

**PROJECT DOCUMENT**  
**TURKEY**



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**Project Title: Developing a Model to Improve Technology Use in OIZs**

**Project Number: 94576**

**Implementing Partner: Ministry of Science, Industry and Technology**

**Start Date: November, 01, 2016    End Date: May, 01, 2018    PAC Meeting date: 26.01.2016**

**Brief Description**

The overall objective of the Project is to contribute to competitiveness of Turkey through developing models that will enable Organized Industrial Zones (OIZs) to assume an active role in entrepreneurship, innovation and technology ecosystem. The purpose of the Project is to clearly identify how OIZs can contribute to the technology development ecosystem of Turkey in entrepreneurship, innovation and technology and assess how such contributions will be institutionalized. The Project consists of the following three main components:

- (1) **Component A. Baseline Analysis and Model:** This component involves a general overview of current situation of all actors within the technology development and use ecosystem. The assessment will culminate in a synthesis report that includes the review of current legislation, field analyses and comparative review of international successful practices in OIZ like environments. A model will be proposed with an implementing roadmap in this component.
- (2) **Component B. Piloting Phase:** This component will design a pilot framework to test enabling factors of the proposed model based on the baseline and findings of the synthesis (i.e. such incentivizing mechanisms as development of OIZ technology index will be designed both to disseminate successful pilots and engage OIZ administrations more effectively in technology development)
- (3) **Component C. Development of Institutional Competence:** Under this component, awareness raising and competence building programs will be developed for the relevant institutions including mainly the Ministry of Science, Industry and Technology (MoSIT) and OIZs in line with the analyses and proposed model.

**Contributing Outcome (UNDAF/CPD, RPD or GPD):**

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.

**Indicative Output(s):** 1.1. Systems and institutions enabled to achieve structural transformation towards sustainable equitable employment and productivity growth.

<b>Total resources required:</b>	USD 500,000
<b>Total resources allocated:</b>	USD 500,000
	<b>UNDP TRAC:</b>
	<b>Donor (TUR):</b>
	<b>Donor:</b>
	<b>Government:</b> USD 500,000
	<b>In-Kind:</b>
<b>Unfunded:</b>	n/a

**Agreed by (signatures):**

Government	UNDP	Implementing Partner
Name:	Name: Mr. Kamal Malhotra	(MoSIT): Mr. Yaşar Öztürk
Date: 28.09.2016	Date: 10.08.2016	Date: 15.08.2016

<sup>1</sup> Note: Adjust signatures as needed

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## I. DEVELOPMENT CHALLENGE

The development of innovation, and access to and effective use of technology in enterprises emerge as a significant constituent of competitiveness in today's global economic sphere of rising competition. It is well known that enhanced technological capacity of enterprises does not depend merely on enterprise-level activities. Effective functioning of the elements of entrepreneurial ecosystem, as in developed countries, alleviates problems in this area. In this sense, it is a permanent agenda item that cooperation and collaboration should be improved not only among entrepreneurs, SMEs but also among universities, research centers, chambers, commodity exchanges and industrial and technology development zones.

A most crucial developmental requirement for Turkey is that her innovation ecosystem should become more competent and, with all actors involved, contribute more effectively to Turkey's growth performance. Such requirement is always a priority in all major policy documents and highlighted in the relevant plans and programs. The Tenth National Development Plan declares "Innovative Production, High and Stable Growth" as one of its four key axes, and identifies the basic principles of plan's objectives and policy instruments in the framework of such requirement. The Eleventh Priority Transformation Programme's action plan for "Commercialization in Priority Technology Areas" aims to increase the number of research centers, incubators, accelerators, technology and innovation centers; make the Technology Development Zones (TDZs) sector-oriented, and improve innovative entrepreneurship. In similar fashion, Turkey's Industrial Strategy of 2015-2018 sets its primary goal as to "develop local production of high added value based on knowledge and technology in industry", and aspires to a vision that the strategic transformation in industry will be realized by local, innovative and green growth. The SME Strategy and Action Plan of 2015-2018 establishes "Enhanced R&D and Innovation Capacity for SMEs" as its fourth strategic area, emphasizing that both existing SME capacities should become more innovative and SME support mechanisms should direct SMEs to investments in knowledge and technology. All the said guiding policies and action plans demonstrate that the entire ecosystem needs a strategic transformation to increase R&D investments, promote innovative applications and facilitate technology investments as well as access to technological knowledge.

