

Project Progress Report

Applied SME Capability Center (Model Factory)

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Acronyms and abbreviations

MoSIT:	Ministry of Science Industry and Technology
MF:	Model Factory
MoD:	Ministry of Development
MoFA:	Ministry of Foreign Affairs
UNDP:	United Nations Development Programme

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Synopsis

Award No	00097599
Business Unit	TUR10
Award ID	Applied SME Capability 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 Science Industry and Technology (MoIT, DG for Productivity)
Award Period	Start Date: Dec 2015 End Date: June 2020
Total Award Amount	11,384,918.38 USD

Section 1: Project Risks and Issues

Updated Project Risks

Type	Date Identified	Description	Comment or Management Response	Critical Flag
ORGANIZATIONAL	June 2019	Trained staff members through ToT program, do not remain in their posts during the entire duration of the Project.	To increase the potential trainers, the project team will create a pool of expert.	N
STRATEGIC	June 2019	Delay in the signature process of the protocol to be signed for Konya Model Factory may pose a risk on the utilization of KfW cost sharing and realization of its components.	Ministry of Industry and Technology will take necessary actions to speed up the process.	N
ORGANIZATIONAL	June 2019	Delay in acquiring legal entity status for Ankara MF may pose a risk on the financial sustainability of the Center.	ASO and ASO I. OIZ management will take necessary actions to speed up the process.	N
STRATEGIC	June 2019	Lack of interest from local companies to participate program activities (within the scope of Job Creation Component)	Project team and MoIT will work closely to engage with business partners and ensure close cooperation. Project team will also carry out comprehensive awareness raising activities.	N
STRATEGIC	June 2019	Lack of interest from business owners to employ SuTPs and host community members (within the scope of job creation activities)	Project team and MoIT will work closely to engage with business partners and ensure close cooperation to have formal commitments. Project team and MoIT will also ensure close linkages with other ongoing 3RP initiatives to enable synergies and positive results.	N
STRATEGIC	June 2019	Lack of Interest from local stakeholders regarding operationalization of MFs.	Project team and MoIT will work closely to engage with local stakeholders and ensure close cooperation.	N

Updated Project Issues

Type	Date Identified	Description	Solution Date	Comment or Management Response	Solution Flag
Organizational #1	2019	A Digital Transformation Consultant was recruited to provide technical advisory services for digital transformation phase of the project.	N/A	Digital transformation consultant will provide support to the project team to determine the technical requirements of the digital capabilities to be deployed and	High

				to provide technical assistance to the evaluation, acceptance and quality monitoring procedures of the goods and services to be procured.	
Organizational #2	2019	A Training Expert for Learn and Transform Program and Office and Administrative Assistant for Ankara Model Factory were recruited to strengthen capacity of Ankara MF team.	N/A	Training expert will deliver high quality trainings for learn and transform program and provide assistance in analysis and business development services on various outcomes of the Project to facilitate more efficient and effective implementation. Office and Administrative Assistant will organize, conduct, provide support services and assist daily activities of MF Team.	High
Operational #1	2019	Pilot implementation phase namely Learn & Transform Program launched in May 2019.	N/A	Selection of the pilot companies for Learn & Transform Program started.	High
Operational #2	2019	Protocols for Kayseri and Konya MF's are drafted and presented to comments of local partners.	N/A	Protocols are expected to be signed on July 2019 regarding the view of MoIT.	High
Operational #3	2019	Cooperation protocol between ASO-SEM and MoIT was signed within the scope of Job Creation Component of Activity 4.	N/A	Procurement of the machine and equipment of ateliers to be served for Job Creation component of KfW cost sharing agreement started. Vocational Trainings are expected to start in September 2019.	High

Section 2: Output 1 Progress

Project ID	00097599 - Applied SME Capability Center (Model Factory)
Description	Institutional Capabilities to Establish and Operationalize Applied SME Capability Centers (Model factory)
Implementing Partner	Ministry of Science Industry and Technology (MoIT, DG for Productivity)
Baseline	Activity 1, 2, 3, 5 No SME Capability Center (2019) Activity 4

