

# Project Progress Report

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

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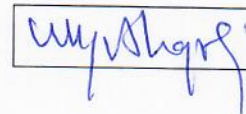
### Acronyms and abbreviations

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>Following the completion of the feasibility stage of the project which aimed to identify an appropriate business model, complete with a business plan and cost estimates for establishment of Applied SME Capability Centers; the first extension of the project was realized in the 4<sup>th</sup> reporting period. The extension included financial and substantial revision of the project aiming operationalization of the first SME Capability Center in Ankara in collaboration with ASO and ASO 1<sup>st</sup> OIZ Management.</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 2018
<b>Total Award Amount</b>	4.626.856.77 USD

## Section 1: Project Risks and Issues

### Updated Project Risks

Type	Date Identified	Description	Comment or Management Response	Critical Flag
OPERATIONAL	Mar-18	A delay in the construction process of Ankara SME Capability Center.	Weekly coordination meetings will be held in ASO OIZ.	N

### Updated Project Issues

Type	Date Identified	Description	Solution Date	Comment or Management Response	Solution Flag
Operational #1	2018	Recruitment of Center Director and Project Associates will be finalized. An office at MoSIT will be reserved for the project staff.	Apr-2018	Close follow up on progress will be ensured by PM in coordination with the newly joined staff.	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
Indicators	<ul style="list-style-type: none"> <li>Governance structure</li> <li>Physical investments for the center</li> <li>Training of trainers</li> <li>Pilot transformation programs</li> <li>Training materials</li> </ul>
2018 Targets	<ul style="list-style-type: none"> <li>SME Capability Center Governance Structure established</li> <li>Physical Establishment of SME Capability Center completed</li> <li>Selection of 10-12 Companies for Transformation Programs</li> <li>Training Materials</li> <li>Communication Materials on Pilot Schemes</li> </ul>

<b>2018 Achievements as of June 31</b>	<ul style="list-style-type: none"> <li>Physical investments including machinery and refurbishment almost completed.</li> <li>Staff mobilization process continued with mobilization of two project associates and the center director.</li> <li>Coordination meetings were held. (with UNDP team and the project board)</li> <li>Study Tour to Germany conducted with participation of MoSIT staff, UNDP staff; Center Director, representatives from ASO 1st OIZ management, Hacettepe University and Bursa Model Factory.</li> <li>Preparations for the ToT completed, and the program kicked off in June.</li> <li>Preparations for the second project extension continued.</li> <li>Cost sharing agreement with KfW signed.</li> <li>Fourth Steering Committee Meeting realized. (14 April 2018)</li> </ul>
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### Section 3: Activity Performance

<b>Activity ID</b>	1
<b>Description</b>	Activity 1 is composed of 3 sub-activities that will collectively enhance Operationalization of the First Applied Capability Center (aka MF) in Ankara.

#### Sub-activity 1.1

<b>Purpose</b>	Establishment of the Applied SME Capability Center	
<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 Finalization of Governance Structure</p> <p>1.1.2 Completion of Physical Investments (refurbishment and machinery)</p> <p>1.1.3 Mobilization of Staff</p> <p>1.1.4 Inauguration of the Center</p>	
<b>Progress</b>	<p>During the reporting period:</p> <p>1.1.1 Not Started.</p> <p>1.1.2 Started in March.</p> <p>1.1.3 Continued.</p> <p>1.1.4 Not Started.</p>	
<b>Additional Considerations</b>		
<b>Quality Criteria</b>	<b>Quality Method</b>	<b>Quality Assessment Due Date</b>

Shortlist of provinces & target sectors	Shortlist of provinces & target sectors	January 2016 – completed.
Needs assessment report	Needs assessment report	January 2016 – completed.

### Sub-activity 1.2

<b>Purpose</b>	<b>Pilot Implementation</b>	
<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 Delivery of awareness raising programs</p> <p>1.2.2 Identification of pilot SMEs</p> <p>1.2.3 Delivery of Train the Trainers Program</p> <p>1.2.4 Implementation of Learn and Transform Programs in selected companies</p>	
<b>Progress</b>	<p>During the reporting period:</p> <p>1.2.1 Not Started.</p> <p>1.2.2 Not Started.</p> <p>1.2.3 Started in June.</p> <p>1.2.4 Not Started.</p>	
<b>Additional Considerations</b>		
<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	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 – started.
Training simulation (1 topic)	Training simulation (1 topic)	August 2016 – started.

