

**EX ANTE EVALUATION**

**OPERATIONAL PROGRAMME  
REGIONAL  
COMPETITIVENESS**

**2007 - 2009**

**FINAL REPORT**

*under Instrument for Pre-Accession (IPA)  
in the Republic of Turkey*

*Ankara, July 2007*

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## 1. Summary of Methodology<sup>1</sup>

### 1.1. General approach for the evaluation

In order to fulfil all the ex-ante evaluation objectives and complete the evaluation process, the following activities have been carried out, following the specific ToRs for Ex-Ante Evaluation of the RCOP Turkey 2007 – 2009:

#### A. Analysis of SWOT

including:

- Evaluation of the analysis of the current situation in relevant sectors for eligible areas and the SWOT Analysis of the Regional Competitiveness Programme(RCOP);

#### B. Assessment of the rationale and overall consistency of the strategy

including:

- Assessment of the objectives and priorities of the RCOP and their consistency with the underlying analysis;
- Evaluation of internal coherence, with an appraisal of the strategy and its consistency within the programme and within each of its strategic chapters;
- Evaluation of external coherence, with an appraisal of the coherence of the RCOP with national programmes, the Community Strategic Guidelines as well as the Lisbon and Gothenburg strategies;
- Evaluation of the financial allocations, involving an assessment of their appropriateness through strategic chapters to meet the challenges and according to the strategy settings;

#### C. Indicators assessment and quantification of objectives

including:

- Indicators and targets, contributing to the identification of indicators and methodological support for the quantification of the objectives. This was carried out using the SMART principle, which means each of them to be Specific (to the objective it is supposed to measure), Measurable (with corresponding measuring units), Available (at an acceptable cost), Relevant (to the information needs of managers) and Time-bound (so that it is known when the objective/target is expected to be achieved);

#### D. Expected socio-economic impact and justification of policy and allocation of financial resources

including:

- Evaluation of expected impacts and programme contribution to the general policy;
- Assessment of the added value for the Community

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<sup>1</sup> Full methodology description is available, but not included in this report to ensure easy readability. Full methodological notes are available upon request.

## E. Quality of implementation and monitoring arrangements

including:

- Assessment of the quality of the implementation and monitoring mechanisms;

It has to be noted that under certain circumstances a Strategic Environmental Assessment (SEA) would be carried out for an ex-ante evaluation with an assessment and report prepared according to SEA directives. However, this is not required in the IPA Regulation and would also entail considerable resources. Therefore, the present report does not cover SEA.

### 1.2. EU and Turkish Documentation

The following documents were chosen as reference and as the basis for evaluating the RCOP, 2007-2009 :

- the 9<sup>th</sup> National Development Plan (NDP), 2007-2013;
- the Preliminary National Development Plan (pNDP) 2004-2006;
- IPA Multi-annual Indicative Planning Document (MIPD), 2007-2009;
- Strategic Coherence Framework (SCF), 2007-2013, 3<sup>rd</sup> Draft of 6<sup>th</sup> April 2007 (incorporating revisions and comments from the EC (as per letter of 15<sup>th</sup> March 2007);
- IPA Multi-annual Indicative Financial Framework, 2008-2010;
- Council Regulation (EC) No 1085/2006 establishing an Instrument for Pre-accession Assistance;
- Council Decision of 23<sup>rd</sup> January 2006 on the principles, priorities and conditions contained in the Accession Partnership with Turkey (2006/35/EC)
- Community Strategic Guidelines on Cohesion (Directive 2006/702/EC);
- Harmonisation Programme to EU *acquis* 2007-2013, dated 17<sup>th</sup> April 2007.

Several other national as well as EU documents were also used as reference including Directive-Specific Investment Plans (DSIPs),

### 1.3. Q&A about the status of Turkish accession policies

This 2<sup>nd</sup> Mission for the ex-ante evaluation took place within the Ministry of Industry and Trade (MoIT) premises. Q&A were carried out on a daily basis with senior State Planning Organisation (SPO) and MoIT management and staff involved with the preparation and of the RCOP. The main topics included:

- The interface between national legislation and the EU *acquis* and progress with harmonisation;
- Improvements of some strategy settings: final details regarding tourism and industrial policy
- Related possible changes in financial allocation
- Aspects regarding indicators
- Issues regarding implementation system, and especially selection criteria

It was anticipated that some minor adjustments in the strategic structure of the programme would be applied if the evaluation suggested so, while more extensive revision of indicators and selection

criteria would be very probable following ex-ante evaluation recommendations.

#### **1.4. Available Draft RCOP**

The Evaluator has been working with the latest and (mostly) completed RCOP. During May-June the latest version was the one updated in April 2007. In July a new version updated to July 3<sup>rd</sup> 2007 was provided. This latest version included some of the recommendations provided in the previous ex-ante evaluation missions.

#### **1.5. Meetings and Workshops with the Ministry of Industry and Trade (MoIT) and State Planning Office (SPO)**

- The 1<sup>st</sup> Workshop/Meeting was with the Beneficiary Institution (SPO) for them to provide an overview of their expectations for the 2<sup>nd</sup> Mission;
- The 2<sup>nd</sup> Workshop was concluded on 9<sup>th</sup> May 2007, with a presentation of the 1<sup>st</sup> Phase ex-ante evaluation; discussion about the RDP version submitted to the EC, the EC comments and presentation and discussion about evaluation findings regarding the improvement of the strategic structure of the Programme and part of indicators as well as general findings about way to improve the financial allocation (Lead questions 1 to 4);
- The 3<sup>rd</sup> Workshop completed the second with more detailed findings about financial allocation, advice about quantification of all indicators, evaluation and improvement of the implementation system, focused on identification of beneficiaries, target groups and selection criteria
- The 4<sup>th</sup> workshop (June) focused on indicators and targets, providing specific methodological solutions for priorities 1 and 2 and methodologies for priority 3.
- The 5<sup>th</sup> workshop (June) focused on presentation of evaluation process and results to state-level stakeholders, and included a questionnaire.
- The 6<sup>th</sup> workshop (July) focused on the evaluation of implementation and monitoring system.

A number of meetings on daily basis with representatives of SPO and MoIT completed the interactive working framework with the beneficiary.

## 2. Analysis of SWOT

The programme is provided with a extensive analysis of regional disparities across Turkey, but no special region-by-region analysis. Considering the national nature of the RCOP which the analysis is intended to serve, this is acceptable.

The analysis has been constructed as a base for a deductive methodology for the construction of the programme's strategy. A key element of this, has been the identification of SWOT for the targeted 12 regions. From the SWOT, the programme further identifies a summarized "Clusters" SWOT.

Given the limited amount of resources of the programme, the time constraints, and the wide range of problems to be addressed for what concerns the least developed regions of Turkey, the consultant has accepted the general methodology of the programme without indicating a new one. The consultant has then analyzed the SWOT by integrating and providing methodological advice.

The existing SWOT is as follows:

Strengths	Key Weaknesses
- Market advantages of the geographical and geopolitical location	- Imbalance of the distribution of the enterprises in the regions
- Competition advantage of the Customs Union in reaching international markets	- Lack of entrepreneurial culture and start-ups
- Increasing export rates from the Region	- Low level of competitiveness and productivity of the enterprises
- Sectoral diversity in agriculture, industry and exports	- Lack of physical infrastructure
- Existence of strong cooperation among SMEs within the Chambers of Commerce and Industry under the leadership of TOBB	- Insufficient utilisation of financial resources by SMEs
- Demographic advantage, existence of young population	- Insufficient financial resources for start-ups
- Existence and liberalization in the IT infrastructure and electronic communication	- Lack of alternative financial instruments for SMEs
- Existence of natural, historical and cultural assets for tourism activities	- Lack of dialogue and guidance among the enterprises and public - private institutions
- Existence of at least 1 university in each NUTS II regions	- Lack of communication and cooperation among firms
	- Weak clustering among SMEs and deficiencies in the supply chain
	- Insufficient assistance towards the firms and new entrepreneurs
	- Insufficient institutionalisation and qualified labour force of SMEs
	- Insufficiency of SMEs in complying with the international standards

	- Lack of harmonisation of the enterprises in the norms of the EU such as environment, work safety, and hygiene
	- Inability in meeting the quality and branding
	- Lack of developing modern marketing strategies such as analyzing target market, market positioning, promotion and product diversification
	- Unwise investment decisions of enterprises
	- The sector concentration in low technology usage, cheap labour force sectors
	- Lack of R&D infrastructure.
	- Low level of R&D expenditure
	- Low level of applying technological innovations in SMEs and low level of innovation awareness
	- Insufficient usage of R&D, innovation and technology
	- Lack of awareness in intellectual property rights
	- Lack of cooperation, coordination and communication in R&D and innovation governance system
	- Low utilization rate from FP6
	- Insufficient usage of ICT technologies by SMEs
	- Insufficient on-line services of the public administrations directed towards enterprises
	- Insufficient infrastructure/renovation of the tourism sites
	- Lack of promotion and marketing supports in tourism
	- Lack of sufficient protection and commercialization of natural and historical heritage

Opportunities	Threats
- EU accession process	- Political instability in the nearby countries
- Increased global demand	- International economic instability
- Geographical proximity to developing markets	- Increasing pressure of the global competition
- Potential for sector clustering	- Competition pressure in the internal market stemming from the Customs Union
- Increasing cooperation tendency with developed regions to supply	- Increasing unemployment ratio



- intermediate goods	- Increasing inclination of emigration
- Increasing importance of SMEs in the economy	- High population growth rate
- Increasing interest of SMEs in ICT usage and e-commerce	- The high number of work force excluded from agriculture sector
- Potential for alternative/diversified tourism activities	- Possible environmental negative effects of (industrial) developments in the services and industry sectors.

In yellow are indicated positions judged as questionable by the evaluator. Those are only 6 out of 59 positions taken by the programming group. This is widely satisfactory and the SWOT can be considered acceptable.

However, some considerations would help to improve the SWOT as a functional tool for programme preparation:

- The analysis could be carried-out within a more systemized framework, by dividing it through sectors (labour market, supply side market, demand side market, infrastructure, institutional issues, etc.)
- The strengths could be analyzed further, as they appear limited and therefore not fully exhaustive (only 9 items are included among strengths and 2 of them are questionable)
- Internal political and social problems (such as domestic terrorism) are not included in the threat list, although they are fairly obvious in the targeted regions

The evaluator has therefore sketched an independent SWOT which is shown here, as guiding tool to improve the existing SWOT.

