



UN Development Programme Turkey - Ankara

Award ID: 00098690
Award Title: Developing a Model Improve
Technology Use in OIZs
Start Year: 2016
End Year: 2021

Donor	Fund	Amount in USD
TUR	30071 Programme Cost Sharing	500,000.00
Total Budget (2016 to 2019)		500,000.00
Total Expenditure (as of 11 March 2019)		298,489,66
Remaining Budget		201,510.34
Expected Additional Funding from government (UN April 2019 USD Exchange Rate 5,5583)		899,555.62
Total Budget (2016 to 2021)		1,399,555.62

Responsible Parties:

(Executing Agency): UNDP

(Implementing Agency): Ministry of Industry and Technology

Revision Type: Substantive, Cost and Time Extension

Brief Description:

The Project matches the aim of promoting digital transformation, improving the efficiency of SMEs and developing innovative business models to ensure access to international markets, which are in the Policies and Measures of Growth and Employment section of The Medium-Term Program of the 2019-2021 New Economic Program. The project is also directly related to the clause "OIZ, TGB, CSR and Industrial Zones applications will be developed and institutionalized and effectively managed so that they can provide qualified services" which is specified in the 698th article of 10th Development Plan.

In the project, the pilot implementation and institutional competence work will continue within the scope of "Enabling OIZs to gain a more active role in areas of entrepreneurship, innovation and technology development by having the use of technology improved within them" action, which is the 289th measure included in the 2019 Presidency Program. 3,000,000 TRY has been allocated in order to start the pilot implementations within the scope of the project included in the "2019 Investment Program" with the project number 2011C330030.

Progress made so far was given for each component of the project as below:

1. Baseline Analysis and Model:

Review legislative, organizational, institutional set up: Desk research for legislative, organizational, institutional set up was realized by an individual consultant. Institution interviews for current situation analysis were realized with ministries, institutes and academia.

Field analyses: For the field study, 3 different interview question sets (Company, OIZ Management and Ecosystem) and 1 survey (company) were developed. In project document, fields were originally designed as 6 OIZs but the project board decided that number of OIZs which is stated in project document is increased to 12 OIZs. Field study with selected 12 OIZs were realized. Within the scope of the field study 293 interviews were completed by project team. Ecosystem interview contains universities, technology transfer office, regional municipalities etc. 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.

Analysis of international successful practices: 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.

Presentation of models relying on synthesis and successful practices: 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 his 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 implementation capacity of the business model, financing model and service menu.

- 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.

2. Piloting Phase:

Identify OIZs and pilots in line with recommendations of synthesis report: 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.

Piloting Phase Implementation and Assessment: The Steering Committee members will select 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 pilot study and the roadmaps will be revised according to the lessons learned from pilot experience.

3. Development of Institutional Competence

Design and implement competence building programs for pilot OIZ administrations and MoIT personnel: 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.

Development of high-level guidelines for the competence building programs:

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.

Following the proposal of the Ministry of Industry and Technology and the approval of the Presidency Strategy and Budget Presidency during the phase of the pilot implementation of the models from the feasibility stage, the budget of the Project was revised to 7,000,000 TL in the 2019 Investment Program and the end date is the end of 2021. Within the scope of the revision, in accordance with the 2019 Investment Program and as it is agreed in the Steering Committee Meeting dated 8 February 2019 (pls see Steering Committee Meeting Minutes in Annex 2), (i) the duration of the project, (ii) the budget of the project, (iii) the scope of the selected project component with additional activities, and (iv) the project management team at UNDP shall be amended as follows:

- (i) Extension of the project duration to 31 December 2021 for detailed pilot implementation of the second component of the project activities in order to contribute to the institutional capacity development, to contribute to the raising of the results to the national policy level and to ensure the comprehensive consideration of sustainability measures.
- (ii) Increase of the project budget from the initial project budget of USD 500,000.00 to USD 1,399,555.62 through additional government funding TRY 5,000,000.00 (USD 899,555.62 calculated with UN April 2019 USD Exchange Rate 5,5583).
- (iii) With this amendment made in the project document, the project activities which will allow the creation of best practices for the country for the purpose of replicating the proposed models in order to start the two OIZs which were firstly presented and ready for implementation, and for the replication of the other OIZs were determined. For this reason, the 2nd component (pilot phase) of the Project will be expanded with the decision of the Project Steering Committee (pls see Steering Committee Meeting Minutes in Annex 2). In this process, local partners will be included in the process to ensure sustainability at the national level.

The following activities have been added to component 2 of the Project (Pilot Phase):

1. Establishing New Units and New Structures in selected OIZs

The applications of the unit / interface model to be determined after the needs analysis will be performed in the selected OIZs for pilot implementation.

a. Determining the services to be included in the pilots

- a1. Determining the services of the unit that will be newly established, exclusive to the selected OIZ
- a2. Determining the services of the interface structure that will be newly established, exclusive to the selected OIZ

b. Determining the necessary human resources and budgets for services

c. Encouraging industrial zones to be adapted to the innovative class and encouraging employment of qualified (innovative class, female employees, young generation, etc.)

d. Selecting collaboration models to prepare service modules

e. Preparing Service Modules/Adaptation of existing modules

f. Designing the income model which concerns the new unit and new interface structure

g. Executing the required legislation work for the new unit and new interface structure

h. Improving institutional capacity and organizing training program within ministry for the new unit and new interface structure

i. Preparation of work plans

- i1. Preparation of a work plan for the new unit that will be established in the OIZ
- i2. Preparation of a work plan for the interface structure that will be established in the OIZ

j. Setting up teams that will be working in the unit and interface structure

k. Arranging training for the teams that will be working in the unit and interface structure

l. Introducing the unit and interface structure to the companies located in OIZs

m. Execution of the unit and new structure – Commencing services

2. Preparation of result-oriented scaling offers

a. Outcome monitoring of the execution : The results will be monitored with specific indicators in the short term.

b. Evaluating the outcome of the execution: The results will be evaluated according to the indicators.

c. Cost study for scaling: The establishment of the unit and the establishment of the interface will start with scaling studies. The efforts to carry the gained experience to a greater extent will take place. Transition alternatives from unit to interface will be studied. In order to carry the experiences to other OIZs, necessary screening will be done between the OIZs. Other pilots to be evaluated in the project will be decided. In the other pilot OIZs selected, the models will be improved after the first pilot implementation.

d. Legislation work required for scaling: Legislative work on the establishment of the unit and interface within the OIZs will be made.

