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**EUROPEAN UNION INSTRUMENT FOR  
PRE-ACCESSION ASSISTANCE  
(IPA)**

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**REGIONAL  
COMPETITIVENESS  
OPERATIONAL  
PROGRAMME**

**Executive Summary**

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Ministry of Industry and Trade  
Regional Competitiveness Programme  
Coordination and Implementation Centre

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One of the main pillars of the European Union – Turkey relations is “financial cooperation” Financial cooperation process, which was carried out according to a different approach before 2007, has gained a new dimension with the adoption of a single financial framework towards candidates and potential candidates countries by the European Commission (EC).

The system called as Instrument for Pre-Accession Assistance (**IPA**) requires the involvement of the several institutions in the beneficiary countries to the financial cooperation process. In this respect, Ministry of Industry and Trade (MoIT) also takes place in the IPA system which was established based on the coordination, programming, implementation and control axes.

One of the most important elements of the IPA process is the **programming**. Within the framework of the programming process, MoIT is responsible for the preparation of a programming document on “**Regional Competitiveness**”.

Operational Programme should comply with and complement the priorities of the Multi Annual Indicative Planning Document (MIPD) prepared by the European Commission and the Strategic Coherence Framework (SCF) prepared by the State Planning Organisation (SPO). Operational Programmes defining the priority areas where the allocated EU funds will be used are very similar to the investment programmes.

Under the IPA system five Operational Programmes covering the 2007–2009 period have been prepared by the relevant Line Ministries. In this regard, Environment Operational Programme was prepared by the Ministry of Environment, Transport Operational Programme was prepared by the Ministry of Transport, Human Resources Development Operational Programme was prepared by the Ministry of Labour and Social Security, and Rural Development Operational Programme was prepared by the Ministry of Agriculture and Rural Affairs. As is mentioned above the Regional Competitiveness Operational Programme (RCOP) was prepared by the MoIT.

All the aforementioned Operational Programmes have been designed in accordance with the priorities of the MIPD. The most important characteristic of the MIPD are given below:

- Defines the regions which will benefit from the financial assistance provided under the Operational Programmes,
- Defines the sectors which will be in the intervention areas of the Operational Programmes and benefit from the financial assistance,
- Defines the budget of the Operational Programmes along with the Multi-Annual Indicative Financial Framework.

MIPD, which was prepared by the European Commission for the 2007–2009 period, forges the implementation of the RCOP within the certain regions. The main idea behind the geographical concentration principle set out in the MIPD for the RCOP is to support the regions whose GDP per capita below 75% of Turkish national average. Within the framework of the harmonisation process to the EU a substantial revision has been made in the definition of the geographical regions and Turkey has been divided into 26 NUTS II regions with the study carried out by the SPO in 2001. The list of these regions was published in the Ministerial Decree.

According to the above mentioned GDP per capita criteria, there are **12 NUTS II** regions (43 provinces) in Turkey having an income per capita below 75% of the national average.<sup>1</sup> Therefore, EU funds provided under the RCOP will only be used by these 12 NUTS II regions because of the geographical concentration principle set out in the MIPD.

In addition to the geographical limitations introduced by the EU, Strategic Coherence Framework (SCF), which was prepared by the SPO and approved by the Commission, has also developed a geographical concentration approach and within the framework of this approach 15 Growth Centres have been determined from 12 NUTS II regions.<sup>2</sup> According to the SCF a substantial portion of the RCOP budget will be allocated to these Growth Centres (See *Map 1* for the regions which will benefit from the assistance provided under the RCOP)

In a nutshell, RCOP will provide assistance to its target region by taking into account the geographical concentration approaches of the MIPD and the SCF which are the wider planning documents.

According to the sectoral concentration approach of the MIPD, the RCOP can support the below given sectors:

- SMEs operating in the manufacturing industry or tourism sector,
- R&D and Innovation,
- Information Society

In this respect, it will not be possible to provide assistance to the sectors which are not defined under the above mentioned sectors.

