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EXTENSION SERVICES FOR SMALL INDUSTRY

DP/TUR/80/010

TURKEY

Report of the evaluation mission*

United Nations Industrial Development Organization

Vienna

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SUMMARY OF FINDINGS AND RECOMMENDATIONS

SUMMARY OF EVALUATION

I.	<u>Project Number</u>	<u>Title</u>	<u>Date of Evaluation</u>
	DP/TUR/80/010	Extension Services for Small Industry	5-22 May 1986

II. Summary of Project Objectives

- The strengthening and expansion of the Headquarters office in Ankara of the Small Industry Development Organization (SIDO);
- The evolution of KUSGEM into the Gaziantep Regional Development Centre (with a special capability to assist the metal products industry);
- The establishment of the Ankara Regional Development Centre (with special capability to assist the foundry industry).

III. Findings of the Evaluation Mission

The design of the project was rather unspecific. The main UNDP/UNIDO inputs were addressed to the technical aspects of SIDO's work, not to the organizational and strategy development parts.

Effectively, SIDO has in 1986 two regional centres in operation using very different approaches as far as their organization and their services extended to SSI are concerned.

The Gaziantep Regional Centre is a rather heavy centralized organization with workshops, laboratories and extension services operating out of large buildings. The project has contributed to an improvement of the workshop operations but the extension services expert could not contribute substantially. The Centre's potential is not fully used; its credibility in the eyes of the SSI is mixed.

The Ankara Regional Centre started activities in 1985 in the Foundry Development Centre assisted by a project expert. The Centre has developed very active extension services for small foundries. This has already led to excellent results with new Centre-designed furnaces installed, improved quality of products, etc. The Centre is operating with a team of seven highly motivated metallurgical engineers supported by an analytical laboratory.

The second part of the Ankara Regional Centre, the OSTIM Consultancy and Quality Improvement Centre, is starting operations in mid-1986, initially with a team of engineers for in-plant extension services supported by a quality control laboratory. They will be assisted by a UNIDO expert until early 1987.

SIDO had in March 1986 initiated the establishment of two additional regional centres in Bursa and Istanbul.

SIDO Headquarters is still in the process of establishment. The offices and other facilities are adequate and gradually the staff is being built up. There is, however, a serious lack of procedures, workplans, job descriptions, etc., not only in Headquarters but throughout the organization. Also, no strategy exists for SSI development and the role of SIDO in this.

IV. Recommendations of the Evaluation Mission

To the Government/SIDO

1. Involve representative organizations of the SSI, interested banks such as the Halk Bank, and other relevant organizations in the preparation of a detailed strategy document concerning the overall situation of SSI, problems, needs for assistance, available sources of such assistance, SIDO's role in this and co-operation between the relevant organizations.
2. SIDO should be given a permanent legal status, either semi-autonomous or preferably fully autonomous, allowing it to establish a decentralized organizational structure and to involve all interested parties (small-scale industry, banks and Government) in its management and financing.
3. SIDO should review and restructure its organization, establish written policies, procedures, improve budgeting and accounting methods, develop a personnel policy system, including job descriptions, career planning, etc. for its whole organization, Headquarters and regional centres.
4. SIDO should establish, on both national as well as regional levels, advisory or preferably management boards with representatives of small-scale industry (the Confederation or its constituent federations and associations), the banks (Halk Bank) and other organizations. These organizations should then also provide part of SIDO's financing; they have expressed interest in doing so to the evaluation mission provided they are involved in the management of SIDO.
5. New regional centres should be established according to the Ankara Regional Centre model. They should have their own budget financed from services, outside organizations and Government funds.
6. The Gaziantep Regional Centre should be rehabilitated and reorganized.

To UNDP/UNIDO

In addition to and preferably in combination with the World Bank technical assistance project, UNDP/UNIDO should consider:

1. Using the remaining 5 m/m in the present project for an expert to assist in the development of a national strategy for SSI development;
2. A three-month follow-up mission of a foundry expert to the AFDC;
3. Six to twelve months of an extension services expert to new centres to be established and a small equipment component for instance for required quality control activities in the new centres.

As a prerequisite for this last item, UNDP/UNIDO should require that the legal status of SIDO be made permanent.

V. The evaluation team consisted of:

Mr. Heinz Bertsch, Team Leader, UNDP Consultant, CH-1171 Bougy VD,
Switzerland,

Mr. Adrie de Groot, UNIDO Evaluation Staff, UNIDO representative,

Mr. Ergun Bal, Ministry of Industry and Trade, Ankara, Turkey,
as representative of the Government of Turkey.

LIST OF ABBREVIATIONS USED

SSI	- Small-scale Industry(ies)
SIDO - KUSGET	- Small Industry Development Organization
KUSGEM	- Small Industry Development Centre (old name of SIDO, Gaziantep)
AFDC	- Ankara Foundry Development Centre
OSTIM	- Middle East Industry and Trade Centre
SEGEM	- Industrial Training and Development Centre
TUBITAK	- Turkish Scientific Research Board
TURDOK	- Turkish Documentation Centre
IGEME	- Export Development Centre
MPM	- National Productivity Centre
CTA	- Chief Technical Adviser
GDP	- Gross Domestic Product

US\$ equals approximately TL	70	(Jan. 1980)
	91	(Jan. 1981)
	139,60	(Jan. 1982)
	191,15	(Jan. 1983)
	309,20	(Jan. 1984)
	451,40	(Jan. 1985)
	670,00	(May 1986)

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INTRODUCTION

In 1970 the Government of Turkey, in co-operation with UNDP/UNIDO, established a Small Industry Development Centre in Gaziantep, a relatively underdeveloped area of the country. The Centre was meant to be a pilot activity on the basis of which the Government was to decide on the establishment of a national organization with the responsibility to support the development of small-scale industry. Under the project DP/TUR/68/525, UNDP/UNIDO provided just over US\$ 1 million to equip the Centre and provide expertise.

