development Agency usually contributes to the initial capital, but the agencies should be self supporting. They are involved in preparation of regional development strategies, but are rather involved in consultancy services for local firms and in implementation of programmes within the Phare framework (Sykora, 1999a, 1999b)

The objectives and definitions of agencies in Poland differ from one to another due to dependence on their environments, expectations of shareholders, financial resources, vision of the managing staff. Generally they involved in activities like:

- promotion of region among investors and tourists,
- business consulting,
- training programs,
- setting up of business incubators,
- securing and granting loans,
- organising fairs and commodity exchanges,
- forming companies and partnerships, bringing in shares to companies,
- own business activity.

At the national level three important institutions related to the functions of RDAs. The first one is the Polish Agency for Regional Development (PARR) (Gorzelał et. al., 1998). PARR is a State Treasury foundation established in 1993 in order to support the regional development in Poland, and in particular to:

- assist and promote all types of initiatives launched for the benefit of the economic development of regions,
- support the development of information on regional development,
- participate in the establishment of financial institutions promoting regional development (PARR, 2002).

The second one is Industrial Development Agency, which is a shareholder in many regional agencies. The last one is the National Association of Regional Development Agencies which is a non-profit association and has objectives: experience exchange between the agencies, co-operation initiatives for people and institutions acting for regional development creation and implementation of regional policy in co-operation with the governmental institutions, promotion of foreign investments in regions.

The deficiencies in the issues of regional policy, financial resources, unwillingness of local actors, insufficient foreign aid, lack of skilled labour are the most important difficulties of RDAs in Poland (Gorzelał, et. al. 1998).

4.2.1.1 Pomerania Development Agency - (Agencja Rozwoju Pomorza S.A. (ARP S.A))

Pomerania Development Agency (ARP) was established in 1992 as a joint stock company upon the initiative of the Gdarisk Voivode along with active participation of the companies representing key sectors of the region's economy. Its shareholders are composed of Pomerian Regional Board, IDA, some local banks and authorities. The mission of ARP is to initiate and support activities for the benefit of the region's economic development. It's main goals are:

- to initiate and promote enterprise
- to support investment processes in the region, including capital attraction
- to support the local authorities in executing the regional policy in terms of the contents and organisation
- to support initiatives promoting Pomerania
- to prepare the Pomeranian Province to participate in the structures of the European Union
- to service the European Union aid funds
- to initiate and participate in international co-operation projects
- to develop the Pomeranian property market (ARP, 2002)

ARP has four major field of activity. The first one is regional promotion which consist of activities such as providing services to investors and business missions, organising and servicing promotional economic events, advisory services in preparing investment offers and promotional materials, regional publications. The second one is European integration in which providing information and advisory services with respect to the opportunities of obtaining aid funds for initiatives contributing to development, developing projects and applications for co-financing addressed at the EU aid programmes and other funds, managing European projects and programmes, providing training to local government authorities activities are carried on. The next capital investment field is consist of activities like providing business advisory services for SMEs (business plans, feasibility studies, restructuring programmes), capital investments in the SME sector. The last field of activity is properties in which services are managed by a dependent company since July 2002.

In particular the services offered by ARP are information, advise, training, and financial services for enterprises, local authorities, and potential investors. At the top of the organizational structure of ARP there is a General Assembly of Shareholders and it has two divisions and five departments under the Managing Board. The first division is Regional Policy and includes the European Integration Department and Regional Promotion Department. European Integration Department is formed from Academy of Regional Education sub-unit in which 1) organising and conducting training addressed primarily at the employees of the local administration agencies, councillors, and other institutions involved in the process of planning the development, partnership, and managing the European projects, 2) advising and assisting in gaining external sources of finance for developmental projects, 3) preparing applications for financing to the aid programmes run by the European Union (particularly PHARE) and other funds, 4) assisting in preparing tender documentation in compliance with the procedures of the "Practical Guide to the Procedure of Concluding Contracts under the PHARE, ISPA, and SAPARD Programmes", 5) managing projects co-financed from the aid funds of the European Union, are provided. The Regional Promotion Department is composed of Investor Assistance Center, Training Refund Center and Regional Financing Institution sub-units. The Investor Assistance Center provides services such as: 1) maintaining a database of the investment offers and property located in the Pomeranian province, 2) organising visits and meetings between domestic and foreign partners, 3) pursuing promotion of investments in the province, 4) providing advice in preparing promotional materials and investment offers. The Training Refund Center in addition gives 1) receiving applications for training subsidies and grant subsidies to small enterprises to finance a portion of the cost of their participation in training devoted to the legal regulations pertaining to business activities, employing IT technologies, marketing, financing business development, and managing the business resources, 2) running training refund service under the agreement with the Polish Enterprise Development Agency and the governmental programme: "The Government Lines of Action with Respect to Small and Medium Size Enterprises until the Year 2002" that is financed out of the state budget, services. Moreover, Regional Finance Institution is responsible for 1) providing information to representatives of the SME sector on the available subsidy programmes under the Phare 2000 and Phare 2001 schemes, 2) offering advice in the procedures and terms of obtaining subsidies under the available support instruments for SMEs 3) mediating in the process of obtaining subsidies. The second one, Financial Division includes two departments. The first one is Capital Investment Department and

the second is Accounting Department. Capital investment Department is composed of two sub-units. One of them is also a sub-unit of Regional Promotion Department mentioned before; Regional Financing Institution. The second sub-unit is Consulting and Advisory Unit which offers free-of-charge advisory services to SMEs and sole traders setting up their businesses and advice related mainly to the administrative and legal aspects of pursuing business activities and managing the enterprise (advice in law, marketing, finance, taxes, etc.). The last department is directly under the Managing Board, Human Resources and Administration Department composed of two sub-units, IT Unit and Work Safety Expert (ARP, 2002).

4.2.2 RDAs in Czech Republic

After 1989 the introduction of market system brought an increase in regional disparities in Czechoslovakia. The growing differences in economic development and political disputes between political representations of the Czech and Slovak parts of federation brought a split of Czechoslovakia into two independent states since 1993 (Sykora, 1999b). Regional policy in the Czech Republic until the year 1990 can be associated only with massive redistribution and reallocation of resources. No systematic regional policy was articulated and numerous problems in the sphere of regional development could be found in this period, such as an emergence of new peripheral zones. According to the subsequent Act on Principles of Government Regional Economic Policy from the year 1992, regional policy was defined as an activity of the state aimed at supporting the effective functioning of the market economy taking into account the regional economic differences.

In 1996, newly formed Ministry for Regional Development was gained a co-coordinating role in securing regional policy of the state (MMR, 2002). The situation in the Czech Republic has been determined by the non-existence of the regional self-government and the negligible interest of the central government in regional development. The approach of the government changed recently, especially under the pressure of the EU. The change has been mirrored especially by the approval of regional government and the Principles of Regional Policy in 1998 (Sykora, 1999a). This document does not come with concrete solutions of regional problems; rather it replaces temporarily missing legislation. Compared to the government principles of 1992, a broader approach is proposed. The regional policy is understood as a conceptual activity of the state and regional authorities with the aim to: contribute to the balanced and harmonious development of the regions in

the Czech Republic, reduce the differences in the levels of development between the regions and improve the regional economic and social structure. Specifically, the regional policy of the Czech Republic was designed to respect the basic principles of the structural policy of the EU and the overall aim of economic and social cohesion. In this respect, allocation mechanism as a part of the institutional framework, have to be set up to enable the future use of structural funds (MMR, 2002).

There are other ministries and government agencies which programs include important regional policy elements. The Ministry of Trade and Industry established two agencies that have a strong influence on local and regional development. CzechInvest is an agency for the support of foreign investments. This agency co-operate with various local actors, especially local governments in towns and cities and their departments of urban development and physical planning and with Regional Development Agencies. The agency is involved especially in consultancy and organisation of real estate provision to potential foreign investors. It has also organized a program of accreditation for towns and cities which offered training in local economic development practices. The Business Development Agency was established by the ministry with the assistance of Phare program. The agency created a network of Regional Advisory and Information Centres, aimed at providing consultancy to SMEs, and Business Innovation Centres, that are a type of science and technology parks (Sykora, 1999b).

Since 1993, several RDAs has been established by various local institutions, including towns, local enterprises and banks, municipal associations, trade unions. The state has not defined their status and there is no general regulation that is they are independent bodies. The central government has been involved only in the founding of the first North Moravian RDA in Ostrava to tackle problems of old industrial and black coal mining region. The RDAs were originally created as institutions for gaining grants, subsidies and other form of financial help to the region and in particular for institutions that established them. At present, they act mostly as a consultancy service for both local governments and private sector (Sykora, 1999a; 1999b). RDAs have been established as joint stock companies with shareholders from both private and public sector. This status means that they are partially separated from various political pressures however, they are financially self reliable which limits their freedom to work on projects to some extent. The objectives of the RDAs in the Czech Republic are very similar although their particular activities are different. The main objectives are: the promotion of public private partnership, the

coordination of regional development activities, identifying common needs of various organizations at the regional level, supporting the creation of a regional network, attracting inward investment, the improvement of regional image. To fulfil these objectives RDAs carried out consultancy, information support and providing technical assistance to organizations realizing various projects supported by RDAs. The majority of the RDAs projects are connected with support for SMEs. For supporting business and development Czech RDAs:

- create regional information centres and business innovation centres to provide public and private representatives/organizations with comparative information on the status and current changes of social, economic and legislative issues,
- inform, consult and support financially in infrastructure development projects,
- inform on national and international programs focusing on financial and technical aid to local and regional projects,
- create and update regional databases for enterprises within and outside the region as well as for public authorities,
- coordinate and assist border co-operation programs,
- establish tourist information centres,
- participate in common activities of other regional subjects,
- provide information support to government agencies and foreign institutions (Vozab, 1998).

Their funding resources come from the support allocated by shareholders, consultancy services and grants from Phare program (Sykora, 1999a; 1999b).

Instability is the most important disadvantage of Czech RDAs. Within the changing socio-economic environment they often have to modify their approach to solving regional problems. Therefore it is difficult for Czech RDAs to pursue long term strategies. However, the RDAs play an important role in the Czech economic and public administration system. RDAs have introduced strategic planning methods to regions and have become respectable consultants in this field. Because of their mediation role they become the leading bodies in the regional and local development planning (Vozab, 1998).

4.2.2.1 Ostrava Development Agency (Agentura pro Regionalni Rozvoj (ARR))

Ostrava is industrial region of Czech Republic. Generally all the industrial sectors exist in the region but the coal mining, metallurgy and energy sectors are dominant. Other important sectors are chemical, pharmaceutical, electronic, textile and food industries.

The most active is RDA in Ostrava, which benefits from the government and Phare support (Sykora, 1999b). As a matter of fact the RDA, ARR developed in 1993 as an EU project. The ARR includes the regions of North Moravian and Silesian region with an aim to support and assist the restructuring of these regions. The mission of ARR is to contribute to the coordination of projects for the economic and social transformation of the region to regional development by:

- to act as a developer for some regional projects
- to support the development of various forms of entrepreneurship
- to provide information services for municipalities and institutions
- to act as a regional centre for international co-operation purposes,
- to participate in the establishment and development of regional policy.
- To be able to provide the above services, the ARR uses the resources of the European Union international assistance funds (Phare, bilateral assistance), public national sources, those of districts and communities and some private funding.

Based on its mission, the ARR has defined its long-term strategic objectives:

- To support the effective co-operation and co-ordination of economic development initiatives, of practical activities and to allocate investments to communities, institutions and other organisations within the region and outside the region.
- To initiate and manage projects and/or to provide financial support to some pilot projects and projects of strategic importance within the region, both directly and in co-operation with regional and foreign partners.
- To promote the region and its strengths and capacities to potential investors and business partners and to visitors from other parts of the Czech Republic and from abroad, both directly and in co-operation with other regional institutions.
- To help the region to prepare for the Czech Republic entry into the European Union and to secure the EU financial assistance for the development of the region.
- To increase its share of commercial activities and to become financially less dependent on shareholders (ARR, 2002).

ARR has the management of one of the seven Euro Info Centers (EIC) in Czech Republic. EIC network was developed in 1987 by EU to give consultancy and information about the EU's support for entrepreneurs, Single Market and EU's programs, regulations, laws, financial incentives.

By developing and managing a Regional Information System (RIS), ARR provides another important service for the region. This System is created by ARR when developing an Regional Information Center in its structure. RIS is an important part of the Center which aims are giving services to public institutions, development agencies, entrepreneurs and investors. RIS has an network provided by offices in different location of region. Geographic information is an important part of the system in addition to the administrative, economic, social, demografic and environmental issues. The System is generally in co-operation with information and culture centers such as libraries. The information provided by RIS can be divided into three according to the software usage:

- Relational information, using database softwares,
- Geographic information, using Geographic Information Systems,
- Information via internet.

ARR also provides information for potential and existing investors about investment opportunities and possible locations. It give consultancy especially about the industrial and technology infrastructure of the region such as Baliny Industrial Zone, Science and Technology Park, Ostrava Mosnov Industrial Zone, Ostrava Hrabova Industrial Zone, Koprivnice Industrial Park, Karniva Nove Pole.

4.2.3 RDAs in Turkey

Generally in countries depending on central system the regional inequalities are seen more recently (DPT, 2000a). Therefore, there are also significant economic and social differences between the regions of Turkey in terms of socio-economic indicators. Moreover immigration causes many problems such as unemployment, inadequate infrastructure and superstructure, shanty suburbs and environmental problems in the developed regions, in particular the metropolitan areas (ABGS, 2000).

1923 to 1950 periods can be named as the unplanned regional development period in Turkey. 1950-1960 is the period of the agglomeration of private sector investments in

Istanbul and the Marmara region (DPT, 2000a). After 1960s Turkey has attempted to achieve social, economic and cultural development through Five Year Development Plans. The implementation of first Five Year Development Plan was started in 1963 and the latest plan, the 8th Five Year Development Plan, covers the period 2001-2005 (ABGS, 2000). Today the main objectives of the regional policies in Turkey aimed at achieving economic, social and cultural development and strengthening the unity of the country, avoidance of disorder in the process of urbanization, and the development of metropolitan areas countrywide. The implementation of regional development policies are based on the principles of sustainability, minimizing inter-regional differences in terms of development, maintaining economic and social balances, improving the quality of life, equal opportunities, cultural development, and participation (DPT, 2000b). In this respect, the central administration has responsibilities in:

- Planning and policy setting for regional development,
- Allocation of state resources to achieve regional development.

There are three major tools directed at the economic development process aimed at eliminating regional discrepancies: (i) policies and incentives towards the public sector, (ii) incentives to enhance the private sector (iii) regional and rural development projects. Three different groups of regions are defined to ensure a more efficient implementation of these incentives: (i) developed regions, (ii) priority regions for development and (iii) normal regions (ABGS, 2000).

Since the 1960s the State Planning Organisation (DPT) has the duties of making and implementing regional plans and development plans (DPT, 2000a). The Directorate General for Regional Development and Structural Adjustment of the DPT is directly involved in the regional policy issue within the central administration. Another institution, the Regional Development Institute of Small and Medium Size Industry Development Organisation (KOSGEB) was established in 1998 to encourage small and medium-sized enterprises and investors in order to ensure regional development. Other institutions involved in regional policy issues are the Ministry of Industry and Trade, the Ministry of Public Works and Settlement, and Ministry of Agriculture and Rural Affairs. The Ministry of Public Works and Settlement is responsible for territorial planning at the 1/25,000 scale, that is the sub-scale of the regional plans in Turkey.

Special provincial administrations, municipalities and village headman's offices are considered to be local administration in Turkey. The functions of the local administrations in regional policy are as follows:

- Planning and implementation of the activities concerning regional development,
- Leading entrepreneurship activities on a regional basis,
- Provision of the required information on development activities.

Local governments also can be vested with additional responsibilities and functions by certain ministries through their regional units (ABGS, 2000). In the 8th Five Year Development Plan it is stated that at the provincial level, studies for provincial development plans in cohesion with the regional development plans will have to begin for minimizing economic inequalities under the responsibility of Planning and Coordination Units (a provincial unit of Ministry of Internal Affairs) with the principle of local actors participation (DPT, 2000b).

Although the first regional planning initiatives in Turkey were started in 1950's, significant progress has been made during the course of the planned period after the 1960's. However, none of regional development projects prior to the South-eastern Anatolia Project (GAP), the largest project in Turkey in this respect, can be thought of as comprehensive (ABGS, 2000). The major objective of this comprehensive project is to mobilize regional resources, create new employment opportunities, increase income levels, develop urban centres, and thus ensure economic development and social stability in the region. In addition to GAP three important projects exist. First, Zonguldak-Bartın-Karabük Regional Development Project has the aim of a) analysing the economic and social impact on the region of the capacity decrease of the Turkish Charcoal Authority and the privatization of the Karabük Iron and Steel Enterprises, b) determining new investment opportunities for the purpose of promoting private sector involvement, designing a feasible medium and long term regional development plan, and c) defining potential investments in the region.

Next one, Eastern Anatolia Project (DAP) covers 16 provinces of the Eastern Anatolia Region and has objectives as a) defining the policies and practices which will accelerate the socio-economic development of the region, b) conducting sectoral analyses and define priorities so as to accelerate sectoral developments, realizing regional development in co-operation with the public sector, local government, private institutions and other non-governmental organizations, c) presenting concrete proposals to the entrepreneurs of the

region and/or to those outside of the region matters such as defining the areas for investment, d)preparing and implementing investment projects, enterprise management, technology, financing, developing marketing opportunities and providing qualified personnel, and proposing institutional arrangements to achieve coordination on the above given issues, preparing feasibility studies on selected investments for the purpose of assessing the existing potential and to guide investors, e)proposing sectoral policies and measures, and to prepare proposals towards the realization of major projects, within the principle of participation, d)conducting sector and area analysis for labour supply and demand, important in terms of developing regional employment, and to propose new sectoral projects on developing human resources in the region.

Lastly, Eastern Black Sea Regional Development Plan (DOKAP) has been prepared for the Eastern Black Sea Region, one of the underdeveloped regions of Turkey in the aim of a) developing an integrated regional development plan, providing for the short and long term development of the Eastern Black Sea Region so as to eliminate regional discrepancies between the DOKAP region and the other regions of Turkey, b)defining priority sectors and investment projects, and to cooperate with the relevant personnel during the course of this study for the purpose of developing their planning capabilities (DPT, 2000a).

In the 8th Five Year Development Plan, it is stated that Turkey's regional development policies are developed in cohesion with the EU regional policies (DPT, 2000b). As an EU candidate country, for this purpose three important arrangement have been expected from Turkey. In short term Turkey need to a new regional classification according to EU criteria. In the medium term, regional units of the DPT will be established and regional state aid applications for the regions will be harmonized with the relevant EU criteria. Moreover, regional and local potential will be determined by the efficient participation of local actors, and necessary projects will be designed to exploit this potential for development (ABGS, 2000). Since now, according to EU (2002) limited progress has been achieved in this area. Only, for regional development purposes according to NUTS (Nomenclature of Territorial Units for Statistics) classification criteria, new regional classification for Turkey has been approved by the Commission and by the Turkish Council of Ministers. To be in cohesion with EU regional policy in the progress report 2002 EU suggests Turkey:

- “Combating regional disparities should be a major objective, a more comprehensive, long-term strategy should be made to strengthen internal socio-economic cohesion.
- The provisional NUTS map should be used for regional development purposes, in particular at NUTS 2 level, for regional statistics, inter-provincial co-ordination, preparation for integrated regional development plans, regional breakdown of public investment, and the definition of priority areas for regional subsidies, in accordance with EC competition rules.
- Turkey should strengthen its administrative structures for managing regional development by developing inter-ministerial co-ordination and integrating partnership principles at all levels of planning, both at central and regional levels (i.e. by setting up regional development authorities at NUTS 2 level)”. (EU, 2002, pg: 110).

In Turkey first considerations about the RDAs has begun since the beginning of 1990s. In the creation process both the promotion of endogenous dynamics of localities and the EU integration process have played a role. However most of the experiences have not pass to the implementation stage and have stayed as projects. From this experinces here as an implemented example Entreprenur Support and Guidance Centers (GİDEM) in the framework of Southeastern Anatolia Project (GAP), the experinces of Aegean Regional Development Foundation (EGEV) and İzmir Chamber of Commerce (İZTO) for Aegan Region as well as Economic Development Agency suggestion in the DPTs Eastern Antolia Project is examined.

4.2.3.1. GAP- Entreprenur Support and Guidance Centers (GİDEM)

GİDEMs were created on 15 October 1997 at Adıyaman, Diyarbakır, Gaziantep, Şanlıurfa and Mardin provinces in the framework of a “Strengthen the Integrated Regional Development and Reducing the Socio-economic Unequalities” program carried out in co-operation of GAP Institution and United Nations of Development Program (UNDP). In addition to the GAP Institution, Turkey Commerce Industry, Sea Trade Chambers and Trade Stock Exchange Association (TOBB), Turkey Development Bank and KOSGEB also involved in that project (DPT, 2000a) and it was completed on 31 March 2002. Furthermore, an agreement was realized with EU in the purpose of the continuation of program for five years. The GİDEMs actions except for the GİDEM of Gaziantep carried

on by GAP Institution. GİDEMs are established as centers of consultancy services for fostering the investment and entrepreneurship in their regions and attracting foreign and local investors to their region. In addition to these consultancy services for the regional development they have a goal to improve their regions human resources and technological infrastructure. With respect to these objectives GİDEMs provide consultancy services for every investor who want to benefit from the GAPs positive effects (GAP, 2002). They have got the advantages of being in their region, accessibility for investors and having the latest technology (DPT, 2000a). GİDEMs give the answers to the questions such as where to invest, how to improve the business, with whom to invest. In addition to these informational services, they carry out projects related to improving the regions endogenous potentials for increasing the employment opportunities (GAP, 2002). In 1999, the two year study of GİDEMs were evaluated and the system was accepted as successful. In these period they provided services for more than 2000 investors (DPT, 2000a).

In particular GİDEMs services divided into three area:

- Information: GAP-general information, GAP- agricultural product, possible investment locations, market research, project profile, feasibility study, financial resources, economic indicators, demografic indicators, regions industrial profile.
- Education: Conferences and seminars, visits for industry and fairs, technical information (Education specifically in financing, incentive implementation and export issues)
- Investment consultancy: Regional market research, technology, machine and equipment selection, project analysis and evaluation, pre-feasibility study, for foreign partners promotion of region and joint venture consultancy (GAP, 2002).

GİDEMs have been existed and have provided services in their regions since 1997. In GİDEMs not all of the functions of RDAs exist. However, they can be defined as RDAs using soft policy instruments and being succesful since their establishment.

4.2.3.2. EGEV and İZTO- Regional Development Agency Attempts for Aegean Region

EGEV was established in 1992 by governorship, municipality, chambers, industrialists and businessman organisations for the purpose of improving the economic development of

İzmir and Aegean Region by promoting and increasing the endogenous potential of region for both local and foreign investors in co-operation and partnership with the region's other institutions which have the same objective. After its establishment most of the activities of EGEV included only the promotion of İzmir in abroad and not the whole region. In 1993, EGEV which has a parallel characteristic with RDAs began studies for establishment of a RDA, Aegean Region Development Agency (EBKA), in the framework of EU's MEDINVEST program with a 300.000 ECU financial resource (EGEV, 2002). In the establishment period of EBKA, EGEV got some advice and support from various European Regional Development Agencies. The major objective of EBKA is providing the regional economic and industrial development of region. It was established as a legal body in the organisational structure of EGEV. EBKA has means such as providing technology transfer and developing trade co-operations between the SMEs of region and EUs, establishing support networks with some European RDAs for achieving its goals. Two major strategy for EBKA were defined. These are: promotion of Turkey and promotion of İzmir and Aegean Region. In its organisational structure development of three sections were proposed. These are main section, information section, promotion section (EBKA, 1993).

- Main section: Application of general strategies, improving international relations, providing coordination between sections, being responsible for management of the agency.
- Information section: Gathering and disseminating information, establishing a database (about geographic, weather, demography, natural resources, infrastructure, economic sectors, legal framework, etc.), preparing promotional brochures.
- Promotion section: Welcoming the visitor foreign firms and companies, distribution of information about the region, preparing foreign visits for region's industrialists and businessmen, providing seminars and conferences (EGEV, 1993).

EBKA's most evident activity was establishing a small database for İzmir (EGEV, 2002). Today EBKA exists as a joint stock company in the structure of EGEV but it carries on no RDA activity. In 1995, EGEV activities were evaluated as insufficient and a series of conferences and researches were conducted with the participation of local actors. In these studies a new vision for İzmir was defined. Moreover in 1996 for this comprehensive vision nine more provinces (Afyon, Aydın, Balıkesir, Çanakkale, Denizli, Kütahya, Manisa, Muğla, Uşak) were added in the composition of EGEV. As a consequence with these province's local actors, the members of EGEV increased so its vision and mission

were changed. The new vision of EGEV was a sustainably developed Aegean Region, with the right usage of human and natural resources and modern standards. The new mission of EGEV was developing and implementing an original development model for Aegean region in co-operation and partnership with local actors (EGEV, 2002). Up till now EGEV has established a provincial database for the development plan/strategy of region. Also the provinces visions were defined as an input for development strategy and an agreement were signed with DPT for different kind of technical, expertise, informational support for the development process of strategy. In April 2002 a seminar, "Regional Development Strategy", was arranged by EGEV for these purposes. EGEV, concentrated now on preparing an development plan and database for region, in time it will plan to transform itself into a RDA and to provide other services given by RDAs.

In addition to the EGEV RDA experiences, İZTO started an initiative for development of a RDA in Aegean Region. This effort is carried out in co-operation with a group of experts from the United Kingdom. In 1999 İZTO in co-operation and partnership with the France Chartes Chamber of Commerce and England Shropshire Chamber of Commerce began a project which is "İzmir and Aegean Region Socio-Economic Development project". After this project and the workshops and seminars about development of İzmir and Aegean Region, it was accepted to create a RDA which provides a collective action and flexibility for the development of Aegean region. For the creation of RDA in the year 2001 İZTO and Trade Partners UK which is the international branch of England Commerce Ministry made an agreement and co-operation. In July 2001 İZTO developed two meetings about the establishment of RDA with the regional and local actors, municipalities, DPT and English experts.