One of the most significant characteristic of the MIPD is that it also defines the programme budget for 2007- 2009. In this respect, MoIT will totally provide 140,2 million Euro as EU assistance for 2007- 2009 period. Allocation of the total budget per year is given below:

- **41,900** Million Euro for 2007
- **43,500** Million Euro for 2008
- **54,800** Million Euro for 2009

The national “**co-financing**” should also be taken into account while defining the budget of the programmes. Relevant EU legislation requires that minimum 25% co-financing should be ensured by the relevant institutions. Together with the national contribution totally **184,129** Million Euro will be given under the RCOP for three years period.

As a result of the negotiations carried out with the Commission, the RCOP was adopted by the Commission on 29<sup>th</sup> of November, 2007.

RCOP consists of five main chapters and several annexes.

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<sup>1</sup> **TR-A1** (Bayburt, Erzincan, Erzurum), **TR-A2** (Ağrı, Ardahan, Iğdır, Kars), **TR-B1** (Bingöl, Elazığ, Malatya, Tunceli), **TR-B2** (Bitlis, Hakkâri, Muş, Van), **TR-C1** (Adıyaman, Gaziantep, Kilis), **TR-C2** (Diyarbakır, Şanlıurfa), **TR-C3** (Batman, Mardin, Siirt, Şırnak), **TR-63** (Hatay, Kahramanmaraş, Osmaniye), **TR-72** (Kayseri, Sivas, Yozgat), **TR-82** (Çankırı, Kastamonu, Sinop), **TR-83** (Amasya, Çorum, Samsun, Tokat), **TR-90** (Artvin, Giresun, Gümüşhane, Ordu, Rize, Trabzon)

<sup>2</sup> **Growth Centres:** Samsun, Sivas, Kayseri, Gaziantep, Diyarbakır, Elazığ, Erzurum, Malatya, Van, Şanlıurfa, Trabzon, Kastamonu, Kahramanmaraş, Kars, Batman

**In the first chapter**, complementarity of the RCOP with the national policies and the EU policies and the participatory approach followed in the preparation of the RCOP are given. Furthermore, the summary of the Ex-Ante Evaluation Report of the RCOP prepared by an independent expert is provided in the first chapter, while the whole text of the report is given in the Annexes of the RCOP.

**In the second chapter**, a socio-economic analysis including a macro-economic assessment was made, the major problems indicated in the analysis were defined and a SWOT Analysis was made.

**In the third chapter**, the strategy of the RCOP, which aims to maximise the opportunities and minimise the threats set out in the SWOT Analysis, was developed.

Within the framework of this approach, the RCOP defines the major intervention areas (priorities) and the activities towards these areas (measures).

In this respect, there are two priority axes under the RCOP. These are given below:

1. Improvement of Business Environment
2. Strengthening of Enterprise Capacity and Foster Entrepreneurship

In order to implement these priorities within the target region of the RCOP six measures have been developed.

Under the first priority there are four measures:

1. Development of Industrial Infrastructure
2. Creation and Development of Financing Instruments
3. Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure
4. Improvement of Tourism Infrastructure, Promotion and Marketing Activities

Under the second priority there are two measures:

1. Providing Basic Information and Consultancy Support for Enterprises
2. Strengthening of Cooperation in Industry Corporate Sector

In this context, eligible actions that could be supported under each measure are given below:

#### Development of Industrial Infrastructure

- Establishment, improvement and refurbishment of laboratories, workshops, packaging facilities, training, machinery workshops and social, technical, production facilities, for common use of SMEs.
- Establishment, improvement and refurbishment of one stop shops, basic information support and consultancy centres inside the places like industrial sites, in the locations where SMEs are relatively condensed, Chambers of Industry and Trade, unions.

- Establishment, improvement and refurbishment of business and enterprise development centres like ISGEMs.
- Establishment of logistic centres for common commercial use in convenient locations like inside or nearby industrial sites, nearby airports, harbours, main transport axis etc.
- Construction of common social, technical and production facilities for existing or new-built clusters, networks and collaboration structures to encourage the creation of clustering and networking.
- Advisory services for the beneficiaries and the publicity activities to increase the impact of the interventions under this measure.

