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## Do bureaucracies enhance or constrain policy effectiveness? Evidence from Turkey's central management of public investment

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THE LONDON SCHOOL  
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POLITICAL SCIENCE ■



LSE 'Europe in Question' Discussion Paper Series

# Do bureaucracies enhance or constrain policy effectiveness? Evidence from Turkey's central management of public investment

Davide Luca

LEQS Paper No. 109/2016

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# Do bureaucracies enhance or constrain policy effectiveness? Evidence from Turkey's central management of public investment

Davide Luca \*

## Abstract

Despite a significant amount of research, literature continues to produce contrasting predictions on how, and when, public bureaucracies may enhance or constrain policy effectiveness. On the one hand, developmental state research has stressed the importance of bureaucrats' autonomy from politics, particularly in emerging economies. On the other hand, public choice literature has called for strong oversight by politicians over the bureaus. The paper contributes to this debate by analysing Turkey's contemporary public investment management. It offers a detailed exploration of how economic bureaucracy's characteristics contributed to 'sound' investment management. The analysis draws on in-depth elite interviews. The results suggest that the existence of a capable and authoritative organisation directing the project cycle has positively contributed to the technical management of investments. Empirical evidence also indicates that this organisation is insufficiently insulated vis-à-vis government; its ability to implement 'sound' policies is therefore contingent on the political context. Nevertheless, the analysis also uncovers significant resistance of the bureaucrats against measures which would increase bureaucratic efficiency and transparency. Overall, the findings suggest that bureaucratic autonomy and accountability play an equally relevant role in determining policy effectiveness.

**Keywords:** bureaucracies, policy effectiveness, public goods, EU Candidate Countries, Turkey

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# **Do bureaucracies enhance or constrain policy effectiveness? Evidence from Turkey's central management of public investment**

## **1. Introduction**

Like in many other countries around the world, the use of public monies in Turkey has been frequently distorted by populism, clientelism, and policies driven by short-term electoral interests rather than long-term developmental goals (cf. Heper & Keyman, 1998; Kalaycioğlu, 2001). Yet, recent research on the allocation of Turkish public investment during the last decade has uncovered a picture in which the geographical distribution of public goods responds more to socioeconomic need than distributive politics considerations (Luca and Rodríguez-Pose, 2015). The current paper aims to understand this empirical puzzle by: (1) exploring in more depth whether Turkey's public investment project cycle is currently managed effectively. We define policy effectiveness as the ability to formulate and pursue objectives coherently with their policy mandate, regardless of the preferences of other actors in their environment (Echeverri-Gent, 1992); (2) explaining what is the role played by the Ministry of Development – the organisation in charge of investment allocation and overall coordination – in ensuring that investment decisions remain focused on publicly-oriented goals, as opposed to purely

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becoming a tool for particularistic redistribution and rewarding electoral support (Biddle, Milor, 1995).<sup>1</sup>

The research goal is inspired by the literature on state effectiveness which, after almost a century since Max Weber (1921)'s seminal work on bureaucracies, still discusses how, and when, public sector organisations can contribute to the effective provision of essential public goods. On the one hand, the literature on the developmental state (Amsden, 1989; Evans, 1995; Evans et al., 2014; Rauch & Evans, 1999; Wade, 1990) has pointed out how capable and insulated bureaucracies are important preconditions for the sound management of development, particularly in contexts where the political class is prone to short-term, populist decision-making and clientelistic redistributive goals. On the other hand, however, the public choice literature (Huber & Shipan, 2001; Huber, Shipan, & Pfahler, 2001; Niskanen, 1971, 2001) has stressed the inherent self-interested nature of bureaucratic agents, and hence emphasised the importance of mechanisms aimed at ensuring oversight over bureaucrats to avoid the latter's potential predatory and rent-seeking behaviours.

This contribution draws on elite, semi-structured interviews among Turkey's economic bureaucracy, as well as on the analysis of national and international policy documents. To the best of our knowledge, the analysis is the first attempt to critically explore the micro-foundations of the Turkish public investment project cycle. The article first contributes to the literature on distributive politics (cf. Golden & Min, 2013) by providing novel insights on how dynamics of tactical redistribution in contemporary Turkey are

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<sup>1</sup> In the real world, the distinction between the two ideal types may be blurred, in the sense that policies might be aimed at electoral rewarding and yet address social objectives. Like any ideal-type, the depiction of the two policy objectives as completely dichotomous is hence a heuristic device.

concretely shaped. Understanding the functioning and the potential bottlenecks in the country's public investment cycle is particularly relevant in the context of EU accession negotiations. More broadly, the article contributes to the debate on how to achieve and foster state capacity in emerging and middle-income countries similar to Turkey. It does so by identifying the specific institutional characteristics which promoted/inhibited the effective management of the investment project cycle in the Turkish case.

Results suggest that the institutional characteristics of the Ministry of Development – comparatively more capable and authoritative than most other bureaucratic agencies in the country – have positively contributed to a technical management of investment projects. Results also show, however, how the organisation is insufficiently insulated vis-à-vis the government. The effective management of funds is hence strongly dependent on the political elite's 'will to deliver'. Luca and Rodríguez-Pose's (2015) results showing limited pork-barrelling allocations must be interpreted as contingent to the government willingness to follow the 'good governance' reforms implemented after the 2001 economic crisis and also triggered by the EU accession negotiations (Özdemir-Tsarouhas, 2013). In comparison, in periods such as the 1990s, when the political system was in a state of flux (Sayari, 2002), the bureaucracy was unable to shield from pressure and deliver. Such results confirm the literature on developmental states, which emphasizes the existence of strong and autonomous bureaucracies as a key precondition for sound policies. At the same time, however, the analysis also uncovers significant resistance from groups within the organisation against the implementation of reforms aimed at increasing bureaucratic efficiency and transparency. Overall, in line with very recent international research on state effectiveness (cf. Azulai et al., 2014), findings hence suggest that, to foster



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policy-effectiveness, bureaucracies must be not only capable and insulated, but also accountable.

The remainder of the paper is organised as follows: section two provides a review of the literature, and draws from it the main research hypotheses. Section three offers an overview of Turkey's state and policy effectiveness tradition, while section four discusses the methodology. Section five presents the empirical findings. Section six eventually leads the discussion to a conclusion.

## 2. The role of bureaucracies in fostering state effectiveness: literature review and research hypotheses

The presence of a well-functioning public sector able to deliver effective policies is a key precondition to foster economic growth and social transformation (Azulai et al., 2014).<sup>2</sup> Effectiveness depends on the existence of a technical project cycle, that is mechanisms allowing to translate visions and goals into well-informed, disciplined, and accountable decisions (Milio, 2007; World Bank, 1997). Yet, while there is universal agreement on the importance of technical capacity, debate still exists on which institutional conditions are

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<sup>2</sup> Empirically, we interpret effectiveness as the extent to which the allocation of public investment remains focused on the publicly oriented goals of increasing the overall national welfare and/or reducing the inter-regional disparities in people's income and capabilities, as opposed to becoming a tool used for short-term, purely strategic purposes (Biddle, Milor, 1995). Given the scope of the paper, we do not discuss in depth whether there exist – or not – a trade-off between favouring overall national efficiency and reducing inter-regional imbalances, an issue at the centre of much disagreement among the regional science literature (Farole, Rodríguez-Pose, & Storper, 2011; Martin, 2008; Osberg, 1995; World Bank, 2009). Our choice is motivated by the fact that, although grounded in different policy preferences, both objectives are not driven by short-term strategic rationales but by long-term policy objectives.

necessary to ensure that such technical management measures are concretely implemented and followed. Too frequently, the effective geographical allocation and management of key public services and goods fails because of distorted bureaucratic and political incentives (Diaz-Cayeros, Estévez, & Magaloni, 2012). These concerns are particularly relevant in the developing world where, because of weaker societal institutions, the provision of public goods is more likely to be distorted around redistributive goals and clientelistic networks aimed at pleasing partisan supporters in the short-term (Diaz-Cayeros, Magaloni, & Weingast, 2007; Diaz-Cayeros et al., 2012; Knutsen, 2013). Drawing from the case of Turkey, Kalayıcıoğlu has underlined how

[it] is an irony to note that the practice of popular government [electoral democracy, A./N.] and good governance seem to be inversely related [...] Hence, in effect, democracy is equated with populism practiced through clientelistic networks, which often requires the bending of rules and laws to distribute benefits [...] Promotion of patronage undermines law enforcement and erodes the rule of law in the country. Hence a dilemma emerges: democracy is maintained at the expenses of the rule of law (Kalaycıoğlu, 2001, p. 66, 67, 63).

