

# Project Progress Report

## Applied SME Capability Building Center (Model Factory) Project

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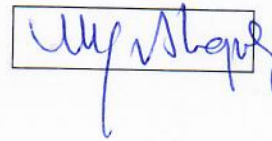
### Acronyms and abbreviations

MoSIT:	Ministry of Science, Industry and Technology
MF:	Model Factory
UNDP:	United Nations Development Programme

For UNDP: Pelin Rodoplu, Portfolio Manager, ISG



For MoSIT: Dr. M. Kemal Akgül, Head of Department,  
DG of Productivity



## Synopsis

<b>Award No</b>	00097599
<b>Business Unit</b>	TUR10
<b>Award ID</b>	Applied SME Capability Building Center (Model Factory)
<b>Description</b>	<p>The purpose of the project is to identify an appropriate business model, complete with a business plan and cost estimates, for establishment of Applied SME Capability Centers (a.k.a. Model Factory) in Turkey, and improvement of the institutional capabilities of the Ministry of Science, Industry and Technology (DG of Industry and Productivity) for establishment and operationalization of such a center.</p> <p>"Improving Productivity in Manufacturing Industry" is one of the main objectives of the Government of Turkey as stated in the 10th National Development Plan. The project will contribute to the productivity-related objectives set forth in the national, regional and sectoral policy and strategy documents. SMEs (owners, managers and employers) can be trained on a wide variety of issues ranging from lean manufacturing to energy efficiency. The unique value proposition of such centers is that trainees can directly deploy their learnings at their manufacturing facilities. Thus, the Model Factory may contribute to improving manufacturing capabilities of SMEs.</p>
<b>Implementing Partner</b>	Ministry of Science, Industry and Technology (MoSIT, DG of Productivity)
<b>Award Period</b>	<b>Start Date:</b> Dec 2015 <b>End Date:</b> Dec 2016
<b>Total Award Amount</b>	450.000,00 USD



## Section 1: Project Risks and Issues

### Updated Project Risks

Type	Date Identified	Description	Comment or Management Response	Critical Flag
ORGANIZATIONAL	Nov 2015	Trained staff members do not remain in their posts during the entire duration of the Project.	The Ministry will be asked to assign staff members that can maintain continuity.	N

### Updated Project Issues

Type	Date Identified	Description	Solution Date	Comment or Management Response	Solution Flag
Operational #1	2016	Project will be managed with current responsible PM with support from ISG assigned PA.	N/A	Close follow up on progress will be ensured by PM and if any problem occurs it will be solved by UNDP with corrective measures.	High

## Section 2: Output Progress

Project ID	00097599 - Applied SME Capability Building Center (Model Factory)
Description	Institutional Capabilities to Establish and Operationalize an Applied SME Capability Building Center (Model Factory)
Implementing Partner	Ministry of Science Industry and Technology (MoSIT, DG for Productivity)
Baseline	No SME Capability Center (2015)
Indicators	<ul style="list-style-type: none"> <li>SME Capability Center Business Model and Plan</li> <li>Training Curriculum (ToT)</li> <li>Training modules</li> <li>Training materials</li> </ul>
2016 Targets	<ul style="list-style-type: none"> <li>SME Capability Center</li> <li>Business Model and Plan (1)</li> <li>Training Curriculum (ToT)</li> </ul>

	<ul style="list-style-type: none"> <li>• Training modules (10)</li> <li>• Training materials (for 2 modules)</li> </ul>
<b>2016 Achievements as of June 31</b>	<ul style="list-style-type: none"> <li>• Activities continued under secondary and primary research.</li> <li>• Focus group meetings in Bursa, Eskişehir and İzmir were held to feed needs analysis.</li> <li>• Coordination meetings were held. (with UNDP team and with McKinsey Team)</li> <li>• First Steering Committee Meeting realized. (18 March 2016)</li> <li>• Study Tour to Italy and Germany conducted with participation of MoSIT staff, MoD, GAP RDA (president) and Gaziantep Chamber of Industry.</li> <li>• Second Steering Committee Meeting realized. (13 June 2016)</li> </ul>

### Section 3: Activity Performance

<b>Activity ID</b>	<b>1</b>
<b>Description</b>	Activity 1 is composed of 3 sub-activities that will collectively enhance Institutional Capabilities to Establish and Operationalize an Applied SME Capability Building Center (Model factory) Business Model.