As a result what the RDA has to do is determined as follows:

- To develop a Development and Implementation Plan for the Aegean Region in cohesion with the Five Year Development Plans and Annual Programs,
- To develop policies and strategies for promotion of the region both internationally and in Turkey and especially to the target markets,
- To develop strategies for urban and rural development and co-operate with public institutions to implement them,
- To provide vocational training in the areas which are stated in Aegean Region Development plans and annual programs,

- To provide technical consultancy and consultancy for possible investment locations for foreign investors in the region,
- To minimise the negative effects of polarisation and agglomeration economies and cooperate with public institutions to solve the environmental problems they cause,
- To determine the investment opportunities of provinces and prepare presentation documents like CD, book, brochure for foreign investors,
- To give consultancy service to the regions producers about the global markets with respect to region's sectors,
- To encourage the establishment of Joint Venture firms, Sectoral Foreign Trade Firms and give services in preparation of business plans and about incentives,
- To promote e-commerce in the region, prepare fairs about it, give hosting services to firms via a web site
- To give logistic service by using incubation system to the firms which has feasible projects
- For developing the region's technology and innovation capacity cooperate with institutions like The Scientific and Technical Research Council of Turkey (TÜBİTAK), and Turkey Technology Development Foundation (TTGV) (IZTO, 2002).

Studies continue to develop A RDA in İzmir and Aegean Region. IZTO is going to create the RDA in the first quarter of 2003 as an embryo one in the structure of itself since RDAs in Turkey have legal status. Region-wide informational seminars about the regional development and a collective development vision will be held till the development of the embryo RDA. The reason of these region wide seminars is to produce a regional development strategy accepted by the whole region.

It is a fact that these studies for the Aegean Region Development and RDA are positive progress. However there is an important question arises here, for the same region is it effective to establish two different RDA providing the same activities and services and producing two different regional development strategies for the same region.

4.2.3.3. EKA- Suggestion of Development Agency in Eastern Anatolia Project

State Planning Organisation (DPT) has RDA suggestions in regional development plans such as Eastern Anatolia Project (DAP) and Eastern Black Sea Project (DOKAP). In DAP

(2000), DPT suggests an Economic Development Agency (EKA) for creating the environment that improves the endogenous potentials of the region. In project six main principles are defined for the establishment of EKA:

- Regionalism
- Publicity
- Autonomy
- Supplementary
- Participatory
- Appropriate scale.

The action area of EKA is industrial and service sectors. In suggestion no activity is defined for the agriculture sector. Because there is no other institution exists in that area and there is a need for a wide organization for effective function in that area in the region. In this respect, EKA has six main action areas.

- Providing consultancy and information for business and enterprises: information for investors, publishing books in this issue, providing seminars, establishing a database, for new investors providing feasibility studies and being a mediator between investors and other related institutions.
- Guidance to enterprises and firms: possible investment locations, guidance to enterprises and firms in technologic and market issues, sector analysis, preparing investment profiles and feasibility reports for those sectors, appropriate new technology researches, foreign and local market researches.
- Monitoring enterprises and firms: monitoring closely existing firms and investments, provide solutions for preset problems and consultancy services in that respect, rescue studies for firms which are in trouble.
- Finance of enterprises and firms: for potential areas supporting existing firms that can not get any support from other investors, providing venture capital, providing consultancy services for preparing investment projects and credit demands in standards.
- Promotion of region and attracting investment: promoting region to foreign investors, attracting foreign investors to the region, in co-operation with other public institutions.
- Training: providing activities in training workforce needed by enterprises and firms.

For EKA's organisational structure a management board, a Chairman, four units under Chairman and promotional offices in different locations of region and outside of the region is suggested in the Plan. Moreover, for the central unit 50 staff, for the promotional office 3-4 staff is proposed. The Chairman is appointed from DPT due to providing cohesion with the development plans and annual programs. Furthermore, its management board is composed of one member from the Treasury Undersecretary, Foreign Trade Undersecretary, KOSGEB, 4 members elected from the region's Chambers of Trade and Industry and the Chairman. However, it is evident from the European experiences (such as SPRI and ERVET) that this type of appointments causes some problems in RDAs functions and future. The management board members except Chairman are appointed for 3 years and 1/3 members from the chambers have to be re-elected in two years.

The central unit of EKA is composed of :

- Promotion and attracting investment,
- Entrepise support,
- Real Estate,
- Human capital units.

The major financial resource of the proposed agency is public. However other financial resources of RDAs are also suggested for EKA (DPT, 2000c).

CHAPTER V

İSTANBUL: ENDOGENOUS DYNAMICS TO REGIONAL DEVELOPMENT AGENCIES

In recent years economic development potentials of European regions are stimulated under the guidance of EU, by certain tools such as regional development plans, intermediate structures, industrial infrastructures (industrial parks, technology parks, etc.), clusters, local supply chains and business services. Regional Development Agencies (RDAs), as being intermediary organizations are significant institutions in this sense. In addition to the stimulation of economic development, RDAs can play one of the vital roles in the development of a vision and regional economic development plan/strategy for a specific geographical area, in which fostering endogenous dynamics such as collaborative relationships, interaction networks are fundamental. Internal local factors, a broad array of community, institutional and non-traditional economic variables such as leadership, learning, social capital, physical infrastructure, institutions and human capital are critical to create and maintain endogenous regional development. Here, leadership is the tendency of a community to collaborate across sectors to enhance the economic performance of its region (Stough, 2001). It is necessary to examine the economic development of regions with respect to endogenous development factors in the framework of EU in Turkey as being a candidate country. Therefore, institutions such as RDAs which are more capable of developing the endogenous dynamics of regions are advantageous for the development of regional strategies and fostering endogenous development in Turkey. As mentioned in the previous chapter, however, most of the RDA experiences have not passed to the implementation stage and have only been conceptualized as projects in Turkey. On the other hand, İstanbul being the most developed region in Turkey has a great chance to compete successfully in the global markets and integrate to the EU via improving its

endogenous dynamics with a vision and economic development strategy developed by such institutions along with the participation of other local actors. At this point, it is important to note that other regions in Turkey also have certain potentials for competition supported by their own endogenous dynamics, namely with a bottom up approach in which the implementing organization that developed policies collectively and with negotiation, is locally or regionally based and economic objectives are regional competitiveness and endogenous growth.

İstanbul is the primary centre of population i.e. around 10 million in 2000 General Population Census, industry i.e. major sectors are clothing and textile, mechanical, metal, chemical, food industry, commerce and finance in Turkey. It plays an important role in the socio-economic life of Turkey as a result it affects the other regions of the country as well. Therefore, it is considered to be important to examine the endogenous dynamics of the most industrialized and developed region of Turkey i.e. İstanbul, in the context of RDAs. This study attempts to point out the need for a new perspective in the endogenous dynamics of İstanbul towards integration to EU in the global age. In addition, the business structure of İstanbul is considered as being a good basis for research in those issues that constitute the components of RDAs such as services to enterprises, collective aims, that of co-operation and networks of firms and institutions.

In this context a case study in İstanbul has been carried out towards achieving two particular goals. The first one is exploring the endogenous dynamics such as collaborative relationships, interaction networks and co-operation between the firms and economic development institutions i.e. also including inter-firm and inter-institutional relations, in the framework of those services that RDAs provide at large. Second one is developing suggestions towards a potential RDA development in İstanbul and Turkey within the framework of endogenous dynamics. In fact, these suggestions will be significant for understanding endogenous development dynamics of localities not only in İstanbul, but also in other regions and future RDA formations in Turkey.

5.1 Survey in İstanbul

A two step survey was conducted in İstanbul with the producer firms and the economic development institutions. In the first stage, in June 2002, 1563 questionnaire were sent to mostly the small and medium size producer firms (Small and Medium Enterprises-SMEs)

via mail (Table 5.1). The sectors for survey were selected by calculating sectoral weights from the Turkey Commerce Industry, Sea Trade Chambers and Trade Stock Exchange Association (TOBB) firm list and firms were selected from the İstanbul Chamber of Commerce and İstanbul Chamber of Industry lists. Mostly, firms from clothing, textile, chemical, pharmaceutical, food, auxiliary automotive, electronic and machinery sectors participated in the survey (Table 5.2). The replies to the survey were around 5-6 %. At the same time a different questionnaire was conducted among 102 national and local institutions involved in economic development. At the second stage, after evaluating the replied surveys in August 2002, a series of interview and survey was conducted at the İstanbul.

Table 5.1: The number of workers of surveyed firms

Number of workers	%
1-49	41
50-199	37,3
200+	21,7

Table 5.2: The sectors of surveyed firms

Sectors	%
Clothing	27,7
Textile	12
Auxiliary Automotive	9,6
Electronic	8,4
Food	3,6
Metal	2,4
Chemical	2,4
Pharmaceutical	2,4
Others	31,5

5.1.1 Survey with the İstanbul Firms

One of the main aims of the firm survey is investigating whether RDA services are provided to firms by certain agents. In fact, the firm survey was mainly prepared on the basis of financial and non-financial services of RDAs in European regions, which has been reviewed extensively in the third chapter. The necessity of the of the collective aim and action for development and collaborative activities, interaction networks for the economic development and RDAs is a fact. In this respect, another aim of the firm survey is exploring these types of activities and endogenous relations between firms, among firms

and institutions including RDA services on such as network promotion and information transfer.

5.1.1.1 Exploring RDA Services for Enterprises in Istanbul

It has been mentioned previously that RDA services for enterprises are classified into two major group, i.e. financial services and non-financial services. Management, production, transfer and dissemination of technology, network promotion, information and communication, research, employment, sales, operational services are classification of non financial services provided by RDAs. Most of them are in the form of providing information and consultancy.

In order to determine whether RDA services are provided for firms by various institutions in Turkey, existing institutional setup has been examined briefly. There are different institutions providing services and support for the industry in Turkey (Table 5.3). Some of them are at the national scale and have local units; others operate at the local scale only. These can be central and local public institutions, private institutions, i.e. firms or persons, Chambers of Commerce and Industry, voluntary organizations. Among the central institutions, Small and Medium Industry Development Organization (KOSGEB) is established in 1990 as a part of the Ministry of Industry and Trade with the aim to increase the technological improvements, competitive powers and growth of SMEs in Turkey (Eraydın, 2002, Özelçi, 2001). Some of the services provided by the KOSGEB are laboratory services, technology support services, consultancy, quality management, marketing and foreign trade services, training services, international supervision services, regional development services, export aid, increasing co-operation among enterprises (TOBB, 2002b). KOSGEB is also act as the contact point of EU support programs for the internationalization of SMEs such as EIC, BC-NET and BRE (Özelçi, 2001). It has three sub-units at the centre and two types of local centres in different localities of Turkey. The first of its units is Developing Entrepreneurship Institute which provides entrepreneurial services to the potential entrepreneurs. Other units are Regional Development Institute which has regional and sectoral development studies and Market Research and Export Promotion Institute which provides services for foreign trade and export aid. At the local scale Small Enterprise Development Centre (KÜGEM) and Technology Development Centre (TEKMER) of KOSGEB served to the SMEs.

In addition to KOSGEB, such as Undersecretary of Foreign Trade (DTM), Ministry of Industry and Trade, Export Promotion Centre (İGEME) and some other central public institutions, Chambers of Commerce and Industry, some foundations, associations and unions provides non-financial consultancy and advice services in such as technology, information, training, export, marketing and quality issues to enterprises mostly the SMEs.

Table 5.3: Some of the institutions that give services to enterprises in Turkey

NON FINANCIAL SERVICES			
<u>Administration</u> <ul style="list-style-type: none"> • Ministry of Industry and Trade- Directorate of Interior Trade • Tax Departments • Municipalities • Ministry of Employment and Social Security • TOBB • Chambers of Commerce and Industry • Province Directorates of Industry and Trade • Ministry of Industry and Trade-General Directorate of Industry 	<u>Production and Product Inspection, control, tests and trials</u> <ul style="list-style-type: none"> • KOSGEB • TÜBİTAK • TSE • Universities • ESİM Test Services • Joint Stock Company <u>Repair and maintenance</u> <ul style="list-style-type: none"> • MPM (repair plan) • Management consultants <u>Packaging</u> <ul style="list-style-type: none"> • Packaging Industrialist Foundation (Green Point) <u>Waste treatment and environmental protection</u> <ul style="list-style-type: none"> • Waste Stock 	<u>Technological Development and Dissemination of Technology</u> <u>Technological support services</u> <ul style="list-style-type: none"> • KOSGEB-TEKMER • KOSGEB-KÜGEM • TTGV <u>Creating and managing science and technology parks</u> <ul style="list-style-type: none"> • Ministry of Industry and Trade • KOSGEB • TÜBİTAK • TTGV • Universities <u>Know-how agreements</u> <ul style="list-style-type: none"> • Undersecretary of Treasury 	<u>Network Promotion</u> <u>Franchising</u> <ul style="list-style-type: none"> • National Franchising Foundation <u>Joint Ventures and Licensing,</u> <ul style="list-style-type: none"> • Euro Turk Merchant Bank • Undersecretary of Treasury • TPE <u>Mergers</u> <ul style="list-style-type: none"> • Halk Investment Bonds Joint Stock Company <u>Co-operation</u> <ul style="list-style-type: none"> • DTM • TİKA • TOSYÖV • İKV • KOSGEB-ORTLAB, ORTKA
<u>Consultancy and Information</u> <ul style="list-style-type: none"> • KOSGEB • KÜGEM • MPM • İGEME • TOSYÖV • İKV • TESK • Chambers of Commerce and Industry 	<ul style="list-style-type: none"> • Exchange-Chambers of Commerce and Industry • Ministry of Environment • ÇEVKO <u>Production planning</u> <ul style="list-style-type: none"> • MPM • KOSGEB-KÜGEM • Management consultants 	<u>Foreign Investment</u> <ul style="list-style-type: none"> • Undersecretary of Treasury • YASED • KOSGEB • Chambers of Commerce and Industry • Sectoral foundations and associations 	<u>Industrial Infrastructure</u> <ul style="list-style-type: none"> • Ministry of Industry and Trade-Small Industrial Estates, Organised Industrial Zones, Technology Development Zones, Industrial Zones • Governorship-Directorates of Free Zone, • DTM-Free Zones, Industrial Zones • Universities, KOSGEB, TÜBİTAK-Technology Parks

**Table 5.3: Some of the institutions that give services to enterprises in Turkey-
Continue**

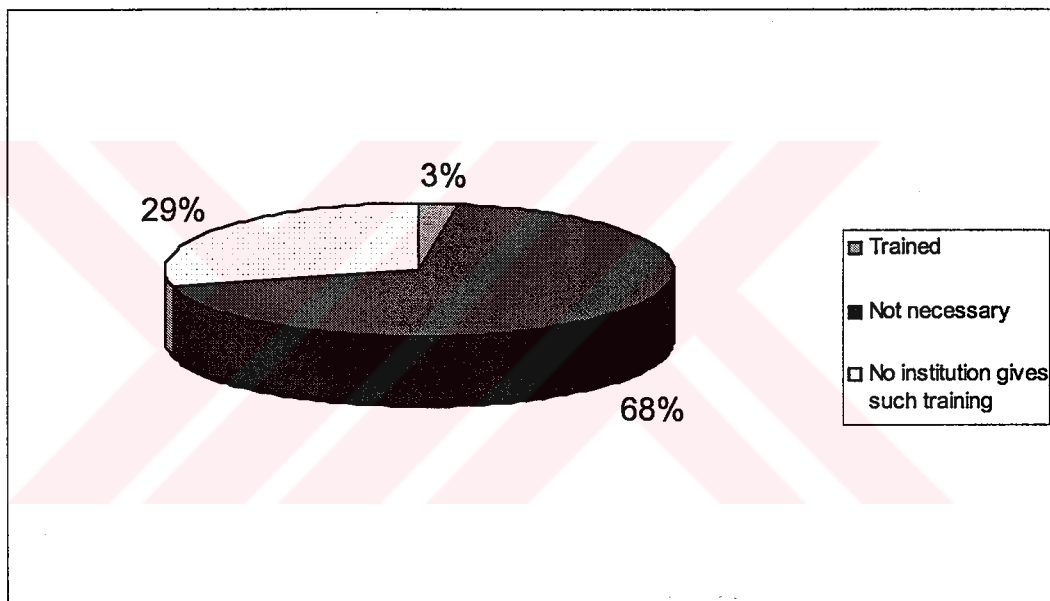
<u>Research and Development</u>	<u>Information and Communication</u>	<u>Training and Employment</u>	<u>Marketing and Foreign Trade</u>
<ul style="list-style-type: none"> • KOSGEB-TEKMER • TÜBİTAK-TİDEB • DTM • TTGV • TPE • İGEME • BİTAV • Universities 	<ul style="list-style-type: none"> Computer services and internet support • KOSGEB Data bases and informational services (also online) • TOBB • KOSGEB-KOBİNET, ABM • KOSGEB-TEKMER-TEKNO-NET • Halkbank (KOBİ Call Centre) • Chambers of Commerce and Industry 	<ul style="list-style-type: none"> • Ministry of National Education • İKV • Universities • MEKSA • Technical Schools • KOSGEB • KOSGEB-KÜGEM • TESK • DTM • Chambers of Commerce and Industry • İGEME • İŞKUR • MPM • BİTAV • Municipalities 	<ul style="list-style-type: none"> • Exporter Unions • Sectoral Foreign Trade Firms • DEİK-Business Councils • İGEME • Ministry of Industry and Trade • DTM • KOSGEB • Yan Sanayi Borsası • İKV • TESK • Chambers of Commerce and Industry
<p><u>Operational Services</u> Helping businesses to improve the quality of their production (quality control, certification, calibration, benchmarking)</p> <ul style="list-style-type: none"> • TSE • UME • TÜRKAK • KOSGEB • KOSGEB-KÜGEM • KALDER 			

Source: prepared based on Çolakoğlu, 2002a, TOBB 2002³

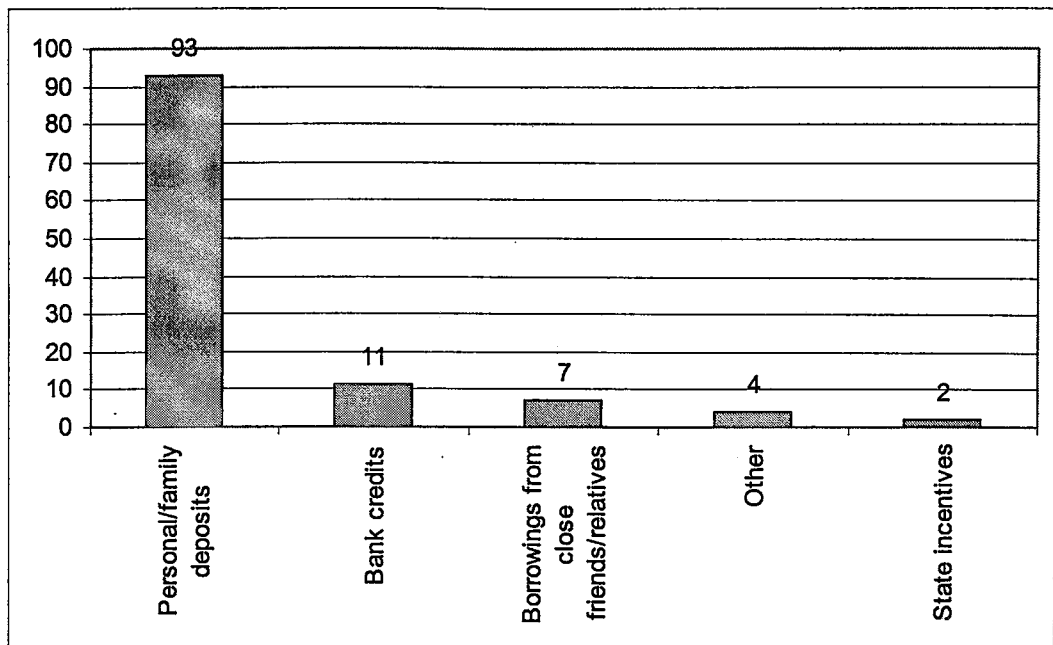
At the start-up period of firms, RDAs mostly give services such as training, financial incentives, credit and consultancy services in management related issues. The surveyed firms' establishments include a long period from 1929 to 2002 in İstanbul. Nearly all of them stated that they did not receive any consultancy services for such as organisational structure, target markets, potential client group and product at the start-up and development periods. Throughout the interviews it became apparent that those firms that have taken such services are mostly the ones that entered newly emerging sectors. Furthermore, most of these services are obtained through informal relations. As for another issue, i.e. training, 30 percent of the participants did not get any entrepreneurial training prior to establishing their firms due to the lack of institutions giving such training at that period of time (Grafic 5.1). Clearly, in the globally competitive world this form of training is quite important. Moreover, throughout the integration period to EU it becomes

³ For detailed information about these institutional services for SMEs see Çolakoğlu, 2002a, TOBB 2002.

even more important for a candidate country to fulfil such needs as education and training. In Turkey, training services are provided by institutions such as KOSGEB, KÜGEM, universities, Chambers of Commerce and Industry and some foundations and associations. On the other hand, as an interesting outcome, most of the participant firms of survey stated that they did not need such training. Two reasons are clarified for this. First, most of the entrepreneurs worked at the same sector in another firm for a long period and second they are the second or third generation of their family corporations. Corrollary to this, as for the start-up capital of firms, most of the respondents (at 93 %) stated that they used their personal or family accumulations for their firms' establishment (Graph 5.2).



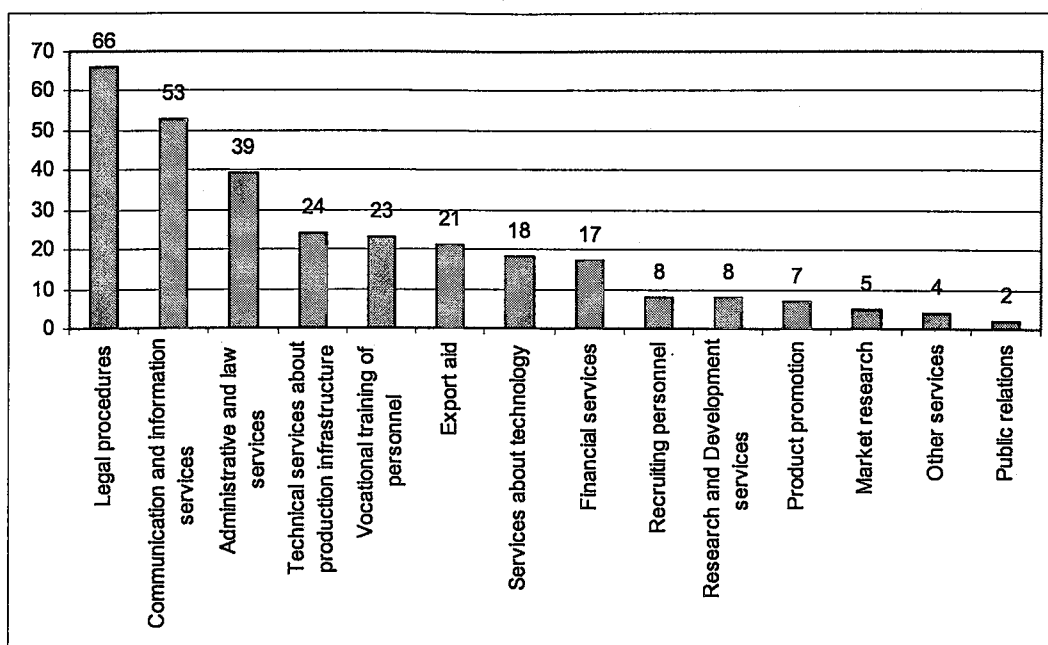
Grafic 5.1: Training at the start-up period.



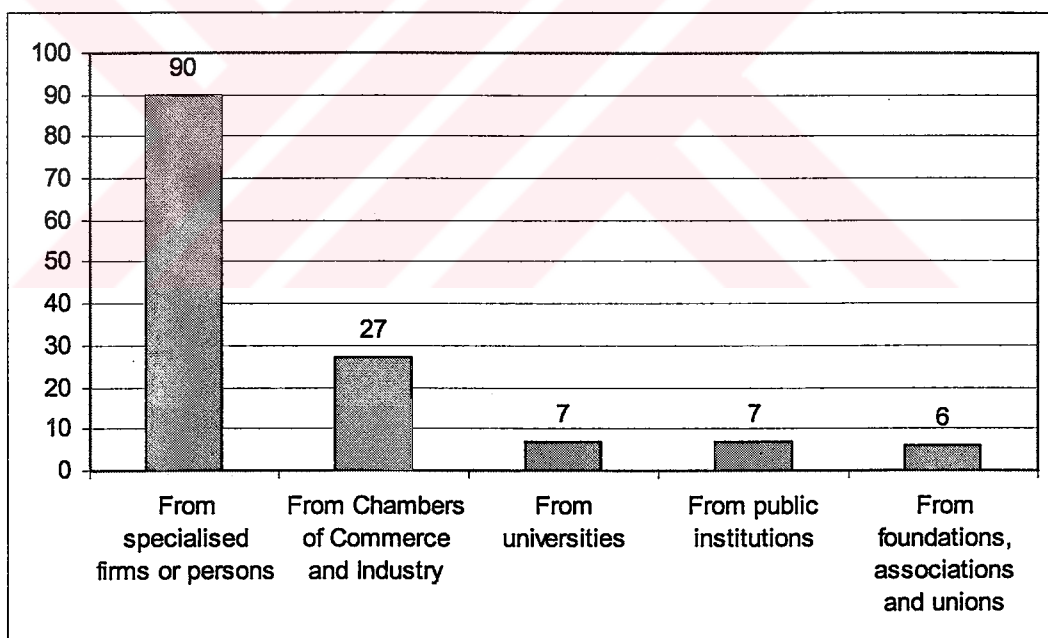
Graph 5.2⁴: The resource of the start-up capital (%)

A wide range of consultancy and guidance services that are offered by RDAs such as legal procedures, communication and information services (such as for computer and internet), administrative and law services, technical services about production infrastructure (such as for machinery), vocational training of personnel, export aid, services about technology, financial services, recruiting personnel, research and development services, product promotion, market research, public relations are explored in the survey as well. Firms in İstanbul get legal procedures, communication and information, administrative and law services as the top three services respectively (Graph 5.3). These services are mostly obtained from the specialized firms and persons (90 %) (Graph 5.4) and 68 percent of the participant firms stated given services to be sufficient. According to the participant firms, the reason for obtaining services from specialized firms and persons is the fact that there can be a flexible relationship among them. Furthermore, specialization adds quality to the services which these firms and persons provide. The second group that provide the services appeared to be Chambers of Commerce and Industry throughout the survey.

⁴ In these type of graphs each column is considered in percent.



