

COMPARISON OF DEVELOPMENT EFFORTS MADE BY DIFFERENT AGENTS IN RURAL ANKARA: ANKARA DEVELOPMENT AGENCY CASE

Coşkun ŞEREFOĞLU, Gökhan YALÇIN

Ankara Development Agency, 1322. Cadde No: 11 Öveçler, Çankaya, Ankara – Turkey, +903123100300, Emails: cserefoglu@ankaraka.org.tr, gyalcin@ankaraka.org.tr

Corresponding author: gyalcin@ankaraka.org.tr

Abstract

This study mainly argues of OECD rural paradigm through the different types of grant mechanisms carried out in rural Ankara. In general terms, the main aim of this study is to examine profoundly the support mechanisms that are conducted by four public agents for development of rural areas, which are classified according to the OECD definition, in last decade and specifically analyse the activities of Ankara Development Agency in comparison with old approaches and grants as a case study. Of the grants, the Agriculture and Rural Development Support Institute, which is funded by EU, is the one who granted more than TL 200,000,000 of which more than 89 % has been used for investment into agricultural holdings in Ankara since 2011. The projects of Special Provincial Administration and the Provincial Directorate of Food, Agriculture and Livestock are basically infrastructure in villages and agro-based industries, respectively. The type of support given by Ankara Development Agency when compared with others becomes considerably dissimilar. Not only does Ankara Development Agency carries out economic programmes in rural areas but it also conducts some social development programmes as well as technical assistance covering training and consultancy service and direct activity support for strategic research, planning and feasibility studies. Ankara Development Agency has supported a significant number of projects for a total budget of TL 12,019,664 in reducing intra-regional differences in terms of development during 2010-2014. Accordingly, around 22 % of the subsidized projects under the direct financial support made by Ankara Development Agency have been implemented in rural parts of Ankara since its establishment in 2010. Similarly, approximately 25 % of the direct activity support and technical support has been used by agents whom settled in rural areas. It is concluded that there is a spectacular progress in rural areas through the projects and implementations made by Ankara Development Agency in the short run and the tacit knowledge and local dynamics of rural areas in Ankara will be successfully revealed with concerted efforts of related agents in the long run.

Key words: agricultural development, Ankara development agency, development agencies, rural areas development

INTRODUCTION

Rural areas in literature raise two important interdependent questions due to the remoteness. One of which is a continuous rural depopulation, the other is a severe poverty due to lack of human capital and technology and natural endowment. It is highlighted by IFAD [7] that 55 per cent of the total population live in rural areas and poverty in those areas is more common than urban areas. Rural areas in Turkey have rapidly been shifting in the last decade driven by a range of socio-economic, political and environmental factors. This study aims to find out the impact of grant mechanism by analysing different agents' approaches with secondary data provided by related agents

concerning rural areas' development.

According to the data provided by TURKSTAT, the share of agriculture in GDP and civilian employment in Agriculture are more than 20 %. This obviously shows that the role of agriculture in economy is still important for Turkey on contrary to developed world. The same values for Ankara were found roughly 2.6 % and 5 %, respectively. This has been argued by Johnston and Mellor [7] that agriculture's contribution to the specifications for development capital is particularly important in the earlier stages of the process of growth. A similar view is held by Oskam and Whitteloostuijn [14]. They stressed that the

relative economic importance of agriculture in developed countries are decreasing in spite of the fact that agriculture is not an isolated part of the economy. As argued by Tsarouhas [16], traditional models based on top-down approach were not able to meet the requirements because of high degree of interdependencies of central and local administrations. Therefore, bottom-up approaches have been mostly preferred to top-down approaches. Supporting the activities for rural and local development has been indicated under responsibility of development agencies by Yaman and Kara [19].

It has been found that more than 82 % of the funds in rural areas have been provided by Agriculture and Rural Development Support Institute (ARDSI). The share of Ankara Development Agency, Special Provincial Administration and Provincial Directorate of Food, Agriculture and Livestock is in turn 5,4%, 5,7% and 6,9%. The rural policies which are supported with statistics show that the integrated approach used by Ankara Development Agency is in line with OECD rural paradigm and more inclusive although it has very limited budget when compared with other agents.