#### Sub-activity 1.1

<b>Purpose</b>	Analysis towards establishment of a model factory	
<b>Planned Actions</b>	<p>As per the project document sub-activity 1.1 is composed of the following actions:</p> <p>1.1.1 Secondary research</p> <p>1.1.2 Primary research</p> <p>1.1.3 Development of Needs Assessment Report</p>	
<b>Progress</b>	<p>During the reporting period:</p> <p>1.1.1 Started in January - ongoing.</p> <p>1.1.2 Started in January- ongoing</p> <p>1.1.3 Started in April- first draft is completed.</p>	
<b>Additional Considerations</b>	The studies to be conducted within the first activity will facilitate Ministry's future decisions on where to establish a model factory (or model factories) in Turkey.	
<b>Quality Criteria</b>	<b>Quality Method</b>	<b>Quality Assessment Due Date</b>
<b>Shortlist of provinces &amp; target sectors</b>	Shortlist of provinces & target sectors	January 2016 – completed.
<b>Needs assessment report</b>	Needs assessment report	January 2016 – first draft ready in June.



## Sub-activity 1.2

<b>Purpose</b>	Modelling towards establishment of a model factory	
<b>Planned Actions</b>	<p>As per the project document sub-activity 1.2 is composed of the following actions:</p> <p>1.2.1 Analysis of good practices</p> <p>1.2.2 Development of alternate models</p> <p>1.2.3 Scenario analysis</p> <p>1.2.4 Development of curricula (SME trainings and training of trainers)</p> <p>1.2.5 Training simulation</p>	
<b>Progress</b>	<p>During the reporting period:</p> <p>1.2.1 Started in January 2016- ongoing</p> <p>1.2.2 Started in April 2016 - ongoing</p> <p>1.2.3 Started in April 2016 - ongoing</p> <p>1.2.4 Not started</p> <p>1.2.5 Not started</p>	
<b>Additional Considerations</b>	<p>Focus group meetings in Bursa, Eskişehir and İzmir completed between 12-15 April 2016.</p> <p>Study tour to two model factories organized in the reporting period. (4-7 May 2016)</p>	
<b>Quality Criteria</b>	<b>Quality Method</b>	<b>Quality Assessment Due Date</b>
Good practice analysis report and international study visits report	Good practice analysis report and international study visits report	Mar 2016 – not completed.
Model Factory Design Report	Model Factory Design Report	Mar 2016 - not completed.
CBA and Scenario Analysis Report	CBA and Scenario Analysis Report	Mar 2016 - not completed.
Training and ToT Curricula (2 or 3 topics)	Training and ToT Curricula (2 or 3 topics)	Jun 2016 – not started.
Training simulation (1 topic)	Training simulation (1 topic)	August 2016 – not started.

## Sub-activity 1.3

<b>Purpose</b>	Development of business models and training
<b>Planned Actions</b>	<p>As per the project document sub-activity 1.3 is composed of the following actions:</p> <p>1.3.1 Development of business plan</p> <p>1.3.2 Identification of physical investment needs and technical requirements</p> <p>1.3.3 Preparation of technical drawings (statement of works for the</p>

	model factory building) 1.3.4 Development of training modules and training materials for two modules	
<b>Progress</b>	During the reporting period: 1.3.1 Not Started. 1.3.2 Not Started. 1.3.3 Not Started. 1.3.4 Not Started.	
<b>Additional Considerations</b>	Within the scope of Activity Result 2, the Ministry will identify a preferred model. This activity result builds on the Ministry's decision.	
<b>Quality Criteria</b>	<b>Quality Method</b>	<b>Quality Assessment Due Date</b>
Model factory business plan	Model factory business plan	Jun 2016 – not started.
Physical Investment Requirements Report	Physical Investment Requirements Report	Jun 2016 – not started.
Engineering and Construction Projects and Drawings	Engineering and Construction Projects and Drawings	Jun 2016 – not started.
Training modules (ca. 10)	Training modules (ca. 10)	Jun 2016 – not started.
Training materials (2 modules)	Training materials (2 modules)	August 2016-not started.