Graph 5.3: Services taken by firms (%)



Graph 5.4: Service provider institutions (%)

In addition to frequency analyses, crosstabulation analyses are used to see the relational outcomes of the survey. Table 5.5 indicates the relationship between services obtained and the number of workers, which is used to depict the scale of the firms. The services regarding to the legal procedures, communication and information are obtained by more than 50 percent of the firms at all scales. However, the tendency of receiving technical

services about production infrastructure increase with the number of workers. The need for technological services appears to be higher in those firms that the number of workers do not exceed 200, namely SMEs. On the other hand, obtaining services for recruiting personnel is high in small scale firms, whereas tendency for obtaining services for research and development (R&D) are high in medium scale firms. Moreover, the number of those firms that require services towards product promotion appears to be higher in large scale firms, while large scale firms constitute the only category that require services for public relations.

Table 5.4 : Service types according to number of workers (%)

Services	Number of workers		
	0-49	49-199	200+
Legal studies	74	55	72
Communication and information services	53	52	56
Administrative and law services	32	42	44
Technical services about production infrastructure	18	26	33
Vocational training of personal	24	19	28
Export aid	21	19	22
Services about technology	21	23	6
Financial services	18	13	22
Recruiting personal	12	6	6
Research and development services	3	16	6
Product promotion	6	6	11
Market research	6	3	6
Other services	6	3	0
Public relations	0	0	11

In their operational services RDAs provide quality management for the enterprises. They give certification services to the firms according to different standards. In Turkey also there are both private and public institutions as well as voluntary institutions working on that issue. For example Turkish Standards Institution (TSE) and KOSGEB-KÜGEM as public institutions give quality related services for enterprises. TSE has a duty for preparing all types of standarts for the public and private sector in demand, while KOSGEB-KÜGEM give services about the ISO 9000 quality standards. Moreover,

Quality Foundation (KALDER) is a voluntary institution working for dissemination of modern quality philosophy in Turkey. Half of the participant firms have certification documents with respect to different standards.

As mentioned before the second services of RDAs to enterprises are financial ones. They provide such as loans, venture capital, seed capital, credits and guarantee funds to the enterprises. In Turkey, state provides incentives for SMEs under the management of different institutions and for different purposes. Such as for investments, export aid, research and development, training and employment state provides incentives. For investment incentives, Undersecretary of Treasury, Halkbank, Turkey Industry Development Bank, Industry Investment Bank, Turkish Development Bank, Chambers of Commerce; for export incentives KOSGEB, DTM, İGEME, Economic Development Foundation (İKV); for R&D Undersecretary of Treasury, DTM, The Scientific and Technical Research Council of Turkey (TÜBİTAK), Turkey Technology Development Foundation (TTGV), Turkish Patent Institute (TPE), KOSGEB; for training and employment KOSGEB, İGEME, DTM and Sectoral Foreign Trade Companies are responsible institutions.

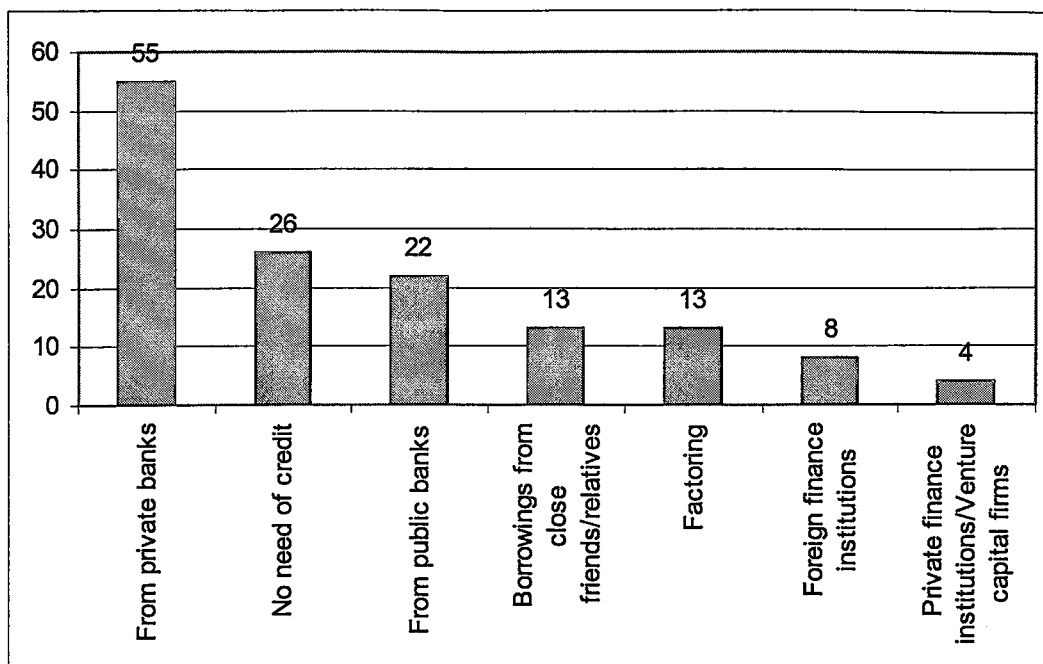
In Turkey credits for enterprises, especially for the SMEs, are provided by public banks, private banks and private finance institutions. Banks provides short term credits based on the financial performances of firms. In Turkey banking sector has not offered developmental and industry sensitive funding (Özelçi, 2001). Halkbank, Turkish Development Bank, Industry Investment Bank, Eximbank, Vakıfbank can be named to review some of these banks. Also venture capital firms such as Vakıf Venture Capital and İş Venture Capital provide venture capital to enterprises in Turkey. Moreover, such as Credit Guarantee Fund as a company gives guarantee to the institutions on behalf of enterprises receiving credits. In İstanbul, 55 percent of the participant firms get credits from the private banks and 22 percent of them obtain credit from the public banks. 26 percent of firms indicates that they do not need and get any credit for their firms (Graph 5.5).

Table 5.5: Some of the institutions that give financial services to enterprises in Turkey⁵

FINANCIAL SERVICES TO ENTERPRISES	
<p>Profile analysis</p> <ul style="list-style-type: none"> • Ministry of Industry and Trade • KOSGEB-Regional Development Institute <p>Credits</p> <ul style="list-style-type: none"> • Turkish Development Bank • Industry Investment Bank • Halkbank • Eximbank • Vakıfbank <p>Venture capital</p> <ul style="list-style-type: none"> • Vakıf Venture Capital • İş Venture Capital <p>Leasing</p> <ul style="list-style-type: none"> • Leasing Foundation • Leasing companies <p>Other</p> <ul style="list-style-type: none"> • Credit Guarantee Fund Joint Stock Company • Halk Investment Bonds Joint Stock Company • SPK 	<p>State incentives</p> <p><i>Investments Incentive Fund</i></p> <p>Support for SME investment</p> <ul style="list-style-type: none"> • Undersecretary of Treasury • Halkbank • Turkish Industry Development Bank • Industry Investment Bank • Turkish Development Bank • Chambers of Trade <p>SME Incentive Document</p> <ul style="list-style-type: none"> • Halkbank <p><i>Export aid</i></p> <p>Support for participation of foreign firms and seminars</p> <ul style="list-style-type: none"> • DTM • İGEME • KOSGEB <p>Support for business visits</p> <ul style="list-style-type: none"> • KOSGEB <p>Market research support</p> <ul style="list-style-type: none"> • DTM • İGEME • İKV <p>Support for business establishment abroad and promotion of trademark</p> <ul style="list-style-type: none"> • DTM • İGEME <p>Support for quality management for environment</p> <ul style="list-style-type: none"> • DTM <p><i>Research and development(R&D)</i></p> <p>R&D support</p> <ul style="list-style-type: none"> • Undersecretary of Treasury • TTGV • DTM • TÜBİTAK <p>Patent, industrial design support</p> <ul style="list-style-type: none"> • DTM • TPE <p>Software support</p> <ul style="list-style-type: none"> • KOSGEB <p>TEKMER, incubation system</p> <ul style="list-style-type: none"> • KOSGEB <p><i>Training and Employment</i></p> <ul style="list-style-type: none"> • KOSGEB • DTM • İGEME • Sectoral Foreign Trade Companies

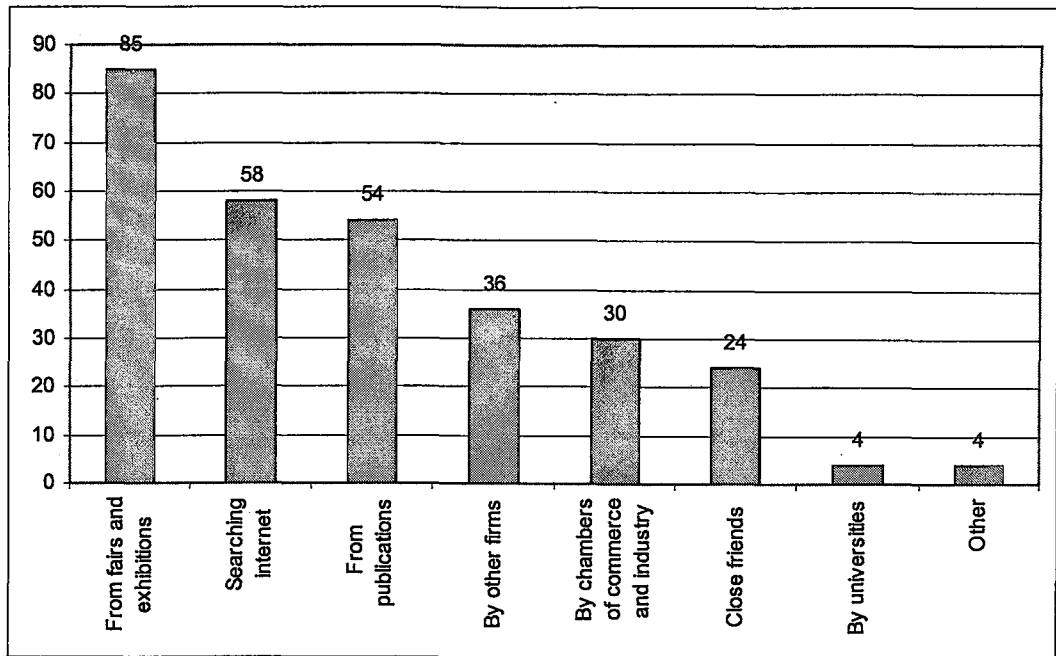
Source: prepared based on Çolakoğlu, 2002

⁵ For detailed information about these institution services for SMEs see Çolakoğlu, 2002



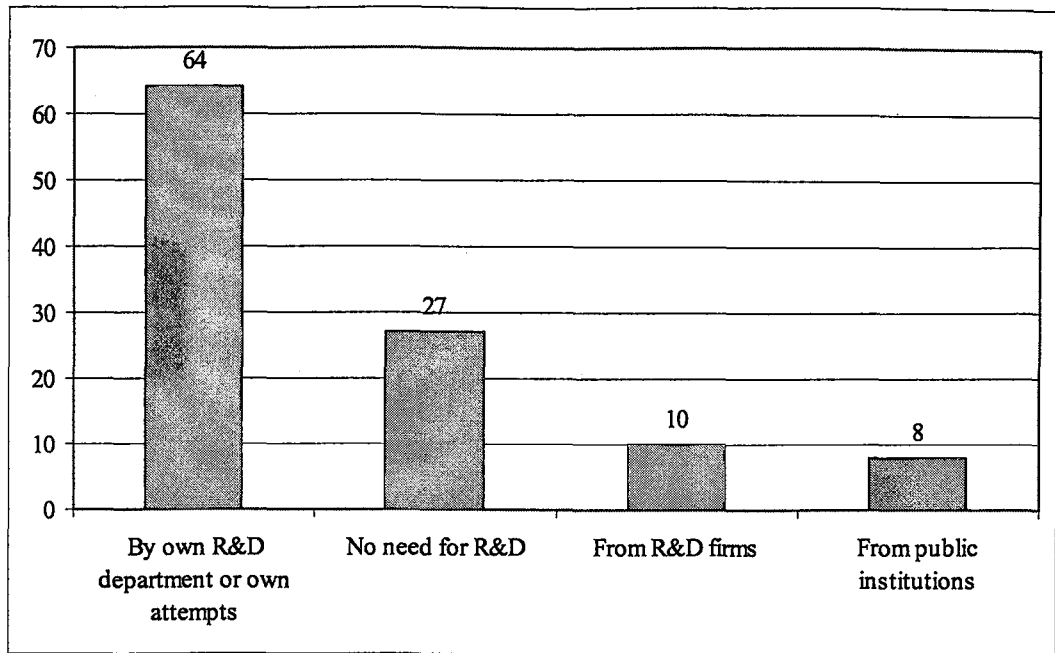
Graph 5.5: Financial support ways (%)

European experiences show that some RDAs have important roles in the dissemination and transfer of the new technology in various industrial sectors. Technological dissemination, technology transfer, information on new technologies are provided by special units in some RDAs. In addition, for technology based firms some RDAs support particular policies for their development. In Turkey, KOSGEB-TEKMERS and KUGEMs, TÜBİTAK, TTGV can be given as institutions that have some duties in technology area. For example, while TEKMERs have a role in supporting information and communication firms, KÜGEM support services in the technology dissemination area. Nearly all of the firms in the survey can keep up with new technologies in their production areas (99 %). However, most of these firms observe these new technological improvements by their own efforts. Fairs and exhibitions, internet, publications are the tools that are mostly used (Graph 5.6).



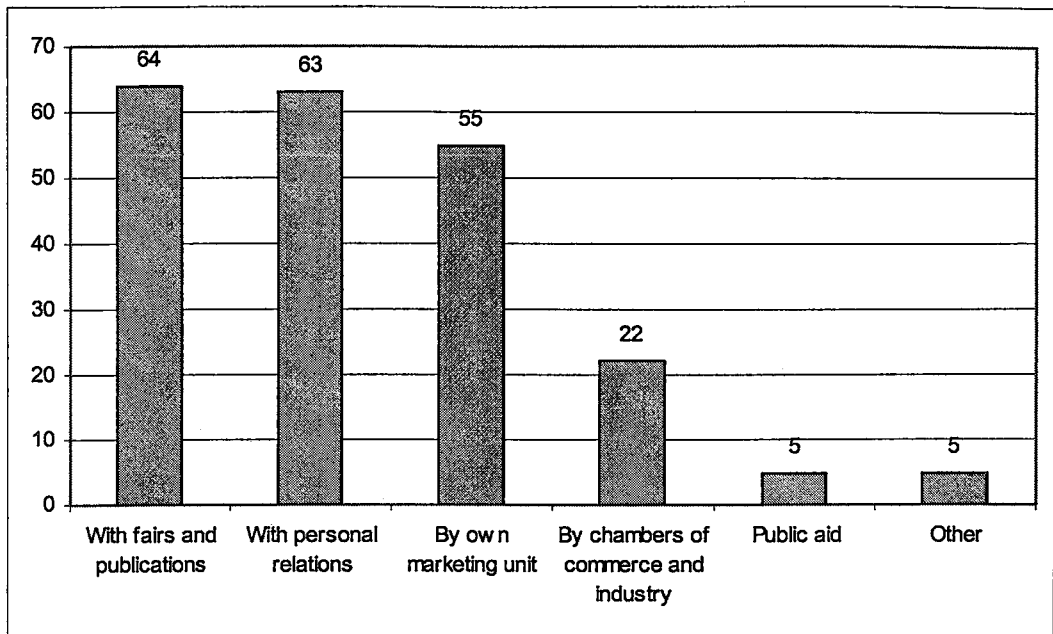
Graph 5.6: Methods of keeping up new technology (%)

In addition to technology related services, R&D services are also important. RDAs give such services in co-operation with other institutions or big scale RDAs provide such services. KOSGEB-TEKMER, TÜBİTAK Technology Assessment and Guidance Institution (TİDEB), DTM, TTGV, TPE, İGEME and Science and Technical Research Foundation (BİTAV) as institutions provide R&D services to the enterprises in Turkey. For example KOSGEB provides, technical supports, documentation and publication services for R&D. Mostly for R&D projects of firms financial supports are provided by these institutions such as TİDEB and TTGV. In İstanbul, 64 percent of the participant firms provide their R&D necessities from their own efforts. Here, it is fundamental to state as an outcome of interviews that most of the firms perceive R&D as following new technologies in products and production and adapt their products to these new technologies. As mentioned before the methods of keeping up with the new technologies are visiting fairs and exhibitions, searching the internet and publications. These methods are mostly used by SMEs, big and settled firms prefer to constitute their own R&D units. In addition to these outcomes 27 percent of the firms state that they do not need any R&D. Actually R&D are mostly related and change according to the sector and product structure. Another interesting outcome is insufficient demand for R&D services that are provided by public institutions and specialized private firms (Graph 5.7).



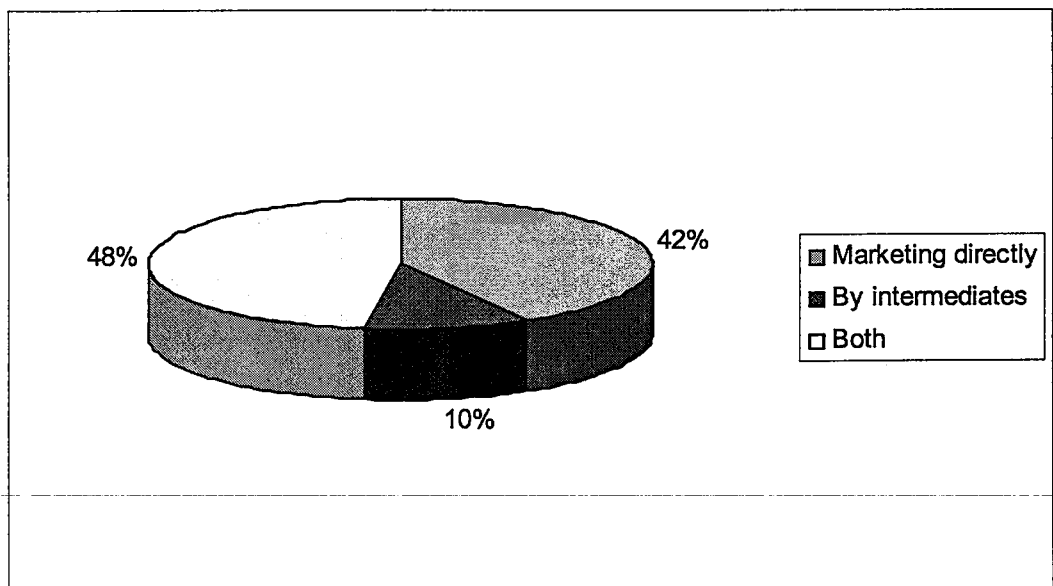
Graph 5.7: R&D services (%)

RDAs also provide specialised services for marketing and export. These kind of services include activities such as foreign and local market research, providing consultancy of product promotion and export aid. In Turkey, also many institutions provide services for foreign trade, marketing and export. For example, exporter unions in different localities exist for providing export aid to enterprises. İGEME and KOSGEB, some Chambers of Commerce and Industry for example give market research services for exportation. Confederation of Turkish Craftsmen and Tradesmen (TESK) such as gives services for marketing. Only 22 percent of the participant firms produce for the local markets and 23 percent of them produce for foreign markets. Majority of them (55 %) produce for both foreign and local markets. Most of the participant firms use more than one tool for the market research. 64 percent of them use fairs and publications and 55 percent of them use their own marketing unit. Moreover, 63 percent use their personal relations for marketing purposes. Utilising the services provided by public institutions for market research clearly has the lowest percent in the survey (Graph 5.8).

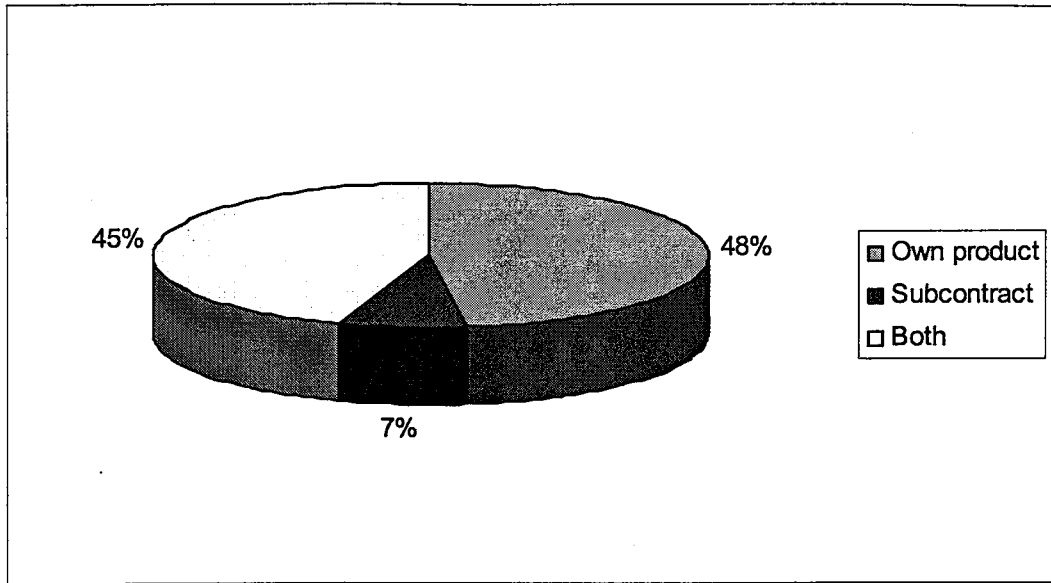


Graph 5.8: Market research (%)

82 percent of the participants have export activities. Among the exporter firms 42 percent market their products directly and 10 percent of them market through intermediaries. Moreover, 48 percent of the participant firms use both methods for exports (Graph 5.9). The ratio of exporting own products among the participants is 48 percent and 45 percent of them export both their own products as well as the products they subcontracted. A negligible number of firms export only the subcontracted products. (Graph 5.10).

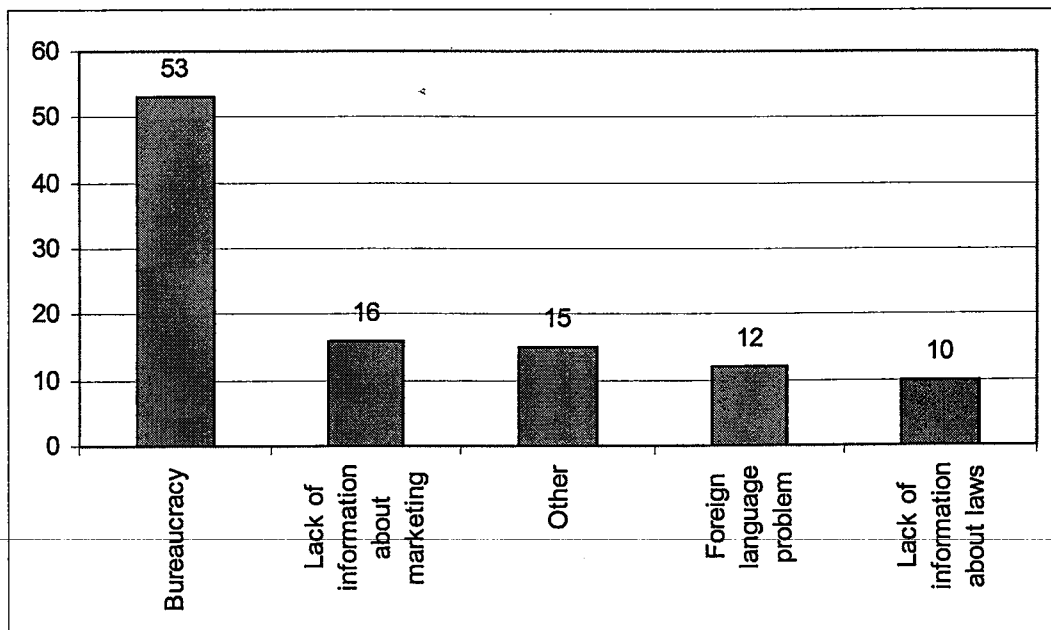


Graph 5.9: Methods of exportation



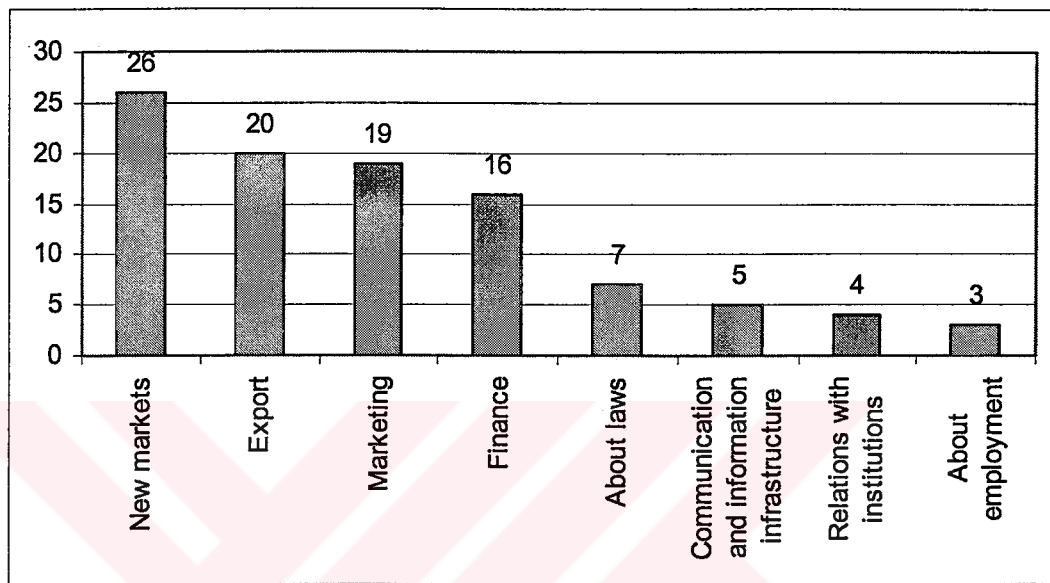
Graph 5.10 : Product in exportation

In exportation, bureaucratic obstacles constitute the foremost problems according to the participant firms. Here, tariff procedures and relations with the public institutions are considered in this context. The lack of information about marketing, foreign language problem and the lack of information about legal framework are the other problems related to the exportation (Graph 5.11).



Graph 5.11: Problems in exportation

The last point investigated in the survey for this part is the firms' necessities for services. The need for the services related to the new markets is at most with a 26 percent. This is followed by marketing and export services as a necessity with 20 percent and 19 percent, respectively. As a result it can be indicated that the services needed most are the ones that are related to the product marketing (Graph 5.12).