3. Preparing the detailed feasibility study for “Design and management of new generation multi-functional zones” model

a. Determination of all stages and completion of feasibility studies for transformation

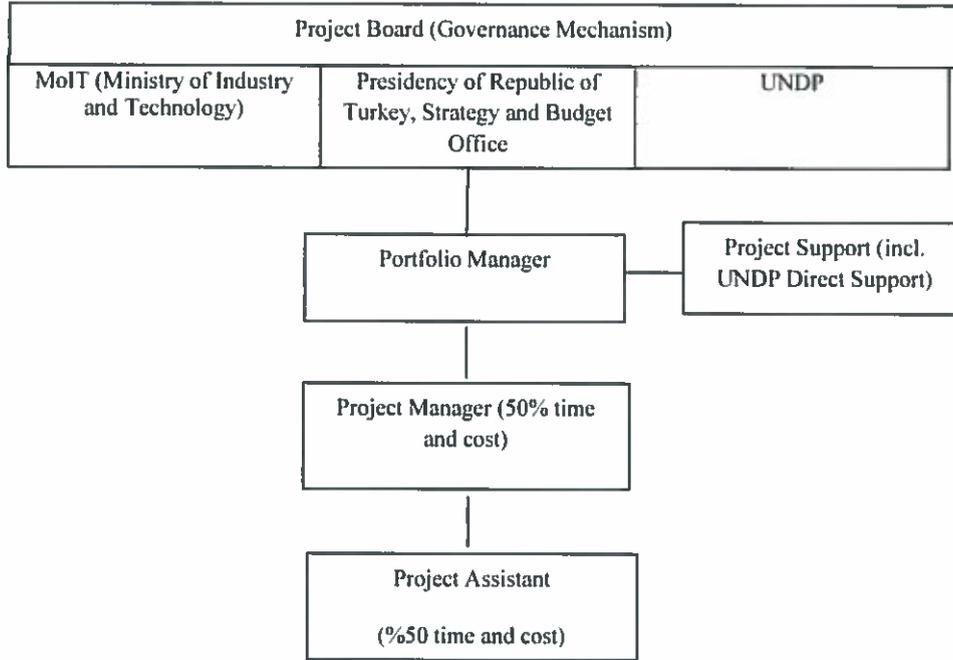
b. Carrying out the necessary studies and analysis for the needs of the human resource (innovative class, women employees, young generation) to work in the new generation multi-functional regions

c. Determination of the transformation of factories and the spatial needs of the companies in the Industry and Technology Regions of the future

d. Preparation of transition plans and cost / legislation projections for transformation of existing structures

e. The pilot region is selected for the design and management of the new generation multifunctional regions and a feasibility study is carried out for the region. While preparing feasibility reports, machinery, medicine, electronics, automotive etc. medium high and high technology sectors that can make high leap in Turkey's exports and successful world examples covering the interfaces such as R & D, innovation, innovative class etc. in a holistic manner will be taken into consideration.

(iv) Project management team in UNDP has changed due to changes in the internal structure of the UNDP. The project management team in UNDP will be as follows:



Revised Multi Year Work Plan (Annex 1) and Project Steering Committee Meeting Minutes (Annex 2) are attached.

Mustafa Osman TURAN
 Minister Plenipotentiary
 Deputy Director General for
 Multilateral Economic Affairs
 Ministry of Foreign Affairs
 Republic of Turkey

Agreed by the Ministry of Foreign Affairs

Orhan KILINÇ
Orhan KILINÇ
 Daire Başkanı

Ramazan YILDIRIM
Ramazan YILDIRIM
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Agreed by the Ministry of Industry and Technology

Claudio Tomasi
Claudio Tomasi
 Resident Representative

Agreed by the United Nations Development Programme

ANNUAL WORK PLAN

Project title: Developing a Model to Improve Technology Use in OIZs
 Project ID: 94576
 Output ID: 98690
 CO: UNDP Turkey
 Year: 2019

Expected output and monitoring activities including annual targets	Activity	Time frame				Responsible Party	Donor ID	Fund ID	Planned Budget		Total Award Budget USD
		Q1	Q2	Q3	Q4				Expenditure Account	Description	
Output 1: A model that institutionalizes OIZs' contribution to the national technology development ecosystem thru enhancing entrepreneurship and innovation developed Indicator: 1.0 # of Qualitative and Quantitative Analyses for defining OIZs role in TD&U ecosystem 1.1 Analysis of successful practices in other countries 1.2 Synthesis Report with a model and a roadmap 1.3 Pilot implementation framework 1.4 Assessment reports on activities 1.5 Development of implementation tools	A.1. Baseline Analysis Model								71300	Local Consultants	30000.00
	A.1.1. Review legislative, organizational, institutional set up								71400	Service Contract	25000.00
	A.1.2. Field analyses								71600	Travel	10000.00
	A.1.3. Analysis of international successful practices								75700	Learning	75000.00
	A.1.4. Presentation of models relying on synthesis and successful practices								74200	Audio Visual&Print	10000.00
	B.1. Piloting Phase								72100	Contractual Services-Companies	250000.00
	B.1.1. Identify OIZs and pilots in line with recommendations of synthesis report	X							72500	Supplies	8000.00
	B.1.2. Piloting Phase	X	X						74500	Miscellaneous	2543.00
	B.1.3. Implementation and Assessment of Pilots			X	X				74596	Direct Project Cost	6000.00
	B.1.4. Establishment of new units and new structures in selected OIZs.			X	X				75100	Facilities&Admin	12496.29
	B.1.5. Preparation of scaling recommendations aimed at results.				X						
	B.1.6. Preparation of a detailed feasibility study for the "Design and management of new generation multi-functional zones" model				X						
	C.1. Development of Institutional Competence										
	C.1.1. Design competence building programs for pilot OIZ administrations and MoT personnel	X	X	X							
	C.1.2. Implement competence building programs for pilot OIZ administrations and MoT personnel		X	X	X						
C.1.3. Development of high level guidelines for the competence building programs				X							
Grand Total											419,039.29

UNDP:

Implementing Partner: Ministry of Industry and Technology

ANNUAL WORK PLAN

Project title: Developing a Model to Improve Technology Use in OIZs
 Project ID: 94576
 Output ID: 98690
 CO: UNDP Turkey
 Year: 2020

Expected output and monitoring activities including annual targets	Activity	Time frame				Responsible Party	Donor ID	Fund ID	Planned Budget	
		Q1	Q2	Q3	Q4				Expenditure Amount	Total Award Budget USD
Output 1: A model that institutionalizes OIZs' contribution to the national technology development ecosystem thru enhancing entrepreneurship and innovation developed Indicator: 1.0 # of Qualitative and Quantitative Analyses for defining OIZs role in TD&U ecosystem 1.1 Analysis of successful practices in other countries 1.2 Synthesis Report with a model and a roadmap 1.3 Pilot Implementation framework 1.4 Assessment reports on activities 1.5 Development of Implementation tools	A.1. Baseline Analysis & Model					UNDP	00244	30071	71300	50000.00
	A.1.1. Review legislative, organizational, institutional set up								71400	25000.00
	A.1.2. Field analyses								71600	15000.00
	A.1.3. Analysis of international successful practices								75700	35000.00
	A.1.4. Presentation of models relying on synthesis and successful practices								74200	10000.00
	B.1. Piloting Phase								72100	210000.00
	B.1.1. Identify OIZs and pilots in line with recommendations of synthesis report								72500	15000.00
	B.1.2. Piloting Phase	X	X						74500	5000.00
	B.1.3. Implementation and Assessment of Pilots	X	X	X					74596	6000.00
	B.1.4. Establishment of new units and new structures in selected OIZs.	X	X	X	X				75100	11130.00
	B.1.5. Preparation of scaling recommendations aimed at results.			X	X					
	B.1.6. Preparation of a detailed feasibility study for the "Design and management of new generation multi-functional zones" model			X	X					
	C.1. Development of Institutional Competence									
	C.1.1. Design competence building programs for pilot OIZ administrations and MoIT personnel	X	X							
	C.1.2. Implement competence building programs for pilot OIZ administrations and MoIT personnel		X	X						
C.1.3. Development of high level guidelines for the competence building programs			X	X						
Grand Total									382,130.00	

UNDP:

Implementing Partner: Ministry of Industry and Technology

ANNUAL WORK PLAN

Project title: Developing a Model to Improve Technology Use in OIZs
 Project ID: 94576
 Output ID: 98690
 CO: UNDP Turkey
 Year: 2021

Expected output and monitoring activities including annual targets	Activity	Time frame				Responsible Party	Donor ID	Fund ID	Planned Budget												
		Q1	Q2	Q3	Q4				Expenditure Account	Description	Total Award Budget USD										
Output 1: A model that institutionalizes OIZs' contribution to the national technology development ecosystem thru enhancing entrepreneurship and innovation developed Indicator: 1.0 # of Qualitative and Quantitative Analyses for defining OIZs role in TDAU ecosystem 1.1 Analysis of successful practices in other countries 1.2 Synthesis Report with a model and a roadmap 1.3 Pilot implementation framework 1.4 Assessment reports on activities 1.5 Development of implementation tools	A.1. Baseline Analysis & Model																				
	A.1.1. Review legislative, organizational, institutional set up								71300	Local Consultants	45000.00										
	A.1.2. Field analyses								71400	Service Contract	25000.00										
	A.1.3. Analysis of international successful practices								71600	Travel	10000.00										
	A.1.4. Presentation of models relying on synthesis and successful practices								75700	Learning	40000.00										
	B.1. Piloting Phase								74200	Audio Visual&Print	10000.00										
	B.1.1. Identify OIZs and pilots in line with recommendations of synthesis report								72100	Contractual Services-Companies	170000.00										
	B.1.2. Piloting Phase								72500	Supplies	20000.00										
	B.1.3. Implementation and Assessment of Pilots								74500	Miscellaneous	5000.00										
	B.1.4. Establishment of new units and new structures in selected OIZs.								74596	Direct Project Cost	6000.00										
	B.1.5. Preparation of scaling recommendations aimed at results.		X	X					00244												
	B.1.6. Preparation of a detailed feasibility study for the "Design and management of new generation multi-functional zones" model			X	X				30071												
	C.1. Development of Institutional Competence																				
C.1.1. Design competence building programs for pilot OIZ administrations and MoIT personnel		X	X																		
C.1.2. Implement competence building programs for pilot OIZ administrations and MoIT personnel			X	X																	
C.1.3. Development of high level guidelines for the competence building programs					X																
Grand Total																					340,930.00

UNDP:

Implementing Partner: Ministry of Industry and Technology

ANNEX 2

**‘Technology Development in OIZs’ Project
08 February 2019 Project Steering Committee Meeting Minutes**

Date / Place	08.02.2019 / Ministry of Industry and Technology	
Time	14:30 – 16:40	
Meeting Type	Project Steering Committee	
Participants	Mr. Ramazan Yıldırım, Ministry of Industry and Technology Mr. Orhan Kılınç, Ministry of Industry and Technology Mr. Uğur Özdemir, Ministry of Industry and Technology Ms. Pelin Rodoplu, United Nations Development Programme (UNDP) Ms. Ceyda Alpay, United Nations Development Programme (UNDP) Ms. Pınar Engin, United Nations Development Programme (UNDP)	
Agenda	TOPIC	PRESENTER
	Pilot Implementation Job Description	UNDP
	Germany - Study Tour Program Details	UNDP
	Future Work Visit Plan	UNDP, MoIT
	Project Extension Document Revision Suggestions	UNDP, MoIT
	Question-Answer Session	UNDP, MoIT
Meeting Flow	<ul style="list-style-type: none"> ➤ Following the opening of the meeting, the agenda was carried out. ➤ Within the scope of the project, information was given about the job description of the pilot implementation and the desired outputs. It was stated that the decision of the previous project steering committee will be piloted in Phase 2 of the proposed Model 1 in the synthesis report of the project. ➤ It was stated that instead of the scope of the tender being focused on direct interaction with the firms that are within the OIZ structure, establishing a structure that will increase the competence of the OIZ should be the main focus. It was indicated that the continuity will be ensured by the capacity that will be developed for OIZs. Discussion was carried out on creating new alternatives for the ‘innovation center’ expression, which is for the interface to be established. ➤ It was stated that detailed feasibility study of the 2nd model (city of industry and technology) will be added to the project extension document. In the project proposals submitted within the framework of FRIT II, it was indicated that the pilot implementations of the Technology Development Project in OIZs can be carried out especially in the 1st stage of model 1 (establishment of technology-oriented units in 	



OIZs).