Strengths	Key Weaknesses
- Market advantages of the geographical and geopolitical location	- Low income and geopolitically problematic bordering countries and regions
- Competition advantage of the Customs Union in reaching international markets	- Imbalance of the distribution of the enterprises in the regions
- Increasing export rates from the Region	- Lack of entrepreneurial culture and start-ups / Need to facilitate innovation and promotion for entrepreneurship philosophy
- Sector diversity in agriculture, industry and exports in some regions	- Low level of competitiveness and productivity of the enterprises
- Existence of strong cooperation among SMEs within the Chambers of Commerce and Industry under the leadership of TOBB	- Lack of physical infrastructure
- Demographic advantage, existence of young population (	- Insufficient utilisation of financial resources by SMEs
- Existence and liberalization in the IT infrastructure and electronic communication	- Insufficient financial resources for start-ups
- Existence of natural, historical and cultural assets for tourism activities	- Lack of alternative financial instruments for SMEs

<p>Tourism attraction points</p> <p>a. Winter (TR-A1, TR-A2, TR-72, TR-82)</p> <p>b. Health (TR-82, TR-72, TR-83)</p> <p>c. Culture (TR-C1, TR-C2, TR-C3, TR-63, TR-72, TR-83)</p> <p>d. Natural (All)</p> <p>e. Historical (All)</p>	
- Existence of at least 1 university in each NUTS II regions / New Universities and Vocational High Schools, related to the production capability of regions	- Lack of dialogue and guidance among the enterprises and public - private institutions
- Incentives related to regions	- Lack of communication and cooperation among firms, firms and the Universities; industry; governmental agencies
- Experience on EU projects; familiarity with regulations and implementations / Public administration experience (young generation); entrepreneurship projects;	- Weak clustering among SMEs and deficiencies in the supply chain
- 4 Technology Development Centres	- Insufficient assistance towards the firms and new entrepreneurs
- Some of them have brand name (İpek Furniture, İstikbal Furniture, faggot – “Pastırma – smoked beef, cheese / TR-90, TR-A2)	- Insufficient institutionalisation and qualified labour force of SMEs
- Special products for the region / For some sectors, leader companies are located at the regions (furniture, hazelnut, pistachio, olive)	- Insufficiency of SMEs in complying with the international standards
- Low manpower cost	- Lack of harmonisation of the enterprises in the norms of the EU such as environment, work safety, and hygiene
- Production capabilities (machines especially for the production style) Production of machinery related to the production of other firms; suitable for this specific production (olive oil, pistachio) (TR-B1, TR-C1, TR-32, TR-90 / Clustering)	- Inability in meeting the quality and branding
GAP – Entrepreneur Support Centres (Şanlıurfa, Adıyaman, Mardin, Diyarbakır)	- Lack of developing modern marketing strategies such as analyzing target market, market positioning, promotion and product diversification (Lack of research mainly in external markets)
	- Unwise investment decisions of enterprises
	- The sector concentration in low technology usage, cheap labour force sectors
	- Lack of R&D infrastructure.
	- Low level of R&D expenditure
	- Low level of applying technological innovations in SMEs and low level of innovation awareness

	- Insufficient usage of R&D, innovation and technology / Similar units and production style
	- Lack of awareness in intellectual property rights
	- Lack of cooperation, coordination and communication in R&D and innovation governance system
	- Low utilization rate from FP6
	- Insufficient usage of ICT technologies by SMEs / e-business and e-commerce practices have not been highly used
	- Insufficient on-line services of the public administrations directed towards enterprises
	- Insufficient infrastructure/renovation of the tourism sites
	- Lack of promotion and marketing supports in tourism / Lack of experienced service people / Low profile accommodation facilities
	- Lack of sufficient protection and commercialization of natural and historical heritage
	- Lack of standard production capability (It will cause problem for huge amount of order OR periodic orders)
	Export for different brand names; can not use their own brand
	Lack of standard definition of SME
	Lack of providing guarantee or collateral for finance sources

## Recommendations

- Follow the suggestions of SWOT provided

### 3. Assessment of the rationale and overall consistency of the strategy

#### 3.1 Strategy/Needs Coherence

From the SWOT analysis it has been drawn a list of clusters (key) of strengths to be enhanced and clusters of needs to deal with. This is the list of key-issues intrinsically established by the programming group as a base for the construction of the programme strategy.

The list has been derived by the programme during the ex-ante evaluation of the analysis and checked by the consultant as a valid list to construct the Strategy/Needs Coherence matrix (see evaluation methodology). The list has been agreed with the programming group. in a dedicated workshop (see list of workshop). It is thus considered representative also of the scope of the real and wanted objectives of the programme

The agreed list is as follow:

Strengths to enhance	Enhance Export Capacity and Market Diversity
	Enhance the opportunities of a young population and cheap labour force
	Profit from the liberal ICT market and existence of infrastructure
	Profit from tourism potential
	Increase universities beneficial externalities in the Region
Needs to deal with	Lack of entrepreneurial culture and start-ups
	Lack of physical infrastructure
	Insufficient utilisation of financial resources by SMEs and start-ups
	Weak clustering
	Insufficient consultancy services to SMEs and start-ups to strength their skills and capacities
	Insufficient R&D, innovation activities and coordination among universities and enterprises
	Low level of ICT usage in business operations
	Insufficient infrastructure/renovation of the tourism sites
	Lack of promotion, marketing and commercialisation supports in tourism

With the help of a Strategy/Needs matrix (Annex), the evaluator has assessed the coherence between the above list of opportunities/needs and the programmed measures.

The assessment so generated and repeated two times before and after advised modifications, shows that strategy is now generally appropriate at priority level. After modifications, following recommendations of the first draft-evaluation report, the programme is in the position to deal with observed needs. Current global score of strategy/needs analysis is satisfying. (3.92 in 1 to 5 scale, Annex 1, Strategy–Needs Matrix).

Priorities	Measures	Coherence Strategy Needs (1 = min, 5 = MAX)
Priority 1: Improvement of Business	Development of Industrial Infrastructure	3,71
	Creation and Development of Financing Instruments.	3,71

Environment	Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure.	<b>3,86</b>
	Improvement of Tourism Infrastructure, Promotion and Marketing Activities	<b>4,00</b>
Priority 2: Strengthening of Enterprise Capacity and Foster Entrepreneurship	Providing Basic Information, Consultancy and Investment Support for Enterprises.	<b>4,43</b>
	Strengthening of Cooperation in Industry Corporate Sector	<b>4,07</b>
<b>TOTAL (Average)</b>		<b>3.96</b>

This resulted from a first improvement after the first ex-ante evaluation report (Annex 2)

The above results show that the programme in general tackles in a satisfactory way most needs and can enhance most strengths.

In particular, the Measure 2.1 Providing Basic Information, Consultancy and Investment Support for Enterprises, would have the higher degree of contribution to tackle existing needs and fostering strengths. Second best performing measure is 2.2, Strengthening of Cooperation in Industry Corporate Sector. Both measures include provisions to implement grant schemes for SMEs and cluster of industrial enterprises after needs assessment of current programming gives further hints on the subjects. The evaluator, reckons therefore a high degree of potential impact of grant schemes. Grant schemes can be crucial to tackle existing needs and obtaining the underlying objectives of the programme for what concerns the sole strategy-needs issues.

However, the assessment on the opportunity to include grant schemes in the programme, will be complete only after the system of implementation and the capacity of implementing administrative structures is assessed, later in this evaluation exercise.

For what concerns the evaluation of the needs best addressed by the current structure of the programme, as well as the strategic support to existing strengths, the strategy/needs matrix shows the following results:

	<b>Needs/Strengths</b>	<b>Capacity of the programme to confront needs and enhance strengths (1 to 5 scale)</b>
<b>Strengths to enhance</b>	Enhance Export Capacity and Market Diversity	4.17
	Enhance the opportunities of a young population and cheap labour force	3.83
	Profit from the liberal ICT market and existence of infrastructure	3.67
	Profit from tourism potential	4.17
	Increase universities beneficial externalities in the Region	3.67
<b>Needs to deal with</b>	Lack of entrepreneurial culture and Start-ups	3.50
	Lack of physical infrastructure	4.00
	Insufficient utilization of financial resources by SMEs and start-ups	4.00

Weak clustering	3.83
Insufficient consultancy services to SMEs and start-ups to strength their skills and capacities	3.83
Insufficient R&D, innovation activities and coordination among universities and enterprises	4.50
Low level of ICT usage in business operations	4.17
Insufficient infrastructure/renovation of the tourism sites	4.00
Lack of promotion, marketing and commercialisation supports in tourism	4.17

Which states that all key needs and key strengths would be addressed by the programme. In detail, the strategy of the programme appears to be:

- More directed to existing structures than start-ups
- Within the above, mostly dedicated to R&D, ICT, marketing and commercialisation, especially for tourism and industrial sectors, but without specifying different policies (industrial or tourism-oriented) in different regions

As a general conclusions, it is evident that the programme can deal with existing key-needs and enhance key-strengths highlighted by a generally correct SWOT analysis. However, since 6 out of 13 issues are not optimally addressed by the programme (have a score less than 4) minor adjustments should be introduced.

## Recommendations

- Define better in which region it is pursued more a tourism policy or than industrial policy, according to the development potentials of region.
- Additional details on specified actions should be included following the above proceedings and programming logic.
- Identify all needed administrative structures and show adequate capacity to manage efficiently and timely intended grant schemes of measures 2.1 and 2.2 whose success appears to be crucial for the entire strategy of the programme.
- Carefully assess the size of future grants in measures 2.1 and 2.2 and also of the final loans/support to be awarded by the implementation of measure 1.2, especially in terms of sustainable size.
- Considering the number of problems and the development level arising from the analysis, but yet not spelled-out in the summarized SWOT, the strategy can be improved with more details and focused argumentation in at least three much needed fields and related actions:
  - Specific training (SME-Management, high skilled labour force, etc.) on targeted regions/sectors
  - Grant schemes, possibly for small size projects, to increase the real capital stock of SME in targeted regions/sectors (investment grants have been identified as action but not fully specified)
  - Grant schemes to increase real capital stock and supply capacity of targeted sectors on the tourism sector within a more coordinated tourism policy.

### 3.2 Internal Coherence

#### Results of Evaluation

As anticipated from the initial appraisal, the global internal coherence of the plan is high. Expressed in the adopted scale, the global index is equal to 4.11

According to the evaluation guidelines adopted, this means that all priorities are coherent to a more than satisfactory degree, with the majority of planned activities important and often crucial for the others. In other terms the plan is not only coherent but in general well *integrated*.

The scores of each priority, however, differ for each of the priority and resulted as follows (details on evaluation methodology the internal evaluation matrix are included in annexes):

PRIORITY	Internal Coherence Index (ICI) within each priority (1 = min; 5 = MAX)	Internal Coherence Index (ICI) per priority against the entire programme(1 = min; 5 = MAX)
Priority 1: Improvement of Business Environment	3.69	3.66
Priority 2: Strengthening of Enterprise Capacity and Foster Entrepreneurship	4.50	4.56
TOTAL ICI for the whole Programme		<b>4.11</b>

With regard to Internal Coherence **within each priority**, the following can be noted:

- **Priority 1 is internally coherent but not particularly integrated** . This is mainly due to the fact that measure 1.4 is somehow isolated from the others
- **Priority 2 shows a very good degree of internal coherence**, all actions being **well integrated** between themselves.