#### Creation and Development of Financing Instruments

- Establishment of capital to credit guarantee funds, micro loan funds and equity finance mechanisms like venture capital funds including seed and start-up capital and other forms of financial instruments. (Support to the existing financial instruments will be prioritized rather than building new instruments.)
- Providing contribution of capital to existing and/or new built credit guarantee funds, micro loan funds and equity finance mechanisms like venture capital funds including seed and start-up capital and other forms of financial instruments.
- Promotion of financial instruments through publicity instruments and awareness raising campaigns.
- The projects under this measure will include advisory services to the beneficiaries and publicity and networking activities in order to increase the impact of the interventions that will be executed in the context of this measure.

#### Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure

- Establishment (including refurbishment and ICT infrastructure) of R&D, technology and innovation facilities like Technology Development Centres (TDC), Technology Development Zones (TDZ), technology incubators without wall (DTI), incubation centres, technology transfer centres, excellence centres, etc.
- Improvement and modernization of the existing R&D, technology and innovation facilities like Technology Development Centres (TDC), Technology Development Zones (TDZ), technology incubators without wall (DTI), incubation centres, technology transfer centres, excellence centres, etc.
- Supporting activities of public and non profit making institutions regarding commercial-oriented R&D as well as collaboration on technology transfer, R&D and ICT usage through establishment (including infrastructure, refurbishment), development and operation of corporate networks and technology platforms among public sector, universities, R&D Centres and enterprises and connecting them to international networks.

- Establishment and modernization of social, technical and production facilities like labs, workshops, machinery, training/education facilities, etc. in Technology Development Zones and Technology Development Centres, Universities and in other possible locations.
- Establishment of one stop shops, information, consultancy, patent offices and other possible common service facilities in Technology Development Zones, Technology Development Centres, Universities, and other possible locations.
- Operations and investments outside the target regions provided that the activity is a networking or joint project supporting the competitive position of the target regions.
- Investments for common social, technical and production facilities of existing clusters, networks and collaboration structures or new-built clusters and networks to support the establishments of clusters and networks.
- The projects under this measure will include advisory services to the institutions, the administration of Technology Development Centres (TDC), Technology Development Zones (TDZ), firms and other acceptable beneficiaries and also publicity and networking activities in order to increase the impact of the interventions that will be executed in the context of this measure.

#### Improvement of Tourism Infrastructure, Promotion and Marketing Activities

- Improvement activities for the revitalisation of the tourism areas.
- Establishment of tourism information facilities and centres including the refurbishment and renovation.
- Support for promotion and marketing activities of public authorities and non-profit making organizations including the utilization of all possible information and communication tools.
- Support for the organization of local tourist events like festivals, exhibitions, fairs, etc.
- Support for the organization of national and international seminars, congress, etc. and participation in national and international fairs.
- The projects under this measure will include advisory services, publicity and networking activities to the beneficiaries in order to increase the impact of the interventions that will be executed in the context of this measure.

#### Providing Basic Information and Consultancy Support for Enterprises

- Carrying out a needs assessment study according to the Basic information and consultancy requests of the enterprises in the sectors of production industry and tourism (listing of the prioritised subjects).

- Supporting projects aimed at the improvement of the activities of public institutions and non-profit making organizations to supply basic information (seminar, workshop, activities of awareness generating etc.) regarding the subjects that are selected in the context of the need analysis and subjects about project preparation (including operation and investment plans) for SMEs and particularly start-ups.
- Supporting projects about the basic information activities like seminars, congress and workshops for the consultancy services to increase the rate of the benefit of the enterprises from Other Community Programs.

#### Strengthening of Cooperation in Industry Corporate Sector

- Supporting basic information support and consultancy services for SMEs regarding clustering, networking and collaborative activities of public institutions serving SMEs and non-profit making organizations like chamber of industry and commerce and federations.
- Supporting activities of public institutions serving SMEs and non-profit making organizations like chamber of industry and commerce and federations about research and need assessment analysis regarding clustering and networking, mapping of clusters and developing cluster and networking.
- Providing direct incentives for common actions and investments of potential or existing structures of business and industrial collaboration like clusters, networks and business representative organisations.

In addition to the above mentioned priorities, measures and eligible actions, there is also a Technical Assistance Priority aiming to ensure the sound and efficient implementation of the RCOP and to improve the administrative capacity of the Operating Structure and the other institutions involved in the implementation of the RCOP.