- It was stated that the tender extension process could be started without waiting for the approval of the investment program. The project proposal submitted to the investment program was announced as 3 million TL for 2019 and 2 million TL for 2020. It was emphasized that the project document which extends the project duration until 31 December 2021 should be reviewed and changed before being sent to the Ministry of Foreign Affairs.
- According to the needs of the Ministry of Industry and Technology, the consultant pool will be created and if needed, it will be re-evaluated and support will be provided to the related areas.
- Information was given about the institutions planned to be visited for the study visit of Germany the program was explained in detail.
- Information about the future study visit and institutions that could be visited was given. The dates of the study visit were determined as the last week of April or the 3rd week of June.
- Project budget and the remaining budget were shared.
- The workshop program was reviewed and it was emphasized that the actors of the innovation ecosystem could explain themselves to the OIZs. It was decided that the workshop programs would be worked on together with the Ministry of Industry and Technology. Starting the expert determination process related to the workshop was decided. Preparing the concept note and carrying out a meeting until the middle of March was deemed appropriate. It was discussed that the program could start at the end of March, beginning of April.
- It was discussed that participation certificates could be given to encourage participation in workshops and trainings.
- It was decided that if needed, expert support will be received from the expert pool that will be created to develop capacity and make innovative survey analysis. It was indicated that the link of the job application for the expert pool will be shared with MoIT in order to reach more experts.

Decisions

- A pool of experts will be established in line with the needs of the project.
- A concept note will be shared for the workshops.
- Project Amendment document will be shared with Ministry of Industry and Technology and activities will be decided.
- Future study visit program will be worked on and shared with Ministry of Industry and Technology.

Actions to be taken

	Responsible Party	Date
A vacancy announcement will be made for the pool of experts. Link will be shared with the Ministry of Industry	UNDP	March 2019



	and Technology.		
	Project extension documentation will be worked on together.	UNDP, MoIT	March – April 2019
	Future study visit program will be worked on and shared with Ministry of Industry and Technology.	UNDP	April 2019

Attachments

1. Meeting Agenda
2. List of Participants

* * *

Decisions Made During the Study Visit to Germany (21 February 2019)

Participants: Mr. Ramazan Yıldırım, MoIT
 Mr. Orhan Kılınc, MoIT
 Mr. Mehmet Cansız, Strategy and Budget Office of the Presidency of Republic of Turkey
 Ms. Ceyda Alpay, UNDP
 Ms. Pınar Engin, UNDP

Additional Decisions	<ul style="list-style-type: none"> ➤ For the pilot implementation phase, the allocation of funds will be discussed with Manisa OIZ and Başkent OIZ managements. ➤ 2 OIZs to be established and 2 OIZs to be interfaced within the project extension, feasibility study for the design of the Industry and Technology City proposed as Model 2 in the Synthesis Book, an inclusive structuring of OIZs in line with the innovative class and a capacity development program will take place for OIZs and the Ministry of Industry and Technology. ➤ For the capacity building program, UNDP will determine the topics and this will be evaluated together with the Ministry of Industry and Technology. ➤ It was decided that UK Catapult Program will be worked on for the study visit. It was indicated that the date and the tour agenda will be decided later.
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AMENDMENT NO:3

TO THE AMENDMENT NO:2

BETWEEN

**UNITED NATIONS DEVELOPMENT PROGRAMME
AND
MINISTRY OF INDUSTRY AND TECHNOLOGY**

Reference is made to the Project Document dated 29 September 2016, Amendment No:1 dated 20 April 2018 and Amendment No:2 dated 12 December 2018 signed between the UNITED NATIONS DEVELOPMENT PROGRAMME and MINISTRY OF INDUSTRY AND TECHNOLOGY; referred to as MoIT.

- Pursuant to “**Article III. Results and Partnerships Component 2, Article V. Results Framework, Article VII. Multi-Year Work Plan and Article VII. Governance and Management Arrangements**” of the above-mentioned Project Document; the agreement is hereby amended to reflect the following changes:

1) Article III. Results and Partnerships

Component 2 Piloting Phase

The purpose of this activity is to pilot short-term actions with a view to test enabling factors of the proposed model upon the findings of the Component I and test some of the findings in order to fine-tune proposed model and the road map.

This activity will consist of the following 2 actions:

1. Identification of OIZs and pilots in line with recommendations of the synthesis report

Piloting will aim to test some of the short-term actions and/or some of the enabling factors of the proposed model. For instance, supportive tools like development of a technology index among OIZs measuring their technology development capabilities, collaboration mechanisms with relevant Technology Development Zones or tools to empower OIZs to measure impact of their services could be formulated and implemented in three different OIZs with different characteristics. Similarly, a pre-assessment for a transformation program on alternate governance models could be developed for piloting short-term actions. For the selection of pilot OIZs exceeding certain thresholds in such indicators as occupancy rates, technology density, sectoral setup etc., and having representativeness, scalability and replicability potential should be taken into account.

2. Implementation and assessment of pilots

Implementation results of the pilots will be assessed and will be used to fine tune the proposed model and the road-map. Development of recommendations to scale up the piloting experience and how to implement the roadmap will be presented.

is amended to read as:

Component 2 Piloting Phase

The purpose of this activity is to pilot short-term actions with a view to test enabling factors of the proposed model upon the findings of the Component I and test some of the findings in order to fine-tune proposed model and the road map.

This activity will consist of the following 3 actions:

1. Establishing New Units and New Structures in selected OIZs

The applications of the unit / interface model to be determined after the needs analysis will be performed in the selected OIZs for pilot implementation.