In 1974 the "Small Industry Development Organization" (SIDO) was established with headquarters in Ankara. Starting in September 1975, UNDP/UNIDO provided further expertise under project DP/TUR/73/006 (preparatory assistance) to both the Ankara Headquarters as well as the Gaziantep Centre. This preparatory assistance project, with a final budget of about US\$ 350,000, was terminated in 1979 and a UNDP/UNIDO evaluation mission drafted a project document to cover a further phase of technical assistance to SIDO. This project, DP/TUR/80/010, for which the document was signed in June/July 1980, had a three-part objective:

- The strengthening and expansion of the Headquarters office in Ankara of the Small Industry Development Organization (SIDO);
- The evolution of KUSGEM into the Gaziantep Regional Development Centre (with a special capability to assist the metal products industry);
- The establishment of the Ankara Regional Development Centre (with special capability to assist the foundry industry).

After long delays, partly caused by the delay in fulfilling the prerequisites, operations started in November 1983 with the fielding of the CTA. The project, with a most recent budget of US\$ 862,550, is scheduled to come to an end in December 1986.

In view of a number of changes in the political and socio-economic situation in Turkey, changes in the policies and activities of SIDO, as well as problems with the project design, the three parties involved agreed to undertake an in-depth evaluation also to assess the achievements of the project and the needs for further assistance.

The full Terms of Reference for the evaluation are attached as Annex I.

The evaluation team consisted of:

- Mr. Heinz Bertsch, UNDP consultant, team leader;
- Mr. Adrie de Groot, UNIDO representative;
- Mr. Ergun Bal, Representative of the Government of Turkey.

The mission took place from 5-22 May 1986 in Ankara, Gaziantep and Istanbul. The team consulted extensively with Government officials, UNDP and UNIDO staff, SIDO management and staff in Ankara, Gaziantep and Istanbul, banks involved in small-scale industry financing, representative organizations of small-scale industries, as well as a number of small-scale industrialists. A list of the persons and organizations consulted is attached as Annex II.

The mission presented its preliminary findings and recommendations and discussed these in a meeting at the UNDP Ankara Office on 20 May in which the State Planning Organization, the Ministry for Industry and Trade, SIDO management, UNDP staff and the CTA participated.

The mission wishes to thank all organizations and persons met during the evaluation for the excellent co-operation received. It would also like to express its gratitude for the hospitality experienced, especially during its stay in Gaziantep.

CHAPTER I. PROJECT FORMULATION

A. Objectives of the project

The development objective of the Government of Turkey to which the project was expected to contribute was given in the project document as follows:

"To provide technical assistance and other services to existing small-scale shops and factories or their transformation into modern small-scale factories so that the potential of this sector can be fully realized for

1. Employment generation;
2. Mobilization of capital and skills;
3. Development of backward regions; and
4. A contribution to income generation, particularly export earnings.

The immediate objective of the project consists of three main parts:

1. The strengthening and expansion of the Headquarters office in Ankara of the Small Industry Development Organization (SIDO);
2. The evolution of KUSGEM into the Gaziantep Regional Development Centre (with a special capability to assist the metal products industry); and
3. The establishment of the Ankara Regional Development Centre (with a special capability to assist the foundry industry)."

The primary function of the project given as "Institution-building" corresponds entirely with the objectives given above.

The objectives were not changed during the project; however, a further part was added during the second Tripartite Review Meeting in June 1985 when it was decided to establish a Consultancy and Quality Improvement Centre at the OSTIM Small-scale Industry Estate in Ankara with the help of the project.

B. Socio-economic and institutional setting

Turkey, located between Europe and Asia, has a surface area of 777,000 square kilometres. The population consists of around 52 million people, about half of these living in rural areas. Agriculture is a very important part of the economy with wheat, cotton, tobacco, tea, fruit, vegetables and meat as main products. Natural resources include coal, chrome, iron, copper, bauxite and sulphur. Energy resources are limited, although hydropower is rapidly being developed.

In 1984 the manufacturing sector (including mining and energy) produced 25 per cent of GDP (against agriculture with 18 per cent) and accounted for 64 per cent of total merchandise exports.

In spite of internal and external economic difficulties during the period in question, the manufacturing sector output grew at an average rate of 5.2 per cent per annum during 1978-1983 and is expected to continue to grow at a similar or higher level in the next Plan period.

In the last few years, most of this growth has come from an increase in the capacity utilization, while new investment remained very low.

Small-scale industries (SSI) are a very important sector in Turkey. According to a 1980 census of the manufacturing industry, out of a total number of 186,052, 177,043 were classified as small-scale industries^{1/} providing employment to 545,931 people (38 per cent of the total industrial labour force). In 1970 these figures were 175,299 industrial enterprises in total, including 170,479 SSIs employing about 330,000 people. In 1980 SSIs contributed 20 per cent of the manufacturing value added. SSIs are active in a variety of sub-sectors. The main ones are furniture and wood products, engineering and metal-working, chemicals, garments and food industries.

A considerable proportion of SSIs in Turkey are surprisingly sophisticated, using advanced production techniques for the manufacture of modern products. Therefore, the technologies employed by SSIs are numerous, including various degrees of technological advancement.

Small-scale industries face a number of problems in Turkey. Many of the companies have obsolete equipment; management, including technical and financial management, is inadequate; working conditions are very poor; and marketing know-how is lacking. High inflation (over 100 per cent in 1980/81 and approximately 50 per cent in 1984) and very high interest rates for external financing (over 50 per cent) make modernization and expansion extremely difficult. In addition to this, external managerial or technical assistance is difficult to obtain and expensive; most large State-owned or private organizations have their own special internal services that are, in practice, not accessible to SSIs.

The Government is required by the Constitution to support tradesmen, artisans and SSI: "The State shall take the necessary measures to protect and support tradesmen and artisans." (article 173) In the fifth Five-Year Development Plan, targets for the manufacturing industry are given only by technical sub-sectors. However, in the chapter dealing with Social Policy and Targets, a number of statements indicate the emphasis that is to be (placed on?) to the SSI. Specific statements include:

"Taking into account the important role the sector of tradesmen and artisans and SSI plays in the proliferation of proprietorship in our country, priority will be given to measures designed to provide financial and technical support intended to help this sector to boosting its productive potential and in marketing its products..."

^{1/} There is no single official definition of SSI in Turkey. The State Institute of Statistics uses the number of workers employed to classify firms into the non-organized (employing less than 10 workers) or organized (employing 10 or more workers) categories. SIDO defines SSI as firms employing up to 50 workers. The Halk Bank (HB) defines SSI as firms with less than 25 workers and less than TL 80 million in assets (excluding land and buildings).

