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AN ASSESSMENT ON THE TENTH DEVELOPMENT PLAN:

“If properly supported, the plan can serve as the roadmap for the 2023 goals”

The Tenth Development Plan of Turkey was adopted by the General Assembly of Parliament on 2 July 2013 and published in the Official Gazette. The plan is in effect as of 6 July 2013. Covering the period between 2014 and 2018, it gives us the opportunity to establish a long-term perspective despite the daily agenda of the country. For the preparation of the Tenth Development Plan, 66 different ad-hoc commissions (AHC) and working groups (WG) were set with the contribution of around 3000 stakeholders and experts. TEPAV also contributed to the preparations, serving as the rapporteur of three different AHCs⁴ and participating into 10 AHCs with 20 experts. The key question this note aims to answer is to what extent the Tenth Development Plan can pave the road to 2023 and how it can distinguish Turkey's position in the obscure global and regional environment.

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⁴ The AdHoc Commissions for which TEPAV analysts served as the rapporteurs: The AHC for the Transformation of Manufacturing Industry (Esen Çağlar), The AHC for the Development of Trade Services (Sarp Kalkan), The AHC on Global Partnership for Development: Methods and Approaches (Ozan Acar). The reports will be released soon by the Ministry of Development.

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2. A tough process is ahead of Turkey on its way to 2023. It is uncertain to what degree the global economic conditions that enabled Turkey to grow as fast as it did in the recent past will continue. In terms of geography, Turkey's trade and investment flows are prone to adversities with the European Union struggling with economic challenges on the one hand and the politically unstable Middle East and North Africa on the other. In this climate it is vital that Turkey manifests a reasonable, credible and viable development story for the period ahead. Such story can also serve as a roadmap for Turkey's goals for an economic leap, known as the 2023 goals, which have not yet been operationalized with a concrete strategy.
3. The assessments on the Tenth Development Plan as covered by the media were too narrow in focus and failed to address how the plan can contribute to Turkey's endeavor to become a high-income country and undergo a qualitative transformation. Around 300 articles about the plan in different newspapers focused mainly on quantitative targets set in the document. Chief among these were the targets of an average 5.5 percent GDP growth, \$1.3 trillion GDP, \$16,000 GDP per capita, an \$277 billion export volume, generating 4 million new jobs during the 2014-2018 period, reducing the unemployment rate to 7.2 percent; a projected housing need of 4.1 million by 2018; the planned increase of the share of domestic capital in railway and defense industry investments; the goal to increase the number of patents earned to 10,000; the foreseen drop in the number of municipalities by 50 percent; and a higher targeted fertility rate.
4. Despite the rich coverage in news and stories, the Tenth Development Plan was rarely addressed in op-eds and commentaries, probably because the news cycle was occupied by hot developments. Development plans also seem to be considered less important than they once were. The few op-ed and commentaries there were raised three issues. First was the consistency of and the difficulty of achieving the quantitative targets. These assessments pointed to the failure of previous plans in fulfilling their targets as an indicator for this new plan. They also stated that the exchange rate target for the end of 2018 was already reached. The second grounds for criticism related to the global assessments of the plan. They argued that the plan did not pay enough attention to the reversal of the liquidity abundance in the period ahead and the possible repercussions of this new conjuncture for countries like Turkey, which grows on a high current account deficit. Another criticism concerning global assessments was that the plan did not address at length the EU-USA Free Trade Agreement and its possible consequences for Turkey. The third and a more positive assessment was that the plan designed a series of "transformation programs" which can more efficiently guide the implementation process. It was hoped that these programs might

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trigger the transformation towards the 2023 goals in the current environment, which is not conducive to reforms. Finally, some columnists criticized the plan for not paying attention to the fundamental challenges facing the Turkish economy, while some others appreciated the explicit emphasis on the sustainability problems in the areas of health and social security.

5. We are of the opinion that focusing exclusively on the quantitative dimension of the plan would neglect the transformation in the meaning of planning in today's world. The increasing interdependence of individual economies under the twenty-first century's global system requires the transformation of the state's economic role and of the meaning of national plans. As highlighted in the preamble of the Tenth Development Plan, the prime function of the plan in the current era is to raise qualitative targets as well as quantitative ones and accordingly guide public and private sector decision-makers for a more optimal resource allocation. For Turkey to make a leap over its current level of development, quality should take precedence over quantity in every area. Evidently, the level of the plan's effectiveness is closely tied the extent to which it can guide and influence the activities of public institutions. The credibility of the development story the plan draws, its assertions and the state's capacity to realize these can encourage private investment.
6. Within this context, this note focuses on the qualitative dimensions of the plan. First, we give a brief overview of the plan for those readers who have not read it. In the second section we present our overall assessment. In the third, we share our views on specific sub-sections of the plan we consider to be of particular interest. We did our best to combine the quantitative and qualitative dimensions in our assessments in both the second and the third section. Finally in the fourth section, we make recommendations for the period ahead and the implementation process.

Section 1: An Overview of the Plan

7. The 220-page document has three main chapters. The 28-page first chapter makes an overall introduction and summarizes global developments and trends in the context of their interaction with Turkey. The chapter also presents macroeconomic developments and expectations about the world economy. The end of the chapter reviews economic and social developments in Turkey before the plan.
8. The 142-page second chapter, which is the most comprehensive section, first summarizes the main objectives and the principles of the plan with a special emphasis on the principles of human-orientation, participation, inclusion,

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accountability and transparency. Next, it presents the objectives in the light of four dimensions of development: (1) Qualified people, strong society, (2) Innovative production, steady high growth; (3) Livable places, sustainable environment, and (4) Global partnership for development. Each section of this chapter starts with a brief situation analysis, summates objectives and goals, and finally enumerates relevant policies. These subsections which cover almost all development-related functions of the public sector are enlisted below by dimensions of development:

a. Qualified people, strong society: 1-Education; 2-Health; 3-Justice; 4-Security; 5-Fundamental Rights and Freedoms; 6-Civil Society Organizations; 7-Family and Women; 8-Childhood and Youth; 9-Social Protection; 10-Culture and Arts; 11-Employment and Working Life; 12-Social Security; 13-Sports; 14-Population Dynamics; 15-Strategic Management in the Public Sector; 16-Human Resources in the Public Sector; 17-E-State Practices for Public Services.

b. Innovative production, steady high growth: 1-Growth and Employment; 2-Domestic Savings; 3-Balance of Payments; 4-Inflation and Monetary Policy; 5-Financial Markets; 6-Fiscal Policy; 7-Social Security Finance; 8-Public Enterprises; 9-Investment Policies (Public and Private); 10-Science, Technology and Innovation; 11-The Transformation of Manufacturing Industry; 12-Entrepreneurship and SMEs; 13-Intellectual Property Rights; 14-Information and Communication Technologies; 15-Agriculture and Food; 16-Energy; 17-Mining; 18-Logistics and Transportation; 19-Trade Services; 20-Tourism; 21-Construction, Engineering and Consultancy.

c. Livable places, sustainable environment: 1-Regional Development and Regional Competitiveness; 2- Spatial Development and Planning; 3-Urban Transformation and Housing; 4- Urban Infrastructure; 5-Local Administrations; 6-Regional Development; 7-Environment Protection, 8-Soil and Water Resources Management; 9-Disaster Management.

d. Global partnership for development: 1-Global partnership Capacity; 2- Regional Collaborations; 3-Contribution to the Global Development Agenda.