Organized Industrial Zones (OIZs) in Turkey have matured to some extent in quantitative terms. It is therefore important in the context of the vision of sustainable and competitive growth that OIZs which serve industries should take up roles in effective use of technology. A review of effectively functioning technology development ecosystems in the world immediately reveals that all actors work in harmony within the framework of a shared vision, legal framework and support mechanisms. Harboring industrial zones and technoparks, such ecosystems engage in joint works to improve production-based productivity particularly in novel and innovative production technologies, sustainable and green production techniques and energy efficiency etc.

The technology development ecosystem in Turkey includes such central-level agencies as the Ministry of Science, Industry and Technology, TUBITAK etc. as well as technoparks and specialized civil society organizations such as TTGV etc. The involvement of Organized Industrial Zones in this ecosystem is rather limited.

Therefore, it is necessary to clearly identify how OIZs can contribute to the technology development ecosystem in Turkey. The aim should be to assess how such contribution can be institutionalized through an appropriate model with supporting tools to increase the overall effectiveness and efficiency of the system.

United Nations Development Programme (UNDP) Turkey Office works for Inclusive and Sustainable Growth, Inclusive and Democratic Governance and Climate Change and Environment in line with the strategic priorities and goals in the United Nations Development Cooperation Strategy<sup>2</sup>, UNDP Country Programme<sup>3</sup> and Tenth Development Plan in cooperation with public agencies including particularly the Ministry of Development and the private sector. The Country Office aims to field its works through pilot applications and models and contribute positively to policy-level structural improvement in line with the new strategic plan of UNDP.

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## II. STRATEGY

The overall objective of the Project is to contribute to enhancing the competitiveness of Turkey through developing such models that will enable Organized Industrial Zones (OIZs) to assume an active role in entrepreneurship, innovation and technology development.

The overall objective of the Project directly relates to the statement that "OIZ, TDZ, SIS and Industry Zones practices will be improved, and it will be ensured that they are institutionalized and effectively managed to provide higher quality services" in Article 698 of the Tenth Development Plan.

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<sup>2</sup> United Nations Development Cooperation Strategy (UNDCS)

<sup>3</sup> Country Programme Document (CPD)

This overall objective is also in line with (i) reduction of import dependency, (ii) commercialization in priority technology areas, (iii) improvement of productivity and (iv) improvement of business and investment climate as included in the priority transformation programmes laid down in the Tenth Development Plan of 2014-2018.

Further, while the Industrial Strategy Action Plan of Turkey for 2015-2018 is associated with the overall objective, the present project proposal contributes directly to the following objectives and actions:

- Objective 1: Develop local production of high added value based on knowledge and technology in industry
- Objective 2: Ensure transformation to greener and more competitive industrial setup with resources effectively used
- Objective 3: Develop industry with qualified workforce which contributes to social and regional development

On the other hand, the Project is complementary to the action "R&D Consulting Centers/Offices will be established in Organized Industrial Zones" in the 2023 Export Strategy and Action Plan of Turkey, and the action "Units will be created in OIZs to work on R&D support, project drafting and technology transfer services" in the Public-Universities-Industry Cooperation Strategy and Action Plan (2015-2018).

The purpose of the Project is to clearly identify how OIZs can contribute to the technology development ecosystem of Turkey in entrepreneurship, innovation and technology and assess how such contributions will be institutionalized.