"A training system will be developed in SSI estates combining both extended technical training and on-the-job training."

There are several institutions that have as one of their main tasks the provision of advisory, training and information services. These include the Turkish Scientific Research Board (TUBITAK) and a related information service (TURDOK), the National Productivity Centre (MPM) for management consultancy, the Export Development Centre (IGEME) for international trade and market information and the Industrial Training and Development Centre (SEGEM) for engineer-level training and some technical consultancy services. None of these organizations specialize in assisting SSI and, in fact, provide little assistance to small-scale industry.

The only specialized institution for assistance to SSIs started its development in 1970 as a "pilot" project in Gaziantep in the south-east of Turkey, a relatively underdeveloped region. The project of the then-called Ministry of Industry and Technology, with the assistance of UNDP/UNIDO (DP/TUR/68/525, with a budget of about US\$ 1 million), established a Small Industry Development Centre (KUSGEM), including technical workshops, to provide tool, die and jig design and production, product design and common facility services.

Based on this experience, the Government was planning to establish a national organization. In 1974 Preparatory Assistance was approved for this second stage (DP/TUR/73/006) with one expert in Gaziantep and one senior adviser in Ankara attached to the Ministry. After being extended up to 1979 with a budget of about US\$ 350,000, this Preparatory Assistance was stopped. A comprehensive plan for SSI development had been conceived and a new Small Industry Development Organization was proposed but no final agreement could be reached. During late 1979, a UNDP/UNIDO mission drafted a project document (DP/TUR/80/010) which was signed in 1979 but, due to Government changes and delays, was only activated in 1983. The project is coming to an end in 1986. This project is effectively the first one dealing with assistance to SSI on a national level and a logical follow-up to the previous projects.

The perceived role of SIDO is to some extent clarified in the 1985 Annual Report of the Ministry of Industry and Trade, where it is specified that SIDO will specifically:

- Prepare an inventory of SSIs;
- Develop definitions of SSIs depending on the characteristics of each branch;
- Determine priority branches taking into account country conditions, status of industry sector, market opportunities and related plans and programmes;
- Develop modernization plans to improve productivity, quality and efficiency;
- Provide techno-economic extension services;
- Establish a data bank and ensure effective coordination of services provided by different Government agencies.

Apart from SIDO, there are some other attempts to assist small-scale industries. Halk Bank, with assistance from the Federal Republic of Germany, is establishing two relatively small consultancy activities, one in Kastamonu for the wood-working SSI and one in Isparta/Burdur for metal-working. In Kayseri, a local initiative has established assistance activities from the Kayseri University to small-scale industries locally. Both efforts are, however, rather local and limited in scope.

Separate from these developments concerning the availability of technical and managerial support to SSIs, the Government started in the sixties a large programme of development of small-scale industry estates. The achievements of this programme can be seen in the following table.* The development of estates has accelerated dramatically during the last few years.

	<u>Number of Estates</u>	<u>Workshops</u>	<u>Jobs</u>
1965-1983	90	24,749	148,494
1984-1985	<u>28</u>	<u>8,419</u>	<u>50,514</u>
Total at the end of 1985	118	33,168	199,008
Planned to be completed in 1986	39	8,982	53,892
Planned for completion after 1986 (1986 Investment Programme)	96	23,651	141,906
New Projects	<u>34</u>	<u>5,734</u>	<u>34,404</u>
Total completed and planned	287	71,535	429,210

These estates are constructed by special building co-operatives established by the small-scale industrialists for the purpose of construction and management of the estates. Finance is provided by the Government through the Halk Bank at concessionary rates for up to 90 per cent of the total investment. Workshops can be either owned or rented.

Two estates were visited by the evaluation mission. In May 1986, 1146 companies were operating at the Gaziantep estate. A large new development phase will bring the total number of workshops to 2400 by the end of 1987. The workshops in the expansion are already heavily over-subscribed, demonstrating the interest of the SSI. The workshops vary in size from 60 to 480 sqm. In addition, there are 50 workshops of 800 sqm. built by the Government for renting to larger and more modern companies.

At the OSTIM JSI estate in Ankara a total of 2050 workshops will be available by the end of 1987. About half of these have been completed and most of them are in use.

*Based on statistics provided by the Ministry of Industry and Trade.

The principal source of financing for SSIs is the Halk Bank, with more than 600 regional and branch offices. However, most financing provided serves working capital needs only and even here the available finance is less than what the sector requires. Halk Bank has been almost fully Government-owned since it was established in 1938 especially to cater for small enterprises. In 1984 it provided almost TL 18 billion of credits to the small industrial establishments out of a total of almost TL 48 billion credit to the industrial sector as a whole. The Halk Bank has in 1986 obtained a US\$ 18.4 million World Bank credit to finance labour-intensive projects in the SSI sector only.

C. Project design

The outputs of the project were given separately for each of the three sub-objectives.

For the first one, strengthening of the central organization of SIDO, planned outputs correctly included the organizational manual, a manpower development and technical resource plan and a detailed plan and work programme for SIDO, as well as a preparation of a roster of available consultants in Turkey and an analysis of the new strategy for small industry development. The output definition is, however, not at all specific. It does not describe the Headquarters tasks, staffing (except in a budget) nor its equipment requirements. If this was not fully possible in 1980, at least a proposal could have been made. At any rate, it should have been done in 1983 when SIDO obtained its legal semi-autonomous status. It also was not clear what "new strategy for SSI development" should be studied; a clear strategy was not available.

The same can be said for the outputs specified for the second and third part of the objective, the Gaziantep and Ankara Regional Development Centres. Again organization manuals and job descriptions, plans and work programmes, foundry testing centre layout and equipment lists, etc. are given. Reports on training activities are obviously not really project outputs. Also, these two organizations are not specified or described in detail.

The activity section of the project document in very general terms describes some activities of SIDO and the regional centres but in no way the activities of the UNDP/UNIDO temporary assistance project. These activities that should concern the way in which outputs are to be produced and objectives reached are not given in the project document.

Inputs have been described in general terms, including totals only for national staff, national equipment and UNDP/UNIDO-provided equipment. Obviously, as the outputs and activities were so vague, a detailed breakdown and definition of inputs required could not be expected.