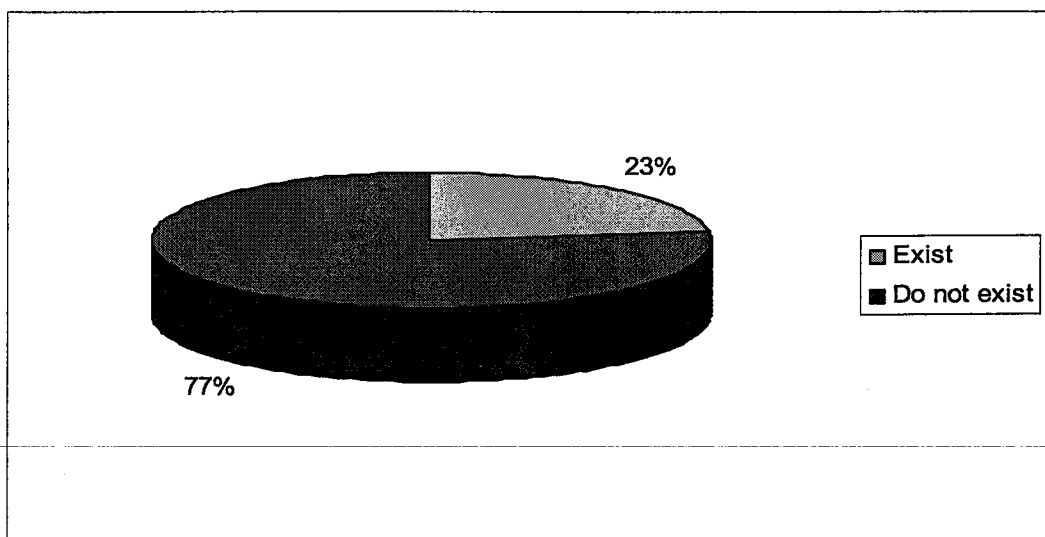
Graph 5.12: The service necessity (%)

5.1.1.2 Exploring Endogenous Dynamics: Collaborative Activities and Interaction Networks Among Firms in İstanbul

Economy emerges as a composition of networks and collective influences which shape individual action. The networks facilitate the spread of information and capabilities, and the prospect of economic innovation through social interaction (Amin, 1999a) and the increased collaboration is necessary to sustain or develop competitiveness. The recent phase of economic development is characterized by an increasing collaboration within internal organization of the firm as with other individual firms, the public and other institutions (Jonsson, 2002). Furthermore, the regions with already established collaborative activities and networks as well as the socio-economic environment that support these dynamics are believed to have advantageous position in the contemporary era. Therefore, as the second part of the firm survey, endogenous dynamics in the context of the collaborative activities, interaction networks and collective aims among firms and between firms and institutions are researched. In fact, there are two important reasons

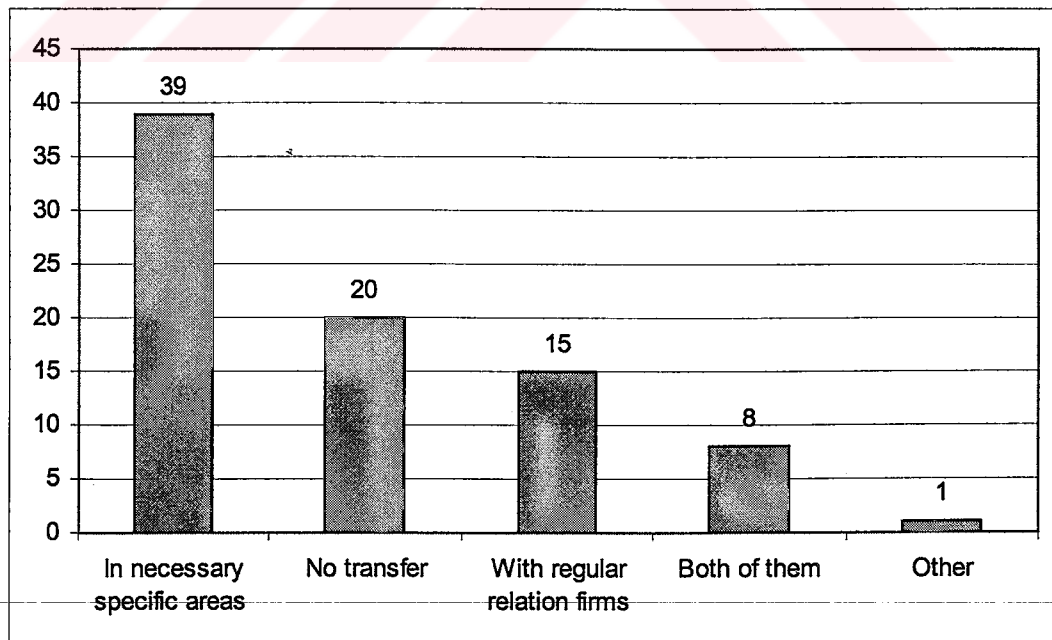
behind exploring these endogenous dynamics in the firm survey. First, dynamics of RDAs, as being regional institutions that facilitate interaction, co-operation and partnerships has been widely recognized. In fact, RDAs both exist as catalyst and intermediary institutions in these dynamics and aim to increase their region's institutional capacity. Moreover, RDAs provide network promotion and information transfer services to enterprises to foster such endogenous dynamics. Secondly, these types of dynamics are also important for providing clues for organising and establishing institutions such as RDAs

From this point of view, firstly information exchange and transfer are considered and interaction between firms and universities taken into account. The importance of universities in economic development are not only seen in European cases, but also in North American cases. In this respect the roles of universities are fundamental in the areas that production and dissemination of knowledge and increasing innovational capacity are significant. Furthermore, constitution of interaction networks between universities and firms are an important factor for a region's successful development. In Turkey, universities has mostly training, research and development type relations. Recently, certain universities and institutions has begun to set up technology parks e.g. Middle East Technical University and İstanbul Technical University technology parks created in co-operation with KOSGEB. In İstanbul, survey indicated that only 23 percent of the participant firms have such relations with universities. Furthermore, some of the them consider thier relationships with universities as being insufficient (Graph 5.13).

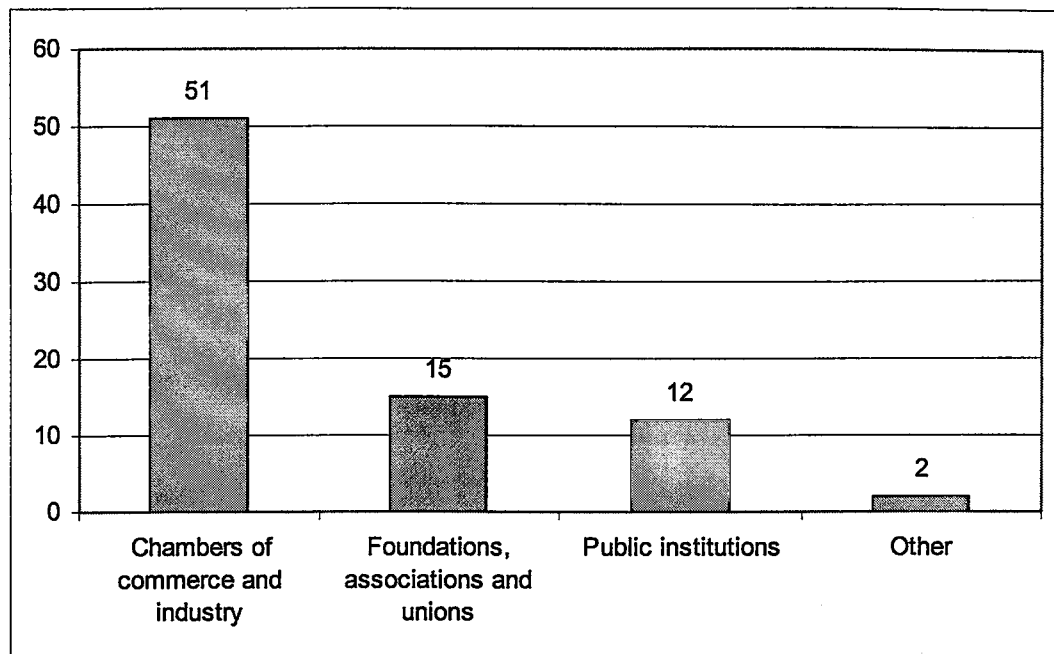


Graph 5.13: University firm interaction.

The information exchange between firms can also be considered as a positive factor affecting the economic development of a region. This type of interaction is formed more widely than the interaction between firms and universities in İstanbul. 24 percent of the participant firms states that there has been no such information exchange between their firms and other firms. On the contrary, 76 percent of the participants have such information exchange relations with other firms (Graph 5.14). In addition, from the interviews it has been understood that especially in the same sector and with respect to the new technology issues, these type of information exchange stay limited due to the harsh competition and small market share. On the other hand, some of the large firms with relatively stable market share, the information exchange especially in the new technologies increase with the effect of settled informal personal relations. The most important support for these kind of relations are provided by the Chambers of Commerce and Industry (Graph 5.15). Here, it is fundamental to clarify an important outcome of the survey that public institutions have the weakest relation with firms among institutions. According to crosstabulations, middle scale firms have appeared as having the strongest relation with Chambers of Commerce and Industry and large firms have strongest relation with public institutions while small firms have strongest relations with foundations and associations (Table 5.7).



Graph 5.14: Information exchange between firms (%)

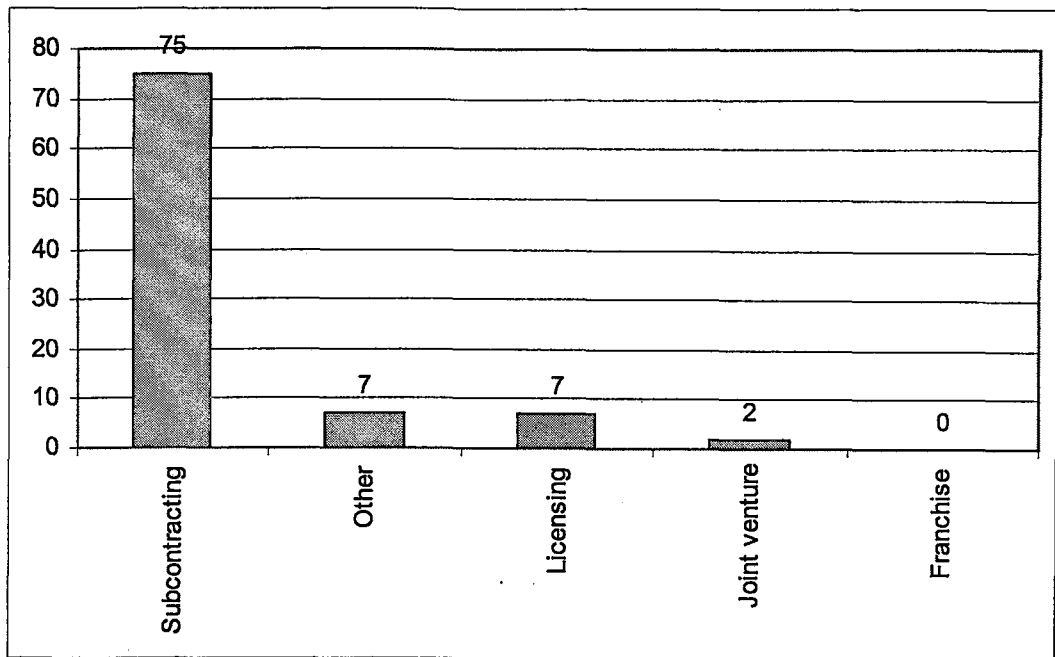


Graph 5.15: The support of institutions (%)

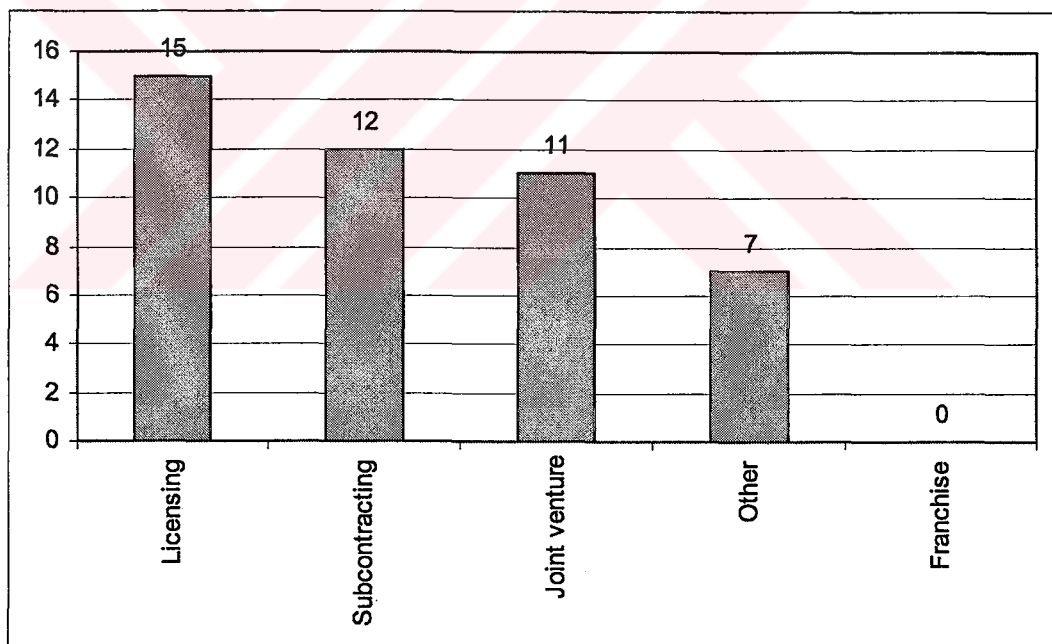
Table 5.6: Relations according to number of workers and institutions support (%)

Institutions	Number of workers		
	0-49	49-199	200+
No support	56	27	50
Chambers of commerce and industry	38	70	44
Foundations, associations and unions	18	13	11
Public institutions	6	13	22
Other	0	3	0

Secondly, in the endogenous dynamics part of survey, the networks among firms are explored. RDAs give services in network promotions of subcontracting, franchising, joint venture and licencing, mergers. In Turkey, such as for franchising there exist a national franchising foundation and for joint ventures and licencing Undersecretariat of Treasury, TPE and Euro Turk Merchant Bank have some services. For fostering co-operation among firms also İKV, DTM, KOSGEB (with Common Usage Laboratories/Workshops), Turkish Foundation for Small and Business (TOSYÖV), Turkish Co-operation and Development Institution (TİKA) have some studies. The 88 % of the participant firms have such relations and networks with other firms. In the national scale firms mostly have a subcontracting type of relations with local firms, on the other hand with foreign firms, they have mostly licencing type of relations (Graph 5.16, Graph 5.17).



Graph 5.16: Network types among firms with local firms (%)



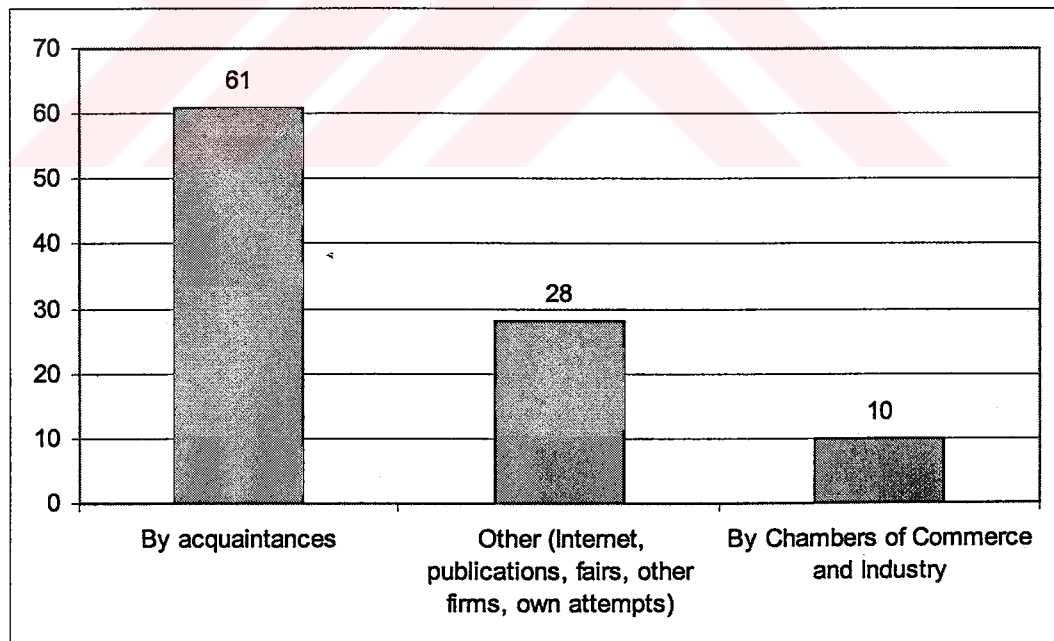
Graph 5.17: Network types among firms with foreign firms (%)

Within the national boundaries mostly the small firms are the group that have the strongest interaction networks with other firms. On the other hand, large firms have the strongest interaction networks with the foreign firms (Table 5.8).

Table 5.7: Co-operation and interaction types with respect to firm size (%)

Co-operation and Interaction Type	Number of firms					
	With Local Firms			With Foreign Firms		
	0-49	49-199	200+	0-49	49-199	200+
Franchise	0	0	0	0	0	0
Subcontracting	82	68	72	15	3	22
Licencing	9	6	6	12	16	17
Joint venture	12	6	0	9	16	6
Other	0	6	0	9	10	33

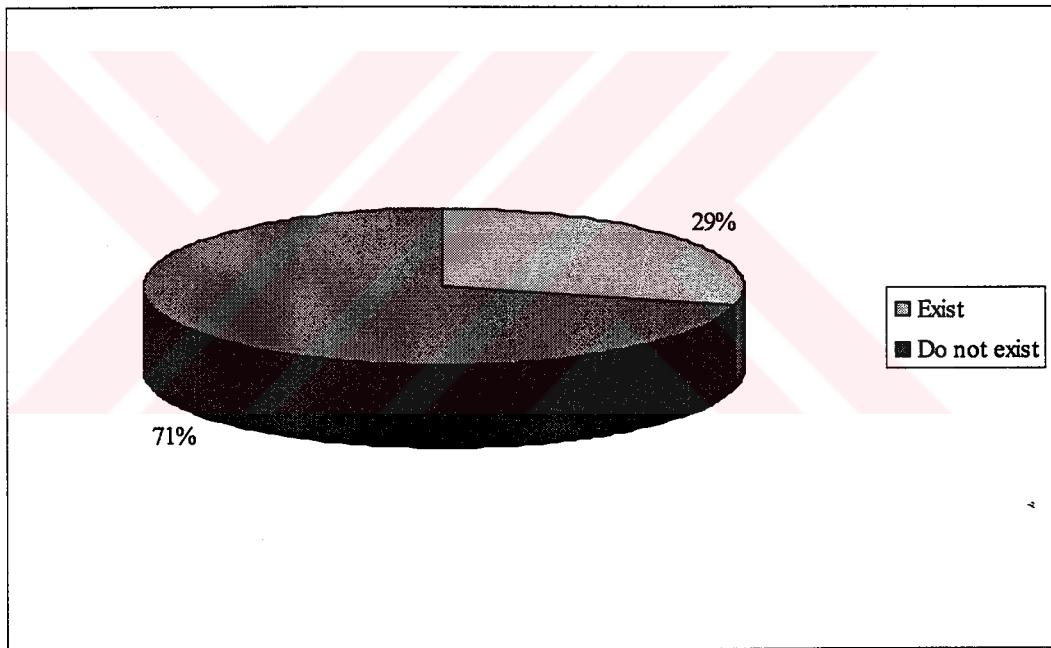
These kinds of networks are mostly formed by informal personal relations. Particularly previously established relations, and acquaintances are preferred while establishing such relations. Using tools like internet, fairs and publications that help firms to establish relations through their own efforts also possible for firms. In fact, 28 percent of firms establish relationships through such means. Chambers of Commerce and Industry are stated as being the third group for establishing relations with a 10 percent by the participant firms (Graph, 5.18).



Graph 5.18: Ways for network formation (%)

In addition to networks, for fostering the endogenous dynamics and economic development building the institutional thickness is also quite important. One of the factors

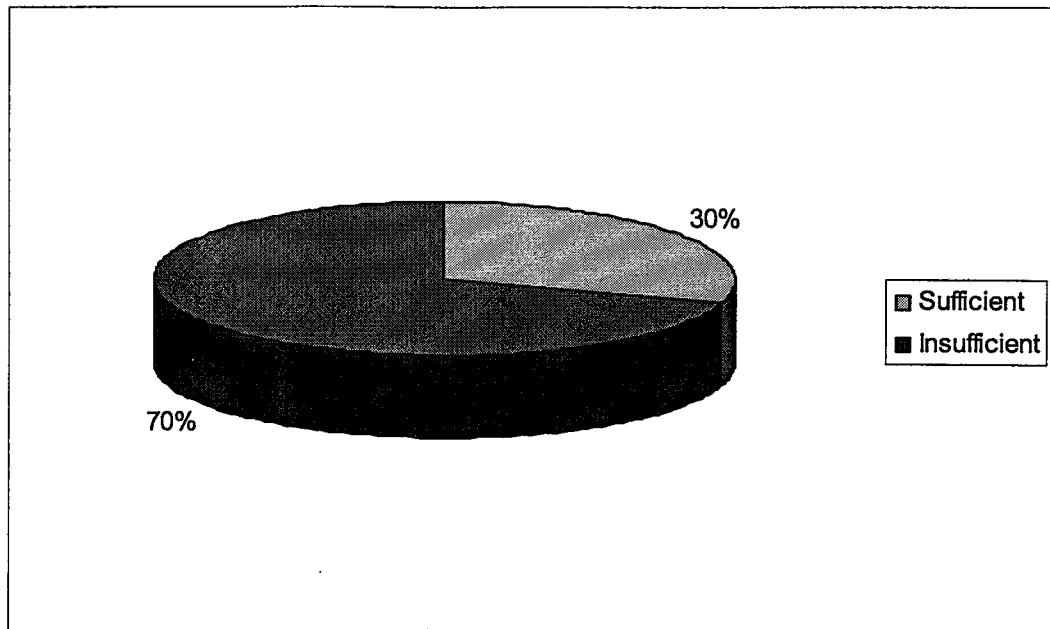
of forming an institutional thickness is the commonly held industrial agenda which the collection of institutions both depends upon and develops. As a result it is important to search for a common and collective aim among the local actors for the industrial and regional development in the survey. Also as catalyst institutions RDAs plays a fundamental role in forming a commonly held industrial agenda for their region. In the survey, 71 percent of the participant firms states that there is no such collective aim among both institutions and firms exist in İstanbul (Graph 5.19). In the interviews, it was seen that same sector firms have difficulties in forming an collective aim. Moreover, the belief of the non-existence of a collective aim increase with the labour size (Table 5.9). Also non-governmental organisations and public institutions are insufficient in that issue. In that respect, also majority of the participant firms find the institutions as being insufficient for the development of the region (Graph 5.20).



Graph 5.19: Collective aim according to firms

Table 5.8: Collective aim according to number of workers (%)

Number of workers	Have an aim	Do not have an aim
	1-49	39
50-199	26	74
200+	17	83



Graph 5.20: Institution's aid for regional development

5.1.2 Survey with Institutions: Collaborative Activities, Networks and Services

In Turkey institutions that support local economic development are mainly central but some of them have also local headquarters. As economic actors; public institutions, private organizations and interest associations such as chambers, voluntary associations such as Associations of Industrialists and Businessmen (SIADs), sectoral based foundations and unions exist. Today, firms in addition to depend on their own capacity to cope with the complexity of economy, co-operate with other firms and draw on support institutions as providers of inputs and services. The strength of a regional production system depends as much on the firms as on the local regulatory, co-ordinating and supporting institutions and the way in which they interact (Helmsing, 2001). The survey with institutions is conducted among them. Different forms of institutions play a vital role in mediating the social, political and economic transformations and activities (Amin and Thrift, 1994). In the institution survey, the contribution of existing economic actors to the endogenous development and studies, co-operation among the institutions and the services that they provide are explored.

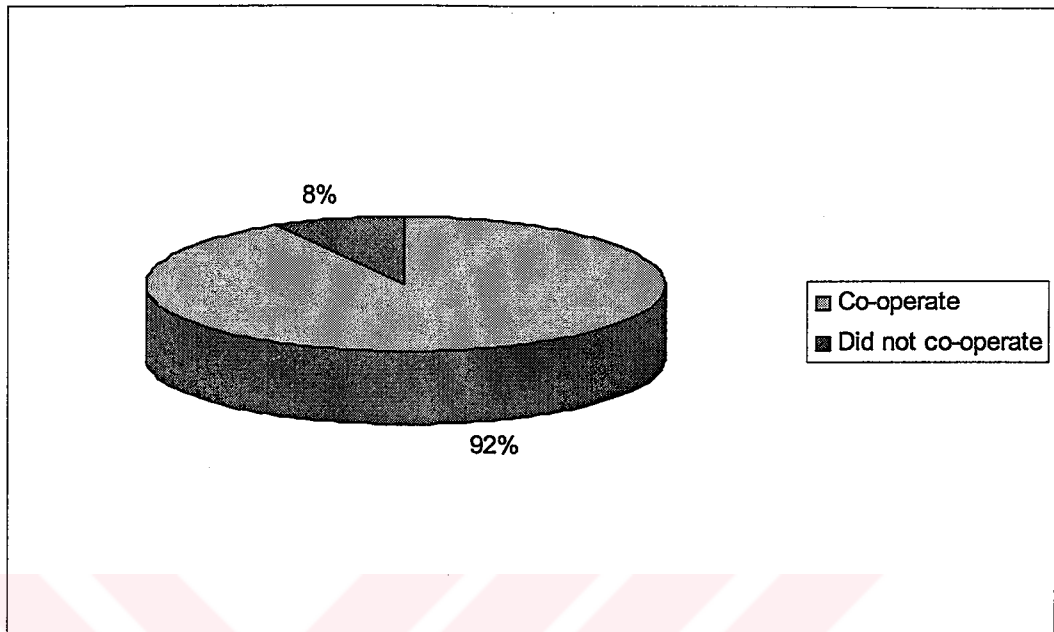
In Turkey, chambers have existed since the Ottomans period and they are organised geographically with no sectoral differentiation. This variety of heterogenous interests constitute an obstacle of functions of chambers as interest associations. The government

control and political patronage involved in the activities of the Turkish chambers of industry and trade. Moreover, public functions which they carry out and advantages offered to their members are based on the patronage relations (Buğra, 1994). Often political alliances and personal relations with bureaucrats bring some advantage such as tax exemptions and these advantages have an important role of the importance of taking control of chambers of industry and trade. Generally, large companies and businessmen who have political and financial power have influence on the chambers' politics (Özelçi, 2001).