In the cases of Thailand and Indonesia, after the shift to democracy politicians used their control of the legislature and the prime minister's office, as well as pork-barrelling spending in the countryside, to build their own patron-client networks (Rock, 2009). Exploring the experience of Thailand, Rock argues that politicians "did so by carrying out a frontal and corrupt assault on the state so they could reward their supporters and build their coffers for the next election" (ibid., p. 941). Electoral politics is inherently particularistic, in the sense that the exchange of votes and other types of political support in favour

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of public decisions with divisible benefits spans virtually across all political systems (Piattoni, 2001). Yet, in 'weak democracies' such particularistic behaviours may end up in 'tragic underdevelopment equilibria' where voters contribute maintaining in power political coalitions whose actions are detrimental for the overall societal development (Blaydes, 2010; Diaz-Cayeros et al., 2007).

The literature tradition rooted in economic sociology and international development has hence stressed how capable bureaucracies insulated from politicians may be beneficial for effective policy-making. The existence of such bureaucracies may keep the state and its developmental policies at bay from interest groups, as well as from politicians' short-term objectives. The literature on the developmental state provides one of the strongest positions of how 'Weberian' state structures may be a prerequisite for ensuring effective policymaking aimed at fostering economic growth in emerging economies (Amsden, 1989; Evans et al., 2014; Moon & Prasad, 1994; Rauch & Evans, 1999; Wade, 1990). The comparative 'developmental advantage' of rational, technocratic structures lies in their intrinsic strength in designing and carrying out developmental policies which are politically difficult but critically important (Eisner, 1993). If the bureaucracy is strong and have enough autonomy to resist political pressure and interferences by rent-seeking actors, it will be more able to promote development and formulate policies in the public interest.

Drawing from such literature our first hypothesis is that, conditional on the existence of technical capacity, policy effectiveness is positively related to the extent to which the economic bureaucracy enjoys insulation from external actors.

Rauch and Evans (1999) in particular suggest how insulation depends on some key ‘Weberian features’, namely meritocratic recruitment, salary competitiveness with respect to other civil services and the private sector, internal promotion, and career stability. They also provide cross-country empirical evidence showing how the link between differential government performance and economic growth across the world is significantly correlated to the existence of bureaucracies with the features described above. Analysing the relationship between political appointees within the bureaucracy and management performance, Lewis (2007) shows that US federal programmes administered by politically appointed bureau chiefs received systematically lower evaluation scores than programmes run by chiefs from the civil service. Rasul and Rogger (2013) further demonstrate that public sector project completion rates in Nigeria are positively correlated with bureaucrats’ autonomy.

Overall, Evans (1995) argues that developmental states are those where a strong bureaucracy is embedded enough in society to ensure that the state elite is aware of and responsive to societal needs, but at the same time independent enough to be protected against interferences from special interest groups and politicians. While Evans (1995)’s theory provides important insights into the relations between bureaucracies and their external, social environment, his argument still leaves open questions on the specific extent to which bureaucratic agencies’ should be insulated from democratic politics.<sup>3</sup>

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<sup>3</sup> Interestingly, while most of the literature has taken a positive view of developmental states, Kohli (2004) rightly stresses how a country such as South Korea – one of the most discussed examples of effective developmental states – has been characterized by cohesive politics, i.e. “by centralised and purposive authority structures that often penetrate deep into the society” (p. 10) to the extent that it shared characteristics with fascist states of interwar Europe and Japan.

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The literature stemming from the public choice tradition has indeed put the mechanisms to control the bureaucracy at the core of its interest. Stressing the inherent self-interested nature of bureaucratic agents, such research points to the role played by mechanisms aimed at ensuring control over bureaucrats as a key factor to avoid their possible predatory and rent-seeking behaviours (Chang, de Figueiredo, Weingast, & Weingast, 2001; Huber & Shipan, 2001; Niskanen, 2001). As Downs (1967) and Niskanen (1971)'s seminal works on bureaucracy go, in the absence of control self-interested and rational bureaucrats will try to maximize their own utility and act in defiance of the public interest. Bureaucratic performance is hence explained following a principal-agent model, according to which a principal (the legislator) acts as an outside monitor and can reduce inefficiencies and improve delivery of services by controlling the opportunistic behaviours of his bureaucratic agent (Huber et al., 2001; Niskanen, 2001).

Successive scholars have further developed such argument to account for more complex conditions and considered the possibility that there may be multiple principals (Olsen, 2015). The literature explores cases where the room of action of the bureaucracy may be shaped not only by legislators but also by interest groups (e.g. Banks & Weingast, 1992; Bendor & Moe, 1985; Waller & Walsh, 1996) and by individual influential veto players (e.g. Moraski & Shipan, 1999). The overall argument is however clear: bureaucrats are modelled as interested in "some combination of bigger budgets, more slack, achieving policy goals, and avoiding oversight" (Bendor & Moe, 1985, p. 757). In the absence of control by politicians, bureaucracies will work against the interest of society, as "the very expertise that bureaucrats and other actors enjoy, along with their structural role in policy processes, provides them with opportunities to work against the interest of politicians and their supporters" (Huber & Shipan, 2001, p. 2).

The second hypothesis therefore suggests that monitoring measures and mechanisms to ensure bureaucrats' accountability positively influence policy effectiveness.

To conclude, a tension between apparently contradictory hypotheses still informs the literature on the link between bureaucracies and state effectiveness (Hopkin & Rodríguez-pose, 2007; Hopkin, 2002). The article's remainder will explore the extent to which these different hypotheses help explain the case of public investment management in Turkey.

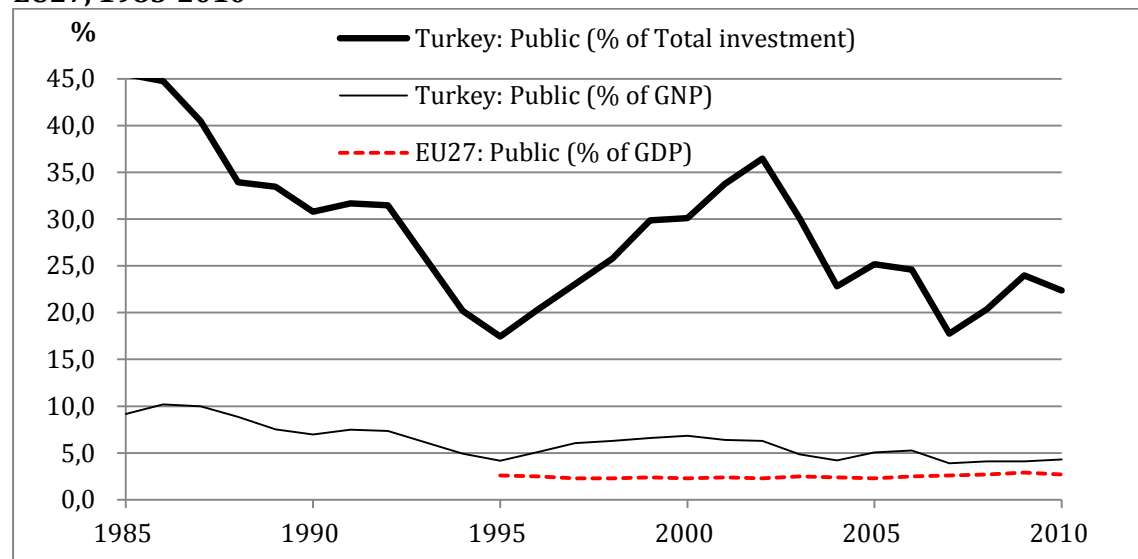
### 3. State and policy effectiveness traditions in Turkey

The state's commitment to developmentalism is written in the Supreme Law. Article 166 of the 1982 Constitution explicitly calls for public policies to tackle developmental imbalances via a 'speedy, balanced, and harmonious development of industry and agriculture throughout the country' (TGNA, 1982). The 1963 saw the foundation of the State Planning Organisation (Devlet Pınlama Teşkilatı, SPO hereafter), transformed in 2011 into the Ministry of Development, an organization in charge of managing, supervising, and overall coordinating at the central level the country's public development policies (Eraydın, 2000). Since then, the SPO has been in charge of preparing multiannual development plans highlighting the priorities and strategies of all Ministries and other public agencies. Plans are then implemented through annual programmes and annual investment programmes, respectively detailing out annual policy priorities and public investment budgetary allocations. Figure 1 compares the shares of public gross fixed capital

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investment as a percentage of GDP in Turkey and in the EU27. Along with the shift from a state-oriented to a more market-oriented development model, the public investment share has more than halved during the last 25 years. Yet, it is still significantly higher than in the EU countries.