Some other parts of the project document are more complete. The "Institutional Framework" (adapted considerably in 1983) describes the "Small Industry Development Board" and the "Board of Directors" and under "Prior Obligations", the semi-autonomous status of SIDO is described. Unfortunately, here also the areas of co-operation with other organizations and the way in which this co-operation should be organized and assured was not specified.

Overall the project design was rather inadequate, which is all the more regrettable as it was prepared by a special UNDP/UNIDO mission after ten years of project activities. The basic design also was not improved in the three years of inactivity; only the above-mentioned institutional framework was updated.

Repeated calls for improved formulation of at least the most critical design elements were not reacted to, or were replied to with the proposal that a good workplan should be prepared. Only one serious effort was undertaken in early 1985 to reformulate outputs by the Ankara UNDP office. While this was used once as a basis for reporting, it was never really accepted by any of the parties involved. The reluctance to change the project document probably stemmed largely from the difficulties and bureaucratic complications of a full formal revision. It could, however, have been reformulated without changing the project concept and submitted to the Tripartite Review and to the SIDO Development Board.

It is clear to the mission that the project document did not contribute to a smooth implementation and that some problems could have been avoided by a better, more complete and specific design.

Several of the recommendations made by an October 1979 UNDP/UNIDO review mission in their report, "Innovative Strategies for Small Industry Development in Turkey", were not or not sufficiently clearly incorporated into the project document drafted by the same mission. This includes their statements that:

"Most of the KUSGEM staff and the problems solved by them have had a technological orientation. More attention must be given to managerial problems..."

"SIDO should draft a policy on backward areas..."
(Recommendation b)

"SIDO should join the Halk Bank in the design and operation of a permanent training facility in the small industry management."

A number of the recommendations of the report continue to be valid today, specifically the ones above.

CHAPTER II. PROJECT IMPLEMENTATION

A. Delivery of inputs

UNDP/UNIDO inputs

The following table shows the inputs delivered and the evolution of the budget. Instead of the original budget, "Revision D" of May 1983 has been used as, until that date, no deliveries had taken place.

Budget Line	Budget "D"			Budget "I" (Dec. 1985)		
	m/m	\$	\$	m/m	\$	\$
11-01 Senior Adviser	18	118,200		24	142,694	
11-02 Mechanical Engineer	17	112,050		14	81,093	
11-03 Consultant/Foundry	20	132,500		20	116,726	
11-04 Short-Term Consultant	13.3	88,445		12	68,760	
15/16 Expert travel/other costs		14,855		5	29,750	
					13,600	
19 Total Personnel	68.3		466,050	75		452,623
31 Fellowships		32,700			41,779	
32 Study tours		8,400			25,993	
					(474)	
39 Total Training			41,100			67,298
49 Equipment			400,000			337,629
59 Total Miscellaneous			5,000			5,000
99 Grand Total			912,150			862,550
101 Cost-sharing			200,000			200,000
999 UNDP Total (net)			712,150			662,550

Only minor changes have taken place concerning the inputs. Minor shifts between expert durations include two times 12 m/m of a senior adviser instead of 18 m/m and the use of 12 m/m of short-term consultants for one metal-working expert for Gaziantep. The training component was increased by about US\$ 26,000; the equipment budget reduced by about US\$ 62,000.

At the time of the evaluation, about 5 m/m of short-term consultancy was still available for 1986.

Post 11-01, the Senior Adviser, originally designed to provide assistance for the detailed planning of a comprehensive small industry development programme and its implementation and located at the SIDO Headquarters, has now changed. The second incumbent of the post is now basically responsible for the OSTIM Centre activities. The originally foreseen tasks are now not provided for in the project.

Government inputs

As it is very difficult to compare planned and actual Government delivery in local currency due to the high rate of inflation, it is preferable to compare planned versus actual delivery in kind. For national staff in the

"Inputs" part of the document, however, numbers are given that differ considerably with what is given in the related budget. We will use the lower of the two, the budgets.

For the years 1985 and 1986, the following requirements can be deduced:

	<u>SIDO Headquarters</u>	<u>Gaziantep Regional Centre</u>	<u>Ankara Regional Centre</u>
Professional Staff	20	25	15
Technical Staff		30	20
Administrative/ Other staff	<u>15</u>	<u>20</u>	<u>10</u>
Total	<u>35</u>	<u>75</u>	<u>45</u>

GRAND TOTAL: 155

The actual situation in May 1986 is as follows:

	<u>SIDO HQ</u>	<u>Gaziantep</u>	<u>OSTIM</u>	<u>AFDC</u>	<u>Bursa</u>	<u>Istanbul</u>
Professional Staff	10	23	6	7	1	1
Technical Staff	-	26	-	5	-	-
Administrative/ Other staff	<u>3</u>	<u>30</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>
Total	<u>13</u>	<u>79</u>	<u>6</u>	<u>15</u>	<u>1</u>	<u>1</u>

GRAND TOTAL: 115

As can be seen, the staff is higher than planned for Gaziantep but lower for both the SIDO Headquarters and the Ankara Regional Centre (including both the OSTIM and foundry teams). The shortfall in the Ankara Regional Centre is mainly in the support staff; the OSTIM Centre is in the middle of its build-up. Also, the SIDO Headquarters is being built up. The establishment of both of these and the build-up of staff is delayed in comparison with the project document. It can, however, be expected that planned levels will be reached in the near future.

The other main Government input is in buildings and other facilities. The SIDO Headquarters are sufficient, at the moment located in an apartment block. The Gaziantep buildings are fully or more than adequate. The OSTIM building was provided by the OSTIM Construction Co-operative and adaptations are being completed by SIDO. The Foundry Centre is located at present in good buildings made available by a State-owned company pending the move to the SINCAN estate, where a workshop is also being made available by the Construction Co-operative.

Local equipment has also been provided for office use, as well as some technical equipment.

A considerable amount of furniture for the foundry laboratory was given free by the Ankara Foundry Co-operative, demonstrating the strong interest of these end-users.

Overall Government current expenditure on SIDO, as far as could be obtained from SIDO books, amounted to about TL 290 million in 1984, TL 317 million in 1985 and is budgeted for TL 400 million in 1986. This does not include buildings.

