1. BASIC INFORMATION
1.1 Title: Fashion and Textile Cluster
1.2 Sector: Public/Private
1.3 Location: Turkey

2. OBJECTIVES

2.1. Overall Objective
To increase the international competitiveness of SMEs active in textile and clothing sector.

2.2. Project Purpose
- To increase networking among SMEs in the textile and clothing sector, at local, national and European levels, as well as with business support organisations and structures.
- To strengthen public and private support structures for SMEs in the textile and clothing sector.

2.3 Accession Partnership and NPAA priority

NPAA
- “It is very important to improve the situation of SMEs, the sector most affected by the implementation of the Customs Union, bearing in mind their ability to adapt to changes in demand, and their contribution to the establishment of a competitive market, creating employment and developing entrepreneurship”.
- “Policies will prioritise increased expenditure for R&D, encourage entrepreneurship and SMEs, and the development of a competitive environment”.

2.4. Contribution to National Development Plan
Turkey has now begun preparation of its first National Development Plan. This is likely to be ready by the end of 2003.

3. DESCRIPTION

3.1. Background and justification

3.1.1 The Turkish Textile and Clothing Sector
The Turkish textile and clothing industry has been the backbone of the Turkish economy since the beginning of the 1980’s. During the 1980’s this industry was the most important hard currency earning sector of the Turkish economy.

Trade liberalisation and export-led policies stimulated textile and clothing production and export and besides low labour costs, a skilled workforce, cheap raw materials (including home grown cotton), and high flexibility of the mills assisted the sector’s substantial growth. The continents of Asia and Europe are connected to each other by Turkey and this brings advantages in terms of freight costs and delivery times against many competitors.
In the year 2000, Turkey’s textile and clothing export represented 10 billion dollars and this figure represents 36.1% of Turkey’s total general exports. In 2001, this declined to 34.2% but this nevertheless demonstrates the sector’s high importance and vitality in the country’s economy.

The European Union is the major traditional market for Turkish textile and clothing sector with Turkey being the 2nd leading clothing supplier to the EU with a market share of 11.6% and the 5th leading supplier textile supplier of the EU with a current market share of 8%.

Knitted clothing is the most important product group when we talk about Turkey’s textile and clothing exports representing 51.4% of export value.

In order to avoid and/or overcome negative effects of the financial crisis on some markets, Turkey needs to focus on new markets and diversify export products. The main principles of the strategies developed by the Under Secretariat of Foreign Trade is to diversify export markets according to the geographical location of Turkey and having regard to regional developments in World Trade.

In this respect, the textile industry needs to change its strategy to keep its competitiveness with other countries. Also Turkish textile and clothing sector need to develop new strategies according to upcoming international competitiveness because of elimination of quotas by 2005. In this context, the main topic of this strategy must be focus on developing fashion trends and internationally accepted trade marks. The sector is characterised by a high percentage of SMEs which are experiencing difficulties in attracting debt capital. In addition, SMEs have limited financial resources to develop their own R&D.

Fifty per cent of machinery in the Turkish textile industry is older than 5 years and there is an urgent need for modernisation.

Employees are not qualified enough to operate modern machinery and there is a similar urgent need to train and more market research for SMEs to know their competitors and stay up-to-date with market developments.

Despite these challenges (many of which the project will seek to address), the sector is well suited to a clustering approach given that many sub-sectors exist and there is a well-established network of sector support organisations, which are necessary in order to underpin and form the focus of the clustering approach.


The Multi-annual Programme for Enterprise & Entrepreneurship 2001-2005 is a framework plan of activities; which aim at:

a. enhancing the growth and competitiveness of business in a knowledge-based economy;

b. promoting entrepreneurship;

c. simplifying and improving the administrative and regulatory framework for business so that research innovation and business creation in particular can flourish;

d. improving the financial environment for business, especially SME;

e. to give business easier access to Community support services, programmes and networks and improving the co-ordination of these facilities.

The European Charter for Small Enterprises was approved at the Feira European Council in June 2000, outlines what Member States and the Commission need to do to make life better for small business. It is a cornerstone of the European Commission’s enterprise policy and a tool to help Member States upgrade their performance in ten areas:

- Education and training for entrepreneurship,
- Cheaper and faster start-up,
- Better legislation and regulation,
- Availability of skills,
- Improving online access,
- More out of the Single Market,
- Taxation and financial matters,
- Strengthen the technological capacity of small enterprises,
- Successful e-business models and top-class small business support,
- Develop stronger, more effective representation of small enterprises’ interests at Union and national level.

