



KFW



Employment and Skills Development Project Component II

Annual Report 2021

**Reporting Period:
January- December 2021**

Reporting Period	01.01.2021-31.12.2021
Donor	KfW
Country	Turkey
Project Title	Employment and Skills Development Project Comp. II Applied SME Center Model Factory Project
Project Locations	Ankara, Kayseri, Konya
Project ID (Atlas Award ID) Outputs (Atlas Project ID and Description) Strategic Plan and/or CPD Outcomes	00097599 UNSDCF Outcome 2.1: By 2025, public institutions and private sector contribute to a more inclusive, sustainable and innovative industrial and agricultural development, and equal and decent work opportunities for all, in cooperation with the social partners. CPD Output 2.1: Capacities at national and sub-national levels strengthened to promote inclusive local economic development <u>Project Outputs</u> Output 3 Replication of the Ankara SME Capability and Digital Transformation Center and Job Creation in Kayseri Output 4 Support to Ankara SME Capability and Digital Transformation Center and Job Creation in Ankara Output 5 Replication of the Ankara SME Capability and Digital Transformation Center and Job Creation in Konya
Implementing Partner(s)	Ministry of Industry and Technology
Project Start Date	December 2018
Project End Date	June 2022
LPAC Date	4 December 2021
Steering Committee/Project Board Meeting Dates	15 Jan. 2019 28 March 2019 12 Dec. 2019 17 Feb. 2020 02 March 2021
SDG linkages	Target 1.4, Target_8.2, Target_8.3
GEN marker	2
2021 Delivery to Budget Ratio	74,7%
2021 Annual Work Plan Budget	695.707,07 EUR
Total resources required	5.125.000 EUR
Revenue received	Total 12.8 million USD KfW 5,68 Million USD Government 4.99 USD (with ongoing extension) ASO-ASO1. OSB 2,11 Million USD
Unfunded budget	N/A
UNDP Contact Person	[Name of UNDP signatory in the agreement] [Title of UNDP signatory in the agreement] UNDP [country] Email: Tel.:

I. Executive summary

With the loosening of COVID-19 restrictions, 2021 has been a very productive year for the successful achievement of Project outputs After full operationalization of Kayseri and Konya Model Factories in 2020, Model Factories started to provide high quality consultancy services aiming to improve productivity level of SMEs. Both centers have successfully completed their pilot Learn & Transform (L&T) Programs and started their second and third programs. Additionally, Ankara Model Factory continued its successful L&T Programs and completed 5th L&T Program in 2021.

Similar to the progress in service provision in the field of productivity, 2021 has also been the successful period in terms of job creation figures despite the economic challenges in Turkey. Number of jobs created have reached to 2587 and 1021 of these jobs have been created for SuTPs. 488 new jobs are created in 2021 for both SuTPs and host community members. The project team mobilized various tools and partnerships to ensure creation of sustainable jobs through entrepreneurship/vocational training programs and matchmaking activities reaching 2587 people (9 % women).

The Project has faced two major challenges in the reporting period. The worsening economic conditions of the country has been challenging in terms of Project implementation, but flexible and innovative solutions have ensured smooth functioning. The cancellation of Digital Transformation tender has also been challenging in terms of delivery and strict timeline of the project. However, no cost extension of the project until 30 June 2022 have enabled re-tendering process which is expected to be finalized in February 2022.

The fragile conditions and uncertainties of 2021 have also provided important opportunities to learn for the future endeavors. The importance of platform-based approach focusing on collaborations and public-private partnership model were proven beneficial again in the challenging circumstances of 2021. Model Factories in target provinces have yielded very positive results in terms of supporting SMEs in increasing their productivity levels. According to a survey conducted with SMEs receiving services from MFs in 2021, 62 % of SMEs receive a full return on their investment within 6 months of receiving consultancies from MFs.¹ Additionally, the benefits of adopting a longer-term development focused approach in protracted humanitarian crisis situations in order to produce sustainable impact was another lesson learned for the reporting period. Finally, direct involvement of industry partners and their everlasting efforts in job creation interventions have been crucial for the positive results.

To conclude, 2021 has been a positive period for the Component 2 of the Employment and Skills Development Project with a delivery rate of 74.2 % and expenditure of 519,073.74 euros, contributing to achievement of 83% total delivery. Most of the project targets have been overachieved and will be completed before the June 2022.