**Figure 1. Shares of public gross fixed capital investment in Turkey and in the EU27, 1985-2010**



Source: Own elaboration on data from Turkey's Ministry of Development, Eurostat.

In spite of the Turkish state's commitment to a developmental agenda, a significant amount of scholars has nonetheless pointed to the existence of a frequent gap between goals and concrete implementation (Gezici & Hewings, 2004) across many policy areas. Particularly since the transition to a multi-party democracy in 1945, the process of Turkish modernisation became increasingly mired in strategies of political populism, clientelism, and patronage. Research conducted by sociologists and political scientists has extensively documented the pervasive influence of clientelism and patronage networks over the use of state goods (Güneş-Ayata, 1994a, 1994b; Heper & Keyman, 1998; Sayarı, 1977). As stressed by Barkey (1990), the big loser in this process was the state, which was progressively deprived of its ability to produce coherent policies. Almost three decades ago Heper explained this

process by arguing that:

[D]evelopments prompted the political parties to capture the state by their co-ideologists. Also, particularly from 1973 on, what Kalayıcıoğlu calls ‘amoral partyism’ increased by leaps and bounds. From 1973 to 1980 Turkey was governed by coalition governments. As this writer has pointed out elsewhere, the coalition members were each heavily engaged in unrestrained patronage and nepotism [...]. Each ministry was brought under the complete jurisdiction of a political party as if each ministry had been ‘appropriated’ by a particular political party (Heper, 1985, pp. 114, 115).

The weakening of public institutions vis-à-vis the political realm – the government in particular – reached its peak in the 1980s and 1990s. As a reflection of the changing balance of powers between the bureaucracy and the executive (Heper, 1989, 1990), the significance and quality of Development Plans decreased significantly (Sezen, 2001). The unsustainability of the 1980s and 1990s’ populist and clientelistic drifts reached its limits with the burst of the 2001 economic crisis, which forced the politicians and the public at large to reconsider the ongoing trajectory (Bakır, 2009; Önis, 2003; Uğur & Yankaya, 2008). The devastating impacts of the crisis triggered a complete political change in the 2002 elections, and the adoption of many landmark public administration reforms. Such reforms were pushed through a small group of top bureaucrats who, with the support of the World Bank, the IMF, and the EU, had been trying to advocate for change since 1995 (Börzel & van Hüllen, 2014; Özdemir-Tsarouhas, 2013). As a former manager from the Treasury recalls:

The mentality of the bureaucracy in the 2000s was very much shaped



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by the economic crises. This created a synergy between the SPO, the Treasury and the Ministry of Finance. [Bureaucrats] managed to come together and create a letter of intent. Bureaucracy championed change. [...] Erdoğan found the reforms proposals in a golden tray. (Interview number 1).

The Law number 5018 on Public Financial Management and Control approved in 2003 drastically restructured the functioning of the entire public finance management, replacing the system in operation since 1927 (Özdemir-Tsarouhas, 2013). The new law incorporates the principles of fiscal transparency and bureaucratic accountability, as well as strengthens pre- and post-spending control mechanisms for fiscal authorities at all levels.<sup>4</sup> While the reforms reshaped the Turkish public financial management's legislative framework, not enough is known about the extent to which these novelties have been translated into concrete changes.

A recent econometric analysis carried out by Luca and Rodríguez-Pose (2015) on the allocation of public investment across the provinces of Turkey during 2005-2012 unveils a picture in which the allocation of investment does respond to short-term criteria, but where the magnitude of electorally-driven strategic allocations is relatively low in comparison to the role played by socioeconomic drivers of investment. In their analysis, even after controlling for distributive politics, socioeconomic disadvantage measures remain more relevant predictors of investment. In the light of the significant amount of literature stressing the pervasiveness of clientelism, patronage, and politicians' influence over a wider array of Turkey's state functions, are the

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<sup>4</sup> At it will become important during the discussion of the empirical results, it is worth stressing that the reforms received resistance among numerous quarters in the bureaucracy (Özdemir-Tsarouhas, 2013).

(relatively) positive results about public investment allocation a proof of an effective investment management? Besides, can effectiveness patterns be explained by specific institutional characteristics of the bureaucracy in charge of investment management? To our best knowledge, almost no studies have explored such topic. Interestingly, this literature gap is not only confined to the case of Turkey. As Bertelli and Grose (2009) stress, the literature exploring how politicians strategically use public resources has generally been legislature centric, in the sense that although it recognizes that allocations are made in the byways of bureaucracies, it has mostly focused its attention on the role of governments and parliamentarians, and much less on the specific role played by bureaucratic agencies. Biddle & Milor (1995) have seminally analysed the role of the SPO in determining the effectiveness of investment incentives to the private sector. Apart from their seminal contribution, yet, no research has ever explored the link between the organisation and the effectiveness of public investment.

## 4. Methodology

The methodology is based on qualitative techniques. The fieldwork was conducted between October and December 2014 in Turkey's central economic bureaucracy. The research findings draw on elite, in-depth semi-structured interviews.<sup>5</sup> The interviewees' were selected integrating purposive and chain sampling techniques. First, officers occupying positions relevant for the project cycle were contacted. Each of them was then asked to provide further

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<sup>5</sup> Four of the interviews were conducted during a pilot research phase between October 2012 and September 2013.

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contacts. A snowball selection of potential interviewees was hence nested into the initial purposive sampling. The final sample includes 32 interviewees, of which 18 civil servants from the Ministry of Development, and 14 individuals from other organisations, namely six civil servants from the Ministry of Finance, three key public policy scholars from Bilgi University, Boğazici University, and Koç University, two experts from the Delegation of the EU to Turkey, one retired manager from the Undersecretary of Treasury, one public finance expert and director from Turkey's Economic Policy Research Foundation (Turkiye Ekonomi Politikaları Arastırma Vakfı, TEPAV) with previous experience at the Undersecretary of Treasury, and one expert from the Ministry of Transport's General Directorate for Highways (Karayolları Genel Müdürlüğü, KGM).

In the selection of interviewees, the Ministry of Development was targeted preferentially because the organisation holds the main responsibilities for the coordination of public investment and regional policies. Since the 1980s, along with significant transformations in its economy (Çokgezen, 2000), the country has taken progressive steps towards an incipient decentralisation. The opening of accession negotiations to the EU, in the early 2000s, in particular, coincided with – and partly triggered – a series of reforms in the country's development strategies (Dedeoğlu, 2010). Reforms included the creation of development agencies (Lagendijk, Kayasu, & Yaşar, 2009), as well as the decentralization of some powers to Provinces, Metropolitan Municipalities and Municipalities (Özcan & Turunç, 2008).

In spite of such changes, public investment is still planned, allocated and monitored at the central level by the Ministry of Development. Local administrations can invest autonomously from Ankara. Yet, around 90% of their investment is still covered by the central investment budget. While

public investment projects are proposed and operationally managed by line Ministries, the definition of annual priorities and guidelines, and the project selection and monitoring are still prerogative of the Ministry of Development. We hence focused our main attention on the latter organisation on the ground that it is exactly the place where policies are developed.