	<ol style="list-style-type: none"> 1. SME Capability Center Operational 2. Innovation Network for Ankara Operational
Indicators	<p>Activity 1, 2, 3, 5</p> <ol style="list-style-type: none"> 1. Governance Structure 2. Physical Investments for the Center 3. Training of Trainers 4. Pilot Transformation Programs 5. Training Materials <p>Activity 4</p> <ol style="list-style-type: none"> 1. # of additional services lines on innovation become operational 2. Physical investments 3. Training materials/services guidelines 4. # of additional SMEs have received business advisory and innovation services 5. # of additional SMEs are newly established focusing on innovation set up by Syrians/Syrian-Turkish Joint ventures 6. # of Syrians and Turkish host community members have benefitted from awareness raising activities 7. Jobs created in relation to Resilience Program Interventions 8. # of cooperation between startups and industrialist 9. # of collaborations events for networking 10. # of policy recommendation papers
2019 Targets	<p>Activity 1, 2, 3, 5</p> <ol style="list-style-type: none"> 1. SME Capability Center Governance Structure Established 2. Physical Establishment of SME Capability Center completed 3. Selection of 10-12 Companies for transformation program 4. Training Materials 5. Communication Materials on pilot Schemes <p>Activity 4</p> <ol style="list-style-type: none"> 1. SME Capability Center services lines extended 2. Physical Establishment of SME Capability Center Completed 3. Innovation network/platform for Ankara formulated 4. Benchmarking reports from global best practices in innovation ecosystem
2019 Achievements as of June 30	<p>Activity 1</p> <ul style="list-style-type: none"> - Staff mobilization process continued with mobilization of Digital Transformation Consultant, Training Expert for Learn & Transformation Program and Office and Administrative Assistant. - Preliminary contract signed by ASO, ASO 1st OIZ and Consortium is transformed into a contract by Digital Transformation Consultant and expected to be signed in July 2019. - Coordination Meetings were held (with UNDP team and project board and KfW)

	<ul style="list-style-type: none"> - Two Steering Committee Meetings were held on 15.012.2019 and 28.03.2019. - Official Inauguration of Learn & Transform Program was realized on 27 May 2019. - Selection of 15 companies for Learn & Transform Program was completed and visits to these companies were realized. 8 companies will be shortlisted after the completion of evaluation process. - First draft of the Business Plan of Ankara MF was completed and presented to Project Board. - Meetings were held with academicians regarding awareness raising activities. <p>Activity 2</p> <ul style="list-style-type: none"> - Staff mobilization process of Bursa MF was completed. - Official Inauguration of Bursa Model Factory realized in 10 March 2019. - ToT program of Bursa MF completed. - Training Materials of Bursa MF produced. - Three study visits to Bursa MF realized. - Preparations of learn & transform program of Bursa MF started. <p>Activity 3</p> <ul style="list-style-type: none"> - Construction of Kayseri MF was completed. - Two study visits to Kayseri realized. - First Working Group meeting was held in Kayseri regarding Job Creation Component. <p>Activity 4</p> <ul style="list-style-type: none"> - Within the scope of KfW Job Creation Component, a cooperation protocol was signed between ASO-SEM and Ministry of Industry and Technology - Procurement of Machine and Equipment required by ASO-SEM ateliers started. - Meetings with ILO, UNHCR, İŞKUR and Mahir Eller Project were held within the scope of Job Creation Component. <p>Activity 5</p> <ul style="list-style-type: none"> - Study Visit to Konya realized.
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Section 3: Activity Performance

Activity 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 Applied SME Capability Center

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 & machinery) 1.1.3 Mobilization of staff 1.1.4 Inauguration of the center.	
Progress	During the reporting period: 1.1.1 Continued. 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	Completed in April 2017
Needs assessment report	Needs assessment report	Completed in April 2017
Feasibility Report	Feasibility Report	Completed in April 2017
Material Inspection and Receiving	Material Inspection and Receiving Report	Completed in May 2018
Competitive Recruitment	Notices on UNDP Websites	Completed in March 2019
Physical Investment Requirements Report	Physical Investment Requirements Report	Completed in December 2017
Engineering and Construction Projects and Drawings	Engineering and Construction Projects and Drawings	Completed in December 2017
Completion of Engineering Construction	Implementation of Engineering and Construction Projects	Completed in April 2018
Operationalization of the Center	Opening Ceremony of MF	Completed in December 2018

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 Continued. 1.2.2 Started in May. 1.2.3 Completed. 1.2.4 Not started	
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 in March 2018
Model Factory Design Report	Model Factory Design Report	Completed in April 2017
CBA and Scenario Analysis Report	CBA and Scenario Analysis Report	Completed in April 2017
Training and ToT Curricula (2 or 3 topics)	Training and ToT Curricula (2 or 3 topics)	Completed in November 2018
Training simulation (1 topic)	Training simulation (1 topic)	Completed in January 2019
Diagnosis Study for Pilot SME selection	Diagnosis Study	Continued.