This paper is outlined in four main parts. First the emergence of bottom-up policies in rural development will be outlined briefly together with the essence of rural areas concerning development. Following on, a short story of evolution of agriculture sector in Ankara Region will be given in the third section. Finally, significance in subsidies of ADA in comparison with other public institutions will be presented in order to propose the well-fitting structure of ADA's policies in new rural paradigm whereas others still follow a more conventional way.

MATERIALS AND METHODS

Emergence of Bottom-Up Policies in Rural Development

Top-down approaches, which have been highly adopted and more likely failingly implemented by many countries in history, have significantly lost their extreme importance in economic development.

Instead, as stated by Halkier [5], bottom-up approaches have become a prominent role to promote economic development through regions. As a failure of top-down approaches, the population in rural areas has dramatically decreased due to the lack of investment, mismanagement and an insufficient physical infrastructure. Rural areas in developing countries, analyzed by Lipton [10], showed that income per person inefficiencies and inequities has resulted in urban areas` favor. So, Regional Development Agency-type organizations in the European Union has become main drivers of underdeveloped regions as well as developed ones. In this context, strengthening indigenous growth, improving economic software, semi-autonomous regions, and regional designation through decentralization of policy administration have become main features of a bottom-up approach [5]. A similar approach which was developed by OECD is the new rural/regional paradigm that aims to reshape rural regions. It is believed that rural regions can make a significant contribution to economic growth, with a narrow interest group, by changing the main structure of system of national subsidies [13]. As is seen in Table 1, rural areas are not solely composed of agricultural activities which have diminishing returns. Instead, diversification of economic activities through tourism and innovative approaches targeting competitiveness as well as making various local actors get involved in local policies.

Within this context role of development agencies in delivering bottom-up policies under the rationale of governance paradigm becomes crucial in development policies as well as rural. Increasing inequalities within/among regions with respect to economic development are seriously considered by policy makers. Kessides [9] and Eraydin [2], draw attention to first generation sense of regional development in 1970`s. According to Kessides [9], the main failure of rural development programmes was the approach to aim to do everything in the region at the same time. A similar stance was taken by Goldenberg [4]. He showed that incentives such as grants, loans and tax deduction in

traditional approach have generally tended to be given for increasing the competitiveness of local economies through supporting job activities, facilitating access to capital and pursuing initiatives to increase investment in the targeted regions. It has been suggested that simply providing incentives in regional development has the least impact and nothing but excessive wastage [19].

Table 1. The New Rural Paradigm

	Old approach	New approach
Objectives	Equalisation, farm income, farm competitiveness	Competitiveness of rural areas, valorisation of local assets, exploitation of unused resources
Key target sector	Agriculture	Various sectors of rural economies. ex. rural tourism, manufacturing, ICT industry, etc.
Main tools	Subsidies	Investments
Key actors	National governments, farmers	All levels of government (supra-national, national, regional and local), various local stake holders (public, private, NGOs)

Source: OECD, 2006

This limited effect of the programmes shifted the main approach to “development guided by communities” in 1980`s. The new approach for economic development has predominantly focused on space and mobilizes the local powers in order to increase the level of welfare of the regions. Yaman, Derviş, and Kindap [19] highlighted that the main identifier for success is laid on a synergy, cooperation, coordination, governance, institutionalization, strategic management, common sense and human capital. In the last two decades, innovation-based approach to promoting rural development have predominantly adopted by developed counties such as Canada and Western Europe.

As highlighted by Goldenberg [8] inclusiveness is the most important part of new regional development paradigm. A similar view is held by Dinler [1]. He

emphasized the importance of participation of local people on the preparation and implementation of regional programmes and sees it as a must for success. In the same direction, European Union has implemented very successful rural development programmes under objective 5 of structural funds. Two main instruments were basically used by the European Agricultural Guidance and Guarantee Fund (EAGGF). One of which was a specific support for agricultural and forestry activities and the other one was diversification away from traditional activity. Tsarouhas [16] underlined that good governance at local level is not only for decreasing intra-regional disparities but it has also a vital role for sustainable development at national level.