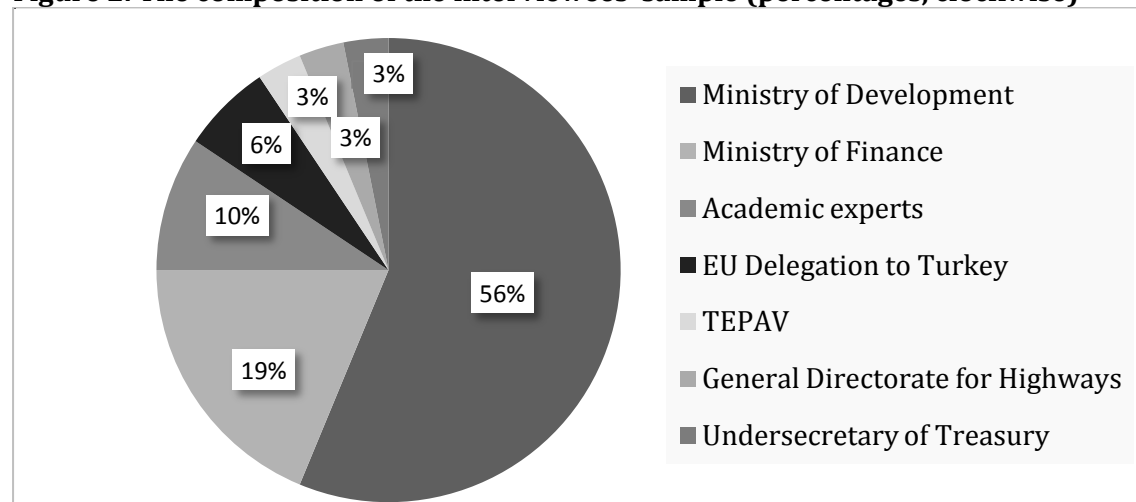
The inclusion of interviewees from external organisations was foreseen to customarily cross-validate the correctness of information. The EU Delegation to Turkey, TEPAV, and the key scholars were selected because of their authoritative and independent view on the state bureaucracy. The Ministry of Finance and the Undersecretary of Treasury should be a further source of critical information, particularly considering the traditional power and coordination problems (Nicholson-Crotty, 2005) they experienced with the Ministry of Development.<sup>6</sup> Interviews lasted on average between 60 and 90 minutes, and were carried out in English and Turkish.

Interview findings were also coupled with secondary document collection, which added considerably to the factual understanding of the public investment management, and served to cross-check the findings from the Ministry of Development. Particular attention was paid to three institutional sources: the annual reports prepared by the European Commission to monitor Turkey's progress towards accession to the EU, the annual Economic Surveys on Turkey prepared by the OECD, and the Five-Year Development Plans and the Annual Investment Programmes prepared by the Ministry of Development.

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<sup>6</sup> In line with the key role played by the Ministry of Development in the project cycle, Section 5 will mostly present and discuss quotes from the organisation's personnel. The quotes presented are the ones which were confirmed most frequently – directly and indirectly – by the 'interviewees' control group' and by external sources.

**Figure 2. The composition of the interviewees' sample (percentages, clockwise)**



Two analytical caveats must be taken into account. First, it is important to bear in mind that the analysis does not claim to conclusively map Turkey's public investment policy process. The complete understanding of policymaking would require an extensive exploration of not only the bureaucratic organisation (the agent), but also the politicians (the principal) and the overall public financial framework. Improving state effectiveness indeed requires not only an effective bureaucracy able to design and implement development-friendly policies, but also political willingness as well as fiscal capacity to promote them. Given the very limited amount of research on the topic, such a broad subject would nonetheless be out of the scope of the current research. More modestly, the article's aim is to provide novel empirical evidence on the concrete functioning of the public investment project cycle during the last decade, and then link the observed strengths and weaknesses to the institutional characteristics of the Ministry of Development. Relatedly, the analysis does not explore how governance links between the central state and sub-national levels (potentially) shape the project cycle. Although sub-national tiers of government do not play a major role in Turkey's public investment project cycle, further research in that area could perhaps provide insightful results. This point gains relevance considering

how the lack of coordination between central and sub-national decision units has been discussed as a problem in the literature (cf. Karadağ, Deliktaş, & Önder, 2004).

A second caveat relates to the interviews. The ability to receive reliable and honest answers may be potentially limited by the author's status as an outsider. This may be particularly relevant in a social context such as Turkey, where interpersonal trust plays a role bigger than formal ties in shaping insider/outsider dynamics. Interviewees were hence accessed after having secured the support of trusted individuals who could 'warrant' the interviewer's trustworthiness. Previous work experience in the country and the use of Turkish in communication further helped 'breaking into the bureaucratic black box'. Considering both the bureaucratic ranking of some of the interviewees and sensitivity of the questions being asked, interviews were not recorded.<sup>7</sup> Last but not least, interviewees were guaranteed anonymity in order to encourage 'free speech'. Overall, these precautions increased respondents' eagerness to talk and discuss personal and institutional conflicts more freely. Interviewees were also asked to provide information on their most-followed media outlets. Such information was then used to 'control' for respondents' heterogeneous political views – which may influence answers about the bureaucracy/politics relationship.

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<sup>7</sup> Such decision was taken after running some pilot interviews, where respondents did not accept to be recorded. Since 2013, and following a massive corruption scandal involving Turkey's former Prime Minister and other members of the Cabinet, the Government has significantly increased pressure on civil servants and worked to purge thousands of suspected political enemies from the judiciary and the police (Meyersson & Rodrik, 2014). We hence decided not to record any of the final interviewees to avoid potential influences on some of the responses.

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## 5. Empirical analysis

### 5.1 The public investment project cycle

Following the approval of Law 5018/2013, the public investment project cycle is formally based on the three pillars of strategic planning, performance-based budgeting, and monitoring and evaluation of results. The Ministry of Development's key project cycle responsibilities include the preparation of the annual project guidelines, the screening and approval of projects, as well as their overall coordination and monitoring and evaluation. By contrast, the empirical implementation of investment projects is carried out by line Ministries.

The selection of annual projects is based on a three-step process. The Ministry of Development first issues a circular directed to other state agencies and line ministries stating each year's specific objectives. Such circular should mirror the strategic priorities set in the Five-year and Medium-term Plans. The latter, which cover three years and is annually prepared on a rolling basis, was one of the key innovations introduced by the new law. It was foreseen to overcome the traditional lack of coordination between multiannual plans and annual investment decisions. At least in theory, medium-term plans should now guide the selection of investment projects to ensure a more strategic use of public monies. Second, bureaucratic agencies and public institutions submit their programme proposals to the Ministry of Finance and the Ministry of Development, in charge of ensuring that projects comply with fiscal and planning documents respectively. A phase of negotiation then occurs between other line ministries and the Ministry of Development's

experts, before the latter agency finalises the investment programme. As the following quotes suggest the procedure is, at least in theory, very technical:

Experts look at project proposals and negotiate with their counterparts. Then a meeting is organised at the Ministry of Development. It's a technical level meeting, sector by sector. These meetings last from August to September. In the whole Ministry, there may be more than 100 meetings. From line ministries there is staff attending not only from Strategy Departments, but also operational people. The final phase is the approval. Experts at the Ministry of Development put forward the proposals which they believe need approval. [...] Such list of proposals then goes to the Director General. Only big issues are brought to upper levels e.g. controversial projects. (Interview number 21).

Of course politicians propose projects, but we can try to convince them that hospitals are not needed where there are already four. We are strongly working at reducing inequalities in hospital provision across Turkey. Of course there are demands for useless hospitals, but we can frequently manage to reject unnecessary projects. E.g. two years ago we came together with the Ministry of Health. We defined priorities areas, allocating each of the 29 health regions of Turkey to one of four 'urgency groups'. Frequently our Minister and our General Managers have backed up our positions. (Interview number 26).

Programmes are subsequently approved by the High Planning Council (Yüksek Pılanlama Kuruluşu, HPC hereafter). The annual investments' draft programme eventually needs to be ratified by the Parliament. The investment project cycle is developed in a way to limit the direct influence of legislators



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(Wehner, 2010). As a matter of fact, Members of Parliament are unable to see the projects' detailed figures. In other words, before the final publication of annual investment programmes, parliamentarians can only express their views on the budget (and the related investment programme) as a whole since the detailed project allocation is not disclosed. Because of such mechanism, changes introduced by the Parliament have often been minor (Özdemir-Tsarouhas, 2013), hence limiting the influence of individual legislators in seeking pork-barrelling allocations. The system is based on the idea that legislators can monitor the bureaucracy's past performance (i.e. assessing previous years' plans), and yet are prevented from influencing forthcoming programmes.

Overall, the new system has modernised the investment cycle in line with international standards (OECD, 2004). Nevertheless, empirical evidence also suggests that the project cycle continues – at least in part – to be marred by two main types of flaws.