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 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 Continued. 1.3.3 Started.	
Quality Criteria	Quality Method	Quality Assessment Due Date
Model factory business plan	Model factory business plan	Completed in March 2018

Activity 2

Description	Activity 2 is composed of 3 sub-activities that will collectively enhance operationalization of the first Applied Capability Center (aka MF) in Bursa.
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Sub-activity 2.1

Purpose	Establishment of Applied SME Capability Center
Planned Actions	<p>As per the project document sub-activity 2.1 is composed of the following actions:</p> <p>2.1.1 Finalization of Governance Structure</p> <p>2.1.2 Completion of Physical Investments (refurbishment & machinery)</p> <p>2.1.3 Mobilization of staff</p> <p>2.1.4 Inauguration of the center.</p>
Progress	<p>During the reporting period:</p> <p>2.1.1 Started</p> <p>2.1.2 Continued.</p> <p>2.1.3 Completed.</p> <p>2.1.4 Completed.</p>

Sub-activity 2.2

Purpose	Pilot Implementation
Planned Actions	<p>As per the project document sub-activity 2.2 is composed of the following actions:</p> <p>2.2.1 Delivery of awareness raising programs</p> <p>2.2.2 Identification of Pilot SMEs</p> <p>2.2.3 Delivery of Train the Trainers Program</p> <p>2.2.4 Implementation of Learn and Transform Programs in selected companies</p>
Progress	<p>During the reporting period:</p> <p>2.2.1 Started.</p> <p>2.2.2 Started.</p> <p>2.2.3 Completed.</p> <p>2.2.4 Not started</p>

Sub-activity 2.3

Purpose	Sustainability and Exit Strategy
Planned Actions	As per the project document sub-activity 2.3 is composed of the following actions:

	2.3.1 Development of a follow up performance plan after pilot programs 2.3.2 Identification of additional service lines 2.3.3 Preparation of a sustainability strategy
Progress	During the reporting period: 2.3.1 Not Started 2.3.2 Continued. 2.3.3 Not Started.

Activity 3	
Description	Activity 3 is composed of 3 sub-activities that will collectively enhance operationalization of the first Applied Capability Center (aka MF) in Kayseri.

Sub-activity 3.1

Purpose	Establishment of Applied SME Capability Center
Planned Actions	As per the project document sub-activity 3.1 is composed of the following actions: 3.1.1 Finalization of Governance Structure 3.1.2 Completion of Physical Investments (refurbishment & machinery) 3.1.3 Mobilization of staff 3.1.4 Inauguration of the center.
Progress	During the reporting period: 3.1.1 Not started. 3.1.2 Not started. 3.1.3 Not started 3.1.4 Not started.

Sub-activity 3.2

Purpose	Pilot Implementation
Planned Actions	As per the project document sub-activity 3.2 is composed of the following actions: 3.2.1 Delivery of awareness raising programs 3.2.2 Identification of Pilot SMEs 3.2.3 Delivery of Train the Trainers Program 3.2.4 Implementation of Learn and Transform Programs in selected companies

Progress	<p>During the reporting period:</p> <p>3.2.1 Not started.</p> <p>3.2.2 Not started.</p> <p>3.2.3 Not started.</p> <p>3.2.4 Not started</p>
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Sub-activity 3.3

Purpose	Sustainability and Exit Strategy
Planned Actions	<p>As per the project document sub-activity 3.3 is composed of the following actions:</p> <p>3.3.1 Development of a follow up performance plan after pilot programs</p> <p>3.3.2 Identification of additional service lines</p> <p>3.3.3 Preparation of a sustainability strategy</p>
Progress	<p>During the reporting period:</p> <p>3.3.1 Not Started.</p> <p>3.3.2 Not Started.</p> <p>3.3.3 Not Started.</p>

Activity 4	
Description	Activity 4 is composed of 4 sub-activities that will support the expansion of Ankara Applied Capability Center (aka MF) services.