Regarding Internal Coherence **for the entire programme**, the following can be seen:

The internal coherence index is particularly high, but skewed (one priority is internally much more coherent than the other).

The programme is small in size compared to the ambitions and the needs to be covered. Thus, some actions are to be implemented in very different fields with the risk of losing in terms of concentration of efforts.

#### Recommendations

- It is recommended to implement the programme with a more fitting structure in the first priority, while maintaining the general strategy.
- The adjusted programme design should consider a more integrated approach to tourism-development policy, at least by linking measure 1.4 to specific training provisions for tourism industry in HROP 2007 and including a special provision for tourism sector on measures 2.1 and 2.2 (or creating a sub-measure with grant schemes in the tourism sector.
- Limiting the grant schemes to most promising sectors (1 to 3 including tourism), in order to ease the implementation process and make it possible even with limited capacity.

- The measures 2.1 and 2.2 can be also in general concentrated in specific and most promising sectors and relative regions which should be the same as those of the priority 1.

### 3.3 External Coherence

Given the small size of the programme under evaluation, its financial impact on some national programmes is not bound to be particularly significant, though it's overall concept fits very well with national objectives aimed at regional economic and environmental integration and programmed within EU co-financing structure. The programme has a strong supportive role to the SCF's logic.

Using a matrix-based methodology analogue to that used in precedent chapters, the general index of external coherence for the OP is satisfactory. The RCOP shows a sufficient level of coordination with the other relevant programmes and mostly positive reciprocal impacts. Actions and priorities of the RCOP, the SCF and the NDP have a good degree of mutual support. The score of 4.37 (on a 1 to 5 scale) indicates high coherence levels, this reflects the small scale and cross-cutting nature of the programme, with some actions (especially those with a large physical infrastructural element) showing less interaction with SCF and National Planning

Priorities	Measures	External Coherence of each Measure with the Objectives of SCF and National Development Plan (1 = min, 5 = MAX)
Priority 1: Improvement of Business Environment	Development of Industrial Infrastructure	4,00
	Creation and Development of Financing Instruments.	4,40
	Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure.	4,30
	Improvement of Tourism Infrastructure, Promotion and Marketing Activities	4,70
Priority 2: Strengthening of Enterprise Capacity and Foster Entrepreneurship	Providing Basic Information, Consultancy and Investment Support for Enterprises.	4,50
	Strengthening of Cooperation in Industry Corporate Sector	4,30
<b>TOTAL (Average)</b>		<b>4.37</b>

When the other OPs will be ready, an analysis of external coherence at horizontal level (coherence between RCOP and the other OPs) will be carried-out to complete this section.

### 3.4 Financial Allocations

Given the limited financial resources allocated to this programme, the internal financial allocation has not been analyzed using a matrix-based methodology. The assessment has been rather been conducted by cross-checking three evaluation criteria:



- Consistency between quantified objectives and specific financial allocation
- Typical cost-structure of actions included in each measure to obtain the above objectives
- Level of complexity required by each action.

The general consistency global between quantified objectives and financial allocation of each measure has been evaluated by using the following simple formula<sup>2</sup>:

$$F = C (Cs \times T)$$

F = Optimal (theoretical) Financial allocation for that measure

T = target (probable number of intended projects derived by indicators)

C = Complexity coefficient (1 to 1.3) qualitatively describing the general complexity the intended actions included in the measure

Cs = Cost structure of the project depending in general by the typical average size of project cost for the intended actions; In case of Grant schemes this will be the optimal size of Grant

Using the above methodologies the following comparable table holds:

Priority	Measures	Current Financial Allocation (M €)	Estimated Needed/Optimal Financial Allocation (M €)	Estimated Needed/Optimal Financial Allocation (M €) With budget constraints
	1.1 Development of Industrial Infrastructure	23,75	35.00	30,00
	1.2 Creation and Development of Financing Instruments	45.32	53.1 (of which 7.5 for micro loans facility)	53,10
	1.3 Improvement of R&D, Innovation Technology and ICT	26.40	28.00	27,10
	1.4 Improvement of Tourism Infrastructure, Promotion and Marketing Activities	16.89	15.00	15,00
Priority 2	2.1 Providing Basic Information and Investment Support for Enterprises	52.51	38.4 (Considering 700 Grants of 40.000 EUR each, plus 4 Assessment needs for 0.5 M€ each)	38,43
	2.2 Strengthening of Cooperation in	10.16	11.4 (Considering 800	11,40

<sup>2</sup> For the financial Measure 1.2 it has been simply assumed an average actual cofinancing-rate from beneficiary institution (financial institution credits for the creation of additional revolving and guarantee funds, etc.) of 20%, 4 for micro loans a 80% rate of utilization, for other purposes a 90% rate of utilization.

	Industry Corporate Sector		Grants of 10.000 EUR each, plus 2 Assessment needs for 0.5 M€ each)	
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### 3.5 Summary of Recommendations regarding the rationale and the overall consistency of the programme

Considering the outcome and results of qualitative and quantitative evaluation, it is suggested to

- Maintain the general structure of the programme while detailing it in way that ensures:
  - higher level of coherence between strategy and needs for measures 1.1, 1.2 and 1.3 in the view of strengthening SMEs.
  - higher level of internal coherence in all parts, especially increasing the level of internal coherence of priority 1 with mutual provisions and addressing the HR issue even as a reference with the OP HR
- Identify and fully describe a sound and reliable implementation system showing adequate capacity especially for the implementation of the grant schemes (measures 2.1 and 2.2).

The above recommendations can be followed without changing the structure of the OP. However, for an easier and more understandable presentation of the programme, it is suggested to move measure 1.2 to the second priority or to the end of the first priority.

- Optimal financial allocation to reach wanted objectives, is forecasted to be:

Measure 1.1 Development of Industrial Infrastructure M€ 30,00

Measure 1.2 Creation and Development of Financing Instruments M€ 53,10

Measure 1.3 Improvement of R&D, Innovation Technology and ICT M€ 27,10

Measure 1.4 Improvement of Tourism Infrastructure, Promotion and Marketing Activities M€ 15,00

TOTAL Priority 1 - M€ 125,1

Measure 2.1 Providing Basic Information and Investment Support for Enterprises M€38,43

Measure 2.2 Strengthening of Cooperation in Industry Corporate Sector M€11,40

TOTAL Priority 2 – M€ 49,83

Technical Assistance – M€ 11,22

- However, Measure 1.4 is probably of too small size to be directed to costly infrastructure projects and still have noticeable impact. It is therefore advised to either increase at least 3 times its size at the expenses of all other measures proportionally or delete it. In case of cancellation of Measure 1.4 (whose impacts will be anyway verified in chapter 5 of ex-ante evaluation) it is suggested to re-allocate those funds to Measure 2.1, for a new total for this measure of M€ 53,43, close to the draft proposal for this measure.

## 4. Indicators assessment and quantification of the objectives

In the draft programme analyzed the battery of indicators of first assessed draft of OP looked too large and often redundant.

Indicators have been therefore careful analyzed one by one during the past mission, indicating those to maintain, delete, and/or change. This is because many indicators were not well defined (especially results indicators). Some indicators were not fully matching “SMART” principle.

Suggestions have been provided to modify and/or re-write a number of indicators

In particular, out of 33 indicators for Priorities 1 and 2 (excluding technical assistance) it has been suggested to delete 6 indicators and better define 17 more, while 10 have been considered satisfying (see attached table on indicators, below).

It has been suggested also to avoid or limit redundancy so to keep the volume of work for monitoring sustainable within the existing capacity of implementation structures. This can be achieved, in average, with 2 output and 2 results indicators per measure, for a total of 24-28 indicators for the two main priorities of the programme.

The following tables summarize the results of the evaluation during the first mission for each measure. They show also changes operated by the programming group between the evaluator’s 1<sup>st</sup> and 2<sup>nd</sup> mission where relevant. All targets have been included by the programmer only after the 1<sup>st</sup> evaluator’s mission. They cannot be fully assessed at the moment, as the financial size of each measure is not yet in its final version

### Table of Indicators - Evaluation

#### Keys:

Indicators maintained, but yet to be quantified

Indicators to be modified (1) or better detailed

Indicators to be deleted, also for redundancy reasons

(1) Or to be considered as output indicators instead of results indicators or vice-versa. For these indicators suggestions have been provided during evaluation workshops.

Measure 1.1: Development of Industrial Infrastructure		
Indicators	Target <sup>3</sup>	New indicators (where applicable) produced by the programming group following evaluator’s methodology in red are indicators deleted by the programming group
<b>Outputs</b>		
The (increase of) area of shared facilities established or supported	10.000 m2 (increase)	.
<b>Further details definitions and assumptions</b> Shared facilities like: Labs, workshops, packaging facilities, machinery, training/education facilities, logistic facilities, etc		

<sup>3</sup> All targets have been identified by the programming group following tailored methodologies advised by the evaluator

The number of service facilities established or supported <b>Further details definitions and assumptions</b> Service facilities like one stop shops, information offices, business and enterprise development centres, etc	10 (increase) (ISGEM, incubator, laboratory, one stop shop, etc.)	The (additional) number of service facilities established or supported
The number of industrial sites enhanced <b>Further details definitions and assumptions</b> The industrial and business sites like OIZ, SSIE, etc. (Within the context of this Indicator, any industrial or business site will be accepted as “enhanced”, if at least one aspect (infrastructure, service or shared facility) inside this site is supported.)		
The length (m) of infrastructure constructed <b>Further details definitions and assumptions</b> Road, sewage networks, electricity networks, etc		
<b>Results</b>		
The number of enterprises benefiting from shared facilities established or supported	200 (increase) artisans and 200 SMEs (increase)	The (additional) number of artisans and SMEs benefiting from shared facilities established or supported
The number of enterprises benefiting from service facilities established or supported	250 (increase)	
The increase in occupancy ratio of industrial sites		–
The number of new enterprises established inside industrial sites which are supported	20 (increase)	–
Number of employment generation in the enterprises located inside business sites supported.	250 (increase)	The number of the employment generated in OIZs, SSIEs, ISGEMs and incubators that (are) supported by IPA.