9. The 50-page last chapter outlines 25 different "primary transformation programs." Being the most innovative part of the Tenth Development Plan compared to previous ones, these programs are designed for "critical areas of reform which can solve fundamental structural issues, contribute to the transformation process and fall into the responsibility area of more than one municipality. These require efficient inter-institutional coordination and responsibility." The two-page note for each program first defines the objective and the scope of the program and later outlines the program targets, performance indicators and program components.

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Finally, it represents the coordinator institution and responsible institutions for each program.

10. We give below the "primary transformation programs" involved in the plan under 9 categories. Six programs, which if successfully implemented, have the potential for overall economic improvement, can be categorized under the heading of horizontal areas. We believe that 4 of the programs will directly contribute to industrial transformation, which is critical for achieving the 2023 goals. Twenty-five of the transformation programs aim either at transforming or advancing critical sectors. The plan involves 2 programs devoted to extending the positive influence of fiscal policy towards overall economic performance. The plan anticipates 3 programs to improve Turkey's human capital. Regional development and urban transformation are addressed with 2 programs. Concerning social policy, the plan involves one program under the heading of the preservation of family and dynamic population structure. Last but not the least, the plan presents a program aimed at consolidating Turkey's emerging position in global partnership for development.

- a. **Horizontal areas:** The programs for 1- increasing domestic savings and preventing waste, 2- improving business and investment climate, 3- increasing labor market efficiency, 4- alleviating the informal economy, 5- strengthening the statistical information infrastructure, 6- enhancing energy efficiency.
- b. **Industrial transformation:** The programs for 1- enhancing productivity, 2- reducing import dependency, 3- technological development by the way of public procurements and domestic production, 4- commercializing priority areas in technology.
- c. **Sectoral:** The programs for 1- Istanbul international financial center, 2- Energy production based on domestic resources, 3- structural transformation in health industries, 4- promoting health tourism, 5- improving efficiency in the agricultural uses of water, 6- the transformation from transportation to logistics.
- d. **Public budget efficiency:** The programs for 1- rationalizing public expenditures, 2- enhancing the quality of public revenues.
- e. **Human capital:** The programs for 1- improving basic and professional skills, 2- skilled labor force attraction centers, 3- a healthy life and mobility.
- f. **Regional policies:** The programs for 1- strengthening local institutional capacities, 2- urban transformation in support of competitiveness and social coherence.

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- g. **Social development:** 1- The program for preserving the family and dynamic population structure.
- h. **International development:** 1- The program for strengthening the infrastructure of global partnership for development.

Section 2: An Overall Assessment of the Plan

11. In this section we enumerate our opinions about the plan in general. The section includes our assessments of the plan's vision, authenticity, emphasis and priorities, as well as its targets and their credibility. In order put our assessments into context, we address previous development plans (The Eighth Development Plan for the 2001-2005 period and the Ninth Development Plan for the 2007-2013 period) and present our analyses of the current state and future.

12. In terms of vision, we observe that the Tenth Development Plan is based on the 2023 goals the government announced as an election manifesto in 2011, right before the general elections. The plan expresses its vision as follows: *"The Tenth Development Plan that covers the 2014-2018 period will be a milestone in the country's endeavor to enhance the current level of welfare in line with the 2023 goals... The Tenth Development Plan is designed to cover issues such as the rule of law, information society, international competitiveness, human development, environmental protection and sustainable use of resources as well as high, steady and inclusive economic growth."* We hope that the harmonization of the plan's vision with the 2023 goals will compensate at some degree the lack of political advocacy, which was the main impediment to the feasibility of previous plans. On the other hand, it is useful to recall the vision of the Ninth Development Plan: *"Turkey, a country of information society, growing in stability, sharing more equitably, globally competitive and fully completed her coherence with the European Union."* The Eight Development Plan did not present a specific vision but mentioned its basic targets as follows: *"[I]n line with Atatürk's target to surpass the level of contemporary civilization, to make Turkey an influential global power in the 21st century of the highest level in culture and civilization, manufacturing products at world standards, sharing the income equitably, securing human rights and responsibilities, realizing the supremacy of the law, participatory democracy, secularism, freedom of religion and conscience. Other targets of the strategy include getting higher shares from the world production by ensuring transformation into an information society, raising the quality of life, contributing to science and civilization, and becoming influential as regards regional and global decisions."* Reading the changes in the vision of development plans, the precatory statements in the latest vision statement do not appear critical. It is the commitment to realize the development plan that is important.

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13. Chief among the factors that distinguish the Tenth Development Plan from its antecedents is that in addition to macroeconomic targets, it states quantitative targets for microeconomic and social areas. The first point that grabs attention concerning the targets is that they are highly ambitious. The table below presents some of these targets in a comparative framework. Since it is impossible to cover all indicators in this note, we focused on those we believe are critical for Turkey's possible leap from a middle to high-income group. For each indicator, we present the figure for 2006 and 2012, the outlook in the period of the previous plan (the change between 2006 and 2012), the 2018 target, and the foreseen change during the Tenth Development Plan period. Our assessments of the seven selected indicators within this framework are as follows:

- a. During the ninth plan period, R&D expenditures increased by 0.26 points to 0.86 as a percentage of GDP. A 0.94-point increase to 1.8 percent is targeted for 2018. In other words, the increase in R&D expenditures foreseen for the tenth plan period is around three times that of the ninth development plan period.
- b. Domestic savings as a percentage of GDP decreased by 1.8 points to 14.8 percent during the ninth plan period. The 2018 target is an assertive 19 percent, implying an expectation for the halt of the downwards trend in savings. A rise in domestic savings as such would enhance the quality of economic growth and enable Turkey to overcome its current account deficit, which is a major source of vulnerability.
- c. Like savings, the share of the manufacturing industry in GDP decreased during the ninth plan period by 1.6 points to 15.6 percent as of 2012. The tenth plan anticipates that the downwards trend will be reversed and the share of the sector will reach 16.5 percent by 2018. Taking into account the share of the manufacturing industry in global R&D expenditures, it is observed that the targets for the two indicators in terms of their share in the GDP are consistent with each other.
- d. The tenth plan targets to increase the female labor force participation rate from 29.5 percent in 2012 to 34.9 percent in 2018. This is not different from previous plans. TEPAV's analyses indicate that if the female labor force participation rate in Turkey gradually increases to 38 percent, GDP per capita can reach \$19,000⁵. We therefore believe that the Plan's target for the female labor force works well towards the \$16,000 GDP per capita target for 2018.