II. Background Information

¹ Model Factories Performance Monitoring and Evaluation Needs Assessment Report 26

As known, the financial agreement between UNDP Turkey and KfW was amended in 8 June 2021 and 11 October 2021 aiming to ensure operationalization of Kayseri and Konya SME Capability and Transformation Centers, expansion of the service lines of Ankara SME Capability and Transformation Centre with a focus of digital transformation and to ensure job creation targets including 2000 new jobs in Kayseri, Konya and Ankara including Syrians under Temporary Protection and host community members. Within this scope, Component 2 addresses productivity challenges of manufacturing industry through replicating the Government led policy tools called “Applied SME Capability Centers”. Support under this component focused on investing in local capacities to be able to absorb higher levels of labor force for an expanded manufacturing base.

One of the specific aims of the project is to develop capacities of Ankara SME Capability and Digital Transformation Center including an additional service line on digital transformation. Through this intervention, it is expected that the services of the Center will contribute to local economy to absorb higher level of labor force as a result of an expanded manufacturing base. The project also specifically aims to replicate the Ankara SME Capability and Digital Transformation Center in Kayseri and Konya and in doing so contribute to local labor market again with expanded manufacturing bases of these target cities.

The project directly contributes to the UNDP Country Programme Document (CPD) Output 2.1: Capacities at national and sub-national levels strengthened to promote inclusive local economic development.” The related Outcome that the project ultimately contributes to is the USDCF Outcome 2.1:” By 2025, public institutions and private sector contribute to a more inclusive, sustainable and innovative industrial and agricultural development, and equal and decent work opportunities for all, in cooperation with the social partners

The expected result of the project is creation of sustainable job opportunities for Syrians under Temporary Protection and vulnerable host community members through supporting SME Capability and Digital Transformation Centers in Ankara, Kayseri and Konya and complementary measures. Specifically, the project aims to achieve the below targets:

Target 1*: Identification of “1” additional service line on innovation.

Target 2*: Operationalization of “1” additional service line on innovation.

Target 3: Replication of existing SME Capability Center in Konya and Kayseri

Target 4: Provision of business advisory and innovation services to “100” SMEs including women empowerment

Target 5: Provision of SME Capability Center services to “150” SMEs including services of ASOSEM.

Target 6*: Establishment of “100” new SMEs focusing on innovation, set up by Syrians or Syrian/ Turkish joint ventures.

Target 7: Provision of awareness raising services to “500” Syrians and Turkish host community members

Target 8: Placement of “2000” Syrians and Turkish host community members in jobs.

* First, second and sixth indicators are related to Innovation Center to be established in Ankara with the funding of the Turkish Government. As expressed during KfW monitoring visits, the background studies were completed within the scope of the component and a report prepared for the next steps to be taken. Ministry decided to put establishment of Ankara Innovation Center on hold. They stated that they are currently evaluating studies related with all Innovation Centers at the Ministerial level and their final

decision will be based on this high-level evaluation. It is important to underline that indicator related to establishment of new SMEs focusing on innovation is completely related with Ankara Innovation Center, therefore without finalizing this study, it will be not possible to reach to this target.

III. Progress Review

No-cost extension of Component 1 and 2 under the “Employment and Skills Development Program” until 30 June 2022 were approved by KfW and the Amendment Agreement No. 4 to the Financing Agreement was signed by both Parties on October 11th, 2021.

Government cost sharing agreement was also extended with the transfer of additional 3.5 million TL from the unused 2020 Investment Budget and transferred to the Project budget. This additional funding has not only ensured the strong commitment and ownership from the government side, but also underpinned the sustainability of the Centers. The project end date was also extended with the 5th extension until 31 December 2022 to complete the digital transformation component of Ankara, Kayseri and Konya Model Factories successfully.

On the other hand, impacts of COVID-19 pandemic has continued to affect Project implementation in 2021, mitigation measures haven been taken; most of the activities have continued remotely and online. The Project team has been in contact with the Ministry of Industry and Technology and local partners daily. Thanks to these efforts, the job creation targets were achieved in 2021. Important progress has also been achieved in Konya and Kayseri Model Factories about the service deliveries.