The Government of Turkey with other Candidate Countries endorsed the ECSE at Maribor in April 2002.

A draft national “SME Strategy and Action Plan” in conformity with EU SME policies particularly the European Charter for Small Enterprises and the Multi-annual Programme for Enterprises and Entrepreneurship – MAP has been prepared under the coordination of EUSG with the contribution of various related Ministries, state organisations and NGOs. Realisation of the Fashion and Textile Cluster Project is foreseen as one of the actions of the strategy objective "International Markets and Exports". The national SME strategy and action plan will be finalised in short term.

In addition, the EU Commission DG Enterprise has published a report on textile, apparel and leather sector in Turkey on 30 September 2002. The report states that future competitive advantages of Turkish textile sector could be eroded by lack of access to finance for the fast majority of SME’s. Furthermore future competitive advantages should be developed in integrated marketing & logistic chain investments, R&D capabilities and strengthen co-operation by co-ordination. The report recommends that the support of quality and standards for SMEs should be pursued.

The clustering approach, which forms the basis of this project, will support Turkey to complete its obligations for the ECSE, implement the national SME strategy and action plan and strengthen the competitiveness of the Turkish textile sector.

### 3.1.2 The Istanbul Textile and Apparel Exporters Association (ITKIB)

The Istanbul Textile and Apparel Exporters’ Associations was founded by the Under-Secretariat for Foreign Trade and related private sector Associations in 1986 in order to organise the export led activities for maintaining the growth of Turkish exports.

ITKIB under its General Secretariat consists of four groups which are:
- Ready Made Garments Exporters’ Association
- Textile and Raw Materials Exporters’ Association
- Leather and Leather Products Exporters’ Association
- Carpet Exporters’ Association

As of March 2003;
- Istanbul Ready Made Garments Exporters’ Association had 27.900 member exporters;
- Istanbul Textile and Raw Material Exporters’ Association had 8.500 member exporters;
- Istanbul Leather and Leather Products Exporters’ Association has more hat 8.218 member exporters;
- Istanbul Carpet Exporters’ Association has 3.080 member exporters.
Among these Associations, Istanbul Ready Made Garments Exporters’ Association realised more than 9.1 billion US dollars in 2002, which was 70% of total Turkish apparel exports.

The Exporters’ Associations mentioned above have their own Board of Directors elected for two years among their members and Secretary General appointed by the Undersecretariat of Foreign Trade (UFT).

The main activities of the General Secretariat of ITKIB are:

- Gathering and providing accurate information on worldwide trade to its members totalling more than 14,000 companies.
- Dealing with the formalities in the exporting of related goods and assisting member exporters with documentation. The Single Administration Document (customs declaration of export) is approved by ITKIB as well as inward and outward processing documents;
- Negotiating with the European Union on Voluntary Export Restriction Agreements was one of the fundamental functions of ITKIB before the Customs Union with the EU. In addition, ITKIB contributed to the process of Customs Union with the EU until 1996. Within the framework of the customs union, Turkey has adopted new policies and legislation and ITKIB represented the textile and apparel industry at the quota restriction negotiations held by the Turkish Government with third party countries;
- Cooperation between the textile and apparel industries of Turkey and the European Union by becoming member of EU sectoral/industrial organisations like EUROTEX, which provided and integration of industries at a higher level and provided advantages in trading as well as in policy making.
- ITKIB established a representative office in Brussels in 1995 in order to expand this cooperation between Turkish and EU industries.
- Distributing export quotas among Turkish companies (exporters) and follow up the implementation of quota agreements with the US and Canada;
- Keeping statistical data for the exports of related goods.
- Carrying out market surveys.
- Organising education programmes for in the job training of both member and non member companies, supports many education programmes, established four vocational high schools, owns a quality control and research laboratory.
- Organising educational programmes for on-the-job training of both members and non-members;
- Acting as a consultant not only for its members, but for anyone who needs information about importing textile, apparel, carpet and leather from Turkey or cooperate with Turkish industry.
- Organising international and national fairs and assisting its members to participate in related international fairs;
- Organising activities to encourage the production and international marketing of high quality goods. ITKIB also encourages fashion awareness and designers and organises the “Young Designers Contest” which is held every year;
- Publishing a periodical – a monthly magazine called “Hedef” which provides information about the industry and major issues affecting the industry and highlights new opportunities in textile and apparel trade;
- ITKIB owns a permanent showroom in New York at which the members of ITKIB can easily contact US buyers and present their collections to them in this showroom.
3.1.3 The challenges facing ITKIB

World Trade will be further liberalised until the year 2005 and more than 130 member countries of the World Trade organisation (WTO) will open their markets to each other. Consequently competition will be fierce in world trade and apparel trade and there is a need for Turkish manufacturers in this sector to review and upgrade both skills and production techniques in order to remain competitive in the global economy.