⁵ Güneş Aşık, February 2013, "Can Women Boost Turkey's Growth?", TEPAV.

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- e. The plan aims to increase the gross schooling rate in preprimary education from the current 44 percent to 70 percent by 2018. The 20-point increase in the ninth plan period is expected to reach 26 points in the following period. It is commonly accepted that preprimary education improves the productivity level of individuals in their professional lives. In this context, extending preprimary education is an important step towards enhancing the quality of Turkey’s human capital.
- f. During the ninth plan period, the gross schooling rate in tertiary education grew by almost 100 percent to 81.6 percent. The target for 2018 is 94 percent. The striking increase in the number of universities in Turkey is compatible with this target. Nonetheless, it is important to consider the fact that in tertiary education, Turkey has yet to switch its emphasis from quantity to the quality.

Table 1: Comparison of the Ninth and Tenth Plans for Selected Indicators

	2006	2012	9 th Plan Period Change (% points, 2006-2012)	2018 Target	10 th Plan Period Change (% points, 2014-2018) -Targeted-
R&D Expenditures to GDP Ratio (%)	0.6	0.86	0.26	1.8	0.94
Domestic Savings to GDP Ratio (%)	16.6	14.8	-1.8	19	4.2
The share of the Manufacturing Industry in GDP (%)	17.2	15.6	-1.6	16.5	0.9
The Share of High-Tech Sectors in Manufacturing Exports (%)	5.6	3.7	-1.9	5.5	1.8
Female Labor Force Participation Rate (%)	23.6	29.5	5.9	34.9	5.4
Gross Schooling Rate in Preprimary Education (%)	24	44	20	70	26
Gross Schooling Rate in Tertiary education (%)	46	81.6	35.6	94	12.4

Source: Ministry of Development.

14. The targets for the selected seven indicators show that the tenth plan is highly ambitious. Whether the envisaged policies can achieve these targets is a separate subject that we will address in part in the next section. Before that, however, it is useful to answer another critical question concerning the Plan's

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targets. Can Turkey succeed in transforming towards the economic structure of high-income developed countries if it achieves these targets? To answer this question, we compared the current performance of the 10 developed countries concerning the selected indicators with Turkey's 2018 targets as manifested in the tenth plan. Based on this comparison as summarized in Table 2, the following observations can be made:

- a. Turkey can converge to the current levels of R&D in developed countries with its targeted 1.8 percent R&D expenditure ratio for 2018. However, the trend developed countries have achieved at this rate suggests it is not likely that they will remain at the current R&D to GDP ratios. Besides, Turkey will trail behind the EU average for 2011 at 1.9 even if it achieves the targeted 1.8 percent R&D to GDP ratio.
- b. The domestic savings rate of 19 percent can move Turkey up to the developed country standards. That rate however, is below those in the countries of the same income group as well as those in high-growth countries such as Russia.
- c. The share of high-technology sectors in manufacturing exports, a distinguishing factor in international competitiveness, indicates that Turkey must be more ambitious in this regard. Turkey will lag behind developed countries even if the 5.5 percent target is fulfilled by 2018.
- d. Turkey will not be able to reach the current female labor force participation ratios in developed countries even if it attains the 34.9 percent target by the end of the tenth plan period, in 2018. If the female labor force participation ratio picks up to the OECD average at 61 percent, Turkey could extend its GDP per capita to \$21,000. In light of this estimate, we can conclude that Turkey will not be able to attain its 2023 goals unless it furthers the integration of women into the economic sphere.
- e. Turkey is already on par with developed countries with its current tertiary schooling rate and would be surpassing a number of developed countries if it achieves the 2018 target at 94 percent.
- f. Despite the recent improvements in the schooling rate in preprimary education, Turkey has to set a higher target in this area in order catch up with developed countries.

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Table 2 : Developed Countries and Turkey

	R&D Expenditures to GDP Ratio % (2010)	Domestic Savings to GDP Ratio % (2012)	The Share of Manufacturing Industry in GDP % (2012)	The Share of High-Tech Sectors in Manufacturing Exports (%) (2012)	Female Labor Force Participation Rate % (2012)	Gross Schooling Rate in Preprimary Education (%) (2012)	Gross Schooling Rate in Tertiary Education (%) (2012)
USA	2,9	12	13	18	58	69	95
Japan	3,36	22	19	17	49	88	60
Germany	2,82	24	21	15	53	114	-
France	2,25	17	11	24	51	108	58
United Kingdom	1,76	11	11	21	56	83	60
Italy	1,26	17	17	7	38	98	65
Canada	1,8	21	12	13	62	73	-
Russia	1,16	41	16	8	56	90	76
Spain	1,39	19	13	6	52	127	83
Turkey	0,84	14,8	15,6	2	29,5	44	81,6
Turkey – 2018	1,8	19	16,5	5,5	34,9	70	94
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Sources: The Ministry of Development, The World Bank.

15. Concerning authenticity, the tenth development plan is a genuine strategy and policy document projecting Turkey's priorities. One way to identify the authenticity of a strategy document might be deleting the name of the country from the document and asking people to guess its origin. The key dimensions of development namely qualified people, strong society; innovative production, steady high growth; livable places, sustainable environment; and global partnership for development as identified in the tenth development plan are indeed the key issues for Turkey in the period ahead. The emphasis put on education in relation to the strong society, on the transformation from the medium- to high-technology in relation to steady growth; and on the stimulation of new manufacturing industry areas by urban transformation with respect to livable places in particular are clearly specific to Turkey. New approaches and policies presented in the sub-sections of the plan, as will be addressed in the next section, also add to its authenticity.

16. Whether or not the Plan is a courageous document can be discussed on different dimensions. As stressed above, concerning quantitative targets, the plan is ambitious in some areas but timid in others. Essentially, we believe that it is not

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assertive enough in stating the shortcomings of the earlier plans and the reasons as to why previous targets were not fulfilled. The timidity concerning the evaluations on critical structural areas (such as alleviating the informal economy, overcoming the disparity between direct and indirect taxes, raising the domestic savings rate, strengthening high-value-added production etc.) weakens the determination of the report in addressing relevant reforms.