<b>Measure 1.2: Creation and Development of Financing Instruments</b>		
<b>Indicators</b>	<b>Target <sup>4</sup></b>	<b>New indicators (where applicable) produced by the programming group following evaluator’s methodology</b>
<b>Outputs</b>		
The number of information and awareness raising events <b>Further details, definitions and assumptions</b> Congress, seminars, workshops, etc		. Deleted
The number of institutions/funds supported in terms of capital <b>Further details, definitions and assumptions</b> Financing instruments like Credit Guarantee Funds, Micro-Loan Funds, Venture Capital, Start-up or Seed Capital funds, etc		.Deleted

<sup>4</sup> All targets have been identified by the programming group following tailored methodologies advised by the evaluator

The number of new financing instruments established	30 M € (increase)	The (additional) amount of credit guarantee supplied for enterprises
The amount of capital allocated to the institutions/funds	5 M €	The amount of micro-loans supplied for Enterprises
<b>Results</b>		
The number of enterprises participated in information and awareness raising events	200 New SMEs	The number of new enterprises set up a business via new financial instruments
The amount of credit guarantee supplied for enterprises		Moved to output indicators above
The amount of micro-loans supplied for enterprises		Moved to output indicators above
The amount of equity-finance provided for enterprises <b>Further details, definitions and assumptions</b> Equity-finance like venture-capital, seed-capital, start-up capital, etc.	8 M € (increase)	The amount of (new) credit guarantee allocated for the investments
The number new employees in enterprises supported by these institutions/funds		-

<b>Measure 1.3: Improvement of R&amp;D, Innovation, Technology and ICT Environment and Infrastructure</b>		
<b>Indicators</b>	<b>Target</b>	<b>New indicators (where applicable) produced by the programming group following evaluator's methodology</b>
<b>Outputs</b>		
The area of shared facilities established or supported <b>Further details definitions and assumptions</b> Shared facilities like labs, workshops, machinery, training/education facilities, etc.	2 TDZs (increase)	The number of R&D and innovation related business sites supported
The number of service facilities (one stop shops, patent offices, information offices for foreign trade, etc.) established <b>Further details definitions and assumptions</b> Service facilities like one stop shops, patent offices, information offices for foreign trade, etc.	2 TDZs (increase)	The number of R&D related service facilities established or supported
The number of business sites supported <b>Further details definitions and assumptions</b> The business sites like Technology Development Centres, Excellence Centres, incubators, etc		.
The length (m) of infrastructure constructed Road, sewage system, electricity system, etc		.
<b>Results</b>		
The number of enterprises benefiting from shared facilities established or supported		-
The number of enterprises benefiting from service facilities (one stop shops, patent offices, information offices for foreign trade, etc.) established or supported	20 (increase) TO BE REVISED	-The number of R&D and innovation related new personnel in the universities and industrial sites which are supported
The increase in occupancy ratio of business sites supported		-

The number of new enterprises established inside business sites supported.	50 (increase)	The number of R&D and innovation related new enterprises established inside business sites supported
Number of employment generation in the enterprises located inside business sites supported.		–

<b>Measure 1.4: Improvement of Tourism Infrastructure, Promotion and Marketing Activities</b>		
Indicators	Target	New indicators (where applicable) produced by the programming group following evaluator's methodology
<b>Outputs</b>		
The number of tourism sites enhanced through renovation, rehabilitation or restoration	3 (increase)	The number of (new) tourism sites enhanced through renovation, rehabilitation or restoration
The total number of service facilities (tourism information offices, etc.) established		–
The number of promotion/marketing campaigns carried out		–
<b>Results</b>		
The number of tourism enterprises established in the region supported.  <b>Further details definitions and assumptions</b> The number of tourism SMEs established in the city or cities as a result of increased tourist attraction through supporting tourist aspects in those city or cities.	20 (increase)	The number of new tourism enterprises established in the region supported
	TO BE FORECASTED	-The number of tourists (that) visited the tourism sites enhance

<b>Measure 2.1: Providing Basic Information, Consultancy and Investment Support for Enterprises</b>		
Indicators	Target	New indicators (where applicable) produced by the programming group following evaluator's methodology
<b>Outputs</b>		
The number of need assessment studies carried out	2	–
The number of basic information support events held (held in the framework of Grant Scheme Programme implemented by SPO in the target region of the RCOP)	15	–
The number SMEs supported through consultancy grants		–
The number SMEs supported through investment grants	TO BE FORECASTED	–
<b>Results</b>		
The number of SMEs participated in basic information support events		–
The amount of grants allocated for SMEs	700	

<b>Measure 2.2: Strengthening of Cooperation in Industry Corporate Sector</b>		
<b>Indicators</b>	<b>Target</b>	<b>New indicators (where applicable) produced by the programming group following evaluator's methodology</b>
<b>Outputs</b>		
The number of (additional) need assessment studies carried out	1	–
The number of basic information support events for clusters and networks	1000	The number of relevant people participated in basic information support events
The number of consultancy activities for existing or potential clusters and networks		-The number of consultancy activities for existing or potential clusters/networks, and Business Representative Organisations.
The number of networks and clusters granted		–
<b>Results</b>		
The number of networks and clusters started to operate		–
The number of enterprises participating in the supported or newly established networks and clusters		–
The amount of grants allocated for clusters and networks	800	

Indicators of the Priority Axis 3 (TA) have been developed by the programming group following the methodology recommended by the evaluator. No further particular suggestions, a part from those provided by the EC delegation, are necessary for Priority Axis 3.

## Recommendations

It is recommended to:

- Delete the indicators highlighted in red in the above tables
- Change the indicators highlighted in yellow in the above tables following the usual SMART methodology and methodological indications presented during evaluation workshops and meetings
- Maintain the other indicators
- Set the indicated targets in the tables above.

## 5. Expected socio-economic impact and justification of policy and allocation of financial resources

To assess the socio-economic impact of this programme on the targeted regions it is worthwhile to start with a general consideration about the size of the programme compared to the size of the economy being impacted.

The total value of the RCOP is around 180 M € in three years. Assuming that all allocated funds will be spent, the yearly value of the RCOP will be around 60 M. This expenditure volume is bound to impact an economy (the 12 targeted regions taken together) which is more than 1/3 of total Turkish population and at least 15% of total Turkish GDP.

The GDP of Turkey (by the figures of the RCOP itself) was 552 M \$ in 2004 roughly equivalent to 420 M €. Considering that the targeted regions produce at least 15% of Turkish GDP, the RCOP is going to impact an economy producing at least 64 M € yearly. This is a very conservative figure if we consider that a large part of the Turkish economy, especially in the 12 targeted regions is actually informal. Moreover, since 2004 GDP of Turkey and the targeted area has been growing fast, and it is going to grow more during the next 3 years.

Still, considering the conservative figures above, the RCOP expenditures represent less than 0.1 % of the GDP of targeted area. Even considering that 75% of the RCOP are to be spent in growth centres this figure does not change much. If we consider that the programme is concentrated in the manufacturing sector, which is 20% of GDP in targeted area, we see that RCOP is still marginal: it is equal to only 0.35 – 0.40 % of the manufacturing sector of the targeted area.

With the help of simple calculations above we can state with 100% certainty that the **socio-economic impact of this RCOP to the economy of Turkey will surely be marginal at best**, not for its intrinsic quality but **for its tiny size compared to the economy meant to be impacted**.

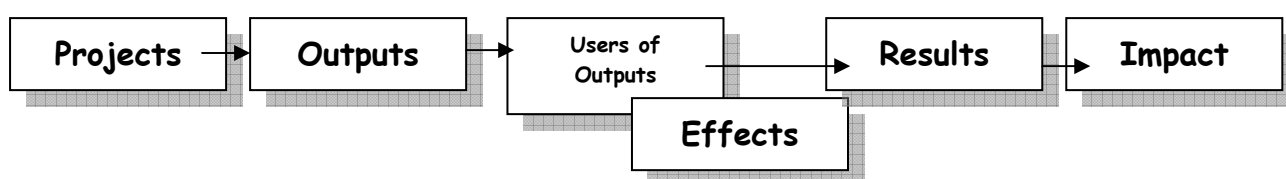
For the sake of clarity, the evaluator considers the RCOP being evaluated **more an administrative exercise within the approximation of Turkish structure to the model of the “acquis communautaire” than a key-tool to help Turkish competitiveness to align to the EU average**.

**The size of this programme is simply too small to have a measurable socio-economic impact at macro-level. Even at local level, the programme will be hardly visible.**

As the programme operates with an indirect-effect strategy (Priority 1, with most funds allocated to improvement of infrastructure and to ease the financial market) its impact will be yet again reduced in terms of size and visibility.

For the above reasons, in this section the evaluator has focused on the possible impact within the tiny scope of the programme being evaluated. Thus, the evaluation develops within the limited and realistic objectives and targets set by the RCOP itself. That is, verifying with a logical-chain whether some keys-questions regarding the intended results and objectives are correctly answered by the programme.

Using the following logical-chain, the evaluation team has been answering a number of key-questions able to give a picture of the possible socio-economic impact of the RCOP:





Each measure was examined along these lines, while answering to the following questions:

- Are the conditions suitable in the Programme Area?
- Is there the possibility for a private sector intervention?
- Is there a clear contribution to the measures' main objectives?

The Key-questions have been:

**What are the planned Actions?**

**What are the planned Outputs?**

**Who will use them?**

**What will they do?**

**Are the conditions suitable in the Programme Area?**

**Is private sector intervention foreseen?**

**What is the (Clear) contribution to the Community/National main objectives?**

The following tables summarize the results of socio-economic impact evaluation for each measure using the above methodology:

<b>Measure 1.1: Development of Industrial Infrastructure</b>							
<b>Actions</b>	<b>Outputs/ Indicators</b>	<b>Who will use them?</b>	<b>What will they do?</b>	<b>Are the conditions suitable in the Programme Area?</b>	<b>Private sector intervention?</b>	<b>Clear contribution to the Community/National main objectives?</b>	<b>Comments</b>
Establishment, improvement and refurbishment of social, technical, production, storage and ICT facilities and purchase of machinery, equipment	Finished storages and establishments / Number of existing and new SMEs receiving financial support	SMEs	Increase the capacity and the production quality / new, increased sales; better business environments; better position in competition	Partially	Yes	Yes	Previous completed studies have to be examined and the correlation will be realized
Establishment, improvement and refurbishment of one stop shops, information and consultancy offices	Number and % of SMEs receiving advisory services.	SMEs, entrepreneurs	Increase the production quality and sales ; new services and products occur; new enterprises	Yes	Yes	Yes	Expected results have to be clearly defined.
Establishment, improvement and refurbishment of business and enterprise development centres	Number and % of SMEs located and get services from these integrated centres.	SMEs, entrepreneurs	Decrease in costs; synergy produced by the shared utilization	Yes	Yes	Yes	Experience of the existing ones must be taken into consideration
Establishment of logistic centres for common commercial use in convenient locations	The usage rate of the logistic facilities and features; % SMEs satisfied with services provided; satisfaction rate of beneficiaries	SMEs, entrepreneurs, logistic firms	With the cost control systems, cost reductions will be occur; increase in marketing features ; new exporters; new markets	Yes	Yes	Yes	The chosen place, area is very important; it has to be aware of political factors.