### Sub-activity 1.3

<b>Purpose</b>	<b>Sustainability and exit strategy</b>
<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 a follow up performance plan after the pilot programs</p>

	1.3.2 Identification of additional service lines 1.3.3 Preparation of a sustainability strategy	
<b>Progress</b>	During the reporting period: 1.3.1 Not Started. 1.3.2 Started in August. 1.3.3 Not Started.	
<b>Additional Considerations</b>		
<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 – completed.
<b>Engineering and Construction Projects and Drawings</b>	Engineering and Construction Projects and Drawings	Jun 2016 – completed.
<b>Training modules (ca. 10)</b>	Training modules (ca. 10)	Jun 2016 – started.
<b>Training materials (2 modules)</b>	Training materials (2 modules)	August 2016 –started.

## Section 4: Budget and Financial Progress

Fiscal Year	Fund	Donor	Responsible Party	Budget (\$) of the Reporting Year	Encumbrances (\$)	Expenditure (\$)	Balance (\$)
<b>2018</b>	30071 30072 30073	00244	1981 4133	3,575,000.00		395,984.73	3,179,015.27

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

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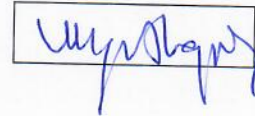
### Acronyms and abbreviations

MolT:	Ministry of Industry and Technology
MF:	Model Factory
UNDP:	United Nations Development Programme

For UNDP: Pelin Rodoplu, Portfolio Manager, ISG



For MolT: Dr. M. Kemal Akgül, Head of Department,  
DG of Industry and 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>Following the completion of the feasibility stage of the project which aimed to identify an appropriate business model, complete with a business plan and cost estimates for establishment of Applied SME Capability Centers; the first extension of the project was realized in the 4<sup>th</sup> reporting period. The extension included financial and substantial revision aiming operationalization of the first SME Capability Center in Ankara in collaboration with ASO and ASO 1<sup>st</sup> OIZ Management. Additionally, in this reporting period, KFW cost sharing agreement was signed which led to the second extension of the project document together with the Government's additional financial contribution. This extension covered addition of new activities (2,3,4 and 5) aiming establishment and operationalization of the SME Capability Centers in Kayseri, Konya, Bursa and addition of new services in Ankara.</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 Industry and Technology (MoIT, DG of Industry and Productivity)
<b>Award Period</b>	<b>Start Date:</b> Dec 2015 <b>End Date:</b> Dec 2018
<b>Total Award Amount</b>	4.626.856.77 USD

## Section 1: Project Risks and Issues

### Updated Project Risks

Type	Date Identified	Description	Comment or Management Response	Critical Flag
OPERATIONAL	Aug-18	<p>Trained staff members through ToT program, do not remain in their posts during the entire duration of the Project.</p> <p>Delay in the process of 2nd extension may pose a risk on the utilization of KfW cost sharing agreement.</p>	<p>To increase the number of potential trainers, the project team will conduct interviews.</p> <p>Implementing necessary actions to speed up the process.</p>	N

### Updated Project Issues

Type	Date Identified	Description	Solution Date	Comment or Management Response	Solution Flag
Operational #1	2018	Following the second extension, a project manager and one or two project assistants will be added to the project team to ensure smooth running of the activities.	Dec-2018	Project manager will assume the main responsibility of project coordination.	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 Industry and Technology (MoIT, DG of Industry and Productivity)
Baseline	No SME Capability Center
Indicators	<ul style="list-style-type: none"> <li>Governance structure</li> <li>Physical investments for the center</li> <li>Training of trainers</li> <li>Pilot transformation programs</li> <li>Training materials</li> </ul>