It can be said that Government inputs have been delayed considerably but that gradually the planned level is now being approached.

B. Implementation of activities

UNIDO was faced with some difficult recruitment problems to find candidates with the right qualifications in order to fill expert job requirements. While SIDO felt it needed foremost specialists in relatively narrow technical fields (e.g., tool design, SSI foundry techniques, etc.), the situation also called for the broader qualities of a generalist (e.g., consulting experience on SSI, skills in organization, supervision, communication, training, etc.). UNIDO tackled this challenge with varying success.

The expertise, quality of work delivered, dedication and collaboration with the local SIDO teams and SSI varied from "outstanding" (UNIDO expert in foundry operation with the Ankara Foundry Development Centre from February 1985 to June 1986) to "rather poor" (UNIDO expert in manufacturing processes of metal-working industries from April 1985 to April 1986 with the Gaziantep Regional Development Centre).

The ten fellowships and study tours are considered useful. Most of these were directly related to SSI development; a few were addressing specific technical issues (quality control, foundry technology).

Equipment delivered under the project has on the whole been well selected and delivered and, as far as the Foundry Centre is concerned, is in full use. This can also be expected for the OSTIM Centre equipment.

Monitoring of project progress met with difficulties, mostly due to the deficiencies of the project design and the lack of a timely and adequate workplan.

Two Tripartite Review Meetings (June 1984 and June 1985) took place in Ankara, which must be considered sufficient. Also, an adequate number of field visits by the UNIDO backstopping officer took place coinciding with the Tripartite Reviews. Unfortunately, the backstopping officer did not visit Gaziantep in 1985 as the airport was closed. A problem with one expert here was not detected until much later. Corrective actions for some of the problems identified through this monitoring activity generally followed after an acceptable delay. It was unfortunate that serious complaints about the performance of one of the experts in Gaziantep surfaced only a few months before the end of his assignment, when it was too late to do something about it.

However, some of the more fundamental problems of the project were either not addressed or were clearly not sufficiently stressed by the monitoring process, e.g., the unsatisfactory integration of SIDO within the local industrial and institutional environment, in particular the inadequate direct involvement of SSI associations at SIDO national and regional levels; the lack of permanent legal status for SIDO; the credibility gap with SSI for important activities of the SIDO Gaziantep Regional Centre; the lack of a well

thought through strategy for SIDO's overall development as a national service organization; the shortfall in adequate direction from SIDO Headquarters towards the SIDO Regional Directorate in Gaziantep, etc. Again, the fact that these issues were not adequately defined in the project design was probably partly responsible for the fact that they were not addressed during the Tripartite Reviews.

Some of the inconsistencies and shortcomings mentioned clearly prevented the project from achieving a consistently high level of effectiveness.

CHAPTER III. PROJECT RESULTS AND ACHIEVEMENT OF OBJECTIVES

A. Outputs

The results expected were of the "Institution-building" type; however, the project activities also resulted in some "direct assistance". Both categories of results that were produced at the SIDO service centres and at the SIDO Headquarters are discussed below.

A.1. Gaziantep Regional Development Centre (SIDO Gaziantep)

At the effective start of the project, end 1983, the SIDO Gaziantep Centre provided services to the local SSI but was meant to expand to "include additional cities" and to develop into a genuine "Regional Development Centre". This evolution has clearly not taken place up to May 1986; the Centre is predominantly working for Gaziantep SSI.

However, it can be noted that SIDO Gaziantep has developed capabilities and potential for more effective service to SSI than was the case up to 1983. Its credibility with SSI has also improved again after the low standing at the end of the seventies and beginning of the eighties.

The total potential market for the services of SIDO Gaziantep are the approximately 4000 SSIs in the town and surroundings of Gaziantep. Out of these, 1136 SSIs were settled (May 1986) within a recent and still expanding industrial estate of over 2 km² of surface. By the end of 1987, the total number of SSIs active within the Gaziantep Small Industries Estate should grow to 2400. This type of modern industrial site is typical of Turkey's efforts in favour of SSI (see Chapter I.B.).

The main activities of the 1136 SSIs already operating within the Gaziantep Small Industries Estate are:

Metal-working and machine buildings	479 SSI (42%)
Automotive repair and spare parts	304 SSI (27%)
Wood-working	251 SSI (22%)
Miscellaneous and industrial activities	102 SSI (9%)

The majority of these SSIs struggle with one or more of the following problem areas that appear to be in order of importance:

- Capital (narrow capital base, insufficient availability and high cost of credits);
- Marketing (limited access to markets and market information, often resulting in low utilization of production capacities);
- Technology (limited skills, limited access to new technologies, shortfalls in product quality and design).

The SIDO Regional Development Centre in May 1986 has only a very limited reach covering at best 100 of Gaziantep's 4000 SSIs on a regular basis, i.e., less than 3 per cent. Of course, only a part of the SSIs are in a position to be cost-effectively assisted.

The SIDO Gaziantep services to SSI focus on six areas:

- Consultancy: Technical advice to mainly metal-working and automotive industries;
- Design Office: Assistance in design and on request in making of tools and dies;
- Workshop: Metal-working capacity to complement equipment not available with many SSIs;
- Laboratory: Quality tests for raw materials, semi-finished and finished products;
- Marketing: Sub-contracting information and assistance; participation in trade fairs;
- Other Services: Organizing training, translating letters, brochures, etc., analysis of feasibility studies, etc.

Out of a total staff of 79 at the SIDO Regional Development Centre (May 1986), only about 40 are professional and less than 20 are in regular contact with SSIs. The proportion of professional over other staff has improved since 1984 but it appears still surprisingly low for a service institution of the type of SIDO.

a) Consultancy

This activity has increased considerably since the beginning of 1985 with five additional professionals (engineers) boosting the SIDO team of extension officers to ten. Each officer is assigned seven SSIs that have potential for improvement in the area of his competence, industries which he visits regularly. Advisory calls can take place anywhere between 30 minutes and a full day. About 70 SSIs regularly receive such free advice (1st quarter 1986).

The impact that these advisory calls can have on the performance of individual SSIs depends much on the technical competence, communication skills and motivation of the extension officer, as well as on the correct choice of SSIs with potential for improvement and receptive to such a consultancy service.