17. Three shifts in emphasis in the tenth plan are worth noting. The first is on the European Union. While the ninth plan involved full membership to the European Union in its vision statement, this emphasis seems to have blurred in this latest one. The plan first mentions the European Union as a crisis region in paragraph 40, stresses that the future of the Union is debatable and that Turkey will revise its position towards it accordingly. The second time the Plan refers to the European Union is in paragraph 1091, which reads: "*Turkey will fervently pursue the steps towards full membership to the EU, make efforts to maximizing the benefits of the accession reforms and engage with the Union on the basis of the supremacy of the law and on a long-term framework guided by the principle of mutual benefit.*" This statement indicates that the EU perspective will be preserved throughout the plan period, but its weak links with the plan as a whole raises hints that the EU perspective will be debilitated during the plan's period.
18. The plan's emphasis on global value chains and Turkey's position therein is another distinguishing feature when compared to its predecessors. This indicates a potential to correctly track global developments and chart a realistic and proactive planning perspective. Paragraph 3 states the target as "*gradually improving Turkey's position on the international division of labor and value chain hierarchy.*" The plan further refers to the intertwining of the industry and services sectors, to the transformative role of information and communication technologies and to Turkey's so far inability to jump to the higher-value-added segments of global value chains. In addition, paragraph 419 signals that countries that were able to avoid the middle-income trap and made it to the league of high-income countries adopted as a policy priority to enhance industrial production and secure a position in the upper links of value chains. In addition to the cited references to value chains, the plan proposes some sound policy measures. For instance, paragraph 666 suggests, "*acquisition of foreign companies that will bring Turkey a strategic advantage in branding value chains will be subsidized under incentive programs.*" This is a significant attempt at innovative policy. Besides, the plan includes policies built upon the value chain perspective in the fields of regional development as well as in a number of sectors including tourism and health industries.
19. Compared to previous ones, the tenth plan is stronger in spatial dimensions. It is positive that the plan emphasizes reducing interregional development disparities

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and improving the quality of life in urban spaces as priority areas. We can start by emphasizing the following critical observation stated in the plan: *"The distribution and the order of settlements in Turkey should be enhanced in line with the current levels of income and development, in terms of the quality and functionality of business environments and living spaces, the harmony of land usage practices and environmental effects."* Additionally, the plan critically identifies *"Urban sprawl, accommodation, traffic, security, infrastructure and environmental problems are ongoing issues. Attention should be given to managing urban risks as such and taking appropriate measures to turn cities into more livable environments on the one hand, and upgrading many cities into centers of attraction via urban image management and branding efforts."* The plan also reflects the will to reestablish local-central government relationships upon a healthier foundation. It sets forth a series of policy measures to improve local institutional capacities. These include policies to balance the local-central distribution of experienced and skilled public employees, strengthening the financial structure of local administrations and mobilizing urban land profits for this purpose. Another novelty is that the tenth plan for the first time cites the correlation between urban transformation and industrial transformation and states that urban transformation projects that could increase the sophistication in industrial production will be prioritized. It is also worth noting that the plan congruently stresses the role of connectivity and accessibility with respect to overcoming regional disparities. Finally, the plan touches upon the third airport project for Istanbul, but not the third bridge or Channel Istanbul projects.

20. Although the shift in the plan's emphasis is in the right direction, there are occasional problems in the relationship between the plan's objectives and policy recommendations. For instance, the basic target of the spatial development and planning section states that environments "harmonious with historical, cultural and environmental values" should be developed, whereas recommended policies do not refer to such a principle. To cite from the section on local administrations, the plan identifies the key objective of the administrations as maximizing citizens' satisfaction in the provision of services. However, the policies designed for this purpose do not develop any mechanism for the measurement of citizens' satisfaction.
21. The fourth dimension of development the plan identifies is "Global Partnership for Development." Unlike previous plans, which focused exclusively on domestic economic and social development, the tenth plan addresses at length Turkey's current position in the field of global partnership for development and ways to improve it. The main reason for this broad coverage is that Turkey has become an emerging donor in global partnership for development. Turkey's involvement in development partnerships in its immediate geography as an emerging economic power lies at the heart of the country's international policy. The Plan identifies three

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main objectives for improving Turkey's role in global partnership for development and the efficiency of aid. The first is to solidify the administrative structure of cooperation activities, for which the plan foresees the adoption of a framework law. Second is to increase Turkey's engagement with the countries and organizations of the region. In this context, the plan stresses that Turkey has to benefit more from, and take greater role in improving the efficiencies of multilateral organizations it is a member to, such as the EU, the Organization of Islamic Cooperation, the Standing Committee for Economic and Commercial Cooperation, and the Organization for Economic Cooperation. The third is to extend Turkey's contribution to the global development agenda. For this purpose, the plan aims for the betterment of global economic governance in multilateral platforms.

Section 3: Assessments on the Specific Sub-Sections of the Plan

22. Compared to previous plans, the tenth development plan focuses on the issues critical to Turkey's convergence with developed countries in a more comprehensive framework. For example, the plan for the first time addresses fundamental rights and freedoms in a separate section. Additionally, the low domestic savings issue is handled separately in the tenth plan while it was addressed sporadically under different headings in the ninth one. Entrepreneurship, which previous plans discussed under financial incentive mechanisms for SMEs and artisans, is approached from the perspective of strengthening entrepreneurship ecosystem in the tenth plan. Urban transformation and housing markets are covered thoroughly in the tenth plan, in contrast to limited coverage in previous ones. Parallel to Turkey's growing role in global partnerships for development, the tenth plan, unlike the previous ones, strongly emphasizes this subject. There are many other similar examples. In light of these observations, we conclude that the tenth plan has a broader perspective concerning the way it addresses Turkey's development challenge and the structure of recommendations for the solution of the country's problems.
23. This section entails our assessment on the selected subsections among the 50 policy areas covered under 4 dimensions of development in the tenth plan. We believe that in order to decide on the areas of higher priority, it would be useful to identify the comparative position of Turkey in the sub-components of the global competitiveness index. Significant progress was made on this during the ninth plan period. Turkey moved up in the Global Competitiveness Index (GCI) released by the World Economic Forum, from the 53rd place among 131 countries in 2007 to 43rd place among 144 in 2012. In spite of the progress in the GCI's overall ranking however, Turkey did not move up on the list in the sub-components of education

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and institutions. We think that these subjects should have priority over other policy areas. We therefore choose to assess education, justice and fundamental rights and freedoms among the 50 policy areas addressed in the tenth plan.

24. Apart from these subjects, we focus on the manufacturing industry, agriculture and energy, which we consider to be critical issues for Turkey's convergence with developed countries in GDP per capita. We believe that the manufacturing industry is of particular importance since Turkey is going through an untimely process of deindustrialization. The share of the manufacturing industry in national production is not compatible with the level of development. The exit from the manufacturing industry not only hinders the innovative potential of the economy but also escalates the current account deficit problem by reducing the production of trade goods. Concerning agriculture, the sector still accounts for one fourth of total employment in Turkey. There is a huge gap between developed countries and Turkey in terms of labor productivity in agriculture. Improvements in this area can therefore bring about a considerable productivity gain overall for the Turkish economy. We included the energy sector in our assessments as energy comes up as a constraint for Turkey's 2023 goals. Considering Turkey's import dependency on oil and natural gas, it is alarmingly unclear how Turkey will meet its energy needs when scaling up its economy. We believe that developments in the energy sector will have severe repercussions on the economy as a whole.