1. Support to Ankara SME Capability and Digital Transformation Center and Job Creation in Ankara

a. Ankara Model Factory and Ankara Innovation Center

As it is known, for Ankara Model Factory, only the digital transformation component is funded by KfW. The establishment and operationalization of Ankara Model Factory have been financed by the funding allocated from Public Investment Program and ASO and ASO I. OIZ resources.

Ever since the de-linking process of Ankara Model Factory was completed in 2020, Ankara MF has continued to generate revenues through Learn & Transform consultancy programs and trainings provided to SMEs and other Model Factories.

During this period, Ankara Model Factory completed the 3rd Learn and Transform in February 2021 which was launched in 2020. Followingly, 4th and 5th Learn & Transform Program was launched in 2021 and successfully completed. As a result, companies achieved productivity gains in different areas, for example some are achieved %140 increase in daily production, some achieved %40 increase in OEE (Overall Equipment Effectiveness) and %112 reduction in processing time. ² On 06 January 2022, Launch Event of 5th L&T Program was organized with the participation of Ministry of Industry and Technology. 15 companies attended to 4th and 5th Learn and Transform Program in 2021. (35 companies benefitted from all

² The summary results of Ankara Learn & Transform Programs are enclosed in the attachment.

L&T Programs of Ankara Model Factory) 68 companies benefitted from introductory trainings, experiential trainings, and project implementation consultancy services in 2021. (258 companies benefitted from other services of Ankara Model Factory in total).

The studies for the establishment of Ankara Innovation Center / Network and all related activities, which are funded by the Government, were suspended in 2021 by the Ministry. The background studies were completed within the scope of the component and a report prepared for the next steps to be taken in 2020. Ministry decided to put establishment of Ankara Innovation Center on hold. The Ministry is currently evaluating studies related with all Innovation Centers at the Ministerial level and the final decision will be based on this high-level evaluation. It is important to underline that indicator related to establishment of new SMEs focusing on innovation is completely related with Ankara Innovation Center, therefore without finalizing this study, it will not be possible to reach to this target.

b. Job Creation and ASO-SEM (Continuing Education Center for Ankara Chamber of Industry)

In 2021, ASO-SEM continued the job guaranteed vocational trainings in 2021. 35 different courses were launched such as industrial automation, furniture upholstery, machine-CNC courses and etc. within the scope of 7th wave of vocational trainings. During this period, ASO-SEM also organized various awareness raising activities targeting Syrians under Temporary Protection. ASO-SEM also provided recruitment and job orientation support to both host communities and SuTPs.

In addition, 38 trainings were organized within the scope of skills development and other activities such as CAD-CAM courses, communication skills courses etc... In order to increase female employment in Ankara, in 2021 ASO-SEM started to organize tailor made textile sector focused trainings for women. In 2021, thanks to the efforts of ASO-SEM, 316 people have been placed into jobs. 75 of them are SuTPs. With these additions, job creation figures in Ankara have increased to 1383; 482 of which are SuTPs. The project team foresees that job creation target regarding the SuTPs will be completed in Ankara by the first half of 2022.

2. Replication of the Ankara SME Capability and Digital Transformation Center and Job Creation in Kayseri

a. Establishment of Kayseri SME Capability and Digital Transformation Center - Model Factory

With the operationalization of Kayseri Model Factory in 2020, the training and consultancy activities of Learn & Transform programs were started in December 2020 to prepare companies for Industry 4.0, in line with the needs and priorities of the companies, together with the theoretical and applied experiential trainings for the purpose of increasing the operational productivity in selected pilot areas. The pilot Learn & Transform Program was completed in April 2021 with 6 companies. Considerable productivity gains were achieved within the scope of this 4-month program and the results were shared with the public on 24 August 2021 with the participation of MoIT and UNDP officials. Selected companies achieved productivity gains in different areas for instance, %100 increase in daily production quantity, 440 m² area saving, %30 reduction in cycle time and etc. Followingly, 2nd and 3rd Learn & Transform Programs were launched in Kayseri in the second half of 2021 with the participation of 8 companies. (34 companies attended L&T

Programs of Kayseri Model Factory in total) Besides Learn & Transform Programs, Kayseri MF delivered several other trainings and provided consultancy services to Kayseri-based companies. In total 24 companies benefitted from the other services of Kayseri Model Factory in 2021.³

b. Complementary Activities for Job Creation

As it is known, the Idea Factory Entrepreneurship Program was completed in the previous reporting period. 9 graduates of the program were still monitored by the UNDP via Erciyes Teknopark.