**In the fourth chapter**, allocation of the budget per priority and measure is given.

**In the fifth chapter**, implementation mechanism of the RCOP and publicity activities to be carried out in order to inform the potential beneficiaries about the funding opportunities under the RCOP and monitoring and evaluation processes are given.

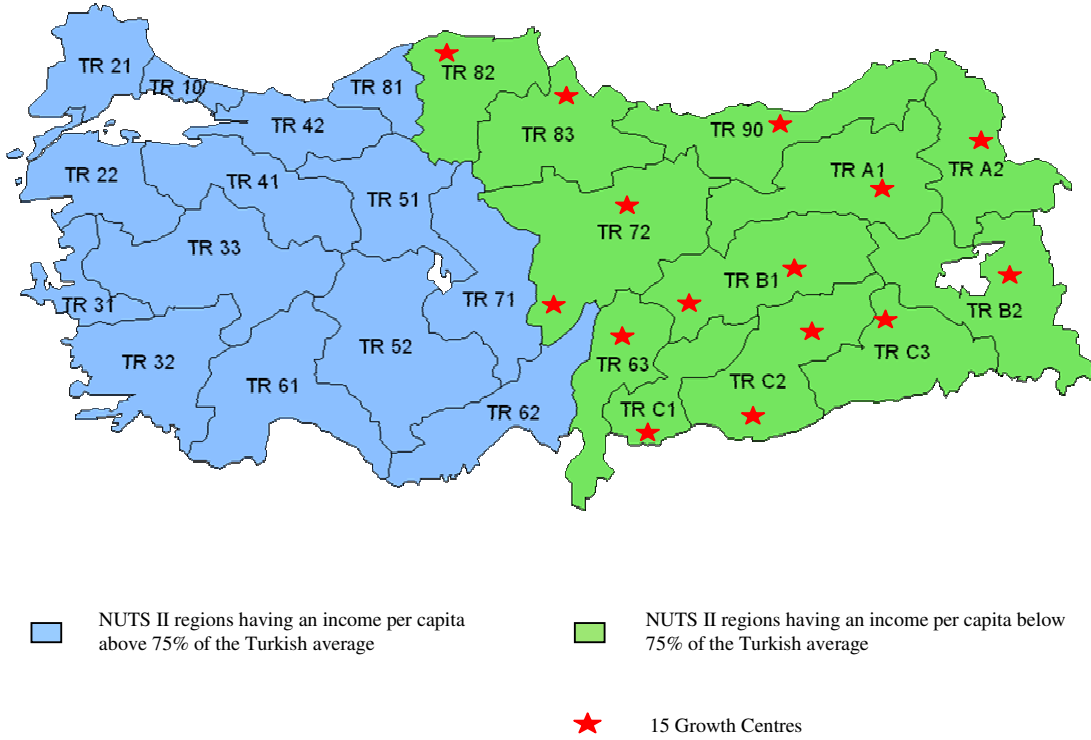
**In the Annexes**, list of the central, regional and local stakeholders contributed to the programming process, their views on the eligible actions and priority sectors of the RCOP, the main issues concerning with the Ex-Ante Evaluation Report, full text of the report, a number of tables on socio-economic analysis and concentration strategy of the RCOP, overall IPA structure and institutional mechanism set-up in the Operating Structure and the list of NUTS II regions are provided.

Within the IPA system, resources are allocated in accordance with the priorities and measures of the Operational Programmes. One of the most important pillars of the assistance is the preparation of the project proposals in compliance with the strategy, objective and targets of the programmes. In this respect, the potential beneficiaries should design their project proposals according to the RCOP as well as the MIPD and the SCF. Therefore, the project

proposals do not comply with these three documents will not be taken into account by the Ministry.

