

Project Progress Report

Applied SME Capability Building Center (Model Factory) Project

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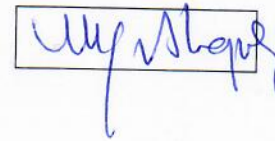
Acronyms and abbreviations

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

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

Section 1: Project Risks and Issues

Updated Project Risks

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

Updated Project Issues

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

Section 2: Output Progress

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

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

Section 3: Activity Performance

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

Sub-activity 1.1

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

Sub-activity 1.2

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

Sub-activity 1.3

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

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

Section 4: Budget and Financial Progress

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

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

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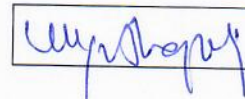
Acronyms and abbreviations

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

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

Section 1: Project Risks and Issues

Updated Project Risks

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

Updated Project Issues

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

Section 2: Output Progress

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

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

Section 3: Activity Performance

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

Sub-activity 1.1

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

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

Sub-activity 1.3

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

	model factory building) 1.3.4 Development of training modules and training materials for two modules	
Progress	During the reporting period: 1.3.1 Not Started. 1.3.2 Not Started. 1.3.3 Not Started. 1.3.4 Not Started.	
Additional Considerations	Within the scope of Activity Result 2, the Ministry will identify a preferred model. This activity result builds on the Ministry's decision.	
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 – started.
Engineering and Construction Projects and Drawings	Engineering and Construction Projects and Drawings	Jun 2016 – started.
Training modules (ca. 10)	Training modules (ca. 10)	Jun 2016 – not started.
Training materials (2 modules)	Training materials (2 modules)	August 2016 – not started.

Section 4: Budget and Financial Progress

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

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

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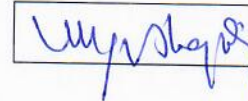
Acronyms and abbreviations

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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

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

Section 1: Project Risks and Issues

Updated Project Risks

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

Updated Project Issues

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

Section 2: Output Progress

Project ID	00097599 - Applied SME Capability Building Center (Model Factory)
Description	Institutional Capabilities to Establish and Operationalize an Applied SME Capability Building Center (Model Factory)
Implementing Partner	Ministry of Science, Industry and Technology (MoSIT, DG of Productivity)
Baseline	No SME Capability Center (2015)
Indicators	<ul style="list-style-type: none"> SME Capability Center Business Model and Plan Training Curriculum (ToT) Training modules Training materials
2017 Targets	<ul style="list-style-type: none"> SME Capability Center Business Model and Plan (1)

	<ul style="list-style-type: none"> • Training Curriculum (ToT) • Training modules (10) • Training materials (for 2 modules)
2017 Achievements as of June 31	<ul style="list-style-type: none"> • Preparations for the first extension started. • Needs Assessment Report completed. • Design report covers scenario analysis completed.

Section 3: Activity Performance

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

Sub-activity 1.1

Purpose	Analysis towards establishment of a model factory	
Planned Actions	<p>As per the project document sub-activity 1.1 is composed of the following actions:</p> <p>1.1.1 Secondary research</p> <p>1.1.2 Primary research</p> <p>1.1.3 Development of Needs Assessment Report</p>	
Progress	<p>During the reporting period:</p> <p>1.1.1 Completed.</p> <p>1.1.2 Completed.</p> <p>1.1.3 Completed.</p>	
Additional Considerations		
Quality Criteria	Quality Method	Quality Assessment Due Date
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

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

Sub-activity 1.3

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

	model factory building) 1.3.4 Development of training modules and training materials for two modules	
Progress	During the reporting period: 1.3.1 Completed. 1.3.2 Completed. 1.3.3 Completed. 1.3.4 Completed.	
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 – not started.
Training materials (2 modules)	Training materials (2 modules)	August 2016 –not started.