In the light of this challenge ITKIB will need to fundamentally review the current portfolio of support services that it offers to its members and plan for future service provision and delivery.

3.1.4 Clustering

Modern interest in industry clustering goes back to Harvard Business School Michael E Porter’s classic work, The Competitive Advantage of Nations (1990). Using cases from around the world, Porter argued that in advanced economies today, regional clusters and related industries (rather than individual companies or single industries) are the source of jobs, income and export growth.

An industry cluster is a regional concentration of competing, complementary and interdependent firms that create wealth through exports. These clusters form “value chains” that are the fundamental units of competition in the modern, globalised World economies. Clusters in a region form over time and stem from the region’s economic foundations, its existing companies and local demand for products and services. They emerge from the fabric of the local community to become the economic champions of the region’s progress. Examples are cars around Detroit, leather goods around Milan, financial services around London, etc.

Over a period of time the interaction of firms that make up any given cluster and their interaction with firms and other bodies that create foundations for the cluster, leads to a virtuous, self-reinforcing circle of increasing productivity, competitiveness, excellence and value creation, in a process long recognised in economics as the creation of “external economies”.

External economies are economies or advantages that arise not as the result of actions by the firm itself, but as a result of the firm’s location.

External economies are found because many interacting firms clustering together in a location create a location for the creation of special supplies of products and services for the cluster as a whole. This interaction between cluster and foundations is self-reinforcing in a virtuous circle of increasing competitiveness and success. It is little wonder that regions everywhere now see their salvation in stimulating the evolution of successful local industry clusters, and their certain economic decline if they fail to do so.

At the OECD Ministerial Meeting in Bologna in 2000, it was noted that the localisation of industries associated with the globalisation of economic activity had led to a dramatic proliferation of development policies based on clusters of firms and industries.

In Europe, Austria, Belgium, Spain, Finland, Greece, Germany, France, Ireland, Italy, Netherlands, Portugal, Sweden and the United Kingdom all have enhanced cluster development policies called “innovation system strategies”.

These programmes are all based on bringing about greater collaboration between firms in a regional industry cluster and between the clustering firms and their regional economic foundations – regional universities and other regional skill producing and R&D undertaking bodies, regional business incubators and technology and science parks, regional seed capital financing arrangements, regional physical, transport, information and communication infrastructure, the region’s tax and regulatory environment and the quality of the region’s lifestyle.
In recent times, the emphasis in these programmes has swung towards enhancing each region's innovative capability.

The main principal incentives for alliance and cluster formation are:

- To lower transaction costs
- To develop new skills
- To overcome (or create) entry barrier in markets
- To use a common infrastructure, resource and labour pool advantage
- To speed up the learning process

In the European Charter for Small Enterprise (“strengthen the technological capacity of small enterprises”), all countries (incl. Turkey) commit themselves to take actions at national and regional levels aimed at developing inter-firm clusters and networks.

### 3.2 Linked activities

- **Vocational training in the clothing sector**
  The project will set up a programme of work training (use of sewing machines, cutting repairs, supervision management etc) in the clothing sector. It is aimed primarily at young workers, and particularly at young women already working in the sector and wanting to improve their skills. The total EC contribution to the project is 1.5 million euro. The beneficiary is KOSGEB.

- **Environmental standards in textile sector**
  The objective of this project is to ensure that materials used in the Turkish textile industry meet recognised environmental standards and to develop Turkish capacity in this field by establishing an accredited laboratory in Izmir. This laboratory will test and certify the materials used by SMEs according to international standards. The total EC contribution to the project is 1 million euro. The beneficiary is KOSGEB.

- **EU-Turkey Business Centre**
  The overall objective of this programme (17.3 million euros) is to contribute to the strengthening of SMEs in Turkey through the setting up of 3 business centres. The beneficiaries are TOBB and regional chambers (Aegean Regional Chambers of Industry, Kocaeli Chamber of Industry and Gaziantep Chamber of Commerce).