In this context, the purpose of the Project is complementary to the following measures under the priority transformation programmes that are included in the Tenth Development Plan and in line with the overall objective of the Project:

Priority Programme	Transformation	Policies	Actions
i. Commercialization in priority technology areas		<p>Support technology product investments and prototype development processes in priority sectors</p> <p>Develop networks and mentoring services among entrepreneurs including mainly SMEs and investors at local and central level</p> <p>Increase cooperation among TDZs, OIZs, clusters, technology platforms and research centers</p>	<p>Action 9. Cooperation mechanisms will be explored among TDZs, OIZs, R&amp;D centres, clusters, technology platforms and public and private sector research centers, and a support model will be developed.</p> <p>Action 11. A mechanism will be created to improve cooperation between OIZs with concentration of enterprises engaged in priority sectors and universities, research centers, TDZs and international organizations.</p> <p>Action 30. Entrepreneurship will be improved by allocating spaces to accelerators in TDZs, and both accelerators and incubators in OIZs.</p>
ii. Enhancing Productivity in Manufacturing Industry		<p>Increase experience transfer and interaction among enterprises through bringing enterprises to meet best practices</p> <p>Increase awareness and capacities of firms on productivity improvement techniques through effective consulting services</p> <p>Monitor and increase technology usage levels of firms in productive processes</p>	<p>Action 17. A database will be created to develop the capacities of planned industrial zones that will allow productivity comparison among SMEs.</p> <p>Action 34. Technological equipment and technology development capacities of industrial zones will be strengthened.</p>

The Project design is based on a holistic approach and aims to create, in a participative manner, such solutions that will improve the effectiveness and efficiency of the system not duplicating the impact areas and roles of other relevant entities.

The primary target group of the Project includes OIZ administrations and SMEs in OIZs. The Project also aims to contribute to enhancing the institutional competences of MoSIT in policy development and programming for OIZs. Public institutions and organizations such as universities, TUBITAK, KOSGEB, Development Agencies etc. included in the national and local technology development ecosystem will be among the key stakeholders where long term respective action lines will be identified within the roadmap.

The Project intends to set up a Project Steering Committee including representatives from the relevant public and private sector, academia and civil society organizations to ensure institutional inclusiveness both in design and implementation phases. It is crucial that the Committee, which will include the relevant institutions and organizations engaged in technology development, have TUBITAK, TTGV, KOSGEB and OSBUK as its prime members as well as relevant universities and Development Agencies in relation to OIZs serving implementation grounds for the effective planning and execution of the Project activities. In addition to institutions and organizations of national scale, the inclusion of the Danish Technology Institute and UC Berkeley etc. entities included in UNDP's international network should be considered.

In addition, the practices of institutions and organizations such as TUBITAK and TTGV which execute similar programs will be taken into account to the maximum extent possible in the context of project interaction and complementarity principles.

It is of utmost importance in the context of the Project both to conduct the baseline analysis accurately and comprehensively and test the solution proposals. The piloting phase will be important. Selection of OIZs to test short term actions and enabling factors will be coordinated through Project Board and criteria to be identified in participative way and in line with the Project objectives like, proposing thresholds in such indicators as occupancy rates, technology density, sectoral setup etc., and have representativeness, scalability and replicability.

The Project will also support competency building in MoSIT and OIZs with development of a long term competency building program in line with the requirements of the proposed model. The Project will establish the basis for the transformation through awareness raising events/activities, training programs as well as development of implementation guidelines for the priority actions of the proposed model and its roadmap

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### III. RESULTS AND PARTNERSHIPS

#### Expected Results

The proposed programme has three main components with varying timeframe and budgets:

#### Component 1: Baseline Analysis and Model

The purpose of this activity is to undertake an overall assessment of current situation of all actors within the technology development ecosystem. The assessment will culminate in a synthesis report that includes a review of legislation, field analyses, and comparative review of successful international practices.

As indicated in Article 3.b of the OIZ Law, OIZs are established to contribute to economic and social development in many ways. For instance, OIZs (i) facilitate planned urban development, (ii) help protect environment from industrial pollution, (iii) promote use of industrial technologies, (iv) enhance resource productivity, and (v) provide managed infrastructure and industrial land for enterprises. These impact areas are intricately correlated; as such, a baselining effort for identification of OIZs' role in the technology development ecosystem should address the entire OIZ value stream<sup>4</sup> with a specific emphasis on TD&U (Technology Development and Use) value chain<sup>5</sup>.