Matchmaking activities of the local stakeholders also continued in 2021 leading to a surpassing of job creation targets for Kayseri in 2021. As of 31 December 2021, 261 SuTPs and 291 host community members were placed into jobs. 23 of them were placed into jobs in 2021.

3. Replication of the Ankara SME Capability and Digital Transformation Center and Job Creation in Konya

a. Establishment of Konya SME Capability and Digital Transformation Center - Model Factory

Similarly, with the operationalization of Konya Model Factory, the pilot Learn & Transform program was kicked off in Konya. First L&T Program was completed at the beginning of 2021 successfully. The selected companies achieved serious productivity gains in different areas such as %145 productivity increase in production (machine/hour), %55 area saving and etc.⁴ Subsequent to the pilot program, second and third L&T programs were launched in Konya in the second half of 2021. 19 companies benefitted from the L&T Programs of Konya Model Factories. 37 companies benefitted from the other services such as experiential training and awareness raising in 2021.

b. Complementary Activities for Job Creation

In 2021, Konya Chamber of Commerce, continued its efforts on matchmaking activities and organization of vocational trainings. 54 courses in different vocations were organized such as welding, metal cutting, design modelling etc. More than six hundred people attended these vocational and skills development courses.

With the strong commitment and efforts of local stakeholders, job creation targets were overachieved in Konya in 2021. As of 31 December 2021, 278 SuTPs and 374 host community members were placed into jobs. 149 out of 652 people were placed into jobs in 2021.

³ The summary results of Kayseri Learn & Transform Programs are enclosed in the attachment.

⁴ The summary results of Konya Learn & Transform Programs are enclosed in the attachment.

4. Other Activities related to Model Factories

a. Digital Transformation of Ankara, Kayseri and Konya Model Factories

Within the scope of the digital transformation component of the Project, it has been agreed to follow a holistic and standardized approach for the digital transformation of Ankara, Kayseri and Konya Model Factories.

Within this context, a detailed and comprehensive Terms of Reference (ToR) has been prepared by UNDP with the contribution of all project partners and local stakeholders. In line with the ToR, a market analysis was conducted with different companies working in digital transformation sector and scope of ToR narrowed down according to the feedbacks received on strict timelines. After the completion of all documents, the case was submitted to Regional Bureau (RACP) of UNDP on 19 May 2021 and approved by RACP on 26 May 2021. The Procurement notice of the case was announced on 27 May 2021. Site visits to 4 Model Factories were organized between 7-10 June 2021 to make it easier for companies to understand the concepts. On 14th of June 2021, a Pre-Bid Conference was organized to collect and clarify the questions of the companies. With the closure of the announcement on 19 July 2021, 2 (two) offers were received from 2 (two) joint ventures in total. After evaluations, one of the offers was deemed invalid due to the inclusion of joint venture's financial offer in its technical offer. The proposal of the other joint venture could not meet the eligibility criteria specified in the technical specification. In this respect, the tender was canceled within the framework of UNDP procurement rules.

After the cancellation of the tender, UNDP Project Team conducted another market analysis to identify the reasons of the companies for not responding to the RFP as well as the points that they considered as bottlenecks in the technical specifications. The Terms of Reference was revised in accordance with the renewed market analysis and the new tender was announced on 23 November 2021. Pre-bid conference was organized on 8 December 2021 and the tender was closed on 06 January 2022. The evaluation of the proposals is expected to be completed by the end of January and the contract is expected to be awarded in February. Deployment of hardware and software for technological infrastructure is expected to be completed by end of June 2022.