- **Business Innovation Networks**
  The aim of this 3.1 million euros project is to support the establishment of SMEs through the setting up of 3 Business Information Centres providing common facilities and services to SME’s. The beneficiary is KOSGEB.

- **EU On-Line Info Network**
  A 773.00 Euro project that aims to assist the Turkish SME sector through the provision of a Turkey wide network of business information providers. The beneficiary is KOSGEB.

- **Small Enterprise Loan Programme**
  A 20 million Euro programme that aims to make available loans to small enterprises (especially innovative SMEs, having potential for job creation and internationalisation) with fewer than 50 employees and assets of less than € 1.1 million. The beneficiaries are private banks in Turkey.

- **Extension of SME Finance Facility to Turkey**
A 4 million Euro programme that aims to provide sustainable access to financial services (medium and long-term loans) to the SMEs at market conditions by providing selected banks with adequate funding and incentives so as to induce to expand and to maintain in the long term their financing operation to SMEs. The beneficiary is TSKB.

- **Supporting GAP-GIDEMS in the SEA Region**
  The project will support the operation of four GIDEMs (Mardin, Adıyaman, Diyarbakır and Urfa) that will provide business development and investment promotion services to local SMEs. The activities of the centres will cover not only management or marketing, but also financial and technology related areas like product design, quality improvement, business partnership (incl. technology transfer), etc. The total EC contribution to the project is 5.6 million euro. The beneficiary is GAP-RDA.

### 3.3 Results

This programme is designed as a Multi-Annual Programme and consists of 2 main programme phases. The first phase consists of Institution Building (IB) and technical assistance related with the establishment the fashion and textile cluster. According to the results of the first phase, the second phase will consist of Investment Support (common use equipments for the cluster and/or grant scheme for SMEs) and could be financed under EU-Turkey Financial Cooperation Programme 2004/2005.

The results of the first phase are as follows:

1. Cluster Analysis conducted;
2. Cluster Co-ordination Agency established;
3. Textile R&D centre established;
4. Fashion Institute established;
5. Institutional capacity of ITKIB and other relevant business organisations increased through an updated business plan, through the development of an HR strategy, and through the design of plans for the improvement of operational processes using modern technology in line with the cluster model designed for ITKIB;
6. At least 50 Joint projects developed and implemented within the cluster network;
7. At least 500 SMEs trained to upgrade skills in accordance with the requirements of the labour market;
8. Textile equipment analysis completed and recommendations produced on upgrades and improvements through innovation-based solutions to identified needs for the “common use equipments” and/or “grant scheme for SMEs”;
9. Proposal elaborated for the second phase (Investment Support: Grant Scheme for SMEs and/or Investment for the Common Use Equipments), which could be financed under the EU-Turkey Financial Cooperation Programme 2004/2005. This proposal will:
   a) Identify “common use equipments” to be purchased (indicative budget: 4 MEURO) for the collective use of SME’s that constitute the cluster;
   b) Elaborate a Grant Scheme for SMEs (indicative budget: 2 MEURO) effectively managed and disbursed to Turkish SMEs (indicative number: 100 SMEs) working in textiles and clothing to upgrade their technological infrastructure;

### 3.4 Activities

The following activities will be undertaken:

- Conduct regional clustering analysis
- Develop cluster map
- Identify key issues, clarify value chain and identify network leaders
- Conduct SWOT analysis
- Develop strategic action