<b>Measure 1.2: Creation and Development of Financial Instruments</b>							
<b>Actions</b>	<b>Outputs/Indicators</b>	<b>Who will use them?</b>	<b>What will they do?</b>	<b>Are the conditions suitable in the Programme Area?</b>	<b>Private sector intervention?</b>	<b>Clear contribution to the Community/National main objectives?</b>	<b>Comments</b>
Establishment, contribution of capital.	Number / volume of venture and seed capital / guarantee funds / operating schemes receiving financial support funds;	SMEs; local and regional authorities; NGOs; business organizations	Increase production; high or better stock turnover; cost reductions (as buying raw materials and production)	Partially	Yes	Yes	Financial need analysis have to be made clearly; administrative limitations will be taken into control; required guarantee problem must be in a rational way
Promotion of financing mechanisms	Number / volume of venture and seed capital / guarantee funds / operating schemes receiving financial support funds;	SMEs; local and regional authorities; NGOs; business organizations; finance institutions	Be aware of the financing mechanisms and also state a strategic financial plan.	Partially	Yes	Indirect	Eligible and ineligible projects must be clearly defined and the standardization must be used.
Advisory services	Number and % of SMEs receiving advisory services.	SMEs; local and regional authorities; NGOs; business organizations; finance institutions	Working style and quality will increase; create benchmarking possibilities	Partially	Yes	Yes	The purpose of this must be clearly explained to the beneficiaries and the establishment who will promote and organize

<b>Measure 1.3: Improvement of R&amp;D, Innovation, Technology and ICT Environment and Infrastructure</b>							
<b>Actions</b>	<b>Outputs/ Indicators</b>	<b>Who will use them?</b>	<b>What will they do?</b>	<b>Are the conditions suitable in the Programme Area?</b>	<b>Private sector intervention?</b>	<b>Clear contribution to the Community / National main objectives?</b>	<b>Comments</b>
Establishment, improvement and modernization of R&D, technology and innovation facilities	Surface area; new possibilities; change in research capacity; n. of created joint services	SMEs; TDZ, TDC	Cheaper usage of high technology; new products; new usage of existing products; product differentiation	Partially	Yes	Yes	- Researchers and the centres must be suitable for the needs of the region and the beneficiaries;
Supporting the activities of public and non profit institutions	N. of projects supported; successfully completed projects; n. of patients taken out from innovations being developed	Public and non profit institutions; SMEs	New patients, projects, occupancy ratio inside the sites will increase; involvement of Public bodies will increase	Yes	Yes	Yes	- control mechanisms must be developed - Lack of experienced; well educated personnel in some regions - in some regions, not easy to find wide range of beneficiaries -
Establishment and modernization of social, technical and production facilities	N. of firms receiving support; % SMEs satisfied with the service	TDZ, TDC, Universities, SMEs;	Service quality and quantity will increase;	Yes	Yes	Yes	
Establishment of one stop shops, information, consultancy, patent offices and other common service facilities	N. of projects supported; successfully completed projects; n. of patients taken out from innovations being developed	TDZ, TDC, Universities, SMEs;	Service / production quality and quantity will increase	Yes	Yes	Yes	
Operations and investments outside the target region	N. of joint services created; n. of R&D jobs created; n. of SMEs having access to joint services	TDZ, TDC, SMEs;	Collaborative arrangements; new products, services and markets will be developed	Yes	Yes	Yes	

<b>Measure 1.4: Improvement of Tourism Infrastructure, Promotion and Marketing Activities</b>							
<b>Actions</b>	<b>Outputs/ Indicators</b>	<b>Who will use them?</b>	<b>What will they do?</b>	<b>Are the conditions suitable in the Programme Area?</b>	<b>Private sector intervention ?</b>	<b>Clear contribution to the Community/ National main objectives?</b>	<b>Comments</b>
Improvement of tourism attraction areas	% changes in bed capacity; n. of hotels developed / upgraded / n. of attractions created / improved	Supply and demand sides.	Enhance the alternative tourism activities and potential. No of beds sold per year will increase. Tourist arrivals will be supported	Partially	Yes	Yes	Segmentation has to be done and marketing activities must be planned accordingly. Attraction areas must be decided in correlation with marketing plans
Establishment and refurbishment of tourism information facilities and centres.	N. of changes; n. of visitors; n. of sales	Demand side	The service quality will be improved.	Partially	Yes	Yes	Trained people have to be worked over these places.
Support for promotion and marketing activities of public authorities and non profit organizations	Average cost of a stay; % increase of the visitors; average n. of visitors per a period;	Supply and demand side	No of visitors will increase; profitability will increase	Yes	Yes	Yes	Local needs and capabilities have to be taken into consideration. Sustainability must be arranged. Professional support is needed.
Support for organization of local tourist events.	N. and changes in festivals, exhibitions, fairs	Supply and demand side	Potential of the region and no of visitors will increase.	Partially	Yes	Yes	Competition between the region have to be taken into consideration. There has to be a coordination unit either for the events and the regions.

Support for organization of national and international promotional, marketing activities	Available floor spaces; n. of marketing initiatives / schemes promoted; n. of organized / attended activities	Supply and demand size (mainly Tour operators , travel agencies)	Quantity and the quality of the visitors will increase.	Partially	Yes	Yes	Satisfaction rate of the beneficiaries have to be calculated; vocational training have to be taken into consideration
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<b>Measure 2.1: Providing Basic Information, Consultancy and Investment Support for Enterprises</b>							
Actions	Outputs/ Indicators	Who will use them?	What will they do?	Are the conditions suitable in the Programme Area?	Private sector intervention?	Clear contribution to the Community/National main objectives?	Comments
Supporting projects of public institutions and non profit organizations	N. of bodies (new / existing) receiving financial support	Public inst; research centres; Universities; non profit org; SMEs	Create projects to increase the efficiency and add value. Increase the investment capacity by grants.	Yes	Yes	Yes	Expected solutions must be suitable and adaptable for the region, sector and the culture of the beneficiaries.
Consultancy supports	N. of SMEs receiving advisory services	SMEs	Quantitative and qualitative utilization of technology and innovation; information support; reach to financial possibilities	Yes	Yes	Yes	Most of the regions have an experience on that subject; it will have a positive effect on the new studies
Investment support	N. of SMEs (new / existing) receiving financial support; amount of money given for the projects	SMEs	New, increased sales; increased quality and quantity in production	Yes	Yes	Yes	Most of the regions have an experience on that subject; it will have a positive effect on the new studies

Measure 2.2 : Strengthening of Cooperation in Industry Corporate Sector							
Actions	Outputs/ Indicators	Who will use them?	What will they do?	Are the conditions suitable in the Programme Area?	Private sector intervention ?	Clear contribution to the Community/ National main objectives?	Comments
Supporting activities (supply basic information and consultancy) on clustering, networking and collaborative activities	N. of organizations awarded grants; n. of networks / clusters	SMEs	- Increase sales and profitability; - decrease production costs by using new technologies and working styles. - Share the costs with the ones that have the similar work	Yes	Yes	Yes	Most of the regions have an experience on that subject; it will have a positive effect on the new studies
Supporting activities on developing cluster and networking roadmaps	N. of organizations awarded grants; n. of networks / clusters	SMEs	- Have a chance to make technology transfer - Get the financial support	Yes	Yes	Yes	Most of the regions have an experience on that subject; it will have a positive effect on the new studies
Investment support for common actions and investments of potential or existing structures	N. of organizations awarded grants; n. of networks / clusters	SMEs		Yes	Yes	Yes	Most of the regions have an experience on that subject; it will have a positive effect on the new studies

The above tables indicate a good potential impact of the programme for virtually every measure, within the scope of the programme.

In addition, the evaluation team has provided a qualitative evaluation of the scope of possible impact (differentiated by measure) on each targeted regions. The analysis has been conducted to highlight the current capacity in each region on the policy areas set by the programme. Where the current capacity is low, the impact is potentially high.

The following matrix summarizes the results of this analysis

Measures	Intensity of impact in each Region <b>Competitiveness</b> , Economic Development, Employment, Qualitative Impacts: High, Medium, Weak					
	<b>TR-63</b> (Hatay, Kmaraş, Osmaniye)	<b>TR-83</b> (Amasya, Çorum, Samsun, Tokat)	<b>TR-82</b> (Çankırı, Kastamonu, Sinop)	<b>TR-B1</b> (Bingöl, Elazığ, Malatya, Tunceli)	<b>TR-90</b> (Artvin, Giresun, Gümüşhane, Ordu, Rize, Trabzon)	<b>TR-72</b> (Kayseri, Sivas, Yozgat)

Ex-Ante Evaluation Report – REGIONAL COMPETITIVENESS

General	Developing region in medium sized industry. Textile and stainless steel (home / food products) are main areas. Needs a physical infrastructure. Big establishments belong to public entities. Region is on Bakü – Ceyhan pipeline.	Samsun and Çorum are developed regions accordingly. There are some medium / big sized establishments. (mining, cement, industry)	There is a logistic problems. There are specific and peculiar routes. Some regions cannot be easily reached. Some of existing facilities are the result of incentives given to the region	Malatya and Elazığ have some brand names; there are some big establishments. (Apricot, grape) Clustering in Malatya. (food processing) The Natural Park is located on Tunceli area.	Transportation infrastructure is good. (highway, sea, air) There are some brand names. Food industry is the main sector (hazelnut, tea) also fishery industry is developed.	Clustering in Kayseri (metal industry, textile, furniture) High transportation. Possibilities. Mainly in Kayseri there are some famous brand names in furniture and meat industry. Sivas is famous in mining industry.
Development of Industrial Infrastructure	Low	Medium / Low	Low.	Malatya and Elazığ high / medium; but others are low.	Artvin, Gümüşhane : low; others : medium, low. Some public establishments : high	Kayseri : Medium / high; Sivas : medium; Yozgat : low
Creation and Development of Financing Instruments.	Low	Low / medium	Low	Low / medium	Low / medium	Low / medium
Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure.	Low	Low / medium (Çorum)	Low	Low / medium	Medium	Medium
Improvement of Tourism Infrastructure, Promotion and Marketing Activities	Low	Low / medium (Natural and historical; vacation)	Low / medium (winter tourism)	Medium (natural, historical)	Medium / high (natural, vacation, historical)	Medium
Providing Basic Information, Consultancy and Investment Support for Enterprises.	Low / medium	Medium	Low / medium	Medium	Low / medium	Medium
Strengthening of Cooperation in Industry Corporate Sector	Low	Low / Medium	Low	Low / medium	Medium	Medium