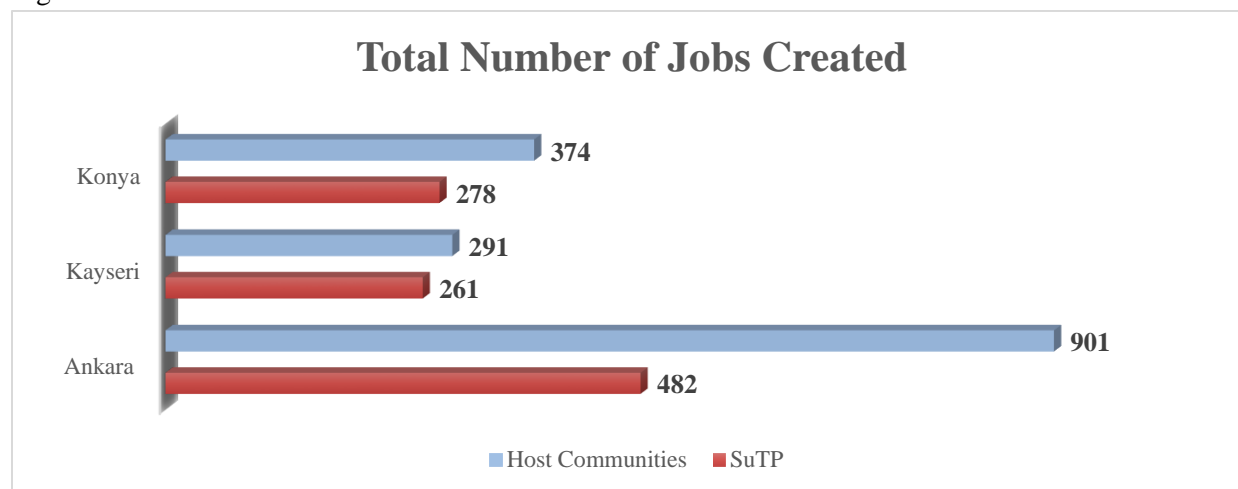
b. Model Factories Performance Monitoring and Evaluation System

Studies for establishment of performance monitoring and evaluation system were started in early July and completed in October 2021. First, a literature review was conducted, and Desk Study Report was produced. Followingly, within the scope of field study, 28 interviews were held with the stakeholders and a survey study was completed with 91 participants from 78 firms. The results of field study and the survey study were analyzed under the Need Assessment Report. The Final System Report was completed by combining all the background studies and the results of interviews conducted with Ministry of Industry and Technology. The short presentation regarding the Performance Monitoring and Evaluation System was given in **Annex I**.

5. Job Creation Figures

As of 31 December 2021, **2587**, people have been placed to jobs within the scope of the Employment and Skills Development Program Component 2. **1383** of them have been placed into jobs in Ankara, **652** of them in Konya and **552** of them in Kayseri. **488** jobs have been created from January to December 2021.

Figure 1: Total Number of Jobs Created



1021 people out of **2587** that placed into jobs are SuTPs. The overall job creation target of employment of 1000 SuTPs were achieved in 2021. However, efforts of ASO-SEM to achieve the targets for Ankara and will continue until the end of project. Konya Vocational Training Center will also continue its efforts to increase its outreach, which is expected to increase the total job creation figures.

Table 1: Breakdown of Job Creation Figures

	Number of SuTPs Placed into jobs	Number of host community members placed into jobs	Grand Total
Ankara	482	901	1383
Kayseri	261	291	552
Konya	278	374	652
Total	1021	1566	2587

This table represents total number of the jobs created throughout the project implementation period.

When job placements are examined on a gender basis, unfortunately, it has been observed that out of 2587 created jobs, only **218 jobs have been created for women employees**, which accounts for 9 % of all jobs created.

This shortcoming is parallel to the fact that women's participation in the labor force is weaker compared to men and this rate decreases even more in refugees working in the manufacturing sector. Complementary actions are also planned to raise awareness on women employment in target cities. Gender sensitive vocational trainings were conducted in Ankara and Konya in 2021 to increase the women employment. The below table demonstrates the updated information regarding the output indicators set in the financial agreement.