- Assess the existing situation (human resources, internal procedures, physical infrastructure) at ITKIB;
- Setting up of an appropriate management and administrative structure (committees or working group) for Cluster Coordination Agency (CCA);
- Provide Technical Assistance to the CCA to establish the Textile R&D Centre in the cluster network through the extension of TUBITAK - TAM;
- Provide Technical Assistance to CCA for the establishment of Fashion Institute to act as a global “shop window” for the Turkish textile and apparel sector (incl. preparation of business plan and 3-year action plan for the Institute);
- Increase capacity in ITKIB and other relevant business support/representative organisation to:
  - act as a catalyst for raising awareness and co-ordinating issues relating to technological innovation in the textile sector amongst its members;
  - labour market research and information collection;
  - effective working relationship between all stakeholders in order to enhance and better target the delivery of existing SME support services to the enterprises in the textile sector;
  - effective HR management - with particular focus of training and the delivery of front-line services - and project management;
  - Operational system design and planning with emphasis on use of modern technology to support and improve processes;
  - Effective and timely manage the Grant Scheme for SMEs and related services;
  - better inform and counsel Turkish textile and clothing sector about training and technological innovation;
- Prepare: i) updated ITKIB business plan, ii) outline a HR strategy, iii) plans for the improvement of operational processes using modern technology in line with the cluster model;
- Organise seminars, workshops and conferences on subjects of key relevance to the identified development areas;
- Implement the detailed need analysis for the establishment of the fashion and textile cluster (status, activities, stakeholders, ect.)
- Conduct the detailed needs analysis for the investment support component of the programme (common use equipments for the cluster and/or grant scheme for SMEs);
- Prepare the supply tender dossier (incl. technical specifications for the equipments) for the common use equipments for the cluster AND/OR guidelines of the Grant Scheme for SMEs (incl. all documentation);
- Conduct the detailed training needs analysis;
- Deliver the training courses and other learning opportunities (including study visits);
- Design and implement the studies related to skills needs analysis;
- Design and implement the communication and information campaign related to services provided by ITKIB, including preparation of necessary materials;
- Organise a regional, national and international seminars for disseminating results of studies and for fostering participation and involvement of partners;
• Detailed proposal for the second phase, which could be financed under the EU-Turkey Financial Cooperation Programme 2004/2005 including proposals for:
  - Assistance to the Turkish side to launch//contract the supply tender for the common use equipment of the cluster;
  - Public awareness campaign to promote the fund across the country following the call for applications;
  - Preparation of information package and all necessary materials for the various calls;
  - Training of staff at ITKIB headquarters on project implementation mechanisms;
  - Assistance to the Turkish side (CFCU, ITKIB, Cluster Co-ordination Agency) to design and implement the SME Grant Scheme;
  - The provision of technical assistance to ITKIB, CFCU, and other interested parties in the drawing up equipment specifications;
  - Assistance to the Turkish side to launch the calls and implementing public awareness campaign;
  - Organisation and delivery of technical assistance to potential applicants;
  - Selection process;
  - Monitoring of projects during implementation;
  - Overall analysis of the results and experience gained through the implementation of measures under the fund.

Lessons Learned:

Although ITKIB has not designed and/or implemented such a clustering project before, ITKIB is planning to arrange a call conference for gathering the experience and information of related parties including firms in the industry, academicians, bureaucrats, representatives from related institutions.

Moreover, it is planned to visit the most successful examples of fashion institutes in the world such as New York, Paris, Milano and London so as to exchange views and understand the general framework of the institutional activities.

However, ITKIB has some experience about organising education programmes concerning training of employees in other fields of production and management but not in the fashion area.

4. INSTITUTIONAL FRAMEWORK

The Secretary General of ITKIB is responsible for the management and performance of the programme.

A Steering Committee (SC), which includes the representatives from ITKIB and UFT shall be established. When necessary, other representatives shall be invited from related organisations such as; EUSG, EC Representation, SPO, KOSGEB, Chambers of Commerce and/or Industry, Business Representative Organisations, etc. depending on the agenda. The SC examines, reviews and makes recommendations on the annual work plans. The ITKIB which is the representative association of the sector acts as the secretariat of the SC. The inception report, technical and financial reports (incl. annual work plans and budgets) will be approved by CFCU and ITKIB and copies of approved reports will be transmitted to the EC Representation for information.
5. DETAILED BUDGET

Because it is a Multi-Annual Programme, the project budget has been presented in two budget tables.

### Institutional Building Budget

(will be financed under programming 2003)

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<th>(MEURO)</th>
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<td>EC</td>
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<td>(in kind)</td>
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<tr>
<td>Total</td>
<td>-</td>
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**Indicative proposal** for the second phase (Investment Support: Grant Scheme for SMEs and/or Investment for the Common Use Equipments) to be verified under programming 2004/2005:

### Investment Support Budget

(could be financed under programming 2004/2005)

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<th>(MEURO)</th>
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<td></td>
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<td>Total</td>
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</tbody>
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* The Investment component will be part-financed by the ITKIB with an approximate value of 25% of the overall expenditure. The Turkish contribution will be transferred and administered by CFCU jointly with EC Contribution.

** Projects receiving grants shall be co-financed (10%-15% of contribution by the applicants in cash or kind). The final decision concerning the amount of co-financing will be taken at the launching of the programme.