This activity will consist of the following 4 actions:

- 1. Review legislative, organizational and institutional setup:**  
This activity concerns a review of legislative, institutional (e.g. policies and strategies) and organizational (e.g. support mechanisms incl. those offered by KOSGEB and TUBITAK) elements, with a view to identify legislative, institutional and organizational levers and bottlenecks for promoting use and development of industrial technologies (incl. information technologies, intelligent manufacturing technologies, green production) in the organized industrial zones.
- 2. Conduct field analyses to establish the role of OIZs in technology ecosystem, and identify capacities, behaviors/expectations of enterprises in technology investments**  
This activity will map the entire OIZ value stream and zero in on the TD&U value chain. The mapping exercise will diagnose institutional, financial and organizational skills, capabilities, and capacities of all stakeholders of the ecosystem, including but not limited to OIZ managements (board members, professionals), universities, public agencies, and enterprises. Cultural traits of SMEs will be assessed in order to identify their level of readiness, and propensity to develop and use industrial technologies both individually and through collaborative schemes (e.g. clustering).  
Accordingly, this activity will culminate in a baseline that would demonstrate the current state of technology use and development in the OIZs. This assessment will demonstrate the current state and the needs of the institutions,

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<sup>4</sup> OIZ value stream refers to the full set of activities that OIZs undertake to create economic and social impact

<sup>5</sup> Technology development and use value chain refers to the full set of activities, required for development and commercialization of technologies.

such as OIZ managements as well as SMEs. As far as SMEs are concerned, level of technology use and development, as well as level of investments to use and/or develop industrial technologies will be identified. Field studies will leverage different research techniques such as structured surveys, semi-structured interviews, search conferences, focus group meetings etc. The findings will be reported by using innovative qualitative methods, which will supplement conventional quantitative analyses.

**3. Review international successful practices for promoting TD&U in OIZ-like ecosystems (e.g. special economic zones, industrial parks etc.)**

This activity concerns a methodological review of international practices on promotion of TD&U in OIZ-like environments, with a specific emphasis on service delivery mechanisms; legislative, institutional and organizational arrangements, governance systems, financing models, supportive tools, M&E mechanisms and sustainability (technology transfer centers etc.). Key success factors will be determined and contextualized.

**4. Present models appropriate for Turkey relying on a synthesis of field analyses and international successful practices**

The outcomes of the desk research, field analyses and international reviews will be synthesized to produce models that would be appropriate for the OIZ ecosystem in Turkey. The objective of the synthesis is to develop a roadmap (a comprehensive capacity improvement proposal) for OIZs to enhance their role in promoting technology development and use. In order to facilitate implementation of the roadmap, project concept notes (fiches) will be produced for various funding streams including where appropriate EU IPA.

## **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 1 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.

## **Component 3 Development of Institutional Competence**

The purpose of this activity is to develop awareness-raising and competence-building programs for the relevant institutions including mainly the Ministry of Science, Industry and Technology (MoSIT) and OIZs in line with the requirements of the TD&U value chain analyses. In addition, tools and incentivizing mechanisms will be developed to encourage MoSIT teams and OIZ administrations.

This activity will consist of the following 3 actions:

**1. Design competence building programs for pilot OIZ administrations and MoSIT personnel**

A long-term competence-building program will be designed in parallel to requirements of the model for both MoSIT and OIZ managements.

**2. Implement competence-building programs for pilot OIZ administrations and MoSIT personnel**

Priority awareness-raising and competence-building programs will be implemented throughout the Project. These will include general awareness-raising programs, study visits to successful practices and training programs.

**3. Development of high level guidelines for the competence-building programs**

In line with the first two phases and competency development program to be designed in this component, analytical tools (e.g. quantitative/qualitative assessment methods, M&E tools, impact assessment tools), which will support addressing priority needs of MoSIT and OIZ managements will be designed in a complementary manner to the entire process.

## **Resources Required to Achieve the Expected Results**

To implement this project, UNDP will mobilize expertise in all components benefiting from UNDP's local and international expert roster, institutional contracts and strategic partners. In terms of contract management and partnerships, UNDP will arrange partnerships with individual and institutional experts as well as relevant local organizations if needed. Regarding contract and project management, UNDP will deploy its in-house experience (CO staff- Portfolio Manager, Innovation Specialist in IRH etc.) as well as mobilize other capacities in the form of Service Contracts and individual contracts.

Using programme and country office staff allows UNDP to build on the existing mechanisms and exploit synergies with other ongoing projects, leading to increased efficiencies in project and budget management and procurement. The direct cost of such support will be included in the project budget and pro-rated as per UNDP's regulations.