The Essence of Rural Areas Concerning Development

Three crucial features of rural areas are underlined by Wiggins and Proctor [17]. The first one is the relative abundance of land since it is relatively cheap in rural areas. The second is significant distance between rural settlements and urban areas. It might be costly to move goods from rural areas to urban areas where they are mostly consumed and marketed. Last one is the poverty of rural settlements. Rural regions are generally characterized as the most disadvantages areas in the literature. If analysed the structure of rural areas, it can be clearly seen that those areas have many disadvantages as well as some advantages. The most important problem of rural areas is the physical infrastructure such as transport and communication networks which connect rural areas to urban nodes where innovation, technology and financial institutions exist. It has been underlined by OECD [12] that the new conditions of lifestyle such as rural idly and environmental quality replaced the old conditions referring to the experience of rurality by farmers and labours working in the industry.

Rural areas have a relatively large but shrinking agricultural sector if compared with urban areas [16]. As expressed by Goldenberg [4] there is a strong relationship between rural and urban areas. Rural areas should not only

be seen for economic activities based on agriculture which is not an isolated part of the economy [14]. They have also important roles for urban growth and available green space and recreational opportunities. Stated in other words, urban areas create new markets for rural goods as well as financial and cultural supports. According to Freshwater [3], there are three main constraints on Turkish agriculture. Firstly, there are weak institutions which cover fragmented land holdings and weak management skills. Secondly, there is a notably difficulty to access to capital and insufficiently developed land tenure systems creates the third constraint. Oskam and Whitteloostuijn [14] highlighted that one of the essential concepts in determining the contribution of agricultural activities or agricultural based industries to society is its value added. Increasing value added is totally depending on a very strong cooperation among interest groups. Therefore, creating an integrating development strategy together with other agents in region is quite important, albeit notoriously difficult, for regional development agencies. On the contrary to central planning, regional development agencies prepare regional plans in collaboration with the local actors. A study implemented by Terluin and Post [15] suggests that differentials in employment growth among rural regions seem to be related to the degree of mobilisation and organisation of local actors. It has been stated by OECD [12] that local actors such as local policy makers and entrepreneurs under normal circumstances do not have a capacity to develop new ideas for their areas. Hence, development agencies are desperately needed to provide the required encouragement and source of mobilization for those.

As illustrated by O'Connor (2006) in Figure 1 below, apart from traditional agricultural activities inserted in inner triangle, the structure of rural development requires a mutual coordination of activities between three dimensions. In and through rural development and deepened agricultural activities, diversification of economic activities such as rural tourism, the management of nature and landscape and the

development of new on-farm activities would be possible to implement. Development Agencies particularly support agro-tourism and nature and landscape management and also specific activities aiming to increase the competitiveness as well as off-farm income. It would not be totally wrong to say that no activities belonging conventional agriculture would be in a certain extent supported by development agencies. Instead, the Ministry of Agriculture still continues to support primary products with its incentives.

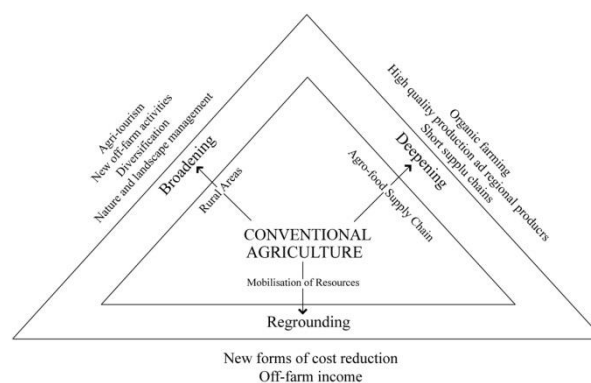


Fig. 1. The Structure of Rural Development at Farm Enterprise Level
 Source: [11]

RESULTS AND DISCUSSIONS

Evolution of Agriculture and Rural Sector in Ankara Economy

15 out of 25 districts of Ankara are located far away from central part of Ankara. Population density in rural part of Ankara is remarkably low, and their agricultural labour force represents only a very small proportion of total civilian employment of Ankara province as a result of a massive migration from rural areas to urban areas since 1980's. Also, a shrinking working age population, ageing, low fertility rate, high crude mortality rate and continuously increasing negative net migration in rural areas have basic repercussions for education, health and infrastructure, the economy and the labour market, and public finance. The rural shares of total population in Turkey and Ankara account for 22.7 % and 0,002 % in 2012, respectively (TURKSTAT). Although the importance of rural population is statistically less likely important, ADA decisively

continues its pervasive policies in all countryside. Table 2 shows that the share of agriculture in total value added has been declining throughout the period in almost all countries but in Turkey agriculture had a significant contribution to total value added. In contrary to situation of Turkey's average values, the contribution of agriculture to Ankara's economy accounts for 2.59 in 2010 (TURKSTAT). This respectively gives similar results with other OECD countries.