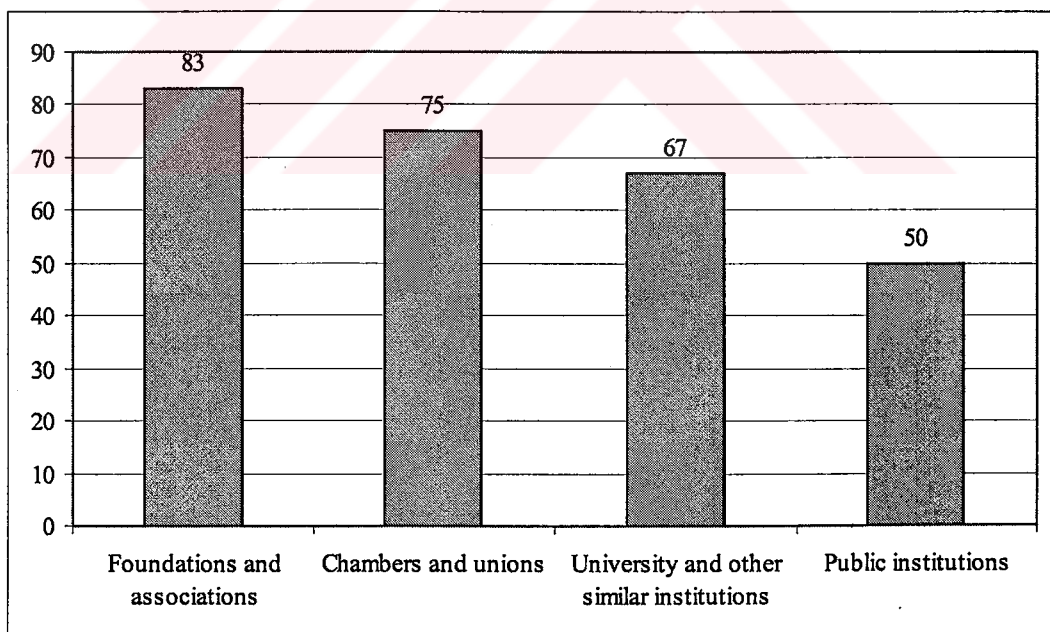
Since the 1980s and especially 1990s SIADs have occurred as economic organisations more frequently in Turkey. One of them is Association of Turkish Industrialists and Businessmen (TÜSİAD) developed in mid 1970s. TÜSİAD members are fairly large firms that are located in İstanbul and since 1990s it has changed by acting not only as an economic actor but also as a civil society organisation assuming responsibility for what is good for Turkey. In 1990s a powerful actor Association of Independent Industrialists and Businessmen (MUSIAD) was established. Moreover, independently organised SIADs representing the SMEs in Anatolian cities was developed in the last decade. With all of these institutions Turkish economic life witnessed the pluralisation of economic actors with different discourses and strategies bringing together a large number of enterprises (Keyman and Özbudun, 2001 quoted in Özelçi 2001).

The interaction networks among institutions and services that they provide explored in this survey. Institutions provide the basis for the social, economic networks and contacts so developing local institutional relations may provide one way of encouraging and developing economic development at the local level. Moreover contacts, networks, and flows between institutions can create powerful nodes of local governance and economic growth and a deficit of institutional interaction can weaken the position of localities in relation to forces (Raco, 1998). In this respect, first the interactions between the institutions and the co-operations they formed for economic development has been searched in the survey. 92 percent of the participant institutions have a co-operation with other institutions in the economic development issue (Graph 5.21). However, in the interviews, it has been seen that especially the public institution's linkages based on bureaucracy hamper the formation of collective aim and co-operation among institutions. The cooperated institutions appeared in the survey such as foundations and associations with a 83

percent, chambers and unions with a 75 percent, universities and similar institutions with a 67 percent and public institutions with a 50 percent (Graph 5.22).



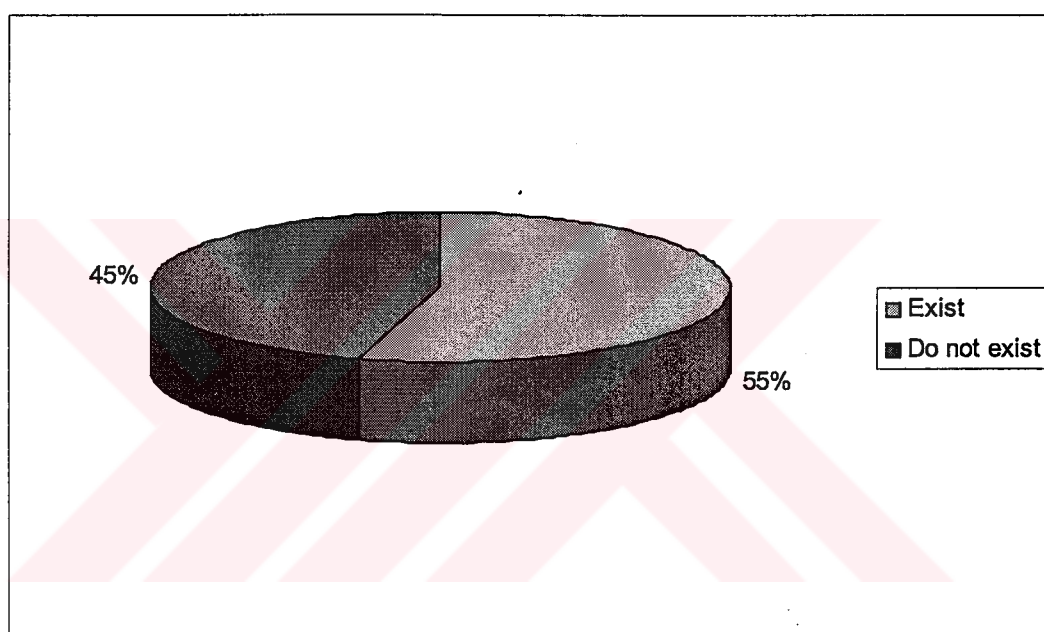
Graph 5.21: Interaction and co-operation among institutions



Graph 5.22: The institutions that are co-operated with (%)

The collective aim asked to the participant firms in the firm survey has been also explored among the institutions. The 55 percent of the institutions participated in the survey

consider the existence of a collective aim among local actors for economic and industrial development (Graph 5.23). As mentioned before, this was 29 percent among the firms. According to all of the participant public institutions there is a collective aim among local actors for economic development (Table 5.10). In fact, institutions have these types of aim and objectives by definition in their formation. However, the problem is that they can not bring these aims into a common platform including both the firms and other institutions. Here, the importance of RDAs and similar institutions, which act as intermediary organizations and are able to form such collectiveness and co-operation can be emphasized once more.



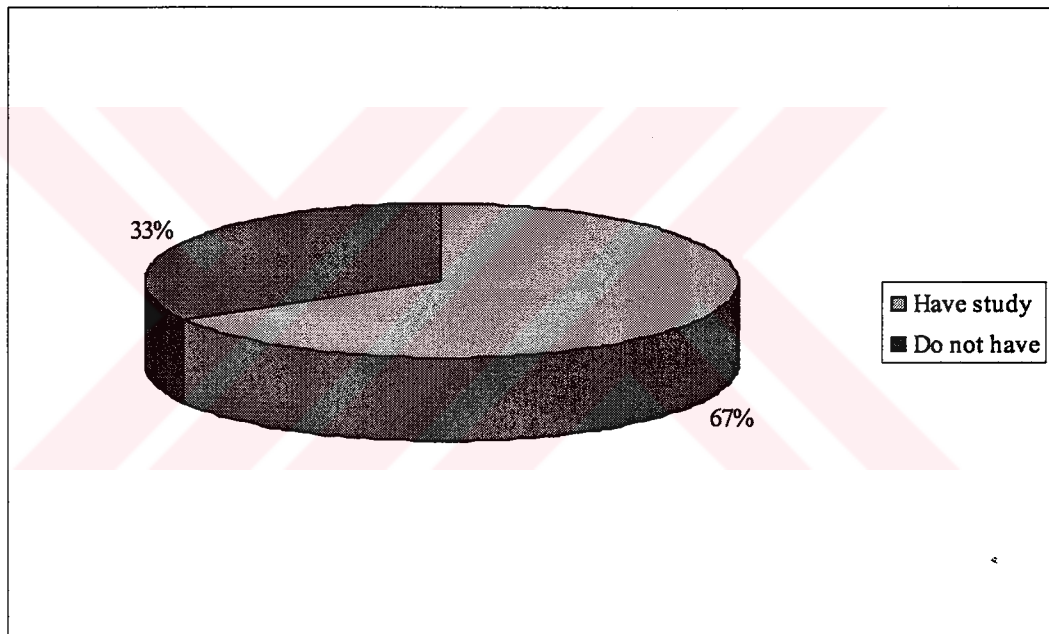
Graph 5.23: The collective aim according to institutions

Table 5.9: Collective aim according to type of institutions (%)

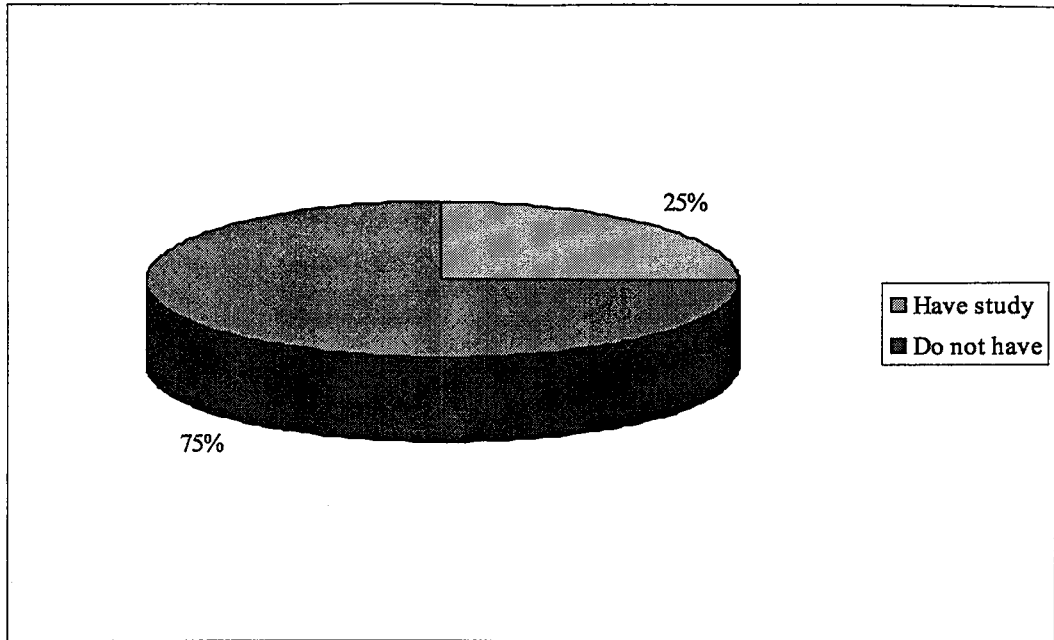
Type of Institutions	Exist	Do not exist
Foundations and associations	40	60
Chambers and unions	33	67
Public institutions	100	0

In the survey, the contributions of the institutions in endogenous development have been explored as being the study about their regions' economy and sectors, preparation of a regional development plan and strategy, management and constitution a database and collecting statistical data about the region's sectors and economy, information on available industrial location, studies for the investors and foreign investment subjects. 67 percent of

the participant institutions state that they conduct studies about their regions' economy and sectors (Graph 5.24). Nevertheless, the 58 percent of the participant institutions are working at the national scale. As for, the development of a regional strategy and plan, 75 percent of the participant firms have not pursued such action at all (Graph 5.25). Even though developing a regional strategy for economic development is one of the major activities of a RDA, regional plans are generally developed by central institutions in Turkey. Namely, DPT has prepared strategies and plans for specific geographies and regions in addition to national development plans. Furthermore another institution, TİKA, and the Turkish Development Bank have some studies on regional development strategy. All in all, there has never been a systematic and periodic policy development and regional development strategy studies in Turkey.

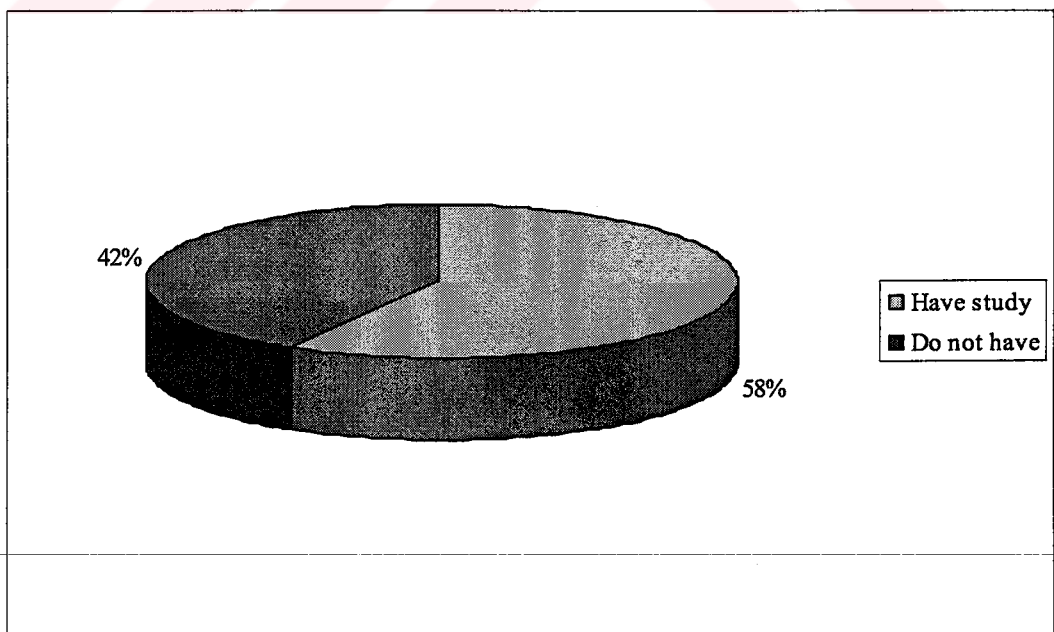


Graph 5.24: Studies about their regions' economy and sectors

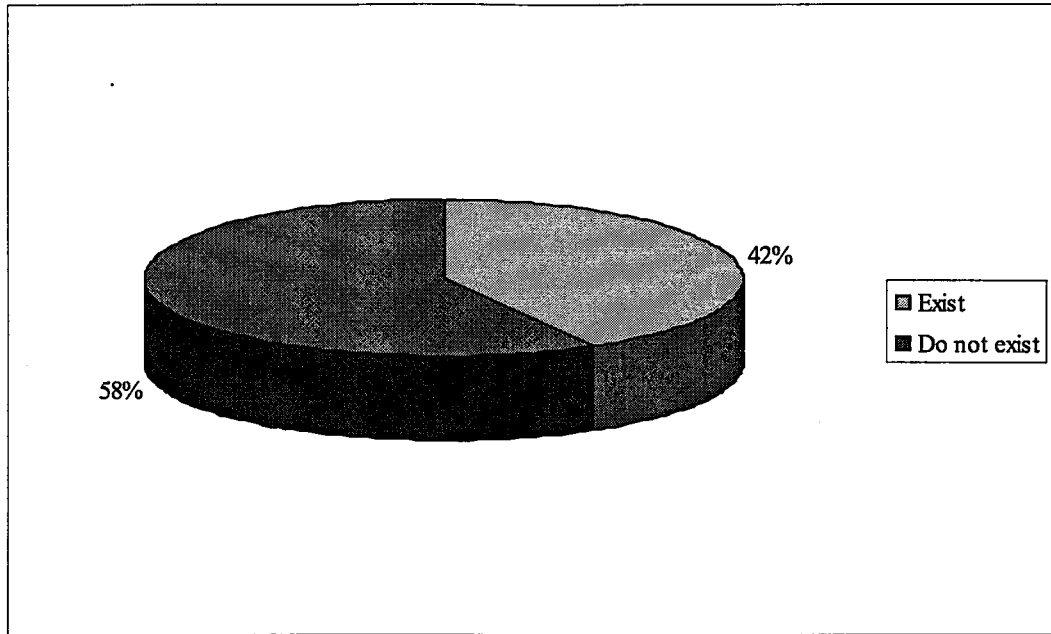


Graph 5.25: Regional development plan and strategy

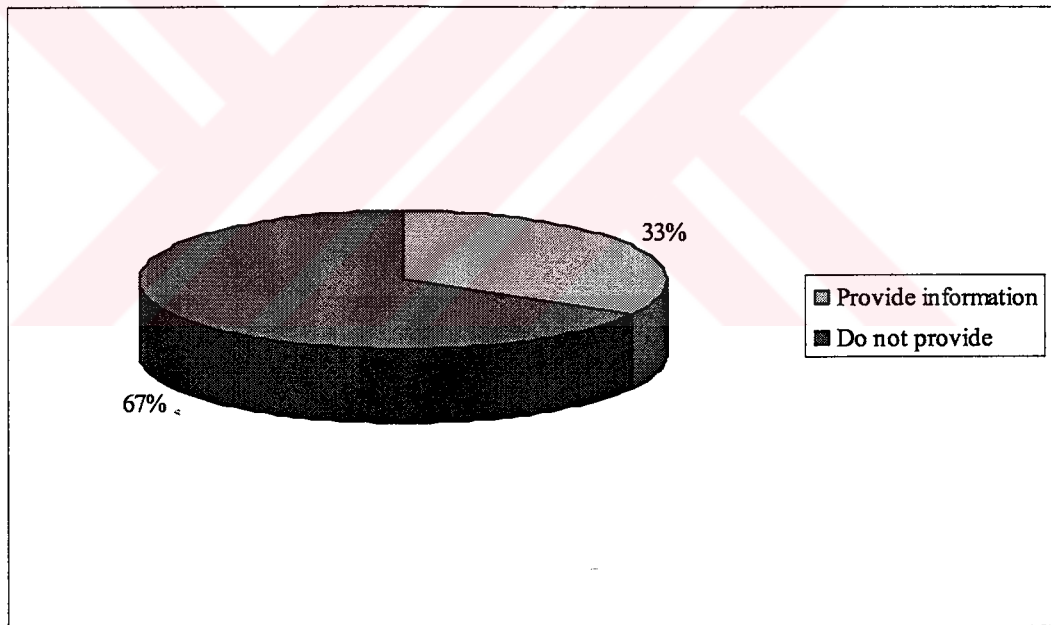
More than half of the participant institutions have activities in gathering statistical information and forming a database about their region's economy and sectors (Graph 5.26). Moreover, the studies for encouraging the investors in their regions have been conducted by 42 percent of the participant institutions (Graph 5.27). As the last endogenous development action, 33 percent of the institutions provide information for the firms about the possible industrial locations in their regions (Graph 5.28).



Graph 5.26: Study on collection of statistical data



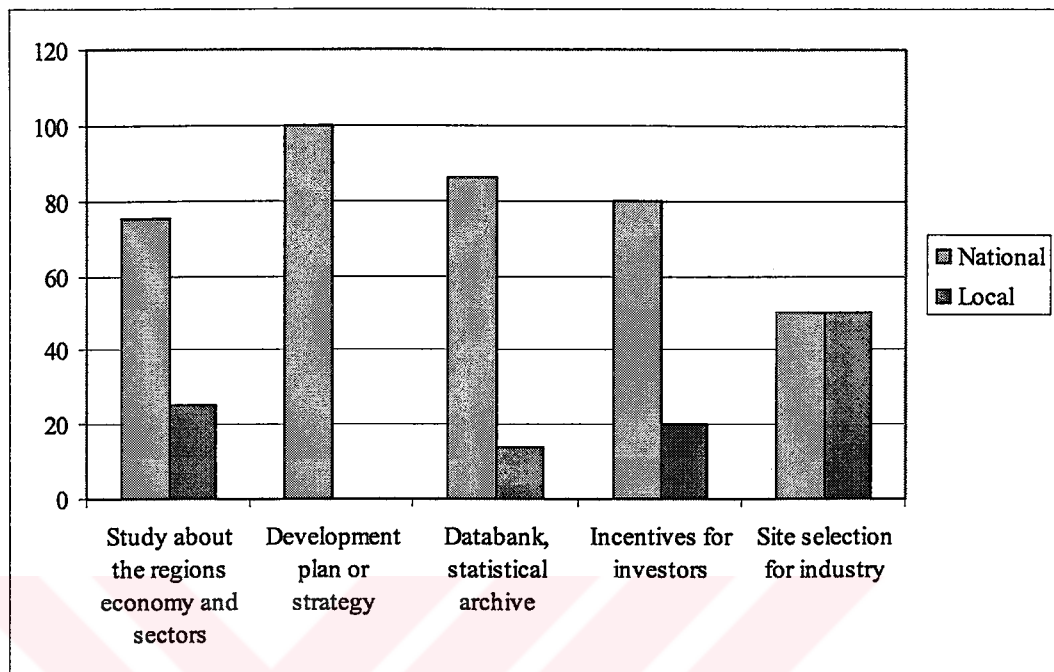
Graph 5.27: Promotion of investors



Graph 5.28: Possible industrial locations in the region

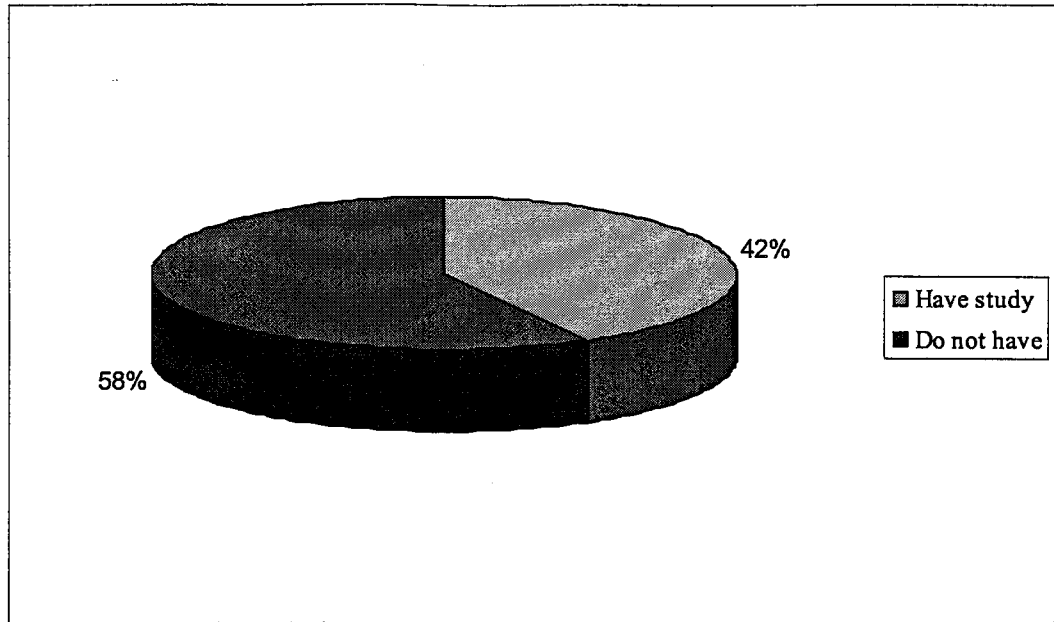
Graph 5.29 shows that most of endogenous development actions are carried out by institutions at the national scale. As a result a question may rise here about the effectiveness of these actions as most of these actions for the endogenous development of a region conducted by national institutions, inspired by homogenous motives for all regions of the nation, namely through top-down approaches. Moreover, one of the bottom-

up approach advantages is that a regional institution is better placed to develop strategies tailored to the specific problems of individual region.

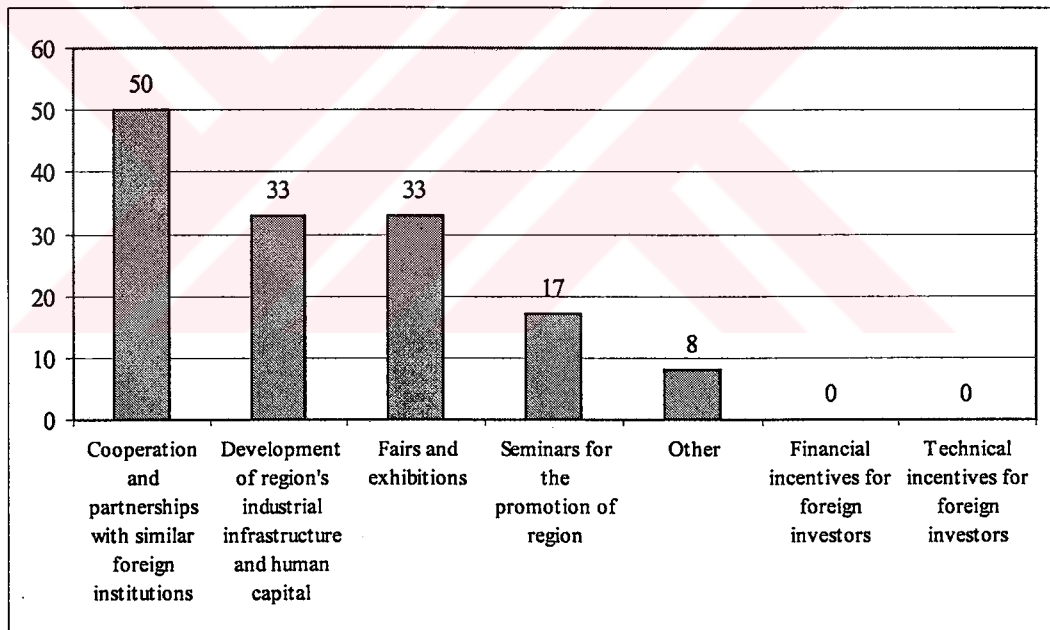


Graph 5.29: Endogenous development action according to scale

Another action carried out by the RDAs is activities for the promotion of the region both in the national and international context as well as attracting foreign investment to their regions. Less than half of the institutions in the survey state that they conducted promotional activities for their regions (Graph 5.30). Moreover, in the studies for attracting foreign investment, the co-operation with similar foreign institutions is at the first place with a 50 percent (Graph 5.31). An important outcome is the technical and financial incentives for foreign firms provided by RDAs and similar institutions in European countries can not be offered by any of the participant institutions.