- a. Determining the services to be included in the pilots
 - a1. Determining the services of the unit that will be newly established, exclusive to the selected OIZ
 - a2. Determining the services of the interface structure that will be newly established, exclusive to the selected OIZ
- b. Determining the necessary human resources and budgets for services
- c. Selecting collaboration models to prepare service modules
- d. Preparing Service Modules/Adaptation of existing modules
- e. Designing the income model which concerns the new unit and new interface structure
- f. Executing the required legislation work for the new unit and new interface structure
- g. Improving institutional capacity and organizing training program within ministry for the new unit and new interface structure
- h. Preparation of work plans
 - h1. Preparation of a work plan for the new unit that will be established in the OIZ
 - h2. Preparation of a work plan for the interface structure that will be established in the OIZ
- i. Setting up teams that will be working in the unit and interface structure
- j. Arranging training for the teams that will be working in the unit and interface structure
- k. Introducing the unit and interface structure to the companies located in OIZs
- l. Execution of the unit and new structure – Commencing services

2. Preparation of result-oriented scaling offers

- a. Outcome monitoring of the execution

The results will be monitored with specific indicators in the short term.

- b. Evaluating the outcome of the execution

The results will be evaluated according to the indicators.

- c. Cost study for scaling

The establishment of the unit and the establishment of the interface will start with scaling studies. The efforts to carry the gained experience to a greater extent will take place. Transition alternatives from unit to interface will be studied. In order to carry the experiences to other OIZs, necessary screening will be done between the OIZs. Other pilots to be evaluated in the project will be decided. In the other pilot OIZs selected, the models will be improved after the first pilot implementation.

- d. Legislation work required for scaling

Legislative work on the establishment of the unit and interface within the OIZs will be made.

3. Preparing the detailed feasibility study for “Design and management of new generation multi-functional zones” model

- a. Determination of all stages and completion of feasibility studies for transformation
- b. Carrying out the necessary studies and analysis for the needs of the human resource (innovative class, women employees, young generation) to work in the new generation multi-functional regions
- c. Determination of the transformation of factories and the spatial needs of the companies in the Industry and Technology Regions of the future
- d. Preparation of transition plans and cost / legislation projections for transformation of existing structures
- e. The pilot region is selected for the design and management of the new generation multifunctional regions and a feasibility study is carried out for the region. While preparing

feasibility reports, machinery, medicine, electronics, automotive etc. medium high and high technology sectors that can make high leap in Turkey's exports and successful world examples covering the interfaces such as R & D, innovation, innovative class etc. in a holistic manner will be taken into consideration.

2) Article V. Results Framework

<p>Intended Outcome as stated in the UNDAF/Country for Global/Regional Programme Results and Resource Framework: 1.1. By 2020, relevant government institutions operate in an improved legal and policy framework, and institutional capacity and accountability mechanisms assure a more enabling (competitive, inclusive and innovative) environment for sustainable, job-rich growth and development for all women and men.</p> <p>Outcome indicators as stated in the Country Programme for Global/Regional Results and Resources Framework, including baseline and targets:</p> <p>Indicator 1.1.1: Systems and institutions enabled to achieve structural transformation towards sustainable equitable employment and productivity growth</p> <p>Indicator 1.1.1.1: Integrated competitiveness framework and implementation models in place</p> <p><i>Baseline: 1 (frameworks sector-specific only)</i></p> <p><i>Target: 5 (total factor productivity framework in place, competitiveness/equitable employment models adopted)</i></p> <p><i>Source: MoD: MoSIT; Project Reports</i></p>							
<p>Applicable Output(s) from the UNDP Strategic Plan: Area of Work 1: Sustainable development pathways, development planning and policy reforms</p> <p>(a) National development planning and policy reforms to transform productive capacities</p>							
<p>Project title and Atlas Project Number: Developing a Model to Improve Technology Use in OIZs, Atlas Award ID: 00098690</p>							
EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)		DATA COLLECTION METHODS & RISKS
			Value	2016	2017	2018	
<p>A Model that institutionalizes OIZ's contribution to the national technology development/use ecosystem thru entrepreneurship and innovation developed.</p>	1.0	# of Qualitative and Quantitative Analyses for defining OIZ's role in TD&U ecosystem	0	-	<ul style="list-style-type: none"> - Analyses in at least 6 OIZs - At least 40 in depth interviews in each OIZ to be selected - At least 10 in depth interviews w/ ecosystem actors for each OIZ - At least 100 structured survey in each OIZ to be selected - At least 1 focus group meeting w/ SMEs and/or ecosystem actors in each OIZ - Development of concept notes to focus on capacity building of OIZs for different funding streams 	<ul style="list-style-type: none"> - Analyses in at least 6 OIZs - At least 40 in depth interviews in each OIZ to be selected - At least 10 in depth interviews w/ ecosystem actors for each OIZ - At least 100 structured survey in each OIZ to be selected - At least 1 focus group meeting w/ SMEs and/or ecosystem actors in each OIZ - Development of concept notes to focus on capacity building of OIZs for different funding streams 	Thru project based M&E tools and systems
	1.1	Analysis of successful practices in other countries	Project Progress Reports	0	-	<ul style="list-style-type: none"> - At least 1 study visit to successful practices to cover at least 2 destination (At least 10 MoSIT staff) - Best practice report 	Thru project based M&E tools and systems
	1.2	Synthesis Report with a model and a roadmap	Project Progress Reports	0	-	- Model report and the roadmap	Thru project based M&E tools and systems
	1.3	Pilot implementation framework	Project Progress Reports	0	-	Showcase enabling factors – Showcase Incentive models	Thru project based M&E tools and systems
	1.4	Assessment reports on activities	Project Progress Reports	0	-	At least 4 awareness raising events	Thru project based M&E tools and systems

1.5 Development of implementation tools	Project Progress Reports	0			<ul style="list-style-type: none"> Long term competence building program High level guidelines for competence building programs Key principles on supporting tools 	Thru project based M&E tools and systems
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is amended to read as:

Article V. Results Framework

<p>Intended Outcome as stated in the UNDAF/Country (or Global/Regional) Programme Results and Resource Framework: 1.1. By 2020, relevant government institutions operate in an improved legal and policy framework, and institutional capacity and accountability mechanisms assure a more enabling (competitive, inclusive and innovative) environment for sustainable, job-rich growth and development for all women and men.</p>																																
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<p>Project title and Atlas Project Number: Developing a Model to Improve Technology Use in OIZs, Atlas Award ID: 00098690</p> <table border="1" data-bbox="1109 183 1361 2098"> <thead> <tr> <th rowspan="2">EXPECTED OUTPUTS</th> <th rowspan="2">OUTPUT INDICATORS</th> <th rowspan="2">DATA SOURCE</th> <th colspan="5">BASELINE</th> <th colspan="3">TARGETS (by frequency of data collection)</th> <th rowspan="2">DATA COLLECTION METHODS & RISKS</th> </tr> <tr> <th>Value</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>A Model that institutionalizes OIZ's contribution to the national</td> <td>1 0 # of Qualitative and</td> <td></td> <td>0</td> <td></td> <td>Analyses in 12 OIZs</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Thru project based M&E tools and systems</td> </tr> </tbody> </table>	EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE					TARGETS (by frequency of data collection)			DATA COLLECTION METHODS & RISKS	Value	2016	2017	2018	2019	2020	2021	A Model that institutionalizes OIZ's contribution to the national	1 0 # of Qualitative and		0		Analyses in 12 OIZs							Thru project based M&E tools and systems
EXPECTED OUTPUTS				OUTPUT INDICATORS	DATA SOURCE	BASELINE					TARGETS (by frequency of data collection)			DATA COLLECTION METHODS & RISKS																		
	Value	2016	2017			2018	2019	2020	2021																							
A Model that institutionalizes OIZ's contribution to the national	1 0 # of Qualitative and		0		Analyses in 12 OIZs							Thru project based M&E tools and systems																				

EXPECTED OUTPUTS	PLANNED ACTIVITIES	RESPONSIBLE PARTY	PLANNED BUDGET*						
			2016	2017	2018	2019	5Y Total	Total Cost (in USD)	
technology development ecosystem thru enhancing entrepreneurship and innovation developed	A.1.2. Field analyses		0	60883.37	60000.00	0	120,883.37		
	A.1.3. Analysis of international successful practices		0	32840.67	8000.00	0	40,840.67		
			0	10814.48	0	0	10,814.48		
			0	0	35000.00	0	35,000.00		
			0	0	0	0	0		
	A.1.4. Presentation of models relying on synthesis and successful practices		0	571.21	500.00	0	55,1071.21		
	Total Budget		0	108,263.02	107,635.00	0	215,898.02		
	B.1. Piloting Phase								
	B.1.1. Identify OIZs and pilots in line with recommendations of synthesis report								
	B.1.2. Piloting Phase	MolT							
	B.1.3. Implementation and Assessment of Pilots								
			0	5992.39	1500.00	5000.00	12,492.39		
			0	0	0	6000.00	6,000.00		
			0	0	0	180000.00	180,000.00		
			0	0	1000.00	0	1,000.00		
			0	179.77	75.00	5730.00	5,984.77		
			0	6,172.16	2,575.00	196,730.00	205,477.16		
	C.1. Development of Institutional Competence								
	C.1.1. Design competence building programs for pilot OIZ administrations and MolT personnel								
	C.1.2. Implement competence building programs for pilot OIZ administrations and MolT personnel	MolT							
			0	0	10000.00	5000.00	15,000.00		
			0	0	1000.00	49000.00	50,000.00		
			0	0	0	0	0		
			0	0	0	0	0		

EXPECTED OUTPUTS	PLANNED ACTIVITIES	RESPONSIBLE PARTY	PLANNED BUDGET*					
	C.1.3. Development of high-level guidelines for the competence building programs		Translation, interpreters	0	0	500.00	830.00	1,330.00
			Printing	0	0	0	0	0
			Indirect costs (3%)	0	0	345.00	1644.90	1,989.90
			Total Budget	0	0	11,845.00	56,474.90	68,319.90
Evaluation (as relevant)	EVALUATION							10,000.00
	Indirect cost of evaluation (3%)							300.00
						Total GMS (3%)		14,562.96
TOTAL						Total		500,000.0

is amended to read as:

Article VII. Multi-Year Work Plan

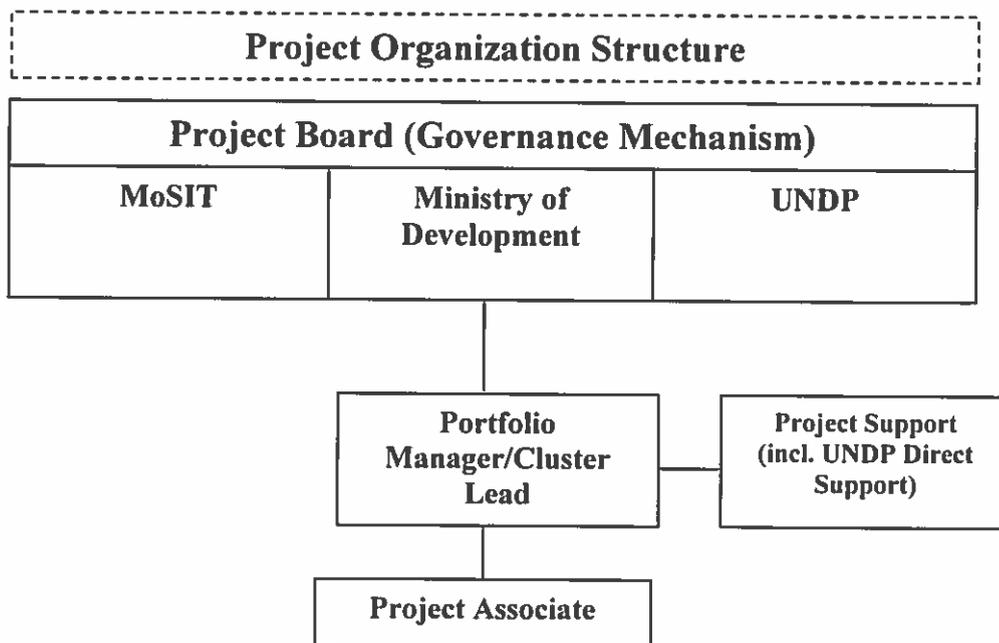
Multi-Year Work Plan

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	RESPONSIBLE PARTY	PLANNED BUDGET*							All Years		
			2016	2017	2018	2019	2020	2021	Total Cost (in USD)			
Output 1: A model that institutionalizes OIZs' contribution to the national technology development ecosystem thru enhancing entrepreneurship and innovation developed	A.1. Baseline Analysis & Model	MOLT										
	A.1.1. Review legislative, organizational, institutional set up		Total Cost (in USD)	0	60883.37	56067.12	0	0	0	0	116950.49	
	A.1.2. Field analyses		Total Cost (in USD)	0	32840.67	7664.85	0	0	0	0	40505.52	
	A.1.3. Analysis of international successful practices		Total Cost (in USD)	0	10814.48	1754.07	0	0	0	0	12568.55	
	A.1.4. Presentation of models relying on synthesis and successful practices		Total Cost (in USD)	0	0	41733.00	0	0	0	0	41733.00	
			Total Cost (in USD)	0	0	0	0	0	0	0	0	
			Total Cost (in USD)	0	0	822.58	0	0	0	0	822.58	
			Total Cost (in USD)	0	571.21	3984.12	0	0	0	0	4555.33	
			Total Cost (in USD)	0	3153.29	3357.97	0	0	0	0	6514.06	
			Total Budget	0	108,283.02	115,383.71	0	0	0	0	0	223,649.53
Output 2: Pilot OIZs and pilots in line with recommendations of synthesis report	B.1. Piloting Phase	MOLT										
	B.1.1. Identify OIZs and pilots in line with recommendations of synthesis report		Total Cost (in USD)	0	5992.39	1363.29	30500.00	40500.00	25500.00	103855.66		
	B.1.2. Piloting Phase		Total Cost (in USD)	0	0	0	10000.00	15000.00	10000.00	35000.00		
	B.1.3. Implementation and Assessment of Pilots		Total Cost (in USD)	0	0	27.36	4000.00	10000.00	10000.00	24027.36		
			Total Cost (in USD)	0	0	0	250000.00	210000.00	100000.00	560000.00		
			Total Cost (in USD)	0	5992.39	1363.29	44000.00	75500.00	45500.00	45500.00	223,649.53	

EXPECTED OUTPUTS	PLANNED ACTIVITIES	RESPONSIBLE PARTY	PLANNED BUDGET*													
			2016	2017	2018	2019	2020	2021	2022	Total Cost (in USD)	Total Cost (in USD)	Total Cost (in USD)				
	B. 1.4. Establishment of new units and new structures in two selected OIZs.		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	B. 1.5. Preparation of scaling recommendations aimed at results.		0	0	118.40	1543.00	0	0	0	0	0	0	0	0	0	1661.40
	B. 1.6. Preparation of a detailed feasibility study for the "building and managing multifunction new generation regions" model.		0	0	0	5000.00	5000.00	5000.00	5000.00	5000.00	2000.00	2000.00	2000.00	2000.00	2000.00	12000.00
	C. 1. Development of Institutional Competence		0	179.77	45.27	9031.29	8415.00	4425.00	4425.00	4425.00	4425.00	4425.00	4425.00	4425.00	4425.00	22098.33
	C. 1.1. Design competence building programs for pilot OIZ administrations and MoIT personnel		0	6,172.16	1,554.32	310,074.29	289,916.00	151,925.00	151,925.00	151,925.00	151,925.00	151,925.00	151,925.00	151,925.00	151,925.00	758,840.77
	C. 1.2. Implement competence building programs for pilot OIZ administrations and MoIT personnel	MoIT	0	0	14519.94	30500.00	40500.00	40500.00	40500.00	40500.00	50500.00	50500.00	50500.00	50500.00	50500.00	136019.94
	C. 1.3. Development of high level guidelines for the competence building programs		0	0	658.62	75000.00	35000.00	35000.00	35000.00	35000.00	40000.00	40000.00	40000.00	40000.00	40000.00	150658.62
	EVALUATION		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Indirect cost of evaluation (3%)		0	0	436.43	1000.00	5000.00	5000.00	5000.00	5000.00	8000.00	8000.00	8000.00	8000.00	8000.00	1436.43
			0	0	0	0	0	0	0	0	0	0	0	0	0	18000.00
			0	0	468.45	3465.00	2715.00	2715.00	2715.00	2715.00	5205.00	5205.00	5205.00	5205.00	5205.00	11853.44
			0	0	16,083.44	118,965.00	93,215.00	93,215.00	93,215.00	93,215.00	178,705.00	178,705.00	178,705.00	178,705.00	178,705.00	406,968.44
Evaluation (as relevant)			0	0	0	0	0	0	0	0	0	0	0	0	0	10,000.00
																300.00
																40,763
TOTAL																1,399,555

4) Article VIII. Governance and Management Arrangements



The project will be nationally implemented (NIM) and the implementing agency of the project will be Ministry of Science Industry and Technology with UNDP's technical and administrative support in line with the guidance of Project Board.

MoSIT

- Will be responsible and accountable for the identified results of this project on behalf of the Government of Turkey;
- Will establish close working relationship with local partners including local authorities, Chambers, provincial directorates of relevant line ministries, OIZ managements, universities etc. throughout relevant activities and will facilitate the dialogue with the national and local partners
- Will provide timely inputs and comments to the prepared studies,

MoD

- Will have an advisory role as a Board Member
- Will participate to PB meetings and all relevant Project activities and provide linkages with ongoing key strategies of the Government.
- Will provide advice/recommendations both for the methodology but also the results of the prepared studies,

UNDP

- Will provide technical support for implementation of the project. This support includes provision of human resources and consultancies, project management/monitoring and implementation support services such as contract management. UNDP's Corporate Cost Recovery Policy shall be applicable for reimbursement of UNDP's direct costs for implementation support services.
- Will prepare relevant work plans and facilitate implementation of these work plans through project management and consultancies.
- Bring in relevant international experience on relevant matters with significant focus on local partners.
- Will conduct procurement of selected equipment and services as per its own rules and regulations for the procurement made by UNDP. The cases where procurement can be made by local partners will be agreed jointly with MoSIT(government agency responsible for respective outputs), and in those cases UNDP shall monitor and ensure effectiveness in line with its regulations.
- Will ensure that the project is managed in line with UNDP's Programme and Operations Policies and Procedures (POPP).

The implementation will entail participation of relevant local actors such as OIZ management, chambers, development agencies, universities whereas MoSIT and UNDP will play a coordination role for the local interventions, bringing in various actors and promote replication and scale up of the proposed action in the future.

