

Project Progress Report

Developing a Model to Improve Technology Use in OIZs

Table of Contents

Synopsis	2
Section 1: Project Risks and Issues	3
Updated Project Risks	3
Updated Project Issues	3
Section 2: Output Progress	3
Section 3: Activity Performance	5
Sub-activity 1.1	Error! Bookmark not defined.
Sub-activity 1.2	Error! Bookmark not defined.
Sub-activity 1.3	Error! Bookmark not defined.
Section 4: Budget and Financial Progress	10

Acronyms and abbreviations

MoIT:	Ministry of Industry and Technology
OIZ:	Organized Industrial Zone
SBO:	Presidency of Republic of Turkey, Strategy and Budget Office
UNDP:	United Nations Development Programme

Synopsis

Award No	00094576	
Business Unit	TUR10	
Award ID	Developing a Model to Improve Technology Use in OIZs	
Description	<p>The overall objective of the Project is to contribute to competitiveness of Turkey through developing models that will enable Organized Industrial Zones (OIZs) to assume an active role in entrepreneurship, innovation and technology ecosystem. The purpose of the Project is to clearly identify how OIZs can contribute to the technology development ecosystem of Turkey in entrepreneurship, innovation and technology and assess how such contributions will be institutionalized. The Project consists of the following three main components:</p> <p>(1) Component A. Baseline Analysis and Model: This component involves a general overview of current situation of all actors within the technology development and use ecosystem. The assessment will culminate in a synthesis report that includes the review of current legislation, field analyses and comparative review of international successful practices in OIZ like environments. A model will be proposed with an implementing roadmap in this component.</p> <p>(2) Component B. Piloting Phase: This component will design a pilot framework to test enabling factors of the proposed model based on the baseline and findings of the synthesis (i.e. such incentivizing mechanisms as development of OIZ technology index will be designed both to disseminate successful pilots and engage OIZ administrations more effectively in technology development)</p> <p>(3) Component C. Development of Institutional Competence: Under this component, awareness raising and competence building programs will be developed for the relevant institutions including mainly the Ministry of Industry and Technology (MoIT) and OIZs in line with the analyses and proposed model.</p>	
Implementing Partner	Ministry of Industry and Technology (MoIT, DG for Industrial Zones)	
Award Period	Start Date: Nov 2016	End Date: Dec 2018
Total Award Amount	500.000,00 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
ORGANIZATIONAL	Dec 2018	Lack of institutional capacity in selected pilot OIZs to continue functioning of the interface.	Trainings will be provided to OIZs to increase the capacity.	N

Updated Project Issues

Type	Date Identified	Description	Solution Date	Comment or Management Response	Solution Flag
Organizational #1	May 2016	Trained staff members do not remain in their posts during the entire duration of the Project.	N/A	The Project Manager will request Project partners (MoIT basically) to ensure staff continuity in their organization through appointments.	High

Section 2: Output Progress

Project ID	00098690 - Developing a Model to Improve Technology Use in OIZs
Description	Project is to contribute to competitiveness of Turkey through developing models that will enable Organized Industrial Zones (OIZs) to assume an active role in entrepreneurship, innovation and technology development.
Implementing Partner	Ministry of Industry and Technology (MoIT, DG for Industrial Zones)
Baseline	Limited clearly defined roles for OIZs in entrepreneurship, innovation and technology

Indicators	<ul style="list-style-type: none"> - Number of Qualitative and Quantitative Analyses for defining OIZ's role in TD&U ecosystem - Analysis of successful practices in other countries - Synthesis Report with a model and a roadmap - Pilot implementation framework - Assessment reports on activities - Development of implementation tools
2018 Targets	<ul style="list-style-type: none"> - Updated roadmap - Showcase enabling factors –Showcase Incentive models - At least 4 awareness raising events - Long term competence building program - High level guidelines for competence building programs - Key principles on supporting tools - At least 1 focus group meeting w/ SMEs and/or ecosystem actors in each OIZ - At least 1 study visit to successful practices to cover at least 2 destination (At least 10 MoIT staff)
2018 Achievements as of 31 December 2018	<ul style="list-style-type: none"> - A focus group meeting was realized by 6 managers from different OIZs, 1 company board member, 2 academicians, 1 representative from Strategy and Budget Presidency, 1 representative from Ministry of Industry and Technology and Project management unit from UNDP. Results of the focus group meeting were delivered as a report. - The 12th OIZ meeting was conducted along with the completion of 293 interviews by the project team. - The synthesis report which includes all the results of the desk research, all data and observation of field study and focus group meeting, was completed and finalized. New models for OIZs were developed and explained in the report. The synthesis report is a unique product which combines the impact analyses, needs analyses and new suggested models for OIZs. - "Towards 2023 Transformation of Organized Industrial Zones in Turkey" published and distributed. A new era in pattern analysis and recommendations for OSB were presented. This book has been prepared as a single project output which combines impact analysis, needs analysis and new proposed models for OIZs. - 1 project board meeting was conducted. - Quantitative data analysis was finalized and included in the synthesis report. - Structured surveys in targeted group were conducted by survey company. - For the competence building studies; an IPA project was developed within the project which has the objective to establish a database system for OIZs. - A strategy document for developing a performance index for OIZ was prepared.