Indicator Based Performance Assessment

Level in Results Hierarchy	Description	Indicators	Baseline	Annual target	End of project target	Cumulative Realization (Number or Text)	Explanation for deviation from the target and any other remark (please break-down into male/female if possible)
UNSDCF Outcome	UNSDCF Outcome 2.1: By 2025, public institutions and private sector contribute to a more inclusive, sustainable, and innovative industrial and agricultural development, and equal and decent work opportunities for all, in cooperation with the social partners.	9.b.1 - Proportion of high and medium-high-tech manufacturing industry value added in total value added	32.1 % (2018)	N/A	38 % (2023)	Reported at UNCT level, not applicable	
CPD Output	CPD Output 2.1: Capacities at national and local levels strengthened to promote inclusive local economic development	2.1.1 Number of inclusive local economic development partnerships at scale for accelerating sustainable economic growth	50 (2020)	64	72 (2025)	64	
Output 1.1	Sustainable job opportunities created for Syrians and Turkish host community members in Ankara, Kayseri and Konya	# of additional service lines on innovation are identified	1	0	1	1	
		# of additional service lines on innovation became operational for Ankara	0	1	1	0	The studies for the establishment of Ankara Innovation Center / Network and all related activities, which are funded by the Government, are suspended in 2021. Ministry decided to put establishment of Ankara Innovation Center on hold. The Ministry currently evaluating studies related with all Innovation Centers at the Ministerial level and the final decision will be based on this high-level evaluation.

Level in Results Hierarchy	Description	Indicators	Baseline	Annual target	End of project target	Cumulative Realization (Number or Text)	Explanation for deviation from the target and any other remark (please break-down into male/female if possible)
		#of existing SME Capability Centers replicated in Kayseri and Konya	2	0	2	2	
		# of additional SMEs have received business advisory and innovation services	386	90	100	497	
		# of additional SMEs have received SME Capability Center Services, as well as ASOSEM	389	100	150	517	
		# of additional SMEs are newly established focusing on innovation (set up by Syrians or Syrian/ Turkish joint ventures)	0	100	100	0	The studies for the establishment of Ankara Innovation Center / Network and all related activities, which are funded by the Government, are suspended in 2021. Ministry decided to put establishment of Ankara Innovation Center on hold. The Ministry currently evaluating studies related with all Innovation Centers at the Ministerial level and the final decision will be based on this high-level evaluation. It is important to underline that indicator related to establishment of new SMEs focusing on innovation is completely related with Ankara Innovation Center, therefore without finalizing this study, it will not be possible to reach to this target.

Level in Results Hierarchy	Description	Indicators	Baseline	Annual target	End of project target	Cumulative Realization (Number or Text)	Explanation for deviation from the target and any other remark (please break-down into male/female if possible)
		# of Syrians and Turkish host community members have benefitted from awareness raising activities (including networking, matchmaking event, capacity building training programmes, entrepreneurship training programmes)	2671	200	500	2903	311 women and 2592 men benefitted from awareness raising activities. 1318 out of 2903 are SuTPs and the remaining 1585 are host community members.
		# of Syrians and Turkish host community members have been placed in jobs	2043	0	2000	2587	218 women and 2369 men have been placed into jobs. 1021 out of 2587 are SuTPs and the remaining 1566 are host community members.

IV. Contribution to Gender Equality

The Project experienced certain limitations in introducing women to jobs in a male-dominated manufacturing sector. Out of 2587 jobs created so far, only % 9 are women which shows the difficulty of including women in job creation efforts in sectors that are traditionally reserved for men. The structured imbalance between the number of male and female employees working in manufacturing sector, lower participation of women in labor force and heavier physical working conditions for women are the main restraints on achieving gender equality in respect to manufacturing sector.

To contribute to the solution of this structural problem, a desk study on women employment in manufacturing sector has been completed. In this study, the historical background, policies and practices and current status in female employment with a focus on overview of female employment in various occupational groups in different target cities were analyzed. Finally, policy proposals based on the problems were proposed. Within this scope, ASO-SEM and KTO-MEM started to organize tailor-made vocational trainings targeting women. These efforts will be doubled in the upcoming period.

V. Project Risks and Issues

a. Updated project risks and actions

Project Risk 1: Economic condition of Turkey including the high unemployment rate may decrease the labor demand

Actions taken: The project team is in very close contact with the partners and continuously seeking effective ways of delivery including promotion activities.

Project Risk 2: Lack of interest from local stakeholders regarding operationalization of MFs.

Actions taken: Close communication and regular coordination meetings

Project Risk 3: The level of interest of the SMEs in the Project

Actions taken: Pilot programs to increase awareness and interest to the Model Factories

b. Updated project issues and actions

Project Issue: The tender announced for digital transformation of Ankara, Kayseri, Konya was cancelled due to lack of applications.