### **Partnerships**

UNDP Turkey Office has since 2007, been working with the Ministry of Science, Industry and Technology (MoSIT) in various areas such as industrial restructuring, regional competitiveness, development of national clustering support program. The implementation of the Project in cooperation with UNDP will allow the utilisation of synergies arising from the previous working experiences. It will also allow capitalising on UNDP's vast field experience<sup>6</sup> derived from other programmes, and methodologies and instruments applied previously to the maximum extent. Further, the Project will also benefit from UNDP's substantial international network and global experience and knowledge to create an optimal blend of both local experience and national priorities as well as cost-effective use of UNDP's international knowledge and service capacity. All affiliated institutions of MoSIT will be in contact and all complementary actions will take into account both UNDP's and MoSIT's existing local and international network together with other relevant actors.

### **Stakeholder Engagement**

**Target Groups:** The intended beneficiaries of the project are companies in OIZs, companies in technology development zones, OIZ managements, Universities, all related ministries, affiliated institutions in technology development/use, innovation and entrepreneurship ecosystem in Turkey.

### **Knowledge**

The project will produce a number of knowledge products including training materials/toolkits/concept notes for new project development. Also supporting analysis, surveys will be used in assessment studies. The most important knowledge product/tool will be the awareness raising activities, capacity development roadmap and the long term competence building program to be developed for the Ministry.

### **South-South and Triangular Cooperation (SSC/TrC)**

OIZs are specific structures for Turkish Economy in industrial development. However the Project address through analysis and action to improve technology development/use, entrepreneurship and innovation ecosystem. Therefore the model to be developed could be applicable to other developing countries in terms of SS/TC opportunities. These opportunities will be assessed with Project Board and will be explored where and when necessary.

### **Sustainability and Scaling Up**

The project scope is in direct alignment with the priorities of the Government as set in several strategies and programs. The model and complementary competency skills building programme will help Ministry to focus on the priorities and to have the necessary capacity to transform OIZs to take a more effective role in entrepreneurship, innovation and technology development/use ecosystem of Turkey.

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## **IV. PROJECT MANAGEMENT**

### **Cost Efficiency and Effectiveness**

The fact that the project builds on national and local level on the existing structures and capacities not only increases the sustainability dimension of the project, but also cost efficiency. For example, in both components OIZs will be effectively involved while all relevant existing materials/studies/assessments will be used.

In addition UNDP will adopt a programme approach in line with its new structure, whereas staffing will be made to serve for and to be costed to more than one project where possible. Following a programme approach will also be relevant for procurement and other administrative issues. This will increase cost efficiency of the project.

### **Project Management**

UNDP will provide direct country office support services (including for the functions of procurement, human resources, administrative services, communication, office space), and direct project costing will apply in line with UNDP's cost recovery policy. Financial transactions and financial statements shall be subject to internal and external auditing procedures laid down in the Rules and Regulations of UNDP, whereby the cost of audit will be charged against the relevant budget line in project budget.

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<sup>6</sup> The following are some of the relevant projects:

- GAP GIDEM Project
- Industrial Restructuring of Sanliurfa Project
- Development of Clustering Support Program Project
- GAP Competitiveness Agenda Project (Regional Competitiveness Toolkit)
- Improving Energy Efficiency in Industry Project
- Development of Regional Competitiveness Operational Programme Project.