First, the system has traditionally suffered from inadequate targeting and a lack of focus on the most relevant priorities. In spite of the reforms, the link between annual investment programmes and multiannual plans continues to be weak. As a matter of fact, after just a few years since their first appearance in 2006, Medium-term Programmes have started to be published weeks after projects had already been proposed by public agencies and selected by the Ministry of Development. The consequence is that strategic planning continues to be inadequate, with projects still being proposed and discussed without clear overall strategies. The following excerpt explains this issue:

A problem is that there are too many plans/documents. There are the Five Year Development Plans, the Medium Term Programmes, the

Annual Programmes and Investment Programmes, and each Ministry has its own plan. All these documents were created to ensure a good coordination and good strategic planning, but they are too many now and are not respected. (Interview number 1).

Second, weak monitoring and ex-ante feasibility controls leads to inefficient projects. As the Eight Development Plan suggested, “even completed promptly, they [projects, A./N.] may not yield the anticipated benefits due to the insufficiencies in feasibility projects. [...] Insufficiencies in monitoring as well as evaluation both restrain timely determination and elimination of breakdowns and curtail coordination among projects” (State Planning Organisation, 2001, p. 226/227). This flaw is caused both by the insufficient procedures to carry out effective ex-ante controls by the Ministry of Development, and by the poor quality of feasibility studies submitted by public institutions to the Ministry. The following quote by a senior manager explains the second problem:

According to the Law 5018, you have to have a feasibility study analysing technical and financial feasibility, social impacts, etc. What is concretely the quality of those studies is another thing. I can show you one. This, I can read it in 15 minutes, and it does not say anything. Yet, if you tell the Ministry of Transport that a study is wrong, they have always answers [to put the project forward]. (Interview number 17).

The weaknesses in the availability of effective mechanisms to ex-ante evaluate projects at the selection phase is mirrored by an almost complete lack of on-going and ex-post monitoring and evaluation of approved projects. Numerous interviewees acknowledged such shortcomings as significant

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constraints on the agency's performance. Indeed, a Ministry of Development manager explains:

I think this is the weakest part of our project cycle. Sometimes we ask for realisations, we also carry out some site visits. We do some monitoring but we are not good in evaluation. There is no formal evaluation. If we did, it would have a big influence on project effectiveness. So now we continue making the same mistakes. (Interview number 21).

To conclude, the analysis provides an overall picture of the investment project cycle in line with Luca and Rodríguez-Pose's (2015) relatively positive findings. The good governance reforms implemented in the early 2000s appear as a first explanatory variable behind the limited amount of distributive politics uncovered by the two authors. Such reforms have strengthened both the country's fiscal situation and the investment project cycle. At the same time, the latter still shows important flaws. The following two sections will discuss how the levels of policy effectiveness observed can be explained by the role and characteristics of the Ministry of Development.

## 5.2 Bureaucratic capacity, autonomy, and policy effectiveness

Unlike other developing countries in Asia, Africa, and Latin America which achieved independence from colonial rule with relatively low state capacity, coming into existence in 1923 the Republic of Turkey inherited a strong state tradition from the Ottoman Empire (Heper, 1985). At the same time, the weak independence of state institutions from the ruling elite has been one enduring

characteristic of the Turkish state. Within this tradition, the SPO was statutorily designed by the military rulers as an organisation comparatively stronger and better insulated than most other Turkish public agencies. A senior manager explains:

Our position was unique within the public administration. Why? It was considered that the institution had to think freely and had to find solutions for the future of the country. So they don't have to be directed by plagiarized people [people not independent from special and short-term interests, A./N.]. (Interview number 2).

As Özbudun and Ulusan (1980) stress, the military junta was rather sympathetic to the concept of planning and the idea of an independent organism aimed not merely at the physical growth of the nation, but also at a peaceful transformation of the existing systems. Since the 1980s, along with the shift from an import-substitution to an export-oriented model of growth and the progressive trend of decentralization occurred in Turkey (Özcan & Turunç, 2008), the overall state's active role in development started declining. Yet, the SPO overall managed to maintain its elitist character and, with it, levels of technical capacity comparatively higher than many other state institutions. The public employees' insufficient skills level has traditionally been a problem for the effective provision of public services in Turkey (State Planning Organisation, 2006). The peculiar place occupied by the Ministry of Development within the broad public sector can be hence grasped comparing the organisation's human resources with other public agencies. Table 1 compares the educational attainments of civil servants in the Ministry of Development to four other state organisations. If compared to the 1980s and 1990s (Biddle & Milor, 1995), the gap in educational attainments between the Ministry of Development and rest of the economic bureaucracy has currently

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decreased. Nevertheless, the table still shows noteworthy differences. The Ministry of Development fares in particular better than its counterparts in the highest levels of educational attainments, with almost 32% of its staff possessing a graduate degree or a higher diploma, as opposed to less than 25% in the Treasury, 21% in the Ministry of Economy, and only 6.5% in the Ministry of Labour and Social Security, and 3.2% in the Ministry of Finance.

**Table 1. Distribution of personnel across different Ministries according to educational status in 2014 (percentage)**

Institution	Educational attainments					
	Elementary school	Secondary school	Associate degree	Undergrad. degree	Graduate degree	PhD
Ministry of Development	1.5	6.5	8.8	51.5	28.5	3.2
Treasury	1.7	11.6	8.3	53.7	22.7	2.2
Ministry of Economy	3.0	12.0	8.0	56.0	21*	
Ministry of Finance	3.5	14.5	10.7	68.1	3.1	0.1
Ministry of Labour and Social Security	2.4	10.6	8.1	73.4	5.7	0.8

\*Data include both Graduate and higher qualifications. Source: Ministry of Development, Ministry of Finance, Treasury, Ministry of Labour and Social Security.

Interestingly, the Ministry of Development has also traditionally given emphasis to the ‘socialization’ of new recruits to its ‘institutional norms’ by pairing junior experts to senior staff for long periods, as well as by supporting logistically and financially members of staff in the achievement of graduate degrees in top foreign universities. The following excerpt by one head of department confirms how ‘socialisation’ into the organisational structure is considered as a key characteristic of the Ministry:

I think that highly trained personnel are more prone to resist against political pressure from above. [...] I think that compared to the initial selection, more important is the training of personnel. Here new people are well trained. Each new assistant expert is assigned to an expert. In

other ministries, there may be 10 new people for each expert. So they don't learn the institutional culture. (Interview number 16).

Traditionally, the Ministry has also benefitted from a relatively objective and meritocratic system of recruitment, which guaranteed the selection of competent applicants, as well as from salaries significantly higher than other line institutions. As will be discussed later, the organisation has not been immune from nepotism and the preferential hiring of candidates based on political views, particularly since the 1980s. At the same time, however, most interviewees agreed on how the agency has managed not to fully undermine the quality of new recruits. The following quote by a senior planning expert provides an example:

For promotions in top management of course there is political interference. [As for lower positions], if there are two applicants for a position, they may prefer the [politically] closest one. But if there is just one applicant, they generally will give the job to him. (Interview number 7).

When asked why the formal recruitment system has allowed keep nepotism (*torpillik*) relatively at bay in the Ministry, one head of department answered:

The [entry] examination is done by people from here. We work on candidates, and then give a list and the Minister selects among our list. [...] Of course pressure on this kind of thing is always there. But [...] we are the ones frying in the pan eventually. I will be the one to work until 9 in the evening. So it is in our interest to hire the best people. (Interview number 20).

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The quote confirms the importance of 'internal control' as a mechanism for the reproduction of 'institutional quality', in line with Rauch (1995)'s theoretical framework. Marrying the Weberian state hypothesis to a principal-agent model, he argues that, in a bureaucracy overall effective in fulfilling its mission, each manager will have incentives to act as a principal and select and supervise his/her staff (i.e. agents) to ensure that they carry out their tasks. Relatedly, the literature suggests how two other mechanisms are important for ensuring an agency effective working. The first one concerns whether career advancements are based on merit, rather than on other non-performance related factors. The second mechanism refers to the emphasis given to internal advancement over the selection of external candidates. Evans (1995) and Rauch (1995) extensively argue how, in settings where political pressure on appointments is high, civil service protection mechanisms are likely to be efficiency-enhancing. The following quote by a young head of department supports their hypothesis:

The Ministry of Development is not the Ministry of Agriculture, or the one of Interior. The latter is the most political place on earth. There if you do something the top people don't like, you are hanged. We are not a Weberian bureaucracy either. Yet, what we have is we still get promoted from within. [...] Appointments are most of the time objective up to the level of Director General. Then they have to be supporters of the party. But even then they must have some capacity. In a normal Ministry, if you want to get appointed you go to the Minister, or to MPs. [...]. The culture here normally doesn't work like that. (Interview number 6).