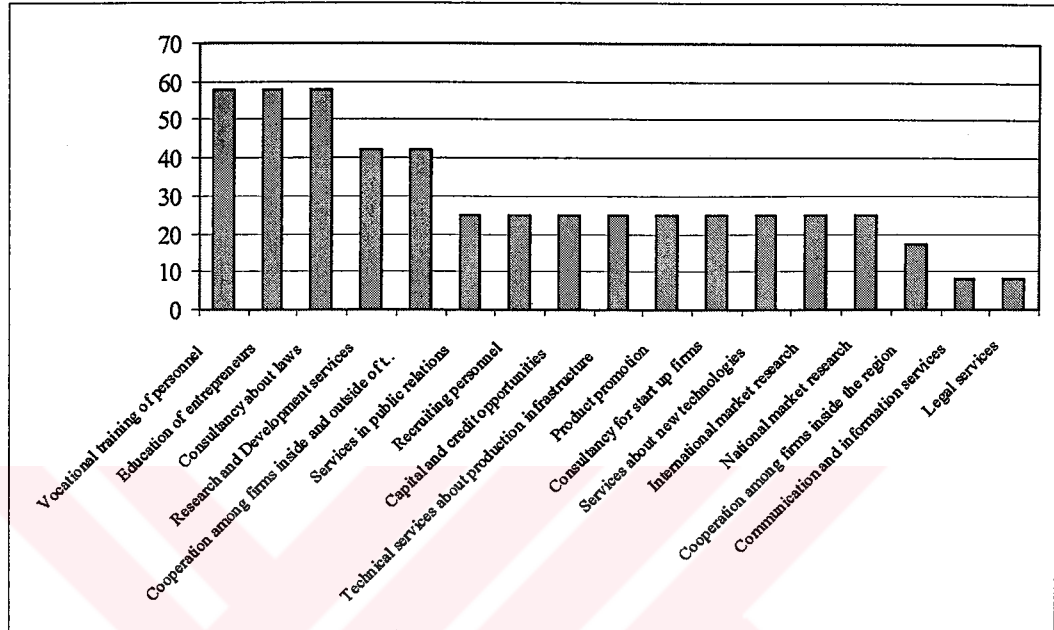
Graph 5.30: Promotion of region both in the national context and in abroad (%)



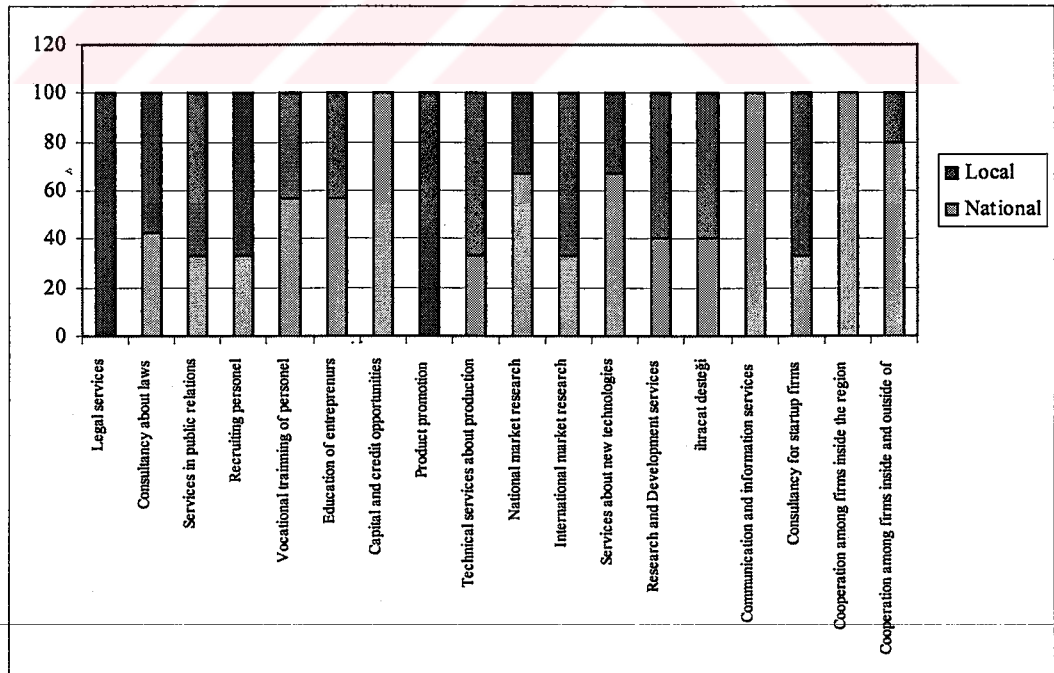
Graph 5.31: Studies for attracting foreign investment (%)

The consultancy and financial services provided by the RDAs are explored as the final issue in the survey. In this respect, vocational and entrepreneurial training, consultancy about laws are the foremost services provided by the institutions. These services are followed by services about R&D and co-operation among firms inside and outside the regions (Graph 5.32). Paradoxically, those services that has been demanded by firms at

most such as legal services and information and communication, appear to be those services that are provided by institutions at the least. Moreover, in endogenous development activities, mostly national institutions conducted these actions, whereas services for firms are provided by local and national institutions (Graph 5.33).



Graph 5.32: Services provided by institutions (%)



Graph 5.33: Services provided by institutions by scale (%)

5.2 Evaluation of the two-step survey

The case study of İstanbul contains significant results about endogenous dynamics with respect to the collaborative activities and interaction networks of firms and institutions as well as services. As a first issue, in the start-up period majority of the firms used their own capital resources instead of bank credits and state incentives. Corollary to this for many other activities firms mainly try to rely on their own resources, thus it can be stated that almost all of those firms that responded to the survey try to provide for their necessities by their own means. Another important point is that business services such as legal procedures, communication and information, administrative and law services are mostly obtained from the specialized firms and persons. Furthermore, these types of interactions are characterised by flexibility and the extensions of personal relationships. As a result the firms that are not able to flourish such relations face certain difficulties. In Turkey, there are also a wide range of institutions providing these types of services; however, due to lack of information and bureaucratic procedures firms are not able to obtain most of these services. For example, it has been clarified through the survey and interviews that some of the firms did not have any information about KOSGEB and its services. As a result, the important role of the intermediate institutions such as RDAs is evident once again at this point.

Ways of keeping up with new technologies in production were investigated as an important issue in the study. Most of the firms prefer imitation in the production process as well as product development with a minimum level of improvement integrating it into their own production systems instead of keeping up their own technologies and integrating into their production systems. New products and technologies are pursued mostly by participating into national and international fairs, exhibitions in addition to searching via internet and publications. Another important and widely used tool is having the information about new technologies via personal relations and acquaintances. Here, once again the informal, personal interaction networks appear. However, the insufficiencies of these types of interactions prevails, mainly due to the quantitative and qualitative limitations of such encounters. Moreover, due to intense competition and small market shares, the interaction based on mutual support between firms, especially within the same sector, is quite limited. RDAs may foster and coordinate both informal and formal relations as catalyst institutions. Moreover, in the transfer and dissemination of new technologies they can undertake important roles.

The services related to the new markets, marketing and export services are the top three necessities stated by firms. In marketing, the size of firms is appeared to be an important factor. Large firms in competition that hold stable market shares as opposed to smaller firms that hold more limited market shares have different tendencies. An important result is that competition is more fierce among the small firms and keeping information from the others is a widespread tendency. On the other hand, while the firm size increases, the chance of integrating into the specific networks accelerates accordingly. Furthermore, generally the large firms are able to integrate into more stable and effective networks. The same atmosphere also sways for the technological information sharing. Another important result is that firms generally try to enter into popular and profitable sectors while they lack knowledge about that particular sector as well as sector's capacity and market share. Therefore many of them fail or have some difficulties. As a result this indicates the need for a regionally based institution such as RDAs that develops a regional and strategic plan including sectoral guidance for firms.

There is an insufficient relation and interaction between firms and institutions. For example, it is deduced from the survey that firms have weak interactions with the universities and most of the firms consider their relations with universities as being inadequate. Generally, the economic development institutions of region are conceived as bureaucratic environments. While the interactions between institutions and firms are limited to certain bureaucratic processes, particularly the relations with public institutions remain at the lowest level. This can be stemming from the lack of interest on both sides. Interest associations and voluntary organisations such as chambers and foundations, e.g. SIADs, relations with some of the firms are relatively more dynamic in nature, however, they can still be considered as being the continuation of personal relations. The fact that most of these institutions are working at the national scale, may be one of the reasons of limited interactions. In addition, when most of the actions oriented towards the endogenous development of a region conducted by national institutions, the effectiveness of their activities are questionable. Therefore, instead of a top-down, central approach, a bottom-up approach is advantageou and thus a regional institution is better placed to develop strategies tailored to the specific problems of individual region.

The existence of collective aims among local economic actors is quite negligible. Those firms that are in the same sector, are not able to constitute collective aims and while

competing to each other this hinders development in a sense. The institutions also seems insufficient to foster a collective aim in the region. Throughout the survey, it appeared that firms do not believe in the possibility of holding collective aims while institutions appeared to have more positive approach to that issue. In fact, in İstanbul certain institutions and groups attempt to foster these kinds of collective aims and actions. İstanbul Council can be given as an example for this. As a non-governmental organisation, it is composed of a group of high level bureaucrats, managers, academicians, politicians, and representatives from the chambers and voluntary institutions. The aim of the Council is planning, guiding and monitoring the economic, social and cultural development as well as assisting investors in solving their problems and meeting their needs, providing co-operation, trust and understanding in the community for rapid development. However, there is considerable doubt on this institution like the chambers, indicating that political control and patronage type relations also involved in the activities of the Council which in turn may affect the actions of it negatively. In the survey, most of the institutions stated that they have co-operated with other institutions for economic development. However, the results of the survey and interviews points out that institutions do not establish effective interaction networks and synergies among them and with firms for endogenous development of the region.

To sum up, throughout the survey in İstanbul where various endogenous economic factors exist, some general problems which possibly exist in other regions of Turkey have been clarified. These are in briefly:

- Inadequacy in the local/regional economic development policies,
- Lack of co-ordination among the economic development and service institutions,
- Lack of trust between the firms therefore the decrease in the issues such as information transfer,
- Lack of interest and information of firms to the services that are provided by the institutions,
- Insufficient relation and interaction between firms and institutions that can be resulted from lack of interest of both sides,
- Lack of co-operation between universities and industry,
- Lack of sectoral industry inventory and a database of the region's economy and sectors,
- Lack of interest for the R&D issues,
- Reliance on informal relations within limited circles of firms,

- Lack of local supply chains in certain sectors, which increases the individuality in the production process,
- Individualism among firms and lack of collective aims and actions.

From these results, it can be emphasized once again that developing an institution such as RDA for İstanbul will be functional in encouraging and fostering the endogenous dynamics in addition to developing a vision and a regional development plan. In this sense the most important task of any attempt to develop an effective RDA will be building collective aims among all economic actors and getting organized in İstanbul where production activities are mostly based on informal and personal relations and interaction networks between firms and institutions.

The RDA that will be developed in İstanbul, will be expected to have different characteristics from the other possible RDAs in Turkey's regions, due to the fact that İstanbul has a great entrepreneur potential and industrial development. Therefore, a possible RDA formation can be realized under the leading of existing entrepreneurial groups in İstanbul. On the other hand, in the less developed regions of Turkey in which there are little or no entrepreneur potential, the central government can play an important role in the establishment of RDAs.

The survey clarified that most of the participant firms are members of particular interest associations such as the İstanbul Chamber of Commerce, the İstanbul Chamber of Industry and İstanbul Textile & Apparel Exporters' Association and some specific sectoral foundations. These institutions as the representatives of entrepreneurs interests in İstanbul, can take the leading role towards the development of a RDA by establishing partnerships with local actors. However, the role of the central government or the relations with the central government can also be considered for cohesion with the national development plans. Moreover, the local public authorities can also be included in the development of the RDA to minimize the problems of social inclusion and to realize a coordination of the İstanbul's integrated development. As a result the RDA that will be developed for İstanbul should be a public private partnership type, which is initiated mainly by the leading position of entrepreneurial groups. Furthermore the Management Board of RDA that is very important for the effectiveness can be composed of mainly the representatives of these entrepreneurial groups and local authorities.

An effective RDA will be an independent organisation in an arm's-length situation with its sponsoring authority that only interferes with the activities of organisation on a very general level such as allocation of resources and broad policy guidelines in İstanbul. RDA's main objective will include the creation of a competitive business environment and supporting economic growth, both as a world business centre and as a balanced regional economy as well as improvement of infrastructure, health and environment.

The legal structure of a RDA in İstanbul can be in the form of a company which will allow the possibility of a network type of agency in which each part carries out different functions. The model of ERVET as a network type agency that have a parent organisation which coordinate the functions of different business centres or the model of Shannon Development as a holding company which have specific subsidiary companies that have specific objectives set examples that provide models for the potential development of agency.

The initial capital for the development of agency will have to be covered by mostly the entrepreneurial group of İstanbul and perhaps other local authorities while the problematic economic situation of central government should also be considered. However, if the agency development is considered as a mandatory situation in all Turkish regions within the framework of the EU candidacy, the central government with legitimization and perhaps with funding will increase the effectiveness of RDA not only in İstanbul but also in other regions. Furthermore, EU can also be considered as an initial funding resource for the RDA development. After the start-up period the funding resources can be expected to be covered mostly by sales of services in İstanbul.

The target group of İstanbul's RDA among the firms will have to be the SMEs which constitute an important part of İstanbul's economy. Services provided by RDAs for SMEs in İstanbul have to focus on the issues of new markets, marketing and exports as well as finance, which were also identified as the necessities of firms throughout the firm survey. Therefore for these issues special units can be developed as part of the network body. For example, different finance tools such as venture capital and business angels can be considered in İstanbul that can be carried out by one of these specialised units of the RDA. While the portfolio of the services is developed, the existing services provided by existing institutional frameworks will have to be taken into consideration. Coordination of the existing efficient services to SMEs will be also an important mission for the İstanbul RDA

as an intermediary agency. In addition to services, the most important task of the RDA is developing a vision for an integrated and sustained development of İstanbul in a collective understanding comprising partnerships.

In addition to these points, it should be emphasized that a more comprehensive study for RDA's organisation, management and specific actions will have to be carried out towards the development of a RDA in İstanbul by the leading organisations for its effectiveness.



CHAPTER VI

CONCLUSION

Clearly, fundamental change have occurred in all aspects of regional development along with the ways in which regional policies are conceptualised and delivered, particularly in Europe. The evolution of regional development theories involved industrial milieu, the role of clusters, networks and collaborative activities with a particular emphasis on learning and innovation. Major shifts in the regional policy has been towards endogenous development with the emerging significance of entrepreneurship, the development of SMEs and technology as well as interaction networks between actors i.e. participation in information networks, production networks, interfirm links, and institution-firm relationships (Batchler and Yuill, 2001). Flexible economies based on interactions between economic actors at the local and regional scales are of vital significance in order to compete in the global markets. Corrollary to these, there has been an extensive debate about on the resurgence of region in Europe since the 1980s. The region is defined as the most suitable environment of the economy and economic development policy as well as the formation institutional thickness and that of networks along with information transfer. The fundamental factors underlying the resurgence of the region can be stated as changing production systems from fordism to post-fordism, economic globalisation, changing role of the nation state and European integration.

These changes shifted the regulation and co-ordination scale of the regional policy from a top-down approach to a bottom-up approach regulated directly at the local/regional level by local/ regional institutions. Policies imposed by the European Union (EU) played a significant role for the emergence of bottom-up approaches in European regions. In this respect, Regional Development Agencies become fundamental institutions for the implementation of bottom up approaches, which are defined as “a regionally based,

publicly financed institution outside the mainstream of central and local government administration designed to promote economic development” (Halkier et. al. 1998 pg: 17). Moreover, RDAs play a key role in identifying locally the pre-conditions for economic development as well as addressing the problems associated with uneven development.

Regional Development Agencies, as regional institutions, provide a suitable environment for developing strategies tailored to the specific problems of individual regions. Moreover, their disposition of being outside the mainstream bureaucratic structure allows them to adopt more flexible approaches to policy implementation involving collaboration with private actors. In addition a more integrated and proactive approach that RDAs adopt in their use of public resources generates a business-like image, which is more attractive for private actors compared to the traditional civil-service image of traditional governmental departments. Therefore, RDAs have the potential to target available resources on key industrial problems in a region to facilitate greater integration of economic and land use planning processes and to address associated problems. Furthermore, a semi-autonomous position limits direct party-political interference or pressures of local territorial interests and allows the adoption of a long term perspective capable of tackling structural weaknesses of the regional economy (Halkier, 2000, Danson et. al., 1993). RDAs, through co-ordination and catalytic effects, can have a significant influence on the development of local economic factors and dynamics such as interactivity and co-operation between organisations (MacNeill, 2002).

The impact of the European Union policies on the increasing significance of RDAs has been emphasized previously. In EU, the Structural Funds as tools of the EU regional policy, are directly allocated through institutions at the local and regional scale. Since the 1988, the concept of regional partnership became central to planning and implementation of Structural Fund programs. RDAs with their flexible characteristic and receptiveness to the specific problems of indigenous industry within the region pursue public policies without interventionism. They can be more closely attuned to the need of enterprises compromised with the increasing moves to partnership and formal networking in the EU policy (Danson and Damborg, 2000). In the framework of EU, the candidate Central and Eastern European Countries have experienced some fundamental changes in their regional development policies and institution building processes since the early 1990s. As a candidate country;

- a new regional classification,

- establishing regional units of the DPT and harmonizing regional state aid applications for the regions with the relevant EU criteria,
- designing projects for exploiting the local and regional potential in partnership with local and regional actors has been expected also from Turkey (ABGS, 2000).

Moreover in the last progress report, “2002 Turkey Regular Report on Turkey’s Progress towards Accession”, it is pointed out that “Turkey should strengthen its administrative structures for managing regional development by developing inter-ministerial co-ordination and integrating partnership principles at all levels of planning, both at central and regional levels (i.e. by setting up regional development authorities at NUTS 2 level)” (EU, 2002 pg:110). Therefore, RDAs or similar type regional institutions are necessary and advantageous for Turkey as a EU candidate country not only for managing regional development, but also for the development of regional plans and fostering endogenous development in Turkey. Up till now, only a new NUTS classification for Turkey was realized among previously stated three expectations of EU.

Transforming individual capabilities to collective actions/aims are possible with bottom-up institutions that are regulating and fostering the co-operation and interaction within networks for solving regional development problems. This will occur in accordance with the fostering of partnerships, co-operation and interaction between firms and institutions as well as within inter-firm and inter-institutional relations in an RDA type institutionalisation.

RDAs’ effectiveness can be improved further with support from the bottom-up local business organisations and top-down national government structure. In addition an RDA must be seen as a legitimate representative of its territory which has local business support. Agencies need to establish strategic plans in order to set priorities and present a coherent vision for their regions’ development. For this, recruiting skilled personnel to carry out the critical functions of the agency is an important task. Moreover, funding arrangements, which affect management and planning activities, strategic planning, personnel strategies for critical functions of development agencies is of vital significance for the institutionalisation process. At this point, it is important to note the experience that suggests the fact that those RDAs with insufficient funding spend much of their time chasing funding rather than implementing programs (Beer and Maude, 2000). Clearly, this would have significant impacts for the effectiveness of RDAs.

All in all, the most important factors prior to establishment of a RDA Turkey in general appear to be the organisation and partnership by taking the issues of social inclusion, legitimacy and relations with the central government, functions and accountability as well as funding resources. The issue of social inclusion is important to be effective. In this sense, RDAs established with a strong local partnerships, including both public and private sector organisations, i.e. bringing the institutions that have responsibilities for planning, land use and economic development together with the business environment that constitute the object of economic development support of RDAs. Social inclusion is also important for developing a collective industrial and economic development aim in the region. Therefore, the appropriate local economic actors in Turkish regions need to be identified and engaged for the establishment as well as operation of RDAs. A prerequisite for this process is the availability of sectoral interests that have adequate networks, which provide mechanisms for determining representation on regional structures and facilitating communications at regional level, while this can be somewhat problematic in Turkey.

Another important issue is legitimacy and relations with the central government. A general legal framework will be a necessity for the legitimacy and empowerment of RDAs in Turkey. The RDA can be a key interface between the region and central government organisations. The central governments generally support RDAs through legitimisation and/or providing funding. The lack of government's support for financial resources, particularly start-up capital of RDAs will severely hamper their success. An equally important point is the fact that the legal status of the organisation as well as the role and responsibilities of the Management Board are critical since budgets and personnel recruitment processes are involved. Ideally, Management Boards should be excluded from the political interference of both the central government and other actors. Their autonomous body is significant for RDAs; however political interference directly via Management Boards can still hamper the effectiveness of RDAs such as it have been the case in SPRI, Spain and ERVET, Italy agencies. This particular issue should be considered for the case of Turkey in general and İstanbul in particular, where the evidence suggests that informal and personal relations prevail to a great extent.

Functions and accountability constitute the other another significant issues that must be taken into account towards consideration of RDA formation. Different institutions both at the national and local scales have their own policies and services in Turkey. The co-ordination and regulation process of policies and services to a collective and integrated

one via RDAs are significant. Moreover, prior to RDA establishments, examining the overlapping policies, aims and services hinder accountability problems such the ones observed in the recent RDA experiences in the UK. As a result, functions of the existing economic development institutions, e.g. KOSGEB, DTM, İGEME, Chambers of Commerce and Industry, exporter unions should be considered towards a conceptualization of determining RDA functions. Moreover foremost significance remains to be the fact that functions and structure of a RDA are inevitably constrained by the availability of funding.

The issue of funding resources is a problematic area in Turkey. Funding for a RDA in the Turkish case probably has to come from a combination of sources, e.g. the central government, local governments, Chambers of Commerce and Industry or the other local economic development actors, including income from services provided by the RDA and perhaps the European Union itself.

Given that these issues can be clarified, RDAs hold the potential to carry out effective and successful roles throughout the economic development processes in various regions of Turkey. RDAs provide the institutional environment that will be able to improve the principle of competitiveness with mutual support and collective action. In this respect they will eventually foster the endogenous dynamics of Turkey's regions. Moreover, regional development authorities such as RDAs are considered being as mandatory from the point of the EU candidacy process. To conclude it is significant to clarify the most important fact that when establishing and creating such institutions, it should be considered that each region has its own and differentiated endogenous dynamics, and therefore the institutions can not any single model. They need to be tailored specifically to meet the particular demands of their regions, and this has to be the primary issue for Turkey while developing such institutions' legal framework and their internal organisation, as well as their functions and objectives.