Measures	Intensity of impact in each Region <b>Competitiveness</b> , Economic Development, Employment, Qualitative Impacts: High, Medium, Weak					
	<b>TR-C1</b> (Adıyaman, Gaziantep, Kilis)	<b>TR-C2</b> (Diyarbakır, Şanlıurfa)	<b>TR-A1</b> (Bayburt, Erzincan, Erzurum)	<b>TR-C3</b> (Batman, Mardin, Siirt, Şırnak)	<b>TR-B2</b> (Bitlis, Hakkari, Muş, Van)	<b>TR-A2</b> (Ağrı, Ardahan, Iğdır, Kars)
Development of Industrial Infrastructure	Developed region in medium sized industry. Textile, carpet production, machinery, food industry are main areas. Needs a physical infrastructure. Big facilities belong to public entities. Adıyaman region has a special tourism potential. (Mount Nemrut)	Developing region in medium sized industry. Needs a physical infrastructure. Big facilities are belong to public entities. A special region for hazelnut; but as there is not enough facilities, all the production send to another region and they loose the chance to have a brand.	Developing region. Erzurum has winter tourism potential with its infrastructure establishments. Promotional activities and marketing is needed. Winter University Olympics will be held in Erzurum	Small sized enterprises is found. Mardin is a special tourist area.(historical) Area is suitable for projects including women.	Small and medium sized enterprises are found. With mountains, biggest lake of Turkey, historical places, rivers and old cities, it is a special region for tourism. Infrastructure is not enough and needs marketing and promotion activities.	Small and medium sized enterprises are found. Region is suitable for winter tourism. This region is gate to other countries. Cross border trade is done.
Creation and Development of Financing Instruments.	Medium	Medium / Low	Medium	Low / medium	Medium / Low	Low / medium
Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure.	Low	Low	Low (Bayburt, Erzincan) / High (Erzurum) either with University and TDZ	Low	Low	Low
Improvement of Tourism Infrastructure, Promotion and Marketing Activities	Low / Medium (Adıyaman)	Medium	Medium	Low	Low / Medium	Medium
Providing Basic Information, Consultancy and Investment Support for Enterprises.	Medium	Medium	Low / medium	Low	Medium	Low / medium
Strengthening of Cooperation in Industry Corporate Sector	Medium	Medium / Low	Low / medium	Low	Low / medium	Low / medium

Measures	Intensity of impact in each Region <b>Competitiveness</b> , Economic Development, Employment, Qualitative Impacts: High, Medium, Weak					
	<b>TR-63</b> (Hatay, Kmaraş, Osmaniye)	<b>TR-83</b> (Amasya, Çorum, Samsun, Tokat)	<b>TR-82</b> (Çankırı, Kastamonu, Sinop)	<b>TR-B1</b> (Bingöl, Elazığ, Malatya, Tunceli)	<b>TR-90</b> (Artvin, Giresun, Gümüşhane, Ordu, Rize, Trabzon)	<b>TR-72</b> (Kayseri, Sivas, Yozgat)
General	Developing region in medium sized industry. Textile and stainless steel (home / food products) are main areas. Needs a physical infrastructure. Big facilities belong to public entities. Region is on Bakü – Ceyhan pipeline.	Samsun and Çorum is developed regions accordingly. There are some medium / big sized establishments. (mining, cement, industry)	There is a logistic problems. They have specific and peculiar routes as you can reach the other regions by going to another region. There are establishments that is occurred as a result of incentives given to the region	Malatya and Elazığ have some brand names; there are some big establishments. (Apricot, grape) Clustering in Malatya. (food processing) The Natural Park is located at Tunceli area.	Transportation possibilities are high. (highway, sea, air) There are some brand names. Food industry is the main sector (hazelnut, tea) and also as most of the provinces are located by sea, fishery industry is developed.	Clustering in Kayseri (metal industry, textile, furniture) High transportation. Possibilities. Mainly in Kayseri there are some famous brand names in furniture and meat industry. Sivas is famous in mining industry.
Development of Industrial Infrastructure	Low	Medium / Low	Low.	Malatya and Elazığ high / medium; but others are low.	Artvin, Gümüşhane : low; others : medium, low. Some public establishments : high	Kayseri : Medium / high; Sivas : medium; Yozgat : low
Creation and Development of Financing Instruments.	Low	Low / medium	Low	Low / medium	Low / medium	Low / medium
Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure.	Low	Low / medium (Çorum)	Low	Low / medium	Medium	Medium
Improvement of Tourism Infrastructure, Promotion and Marketing Activities	Low	Low / medium (Natural and historical; vacation)	Low / medium (winter tourism)	Medium (natural, historical)	Medium / high (natural, vacation, historical)	Medium
Providing Basic Information, Consultancy and Investment Support for Enterprises.	Low / medium	Medium	Low / medium	Medium	Low / medium	Medium
Strengthening of Cooperation in Industry Corporate Sector	Low	Low / Medium	Low	Low / medium	Medium	Medium

<b>Summary of evaluation guidelines</b>	
Measurement / ranks	<ul style="list-style-type: none"> <li>- Low</li> <li>- Low / medium : Low +</li> <li>- Medium / low : Medium –</li> <li>- Medium</li> <li>- Medium / high : Medium +</li> <li>- High / medium : High –</li> <li>- High</li> </ul>
• Low :	<ul style="list-style-type: none"> <li>- In current situation there is not too much;</li> <li>- can't afford the competition, technically low;</li> <li>- human resource capacity and capability is not suitable;</li> <li>- needs financial, technical support;</li> <li>- for financing alternatives / possibilities have problems and difficulties in providing required guarantee or collateral because of their size, capital, organizational structure and low levels of production;</li> <li>- limited or no corporation between regular bodies (SMEs, Universities, research centres)</li> <li>- if there are not places for tourism attraction / if the area is not suitable for tourism activities</li> <li>- if there are not enough establishment</li> <li>- no or very low entrepreneurial capacity; no or very little program conducted related with entrepreneurship</li> <li>- no suitable area for business</li> <li>- lack of knowledge about entrepreneurship and start-up</li> <li>- no related public or non profit organizations</li> <li>- no clusters; no networking activities</li> </ul>
• Medium :	<ul style="list-style-type: none"> <li>- In current situation there are some establishments that stands on competition</li> <li>- Although there is a University, related to the regional potential, there is not too much corporation between them</li> <li>- Although there are important tourism attractions they need infrastructure, promotional and marketing activities, experienced manpower</li> <li>- If there are some organizations for entrepreneurship and if they have some programs for this purpose</li> </ul>
• High :	<ul style="list-style-type: none"> <li>- In current situation there is enough, competitive,</li> <li>- There is a good relation and correlation between the related bodies for technical improvement</li> <li>- There are bodies to support entrepreneurship and/or they conducted some programs properly; and/or there are some new companies/start ups.</li> </ul>

This analysis shows that in most regions the potential impact of the programme is high. Especially in regions TR-63, C3 and T62 there is big scope of improvement in all or almost all areas of intervention of the RCOP. The extent of the impact is however difficult to quantify and in any case marginal in size. As mentioned above, this results from the tiny size of the programme compared to the huge size of the targeted area and the large number of existing socio-economic gaps.

From the above analysis, it can be concluded that the RCOP will certainly benefit the targeted area. But its impact will be hardly visible due to the extremely small resources of the RCOP compared to a) the economic and demographic size of the targeted area; b) to the large quantity of existing gaps in most targeted regions; c) the complex nature of the existing socio-economic gaps.

## Recommendations

➤ It is recommended to concentrate on the most effective actions/areas of interventions such as equipment/infrastructure acquisition/enhancement, or on low-cost actions (per project) such as project preparation (PCM), training, basic support, so to ensure at least sizable skill transfers at

this stage.

- Possibly, and if transparency issues and national rules of equity allow for it, focus the programme in a smaller targeted areas (or sectors), or differentiate measures for smaller areas (sectors).
- Alternatively, increase the size of the programme to a level comparable to the size of the targeted area and the complexity/quantity of existing socio-economic gaps.

## 6. Quality of the implementation and monitoring arrangements

The Consultant's assessment has focused on the fulfilment, by the OP, of the requirements defined by the relevant EU IPA Regulations regarding monitoring and control systems, i.e.:

- Clear definition of the functions of the bodies concerned in management and control and a clear allocation of functions within each body
- Clear separation of functions between bodies concerned in management, certification of expenditure and control and between those functions within each body
- Adequate resources allocated to each body to carry out the planned functions
- Effective internal audit arrangements
- Reliable accounting, monitoring and financial reporting systems in computerized form
- An effective system of reporting and monitoring where the performance of task is delegated

The assessment on the six above criteria has been executed with a qualitative methodology. The following table reports ranking and comments for each of them:

Section evaluated	Rank	Comments and Recommendations
Clear definition of the functions of the bodies concerned in management and control and a clear allocation of functions within each body	<b>Well developed for SPO. Satisfactory for MoIT</b> , minor issues have yet to be decided: number of member Monitoring and Steering Committees, location of Info points in Targeted regions	The missing information requires another round of consultation with authorities in Turkey
Clear separation of functions between bodies concerned in management, certification of expenditure and control and between those functions within each body	<b>Well developed for SPO. Satisfactory for MoIT</b> for what concerns the theoretical statements. To be monitored in implementation time. To be detailed for the part regarding the Grant Schemes management.	For the part regarding the management of Grant Schemes administration might need external support to increase capacity in this regard. This specific support should be foreseen in the TA section (Priority Axis 3).
Adequate resources allocated to each body to carry out the planned	<b>Satisfactory for SPO. Bound to be sufficient for MoIT</b> . Within the OP	For complex actions (Grant Schemes, Financial Support measures) the involvement of experimented

functions	being evaluated no full mention of needed resources. However, detailed description is present for some of the functions.	institutions should be more detailed. The administration needs external support, at least fro the SPO, to increase capacity in this regard. This support is being implemented. Details on way of implementation are welcomed
Effective internal audit arrangements	<b>Theoretically satisfactory for both SPO</b> , still to be developed in some sections for MoIT	The administration needs external support, at least fro the SPO, to increase capacity in this regard. This support is being implemented. Details on way of implementation are welcomed
Reliable accounting, monitoring and financial reporting systems in computerized form	<b>Satisfactory for SPO, Theoretically Satisfactory for MoIT</b> , still to be developed in some parts	Same considerations as above hold for this point
An effective system of reporting and monitoring where the performance of task is delegated	<b>Established at SPO</b> , which <b>should support the MoIT in this regard</b>	Same considerations as above hold for this point

Moreover, the institutional capacity of the authorities involved has been assessed regarding their performance in the following thematic areas:

- Good governance - transparency and accountability
- Learning and evaluation mechanisms
- Links with other relevant organizations
- Policy, planning and management systems
- Personnel management, training and staff motivation
- Financial management
- Technical skills

The assessment on the seven above criteria has been executed with a qualitative methodology. The following table reports ranking and comments for each of them:

Section evaluated	Rank	Comments and Recommendations
Good governance - transparency and accountability	<b>Satisfactory for SPO, theoretically satisfactory for MoIT</b>	It is recommended a) to increase the transparency and good governance practices for what concerns the MoIT side, especially for the inclusion of weak stakeholders in the governance process; b) implement the Programme with participative and inclusive techniques for evaluation matters, as it has been done for the planning part c) Detail how this will be organized for more complex actions and especially for the Grant Schemes
Learning and evaluation mechanisms	<b>More than satisfactory. Evaluation steps and exercises are well planned for both SPO and MoIT</b>	It is recommended to implement the Programme with participative and inclusive techniques for evaluation matters, as it has been done for the planning part and so increase good-practice impacts and skills from SPO administration to the MoIT
Links with other relevant organizations	<b>Satisfactory for SPO, sufficient in MoIT</b>	It is recommended to foster partnerships and links with NGOs, especially in Targeted regions
Policy, planning and management systems	<b>Well developed in SPO, satisfactory in MoIT</b>	Management system of MoIT can benefit from support of SPO administration
Personnel management, training and staff motivation	<b>More than satisfactory and well developed in SPO, sufficient in MoIT</b>	Possibility to spill the good degree of staff motivation in SPO on to MoIT's side
Financial management	<b>More than satisfactory in SPO, bound to be sufficient in MoIT</b>	Increase in MoIT financial management capacity depends largely on the results of supporting projects to MoIT. Next 2 years will be crucial in this process
Technical skills	<b>More than satisfactory in SPO, satisfactory in MoIT</b>	Possibility to spill the good degree of technical skills in SPO on to MoIT's side

By analyzing good governance, particular attention has been paid to:

- Implementation of transparent and effective participation schemes
- Transparency and equal treatment both during the approval of application proposals and

during awarding of individual contracts

The following table summarizes the above evaluation on implementation system

Rank of evaluation	SPO	MoIT	Total	% SPO	% MoIT	% Average
Well developed or well established	3	0	3	23.1%	<b>0.0%</b>	11.5%
More than satisfactory or established	5	1	6	38.5%	<b>7.7%</b>	23.1%
Satisfactory	4	5	9	30.8%	<b>38.5%</b>	34.6%
Sufficient or theoretically satisfactory	1	4	5	7.7%	<b>30.8%</b>	19.2%
Being developed	0	3	3	0.0%	<b>23.1%</b>	11.5%
Insufficient or unknown	0	0	0	0.0%	<b>0.0%</b>	0.0%
<b>TOTAL</b>	<b>13</b>	<b>13</b>	<b>26</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The above analysis has been based on relevant organizational data provided mainly by the Beneficiary, by direct evaluation during evaluation meetings and workshops, and through analysis of published reports on MoIT.

### Summary of results and recommendations regarding the Implementation System

Most aspects of sound implementation and its requirements are satisfactory and even well established in SPO. For MoIT the picture is satisfactory in theoretical terms. Considering that MoIT is going to implement its first fully managed OP, it is important that SOP acts as a source of skill transfers. The Evaluation team concludes that 100% of the implementation system is at least sufficient for SPO, but this goes down to around 85% if both administrations are considered together.

It is fairly clear that the administration of SPO must support that of MoIT in a various ranges of duties, logic of implementation, as well as management and governance practices. This is true especially for the Grant Scheme operation and other evaluation and monitoring matters, where the experience of MoIT is limited while SPO can guarantee acceptable standards of implementation quality.

As observed during evaluation mission, the SPO administration is well aware of this role and it has in fact correctly acted as a senior guidance in the whole processes of planning and in the identification and establishment of the RCOP implementation system.

➤ It is recommended that the senior role of SPO administration is continued during the implementation in close cooperation with the EC Delegation in Ankara, ensuring adequate skills



and good-practice transfers to the MoIT, at least for the issues where SPO administration reaches a satisfactory or higher quality level.

- It is recommended to describe in the OP how the SPO will support the MoIT in establishing a sound Grant Scheme management system, highlighting and identifying special TA provisions to ensure adequate technical skills transfers and strong management support.
- It is also recommended to give ample details in the Implementation Manuals on (i) how the Grant Schemes will be managed; (ii) what are the Human Resources allocated to the Grant Scheme management and (iii) what are the partnership arrangements with local administrations, SMEs, NGOs and other local/regional stakeholders, especially for the project selection/evaluation process; (iv) What provisions are planned to increase the capacity of project presentations from final beneficiaries of Grant Schemes.

## 7. Summary of Recommendations

### 7.1 General Strategy and Structure of the Programme

- Define better in which region it is pursued more a tourism policy or than industrial policy, according to the development potentials of region.
- **Additional details on specified actions should be included**
- **Identify all needed administrative structures and show adequate capacity to manage efficiently and timely the intended grant schemes of measures 2.1 and 2.2 whose success appears to be crucial for the entire strategy of the programme.**
- Carefully assess the size of future grants in measures 2.1 and 2.2 and also of the final loans/support to be awarded by the implementation of measure 1.2, especially in terms of sustainable size.
- Considering the number of problems and the development level arising from the analysis, but yet not spelled-out in the summarized SWOT, the strategy can be improved with more details and focused argumentation in at least three much needed fields and related actions:
  - Specific training (SME-Management, high skilled labour force, etc.) on targeted regions/sectors
  - Actions (if possible in the form of grant schemes) especially for small size projects, to increase the real capital stock of SME in targeted regions/sectors (investment grants have been identified as action but not fully specified)
  - Actions (if possible in the form of grant schemes) to increase real capital stock and supply capacity of targeted sectors on the tourism sector within a more coordinated tourism policy.

Considering the outcome and results of qualitative and quantitative evaluation, it is suggested to

- **Maintain the general structure of the programme while detailing every measures it in way that ensures:**
  - **higher level of coherence between strategy and needs for measures 1.1, 1.2 and 1.3 in the view of strengthening SMEs.**
  - **higher level of internal coherence in all parts, especially increasing the level of internal coherence of priority 1 with mutual provisions and addressing the HR issue even as a reference with the OP HR**
- Identify and fully describe a sound and reliable implementation system showing adequate capacity especially for the implementation of the grant schemes (measures 2.1 and 2.2).

### 7.2 Financial Allocation

- **Optimal financial allocation to reach wanted objectives**, is forecasted to be:

**Measure 1.1 Development of Industrial Infrastructure M€ 30,00**

**Measure 1.2 Creation and Development of Financing Instruments M€ 53,10**

**Measure 1.3** Improvement of R&D, Innovation Technology and ICT **M€ 27,10**

**Measure 1.4** Improvement of Tourism Infrastructure, Promotion and Marketing Activities **M€ 15,00**

**TOTAL Priority 1 - M€ 125,1**

**Measure 2.1** Providing Basic Information and Investment Support for Enterprises **M€38,43**

**Measure 2.2** Strengthening of Cooperation in Industry Corporate Sector **M€11,40**

**TOTAL Priority 2 – M€ 49,83**

**Technical Assistance – M€ 11,22**

➤ However, Measure 1.4 is probably of too small size to be directed to costly infrastructure projects and still have noticeable impact. It is therefore advised to either increase at least 3 times its size at the expenses of all other measures proportionally or delete it. In case of cancellation of Measure 1.4 (whose impacts will be anyway verified in chapter 5 of ex-ante evaluation) it is suggested to re-allocate those funds to Measure 2.1, for a new total for this measure of M€ 53,43, close to the draft proposal for this measure.

➤ **In case of cancellation of grant-schemes (see recommendations below), it is recommended to reduce the financial allocation of Measure 2.1 by 21 M € and reallocate it to measures 1.1, 1.2 and 1.3 by 7.0 M € each.**

➤ **In case also Measure 1.4 is cancelled, it suggested to reallocate 15.00 M€ of this measure in equal parts to the 4 other remaining measures (1.1, 1.2, 1.3 and 2.1).**

### 7.3 Indicators and targets

- Delete the indicators highlighted in red in the above tables
- Change the indicators highlighted in yellow in the above tables following the usual SMART methodology and methodological indications presented during evaluation workshops and meetings
- Maintain the other indicators
- Set the indicated targets in the tables above

### 7.4 Socio-economic impact

➤ **It is recommended to concentrate on the most effective actions/areas of interventions (measures) such as equipment and/or infrastructure acquisition and/or enhancement, or on low-cost actions (per project) such as project preparation (PCM), training, basic support, so to ensure at least sizable skill transfers at this stage.**

➤ Possibly, and if transparency issues and national rules of equity allow for it, focus the programme in a smaller targeted areas (or sectors), or differentiate measures for smaller areas (sectors).

➤ Alternatively, increase the size of the programme to a level comparable to the size of the targeted area and the complexity/quantity of existing socio-economic gaps.

### 7.5 Quality of implementation and monitoring arrangements

- It is recommended that the senior role of SPO administration is continued during the implementation in close cooperation with the EC Delegation in Ankara, ensuring adequate skills and good-practice transfers to the MoIT, at least for the issues where SPO administration reaches a satisfactory or higher quality level.
- It is recommended to describe in the OP how the SPO will support the MoIT in establishing a sound grant schemes management system, highlighting and identifying special TA provisions to ensure adequate technical skills transfers and strong management support.
- It is also recommended to give ample details in the Implementation Manuals on (i) how the grant schemes will be managed; (ii) what are the Human Resources allocated to the grant scheme management and (iii) what are the partnership arrangements with local administrations, SMEs, NGOs and other local/regional stakeholders, especially for the project selection/evaluation process; (iv) What provisions are planned to increase the capacity of project presentations from final beneficiaries of grant schemes.
- In case of impossibility to ensure full guarantee of sound grant schemes implementation, it is recommended to cancel this activity from measure 1.2 and, consequently, reduce the size of measure 1.2 by 21 M €.

## KEY RECOMMENDATIONS

- **Additional details on specified actions should be included**
- **Identify all needed administrative structures and show adequate capacity to manage efficiently and timely intended grant schemes of measures 2.1 and 2.2 whose success appears to be crucial for the entire strategy of the programme.**
- **Maintain the general structure of the programme while detailing it in way that ensures:**
  - **higher level of coherence between strategy and needs for measures 1.1, 1.2 and 1.3 in the view of strengthening SMEs.**
  - **higher level of internal coherence in all parts, especially increasing the level of internal coherence of priority 1 with mutual provisions and addressing the HR issue even as a reference with the OP HR**
- **In case of cancellation of grant-schemes (see recommendations below), it is recommended to reduce the financial allocation of Measure 2.1 by 21 M € and reallocate it to measures 1.1, 1.2 and 1.3 by 7.0 M € each.**
- **In case also Measure 1.4 is cancelled, it suggested to reallocate 15.00 M€ of this measure in equal parts to the 4 other remaining measures (1.1, 1.2, 1.3 and 2.1)**
- **It is recommended to concentrate on the most effective actions/areas of interventions such as equipment/infrastructure acquisition/enhancement, or on low-cost actions (per project) such as project preparation (PCM), training, basic support, so to ensure at least sizable skill transfers at this stage.**
- **It is recommended that the senior role of SPO administration is continued during the implementation in close cooperation with the EC Delegation in Ankara, ensuring adequate skills and good-practice transfers to the MoIT, at least for the issues where SPO administration reaches a satisfactory or higher quality level.**
- **It is recommended to describe in the OP how the SPO will support the MoIT in establishing a sound Grant Scheme management system, highlighting and identifying special TA provisions to ensure adequate technical skills transfers and strong management support.**
- **It is also recommended to give ample details in the Implementation Manuals on (i) how the Grant Schemes will be managed; (ii) what are the Human Resources allocated to the Grant Scheme management and (iii) what are the partnership arrangements with local administrations, SMEs, NGOs and other local/regional stakeholders, especially for the project selection/evaluation process; (iv) What provisions are planned to increase the capacity of project presentations from final beneficiaries of Grant Schemes.**
- **In case of impossibility to ensure full guarantee of sound Grant Schemes implementation, it is recommended to cancel this activity from measure 1.2 and, consequently, reduce the size of measure 1.2 by 21 M €.**

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### Turkey

- 9<sup>th</sup> National Development Plan (NDP), 2007-2013;
- Preliminary National Development Plan (pNDP) 2004-2006;
- IPA Multi-annual Indicative Planning Document (MIPD), 2007-2009;
- Strategic Coherence Framework (SCF), 2007-2013, 3<sup>rd</sup> Draft of 6<sup>th</sup> April 2007 (incorporating

revisions and comments from the EC (as per letter of 15<sup>th</sup> March 2007);

IPA Multi-annual Indicative Financial Framework, 2008-2010;

Council Regulation (EC) No 1085/2006 establishing an Instrument for Pre-accession Assistance;

Council Decision of 23<sup>rd</sup> January 2006 on the principles, priorities and conditions contained in the Accession Partnership with Turkey (2006/35/EC)

Community Strategic Guidelines on Cohesion (Directive 2006/702/EC);

Harmonisation Programme to EU *acquis* 2007-2013, dated 17<sup>th</sup> April 2007.