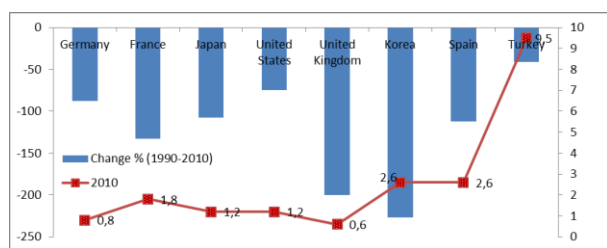


Fig. 2. Share of value added in Agriculture (%)
 Source: OECD Database, 2012

Agriculture's contribution to employment in percentage terms is given in Fig. 3. The change of employment in agriculture from 2004 to 2012 has shown a continuous decrease in all countries including Turkey but United Kingdom. Although Turkey has experienced the same decline in the employment, its rate is still far higher than other OECD countries. As for Ankara, the agriculture's contribution to employment is approximately 5% which is again not too different from OECD countries.

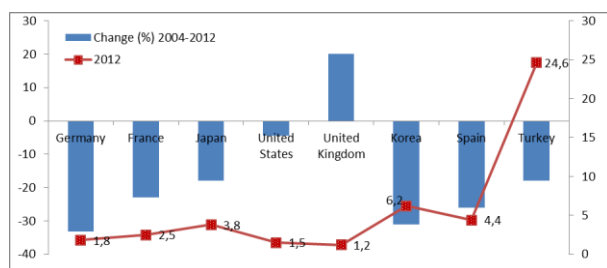


Fig. 3. Agriculture's contribution to employment (%)
 Source: OECD Database, 2014

The data drawn from TURKSTAT clearly points out that the rural part of Ankara has made a considerable move with industrialization. This is in line with Terluin and Post [15]. They suggested that increasing competition in urban areas might put a strong pressure on rural areas to reorganize their

economy by promoting continuous innovation and improving social and human capital. It, however, cannot be concluded that all rural areas have the same development patterns. Although some districts of Ankara have managed to cope with new economic challenges and succeeded in transforming their economic structure some other have failed to do so and experienced shrinkage in their population and decrease in overall economic activities.

According to the OECD definition for rural areas, only a small part of Ankara shows predominantly rural character as it is given in Fig. 4. Due to figures of 2012, Ankara as a province shows intermediate/significantly rural areas. Predominantly rural areas and intermediate/significantly rural areas account for 1.9 % and 3.3 %, respectively. Wholly urban areas dominantly consist of 88.4 %. Seemingly, the population of Ankara would prefer to settle in wholly urban areas.