Section 3: Activity Performance

Output ID	1
Description	A Model that institutionalizes OIZ's contribution to the national technology development/use ecosystem thru entrepreneurship and innovation developed.

Activity A.1

Purpose	Baseline Analysis & Model
Planned Actions	As per the project document activity A1.1 is composed of the following actions: A.1.1 Review legislative, organizational, institutional set up A.1.2 Field analyses A.1.3 Analysis of international successful practices A.1.4 Presentation of models relying on synthesis and successful practices
Progress	<p>During the reporting period:</p> <p>A.1.1 "Turkey OIZ Ecosystem Map" was prepared and shared. "OIZ Database Inception Report" was prepared and shared. conducting the implementation screening, conducting the Examination of legislation, screening of press and discourse, establishing a database;</p> <p>Data analysis included but not limited to conducting the screening of the OIZ data received from the Ministry of Industry and Technology.</p> <p>A.1.2 Institution interviews were conducted with Organized Industrial Zones Supreme Board Meeting (OSBUK), Ministry of Economy, Technology Development Foundation of Turkey (TTGV). The OIZ selection was conducted according to the data gathered from the different departments of the MoSIT. 12 OIZs were selected to conduct the field analysis. The questionnaires to be answered by the companies were prepared. The interview questions for OIZ administrations, companies in OIZs and for the ecosystem actors were prepared separately. The pilot OIZ to conduct the field analysis was selected to be the ASO 1. OIZ in Ankara. 12 OIZs were visited during the reporting period which are; ASO 1. OIZ, OSTİM OIZ, Eskişehir OIZ, Konya OIZ, Gaziantep OIZ, İzmir Atatürk OIZ, Manisa OIZ, Gebze OIZ, TAYSAD OIZ, Bursa OIZ, Demirtaş OSB and Hacı Sabancı OIZ. Project team visited each OIZ consisting of 2 UNDP project staff, 1 representative from MoIT, 2 Project experts and for İzmir OIZ, 1 representative from SBO participated in the field visits. Below findings can be summarized from the field:</p> <p>The effort to develop the clusters in OSTIM also differs from the resources it has gained and the achievements it has achieved.</p> <p>It is understood that both government investments and large-scale private sector investments have a negative impact on the development of entrepreneurship while making Eskişehir an industrial city and making a positive impact on human resource development. Although the university has a limited direct effect on the production processes, its positive impact on the quality of life in the city cannot be denied in terms of the competitive power of the industry.</p> <p>Apart from some exceptional achievements, it is seen that the university-industry collaboration in Konya is still in its infancy. It can be said that Konya is still experiencing the pain of transition from agricultural society to industrial society; "Industrial discipline" has not yet fully settled in the work-force.</p>

In Manisa OIZ, the presence of very large-scale companies such as Vestel in the region not only enhances commercial opportunities for small firms but also functions as a school for the labor force.

For İzmir Atatürk OIZ; migration of well-educated and skilled workforce from İstanbul and Ankara to İzmir is a trend that should be followed. Continuation of this tendency with strength can make an important contribution to the city's competitive power.

In Eskişehir OIZ, clustering activities were initiated. However, joint venture practices are not very common among the OIZ companies.

Konya OIZ, division of firms during the transition to the second generation is a critical problem which impedes the performance of the industrial companies in Konya OIZ.