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APPENDIX A

THE ACTIONS OF THE RDAs IN EUROPE

No	RDA Name	Country	No	RDA Name	Country
1	WIRTSCHAFTSFÖRDERUNGSFONDS	AUSTRIA	54	SHANNON DEV.	IRELAND
2	ÖeAR -REGIONALBERATUNG		55	UDARAS NA GAELTACHTA	
3	ECO PLUS		56	ERVET	ITALY
4	TECHNOPOL BRUSSEL	BELGIUM	57	SOPRIP – SERVIZI PER LO SVILUPPO	
5	SPI EN PROVINCE DE LIEGE		58	AGENZIA LUMETEL s.c.r.l.	
6	IGRETEC		59	ISTITUTO PER LA PROMOZIONE INDUSTRIALE (IPI)	
7	IDETA		60	CENTRO SVILUPPO SpA	
8	IDELUX		61	ASTER	
9	IDEA		62	ONTWIKKELINGSMAATSCHAPPIJ (NV NOM)	NETHERLANDS
10	GOM WEST-VLAANDEREN		63	NV INDUSTRIEBANK LIOF	
11	GOM VLAAMS - BRABANT		64	ONTWIKKELINGSMAATSCHAPPIJ (NV GOM)	
12	GOM OOST-VLAANDEREN		65	ONTWIKKELINGSMAATSCHAPPIJ (NV BOM)	
13	GOM LIMBURG		66	POLISH AGENCY FOR REGIONAL DEVELOPMETN (PARD)	POLAND
14	GOM ANTWERPEN		67	LUBLIN-CHELM DEVELOPMENT FOUNDATION	
15	BUREAU ECONOMIQUE DE LA PROVINCE DE NAMUR		68	KRAKOW REGIONAL DEVELOPMENT AGENCY	
16	REGIONAL DEVELOPMENT AGENCY OSTRAVA	CZECH REPUBLIC	69	KONIN REGIONAL DEVELOPMENT AGENCY	
17	REGIONAL DEVELOPMENT AGENCY FOR CENTRAL MORAVIA		70	PROMOTION & DEVELOPMENT AGENCY FOR UPPER SILESIA	
18	VIBORG COUNTY BUSINESS AND EMPLOYMENT DEPARTMENT	DENMARK	71	GDANSK POMERANIA DEVELOPMENT AGENCY	
19	STORSTRØMS COUNTY COUNCIL		72	FISE – FOUNDATION FOR SOCIAL AND ECONOMIC INITIATIVES	
20	NARVA BUSINESS ADVISORY SERVICES	ESTONIA	73	GLOBALGARVE – COOPERACAO E DESENVOLVIMENTO S.A.	PORTUGAL
21	DEVELOPMENT COMPANY OF VALKEAKOSKI REGION	FINLAND	74	ADREDT	
22	REGIONAL COUNCIL OF SOUTHERN - SAVO		75	ADRAL	
23	REGIONAL COUNCIL OF NORTHERN OSTROBOTHNIA		76	REGIONAL DEVELOPMENT AGENCY ZILINA EC/PHARE	SLOVAKIA
24	KEMI-TORNIO REGIONAL DEVELOPMENT AGENCY		77	REGIONAL ADVISORY AND INFORMATION CENTRE RAIC PRESOV	
25	REGIONAL COUNCIL OF KAINUU		78	SPRI-BASQUE	SPAIN
26	DEVELOPMENT COMPANY JYKES Ltd.		79	SODERCAN	
27	COMITE D'EXPANSION ECONOMIQUE DE LA VENDEE	FRANCE	80	INSTITUTO DE FOMENTO DE LA REGION DE MURCIA	
28	COMITE D'EXPANSION ECONOMIQUE DE LA SARTHE		81	IGAPE	
29	COMITE D'EXPANSION ECONOMIQUE DU VAL D'OISE		82	INSTITUTO DE FOMENTO REGIONAL DEL PRINCIPADO DE ASTURIAS	
30	COMITE D'EXPANSION ECONOMIQUE DE LA MAYENNE		83	INSTITUTO DE FOMENTO DE ANDALUCIA	
			84	INSTITUTO ARAGONES DE FOMENTO	

31	COMITE D'EXPANSION ECONOMIQUE DE MAINE-ET-LOIRE	
32	AGENCE DE DEVELOPPEMENT ECONOMIQUE DE LOT-ET-GARONNE	
33	COMITE D'EXPANSION ECONOMIQUE DE LA LOIRE-ATLANTIQUE	
34	AGENCE REGIONALE DE DEVELOPPEMENT DU LIMOUSIN	
35	INSTITUT D'AMENAGEMENT ET D'URBANISME DE LA REGION D'ILE DE FRANCE (IAURIF)	
36	DEVELOPPEMENT DE HAUTE-NORMANDIE	
37	COMITE D'EXPANSION ECONOMIQUE DU PUY-DE-DOME	
38	CHARENTE-DEVELOPPEMENT - AGENCE DEPARTEMENTALE DE DEVELOPPEMENT DE LA CHARENTE	
39	AGENCE REGIONALE DE DEVELOPPEMENT NORD-PAS-DE-CALAIS	
40	COMITE D'EXPANSION ECONOMIQUE DE BASSE-NORMANDIE	
41	APRIGA	
42	AGENCE DE DEVELOPPEMENT DE L'AISNE	
43	AGATE	
44	ADIRA	
45	ADEM	
46	ADEC	
47	FRANKFURT/RHEIN-MAIN E.V.	GERMANY
48	AGIT	
49	AGENCE HELLENIQUE POUR LE DEVELOPPEMENT LOCAL ET L'AUTOADMINISTRATON S.A.	GREECE
50	SZABOLCS-SZATMÁR-BEREG COUNTYREGIONAL DEVELOPMENT AGENCY	HUNGARY
51	REGIONAL DEVELOPMENT AGENCY OF SOUTH GREAT PLAIN REGION	
52	LOCAL ENTERPRISE AGENCY HAJDÚ-BIHAR COUNTY	
53	REGIONAL DEVELOPMENT HOLDING Ltd	
85	IMPIVA	
86	CIDEM	
87	AGENCIA DE DESARROLLO ECONÁ*MICO DE CASTILLA Y LEÁ*N	
88	BUSINESS AREA STOCKHOLM AB	SWEDEN
89	ALMI FÖRETAGPARTNER VOSTMANLAND AB	
90	ALMI FÖRETAGPARTNER ÖREBRO AB	
91	ALMI FÖRETAGPARTNER AB	
92	WEST MIDLANDS ENT. BOARD	UNITED KINGDOM
93	WELSH DEV.AGENCY	
94	SOUTH WEST OF ENGLAND DEV. AGEN.	
95	SCOTTISH ENTERPRISE	
96	SCOTTISH ENT. RENFREWSHIRE	
97	HIGHLANDS AND ISLAND ENT.	
98	GREATER LONDON ENT.	
99	GREAT WESTERN AND COMMERCE ENT.	
100	SCOTTISH ENT.-GLASGOW	
101	SCOTTISH ENT.-AYSHIRE	
102	DNIPETROVKS REDA	UKRAINE

	1	2	3	4	5	6	7	8	9	10
DATE OF CREATION	1982	1985	1959	1991	1961	1946	1990	1962	1961	1954
STAFF	54	25	37	19	36	165	17	145	550	30
ACTIONS										
<i>1.1. Studies and planning</i>										
1.1.1. Collection of statistical data										
1.1.2. Economic or sectoral studies										
1.1.3. Conceiving development plans										
1.1.4. Prospective studies										
1.1.5. Evaluations										
<i>1.2. Assessment of resources</i>										
1.2.1. List of available sites and premises, including derelict land										
1.2.2. Database on local enterprises										
1.2.3. Database on available aids for enterprises										
<i>1.3. Development or management of infrastructure</i>										
1.3.1 Nurseries and/or relay workshops and plants										
1.3.2 Buildings for industrial use										
1.3.3. Industry or business parks										
1.3.4. Technology or science parks										
1.3.5. Recreations parks										
1.3.6. Dwellings										
1.3.7. Urban-rural renewal actions										
1.3.8. Distance working centres, ITEC, etc										
<i>1.4 Infrastructure linked activities</i>										
1.4.1 Water and energy supply										
1.4.2 Waste collection										
1.4.3 Environmental protection										
1.4.4 Irrigation and hydraulic work										
<i>1.5. Development of indigenous resources</i>										
1.5.1. Tourism										
1.5.2. Raw materials										
1.5.2.1 Wood										
1.5.2.2 Fishing										
1.5.2.3 Energy Production										
1.5.2.4 Soil										
1.5.3. Sectoral industrial actions										
1.5.4. Promoting regional seals of quality for certain products										
1.5.5. Management of an energy saving consultancy desk										

1.5.6. Management of an environmental consultancy desk									
1.5.7. Promoting design with the enterprises									
1.5.8. Subcontracting-Physical planning consultancy desk									
2. SERVICES TO ENTERPRISES									
<u>2.1. Consultancy services</u>									
2.1.1. For setting up enterprises									
2.1.2. For developing existing enterprises									
2.1.3. For technological development									
2.1.4. For technology transfer									
2.1.5. For export									
2.1.6. Transfer, takeover, combination of enterprises									
2.1.7. Restructuring enterprises in difficulties									
2.1.8. Participation in fairs/exhibitions									
2.1.9. Representation office abroad									
2.1.10. Information centres on aids									
2.1.11. Sub-contracting matching centres									
2.1.12. Consultancy									
<u>2.2. Direct financial support</u>									
2.2.1. Subsidies									
2.2.2. Loans									
2.2.3. Acquisition of holdings (venture capital, seed capital)									
2.2.4. Grant of guaranteed or mutual guarantee systems									
2.2.5. Hire purchase									
2.2.6. Interest-rate subsidies									
2.2.7. Loans with interest-rate subsidy									
2.2.8. Tax concessions									
2.2.9. Export subsidies									
3. SERVICES TO LOCAL AND REGIONAL AUTHORITIES									
<u>3.1. Consultancy</u>									
<u>3.2. Managing or conducting files on behalf of local and regional authorities</u>									
3.2.1. Financial support for enterprises									
3.2.2. Search for foreign investors									
3.2.3. Industrial locations and premises									
3.2.4. Profile analysis									
4. TRAINING ACTIONS									
4.1. For potential business creators									
4.2. For business managers									
4.3. For the employment of fragile groups									

	11	12	13	14	15	16	17	18	19	20
DATE OF CREATION	1975	1975	1975	1977	1963	1993	1994			1993
STAFF	27	35	55	24	75	13	5	25	22	10
ACTIONS										
<i>1.1. Studies and planning</i>										
1.1.1. Collection of statistical data										
1.1.2. Economic or sectoral studies										
1.1.3. Conceiving development plans										
1.1.4. Prospective studies										
1.1.5. Evaluations										
<i>1.2. Assessment of resources</i>										
1.2.1. List of available sites and premises, including derelict land										
1.2.2. Database on local enterprises										
1.2.3. Database on available aids for enterprises										
<i>1.3. Development or management of infrastructure</i>										
1.3.1 Nurseries and/or relay workshops and plants										
1.3.2 Buildings for industrial use										
1.3.3. Industry or business parks										
1.3.4. Technology or science parks										
1.3.5. Recreations parks										
1.3.6. Dwellings										
1.3.7. Urban-rural renewal actions										
1.3.8. Distance working centres, ITEC, etc										
<i>1.4 Infrastructure linked activities</i>										
1.4.1 Water and energy supply										
1.4.2 Waste collection										
1.4.3 Environmental protection										
1.4.4 Irrigation and hydraulic work										
<i>1.5. Development of indigenous resources</i>										
1.5.1. Tourism										
1.5.2. Raw materials										
1.5.2.1 Wood										
1.5.2.2 Fishing										
1.5.2.3 Energy Production										
1.5.2.4 Soil										
1.5.3. Sectoral industrial actions										
1.5.4. Promoting regional seals of quality for certain products										
1.5.5. Management of an energy saving consultancy desk										

1.5.6. Management of an environmental consultancy desk										
1.5.7. Promoting design with the enterprises										
1.5.8. Subcontracting-Physical planning consultancy desk										
2. SERVICES TO ENTERPRISES										
2.1. Consultancy services										
2.1.1. For setting up enterprises										
2.1.2. For developing existing enterprises										
2.1.3. For technological development										
2.1.4. For technology transfer										
2.1.5. For export										
2.1.6. Transfer, takeover, combination of enterprises										
2.1.7. Restructuring enterprises in difficulties										
2.1.8. Participation in fairs/exhibitions										
2.1.9. Representation office abroad										
2.1.10. Information centres on aids										
2.1.11. Sub-contracting matching centres										
2.1.12. Consultancy										
2.2. Direct financial support										
2.2.1. Subsidies										
2.2.2. Loans										
2.2.3. Acquisition of holdings (venture capital, seed capital)										
2.2.4. Grant of guaranteed or mutual guarantee systems										
2.2.5. Hire purchase										
2.2.6. Interest-rate subsidies										
2.2.7. Loans with interest-rate subsidy										
2.2.8. Tax concessions										
2.2.9. Export subsidies										
3. SERVICES TO LOCAL AND REGIONAL AUTHORITIES										
3.1. Consultancy										
3.2. Managing or conducting files on behalf of local and regional authorities										
3.2.1. Financial support for enterprises										
3.2.2. Search for foreign investors										
3.2.3. Industrial locations and premises										
3.2.4. Profile analysis										
4. TRAINING ACTIONS										
4.1. For potential business creators										
4.2. For business managers										
4.3. For the employment of fragile groups										

	21	22	23	24	25	26	27	28	29	30
DATE OF CREATION	1983	1991	1993	1991	1990	1996	1955	1955	1973	1957
STAFF	12	35	43	4	18	21	10	15	15	5
ACTIONS										
<u>1.1. Studies and planning</u>										
1.1.1. Collection of statistical data										
1.1.2. Economic or sectoral studies										
1.1.3. Conceiving development plans										
1.1.4. Prospective studies										
1.1.5. Evaluations										
<u>1.2. Assessment of resources</u>										
1.2.1. List of available sites and premises, including derelict land										
1.2.2. Database on local enterprises										
1.2.3. Database on available aids for enterprises										
<u>1.3. Development or management of infrastructure</u>										
1.3.1 Nurseries and/or relay workshops and plants										
1.3.2 Buildings for industrial use										
1.3.3. Industry or business parks										
1.3.4. Technology or science parks										
1.3.5. Recreations parks										
1.3.6. Dwellings										
1.3.7. Urban-rural renewal actions										
1.3.8. Distance working centres, ITEC, etc										
<u>1.4 Infrastructure linked activities</u>										
1.4.1 Water and energy supply										
1.4.2 Waste collection										
1.4.3 Environmental protection										
1.4.4 Irrigation and hydraulic work										
<u>1.5. Development of indigenous resources</u>										
1.5.1. Tourism										
1.5.2. Raw materials										
1.5.2.1 Wood										
1.5.2.2 Fishing										
1.5.2.3 Energy Production										
1.5.2.4 Soil										
1.5.3. Sectoral industrial actions										
1.5.4. Promoting regional seals of quality for certain products										
1.5.5. Management of an energy saving consultancy desk										

1.5.6. Management of an environmental consultancy desk													
1.5.7. Promoting design with the enterprises													
1.5.8. Subcontracting-Physical planning consultancy desk													
2. SERVICES TO ENTERPRISES													
<i>2.1. Consultancy services</i>													
2.1.1. For setting up enterprises													
2.1.2. For developing existing enterprises													
2.1.3. For technological development													
2.1.4. For technology transfer													
2.1.5. For export													
2.1.6. Transfer, takeover, combination of enterprises													
2.1.7. Restructuring enterprises in difficulties													
2.1.8. Participation in fairs/exhibitions													
2.1.9. Representation office abroad													
2.1.10. Information centres on aids													
2.1.11. Sub-contracting matching centres													
2.1.12. Consultancy													
<i>2.2. Direct financial support</i>													
2.2.1. Subsidies													
2.2.2. Loans													
2.2.3. Acquisition of holdings (venture capital, seed capital)													
2.2.4. Grant of guaranteed or mutual guarantee systems													
2.2.5. Hire purchase													
2.2.6. Interest-rate subsidies													
2.2.7. Loans with interest-rate subsidy													
2.2.8. Tax concessions													
2.2.9. Export subsidies													
3. SERVICES TO LOCAL AND REGIONAL AUTHORITIES													
<i>3.1. Consultancy</i>													
<i>3.2. Managing or conducting files on behalf of local and regional authorities</i>													
3.2.1. Financial support for enterprises													
3.2.2. Search for foreign investors													
3.2.3. Industrial locations and premises													
3.2.4. Profile analysis													
4. TRAINING ACTIONS													
4.1. For potential business creators													
4.2. For business managers													
4.3. For the employment of fragile groups													

	31	32	33	34	35	36	37	38	39	40
DATE OF CREATION	1960	1991	1958	1991	1960	1971	1956	1995	1984	1956
STAFF	15	10	11	18	164	12	8	14	150	21
ACTIONS										
<i>1.1. Studies and planning</i>										
1.1.1. Collection of statistical data										
1.1.2. Economic or sectoral studies										
1.1.3. Conceiving development plans										
1.1.4. Prospective studies										
1.1.5. Evaluations										
<i>1.2. Assessment of resources</i>										
1.2.1. List of available sites and premises, including derelict land										
1.2.2. Database on local enterprises										
1.2.3. Database on available aids for enterprises										
<i>1.3. Development or management of infrastructure</i>										
1.3.1 Nurseries and/or relay workshops and plants										
1.3.2 Buildings for industrial use										
1.3.3. Industry or business parks										
1.3.4. Technology or science parks										
1.3.5. Recreations parks										
1.3.6. Dwellings										
1.3.7. Urban-rural renewal actions										
1.3.8. Distance working centres, ITEC, etc										
<i>1.4 Infrastructure linked activities</i>										
1.4.1 Water and energy supply										
1.4.2 Waste collection										
1.4.3 Environmental protection										
1.4.4 Irrigation and hydraulic work										
<i>1.5. Development of indigenous resources</i>										
1.5.1. Tourism										
1.5.2. Raw materials										
1.5.2.1 Wood										
1.5.2.2 Fishing										
1.5.2.3 Energy Production										
1.5.2.4 Soil										
1.5.3. Sectoral industrial actions										
1.5.4. Promoting regional seals of quality for certain products										
1.5.5. Management of an energy saving consultancy desk										

1.5.6. Management of an environmental consultancy desk										
1.5.7. Promoting design with the enterprises										
1.5.8. Subcontracting-Physical planning consultancy desk										
2. SERVICES TO ENTERPRISES										
<u>2.1. Consultancy services</u>										
2.1.1. For setting up enterprises										
2.1.2. For developing existing enterprises										
2.1.3. For technological development										
2.1.4. For technology transfer										
2.1.5. For export										
2.1.6. Transfer, takeover, combination of enterprises										
2.1.7. Restructuring enterprises in difficulties										
2.1.8. Participation in fairs/exhibitions										
2.1.9. Representation office abroad										
2.1.10. Information centres on aids										
2.1.11. Sub-contracting matching centres										
2.1.12. Consultancy										
<u>2.2. Direct financial support</u>										
2.2.1. Subsidies										
2.2.2. Loans										
2.2.3. Acquisition of holdings (venture capital, seed capital)										
2.2.4. Grant of guaranteed or mutual guarantee systems										
2.2.5. Hire purchase										
2.2.6. Interest-rate subsidies										
2.2.7. Loans with interest-rate subsidy										
2.2.8. Tax concessions										
2.2.9. Export subsidies										
3. SERVICES TO LOCAL AND REGIONAL AUTHORITIES										
<u>3.1. Consultancy</u>										
<u>3.2. Managing or conducting files on behalf of local and regional authorities</u>										
3.2.1. Financial support for enterprises										
3.2.2. Search for foreign investors										
3.2.3. Industrial locations and premises										
3.2.4. Profile analysis										
4. TRAINING ACTIONS										
4.1. For potential business creators										
4.2. For business managers										
4.3. For the employment of fragile groups										

	41	42	43	44	45	46	47	48	49	50
DATE OF CREATION	1979	1990	1989	1950	1979	1993	1971	1984	1985	1994
STAFF	6	10	26	25	6	21	10	34	110	20
ACTIONS										
<i>1.1. Studies and planning</i>										
1.1.1. Collection of statistical data										
1.1.2. Economic or sectoral studies										
1.1.3. Conceiving development plans										
1.1.4. Prospective studies										
1.1.5. Evaluations										
<i>1.2. Assessment of resources</i>										
1.2.1. List of available sites and premises, including derelict land										
1.2.2. Database on local enterprises										
1.2.3. Database on available aids for enterprises										
<i>1.3. Development or management of infrastructure</i>										
1.3.1 Nurseries and/or relay workshops and plants										
1.3.2 Buildings for industrial use										
1.3.3. Industry or business parks										
1.3.4. Technology or science parks										
1.3.5. Recreations parks										
1.3.6. Dwellings										
1.3.7. Urban-rural renewal actions										
1.3.8. Distance working centres, ITEC, etc										
<i>1.4 Infrastructure linked activities</i>										
1.4.1 Water and energy supply										
1.4.2 Waste collection										
1.4.3 Environmental protection										
1.4.4 Irrigation and hydraulic work										
<i>1.5. Development of indigenous resources</i>										
1.5.1. Tourism										
1.5.2. Raw materials										
1.5.2.1 Wood										
1.5.2.2 Fishing										
1.5.2.3 Energy Production										
1.5.2.4 Soil										
1.5.3. Sectoral industrial actions										
1.5.4. Promoting regional seals of quality for certain products										
1.5.5. Management of an energy saving consultancy desk										

	51	52	53	54	55	56	57	58	59	60
DATE OF CREATION	1997	1993	2000	1959	1980		1980	1989	1994	1993
STAFF	5	19	90	421	110		4	30	130	11
ACTIONS										
<i>1.1. Studies and planning</i>										
1.1.1. Collection of statistical data										
1.1.2. Economic or sectoral studies										
1.1.3. Conceiving development plans										
1.1.4. Prospective studies										
1.1.5. Evaluations										
<i>1.2. Assessment of resources</i>										
1.2.1. List of available sites and premises, including derelict land										
1.2.2. Database on local enterprises										
1.2.3. Database on available aids for enterprises										
<i>1.3. Development or management of infrastructure</i>										
1.3.1 Nurseries and/or relay workshops and plants										
1.3.2 Buildings for industrial use										
1.3.3. Industry or business parks										
1.3.4. Technology or science parks										
1.3.5. Recreations parks										
1.3.6. Dwellings										
1.3.7. Urban-rural renewal actions										
1.3.8. Distance working centres, ITEC, etc										
<i>1.4 Infrastructure linked activities</i>										
1.4.1 Water and energy supply										
1.4.2 Waste collection										
1.4.3 Environmental protection										
1.4.4 Irrigation and hydraulic work										
<i>1.5. Development of indigenous resources</i>										
1.5.1. Tourism										
1.5.2. Raw materials										
1.5.2.1 Wood										
1.5.2.2 Fishing										
1.5.2.3 Energy Production										
1.5.2.4 Soil										
1.5.3. Sectoral industrial actions										
1.5.4. Promoting regional seals of quality for certain products										
1.5.5. Management of an energy saving consultancy desk										

1.5.6. Management of an environmental consultancy desk									
1.5.7. Promoting design with the enterprises									
1.5.8. Subcontracting-Physical planning consultancy desk									
2. SERVICES TO ENTERPRISES									
<u>2.1. Consultancy services</u>									
2.1.1. For setting up enterprises									
2.1.2. For developing existing enterprises									
2.1.3. For technological development									
2.1.4. For technology transfer									
2.1.5. For export									
2.1.6. Transfer, takeover, combination of enterprises									
2.1.7. Restructuring enterprises in difficulties									
2.1.8. Participation in fairs/exhibitions									
2.1.9. Representation office abroad									
2.1.10. Information centres on aids									
2.1.11. Sub-contracting matching centres									
2.1.12. Consultancy									
<u>2.2. Direct financial support</u>									
2.2.1. Subsidies									
2.2.2. Loans									
2.2.3. Acquisition of holdings (venture capital, seed capital)									
2.2.4. Grant of guaranteed or mutual guarantee systems									
2.2.5. Hire purchase									
2.2.6. Interest-rate subsidies									
2.2.7. Loans with interest-rate subsidy									
2.2.8. Tax concessions									
2.2.9. Export subsidies									
3. SERVICES TO LOCAL AND REGIONAL AUTHORITIES									
<u>3.1. Consultancy</u>									
<u>3.2. Managing or conducting files on behalf of local and regional authorities</u>									
3.2.1. Financial support for enterprises									
3.2.2. Search for foreign investors									
3.2.3. Industrial locations and premises									
3.2.4. Profile analysis									
4. TRAINING ACTIONS									
4.1. For potential business creators									
4.2. For business managers									
4.3. For the employment of fragile groups									

	61	62	63	64	65	66	67	68	69	70
DATE OF CREATION	1985	1974	1975	1978	1983	1993	1991	1993	1992	1992
STAFF	6	50	52	30	16	29	14	15	22	23
ACTIONS										
<i>1.1. Studies and planning</i>										
1.1.1. Collection of statistical data										
1.1.2. Economic or sectoral studies										
1.1.3. Conceiving development plans										
1.1.4. Prospective studies										
1.1.5. Evaluations										
<i>1.2. Assessment of resources</i>										
1.2.1. List of available sites and premises, including derelict land										
1.2.2. Database on local enterprises										
1.2.3. Database on available aids for enterprises										
<i>1.3. Development or management of infrastructure</i>										
1.3.1 Nurseries and/or relay workshops and plants										
1.3.2 Buildings for industrial use										
1.3.3. Industry or business parks										
1.3.4. Technology or science parks										
1.3.5. Recreations parks										
1.3.6. Dwellings										
1.3.7. Urban-rural renewal actions										
1.3.8. Distance working centres, ITEC, etc										
<i>1.4 Infrastructure linked activities</i>										
1.4.1 Water and energy supply										
1.4.2 Waste collection										
1.4.3 Environmental protection										
1.4.4 Irrigation and hydraulic work										
<i>1.5. Development of indigenous resources</i>										
1.5.1. Tourism										
1.5.2. Raw materials										
1.5.2.1 Wood										
1.5.2.2 Fishing										
1.5.2.3 Energy Production										
1.5.2.4 Soil										
1.5.3. Sectoral industrial actions										
1.5.4. Promoting regional seals of quality for certain products										
1.5.5. Management of an energy saving consultancy desk										

1.5.6. Management of an environmental consultancy desk									
1.5.7. Promoting design with the enterprises									
1.5.8. Subcontracting-Physical planning consultancy desk									
2. SERVICES TO ENTERPRISES									
<i>2.1. Consultancy services</i>									
2.1.1. For setting up enterprises									
2.1.2. For developing existing enterprises									
2.1.3. For technological development									
2.1.4. For technology transfer									
2.1.5. For export									
2.1.6. Transfer, takeover, combination of enterprises									
2.1.7. Restructuring enterprises in difficulties									
2.1.8. Participation in fairs/exhibitions									
2.1.9. Representation office abroad									
2.1.10. Information centres on aids									
2.1.11. Sub-contracting matching centres									
2.1.12. Consultancy									
<i>2.2. Direct financial support</i>									
2.2.1. Subsidies									
2.2.2. Loans									
2.2.3. Acquisition of holdings (venture capital, seed capital)									
2.2.4. Grant of guaranteed or mutual guarantee systems									
2.2.5. Hire purchase									
2.2.6. Interest-rate subsidies									
2.2.7. Loans with interest-rate subsidy									
2.2.8. Tax concessions									
2.2.9. Export subsidies									
3. SERVICES TO LOCAL AND REGIONAL AUTHORITIES									
<i>3.1. Consultancy</i>									
<i>3.2. Managing or conducting files on behalf of local and regional authorities</i>									
3.2.1. Financial support for enterprises									
3.2.2. Search for foreign investors									
3.2.3. Industrial locations and premises									
3.2.4. Profile analysis									
4. TRAINING ACTIONS									
4.1. For potential business creators									
4.2. For business managers									
4.3. For the employment of fragile groups									

	71	72	73	74	75	76	77	78	79	80
DATE OF CREATION	1992	1990	1995	1998	1989	1993	1993	1981	1985	1986
STAFF	60	15	3	3	6	10	8	92	32	69
ACTIONS										
<u>1.1. Studies and planning</u>										
1.1.1. Collection of statistical data										
1.1.2. Economic or sectoral studies										
1.1.3. Conceiving development plans										
1.1.4. Prospective studies										
1.1.5. Evaluations										
<u>1.2. Assessment of resources</u>										
1.2.1. List of available sites and premises, including derelict land										
1.2.2. Database on local enterprises										
1.2.3. Database on available aids for enterprises										
<u>1.3. Development or management of infrastructure</u>										
1.3.1 Nurseries and/or relay workshops and plants										
1.3.2 Buildings for industrial use										
1.3.3. Industry or business parks										
1.3.4. Technology or science parks										
1.3.5. Recreations parks										
1.3.6. Dwellings										
1.3.7. Urban-rural renewal actions										
1.3.8. Distance working centres, ITEC, etc										
<u>1.4 Infrastructure linked activities</u>										
1.4.1 Water and energy supply										
1.4.2 Waste collection										
1.4.3 Environmental protection										
1.4.4 Irrigation and hydraulic work										
<u>1.5. Development of indigenous resources</u>										
1.5.1. Tourism										
1.5.2. Raw materials										
1.5.2.1 Wood										
1.5.2.2 Fishing										
1.5.2.3 Energy Production										
1.5.2.4 Soil										
1.5.3. Sectoral industrial actions										
1.5.4. Promoting regional seals of quality for certain products										
1.5.5. Management of an energy saving consultancy desk										