Indeed, out of the current 15 top managers of the Ministry (Minister, Vice-Minister, Undersecretaries and General Directors), only two do not have

spent their entire professional life within the organisation before being appointed to their current position.

Overall, the evidence seems to suggest that existence of a capable institution with purposive authority in charge of investment management has positively contributed to ensuring that investment decisions remain focused on publicly-oriented goals. At the same time, and in spite of institutional characteristics comparatively stronger than the rest of Turkey's bureaucracy, the analysis also suggests that concrete mechanisms through which the Ministry of Development operates have not been immune from flaws. The remainder of this section will explore how the organisation has in particular suffered from insufficient autonomy from the executive in carrying out its activities.

Since the bureaucratic elite played a key role in the modernization of the country, high-level bureaucrats traditionally formed a distinct group united by a sense of shared identity (Biddle & Milor, 1995) and frequently perceived themselves as the main formulator of the Turkish state's long-term interests (Heper, 1985). At the same time, however, such powers and elitist attitude spread the seeds for their own demise, bringing the top bureaucracy into a long-term conflict with the political elite. During the 1980s, in particular, non-legal political pressure on personnel started to creep into the SPO via the recruitment of new staff through a separate process to bypass the formal examination. A senior expert from TEPAV points out:

In Turkey, this has always been a problem, especially in the 1980s and 1990s. So bureaucracy tried to safeguard itself [by trying to retain as much as independence as possible]. The Undersecretary of Treasury is an example. (Interview number 4).



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Similarly to many other countries (cf. for example the Italian case described by Golden, 2003), Turkish politicians have indeed frequently used the expansion of the state as an opportunity to engage with patronage recruitment. Aside from its budgetary effects, the expansion of personnel has had implications on the organisation's implementation capacity (World Bank, 1997). Numerous interviewees stressed such problem, arguing that the excessive increase in the number of new personnel hired has – particularly in recent years – jeopardized the agency's capacity of 'socialising' new recruits. As a head of department explains:

In the past our salary regime was higher than other institutions. So we were selected as the cream of the available personnel. [...] There are still residuals of that culture. But in the last 10 years we hired too many people, so it is difficult to transmit these values to new people. [...] Why were people hired? That is political! (Interview number 2).

Besides, while there are mechanisms to ensure a relative insulation from the legislative, the organisation is not fully independent from the Government. This should be no surprise considering that the SPO was statutorily designed as an advisory organisation attached to the Prime Ministry. Institutional changes in the project cycle have nonetheless altered, throughout the decades, the scope of the bureaucrats' ability to make their voice heard by the government. As many interviewees suggest, a main locus where technical decisions are overruled is the High Planning Council. While initially composed of the Prime Minister, 4 Ministers, and 4 top managers from the SPO, following the Decree Law no. 223/1984 and Law no. 304/1987 bureaucrats have been removed from the Council. Since then, the Government has had full power to modify investment plans prepared by the bureaucracy. The Eight Development Plan indeed points out to this

phenomenon as one of the structural problems of the public investment management, stating how “additional allocation practices within the program year mar program discipline and sectorial balances.” (State Planning Organisation, 2001, p. 227). The following excerpt provides a concrete example:

As experts, our basic document in the selection of projects is the annual development programme. [...] If you read page 236 of the 2014 programme, you understand that we should not invest at all in motorways but invest in other means of transport. But in the last years there have been 70 trillion TL investments in motorways. We allocate 4 trillion at the beginning of the year, and at the end they have become 9. [So how does it happen?] At the High Planning Council. If a project is above 100 million TL we send the project to it. We send reports saying that projects are good/bad, giving technical opinions. [...] Yet, so far, I cannot remember even one case when they rejected a project after our evaluation. At the end, unless you get politicians away from populist approaches, all the ideas about effective planning rest on paper. (Interview number 25).

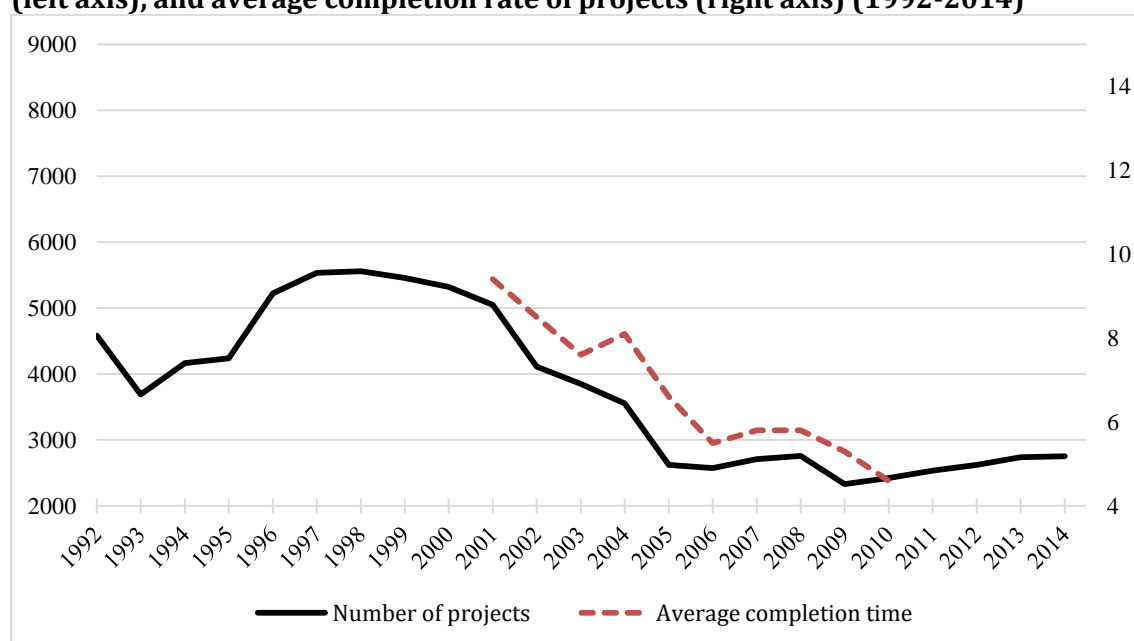
The main channel of ‘control’ of the principal (the political agents) over the agent (the bureaucrats)’s policy decisions is hence not the Parliament and its sectorial committees (cf. Weingast & Moran, 1983) but, rather, the Prime Minister and the Cabinet (cf. Moe & Wilson, 1994). The top bureaucrats’ stronger role into the HPC was initially foreseen by the Military interim government which established the SPO in the 1960s. According to the literature on democratic accountability discussed earlier on, the substitution of top-bureaucrats with elected Ministers may mark a positive transition towards a more accountable and democratic system. At the same time,

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however, in a setting where politicians have frequently embraced inefficient and unsustainable policies purely aimed at garnering votes, the changing balance of power between bureaucrats and politicians within the Council has had implications for the sound management of public funds.

Indeed, over the years a number of economically dubious investment projects have been burdening the public investment portfolio. As Gönenç, Leibfritz, and Yılmaz (2005) suggest these projects were often launched in response to central and local political pressures. Examples include the launching of irrigation projects with particularly long completion, and the construction of transport infrastructures with limited use. This drifts worsened in periods such as the 1990s, when the political system was more unstable and political leaders engaged more deeply in short-term electorally-motivated allocations. Figure 3 confirms such trend. It shows the average number of projects included each year in the annual investment programme between 1992 and 2014, as well as the average completion time of projects (for the years available). The number of projects included into each year's programme peaked in the mid-1990s, to start decreasing only in the early 2000s.

**Figure 3. Number of total investment projects included in each annual programme (left axis), and average completion rate of projects (right axis) (1992-2014)**



Source: Own elaboration on data from Turkey's Ministry of Development.