Education

25. Education is the first subsection under the first development dimension of the plan, which is entitled "Qualified people, strong society." Turkey has to advance the quality of labor force in order to extend its global competitiveness. The map of global competitiveness makes it clear that Turkey can no longer compete on the basis of cheap labor. In order to assure a global position in high-value-added products and activities, Turkey needs high-quality human capital. This is not attainable without a high-quality education system. That is why education is an indispensable part of the tenth plan, as it was of previous ones. The current state and problems of Turkey's education system and the policies required to solve these problems can be examined under two headings: quantitative and qualitative criteria.
26. Concerning quantitative criteria, the plan stresses that schooling rates at every level of education have been increasing since 2006. We would briefly like to touch on the key assessments of the plan in this regard. Between 2006 and 2012, schooling rates increased from 24 to 44 percent in preprimary education, from 96.3 to 107.6 percent in primary education, and from 86.6 to 96.8 percent in

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secondary education. In the same period, there was a sharp increase in the number of universities, from 93 in 2007 to 170 in 2013. Nevertheless, despite this increases in line with the improvements in physical capacity in education, Turkey still trails behind developed countries when it comes to the average education level of the labor force. As of 2010, average years of schooling for the population above the age of 15 stood at 7 years, compared to developed country average at 11 years. As also stated in the plan, with the compulsory secondary education scheme and the increases in schooling rates, Turkey's convergence with developed countries in average years of schooling can be expected to continue.

27. At Turkey's level of development, the quality of education students receive at schools is more critical than the number of years they spent at school. During the ninth plan period, Turkey was not as successful in improving the quality of education as it was in increasing schooling rates. The number of universities in Turkey increased, whereas the number of Turkish universities among the world's top university rankings did not change significantly. Neither have we observed a breakthrough in the quality of secondary education. Instead, Turkey's poor performance continued. The last measure indicating this was in the 2009 PISA tests, which the OECD uses to measure and compare the skill level of 15 year old students in different countries in the categories of science, mathematics, and reading. In the assessment where 1 denotes the worst and 6 denotes the best performance, Turkey's level was 2 in all three categories, both in 2003 and 2009. The skills level of student increased to a limited degree between 2003 and 2009. This was not enough to improve Turkey's level to 3, confining the country to the lower ranks of the OECD countries concerning PISA results⁶. In the light of these results, we conclude that the quantity of education improved while the quality of it did not. The plan too, admits this reality, if not as explicitly.

28. The plan's targets for education focus on the qualitative transformation of the education system. A part of these are summarized below.

a. **Additional increase in schooling rates:** The plan aims to increase the preprimary schooling rate to 70 percent and to attain an overall schooling rate of 94 percent by 2018.

b. **Reduction in the number of students per classroom:** The plan projects to lower the average number of students per classroom and per faculty.

⁶ For a thorough analysis on Turkey's poor performance in PISA tests and its long-term impacts on the transformation of production structure, please see Selin Arslanhan Memiş and Bengisu Özenç, December 2010, "An Assessment on PISA 2009 Results", TEPAV.

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c. **Increase in the number of international students in Turkey:** Increasing the number of international students at the university level is chief among the targets of the plan.

29. The plan gives wide coverage to targets and policies that will enhance the overall quality of education. It suggest that a number of policies will be realized from the improvement of teacher training, abandoning the current centralist structure of the education system, extending the use of technology in secondary education, promoting competition among institutions of higher education, focusing on practical courses in vocational training, and harmonizing the education curricula with the demands of the business world.
30. In order to achieve these targets, the policies recommended in the plan should be realized without compromise. On a general assessment, the plan gives a concrete message on the intention to realize steps which we believe will improve the quality of education. We would like to stress however, that stating an intention and realizing it are two different things. We hope that at the end of the tenth plan period, the declared steps will actually have been taken; Turkey will improve its position in the PISA rankings and will have more institutions in the world's top university rankings. The education reform agenda has to be designed and implemented in tandem with the needs for qualitative jump as well as budget constraints. Studies by TEPAV revealed that⁷ the education system introduced during the term of the ninth plan, known as the 4+4+4 system, was aimed at the quantitative dimensions and would bring a huge additional financial burden on the public budget.

The transformation of the manufacturing industry

31. The transformation of the manufacturing industry is among the highest of priorities in the tenth development plan, this judging by the clarity of its observations, the ambition of the policies recommended and the wide coverage in the document. The plan implicitly draws attention to the risk of deindustrialization in Turkey and stresses the importance of shifting employment to higher-productivity activities for avoiding the middle-income trap. In this context, the plan accentuates the need for increasing the quantity and quality of production in the manufacturing industry in order to attain higher sustainable growth rates. The plan, as well as explaining why such transformation is required in the manufacturing industry, focuses on how and with which instruments the government can manage the transformation. It

⁷ Selin Arslanhan Memiş and Bengisu Özenç, March 2012, “Yeni Milli Eğitim Kanun Tasarısı Bütçesi: Nicelik mi, Nitelik mi?”, TEPAV (in Turkish).

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states the increasing share of high-technology sectors in production and exports as a fundamental objective of the manufacturing industry transformation. The focal points of the transformation here are innovativeness and firm skills, efficient regional participation into production, inter-sectoral integration, green technology and production and export market diversity. The quantitative targets are: increasing the share of high-tech exports in total exports from 3.7 to 5.5 percent; exports from \$144 billion to \$257 billion, and the number of trilateral patents from 67 to 167, from 2013 to 2018.

32. The plan, in order to achieve these ambitious targets and objectives, sets forth a number of policies in the section on the transformation of the manufacturing industry as well as others. It is a positive development that the manufacturing industry is covered widely throughout the plan. These include approaches that might be considered novel in the case of Turkey, as well as those who have been on the agenda but have not yet been implemented. Some of the most remarkable among these policies are the development of the R&D system in line with the needs of different sectors; the prioritization of solving the problems regarding access to land for strategic investments; the improvement of the efficiency of the incentive system; and the identification of new priorities for structuring the urban transformation process in a way conducive to improving the manufacturing industry's competitiveness. It is also positive that these policies are addressed with a holistic and proactive approach. Below are some notable examples:

- a. The use of public infrastructure investments as a support mechanism for promoting strategic investments involving critical technologies.
- b. The use of public procurements as an efficient instrument for improving the innovation and green production capacity of domestic firms.
- c. The focus on the synergy between urban transformation processes and the transformation of the manufacturing industry; the improvement of production and export capacity in smart buildings, construction materials, public transportation vehicles, and signalization systems.
- d. The efficient use of country credit and guarantee programs for increasing the export of capital goods and high-technology products.
- e. Subsidizing via incentive programs the acquisition of foreign companies that would bring Turkey a strategic advantage for branding in value chains.
- f. The development of regular monitoring and evaluation systems for investment incentive practices, the measurement of macroeconomic,

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sectoral and regional impacts of incentive schemes and the improvement of institutional capacities thereby.