Gebze and TAYSAD OIZ, traffic, lack of qualified worker and inadequacy of expansion space are common problems of these OIZs.

Hacı Sabancı OIZ provides logistic advantages arising from OIZ's geographical location and cheaper infrastructure services. Especially proximity to ports is an important advantage of the Adana OIZ.

In OSTİM and ASO 1. OIZ, proximity to the city center and residential area is an advantage for finding workers for companies.

Gaziantep OIZ, is an important actor in the city, but the recent rapid development of the urban economy has reduced the dominance of the OIZ over the city.

In Bursa and Demirtaş OIZ, multinational automotive companies have chosen Bursa as their investment location in the past and this has been a turning point in the development of the Bursa industry.

Number of interviews for each OIZ is shown in the below table

OIZ	Company Interview	OIZ Management Interview	Ecosystem Interview	Total OIZ Interview
ASO 1. OIZ	19	2	13	21
OSTİM	15	2		17
Eskişehir ESO OIZ	19	1	3	20
Konya OIZ	21	2	3	23
Gaziantep OIZ	16	1	5	17
İzmir Atatürk OIZ	19	2	13	21
Manisa OIZ	18	1		19
Gebze OIZ	22	2	4	24
TOSB	6	2		8
Bursa OIZ	29	1	3	30
Demirtaş OIZ	29	1		30
Adana OIZ	16	2	1	18
TOTAL	229	19	45	248
TOTAL INTERVIEW				293

Following the field study, a focus group meeting was realized by 6 managers from different OIZs, 1 company board member, 2 academicians, 1 representative from Strategy and Budget Presidency, 1 representative from Ministry of Industry and Technology and Project management unit from UNDP. Results of the focus group meeting were delivered as a report. Results also were embedded in the project synthesis report.

A.1.3 International successful practices were analyzed, and relevant report was prepared. The best practices are also included in the project synthesis report. The examples of Germany, South Korea and United Kingdom are among the prominent examples in this context.

A.1.4 The synthesis report which includes all the results of the desk research, all data and observation of field study and focus group meeting, was completed and finalized. New models for OIZs were developed and explained in the report. The synthesis report is a unique product which combines the impact analyses, needs analyses and new suggested models for OIZs. Published under the project "Towards 2023 Transformation of Organized Industrial Zones in Turkey" field work carried out in this book, A new era in pattern analysis and recommendations for OSB were presented. This book has been prepared as a single project output which combines impact analysis, needs analysis and new proposed models for OIZs. Fieldwork and analyzes carried out in the project emphasize the following:

- Field study supports the positive contribution of OIZs to industrial efficiency. Therefore, it is also stated by the industrialists who have taken an important role in the development of our country's economy as an economy based on efficiency. It is understood that the Ministry of Industry and Technology has a very important role in the last 60 years.

- the impact was higher for the low productivity of OSB impact on innovation, passing through Turkey's economy based on innovation-based economy from the efficiency point to the importance of upgrading the services offered at the OSB.

- 77% of the company owners involved in the field work stated that the OIZ had a positive impact on the productivity of the firm, and 71% said that if they would make the same investment today, they would choose the same OIZ, while only 17% stated that OIZ affected the innovation of the firm. .

- According to the results of the research, it is seen that the contribution of OIZ to the Innovative Needs, which is seen in the range of 86% -90%, is 46% to 56%. Among these requirements, issues that are prioritized by the owners of the company, but the contribution of the OIZ are limited to university-industry cooperation, support in technology and innovation, and support for internationalization.

- It requires firms to revise their way of doing business in order to catch up with the technological developments in the world. In this process, two model proposals were presented within the scope of the study in order to contribute to the needs of the firms through the OIZs.

- The proposed first model is the establishment of new units or interface structures specialized in order to provide the services that will support the use of technology by companies in OIZs. In this model which can be considered as two-stage; While focusing on capacity building in the first stage, companies will be able to offer different services related to the use of technology through the establishment of new units in OIZ Governments. This stage will be applicable for all OIZs.