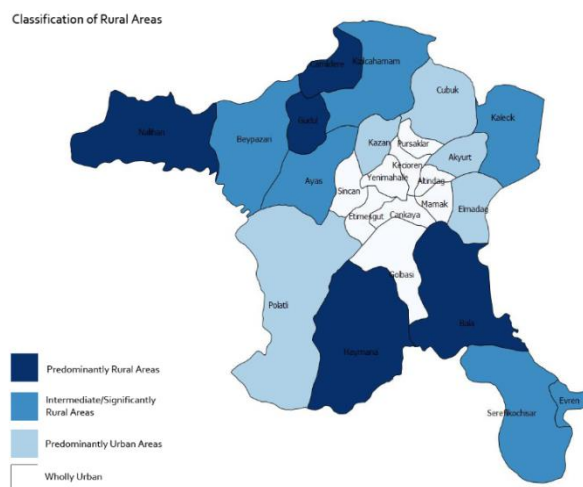
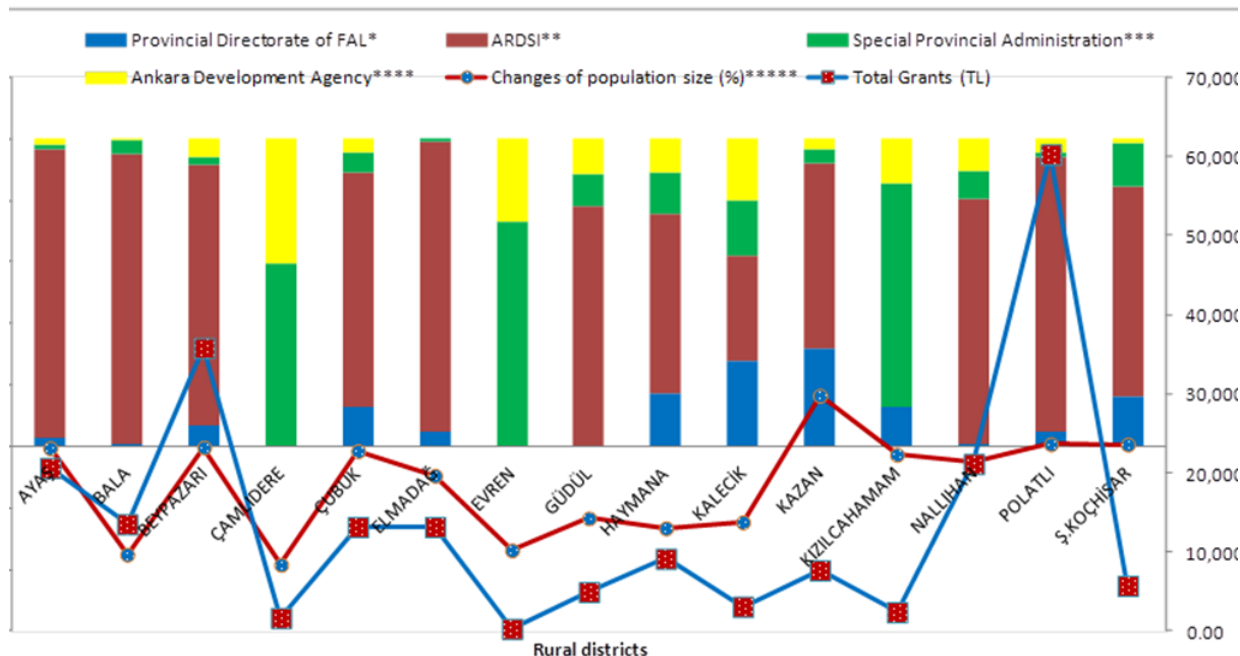


Fig. 4. Classification of Rural Areas in Ankara Province
 Source: [12], Classification made by authors

Rural areas of Ankara show greatly differences in term of the social and economic problems faced. Some of the districts are very lagging behind of development. It can be seen that agriculture based industries have not sufficiently developed. In most rural areas, as it has been stated by Hill [6] agriculture has no major role in rural areas. Jonston and Mellor [8] concur with this view. They stressed that small scaled farmers encounter

considerable difficulty in maintaining efficiency due to the lack of institutional capacity of local agents which creates serious problems and impedes to make a remarkable

progress in Agriculture. Correspondingly two important points are marked in Fig.5.



*2006-2014;**2012-2014;***2004-2012;****2010-2014;*****2007-2012

Fig. 5. Grant distribution of public institutions

One of them is the distribution of grants delivered by public agents and the other is the population size of the rural areas in Ankara. As is clearly seen from table, Agriculture and Rural Development Support Institute (ARDSI) has funded in a large number of projects with much higher budgets despite of the fact that the agent was just accredited by EU a few years ago. Yet, it appears that the demand for diversification of economic activities is not high enough in rural areas. Only less than 5 % of funds were used for it. Furthermore, more than 95 % of them were used just for purchasing tractor. Correlatively, more than 89 % of grants directly went to investment into Agricultural holdings while only 6 % was used for processing and marketing of milk and meat industries. Also, it can be said that ARDSI funds have not been actively used by remote rural areas such as Camlıdere, Evren and Kizilcahamam districts.

The provincial directorate of Food, Agriculture and Livestock is not standing in a different place from ARDSI. Special Provincial Administration, which was shut down in 2013, seems to have made great contribution for rural remote areas in terms of infrastructure. Lastly, Ankara Development Agency that aims an integrated development in the region supported almost all remote rural areas. What differentiates Ankara Development Agency from other agents is the support mechanism. Complementarity has an essential element for Agency. Rather than solely financing economic investments, Ankara Development Agency mostly adopt OECD rural paradigm which aims to exploit new unused resources in rural areas. Although the allocated grant is relatively smaller than other agents, the value added of the projects that Ankara Development Agency supports seems much higher than other grants. The

change of population size explains to some extent whether the grants have any impact for stabilising the rural migration.