Feedback from small industrialists indicates different levels of credibility of the various officers and, accordingly, some good results or no results at all.

This consultancy work is very much an activity where methods, proper guidance, planning, supervision and systematic development of the human resources of the extension officer team can dramatically improve quality and impact of the service. However, hardly any traces of such efforts are evident as yet. Two to three senior officers could, for example, act as team leaders in addition to their regular consultancy work. The advisory work would also benefit from proper planning, target setting and monitoring. Indicators of performance should be identified and systematic records should be kept for each SSI and each call. The junior extension officers with little practical

experience do not benefit from a proper induction into their jobs or from continued individual guidance by a more senior colleague. Thus they risk their own credibility with their SSI "customers" and their satisfaction and motivation on the job, which could potentially be very rewarding.

Proper management of the consultancy team can result in a large improvement of the impact of this SIDO service. It would clearly also enhance the credibility of the whole institution, as the consultancy service is the most visible part of SIDO with its target group of SSI.

Unfortunately, it must be noted that the UNIDO expert in manufacturing processes of metal-working industries, present in Gaziantep from April 1985 to April 1986 and responsible for extension services, appears to have been unable to contribute meaningfully towards establishing a well-organized and capable SIDO extension service. The performance of the expert and his technical competence were not acceptable.

b) Design office

This SIDO service specialized in providing advice and active assistance to SSIs in the design and manufacture of dies, tools, jigs and fixtures.

Four young engineers are gaining experience in the design office under the able guidance of a UNIDO expert (on assignment in Gaziantep from April 1985 to June 1986). Their on-the-job training appears to make good progress and is complemented by frequent extension visits with SSIs and practical work in the SIDO tool room, as well as formal training.

Thirty-four SSIs took advantage of the services of the design office over the first quarter 1986 and were provided with 52 designs for dies, tools, jigs or fixtures. This may be seen as a low number but should improve with growing practical experience within the team of local engineers.

Tools and dies can also be made to specification in SIDO's own service workshop. However, delays are frequently long and cost estimates lack accuracy ($\pm 25\%$), facts that discourage the use of this service by at least a number of SSIs.

c) Service workshop

The facility was equipped in the early 1970s with a wide range of metal-working machinery at a total capital cost of then well over US\$ 500,000. Its primary function was to convey practical metal-working skills to SSI through demonstration and training and to produce dies, tools, etc. However, this workshop facility remained rather under-utilized over recent years and has been a major cost factor to SIDO.

The SIDO personnel of about 20 in the workshop are qualified toolmakers, machine operators and one workshop supervisor. Their potential is only partially used.

Since 1985 the activity at the workshop has picked up somewhat and the conditions in the workshop have improved, partly under the influence of the UNIDO Mechanical Engineer Expert in design and manufacture of tools, jigs and fixtures. However, the average invoiced production of the workshop still

remains as low as TL 1.5 million (US\$ 2250) per month. The workshop is used mainly as a back-up facility for SIDO's consultancy activity with SSI. Specialized metalwork is done for which SSIs do not have the equipment, e.g., heat treatment, spark erosion, precision tool-making, etc.

The workshop is expected to have some demonstration effect with small industrialists and their staff. Reportedly 10-15 small-scale industrialists or their staff involved in metal-working activities do come occasionally to the workshop and observe equipment and production. On-the-job training is arranged at intervals for small groups of workers of SSIs in, for example, tool and die making, partly under the guidance of the UNIDO expert. Overall, the reach and impact of this activity seems very limited. Meaningful records are not available.

While a qualified person responsible for costing and accounting is attached to the workshop, the procedures followed do not allow this task to be done in a business-like manner. Other than real cost elements are brought into the costing and accounting procedure at different stages and these tend to confuse the issues. These include, for instance, the inclination to subsidize SSI, the concern for competitive pricing, etc. The accounting system applied in May 1986 is time-consuming, without offering the merits of a useful management tool.

It is very difficult to analyze work done and the development over time as there are long internal accounting delays and procedures are not clear.

Management could be tempted to put the workshop's free capacity to some use by accepting metal-working orders at lower than market prices, orders that would otherwise go to small or medium-scale industrialists (a fairly large order was being implemented in the forging workshop, certainly much larger than required for training purposes). This should be resisted. Ideally, SIDO should aim at guiding SSIs to build up their own production capabilities and avoid entering into direct competition with them.

d) Laboratory

SIDO's laboratory facilities date back to the early 70s. The changing requirements of SSIs, becoming gradually more sophisticated on the one hand and the absence of an investment budget for new equipment on the other, have resulted in a loss of effectiveness of SIDO's laboratory services. Much of the equipment is outdated or even out of order. The chemical analysis laboratory uses exclusively wet chemical analysis, which is very time-consuming. The utilization of the three laboratory sections, chemical analyses, physical analyses and sand testing is at best 20 per cent of capacity. No more than 30 SSIs use the testing services with some regularity.

The SIDO laboratory staff appears to be competent. They are aware of the limitations of their equipment and their vanishing credibility with SSI. Limited monitoring and training arranged by the UNIDO foundry expert in Ankara in 1986 led to good results with eight out of about fifty foundries in the Gaziantep area that have since started using the laboratory services regularly.

e) Marketing

SIDO Gaziantep has correctly identified the genuine need of many SSIs for adequate marketing assistance. Since 1984, the organization has become more active in this field and continues to take additional initiatives in 1986 also.

In 1986, SIDO is planning to participate in five of the most important Turkish Trade Fairs with products from Gaziantep SSIs. SIDO participation in trade fairs in 1984 (3 fairs) and 1985 (4 fairs) produced encouraging results in terms of enquiries and first-time sales.

SIDO Gaziantep, in collaboration with the Gaziantep Co-ordinator at SIDO Headquarters, has brought State-owned enterprises into contact with small industrialists, an initiative which resulted in several orders for SSIs in 1985. A substantial increase in this sub-contracting activity in 1986 should show further results. Over the first quarter of 1986, Gaziantep SSI submitted ten bids and obtained six sub-contracting orders for a total value of TL 400 million (US\$ 600,000).