Section 4: Budget and Financial Progress

Fiscal Year	Fund	Donor	Responsible Party	Budget (\$) of the Reporting Year	Encumbrances (\$)	Expenditure (\$)	Balance (\$)
2017	30071	00244	1981 4133	200,000.00		9,259.38	190,740.62

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

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Applied SME Capability Building Center (Model Factory) Project

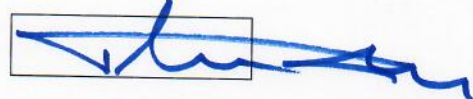
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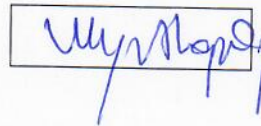
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DG of Productivity



Synopsis

Award No	00097599
Business Unit	TUR10
Award ID	Applied SME Capability Building Center (Model Factory)
Description	<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 this 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 1st 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>
Implementing Partner	Ministry of Science, Industry and Technology (MoSIT, DG of Productivity)
Award Period	Start Date: Dec 2015 End Date: Dec 2018
Total Award Amount	4.626.856.77 USD

Section 1: Project Risks and Issues

Updated Project Risks

Type	Date Identified	Description	Comment or Management Response	Critical Flag
STRATEGIC	Jul-17	A mismatch between the feasibility report findings and the expectations of the potential implementing agents.	Potential implementing agents will be informed through meetings and notes.	N

Updated Project Issues

Type	Date Identified	Description	Solution Date	Comment or Management Response	Solution Flag
Operational #1	2017	Staff mobilization process will start to support implementation.	Oct-17	Announcement for project associate will be processed.	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 of Productivity)
Baseline	No SME Capability Center
Indicators	<ul style="list-style-type: none"> Governance structure Physical investments for the center Training of trainers Pilot transformation programs Training materials
2017 Targets	<ul style="list-style-type: none"> SME Capability Center Governance Structure established Physical Establishment of SME Capability Center completed Selection of 10-12 Companies for Transformation Programs Training Materials Communication Materials on Pilot Schemes
2017 Achievements as of	<ul style="list-style-type: none"> First project extension process is completed with an official kick off

December 31	meeting including MoSIT, ASO and ASO 1. OIZ representatives. • Staff mobilization process started.
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Section 3: Activity Performance

Activity ID	1
Description	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

Purpose	Establishment of the Applied SME Capability Center	
Planned Actions	<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>	
Progress	<p>During the reporting period:</p> <p>1.1.1 Not Started.</p> <p>1.1.2 Not Started.</p> <p>1.1.3 Started in November, ongoing.</p> <p>1.1.4 Not Started.</p>	
Additional Considerations		
Quality Criteria	Quality Method	Quality Assessment Due Date
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

Purpose	Pilot Implementation
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Planned Actions	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	
Progress	During the reporting period: 1.2.1 Not Started. 1.2.2 Not Started. 1.2.3 Not Started. 1.2.4 Not Started.	
Additional Considerations		
Quality Criteria	Quality Method	Quality Assessment Due Date
Good practice analysis report and international study visits report	Good practice analysis report and international study visits report	Completed.
Model Factory Design Report	Model Factory Design Report	Completed.
CBA and Scenario Analysis Report	CBA and Scenario Analysis Report	Completed.
Training and ToT Curricula (2 or 3 topics)	Training and ToT Curricula (2 or 3 topics)	Jun 2016 – not started.
Training simulation (1 topic)	Training simulation (1 topic)	August 2016 – not started.

Sub-activity 1.3

Purpose	Sustainability and exit strategy
Planned Actions	As per the project document sub-activity 1.3 is composed of the following actions: 1.3.1 Development of a follow up performance plan after the pilot programs 1.3.2 Identification of additional service lines 1.3.3 Preparation of a sustainability strategy
Progress	During the reporting period: 1.3.1 Not Started. 1.3.2 Not Started. 1.3.3 Not Started.

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 – not started.
Training materials (2 modules)	Training materials (2 modules)	August 2016 –not started.