Following the late 1990s and early 2000s political and economic crisis, the State Planning Organisation was assigned in 2001 the task of identifying the least efficient projects and prepare an investment rationalisation programme. Such programme proposed to freeze those projects with the lowest prospects of completion, and concentrate the limited resources on priority areas. Under the loom of new crises, and willing to comply with the EU accession negotiations, the government followed these recommendations (OECD, 2004). Evidence hence suggests that Luca and Rodríguez-Pose (2015)'s positive results for the period 2005-2012 are driven by the Ministry of Development's capacity, but also contingent on the AKP government's willingness to implement and follow the post-2001 reforms developed by the bureaucracy in concert with the World Bank, the IMF, and the EU. The following quote by one of the bureaucrats involved in the rationalisation of the project cycle supports this claim:

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Fiscal control gave us opportunities during the management of this government. [...] Of course [in the past the system] was not working because of political interferences. Actually I think [the system] worked in the 1960s, in the 1970s, and in a way still the 1980s because of the preferences of Ozal's government. But in the 1980s it started to decline and of course went down in the 1990s. There was a chance in the 2000s. Actually it was going pretty well until 2008... (Interview number 2).

Pressure to pass investment projects primarily motivated to garner votes derives not only from external actors, but also from part of the top-management within the organisation. The fact that politicians increasingly managed to influence bureaucratic recruitment and promotion patterns in turn increased the sensitivity of top bureaucrats to signals emanating from the political class (Biddle & Milor, 1997). The following quote explains this phenomenon:

We are different than other ministries, but it happens that we feel the pressure, that we are said 'this is a key project, if we don't accept it that will be an issue'. If we write very negative and strong assessment reports we would put politicians in a difficult corner, so this leads us to write reports in a more nuanced and softer way. [Who tell you?] It's top managers. They may tell that 'this is a key project. I know it's not economically feasible but it's "socially" viable.' [...] There is closeness (*samimiyet*) between top bureaucrats at the SPO and people in the political sphere. (Interview number 25).

Along with the strong power of the Government to influence investment decisions irrespective of the technical project cycle, a final factor undermining the technical management relates to inadequate staffing within the Ministry

of Development. Pointing to the road network projects within the transport sector, which for example in 2013 accounted for more than three billion Turkish Lira worth of projects, one junior manager explains:

Formally there is no space for political pressure. The procedure is formally very technical. Do you ask me if it concretely works? Check how many people work on each sector: on road projects there are only three people working. This implicitly politicizes the process. (Interview number 23).

To conclude, the analysis suggests that although still in a better position than other institutions, the Ministry has not been immune from flaws, particularly related to insufficient autonomy vis-à-vis the government. Overall, results confirm Biddle and Milor (1995), who argued that it is less the absence of bureaucratic capacity than the lack of bureaucratic insulation to undermine Turkey's development policies effectiveness.

### 5.3 Bureaucratic accountability and policy effectiveness

The final research hypothesis suggests that while bureaucratic autonomy may reduce politicians' attempts to drive the policy process towards inefficient and clientelistic outcomes, effective devices to monitor bureaucrats' actions are nonetheless expected to be an important component to reduce moral hazard among civil servants (Page, 2010). Interestingly, empirical results suggest that the very limited existence of mechanisms to ensure accountability – another significant flaw in Turkey's investment project cycle

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– is determined not only by factors external to the Ministry of Development, but also by resistance to change originating within the organisation.

In spite of the legal novelties introduced by the Law 5018/2003, only an extremely limited amount of personnel is currently in charge of monitoring and evaluation tasks. One of the interviewees from the Ministry of Development in particular suggests how probably only 5 members of staff (i.e. around 0.06% of the organisation's total employees) are concretely devoted to the real monitoring and evaluation of projects (Interview number 7). As a former top manager from the Treasury explains:

The founding of the SPO was done to streamline investments and check efficiency. Yet, monitoring and evaluation had always largely ignored. In the 1980s and 1990s, in particular, project efficiency was low. [...] The 2003 laws on public expenditure were an effort to rationalize public spending. Yet, nobody knows exactly the outcomes of projects. Bureaucratic offices (e.g. units, directorates) publish activity reports, but these don't link to performance indicators. (Interview number 1).

Trying to explain the reason why the organisation never gave significant priority to monitoring and evaluation, in spite of the awareness of its utility to increase effectiveness, Biddle and Milor (1995) reported the opinion of a staff member that collecting data on performance would be like 'playing Russian roulette'. Most interviewees provided similar arguments. Interestingly, one senior manager suggests how the top management's focus on the monitoring of performance has decreased along the years, rather than increasing:

The first big change in the SPO was done in 1994. At that time the Coordination Department was closed. [...] Our main rule in that department was to follow-up the implementation, make necessary revisions and coordination, and monitor the realization and make necessary reporting. [...] We were monitoring all projects' realisations; we were issuing public investment expenditure reports each quarter. Now we don't do that! At that time we were. [...] By closing that department, those functions were cancelled. (Interview number 2).

Similarly, numerous experts acknowledged that monitoring and evaluation has never become a priority for the top management. The same interviewee provides a concrete example:

We started a new project. It was initially accepted by the top management, it was about ex-post evaluation of selected projects. But later the top management said that it was not our priority at the moment. (Interview number 2).

Overall, both the interviews' findings and the policy documents (in particular the Eight Development Plan) suggest that monitoring and evaluation procedures have been applied unsystematically and lack overall coherence. The analysis also points out how the substantial lack of mechanisms aimed at ensuring both internal and external accountability has constrained the bureaucracy's commitment to achieve better performance. One of the few staff members working on intermediate and ex-post monitoring of projects recounts:

There is no standard. There are no shared rules on how to deal with numbers. The SPO historically did not have capacity [on this area]. But



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there has been no interest too. [...] Those who are brave, they get discouraged. We don't take the initiative, we are discouraged. [For example] we conducted a monitoring and evaluation project with the World Bank in 2007-8. It was aimed at introducing monitoring and evaluation in annual programmes. There was commitment with the World Bank. Our top level signed a commitment with them. We wanted people from sectorial departments. But sectorial managers did not even attend our meetings regularly. (Interview number 3).

The flaws in the mechanisms aimed at ensuring the agency's external accountability are even more striking. In annual investment programmes, projects are recorded with no common classification criteria, so any external in-depth analysis on single investments projects is very difficult. Besides, project codes between the national budget prepared by the Ministry of Finance and the investment programme prepared by the Ministry of Development don't coincide (Yavuz, 2014). As the latter author suggests, this is not a casual flaw, but rather a planned expedient to avoid the Parliament and the Court of Accounts' auditing controls. In other words, the bureaucratic and political elites effectively have colluded. Interestingly, such collusion between top bureaucrats and the government resembles recent evidence put forward by Page (2010). Exploring which mechanisms for securing public accountability do bureaucrats pay particular attention to when developing public policies, he concludes that bureaucrats take significant efforts to make sure their political leaders approve their actions. In contrast to conventional rational choice and principal-agent frameworks, which stress the potential for conflict between bureaucrats and politicians, his findings suggest that the incentives for bureaucrats can work entirely in the same direction as the ones for politicians. Indeed, as one of the interviewees from the Ministry of Development recollects:

From a political point of view, this was done to avoid the audit function of the parliament. Both the audit system used in Turkey and the control of the Court of Accounts (*Sayıştay*) work on the budget, not on the investment programmes. So the system was created to avoid control. And from a bureaucratic point of view, the lack of standards was beneficial to give more comfort to the top managers. So there was connivance between the top bureaucrats and politicians. (Interview number 23).

While further research on this area is needed, it is possible to speculate that one of the reasons why the parliament never pushed for reforms aimed at correcting this flaw might be related to the functioning of political parties. Similarly to the case of Mexico explored by Langston (2001), in Turkey party leaders have traditionally had strong influence over party members. Following the new constitution approved after the 1980s military coup, parties' candidate lists are compiled by leaders, while a national electoral threshold of 10% prevents dissidents from separating from their party to form a new one. The strong-executive/weak-parliament has therefore been a peculiar characteristic of Turkey's political system (Öniş & Webb, 1992). The system induced strong discipline from party members, who had an incentive to align with the party leadership, and then reduced dissent among legislators against the actions taken by the Government, and the Prime Minister in particular.

## 6. Conclusion

Drawing on elite, semi-structured interviews among Turkey's economic bureaucracy, as well as on the analysis of national and international policy documents, the research has aimed to answer the following related questions: (1) is Turkey's public investment project cycle currently managed effectively? (2) What is the role played by the Ministry of Development – the organisation in charge of planning and directing the project cycle, formerly State Planning Organisation – in ensuring that investment decisions remain focused on publicly-oriented goals, as opposed to purely becoming a tool for particularistic redistribution and electoral rewarding? These research questions are motivated by the literature which, after almost a century since Max Weber's (1921) seminal work on bureaucracies, still discusses how, and when, public sector organisations can contribute to effectively providing the critical public goods necessary for development.