SIDO Gaziantep is also assisting selected SSIs in translating printed sales information and correspondence and is providing a telex service.

f) Training seminars

A vast SIDO conference hall is used about twice a year for lecture-type seminars of one-three days' duration. Interest for and participation of SSIs in this type of training is generally low. Training should be tailor-made to their needs and be conveyed in a practical way to be effective.

g) Feasibility studies

SIDO Gaziantep, in collaboration with SIDO Headquarters in Ankara, analyzes and completes feasibility studies for industries interested in settling within the Government-owned model industrial estate. This consists of fifty factory buildings constructed in 1978 within the Gaziantep industrial estate. Eleven of these factories are still empty, but 15 applications are in hand with SIDO.

h) SIDO Gaziantep Organization and Management

The organizational structure of SIDO Gaziantep (see Annex 3) is not really well adapted to the service tasks the institution is expected to deliver, e.g., the span of control for some key staff is far too wide (up to 16 direct subordinates), while for some other staff it is too narrow and hierarchic (with one or two direct subordinates only). This does not favour guidance and smooth control of an organization. As a rule, not less than three and not more than five to seven staff members should be reporting directly to any manager or supervisor.

Departments or services should consistently be set up as service-oriented groups or units, e.g., a properly organized SSI extension service would be headed by a senior extension officer with overall responsibility for the service. Small teams of two to three extension officers would be working under a team leader, who would be reporting to the head of the service.

Marketing and training, potentially important service functions, are not represented in the SIDO Gaziantep organizational structure. These services are provided but, as can be expected, very much ad hoc, as no one has the clear responsibility for these activities.

Job descriptions exist for some staff only. They are partly out-dated, hardly used and not oriented towards objectives and results.

Recruitment, selection, placement and transfers of staff are done mostly ad hoc without proper planning and/or co-ordination. This satisfies neither management nor the individual staff concerned, nor does it contribute to the performance of the organization.

No organization can afford to choose whether or not to train employees, even less so a service organization active in a rapidly evolving SSI environment. SIDO Gaziantep does train some of its staff, e.g., those active within the design office with the assistance of the UNIDO expert. However, well-planned induction and training programmes for all staff have yet to be conceived and implemented in order to train the whole organization up to a high standard and give its members new impetus. Regular staff performance appraisals should be introduced, which could also serve as a starting point for assessing training needs. Competence and motivation of the staff make the strength of a service organization!

SIDO Gaziantep functions without challenging objectives and targets and is hardly using any indicators of performance. Its accounting system is underdeveloped and, except for the control of liquidity, is fully unfit as a management tool. The budget is a pro forma document sent once a year to SIDO Headquarters but is without practical value as a planning and control instrument. An investment budget for renewal of equipment has never been approved or implemented.

Overall, the SIDO Gaziantep organization gives the impression of lacking clear and motivating direction, adequate procedures and control, both inside and concerning its relations with SIDO Headquarters. While it operates out of large and impressive premises, it has allowed its technical equipment to become gradually outdated and fails to systematically develop the key human assets of the organization. It has not established formal links with the regional economic environment such as the existing SSI associations or with the banks. SIDO Gaziantep is not guided and controlled by a regional SIDO Board of Directors. The mission considers that this lack of effective feedback was probably one of the reasons for the passive attitude and the decline in effectiveness of SIDO several years ago. Until 1985, SIDO Gaziantep had continued to provide the same services as it had in the early seventies; services were not adapted, while the needs of the SSI did change. Its management gets very loose directions only from SIDO Headquarters and depends almost entirely on Government subsidies channelled down through SIDO Headquarters from Ankara.

While some improvements are apparent at SIDO Gaziantep, the Centre has clearly not (yet) achieved the objective given in the project document. It is still far from being an effective regional development centre.

A.2. Ankara Foundry Development Centre (AFDC)

This part of the project was very well planned and implemented and the results today are excellent by any standards. It was initiated by a one-month mission of a foundry expert to study the local foundry industry and specify required equipment. This was done with several of the newly-hired metallurgical engineers, who then continued to establish contacts with the industry. The same expert returned in February 1985 and in April 1985 all equipment was installed in temporary buildings hired from a State enterprise until permanent facilities are available in the new foundry estate at Sincan and a sufficient number of foundries are active there.

In May 1985 the full team of five metallurgical engineers, accompanied by the expert, started an intensive programme of foundry visits offering services, preparing proposals, etc. Since December 1985 the engineers are continuing this individually, occasionally accompanied by the UNIDO expert.

Each engineer maintains intensive contacts with six to ten foundries. These companies (about 45), selected on the basis of potential results and receptivity of the owner for technical advice, are estimated to count for more than half of the total output of foundry products in the SSI sector in the Ankara area. The small-scale foundry industry in Ankara consists of about 115 iron foundries and 120 other metal foundries. Of these 235, about 150-160 are considered accessible for technical support.

The Centre provides, apart from all sorts of general consultancy and advice, the following services:

- Charge calculations to obtain desired quality and optimize cost. For this a tailor-made computer programme is used on the micro-computer at the Centre;
- Improvement and control of melting technologies;
- Design of feeding and gating systems;
- Chemical analysis in the Centre laboratory or in the foundries through a mobile unit;
- Control of moulding sand properties to minimize casting defects;
- Quality control through metallography and mechanical testing;
- Research on foundry raw materials.

The Centre today is providing the full range of services to industry and the services are very much appreciated. It has designed and installed several complete cupola melting furnaces with improved characteristics, continuous tapping systems and receivers and blowers for the cupolas, increasing productivity by up to 40 per cent, reducing cost and improving safety and working conditions. In this activity, optimum size and technology level and investment requirements are fully adapted to the individual foundry. The new furnaces and other equipment has been locally made by other SSIs.

The AFDC team consists in May 1986 of six well-trained engineers (a seventh is being hired), four technicians for the laboratories and three support staff. It is very likely that the staff will be able to continue providing the same level of services after the departure of the expert.

The staff operates as a team of independent consultants without a hierarchy, assisting each other when required and holding regular brainstorming and co ordination meetings. The work done is well recorded and records are computerized and analyzed.

The present buildings are fully adequate and the future facilities at the new estate (move expected sometime in 1987) are already being completed. Equipment for the laboratories is sufficient; furniture for laboratories has been donated by the Foundry Association (TL 2 million in 1983).