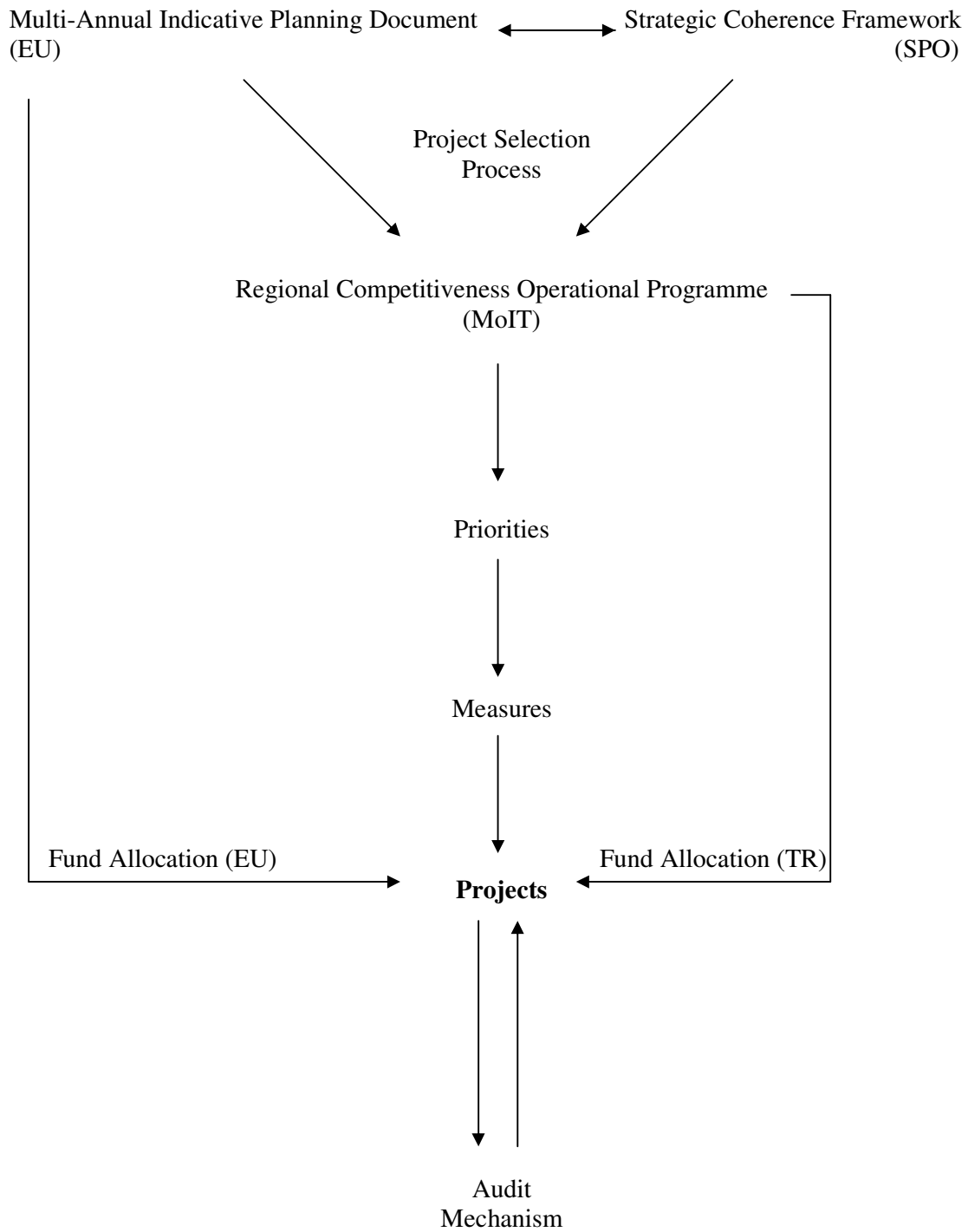
The project proposals submitted under the RCOP will be evaluated by the Project Selection Sub-Committees which will be established by the MoIT with the participation of the relevant institutions. Project Selection Sub-Committees will prepare a report on the projects eligible for financing by taking into account the project selection criteria. Based on this report, MoIT as Operating Structure will decide the final list of projects to be supported under the RCOP in consultation with the Commission. (See *Figure 1* for the Flow Diagram on the Usage of the Funds)

**Map 1: Regions supported under the RCOP**



**Figure 1:**

### FLOW DIAGRAM ON THE USAGE OF THE IPA FUNDS (Simplified Version)



European Commission

Undersecretary of Treasury  
(National Fund)

Minister