## Section 4: Budget and Financial Progress

Fiscal Year	Fund	Donor	Responsible Party	Budget (\$) of the Reporting Year	Encumbrances (\$)	Expenditure (\$)	Balance (\$)
2016	30071	00244	000639	449,999.00		35,786.81	414,212.19

\*The figures for the mentioned year are given on half year basis.



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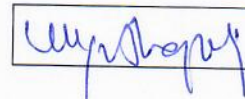
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<b>Implementing Partner</b>	Ministry of Science, Industry and Technology (MoSIT, DG of Productivity)
<b>Award Period</b>	<b>Start Date:</b> Dec 2015 <b>End Date:</b> Dec 2016
<b>Total Award Amount</b>	450.000,00 USD



## Section 1: Project Risks and Issues

### Updated Project Risks

Type	Date Identified	Description	Comment or Management Response	Critical Flag
ORGANIZATIONAL	Nov 2015	Trained staff members do not remain in their posts during the entire duration of the Project.	The Ministry will be asked to assign staff members that can maintain continuity.	N

### Updated Project Issues

Type	Date Identified	Description	Solution Date	Comment or Management Response	Solution Flag
Operational #1	2016	Project will be managed with current responsible PM with support from ISG assigned PA.	N/A	Close follow up on progress will be ensured by PM and if any problem occurs it will be solved by UNDP with corrective measures.	High

## Section 2: Output Progress

Project ID	00097599 - Applied SME Capability Building Center (Model Factory)
Description	Institutional Capabilities to Establish and Operationalize an Applied SME Capability Building Center (Model Factory)
Implementing Partner	Ministry of Science, Industry and Technology (MoSIT, DG for Productivity)
Baseline	No SME Capability Center (2015)
Indicators	<ul style="list-style-type: none"> <li>SME Capability Center Business Model and Plan</li> <li>Training Curriculum (ToT)</li> <li>Training modules</li> <li>Training materials</li> </ul>
2016 Targets	<ul style="list-style-type: none"> <li>SME Capability Center</li> <li>Business Model and Plan (1)</li> </ul>

	<ul style="list-style-type: none"> <li>• Training Curriculum (ToT)</li> <li>• Training modules (10)</li> <li>• Training materials (for 2 modules)</li> </ul>
<b>2016 Achievements as of December 31</b>	<ul style="list-style-type: none"> <li>• Activities under first component almost complete.</li> <li>• Meetings with Ankara Chamber of Industry (ASO), Universities in Ankara (TOBB ETU and Bilkent), leading companies in ASO industrial zone (Yiğit Akü, Karba, Hidromek, Bozankaya) completed. Meetings with Türk Traktör and Aselsan completed.</li> <li>• Best practice report and study tour report completed.</li> <li>• Third Steering Committee Meeting realized. (01 September 2016)</li> </ul>

### Section 3: Activity Performance

<b>Activity ID</b>	1
<b>Description</b>	Activity 1 is composed of 3 sub-activities that will collectively enhance Institutional Capabilities to Establish and Operationalize an Applied SME Capability Building Center (Model factory) Business Model.