33. The section on the transformation of the manufacturing industry is sound overall. Though the text does not sufficiently stress that the current structure of the manufacturing industry cannot move Turkey to its 2023 goals, (and hence improvements in the sector are critical) the emphasis on the notion of transformation alone is positive. It is among the strengths of the tenth plan that apart from the coverage of the manufacturing industry overall, it devises and involve sector-specific targets and policies. This is surely thanks to the sector study groups set as part of the preparatory works for the plan. On the other hand, it is an important shortcoming that the plan does not touch much upon the problematic factors concerning the manufacturing industry. For instance, it would be useful to have an assessment concerning how and why the profitability of non-industrial activities has been increasing against industrial activities. Similarly, an assessment on the short-term impacts of the policies, which have the potential to influence the structure of industrial activities, is missing. This is important since it could have helps us to identify the industry's dynamics. In spite of these shortcomings, we believe that the policy framework drawn in the tenth plan can serve as the to-do-list for manufacturing industry transformation. It is also to its credit that compared to previous plans, the tenth plan has a more comprehensive content on the manufacturing industry. Yet, the main issue prevails: will the public administration embrace transformation as a priority and implement the recommended policies?

An example from the industry sub-sectors: The pharmaceuticals industry

34. The tenth development plan is of special importance for health industries. Unlike the previous plans, which did not mention the term "health industries," the new one draws attention to a transformation program for health industries. One of the important features of the plan is that it goes beyond discussing pharmaceuticals and medical devices simply under the health policy and also addresses the health industry in the context of industrial policy. Health industries offer a great opportunity for the product sophistication Turkey needs in order to make a leap and overcome the middle income trap in the period ahead. The way to reap this opportunity is to strengthening Turkey's competitive position on the R&D value chains as well as focusing on production.
35. The targets of the program on the structural transformation of health industries focus solely on production and from time to time contradict with the R&D-related components of the program. In the health sector, high-value-added comes from R&D activities. The areas covered under the same program concerning the advancement of innovativeness and R&D focus on improving financial

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mechanisms and support schemes. The important point here is monitoring and evaluating the efficiency of existing funds and support schemes rather than increasing the quantity of the funds. Clustering, identified as a tool for health industry transformation, is critical. The trends for clustering in life sciences have been increasing throughout the world and clusters leverage the value-added of the sector. In spite of numerous but uncoordinated efforts, there is no dynamic and functioning structure in Turkey's life sciences ecosystem. One of the shortcomings of the ecosystem is that contrary to the clustering trend in the rest of the world, Turkey does not have a special zones specific to life sciences and health industries. It is important to address the free health zones, a subject on Turkey's agenda lately, from this perspective. Another critical and on-the-ground identification is the necessity to coordinate the policy design and implementation processes in health, social security and industry, all of which relate to the pharmaceuticals and medical devices sectors. The plan also stresses the need for establishing a steering committee that will ensure coordination between different institutions that work on these fields.

Energy

36. Aiming to more than double its GDP per capita and almost quadruple its exports by 2023, Turkey's energy demand will inevitably increase. In the 2000-2011 period, Turkey's demand for energy grew by 50 percent and is expected to grow further by 91 percent between 2011 and 2023. For Turkey to meet this demand trouble-free, the energy priorities identified in the Tenth Plan are of critical importance.
37. The overall assessments of the Plan under the energy section refer to the developments in the area since the period of the Ninth Plan. Key among these assessments are summarized below:
- a. **Ever-growing demand for energy:** Alongside the economic growth between 2007 and 2012, Turkey's energy demand increased by an annual average of 5.6 percent.
 - b. **Liberalization of the energy market:** The plan states that privatizations were carried out in the production and distribution of energy. This was done in the context of ninth plan's liberalization of the energy market. Private sector companies were vital for fulfilling the increasing demand for energy in this period.
 - c. **Importance of private sector investments:** The plan suggests that the currently private sector carries out more than half of energy production

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and almost all of energy distribution. The plan expresses the need for greater investments in energy if the 2023 goals are to be met.

- d. **Utilizing domestic resources:** The plan suggests the promotion of renewable energy, the opening of domestic coal mines to the private sector and investing into nuclear energy plants in order to ensure energy security.
 - e. **Energy efficiency:** The plan refers to the Energy Efficiency Strategy Document released in 2012 with the aim to improve energy efficiency, which can highly contribute to Turkey's energy security.
 - f. **Persistently high import dependency in energy:** It is another striking observation in the energy section that despite all the efforts, Turkey remains dependent on natural gas and oil imports.
38. The main objective of the tenth plan in the energy sector can be summarized as ensuring energy security with an environmentally friendly perspective on the one hand, and improving energy efficiency on the other. Below we cite some of the primary policy areas within this framework.
- a. **To continue with liberalization and privatizations:** The plan states that the regulatory role of the state in the energy sector will aim to ensure competitiveness in the energy market and at the same time guarantee supply security. It stresses that all of the distribution channels in the hands of the state will be privatized while the state will continue its role in the production as well as in the transmission processes.
 - b. **To increase the use of domestic resources:** The plan stresses that renewable energy resources will be tapped at the highest degree possible. Domestic coal resources, for example, will be processed through environmental-friendly technologies.
 - c. **Nuclear power plant investments are among key priorities:** The plan states that during the tenth plan period, the nuclear power plant in Akkuyu will be put into operation and the construction of the first unit of a similar power plant in Sinop will be initiated.
 - d. **Efficiency in energy production, distribution, transmission and consumption:** efficient use of energy in all sectors will be ensured by efficient implementation of the Energy Efficiency Strategy Document.
 - e. **Turkey's position as a transit country will be strengthened:** Another energy priority is to persist with efforts to make Turkey a transit and terminal country for energy, relying on its strategic geographic position between energy producers and consumers.

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39. On an overall assessment, though the energy subsection of the Tenth Development Plan to a large extent covers the priorities Turkey has to set, certain arrangements conflict with the policies highlighted in the plan. We believe that it does not sufficiently discuss the need for increasing country diversification in oil and natural gas imports. Additionally, it is worth noting that natural gas and imported coal power plants that are or to be licensed will indeed intensify Turkey's import dependency in energy. The power plant to be built in Akkuyu will further the already high dependency on Russia, which is another issue the plan ignores. So in order to implement the priority policies drawn in the plan, the regulations currently in effect have to be altered radically.