- In the second phase, which can be set up for more advanced OIZs, interface structures can be created by cooperating between OIZs with the expertise and experience in the fields required by the firms and through these structures, companies can be offered services related to the use of technology. The activities of innovation centers / networks that can be created within this scope can be grouped as business development, skill development and innovation. Business development services can include services such as technical support and business coaching. Trainings can be organized under the title of skill development and trainings can be given on topics such as finance and management. Under the heading of innovation, access to expertise, awareness-raising, and engineering management can take place. The success of this model; The form of governance and governance depends on the correct design and

	<p>implementation capacity of the business model, financing model and service menu.</p> <p>- In the second model proposed as a result of the studies carried out within the scope of the project, while the digital transformation requires a change in the human resources and technologies used, the need to prepare a suitable environment is also taken into consideration. In the value chain, manufacturing has become an increasingly low value-added activity, while the weight of design, R & D and marketing activities in value creation is increasing. In addition, the trends in digitalization in the industry increase the need for a highly skilled workforce, reducing the need for blue-collar workforce and increasing the number of white-collar employees. OSBs mainly manufacturing; logistics, education, social facilities, art, culture and living spaces are very limited due to the other functions, our country needs, high-value-added, high-tech companies and employees will be located in a region, white-collar employees where high production They should be designed to cover their areas and to meet their needs and expectations. In such a region, leasable and scalable / modular production areas, research centers, test centers, housing facilities for white-collar employees, primary and secondary schools providing high-quality education, day care center for children, nursery, hospital, etc. , social, cultural and recreational areas or may be located in close proximity.</p>	
Additional Considerations		
Quality Criteria	Quality Method	Quality Assessment Due Date
Synthesis book	Synthesis book	December 2018
Study tour suggestion report	Study suggestion report	March 2018

Activity B.1

Purpose	Piloting Phase
Planned Actions	<p>As per the project document activity</p> <p>B.1 is composed of the following actions:</p> <p>B.1.1 Identify OIZs and pilots in line with recommendations of synthesis report</p> <p>B.1.2 Piloting Phase</p> <p>B.1.3. Implementation and Assessment of Pilots</p>
Progress	<p>During the reporting period:</p> <p>B.1.1 S Within the scope of this component of the project, it was discussed to have the pilot implementation in the OIZs that are selected and under selection process. The pilot will be to focus on having a center in selected OIZs which will act as a interface for technology and innovation as it is recommended in the Synthesis Report.</p> <p>B.1.2 The Steering Committee members selected the OIZs to be piloted by taking into account the necessary criteria. The piloting phase is the design of an “transformation and innovation center in industry” and the preparation of the roadmap for the center. The tender documents for this activity has been prepared by UNDP and process has been initiated. The assessment of the pilots will be realized after the implementation of the</p>

	pilot study and the roadmaps will be revised according to the lessons learned from pilot experience. B.1.3 Not started	
Additional Considerations	Within the scope of Activity Result B1, the Ministry will identify a preferred model. This activity result builds on the Ministry's decision.	
Quality Criteria	Quality Method	Quality Assessment Due Date
Pilot Selection	Steering Committee Meetings Minutes	June 2018

Activity C.1

Purpose	Development of Institutional Competence	
Planned Actions	As per the project document activity C.1 is composed of the following actions: C.1.1 Design competence building programs for pilot OIZ administrations and MoSIT personnel C.1.2 Implement competence building programs for pilot OIZ administrations and MoSIT personnel C.1.3 Development of high level guidelines for the competence building programs	
Progress	During the reporting period: C.1.1 The design of the competence building program was realized according to needs of the ministry and the needs of the suggested model within the synthesis report. The administrations of the selected OIZs will be included in the competence building programs. In this context, workshops and trainings will continue during the project implementation. C.1.2. Not Started C.1.3. For the competence building studies; an IPA project was developed within the project which has the objective to establish a database system for OIZs. Adjunctly, a strategy document for developing a performance index for OIZ was prepared.	
Additional Considerations	This activity result builds on the Ministry's model selection.	
Quality Criteria	Quality Method	Quality Assessment Due Date
Need Analysis	Need Analysis Report	April 2018
Competence Building	Training Modules	July 2018
Developing performance index for OIZs	Performance index study for OIZs	September 2018

Section 4: Budget and Financial Progress

Fiscal Year	Fund	Donor	Responsible Party	Budget (\$)	Encumbrances (\$)	Expenditure (\$)	Balance (\$)
2018	30071	00244	001981	363,000.00	0	133,021.47	229,978.53

Subject to revision. Final figures will be provided through CDR. *The figures for the mentioned year are given on annualy basis.