## V. RESULTS FRAMEWORK<sup>7</sup>

<b>Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:</b> 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.							
<b>Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:</b>							
<b>Indicator 1.1.1: Systems and institutions enabled to achieve structural transformation towards sustainable equitable employment and productivity growth</b>							
<b>Indicator 1.1.1.1:</b> Integrated competitiveness framework and implementation models in place							
<u>Baseline:</u> 1 (frameworks sector-specific only)							
<u>Target:</u> 5 (total factor productivity framework in place, competitiveness/equitable employment models adopted)							
<u>Source:</u> MoD; MoSIT; Project Reports							
<b>Applicable Output(s) from the UNDP Strategic Plan: Area of Work 1: Sustainable development pathways, development planning and policy reforms</b>							
<b>(a)National development planning and policy reforms to transform productive capacities</b>							
<b>Project title and Atlas Project Number: Developing a Model to Improve Technology Use in OIZs, Atlas Award ID: 00098690</b>							
EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)		DATA COLLECTION METHODS & RISKS
			Value	2016	2017	2018	
A Model that institutionalizes OIZ's contribution to the national technology development/use ecosystem thru entrepreneurship and innovation developed.	1.0 # of Qualitative and Quantitative Analyses for defining OIZ's role in TD&U ecosystem	Project Progress Reports	0			<ul style="list-style-type: none"><li>- Analyses in at least 6 OIZs</li><li>- At least 40 in depth interviews in each OIZ to be selected</li><li>- At least 10 in depth interviews w/ ecosystem actors for each OIZ</li><li>- At least 100 structured survey in each OIZ to be selected</li><li>- At least 1 focus group meeting w/ SMEs and/or ecosystem actors in each OIZ</li><li>- Development of concept notes to focus on capacity building of OIZs for different funding streams</li></ul>	Thru project based M&E tools and systems

<sup>7</sup> UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

	1.1 Analysis of successful practices in other countries	Project Progress Reports	0	-	- 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	Updated 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			- 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

## VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
<b>Track results progress</b>	Progress data against the results indicators in the RRF will be collected and analyzed to assess the progress of the project in achieving the agreed outputs.	Monthly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	MoSIT and MoD	
<b>Monitor and Manage Risk</b>	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	MoSIT and MoD	
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Annually	Relevant lessons are captured by the project team and used to inform management decisions.	MoSIT and MoD	
<b>Annual Project Quality Assurance</b>	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	MoSIT and MoD	
<b>Review and Make Course Corrections</b>	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	MoSIT and MoD	
<b>Project Report</b>	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)		MoSIT and MoD	
<b>Project Review (Project Board)</b>	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually and as per the need	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	MoSIT and MoD	

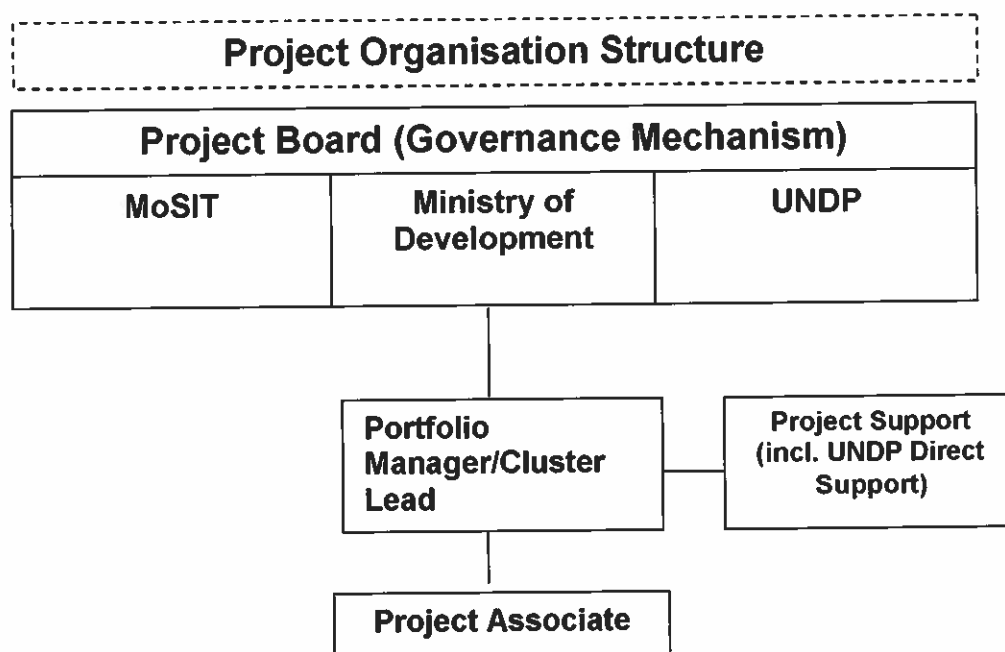
*All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support 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.*

<sup>8</sup> Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

<sup>9</sup> Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.