Actions taken: The market analysis renewed, and the ToR revised accordingly. The re-tendering process was started. Applications to the renewed tender were received.

VI. Monitoring Arrangements

The Project Team has been using several monitoring tools to ensure the smooth running of the activities:

- ASO-SEM has been preparing quarterly progress reports to the UNDP and MoIT regarding the all the phases of Vocational Training Programs. On the other hand, ISKUR has been keeping track of the theoretical and practical trainings and job placements in line with the MEGIP Protocol.
- Monitoring process of matchmaking activities have been managed by local partners, Ministry of Industry and Technology and UNDP. Local stakeholders namely, Ankara Chamber of Industry, ASO I. OIZ, Kayseri Chamber of Industry, Konya Chamber of Commerce have been reporting to

UNDP twice a month about the job placements and send the related supporting files for documentation.

- At the macro level, UNDP continued to make random satisfaction calls to the companies benefiting from matchmaking activities.
- Monitoring of the progress related to the Model Factories have been carried out through monthly progress reports and service follow-up reports collected. Additionally, regular coordination meetings have been held. A performance monitoring and evaluation system was also established.
- Monitoring Mission of KfW also completed successfully in 2021.
- Apart from these evaluations, an independent evaluation will be conducted and finalized by June 2022 to monitor and evaluate all of the interventions and activities implemented throughout the Project. The results of this independent evaluation will be shared upon finalization of the Project.

VII. Lessons Learned

Within the scope of the Component 2, Model Factories have been the platforms for collaborations established with the Ministry of Industry and Technology and Chambers of Industry and Commerce, universities, and related stakeholders at the local and national level. The interventions offered and implemented in Component 2 as well as the positive results of this *platform-based approach* have demonstrated the importance of *public-private sector partnership*. This model has also produced positive outcomes in the vocational trainings and entrepreneurship programs. However, relations between universities and MFs have not yet matured as desired. As in the case of Kayseri, the inclusion of university in the establishment process of Model Factory contributes significantly both for building a pool of trainers and supporting MFs with academic studies.

It has been well understood that a development approach instead of an emergency approach should be adopted and interventions that put forward mid-term and long-term solutions should be implemented. It will not be possible to create productive employment and decent work without supporting local capacities. Hence, Model Factories at this point have emerged as the effective implementation tools that support local capacities. Model Factories and complementary measures for job creation and skills development program (vocational programs, entrepreneurship programs) are not just one-time interventions but deliver long-term sustainable solutions creating a life-long impact for Syrian and host community beneficiaries. Concurrent interventions penetrating into labor demand and supply have yielded positive results for job creation.

The recent experience has demonstrated that the direct involvement of the industry in the formulation of vocational training programs are essential and hence the industry needs analysis are prerequisites especially for these programs. If the curricula and the content of these programs are determined in line with the result of these studies, the programs will yield better results in terms of creating employment.

Official letters by the Ministry on matters such as obtaining work permits, requesting background checks of Syrian entrepreneurs, increasing the participation in entrepreneurship programme helped to accelerate the activities. Having this kind of discussions and increasing cooperation between other public entities and the Ministry are beneficial in terms of undertaking employment activities smoothly and expeditiously.

While flexible and teleworking became a necessity of pandemic, the coordination improved with MFs in the relatively distant provinces; significant progress was made regarding coordination and experience sharing among MFs in the times between physical visits which could be held above a certain frequency taking account of costs and logistics.

VIII. Conclusions and Way Forward

The cancellation of digital transformation tender was the biggest challenge of the Project. However, Project team renewed market analysis and initiated the re-tendering process. Evaluation of the tender is expected to be completed by the end of the January and KfW will be informed about the contractual process accordingly.

The successful delivery of the project targets has resulted in increasing motivation and commitment of the project partners since 2016. This situation revealed itself in consecutive project extensions in 2017, 2018, 2019, 2020 and 2021.

The Ministry allocated additional funds for the replication of new Model Factories in new 7 provinces and expansion of MF services including green transformation in 2022 Public Investment Program. Financial supports of KOSGEB (Small and Medium Enterprises Development Organization of Turkey) and Development Agencies for SMEs benefiting from MF services are also in effect. The strong commitment and ownership from the government and the incentives are critical ensuring the sustainability of MFs.