Section 4: Budget and Financial Progress

Fiscal Year	Fund	Donor	Responsible Party	Budget (\$) of the Reporting Year	Encumbrances (\$)	Expenditure (\$)	Balance (\$)
2017	30071 30072 30073	00244	1981 4133	200,000.00		12,517.61	187,482.39

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

Project Progress Report

Applied SME Capability Building Center (Model Factory) Project

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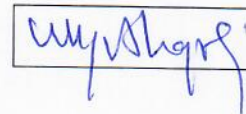
Acronyms and abbreviations

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

Award No	00097599
Business Unit	TUR10
Award ID	Applied SME Capability Building Center (Model Factory)
Description	<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 4th 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 1st 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>
Implementing Partner	Ministry of Science, Industry and Technology (MoSIT, DG of Productivity)
Award Period	Start Date: Dec 2015 End Date: Dec 2018
Total Award Amount	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"> Governance structure Physical investments for the center Training of trainers Pilot transformation programs Training materials
2018 Targets	<ul style="list-style-type: none"> SME Capability Center Governance Structure established Physical Establishment of SME Capability Center completed Selection of 10-12 Companies for Transformation Programs Training Materials Communication Materials on Pilot Schemes

2018 Achievements as of June 31	<ul style="list-style-type: none"> Physical investments including machinery and refurbishment almost completed. Staff mobilization process continued with mobilization of two project associates and the center director. Coordination meetings were held. (with UNDP team and the project board) 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. Preparations for the ToT completed, and the program kicked off in June. Preparations for the second project extension continued. Cost sharing agreement with KfW signed. Fourth Steering Committee Meeting realized. (14 April 2018)
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Section 3: Activity Performance

Activity ID	1
Description	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

Purpose	Establishment of the Applied SME Capability Center	
Planned Actions	<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>	
Progress	<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>	
Additional Considerations		
Quality Criteria	Quality Method	Quality Assessment Due Date

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

Purpose	Pilot Implementation	
Planned Actions	<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>	
Progress	<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>	
Additional Considerations		
Quality Criteria	Quality Method	Quality Assessment Due Date
Good practice analysis report and international study visits report	Good practice analysis report and international study visits report	Completed.
Model Factory Design Report	Model Factory Design Report	Completed.
CBA and Scenario Analysis Report	CBA and Scenario Analysis Report	Completed.
Training and ToT Curricula (2 or 3 topics)	Training and ToT Curricula (2 or 3 topics)	Jun 2016 – started.
Training simulation (1 topic)	Training simulation (1 topic)	August 2016 – started.

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>

	1.3.2 Identification of additional service lines 1.3.3 Preparation of a sustainability strategy	
Progress	During the reporting period: 1.3.1 Not Started. 1.3.2 Started in August. 1.3.3 Not Started.	
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 – started.
Training materials (2 modules)	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 (\$)
2018	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.

Project Progress Report

Applied SME Capability Building Center (Model Factory) Project

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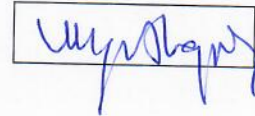
Acronyms and abbreviations

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

Award No	00097599
Business Unit	TUR10
Award ID	Applied SME Capability Building Center (Model Factory)
Description	<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 4th 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 1st 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>
Implementing Partner	Ministry of Industry and Technology (MoIT, DG of Industry and Productivity)
Award Period	Start Date: Dec 2015 End Date: Dec 2018
Total Award Amount	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"> Governance structure Physical investments for the center Training of trainers Pilot transformation programs Training materials

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

Section 3: Activity Performance

Activity ID	1
Description	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

Purpose	Establishment of the Applied SME Capability Center
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Planned Actions	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	
Progress	During the reporting period: 1.1.1 Started in September. 1.1.2 Continued. 1.1.3 Completed. 1.1.4 Completed.	
Quality Criteria	Quality Method	Quality Assessment Due Date
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

Purpose	Pilot Implementation	
Planned Actions	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	
Progress	During the reporting period: 1.2.1 Started in September. 1.2.2 Not Started. 1.2.3 Completed. 1.2.4 Not Started.	
Additional Considerations		
Quality Criteria	Quality Method	Quality Assessment Due Date
Good practice analysis report and international study visits report	Good practice analysis report and international study visits report	Completed.

Model Factory Design Report	Model Factory Design Report	Completed.
CBA and Scenario Analysis Report	CBA and Scenario Analysis Report	Completed.
Training and ToT Curricula (2 or 3 topics)	Training and ToT Curricula (2 or 3 topics)	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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2018	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.