## 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.

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## IX. LEGAL CONTEXT AND RISK MANAGEMENT

### LEGAL CONTEXT STANDARD CLAUSES

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Turkey and UNDP, signed on 21 October 1965. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by Ministry of Science Industry and Technology in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

### RISK MANAGEMENT STANDARD CLAUSES

1. Consistent with the Article III of the SBAA *[for the Supplemental Provisions]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
  - a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
  - b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.
2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document [and the Project Cooperation Agreement between UNDP and the Implementing Partner]<sup>10</sup>.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document.
4. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP

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<sup>10</sup> Use bracketed text only when IP is an NGO/IGO

will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

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## **X. ANNEXES**

- 1. Project Quality Assurance Report (to be added as a print out from ATLAS system)**
- 2. Risk Analysis**
- 3. Payment Schedule**
- 4. Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment) – Separate assessment carried out for the implementing partner. Will be added into the system

## ANNEX [2]. RISK LOG

### Risk Log

Project Title: Developing A Model to Improve Technology Use in OIZs					Award ID: 98690		Date: May 2016		
#	Description	Date Identified	Type	Impact (I) & Probability (P)	Countermeasures / Management response	Risk Owner	Submitted, updated by	Last Update	Status
1	Trained staff members do not remain in their posts during the entire duration of the Project.	May 2016	Organizational	Potential effect: The long term impact of the Project will decrease.  Probability= 2 Impact= 3 (On a scale of 1-to-5; with 5 highest)	The Project Manager will request Project partners (MoSIT basically) to ensure staff continuity in their organization through appointments.	Portfolio Manager	Portfolio Manager	(In Atlas, automatically recorded)	No change
2	OIZs not interested in the project, reluctant to participate	May 2016	Economic	Potential effect: The pilots cannot be tested as intended; this will compromise an accurate selection of the appropriate model, and the potential socio-economic impact will decrease.  Probability= 2 Impact= 4 (On a scale of 1-to-5; with 5 highest)	It is assumed that the information meetings and the support tools to be developed will constitute adequate motivators for OIZs. The Project Steering Committee will ensure that assessments on this matter will be included in the "Recommendations on Methods to Follow Report".	Portfolio Manager	Portfolio Manager	(In Atlas, automatically recorded)	No change

## ANNEX 3- PAYMENT SCHEDULE

**Project Title:** Developing A Model to Improve Technology Use in OIZs

**Source of Funds:** Ministry of Science, Industry, and Technology

**Implementing Agency:** Ministry of Science, Industry, and Technology

**Responsible Parties:** Ministry of Science, Industry, and Technology and UNDP

Donor	Year	Date (Estimated)[1]	Budgeted Amount	Amount to be Deposited[2], [3]	Balance[3], [4]
MoSIT	2016	15.11.2016	USD100,000	USD100,000	USD400,000
	2017	15.05.2017	USD400,000	USD400,000	0.00
<b>Grand Total</b>			USD500,000	USD500,000	0.00

**Note 1:** Project activities are aligned with the Payment Schedule.

**Note 2:** Payment in US\$ is to be made to the UNDP Account (indicating project number and title):

Bank Name: Bank of America  
 Address: 1401 Elm St., Dallas TX 75202  
 Account Number: 3752207404  
 Account Title: UNDP Representative in Turkey (USD) Account  
 ACH Routing Number: 111000012 [to be used only by US-based banks using  
 ACH payment type]  
 Wire Routing Number: 026009593  
 SWIFT Code: BOFAUS3N

**Note 3:** The value of a contribution-payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment and reflected into the Project Budget accordingly.

Payment in TRY is to be deposited to the UNDP Account:  
 Garanti Bankası  
 Ankara Ticari Branch,  
 Branch Code: 170,  
 Account No: 1201038,  
 IBAN: TR53 (0006 2000 1700 0001 2010 38, SWIFT Code: TGBATRIS indicating  
 project number and title).

**Note 4:** The management arrangement is NIM (National Implementation Modality). The utilization of project resources (e.g. budget) and authorization of payments to be made to the service providers, vendors etc. are subject to the NIM principles. The NIM Principles will be exchanged between UNDP and the MoSIT through an official correspondence within the scope of the Project.