Agriculture and food

40. Shifting economic resources from low- to high-productivity activities has been at the core of Turkey's growth process over the last three decades. The share of the urban population increased from 30 percent in 1960s to more than 70 percent today. Along with urbanization, the labor force switched from agriculture to industry and services, which brought about overall gains in productivity. At the point we arrived at today, urbanization and inter-sectoral resource transfers cannot take place as rapidly as they used to be. Improving productivity at the sector level is therefore more important for economic development than ever before.

41. Agriculture is the sector where the productivity gap between developed countries and Turkey is the largest. As of 2010, value added per worker in the agricultural sector was \$5,800 compared to \$45,000 on average in the top 10 economies of the world. Hence, we can conclude agriculture has the potential for the most drastic increases in productivity. Given that around 24 percent of Turkey's labor force is employed in agriculture, the solution of sectors problems will improve Turkey's potential growth rate despite the employment losses during the process. In addition to the direct effects of the improvements in the sector, productivity gains in agriculture will contribute to the competitiveness in the food industry via enabling easy access to cheap raw foods.

42. The tenth plan had wide coverage of agriculture and food sectors under the dimension of "Innovative Production, Steady High Growth" which is evidence to the importance the state attaches to the mentioned sectors. The following focus points are key among the overall assessment section on agriculture and food.

- a. **Food safety:** The plan stresses that Turkey ranks 36th among 105 countries covered in the Global Food Safety Index. Concerning the sub-components of the index, Turkey's ranking deteriorates to the 44th place in economic

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accessibility, which the Plan considers a result of agricultural good prices being relatively higher in Turkey compared to a number of developed and developing countries.

- b. **The rise in foreign trade:** Another development stressed in this section is the rise in foreign trade in the agriculture and food sectors. When the food and beverage sectors are excluded, Turkey becomes a net importer as of 2012 whereas it was a net exporter in 2006.
 - c. **New incentive system for agriculture:** The plan identifies that regional and product-based agricultural support schemes were introduced and agricultural support payments by the public sector grew drastically.
43. There are a series of chronic problems that lead to the drastic productivity gap Turkey's agriculture has with developed countries. The plan has only limited coverage of the sector's chief problems. General assessments on agriculture almost entirely focus on the policy measures introduced during the ninth plan period while the effectiveness of those policies or their success in overcoming the problems they intend to solve were not addressed at length. Below, we summarize critical problems of the agricultural sector as far as they are covered in the plan.
- a. **Micro businesses:** The negative impact of small-scale and dispersed agricultural businesses on productivity and specialization.
 - b. **Dispersed nature of producer unions:** The inefficiency caused by the presence of numerous producer unions to serve for the same purpose.
 - c. **Problems concerning the seeding of forage plants:** The negative impacts of the insufficiency and high cost of forage plant seeding, as well as the dearth of pasture and ranch areas in animal husbandry.
 - d. **Animal diseases:** The lack of control on animal diseases and measures for animal health.
 - e. **Laggard negotiation process with the EU:** The inability to make sufficient progress in opening the agriculture-related chapters in the negotiations with the EU during the ninth plan period.
44. The plan identifies the main objective in the agriculture and food sectors as developing a globally competitive and environmental-friendly agricultural sector that fundamentally aims for sufficient and balanced nutrition of the people. In line with this objective, the plan envisages that the average annual growth of the sector will reach 3.1 percent, while its share in employment and GDP will decrease to 21.9 percent and 6.8 percent, respectively by the end of the plan period. This implies a 3.1-point drop in the share of the sector in employment and a 1.1-point drop in the share of GDP between 2012 and 2018. In the light of this, we assess that

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the productivity gap in agriculture between developed countries and Turkey will be closed only slightly in the tenth plan period.

45. Below are some of the more important policies the plan sets out for the agricultural sector, which we believe are not ambitious enough.

- a. **Increasing the scale of businesses:** The plan talks about efforts to increase the average scale of agricultural businesses to an optimal level.
- b. **Land aggregation:** The plan states that land disintegration will be prevented and the dispersed structure of the sector will be changed via aggregation programs.
- c. **Product and basin approach to agricultural subsidies:** The plan stresses that agricultural subsidies will be distributed on the basis of agricultural basins and parcels. A social and production oriented approach will be assumed when distributing financial support.
- d. **Impact analysis for agricultural subsidies:** As an important policy priority, the plan assesses the impact of subsidies.
- e. **Value-added gains:** The plan aims to transform the product pattern in a way to ensure gains in value-added in agricultural production.
- f. **Competitiveness in animal husbandry:** Chief among the policies related directly to animal husbandry are the protection of gene pools, proceeding with gene breeding operations, improvement of pastures and ranches and shifting to a protective veterinary system.

46. The policies the plan lays out for the agriculture and food sectors meet the goals its. Nevertheless, we believe that the targets for the sector, which is of critical importance for the Turkish economy, are not ambitious enough. The policies involved in the plan show that the state's approach to the public sector has not changed remarkably when compared to previous plan periods. The plan reveals that policies that will enable a controlled transformation towards a market-based agricultural system, guaranteeing consumer's access to cheap and high-quality food products and enhance the level of competition in the food industry, are not among Turkey's priorities in the near future. In addition, we think that sub-sectors of agriculture could have been addressed under separate headings, as was done in the section on manufacturing industry. The plan, on the other hand, addresses the agricultural sector as a whole and does not sufficiently touch upon the particularities of different sub-sectors.

Justice and fundamental rights and freedoms

47. Turkey has to increase the value-added of production in order to converge with developed countries in terms of GDP per capita. The necessary transformation in

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the production structure will take place along with the shift from medium to high-technology products. For this to happen, Turkey should make progress in a wide array of areas such as improving its R&D capacity, the skills level of its labor force and its physical infrastructure. The prerequisite for the breakthrough that will speed up the convergence process is to strengthen the institutional infrastructure. An institutional infrastructure conducive for such convergence has to secure the rule of law, guarantee fundamental rights and freedoms for everyone, and safeguard an efficient judicial system. For this reasons, we see the plan's separate sub-sections for justice and fundamental rights and freedoms as an improvement.

48. The tenth plan discusses justice as the rapid, fair, efficient, reliable and unerring functioning of the judicial processes as per the requirements of international norms of justice, the rule of law and the superiority of law. The writing of a new pluralist constitution with the widest consensus possible is one of the major targets of the tenth plan. Below we summarize the progress made during the ninth plan period in terms of justice, as addressed in the tenth plan.