The Policy Suggestions Brought By Ankara Development Agency

ADA aims to improve the overall environment of rural areas and make them liveable places where people feel safer themselves and where young people can build their future in those areas through the financial support programmes it organizes. These programmes are basically grouped in two main activities not excluding environmental activities. These are economic development and social development. For both, an integrated approach covering all related institutions is very important for more effective development projects including roads, electricity, water supply and renewable energy, environment and social inclusion. After the unions of village delivery services were shut down with the decree of metropolitan municipality, a new unit which is called rural services was set up by Ankara metropolitan municipality. The physical infrastructure are thus planned and implemented by Ankara metropolitan municipality. ADA which is in close cooperation with Ankara metropolitan municipality and Agriculture and Rural Development Support Office of Ankara and also district directorates of Food, Agriculture and Livestock organize regular meetings in districts and get reliable feedbacks from local actors for a better district development. Another important issue for districts is to access safely to education, health care and financial services and communication and information services. Some of the schools located in the districts have benefited from grants given by ADA. The modern technical equipment for schools would be eligible investment type under the grant programmes. Also, the most disadvantaged groups which consist of women and young have the priority for the financial support programme run by ADA. Comprehensive district road maps for rural districts of Ankara are fundamentally driven by a coalition of local stakeholders under the lead position of ADA. The whole picture of the districts including main

problems and opportunities are drawn through these studies. ADA plays an important guiding role so that it can get accurate reports from service providers. So, for each report/feasibility study, an expert from planning department of ADA is allocated to monitor and effectively evaluate it.

Innovative solutions for agricultural production and diversification of economic activities such as rural tourism and off-farm products as well as agro-environmental measures such as conservation of high-value added countryside not excluding climate change seem key determinants of sustainable development for rural areas in Ankara. In this sense, ADA prioritizes of improving capacity of local people to establish and sustain development within the region. Improving knowledge and skills and changing attitude are the principal instruments which are supported by technical assistance implemented by the Agency. Never have rural areas been ignored by regional policies in spite of the fact that Ankara is a province of which competitiveness is likely much higher than other regions. On the contrary, more importantly, the innovative potential and tacit knowledge of predominantly rural areas are deeply analysed with powerful feasibility and sectoral analysis studies. Also, the institutional capacity of stakeholders such as development cooperatives, as well as public agents is paramount importance for development efforts held by agency.

CONCLUSIONS

The grants delivered by different agents for rural Ankara show that significant number of projects were supported by those who aim to increase the competitiveness of rural areas. Most of the districts of Ankara could be classified as remote rural areas which have important infrastructure and marketing problems. Diversification of economic activities are particularly supported by two different agents, one of which ARDSI, the other one is Ankara Development Agency. Unfortunately, only 0.2 % of the grants provided by ARDSI go to it. At this point, ADA to a certain extent remarkably

differentiates with its supports, which are structurally dissimilar with other grants. ADA wants to achieve to mobilise the community to play a more active part in local area's development and foster truly integrated development as well as to foster innovative projects in parallel with creating a culture of enterprise. It has been found that around 22 % of total grants under the direct financial support were used for rural Ankara, and more importantly, roughly 25 % of direct activity support and technical support, which aims to exploit the unused resources including human capital, were transferred to rural areas, which have very significant impacts in rural areas. Moreover as also stated above, it is not the only policy option of ADA to give subsidies or grants to rural development projects in districts, but instead ADA tries to create a capacity in those remote areas in order to make them capable to sustain the further projects. Participatory planning approach in district road maps is only an example of this mentality. This is all to say that, in line with rural paradigm of OECD, rural development perspective of ADA is not limited with farm competitiveness and directing subsidies only to agricultural sector but instead it aims to make use of local assets and idle resources through mobilizing all levels of government and diversify economic activities such as rural tourism and agro-industries. Furthermore, increasing local capacity in the long run through the activities mentioned above will turn into an advantage of peripheral areas.