6. IMPLEMENTATION ARRANGEMENTS

6.1 Beneficiary

The Beneficiary and Senior Programme Officer for all components of the project shall be ITKIB.

ITKIB shall establish the Project Co-ordination Unit (PCU), adequately staffed and having all necessary premises and logistical support (office space, furniture, equipment, and access to telephone, fax, etc). The PCU shall consist of (6) staff one from the Undersecretariat for Foreign Trade (UFT) and five from ITKIB (4 experts and one support staff). One member of staff shall be appointed as PCU Director.
The project will be implemented under the supervision of the Secretary General of ITKIB, to whom the Director of the PCU shall be responsible for the proper and timely implementation of activities. In fulfilling its tasks, the PCU will be supported by international and local consultants. The existence of a professional and stable structure for PCU staff is a crucial factor for the timely and proper implementation of the programme.

6.2 Implementing Agency
The Central Financing Contracting Unit (CFCU) will be the Implementing Agency and will be responsible for all procedural aspects of the tendering process, contracting matters and financial management (including payments) of the projects activities.

6.3 Contracts
6.3.1 TA contract (4 MEURO)
All technical assistance provided under “Cluster Analysis” and “Institution Development” components, within the programme will be covered by a single service contract with a maximum value of 4 MEURO.

The selected contractor will need to provide the range of expertise necessary to help ITKIB and other stakeholders to develop their institutional capacity for the creation of the Fashion and Textile cluster and implement the Investment Support component (Common use equipments and/or Grant Scheme). Several long and short-term experts will be provided by the selected contractor, covering at least the various areas of expertise and possible intervention: project/HRM training management, local labour market information, programme design and implementation, marketing and promotion strategy, organisation and operational planning and resource management, supply tender dossier preparation grant scheme design and implementation, etc.

7. IMPLEMENTATION SCHEDULE

|                | Start of Tendering | Start of Project Activity | Project Completion |
|                | III. Quarter 2003  | II. Quarter 2004          | II. Quarter 2006   |
| TA Contract    |                   |                           |                   |

8. EQUAL OPPORTUNITY
Equal opportunity of men and women will be secured through appropriate information and publicity material, in the design of projects and access to the opportunities they offer and through early monitoring or the composition of take up. Take up and positive outcomes will be monitored in all projects under the grant scheme. An appropriate men/women balance will be sought on all the managing bodies for the programmes and its projects.

9. ENVIRONMENT
Turkey has made little progress in transposing the acquis in the field of air quality, waste management, water quality, nature protection, industrial pollution and risk management.
High (largely uncontrolled) abstracting of groundwater (textiles consumes 350,000 m³ water/day). Waste water treatment facilities are in place (75%) but due to cost reduction measures, these are often not operational (direct emission to surface water).

The textile industry has to make rules about environmental pollution, the efficient (use less water) and effective (less pollution) use of water. It similarly needs to clean up the water and to recycle used water.

The adoption of environmental standards and Ecolabelling are important factors to stay competitive. In order to maintain their competitive advantage, SME’s have to invest in environmental standards which represents a clear opportunity.

10. RATES OF RETURN

Not relevant to this project

11. INVESTMENT CRITERIA

11.1 This project will provide fresh impetus for the technology innovation in the SME sector to meet the new challenges posed by globalisation and increased competition.

11.2 No investment support.

11.3 Additionality
EC grants shall not displace other financial support especially from the private sector or international donors.

11.4 Project readiness and size
EC will only finance projects if they are ready for contracting and when all necessary technical studies have been completed.

11.5 Sustainability
Sustainability will be in the form of improved capacity, including the infrastructure, of ITKIB for sound policy development and operational effectiveness. In addition, the establishment of the Fashion Institute and the capacity enhancement of the Textiles Research and Development Centre will lend sustainability to the sector as a whole. It will also be in the form of improved employment prospects and employability of those people working in the textile and clothing sector.

11.6 Compliance with state aids provisions
The project is fully consistent with the EC Enterprise Policy based on the European Charter for Small Enterprises and the Multi-annual programme for Enterprise and Entrepreneurship, and in particular for small and medium sized enterprises 2001-2005.

11.7 Contribution to the National Development Plan
Turkey has now begun preparation of its first National Development Plan. This is likely to be ready by the end of 2003.

11.8 Conditionality and sequencing
The implementation of this programme is conditional upon:

- establishment of PCU within ITKIB, staffed with the necessary personnel and having access and use of necessary secretarial support;