## ANNEXES

### A. Evaluation Matrix Strategy/Needs

Priority 1: Improve ment of Business Environ ment	Development of Industrial Infrastructure.	Priorities of OP Regional Competitiveness Turkey 2007-13										Total Score	AVERAGE SCORE	Non useful measures			
		Enhance Export Capacity and Market Diversity	Enhance the opportunities of a young population and cheap labour force	Profit from the the liberal ICT market and existence of infrastructure	Profit from Tourism Potential	Increase universities beneficial externalities in the Region	Lack of entrepreneurial culture and Start-ups	Lack of physical infrastructure	Insufficient utilisation of financial resources by SMEs and start-ups	Weak clustering	Insufficient consultancy services to SMEs and start-ups to strength their skills and capacities				Insufficient R&D, innovation activities and coordination among universities and enterprises		
	3	3	4	4	3	3	5	3	5	3	4	4	4	4	52	3.71	
	4	4	5	4	4	3	3	3	4	5	5	3	4	4	54	3.86	



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	Improvement of Tourism Infrastructure, Promotion and Marketing Activities	4	5	3	5	3	3	4	4	3	4	4	4	5	5	56	4.00
Priority 2: Strengthening of Enterprise Capacity and Foster Entrepreneurship.	Providing Basic Information, Consultancy and Investment Support for Enterprises.	5	4	4	4	5	5	3	5	4	5	5	5	4	4	62	4.43
	Strengthening of Cooperation in Industry Corporate Sector	5	4	3	4	4	4	4	4	5	4	5	3	4	4	57	4.07
	Total average score	4.17	3.83	3.67	4.17	3.67	3.50	4.00	4.00	3.83	3.83	4.50	4.17	4.00	4.17	55.50	3.96
	Not well addressed needs																

## B. Evaluation Matrix External Coherence

	SCF					National Development Plan							Total Score	AVERAGE SCORE
	To contribute both to the Turkey's approximation to the EU, and to the economic and social development of Turkey by reducing regional disparities and improving the human resources	to boost Regional Development of Turkey by reducing regional disparities, improving competitiveness and promoting environmental actions and transportation infrastructure	To increase regional competitiveness by supporting enterprises	To develop environmental infrastructure in line with EU standards	To improve transport infrastructure considering safety and intermodality on future TEN-T Network of Turkey	Increasing Competitiveness,	Increasing Employment,	Strengthening Human Development and Social Solidarity,	Ensuring Regional Development	Increasing Quality and Efficiency in Public Services				
<i>Priorities of OP Regional Competitiveness Turkey 2007-13</i>														
Priority 1: Improvement of Business Environment	Development of Industrial Infrastructure.	4	4	5	3	4	5	4	3	5	3	40	4.00	
	Creation and Development of Financing Instruments.	5	4	5	4	4	5	5	4	5	3	44	4.40	
	Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure.	4	3	5	4	3	5	5	5	4	5	43	4.30	
	Improvement of Tourism Infrastructure, Promotion and Marketing Activities	5	5	5	5	4	5	5	5	5	3	47	4.70	
Priority 2: Strengthening of Enterprise Capacity and Foster Entrepreneurship.	Providing Basic Information, Consultancy and Investment Support for Enterprises.	5	5	5	4	3	5	5	5	4	4	45	4.50	
	Strengthening of Cooperation in Industry Corporate Sector	5	5	5	3	4	5	5	3	5	3	43	4.30	

Total average score	4.67	4.33	5.00	3.83	3.67	5.00	4.83	4.17	4.67	3.50	43.67	4.37
Critical sectors												

-Promotion and diversification of production, marketing and exporting activities of enterprises so as to meet the demand from internal market as well as developing markets of nearby countries

### C. Evaluation Matrix Internal Coherence

Priorities	Activities	Priority 1					Priority 2			Average score
		Development of Industrial Infrastructure	Creation and Development of Financing Instruments	Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure	Improvement of Tourism Infrastructure, Promotion and Marketing Activities	Total Average Priority 1	Providing Basic Information Consultancy and Investment Support for Enterprises	Strengthening of Cooperation in Industry Corporate Sector	Total Average Priority 2	TOTAL Average score
Priority 1: Improvement of Business Environment	Development of Industrial Infrastructure.	4	4	4	2	3.50	3	4	3.50	3.50
	Creation and Development of Financing Instruments.	4	4	4	4	4.00	4	4	4.00	4.00
	Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure.	4	4	4	4	4.00	3	5	4.00	4.00
	Improvement of Tourism Infrastructure, Promotion and Marketing Activities	3	3	3	4	3.25	3	3	3.00	3.13
Total Priority 1 Average Score		3.75	3.75	3.75	3.50	3.69	3.25	4.00	3.63	3.66

Priority 2: Strengthening of Enterprise Capacity and Foster Entrepreneurship.	Providing Basic Information, Consultancy and Investment Support for Enterprises.	4	5	4	5	4.50	4	5	4.50	4.50
	Strengthening of Cooperation in Industry Corporate Sector	4	5	5	5	4.75	5	4	4.50	4.63
Total Priority 2 Average score		4.00	5.00	4.50	5.00	4.63	4.50	4.50	4.50	4.56
TOTAL score		3.88	4.38	4.13	4.25	4.16	3.88	4.25	4.06	4.11

<b>Reading the matrix:</b>		Global (average) score per priority. Row wise it shows the impact of the priority of the row side on all 3 priorities on the columns side. Column wise shows the total correlation of the priority in the column side on the 3 priorities on the row side. The last cell of the matrix shows the global internal correlation score, or internal coherence score of the plan
		Global (average) score per action Row wise it shows the impact of the action of the row side on all other 14 actions on the columns side. Column wise shows the total correlation of the action in the column side on the other 14 actions on the row side.
		Correlation average score of each action with itself. The score is always set as good thus = 4 (equal to benchmark)

## D. Summary Guidelines for Scoring External Coherence

### Reading the External Coherence Matrices

Each priority (by row) has been scored from 1 to 5 (with 5 = the highest score) against each priority/axis (by column) of other programming documents, using the following logic and scoring mechanism.

<b>Mark</b>	<b>Grade</b>	<b>Explanation</b>
5	Highest	The success of this action/priority is of the highest importance or even necessary for the success of the other
4	Strong	The success of this action/priority is important for the success of the other
3	Medium	The success of this action/priority is neutral for the success of the other and/or actions are complementary
2	Weak	The success of this action/priority can reduce the level of success of the other or may have contradictory effects
1	Poor or negative	The success of this action/priority can jeopardize the success of the other

The summary matrices below have been prepared in a format to facilitate a clear and easily readable picture of the plan's external coherence. Relevant cells are high-lighted in different colours to display the result of each value for the strategic evaluation goals - in this case to gauge the external coherence of the RCOP Turkey 2007 – 2009 with other Programmes.

The individual Coherence Matrices for each programme are attached to this report in [Annex ??](#)

Given that there are two sets of programmes and plans – one set for each country – some leeway has been taken in efforts to provide a platform for comparison. We refer in particular to the National Development Plan for which is a single integrated document, but for the purposes of this assessment has been broken down into its four main constituent parts to roughly correspond with the operational programmes for Bulgaria.

Legend:

- **Orange:** By row, it shows the impact of each priority/axis of RCOP Turkey 2007 - 2009 with the priority/axis Y of the Programme Y.
- **Yellow:** By column, it shows the total correlation of the priorities/axis of the other Programme Y on the priorities of the RCOP Turkey 2007 - 2009.
- **Red:** the global (average) score of coherence, which represents the overall level of coherence between RCOP Turkey 2007 – 2009 and all other relevant programmes for the same period 2007 – 2013.

## E. Summary Guidelines for Scoring Internal Coherence

### Scoring

Each action (in rows) has been scored from 1 to 5 (where 5 = highest score) against each action (in columns) using the following logic:

<b>Mark</b>	<b>Grade</b>	<b>Explanation</b>
5	Highest	The success of this action/priority is of the highest importance or even necessary for the success of the other
4	Strong	The success of this action/priority is important for the success of the other
3	Medium	The success of this action/priority is neutral for the success of the other and/or actions are complementary
2	Weak	The success of this action/priority can reduce the level of success of the other or may have contradictory effects
1	Poor or negative	The success of this action/priority can jeopardize the success of the other

### Understanding the Internal Coherence Matrix

The matrix has been edited in a special format to ease its readability and get a clear picture of internal coherence of the plan. Thus, only the values inserted by the evaluators are in white, the other cells are high-lighted with different colours to read the meaning of each value for the goals of the strategic evaluation, in this case to gauge the internal coherence of the plan, plus the internal coherence of each part of the plan (priorities and actions).

Each colour highlights the following meanings:

**In Red:** the global (average) score per priority. Row wise it shows the impact of the priority of the row side on all 3 priorities on the columns side. Column wise shows the total correlation of the priority in the column side on the 3 priorities on the row side. The last cell of the matrix shows the global internal correlation score, or internal coherence score of the plan.

**In Orange:** the global (average) score per action. Row wise it shows the impact of the action in the row side on all other 14 actions on the columns side. Column wise shows the total correlation of the action in the column side on the other 14 actions in the row side.

**In Cyan:** the correlation average score of each action with itself. The score is always set as neutral, thus = 3

**In Dark Blue:** the global (average) internal correlation score per priority. It shows the global internal coherence score of each priority

**In Light Yellow:** the total average score of each action column-wise. This is the correlation of each action in the columns with each action in the row. In bold the total internal coherence scores per single priority

**In light Pink:** the total cumulative score of each action row-wise and per each priority.