In line with the developmental state literature (Amsden, 1989; Evans, 1995; Evans et al., 2014; Rauch & Evans, 1999; Wade, 1990), results suggest that the Ministry of Development's nature, comparatively more capable and authoritative than many other Turkish public organisations, has positively contributed to the sound, technical management of public investment. Results also show how the organisation and the project cycle are relatively well insulated from individual legislators, but not autonomous vis-à-vis the government, and hence the effective management of funds is strongly dependent on the political elite's 'will to deliver'. Luca and Rodríguez-Pose's (2015) results on the limited scope of pork-barrelling allocations in contemporary Turkey might hence be contingent to the stable political environment of the 2000s and the fiscal reforms implemented following the 2001 economic crisis. In comparison, in periods such the 1990s, when the

political system was ‘in a state of flux’ (Sayarı, 2002), the bureaucracy was unable to shield from executives’ pressure and deliver. At the same time, however, in line with the democratic accountability literature (Huber et al., 2001; Niskanen, 2001), the analysis also uncovers significant resistance from the bureaucracy against the implementation of reforms which would increase the organisation’s efficiency and transparency.

The analysis’ implications for theory and policy are threefold. First, it contributes to the literature on distributive politics (cf. Golden & Min, 2013) by providing novel insights on how tactical redistribution dynamics in contemporary Turkey occur. Empirical evidence indicates that distributive politics allocations are mostly determined by the Prime Minister and the executive, rather than the legislative. As most interviewees point out, the main locus where technical decisions are overruled is the High Planning Council, a body composed of the Prime Minister and eight other members of the Cabinet. Interestingly, in line with Page (2010) the analysis also uncovers the over-sensitivity of part of the top bureaucrats to signals emanating from the political class. It is hence not only members of the executive, but also top-bureaucrats to drive investment decisions towards electoral rewarding. In other words, in contrast to conventional rational choice and principal-agent frameworks which stress the potential for conflict between bureaucrats and politicians, our findings seem to suggest that the incentives for bureaucrats can sometimes work in the same direction as the ones for politicians.

Second, results contribute to the debate on how effective public organisations should be designed and managed. Findings suggest that effective bureaucracies need to strike a balance between the two opposing dimensions of bureaucratic autonomy and accountability. As Azulai et al. (2014, p. 8) argue, good institutions “need to solve the conflict of interest between

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bureaucrats and politicians on one side and citizens on the other by providing mechanisms for political accountability, guaranteeing that society's interests prevail over bureaucrats' and politicians' interests". If the balance between these two dimensions is tipped too far in favour of either of them, bureaucracies will face the risk of either becoming too powerful and seek rents (as traditionally foreseen by Niskanen, 1971), or to become too weak to oppose the use of public goods by politicians (Steelman, 2001) for purely-strategic goals. Results also suggest how one of the real challenges of (regional) development policies is not only to figure out technical solutions but also to sort out the political process so that incentives to achieve effectiveness arise among politicians and bureaucrats. Such goals can be achieved by reforms aimed at de-politicising the civil service, separating the political sphere from the administrative tasks, and instil new management practices within the public administration (Milio, 2010). Such recommendations can also partly apply to local and regional development analyses, where there is a lively debate on how to reform inefficient institutional settings at the subnational level (cf. Milio, 2007; Rodríguez-Pose, 2013).

Last but not least, while most countries around the world have progressively moved towards an incipient decentralization (Rodríguez-Pose & Gill, 2003), results from contemporary Turkey confirm earlier research (Özcan, 2000, 2006) on the risks of horizontal and vertical decentralization measures carried out in absence of a strong and competent state administration. This is not to argue against decentralization. Many researchers, both in Turkey and elsewhere, have indeed shown the risks linked to overly relying on the central state and the lack of grass-root local participation in local and regional development programmes (Boulding & Wampler, 2010; Heper, 1992; Jaramillo & Wright, 2015), or the risks of wrong policy choices caused by a

central planner lacking information about local needs (Dulupçu, 2005; Eder & Çarkoğlu, 2005; Eraydın, Köroğlu, Öztürk, & Yaşar, 2008). The analysis hence does not argue the case for a traditional ‘top-down’ developmental state. Yet, results are a reminder of how a capable, shielded from political power, and accountable bureaucracy is a prerequisite to limit the problems which frequently cause ‘democratic failures’ (Besley, 2006) around the world. As suggested by Heper (1992) long ago, Turkey needs reforms aimed at increasing democratic participation in the policy process and taxpayers’ monitoring over public spending. Reforms which reduce the powers of the old top bureaucracy from institutions such as the (former) State Planning Organisation, to increase the control by the ruling government will not otherwise lead to stronger institutions, but simply produce different – and in some ways more pernicious (Meyersson & Rodrik, 2014) – ineffective and unsustainable structures.

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## List of interviewees

1. Retired manager, Undersecretary of Treasury, Ankara, 24/10/2014.
2. Senior manager, Ministry of Development, Ankara, 2/10/2014.
3. Senior planning expert, Ministry of Development, Ankara, 3/10/2014.
4. Director, Turkey's Economic Policy Research Foundation (Türkiye Ekonomi Politikaları Araştırma Vakfı, TEPAV), Ankara, 27/10/2014.
5. Senior planning expert, Ministry of Development, Ankara, 27/10/2014.
6. Manager, Ministry of Development, Ankara, 28/10/2014.
7. Senior planning expert, Ministry of Development, Ankara, 30/10/2014.
8. Finance expert, Ministry of Finance, Ankara, 19/11/2014.
9. Finance expert, Ministry of Finance, Ankara, 19/11/2014.
10. Manager, Ministry of Finance, Ankara, 21/11/2014.
11. Finance expert, Ministry of Finance, Ankara, 2/12/2014.
12. Manager, Ministry of Development, Ankara, 1/12/2014.
13. Manager, Ministry of Development, Ankara, 2/12/2014.
14. Finance expert, Ministry of Finance, Ankara, 3/12/2014.
15. Finance expert, Ministry of Finance, Ankara, 3/12/2014.
16. Manager, Ministry of Development, Ankara, 3/12/2014.
17. Senior manager, Ministry of Development, Ankara, 4/12/2014.
18. Manager, Ministry of Development, Ankara, 5/12/2014.
19. Planning expert, Ministry of Development, Ankara, 5/12/2014.
20. Manager, Ministry of Development, Ankara, 8/12/2014.
21. Manager, Ministry of Development, Ankara, 10/12/2014.
22. Planning expert, Ministry of Development, Ankara, 11/12/2014.
23. Manager, Ministry of Development, Ankara, 11/12/2014.
24. Planning expert, Ministry of Development, Ankara, 15/12/2014.
25. Planning expert, Ministry of Development, Ankara, 15/12/2014.
26. Manager, Ministry of Development, Ankara, 16/12/2014.

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27. Manager, Ministry of Transport's General Directorate for Highways  
(Karayollari Genel Mudurlugu, KGM, Ankara, 22/12/2014.
28. Senior scholar, Bilgi University, Istanbul, 2/10/2012.
29. Senior scholar, Koç University, Istanbul, 19/04/2013.
30. Senior scholar, Boğazici University, Istanbul, 13/10/2014.
31. Manager, Delegation of the EU to Turkey, Ankara, 23/09/2013.
32. Senior manager, Delegation of the EU to Turkey, Ankara, 23/09/2013.

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- Borrell-Porta, Mireia.** "Do family values shape the pace of return to work after childbirth?" Paper No. 96, July 2015
- Costa Font, Joan & Kossarova, Lucia.** "Anthropometric Dividends of Czechoslovakia's Break Up" Paper No. 95, June 2015
- Wratil, Christopher.** "Democratic Responsiveness in the European Union: the Case of the Council" Paper No. 94, June 2015
- Crescenzi, Riccardo, Pietrobelli, Carlo & Rabellotti, Roberta.** "Location Strategies of Multinationals from Emerging Countries in the EU Regions" Paper No. 93, May 2015
- Burger, Anna S.** "Extreme working hours in Western Europe and North America: A new aspect of polarization" Paper No. 92, May 2015



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