<b>2018 Targets</b>	<ul style="list-style-type: none"> <li>• SME Capability Center Governance Structure established</li> <li>• Physical Establishment of SME Capability Center completed</li> <li>• Selection of 10-12 Companies for Transformation Programs</li> <li>• Training Materials</li> <li>• Communication Materials on Pilot Schemes</li> </ul>
<b>2018 Achievements as of Dec 31</b>	<ul style="list-style-type: none"> <li>• Study Tour to Germany conducted with participation of the staff of the Applied Capability Center.</li> <li>• Staff mobilization process continued with mobilization of the project manager, two trainers, two technicians and two individual consultants.</li> <li>• ToT program completed.</li> <li>• Training materials produced.</li> <li>• Preparations of the Business Plan of Ankara SME Capability Center started.</li> <li>• Coordination meetings were held. (with UNDP team and the project board and KfW)</li> <li>• 8 full day awareness raising activities completed at Ankara SME Capability Center.</li> <li>• Study visits to Bursa, Konya and Kayseri realized.</li> <li>• Brief notes for new implementing agents prepared.</li> <li>• Digital transformation alternative service line defined.</li> <li>• Deployment of digital use cases started.</li> <li>• Preparations for the learn and transform program started.</li> <li>• Official inauguration of Ankara SME Capability Center realized.</li> <li>• Second project extension including substantial and financial revision realized. Project budget increased to 11,384,918.38 USD.</li> <li>• Activities 2,3,4 and 5 was added to the project aiming establishment and operationalization of the SME Capability Centers in Kayseri, Konya, Bursa and addition of new services in Ankara.</li> <li>• Fifth Steering Committee Meeting realized. (26 July 2018)</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 Operationalization of the First Applied Capability Center (aka MF) in Ankara.

#### Sub-activity 1.1

<b>Purpose</b>	Establishment of the Applied SME Capability Center
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<b>Planned Actions</b>	As per the project document sub-activity 1.1 is composed of the following actions: 1.1.1 Finalization of Governance Structure 1.1.2 Completion of Physical Investments (refurbishment and machinery) 1.1.3 Mobilization of Staff 1.1.4 Inauguration of the Center	
<b>Progress</b>	During the reporting period: 1.1.1 Started in September. 1.1.2 Continued. 1.1.3 Completed. 1.1.4 Completed.	
<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

<b>Purpose</b>	<b>Pilot Implementation</b>	
<b>Planned Actions</b>	As per the project document sub-activity 1.2 is composed of the following actions: 1.2.1 Delivery of awareness raising programs 1.2.2 Identification of pilot SMEs 1.2.3 Delivery of Train the Trainers Program 1.2.4 Implementation of Learn and Transform Programs in selected companies	
<b>Progress</b>	During the reporting period: 1.2.1 Started in September. 1.2.2 Not Started. 1.2.3 Completed. 1.2.4 Not Started.	
<b>Additional Considerations</b>		
<b>Quality Criteria</b>	<b>Quality Method</b>	<b>Quality Assessment Due Date</b>
<b>Good practice analysis report and international study visits report</b>	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)	Completed.
Training simulation (1 topic)	Training simulation (1 topic)	Completed.

### Sub-activity 1.3

Purpose	Sustainability and exit strategy	
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 a follow up performance plan after the pilot programs</p> <p>1.3.2 Identification of additional service lines</p> <p>1.3.3 Preparation of a sustainability strategy</p>	
Progress	<p>During the reporting period:</p> <p>1.3.1 Not Started.</p> <p>1.3.2 Continued.</p> <p>1.3.3 Not Started.</p>	
Additional Considerations		
Quality Criteria	Quality Method	Quality Assessment Due Date
Model factory business plan	Model factory business plan	Jun 2016 – completed.
Physical Investment Requirements Report	Physical Investment Requirements Report	Jun 2016 – completed.
Engineering and Construction Projects and Drawings	Engineering and Construction Projects and Drawings	Jun 2016 – completed.
Training modules (ca. 10)	Training modules (ca. 10)	Jun 2016 – completed.
Training materials (2 modules)	Training materials (2 modules)	August 2016 – completed.

## Section 4: Budget and Financial Progress

Fiscal Year	Fund	Donor	Responsible Party	Budget (\$) of the Reporting Year	Encumbrances (\$)	Expenditure (\$)	Balance (\$)
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<b>2018</b>	30071 30072 30073	00244	1981 4133	3,575,000.00		2,142,111.82	1,432,888.18
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\*The figures for the mentioned year are given on half year basis.