A Project Board (PB) is going to be established, in line with the above diagram. PB will be responsible for the overall direction and management of the project. The PB will approve all major plans and authorize any major deviation from agreed plans. PB will ensure that required resources are committed, will arbitrate on conflicts (if any) within the project, and will negotiate a solution to

any problems between the project and external bodies. PB will approve plans and project documents provided by UNDP meets the requirements, will approve allocated staff are adequate and efficient.

During the implementation of the project specific roles of the PB will include:

- provision of overall guidance and direction to the project, ensuring it remains within any specified constraints
- review of each supported stage and approval of progress to the next
- review and approval of plans and any exception plans
- At the end of the project, the PB will:
- assure that all products have been delivered satisfactorily
- approve the End Project Report
- approve the Lessons Learned Report

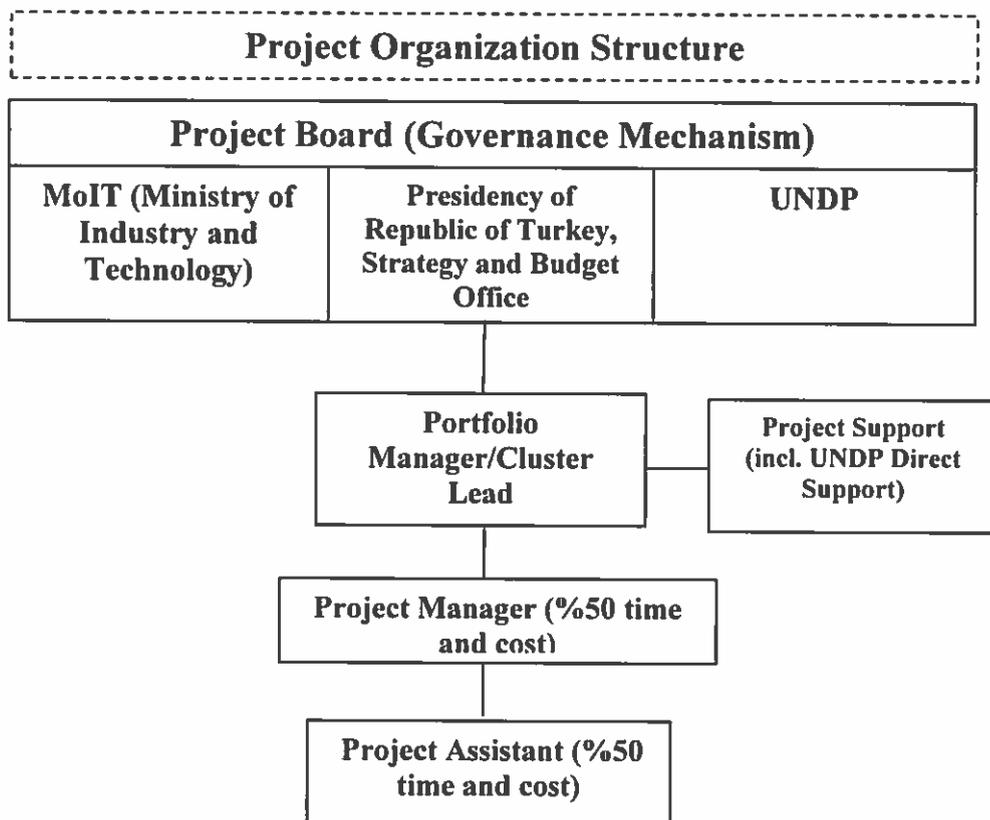
The PB will be composed of the MoSIT, UNDP and Ministry of Development. The Project Board will meet bimonthly throughout project period and the frequency of meetings could be arranged due to arising needs and be proposed by PB members.

Project's day-to-day implementation will be carried out by the Project team (Portfolio Manager/Cluster Lead and a full time Project Associate) as well as UNDP support staff providing direct project support. Ministry of Science Industry will assign task leaders to follow the progress in the activities.

UNDP will also provide direct project implementation support for procurement, contract management and budget/financial management as well as content. UNDP's direct costs will be charged in line with its rules and regulations, as outlined in the project document and budget. Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Regulations and Rules of UNDP.

is amended to read as:

Article VIII. Governance and Management Arrangements



The project will be nationally implemented (NIM) and the implementing agency of the project will be Ministry of Industry and Technology with UNDP's technical and administrative support in line with the guidance of Project Board.

- MoIT**
- Will be responsible and accountable for the identified results of this project on behalf of the Government of Turkey;
 - Will establish close working relationship with local partners including local authorities, Chambers, provincial directorates of relevant line ministries, OIZ managements, universities etc. throughout relevant activities and will facilitate the dialogue with the national and local partners

- Will provide timely inputs and comments to the prepared studies,

Presidency of Republic of Turkey, Strategy and Budget Office

- Will have an advisory role as a Board Member
- Will participate to PB meetings and all relevant Project activities and provide linkages with ongoing key strategies of the Government.
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UNDP

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- Will prepare relevant work plans and facilitate implementation of these work plans through project management and consultancies.
- Bring in relevant international experience on relevant matters with significant focus on local partners.
- Will conduct procurement of selected equipment and services as per its own rules and regulations for the procurement made by UNDP. The cases where procurement can be made by local partners will be agreed jointly with MoIT (government agency responsible for respective outputs), and in those cases UNDP shall monitor and ensure effectiveness in line with its regulations.
- Will ensure that the project is managed in line with UNDP's Programme and Operations Policies and Procedures (POPP).

The implementation will entail participation of relevant local actors such as OIZ management, chambers, development agencies, universities whereas MoIT and UNDP will play a coordination role for the local interventions, bringing in various actors and promote replication and scale up of the proposed action in the future.

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- approve the End Project Report
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The PB will be composed of the MoIT, UNDP and Presidency of Republic of Turkey, Strategy and Budget Office. The Project Board will meet bimonthly throughout project period and the frequency of meetings could be arranged due to arising needs and be proposed by PB members.

Project's day-to-day implementation will be carried out by the Project team (Portfolio Manager/Cluster Lead, half time Project Manager and half time Project Assistant) as well as UNDP support staff providing direct project support. Ministry of Industry and Technology will assign task leaders to follow the progress in the activities.

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