IX. Financial Status⁵

OUTPUT II BUDGET	BUDGET OF THE ACTION					BUDGET REALIZATION						REMAINING BUDGET
	2018	2019	2020	2021	ALL YEARS	2018	2019	2020	2021	ALL YEARS	% of the Budget	ALL YEARS
	Total Cost (in EUR)	Total Cost (in EUR)	Total Cost (in EUR)	Total Cost (in EUR)	Total Cost (in EUR)	Total Cost (in EUR)	Total Cost (in EUR)	Total Cost (in EUR)	Total Cost (in EUR)	Total Cost (in EUR)		Total Cost (in EUR)
1. Human Resources (incl. project/prog)	0.00	24,110.96	230,331.91	117,335.69	371,778.55		24,110.96	191,897.94	106,505.44	322,514.35	87%	49,264.20
2. Travel (air, ground)	0.00	12,159.83	61,967.85	14,043.42	88,171.10		12,159.83	3,945.86	3,355.76	19,461.45	22%	68,709.65
3. Equipment and supplies	119,710.96	783,063.71	917,920.82	110,100.00	1,930,795.49	119,710.96	783,063.70	911,458.96	56,714.62	1,870,948.24	97%	59,847.25
4. Project office	0.00		15,999.38	8,000.62	24,000.00			15,999.38	0.00	15,999.38	67%	8,000.62
5. Professional services	0.00	126,312.43	1,770,823.34	305,239.46	2,202,375.23	0.00	126,312.43	1,229,964.22	276,181.70	1,632,458.35	74%	569,916.88
Expansion of Ankara Applied Capability Center Services	0.00	0.00	368,699.90	56,723.06	425,422.96	0.00	0.00	160,712.52	62,903.77	223,616.29	53%	201,806.66
Operationalisation of the first Applied Capability Center in Konya	0.00	44,026.74	698,621.92	145,827.47	888,476.14	0.00	44,026.74	628,845.08	117,387.88	790,259.71	89%	98,216.43
Operationalisation of the first Applied Capability Center in Kayseri	0.00	82,285.69	703,501.53	102,688.92	888,476.14	0.00	82,285.69	440,406.62	95,890.04	618,582.35	70%	269,893.79
6. Expenditure verification/audit	0.00	0.00	2,424.05	2,825.95	5,250.00		0.00	2,424.05	2,685.59	5,109.64	97%	140.36
7. Evaluation costs	0.00	0.00	2,333.33	22,666.67	25,000.00		0.00		0.00	0.00	0%	25,000.00
8. Translation, interpreters	0.00	0.00	5,333.33	2,666.67	8,000.00		0.00	750.39	2,214.66	2,965.05	37%	5,034.95
9. Costs of conferences/seminars	0.00	24,349.70	15,650.30	20,000.00	60,000.00		24,349.70	646.71	17,221.48	42,217.89	70%	17,782.11
10. Visibility actions (including CSR initiatives)	0.00	0.00	20,000.00	10,000.00	30,000.00		0.00	13,540.92	14,764.56	28,305.48	94%	1,694.52
11. Subtotal	119,710.96	969,996.63	3,042,784.31	612,878.47	4,745,370.37	119,710.96	969,996.62	2,370,628.43	479,643.81	3,939,979.83	83%	805,390.54
12. Indirect costs (8% as per UNDP cost recovery policy)	9,576.87	77,599.68	209,624.48	82,828.61	379,629.63	9,576.87	77,599.68	189,703.67	39,429.93	316,310.15	83%	63,319.48
13. Total Eligible Costs (OUTPUT 2)	129,287.83	1,047,596.31	3,252,408.79	695,707.07	5,125,000.00	129,287.83	1,047,596.30	2,560,332.10	519,073.74	4,256,289.98	83%	868,710.02

X. Annexes

- Model Factories Performance Monitoring and Evaluation System Presentation
- Media coverage (a list of media coverage with necessary links would also suffice)
- Ankara, Kayseri, Konya Learn & Transform Programs Results Summaries

⁵ Disclaimer: Data contained in this financial report section is an extract of UNDP financial records. All financial provided above is provisional.

Disclaimer: UNDP adopted IPSAS (International Public Sector Accounting Standards) on 1 January 2012, cumulative totals that include data prior to that date are presented for illustration only.