Sub-activity 4.1

Purpose	Assessment on alternative service lines	
Planned Actions	<p>As per the project document sub-activity 4.1 is composed of the following actions:</p> <p>4.1.1 Finalization of services lines</p> <p>4.1.2 Completion of required physical investments (refurbishment & machinery)</p>	
Progress	<p>During the reporting period:</p> <p>4.1.1 Not started</p> <p>4.1.2 Not Started</p>	
Quality Criteria	Quality Method	Quality Assessment Due Date

Digital Transformation Use Case Scenarios	Detailed Digital Transformation Use Case Scenarios	Completed in July 2018.
Contractual Arrangement for Digital Transformation	Pre-Contract and Contract	Completed in July 2019.
Installation of Machinery and Equipment of Digital Transformation Service Line	Material Inspection and Receiving Report	Continued.

Sub-activity 4.2

Purpose	Implementation
Planned Actions	As per the project document sub-activity 4.2 is composed of the following actions: 4.2.1 Delivery of awareness raising programs/outreach of services 4.2.2 Delivery of Services 4.2.3 Delivery of Capacity Building Programs
Progress	During the reporting period: 4.2.1 Not started. 4.2.2 Not started. 4.2.3 Not started

Sub-activity 4.3

Purpose	Sustainability and Exit Strategy
Planned Actions	As per the project document sub-activity 4.3 is composed of the following actions: 4.3.1 Development of a follow up performance plan after pilot programs 4.3.2 Identification of additional service lines
Progress	During the reporting period: 4.3.1 Not Started. 4.3.2 Not Started.

Sub activity 4.4

Purpose	Capacity Building of ASO-SEM
Planned Actions	As per the project document sub-activity 4.4 is composed of the following actions: 4.4.1 Development of Business Plan for Capacity Building

	4.4.2 Installation of Machinery and Equipment for Ateliers 4.4.3 Provision of Vocational Trainings	
Progress	During the reporting period: 4.4.1 Completed. 4.4.2 Continued. 4.4.3 Not started.	
Quality Criteria	Quality Method	Quality Assessment Due Date
Business Plan	Business Plan and Timetable	Completed in March 2019
Sustainability of the Action	Cooperation Protocol with MoIT	Completed in June 2019
Machinery and Equipment Requirement Report	Business Plan	Completed in March 2019
Installation of Machinery and Equipment	Material Inspection and Receiving Report	Continued.

Activity 5	
Description	Activity 5 is composed of 3 sub-activities that will collectively enhance operationalization of the first Applied Capability Center (aka MF) in Konya.

Sub-activity 5.1

Purpose	Establishment of Applied SME Capability Center
Planned Actions	As per the project document sub-activity 5.1 is composed of the following actions: 5.1.1 Finalization of Governance Structure 5.1.2 Completion of Physical Investments (refurbishment & machinery 5.1.3 Mobilization of staff 5.1.4 Inauguration of the center.
Progress	During the reporting period: 5.1.1 Not started. 5.1.2 Not started. 5.1.3 Not started 5.1.4 Not started.

Sub-activity 5.2

Purpose	Pilot Implementation
Planned Actions	<p>As per the project document sub-activity 5.2 is composed of the following actions:</p> <p>5.2.1 Delivery of awareness raising programs</p> <p>5.2.2 Identification of Pilot SMEs</p> <p>5.2.3 Delivery of Train the Trainers Program</p> <p>5.2.4 Implementation of Learn and Transform Programs in selected companies</p>
Progress	<p>During the reporting period:</p> <p>5.2.1 Not started.</p> <p>5.2.2 Not started.</p> <p>5.2.3 Not started.</p> <p>5.2.4 Not started</p>

Sub-activity 5.3

Purpose	Sustainability and Exit Strategy
Planned Actions	<p>As per the project document sub-activity 5.3 is composed of the following actions:</p> <p>5.3.1 Development of a follow up performance plan after pilot programs</p> <p>5.3.2 Identification of additional service lines</p> <p>5.3.3 Preparation of a sustainability strategy</p>
Progress	<p>During the reporting period:</p> <p>5.3.1 Not Started.</p> <p>5.3.2 Not Started.</p> <p>5.3.3 Not Started.</p>

Section 4: Budget and Financial Progress

Fiscal Year	Fund	Donor	Responsible Party	Budget (\$)	Encumbrances (\$)	Expenditure (\$)	Balance (\$)
2019	30000 30071 30072 30073	10283 00244	1981 4133	4,726,736.50	225,260.58	745,030.75	3,981,705.75

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