REFERENCES

- [1]Dinler, Z., 2010, Cumhuriyetimizin Kuruluşundan Gunumuze Izlenen Bolgesel Kalkinma Politikaları ve Kalkinma Ajansları. Türkiye`de Bolgesel Kalkinmanın Yeni Orgutleri: Kalkinma Ajansları. pp.53-66.
- [2]Eraydın, A., 2010, Bölgesel Kalkınmanın Yönetişim Çerçevesinde Kurumsallaşması: Kalkınma Ajansları. Bölgesel Kalkınma Ajansları. pp. 9-30.
- [3]Freshwater, D., 2012, Using OECD Regional and Rural Analysis to help inform Regional Development in Turkey. TEPAV 7th Regional and Governance Symposium, Ankara, Turkey.
- [4]Goldenberg, M., 2008, A Review of Rural and Regional Development Policies and Programs. Canadian Policy Research Network.
- [5]Halkier, H., 2011, Regional Development Agencies: European Trends and Experiences. The Proceedings of 1st International Conference On Regional Development. 22-23 September 2011, Malatya, pp. 1-19.
- [6]Hill, B., 2005, The New Ural Economy. Change, Dynamism and Government Policy. London, p.91.
- [7]IFAD, 2011, Rural Poverty Report. Overview. International Fund for Agricultural Development.
- [8]Johnston, B., Mellor, J., 1961, The Role of Agriculture in Economic Development. The American Economic Review, Vol. 51, No. 4 (Sep., 1961), pp. 566-593.
- [9]Kessdies, C., 2008, Dengeli Kalkinmanın Tabandan Yukari Dogru Harekete Gecirilmesi: 2009 Dunya Kalkinma Raporu'na Dayanan Bir Yerel Kalkinma Perspektifi. Yerel Kalkinma Yonetisimi Uluslararası Konferansı, 24-25 Ekim 2008, Istanbul Politikalar Merkezi, Istanbul, pp. 9-18.
- [10]Lipton, M. (1981). Why poor people stay poor. Rural Development, theories of peasant economy and agrarian change. pp. 66-82.
- [11]O'Connor, D. Driving Rural Development: Policy and Practice in Seven EU Countries. Uitgeverij Van Gorcum, 2006.
- [12]Organisation for Economic Co-operation and Development, 1993, What future for our countryside? A rural development policy. Paris.
- [13]Organisation for Economic Co-operation and Development, 2006, The New Rural Paradigm, Policies and Governance. Paris.
- [14]Oskam, A., Witteloostuijn, A.V., 2010, Agriculture and the food chain. EU policy for agriculture, food and rural areas. CABI Publishing, Wallingford, Oxon. pp. 149-164.
- [15]Terluin, I.J., Post, J.H., 2010, Economics Dynamics in rural Europe. EU policy for agriculture, food and rural areas. CABI Publishing, Wallingford, Oxon. pp. 309-322.
- [16]Tsarouhas, U., 2008, AB Perspektifinde Yerel Yönetişim: İlkeler, Beklentiler ve Tecrübeler. Yerel Kalkınma Yönetişimi Uluslararası Konferansı, 24-25 Ekim 2008, İstanbul Politikalar Merkezi, İstanbul, p.p. 19-24.
- [17]Wiggins, S., Proctor, S., 2001, How Special Are Rural Areas?The Economic Implications of Location for Rural Development. Overseas Development Institute. USA.
- [18]Yaman, A., Kara, M., 2010, Türkiye'de Bölgesel Gelişme Politikasının Dönüşümü Sürecinde Kalkınma Ajanslarının Kuruluş Çalışmaları: Son Durum ve Değerlendirmeler. Bölgesel Kalkınmanın Yönetişim Çerçevesinde Kurumsallaşması: Kalkınma Ajansları. Bölgesel Kalkınma Ajansları. pp. 31-60.
- [19]Yaman, A., Derviş, Z., Kindap, A., 2008, Yerel ve Bölgesel Kalkınmanın Kurumsal Altyapısının Oluşturmada Kalkınma Ajanslarının Rolü. Yerel Kalkınma Yönetişimi Uluslararası Konferansı, 24-25 Ekim 2008, İstanbul Politikalar Merkezi, İstanbul, p.p. 56-97.