- a. **EU harmonization:** Some part of the obligations defined as per the EU acquis were fulfilled by the introduction of a series of laws.
- b. **Judicial packages:** Four justice packages were enacted to improve the quality, efficiency and effectiveness of justice and judicial services as well as to solidify fundamental rights and freedoms.
- c. **Physical infrastructure:** Construction works of 112 service buildings were completed. Modern, high-capacity penal institutions and detention homes were built.
- d. **Use of information technologies:** The National Judiciary Network Project (UYAP) was designed in order to establish an e-justice system transferring judicial processes and services to an electronic environment. Work on the Audio and Visual Information System (SEGBS) for video-recording of testimonies and video-conferences is ongoing.

49. The progress made during the ninth plan period concerning fundamental rights and freedoms, as outlined in the tenth plan, are given below. The plan underlines that,

- a. Citizens were given the right to individual appeal to the Constitutional Court for violations of fundamental rights and freedoms
- b. The Department of Human Rights was established under the Ministry of Justice

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- c. Procedural laws were amended in order to enable the ECHR's decisions upon individual appeal to be deemed as ground for new trial
 - d. The approval of the revised European Social Charter and the enacting of the Law on the Human Rights Agency of Turkey
 - e. The Meeting and Demonstrations Law was amended in order to democratize the execution of the right to hold meetings and demonstrations
 - f. International conventions on fundamental rights and freedoms were given precedence over domestic laws
 - g. Private courses were opened for languages and dialects other than Turkish, broadcasting in foreign languages was enabled, and political parties were allowed to make propaganda in languages other than Turkish.
50. Though the regulations and amendments introduced during the ninth plan period were targeted at securing the healthy functioning of the justice system and extend fundamental rights and freedoms, it is plain that severe problems are observed in implementation. We believe that the structural amendments foreseen in judicial packages are important, as they seek to expand the scope of individual freedoms, further freedom of expression, and harmonize with the EU acquis and the ECHR criteria in human rights. At the same time, with precedence given to international conventions over domestic laws, all of the amendments mentioned above have to be implemented properly. Due to the flaws in implementation however, the European Commission stresses that Turkey has not made progress concerning fundamental rights, that the rise in violations of freedom of expression is worrying, that the freedom of the press is constrained in practice, and that Turkey has to increase its efforts to build an independent, objective, and efficient judicial system.
51. During the ninth plan period, a number of steps were taken to improve the efficiency of judicial services and expand fundamental rights and freedoms. Due to the flaws in the implementation processes however, Turkey's ranking has been deteriorating in indices that focus on the freedom of expression, the rule of law, and similar indicators. After the 2012 EU Progress Report, which identified the problems in practice concerning justice and human rights, Turkey's status in the Freedom House index was downgraded from "free" to "partly-free," which could be seen a sign of the failure to accomplish international standards in practice. Major problems in practice have to be solved first in order for the legal regulations of the tenth plan, outlined as measures to extend fundamental rights and freedoms, can indeed be effective. Otherwise, passing new laws alone cannot

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make Turkey a country with an efficient judicial system that safeguards fundamental rights and freedoms.

In Lieu of a Conclusion: Recommendations for the Future

52. If implemented properly, the Tenth Development Plan can make a strong contribution to efforts to overcome the middle income trap and move on the path of becoming a high income economy. Yet, there are a number of preconditions to be satisfied. To begin with, the plan needs political advocacy. Second, the connections between the decision making processes in the public administration and the plan have to be strengthened. Third, monitoring and evaluation functions have to be redefined for the purposes of the plan and implemented efficiently. Finally, in order to ensure coordination in practice, a different approach to orchestra conducting should be defined and realized. In lieu of a conclusion, we are elaborating on these four preconditions below.
53. **The problem of political advocacy.** How will the policies defined in the Tenth Development Plan be realized? How will public and private sector investments be guided in line with the plan? It is unfortunately not easy to answer this question, particularly when taking into account the public decision making process. The development plan's power to influence public sector behavior has always been a problematic issue in Turkey. Possible tensions between short-term and long-term priorities generally end up in favor of the short term perspective in Turkey's political culture. Additionally, those in power might prefer to have a rich policy menu and thus keep texts which can be binding, like development plans, at distance. This hinders development plans' ability to have a function beyond that of wish lists waiting on the shelves. The lack of political advocacy for the policy priorities identified in the plan also affects the sanctioning power of the plan on the bureaucracy negatively.
54. In order to overcome the advocacy problem, political will has to both internalize the plan and embrace it as a statement of priorities and roadmap. The opportunity to do so exists today, as the plan essentially is a roadmap for achieving Turkey's ambitious goals for 2023. These goals are composed of a list of targets the Justice and Development Party declared before the 2011 elections. A development plan that explains how to achieve these political goals can be expected to be automatically embraced by the government. Yet, this expectation is naïve in today's circumstances: if the Tenth Development Plan was considered a roadmap for accomplishing the 2023 goals, it could have been designed as a ten-year (2014-2023) rather than a five-year (2014-2018) plan. It could have been remembered as the "2023 Plan" which would maximize the level of political advocacy when compared to previous plans. This was not the case,

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however. We hope that reality will prove us wrong and the fate of the tenth plan will be brighter concerning political advocacy.

55. **Strengthening the connections with other decision-making processes.** Let's assume that a reasonable level of advocacy was ensured. How can the plan's influence on public policies be improved? The way to do this is to strengthen the connections between the three-year medium term program (MTP), annual plans, investment programs, general budget and the Tenth Development Plan. The higher the harmony between annual programs and general budget, the higher will be the chances of realizing the policies identified in the plan. In this context, it is useful to keep in mind the importance of such a perspective, which strengthens the weak connections between the political party program, development plan, MTP, annual program, and the central government budget.
56. **Improving the monitoring and evaluation functions.** The benefits of having a state department responsible for monitoring and evaluating the impacts of the policies in the plan are evident. It would be wise to define the function of impact assessment, which is a weak aspect of Turkey's public administration culture, uniquely for this plan and design this together with the monitoring and coordination activities. The department with this authority can consult state agencies about strategy development and implementation, carry out performance assessments and examine and assess the consistency of policies in place with the development plan. Additionally, it can collaborate with policy makers to analyze the impact of designed policies.
57. **Coordination and conducting.** The Tenth Development Plan covers almost all elements of public administration. Apart from that, it is required to ensure maximum harmony between different policy instruments in order to make the leap to become a high income country. In the implementation process, contradictions and coordination issues might come up. Different institutions have different priorities and a wide array of policy areas to deal with. For instance, urban transformation might be a priority for one institution while the possible impacts of urban transformation policies on sophisticated industrial investments might affect another institution adversely. Therefore, the coordination between different institutions and their respective policies shall be constantly revised and harmonized with reference to the targets of the Tenth Development Plan. Overcoming inconsistencies in practice and strengthening coordination should be among the key functions of the new institutional structure. The policies of individual institutions should be conducted as instruments in an orchestra.