1.5.6. Management of an environmental consultancy desk									
1.5.7. Promoting design with the enterprises									
1.5.8. Subcontracting-Physical planning consultancy desk									
2. SERVICES TO ENTERPRISES									
<i>2.1. Consultancy services</i>									
2.1.1. For setting up enterprises									
2.1.2. For developing existing enterprises									
2.1.3. For technological development									
2.1.4. For technology transfer									
2.1.5. For export									
2.1.6. Transfer, takeover, combination of enterprises									
2.1.7. Restructuring enterprises in difficulties									
2.1.8. Participation in fairs/exhibitions									
2.1.9. Representation office abroad									
2.1.10. Information centres on aids									
2.1.11. Sub-contracting matching centres									
2.1.12. Consultancy									
<i>2.2. Direct financial support</i>									
2.2.1. Subsidies									
2.2.2. Loans									
2.2.3. Acquisition of holdings (venture capital, seed capital)									
2.2.4. Grant of guaranteed or mutual gurantee systems									
2.2.5. Hire purchase									
2.2.6. Interest-rate subsidies									
2.2.7. Loans with interest-rate subsidy									
2.2.8. Tax concessions									
2.2.9. Export subsidies									
3. SERVICES TO LOCAL AND REGIONAL AUTHORITIES									
<i>3.1. Consultancy</i>									
<i>3.2. Managing or conducting files on behalf of local and regional authorities</i>									
3.2.1. Financial support for enterprises									
3.2.2. Search for foreign investors									
3.2.3. Industrial locations and premises									
3.2.4. Profile analysis									
4. TRAINING ACTIONS									
4.1. For potential business creators									
4.2. For business managers									
4.3. For the employment of fragile groups									

	81	82	83	84	85	86	87	88	89	90
DATE OF CREATION	1984	1983	1987	1990	1984	1985	1994	1997	1994	1994
STAFF	124	32	170		124	92	137	7	21	20
ACTIONS										
<i>1.1. Studies and planning</i>										
1.1.1. Collection of statistical data										
1.1.2. Economic or sectoral studies										
1.1.3. Conceiving development plans										
1.1.4. Prospective studies										
1.1.5. Evaluations										
<i>1.2. Assessment of resources</i>										
1.2.1. List of available sites and premises, including derelict land										
1.2.2. Database on local enterprises										
1.2.3. Database on available aids for enterprises										
<i>1.3. Development or management of infrastructure</i>										
1.3.1 Nurseries and/or relay workshops and plants										
1.3.2 Buildings for industrial use										
1.3.3. Industry or business parks										
1.3.4. Technology or science parks										
1.3.5. Recreations parks										
1.3.6. Dwellings										
1.3.7. Urban-rural renewal actions										
1.3.8. Distance working centres, ITEC, etc										
<i>1.4 Infrastructure linked activities</i>										
1.4.1 Water and energy supply										
1.4.2 Waste collection										
1.4.3 Environmental protection										
1.4.4 Irrigation and hydraulic work										
<i>1.5. Development of indigenous resources</i>										
1.5.1. Tourism										
1.5.2. Raw materials										
1.5.2.1 Wood										
1.5.2.2 Fishing										
1.5.2.3 Energy Production										
1.5.2.4 Soil										
1.5.3. Sectoral industrial actions										
1.5.4. Promoting regional seals of quality for certain products										
1.5.5. Management of an energy saving consultancy desk										

1.5.6. Management of an environmental consultancy desk										
1.5.7. Promoting design with the enterprises										
1.5.8. Subcontracting-Physical planning consultancy desk										
2. SERVICES TO ENTERPRISES										
<i>2.1. Consultancy services</i>										
2.1.1. For setting up enterprises										
2.1.2. For developing existing enterprises										
2.1.3. For technological development										
2.1.4. For technology transfer										
2.1.5. For export										
2.1.6. Transfer, takeover, combination of enterprises										
2.1.7. Restructuring enterprises in difficulties										
2.1.8. Participation in fairs/exhibitions										
2.1.9. Representation office abroad										
2.1.10. Information centres on aids										
2.1.11. Sub-contracting matching centres										
2.1.12. Consultancy										
<i>2.2. Direct financial support</i>										
2.2.1. Subsidies										
2.2.2. Loans										
2.2.3. Acquisition of holdings (venture capital, seed capital)										
2.2.4. Grant of guaranteed or mutual guarantee systems										
2.2.5. Hire purchase										
2.2.6. Interest-rate subsidies										
2.2.7. Loans with interest-rate subsidy										
2.2.8. Tax concessions										
2.2.9. Export subsidies										
3. SERVICES TO LOCAL AND REGIONAL AUTHORITIES										
<i>3.1. Consultancy</i>										
<i>3.2. Managing or conducting files on behalf of local and regional authorities</i>										
3.2.1. Financial support for enterprises										
3.2.2. Search for foreign investors										
3.2.3. Industrial locations and premises										
3.2.4. Profile analysis										
4. TRAINING ACTIONS										
4.1. For potential business creators										
4.2. For business managers										
4.3. For the employment of fragile groups										

	91	92	93	94	95	96	97	98	99	100
DATE OF CREATION	1994	1982	1976	1991	1991	1991	1991	1983	1986	1991
STAFF	500	38	350	180	1200	75	295	21	32	165
ACTIONS										
<i>1.1. Studies and planning</i>										
1.1.1. Collection of statistical data										
1.1.2. Economic or sectoral studies										
1.1.3. Conceiving development plans										
1.1.4. Prospective studies										
1.1.5. Evaluations										
<i>1.2. Assessment of resources</i>										
1.2.1. List of available sites and premises, including derelict land										
1.2.2. Database on local enterprises										
1.2.3. Database on available aids for enterprises										
<i>1.3. Development or management of infrastructure</i>										
1.3.1 Nurseries and/or relay workshops and plants										
1.3.2 Buildings for industrial use										
1.3.3. Industry or business parks										
1.3.4. Technology or science parks										
1.3.5. Recreations parks										
1.3.6. Dwellings										
1.3.7. Urban-rural renewal actions										
1.3.8. Distance working centres, ITEC, etc										
<i>1.4 Infrastructure linked activities</i>										
1.4.1 Water and energy supply										
1.4.2 Waste collection										
1.4.3 Environmental protection										
1.4.4 Irrigation and hydraulic work										
<i>1.5. Development of indigenous resources</i>										
1.5.1. Tourism										
1.5.2. Raw materials										
1.5.2.1 Wood										
1.5.2.2 Fishing										
1.5.2.3 Energy Production										
1.5.2.4 Soil										
1.5.3. Sectoral industrial actions										
1.5.4. Promoting regional seals of quality for certain products										
1.5.5. Management of an energy saving consultancy desk										

	101	102
DATE OF CREATION	1991	1997
STAFF	96	14
ACTIONS		
<i>1.1. Studies and planning</i>		
1.1.1. Collection of statistical data		
1.1.2. Economic or sectoral studies		
1.1.3. Conceiving development plans		
1.1.4. Prospective studies		
1.1.5. Evaluations		
<i>1.2. Assessment of resources</i>		
1.2.1. List of available sites and premises, including derelict land		
1.2.2. Database on local enterprises		
1.2.3. Database on available aids for enterprises		
<i>1.3. Development or management of infrastructure</i>		
1.3.1 Nurseries and/or relay workshops and plants		
1.3.2 Buildings for industrial use		
1.3.3. Industry or business parks		
1.3.4. Technology or science parks		
1.3.5. Recrations parks		
1.3.6. Dwellings		
1.3.7. Urban-rural renewal actions		
1.3.8. Distance working centres, ITEC, etc		
<i>1.4 Infrastructure linked activities</i>		
1.4.1 Water and energy supply		
1.4.2 Waste collection		
1.4.3 Environmental protection		
1.4.4 Irrigation and hydraulic work		
<i>1.5. Development of indigenous resources</i>		
1.5.1. Tourism		
1.5.2. Raw materials		
1.5.2.1 Wood		
1.5.2.2 Fishing		
1.5.2.3 Energy Production		
1.5.2.4 Soil		
1.5.3. Sectoral industrial actions		
1.5.4. Promoting regional seals of quality for certain products		
1.5.5. Management of an energy saving consultancy desk		

1.5.5. Management of an energy saving consultancy desk		
1.5.6. Management of an environmental consultancy desk		
1.5.7. Promoting design with the enterprises		
1.5.8. Subcontracting-Physical planning consultancy desk		
2. SERVICES TO ENTERPRISES		
<i>2.1. Consultancy services</i>		
2.1.1. For setting up enterprises		
2.1.2. For developing existing enterprises		
2.1.3. For technological development		
2.1.4. For technology transfer		
2.1.5. For export		
2.1.6. Transfer, takeover, combination of enterprises		
2.1.7. Restructuring enterprises in difficulties		
2.1.8. Participation in fairs/exhibitions		
2.1.9. Representation office abroad		
2.1.10. Information centres on aids		
2.1.11. Sub-contracting matching centres		
2.1.12. Consultancy		
<i>2.2. Direct financial support</i>		
2.2.1. Subsidies		
2.2.2. Loans		
2.2.3. Acquisition of holdings (venture capital, seed capital)		
2.2.4. Grant of guaranteed or mutual guarantee systems		
2.2.5. Hire purchase		
2.2.6. Interest-rate subsidies		
2.2.7. Loans with interest-rate subsidy		
2.2.8. Tax concessions		
2.2.9. Export subsidies		
3. SERVICES TO LOCAL AND REGIONAL AUTHORITIES		
<i>3.1. Consultancy</i>		
<i>3.2. Managing or conducting files on behalf of local and regional authorities</i>		
3.2.1. Financial support for enterprises		
3.2.2. Search for foreign investors		
3.2.3. Industrial locations and premises		
3.2.4. Profile analysis		
4. TRAINING ACTIONS		
4.1. For potential business creators		
4.2. For business managers		
4.3. For the employment of fragile groups		

Source: prepared based on EURADA, 2002

APPENDIX B

DESCRIPTIONS OF INTERNATIONAL ACTIONS

Participation in Community Programs

- ADAPT: ensures that European business and industry has a first-rate workforce by helping it to adapt to industrial and technological change. It seeks to improve economic prosperity and business competitiveness through training and other measures to improve qualifications and create new jobs.
- Art 10. ERDF: financial assistance for innovational projects under the Art. 10 of the European Regional Development Fund.
- Art 6 ESF: financial assistance for the unemployment problem pilot projects under Art.6 of the European Social Fund Regulation.
- CSF Obj. 1: Community support framework for Objective 1 regions.
- CSF Obj. 2: Community support framework for Objective 2 regions.
- CSF Obj. 3: Community support framework for Objective 3 regions.
- INTERREG: assists both internal and external border areas of the EU to overcome the special development problems arising from their relative isolation by promoting cross-border co-operation and the completion of energy networks.
- KONVER: provides assistance to those regions heavily dependent on the defence sector which have been hit hard by reductions in military spending.
- LEADER: seeks to promote the development of the rural economy by stimulating local action groups and other rural bodies to adopt innovative measures which contribute to rural development in a local area.
- LEONARDO: promotes employability, lifelong learning and skills through a number of transnational activities.

- **NOW:** seeks to reduce unemployment among women and to improve the position of those already in work mainly by innovative and transnational measures to improve training and access to high-tech and management posts.
- **HORIZON:** is designed to improve the employment prospects of the disabled and other disadvantaged groups such as immigrants, refugees, itinerants, single-parent families, the homeless and ex-prisoners partly by improving the quality of training and the development of new employment skills and qualifications and partly by action to create jobs through new forms of work organisation, employment aids and sheltered employment schemes.
- **YOUTHSTART:** is designed to encourage the integration of young people under the age of twenty into the labour market, particularly those without adequate training or qualifications, as part of a much more ambitious Youthstart scheme the long-term objective of which is to guarantee every young person under twenty access either to full-time employment or to a recognised form of education or training.
- **SME:** assists SMEs to adjust to the Single Market and become competitive in international markets by promoting measures to improve the business know-how of SMEs and the business environment within which they operate.
- **RECHAR:** is to help designated coal-mining regions of the Community to overcome the economic and social consequences of major contraction in the industry.
- **REGIS:** is to promote the socio-economic integration of the most remote island regions of the Community, such as the Azores, Madeira, Guadeloupe, French Guyana, Martinique, Reunion and the Canary Islands by encouraging economic diversification and increased co-operation between these regions and with other parts of the EU.
- **RENAVAL:** financial aid for the economic reconversion of areas heavily dependent upon ship-building
- **RESIDER:** helps solve socio-economic problems in regions seriously affected by steel closures.
- **RETEX:** encourages the diversification of economic activities in those regions heavily dependent on the textiles and clothing industries.
- **SOCRATES:** One of the EUs Education and Training Programmes which are transnational at all levels. It is divided into a number of related programmes of which the Erasmus programme for Higher Education provides funding for inter-university education.

- **TELEMATICS:** encourages the Commission to promote the introduction of compatible telematics systems in the transport sector.
- **URBAN:** is designed to help find solutions to the serious socio-economic problems experienced by many urban areas by supporting schemes for economic and social revitalisation and environmental improvement.
- **PESCA:** is a Community Initiative designed to alleviate the social and commercial consequences of the crisis in the European fishing industry by promoting diversification and job creation in the affected areas.

Participation in European networks

- **SPRINT:** encourages the enterprises, especially the SMEs for keeping up the new technologies.
- **VALUE:** fosters the dissemination of information about the European Commission R&D programs.
- **EICs:** informs, advises and assists businesses in all community matters.
- **BRE:** was an extensive network of correspondents, promoting the concept of SME cross-border co-operation.
- **BC-NET:** was a network of business counsellors, assisting SMEs with well defined services in their search for cross-border co-operation.
- **EGLEI:** is the European Group for Local Employment Initiatives.
- **CERRM:** European Resource Centre for Industrial Restructuring and Development
- **TII:** is the European information dissemination network for innovation and industrial technology.
- **ERIDO:** is the European Regional Industrial Development Organisation
- **EBN:** is the European Business Network which groups together about 100 European Companies and Innovation Centre

Participation in actions outside the European Union

- **OUVERTURE/ECOS:** Encourage cooperation between regional and local authorities in different geographical areas, through joint projects based on the exchange of experience and know-how

- COPECOO: offers European companies the unique occasion to participate in partnering events involving European and Latin American companies (SMEs) and to have tailor-made meetings organised for them.

Consultancy services within the framework of EU / Third countries relationships

- PHARE: is the assistance for the Central and Eastern European countries.
- TACIS : is the assistance for the former USSR countries.
- AL-INVEST: promotes links between Latin America and EU companies by means of business networks.
- MED-INVEST: helps promote an environment favourable to the development of SMEs in the non-EU Mediterranean countries by using existing instruments and networks such as the BCC, BC-NET and Europartenariat

Implementation of projects

- INTERPRISE: fosters co-operation among the SMEs.
- CRAFT: is support for research and technological development studies.
- RITTS: is the innovation program of Community.

APPENDIX C

SURVEYS

Firm Survey

1. Firmanın adı.....
2. Şirket türünüz nedir?.....
3. Firmanız hangi yıl kurulmuştur?.....
4. Firmanızda ne üretilmektedir?.....
5. Kaç işçi çalıştırmaktasınız?.....
6. Firmadaki göreviniz?.....
7. Firmanın üye olduğu odalar, birlikler ve diğer kurum, kuruluşlar nelerdir?.....
8. Firma kurulurken girişimcilere yönelik herhangi bir eğitim/kurs alındı mı?
Evet. Nereden? Belirtiniz.....
Hayır. Neden? Gereksinim duyulmadı. Bu kursu alabilecek bir yer yoktu.
9. Firma kuruluş sermayesi nasıl elde edildi?(Birden fazla seçenek işaretlenebilir.)
Kendi/aile birikimi Banka kredisi Devlet teşviki Yakın çevreden/akrabadan borç olarak
Diğer. Belirtiniz.....
10. Firmanın kuruluş aşamasında, yapısı, hedef piyasa, müşteri grubu ve üretilecek ürün gibi konularda yönlendirme ve danışmanlık hizmeti alındı mı?
Evet. Nereden, belirtiniz.....
Hayır
11. Sizce bölgenizde sanayi gelişimi ve bölge kalkınması için gerek sanayiciler gerek diğer kurum ve kuruluşlar açısından ortak bir hedef ve amaç var mı?
Evet. Açıklayınız.....
Hayır
12. Aşağıdaki hizmetlerden hangilerini firma dışından karşılanmakta ya da danışma hizmeti alınmaktadır? (Birden fazla seçenek işaretlenebilir.)
Yasal işlemlerde Mevzuat Bilgisi Finansmanla ilgili işlemlerde
Halkla ilişkiler Personel alımı Geçici işçi alımı
Çalışanların mesleki eğitimi Üretim alanınızdaki teknik konularda veya diğer teknik konularda
İletişim altyapısında (bilgisayar, internet vs.) Pazar araştırması Ürün tanıtımı
Araştırma-geliştirme Teknoloji alanında İhracaat destek/hizmetleri
Diğer. Belirtiniz.....
13. Bu hizmetleri hangi kurum ve kuruluşlardan karşılanmaktadır? Alınan hizmet türünü seçtiğiniz seçeneğin yanına belirtiniz. (Birden fazla seçenek işaretlenebilir.)
Bu konularda ihtisaslaşmış firmalardan/bireylerden.....
Kamu kurum ve kuruluşlarından.....
Üniversitelerden.....
Vakıf ve derneklerden.....
Sanayi ve ticaret odalarından.....
Diğer. Belirtiniz.....

14. Sizce bölgenizde bu hizmetleri sağlayan kurum ve kuruluşlar yeterli mi?
Evet.Neden?.....
Hayır.Neden?.....
15. Üretim alanınızdaki yeni teknolojileri takip edebiliyor musunuz?
Evet.Ne şekilde, belirtiniz (Birden fazla seçenek işaretlenebilir.) İnternet ile
Odalar, birlikler vasıtasıyla
Fuar ve sergilerden
Başka firmalar aracılığı ile
Yayınlardan
Dost çevresi
Üniversite
Diğer. Belirtiniz.....
- Hayır
15. Ürünüze yönelik hangi sertifikaları ve belgeleri aldınız?.....
16. Firmanız üniversiteler veya benzer diğer kuruluşlarla bilgi alış-verişinde bulunuyor mu?
Evet.Ne şekilde belirtiniz.....
Hayır
17. Firmanız diğer firmalarla bilgi-alışverişinde bulunuyor mu? Nasıl? (Birden fazla seçenek işaretlenebilir.)
 Hayır bulunmuyor.
Düzenli olarak ilişkimiz olan firmalarla
İhtiyaç duydukça belli alanlarda
Diğer. Belirtiniz.....
18. Odalar, dernekler ve diğer kurumların firmanızın yaptığı bilgi alışverişinde katkıları bulunuyor mu? Hangi kurumların, ne şekilde belirtiniz. (Birden fazla seçenek işaretlenebilir.)
Hayır katkıları bulunmuyor.
Kamu kurum ve kuruluşları.....
Vakıf ve dernekler.....
Sanayi ve ticaret odaları.....
Diğer. Belirtiniz.....
19. Firmanızın diğer firmalarla gerçekleştirdiğiniz işbirlikleri aşağıdakilerden hangisine uymaktadır? (Birden fazla seçenek işaretlenebilir.)
Yurtiçindeki firmalarla Yurtdışındaki firmalarla
- Fason
Lisans almak
Franchise
Ortak girişim/yatırım
Diğer Belirtiniz.....
20. Yukarıdaki işbirliklerini gerçekleştirdiğiniz firma veya firmaları ne şekilde buldunuz? (Birden fazla seçenek işaretlenebilir.)
Sanayi, ticaret veya diğer odalar vasıtasıyla
Tanıdıklarım vasıtasıyla
Diğer. Belirtiniz.....
21. Gelecekte firma birleşmesi veya ortak girişim düşünüyor musunuz?
Evet Hayır
22. Sermaye ve kredi ihtiyaçlarınızı hangi kurumlardan sağladınız/sağlamaktasınız? (Birden fazla seçenek işaretlenebilir.)
Kamu Bankalarından. Belirtiniz.....
Özel Bankalardan. Belirtiniz.....
Özel finans kurumları-risk sermayesi şirketlerinden
Yurtdışı finansman kurumları
Factoring, finansal kiralama
Yakınlardan alınan borç ile
Diğer. Belirtiniz.....
23. Ürününüzün patenti var mı veya almayı düşünmekte misiniz?

- Evet Hayır
24. Araştırma- geliştirme hizmetini ne şekilde karşılaşıyorsunuz? (Birden fazla seçenek işaretlenebilir.)
Kamu kuruluşlarından
Ar-ge üzerine çalışan şirketlerden
Kendi Arge departmanımızdan
Araştırma geliştirmeye ihtiyaç duymuyoruz.
25. Ürününüzü hangi pazara yönelik olarak üretmekteyiz? (Birden fazla seçenek işaretlenebilir.)
Yurt-içi pazar
Yurt-dışı pazar
26. Pazar araştırmasını ne şekilde gerçekleştirmekteyiz? (Birden fazla seçenek işaretlenebilir.)
Pazarlama birimi ile Odalar ve birlikler vasıtasıyla
Kişisel ilişkiler sayesinde Fuarlar, dergiler aracılığı ile
Kamu desteği (İGEME, vb) Hangi kurum. Belirtiniz.....
Diğer. Belirtiniz.....
27. Firmanız ihracaat yapıyor mu?
Evet Hayır (ise 32. soruya geçiniz)
28. Dış pazara açılma yönteminiz aşağıdakilerden hangisidir?
Doğrudan kendimiz pazarlıyoruz Aracı kullanıyoruz Her ikisi birden
29. İhracaata yönelik mal tedarikinizi nerden sağlıyorsunuz?
Kendi üretimimiz Fason Her ikisi birden
30. İhracaat yaparken karşılaştığınız sorunlar nelerdir?
Mevzuat bilgi eksikliği Yabancı dil problemi Bürokrasi
Finansman yetersizliği Pazarlama bilgi eksikliği
Diğer. Belirtiniz.....
31. Sizce bölgenizde varolan kurumlar ve kuruluşlar bölgenin potansiyelini arttırmak adına yeterliler mi?
Evet Hayır
32. Aşağıdaki belirtilen konularda yardıma ihtiyacınız olanları önem derecesine göre 1'den 8'e puanlayınız.
— Mevzuat — Finansman
— Pazarlama — İhracaat
— Yeni pazarlar bulma — İletişim altyapısı (Bilgisayar ve internet hizmetleri vb.)
— Kurumlarla ilişkiler — İşgücüne yönelik konular

Institution Survey

1. Kurum adı.....
2. Kurumunuzun amacı ve kuruluş nedenleri nelerdir?.....
3. Kuruluş yılı.....
4. Çalışmalarınızın kapsamına hangi gruplar girmekte veya üye kompozisyonunuz kimlerden oluşmaktadır?.....
5. Çalışmalarınız tüm ülke genelinde mi yoksa belli bir bölge için mi sürdürmekteyiz?
Ulusal Bölgesel veya yerel
6. Bölgenizin ekonomisi ve sektörleri hakkında çalışma yapıyor musunuz?
Evet Hayır
7. Bölgeniz için herhangi bir kalkınma planı veya stratejisi hazırladınız mı?
Evet Hayır
8. Bölgenizin hakkında istatistiki bilgi topluyor musunuz, bilgi arşiviniz var mı?
Evet. Hangi alanlarda? Belirtiniz.....
Hayır
9. Bölgenizde yatırımcıları teşvik için herhangi bir çalışmanız var mı?
Evet. Belirtiniz.....

- Hayır
10. Bölgenizdeki sanayi kurulabilecek alanlar hakkında girişimcilere bilgi veriyor musunuz?
Evet Hayır
11. Aşağıdaki hizmetlerden hangilerinde bölgenizdeki firmalara destek sağlamaktasınız? (Birden fazla seçenek işaretlenebilir.)
Yasal işlemlerde Mevzuat bilgisi Halkla ilişkiler
Personel alımı Çalışanların mesleki eğitimi Girişimcilere yönelik eğitim
Sermaye ve kredi imkanları Ürün tanıtımı Üretim alanlarındaki teknik konularda
Yurt içi pazar araştırması Yurt dışı pazar araştırması Yeni teknolojiler
Araştırma-geliştirme İhracat desteği İletişim altyapısında (bilgisayar, internet vs.)
Yeni açılan firmalar için çeşitli konularda danışmanlık hizmeti
Bölge içindeki firmalar arası işbirlikleri kurulmasında (Fason, ortak girişim, birleşme vs.....)
Bölge içi ve yurtdışı firmalar arası işbirlikleri kurulmasında
Diğer. Belirtiniz.....
12. Yukarıdaki hizmetler kurumunuz tarafından sağlanmıyorsa bu hizmetleri verecek başka kurumların varlığı sizce yararlı olur mu?
Evet/Çok yararlı olur Hayır/ Yararlı olmaz
1 2 3 4 5
13. Verdiğiniz bu hizmetlerden kimler yararlanabiliyor? (Birden fazla seçenek işaretlenebilir.)
Üyelerimiz Bölgedeki tüm firmalar Belli sektörlerdeki firmalar
Diğer: Belirtiniz.....
14. Verdiğiniz hizmetlerden ücret alıyor musunuz?
Evet Hayır
15. Bölgenizi yurt dışı ve içinde tanıtmak adına herhangi bir çalışmanız var mı?
Evet. Belirtiniz.....
Hayır
16. Bölgenize yabancı yatırım çekmek adına herhangi bir çalışmanız var mı? (Birden fazla seçenek işaretlenebilir.)
Yabancı yatırımcılara teknik yardım Bölgenin tanıtımı için seminer ve çalışmalar
Fuar ve sergiler Benzeri yabancı kurum ve kuruluşlarla işbirlikleri
Yabancı yatırımcılara kredi ve finansal kolaylık
Bölgenin altyapısı ve insan kaynaklarını geliştirmeye yönelik çalışmalar
Diğer. Belirtiniz.....
17. Bölgenizin kalkınması adına diğer kurum ve kuruluşlarla işbirliği kurduunuz veya kurmayı düşünüyor musunuz? Hangi konu üzerine belirtiniz? (Birden fazla seçenek işaretlenebilir.)
Üniversite ve benzeri öğretim kurumları.....
Odalar ve Birliklerle.....
Dernek ve Vakıflarla.....
Kamu kurumlarıyla.....
Diğer. Belirtiniz.....
İşbirliği kurmadık.
18. Sizce bölgenizde sanayi gelişimi ve bölge kalkınma için gerek sanayiciler gerek diğer kurumlar ve kuruluşlar arasında ortak bir hedef ve amaç var mı?
Evet.
Hayır. Böyle ortak bir hedef olmalı mı? Ne şekilde?
Belirtiniz.....
.....
.....
19. Kurumunuzun gelecek için hedefleri nelerdir?
.....
.....
.....
.....

20. Sizce bölgenizde kalkınma potansiyelini değerlendirme bağlamında en büyük eksiklikler nelerdir?

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