#### Sub-activity 1.1

<b>Purpose</b>	Analysis towards establishment of a model factory	
<b>Planned Actions</b>	<p>As per the project document sub-activity 1.1 is composed of the following actions:</p> <p>1.1.1 Secondary research</p> <p>1.1.2 Primary research</p> <p>1.1.3 Development of Needs Assessment Report</p>	
<b>Progress</b>	<p>During the reporting period:</p> <p>1.1.1 Completed</p> <p>1.1.2 Completed</p> <p>1.1.3 Completed</p>	
<b>Additional Considerations</b>	The studies to be conducted within the first activity will facilitate Ministry's future decisions on where to establish a model factory (or model factories) in Turkey.	
<b>Quality Criteria</b>	<b>Quality Method</b>	<b>Quality Assessment Due Date</b>
<b>Shortlist of provinces &amp; target sectors</b>	Shortlist of provinces & target sectors	January 2016 – completed.
<b>Needs assessment report</b>	Needs assessment report	January 2016 – completed.



## Sub-activity 1.2

Purpose	Modelling towards establishment of a model factory	
Planned Actions	<p>As per the project document sub-activity 1.2 is composed of the following actions:</p> <p>1.2.1 Analysis of good practices</p> <p>1.2.2 Development of alternate models</p> <p>1.2.3 Scenario analysis</p> <p>1.2.4 Development of curricula (SME trainings and training of trainers)</p> <p>1.2.5 Training simulation</p>	
Progress	<p>During the reporting period:</p> <p>1.2.1 Completed - August 2016</p> <p>1.2.2 Completed - August 2016</p> <p>1.2.3 Completed - August 2016</p> <p>1.2.4 Completed- September 2016</p> <p>1.2.5 Completed -November 2016</p>	
Additional Considerations	<p>Meetings with Universities (19 July 2016)</p> <p>Meetings in ASO 1<sup>st</sup> OIZ (20 July 2016)</p> <p>ASELSAN Interview (2 August 2016)</p>	
Quality Criteria	Quality Method	Quality Assessment Due Date
Good practice analysis report and international study visits report	Good practice analysis report and international study visits report	Completed.
Model Factory Design Report	Model Factory Design Report	Completed.
CBA and Scenario Analysis Report	CBA and Scenario Analysis Report	Completed.
Training and ToT Curricula (2 or 3 topics)	Training and ToT Curricula (2 or 3 topics)	Jun 2016 – not started.
Training simulation (1 topic)	Training simulation (1 topic)	August 2016 – not started.

## Sub-activity 1.3

Purpose	Development of business models and training
Planned Actions	<p>As per the project document sub-activity 1.3 is composed of the following actions:</p> <p>1.3.1 Development of business plan</p> <p>1.3.2 Identification of physical investment needs and technical requirements</p> <p>1.3.3 Preparation of technical drawings (statement of works for the</p>

	model factory building) 1.3.4 Development of training modules and training materials for two modules	
<b>Progress</b>	During the reporting period: 1.3.1 Not Started. 1.3.2 Not Started. 1.3.3 Not Started. 1.3.4 Not Started.	
<b>Additional Considerations</b>	Within the scope of Activity Result 2, the Ministry will identify a preferred model. This activity result builds on the Ministry's decision.	
<b>Quality Criteria</b>	<b>Quality Method</b>	<b>Quality Assessment Due Date</b>
<b>Model factory business plan</b>	Model factory business plan	Jun 2016 – completed.
<b>Physical Investment Requirements Report</b>	Physical Investment Requirements Report	Jun 2016 – started.
<b>Engineering and Construction Projects and Drawings</b>	Engineering and Construction Projects and Drawings	Jun 2016 – started.
<b>Training modules (ca. 10)</b>	Training modules (ca. 10)	Jun 2016 – not started.
<b>Training materials (2 modules)</b>	Training materials (2 modules)	August 2016 – not started.

## Section 4: Budget and Financial Progress

Fiscal Year	Fund	Donor	Responsible Party	Budget (\$) of the Reporting Year	Encumbrances (\$)	Expenditure (\$)	Balance (\$)
2016	30071	00244	639	449,999.00		399,546.76	50,452.24

\*The figures for the mentioned year are given on half year basis.