For April 1986, records showed 54 regular customers (three or more activities) and eight new customers. This must be considered excellent for a one-year-old Centre. At present, about 100 foundry visits are made per month.

The laboratories also show an impressive volume of activities. Within one year, 1132 sand laboratory tests, 1723 chemical analyses, 855 metallographical and 1062 workshop tests were done, i.e., a total of 4772 tests (April 1985 to March 1986).

While the AFDC has so far worked almost exclusively in Ankara, it has assisted ad hoc foundries as far away as Konya and Gaziantep. The demand for the services in Turkey is potentially very large. While Ankara has about 235 foundries according to the AFDC, other cities also have large numbers. For instance, Konya about 200, Bursa 245, Gaziantep 50 and Istanbul as many as 2500.

At the moment (May 1986), all AFDC activities are free of charge. The Centre is considering the introduction of fees based on a combination of service fees and a standard subscription of member foundries, which would give the right to a certain volume of services per year. As the Centre is working at capacity, introduction of fees should be considered in the near future. The proposed system can be fully endorsed.

Together with the proposed system of charging for the services, a more structured dialogue with the foundry industry should also be established. This could possibly be done through some sort of advisory board in which the foundry association participates, or preferably by creating a genuine Board of Directors, where the industry and SIDO Headquarters would be actively collaborating to give the AFDC continuous guidance and direction.

The AFDC has no separate budget but is part of the overall SIDO budget. This should now be changed into a separate annual budget.

A good example of the quality and impact of the services is provided by a foundry where the AFDC designed and installed their first new cupola furnace, including a continuous tapping system. The owner was so impressed with the improvements that, without the knowledge of the AFDC, he tore down his second old furnace and, based on the new design, had an identical second one manufactured and installed.

The evaluation team was impressed with the excellent results at the AFDC, the high level of motivation of staff and the excellent contacts with industry. The main contributing factor to this is probably the lack of bureaucratic control and the freedom given to the qualified but inexperienced engineers. Also, the high quality technical support from the UNIDO expert provided in the right mode, stimulating and supporting the national staff instead of doing the job himself, has contributed strongly. The experience should be used as a model both inside Turkey for further SIDO development, as well as outside Turkey. One enthusiastic foundry owner, when interviewed by the evaluation team, said, "They really work themselves, charging the furnaces, etc. It is hard to believe they are civil servants!"

A.3. OSTIM Consultancy and Quality Improvement Centre (SIDO OSTIM)

After a survey of the OSTIM (Middle East Industry and Trade Centre) industrial estate in Ankara, it was decided by SIDO that a centre should be

established on the estate to provide technical assistance concentrated on quality improvement in the metal-working industry.

The industrial and trade estate still under construction will have, at the end of 1987, 2050 workshops over a surface of more than 3 sq. km. Already about 1800 of these have been completed. At the time of the survey, 324 units were active in small-scale industrial activities, of which about 80 per cent (255) were engaged in metal-working activities.

The Centre is in May 1986 completing the adaptation and upgrading of the two workshop spaces made available free (for at least three years) by the OSTIM construction co-operative. SIDO OSTIM will become a neighbour of another similar service unit run by the Turkish Standards Institute and of an Information Unit of TURDOK, the Information and Documentation Centre of the Turkish Scientific and Technological Research Council (TUBITAK). Equipment for SIDO OSTIM to a value of about US\$ 80,000 has been ordered under the project and is being delivered. This consists mainly of testing and measurement equipment and some elementary workshop equipment for sample preparation, etc.

The staff consist in May 1986 of six engineers (four mechanical, one industrial and one metallurgical). It will, when starting operations in the third quarter of 1986, also have three technicians in metrology and testing, one machine operator, one draughtsman and one secretary.

The main areas of activity are expected to be: marketing (providing information on Government contacts and large industry sub-contracts, assist SSI in obtaining such contracts, organize participation in fairs, etc.); quality improvement (through raw material selection and testing of raw materials and products and advice on standards and quality control systems); design of jigs, fixtures and prototypes; specialized tooling services; general advice on layout, materials flow, cost control, etc. and training activities.

To improve the raw material supply situation, SIDO OSTIM is planning to stock and distribute different alloy steels that are now not easily found for the SSI (small quantities required). OSTIM is expecting to make profits on this activity. At the moment, no separate budget exists for OSTIM; all is financed and paid for from the general SIDO budget. A separate budget should be used as soon as possible.

As the Centre is not yet operational, no assessment of the quality and effectiveness can be made. The evaluation team considers, however, that the situation looks promising, with a highly-motivated team which is preparing to operate in a similar way as the AFDC team, concentrating initially on about 30 out of 90 preselected SSIs. Formalized structured links with industry and its associations should be set up as soon as possible; these are now very much ad hoc.

A.4. Bursa and Istanbul SIDO Regional Centres

Directors were appointed in March/April 1986 for the next two regional centres to be established by SIDO. They are now preparing for the establishment of the new centres. In Bursa, the provincial Federation of Small Trade and Businessmen is providing the office facilities. By the end of 1986, both centres are expected to employ about ten staff each. The two locations were selected by SIDO, together with the World Bank, as being the most promising areas for SSI development.

The two centres are expected to operate in a similar way to the Ankara Foundry Development Centre but no priority activities or sectors have been selected. It is too early to comment on these centres.

A.5. SIDO Headquarters (SIDO HQ)

In October 1983 after the formal confirmation of the SIDO semi-autonomous status, the SIDO Headquarters was established by the new General Director and Deputy General Director. As of May 1986, the staff consists, in addition to the Directors, of:

- 1 Gaziantep Co-ordinator (It is planned that in the future all regional centres should have a co-ordinator each at SIDO Headquarters. Their roles are: monitoring of regional centre activities and assisting the regional centre with the supply of raw materials, tools and information from Ankara);
- 1 Head of Administration and Finance who has three staff reporting to him: 1 for budgeting and accounts,
1 for general administrative services,
1 librarian;
- 4 technical staff, one industrial engineer, one mechanical engineer and two business administrators; one post for a metallurgical engineer is vacant since the incumbent was transferred to the OSTIM Centre recently. The technical staff is mainly involved in all sorts of studies related to the SSI development (surveys of the position of SSIs in other countries, the availability of finance for SSI in Turkey, the situation of sub-contracting, etc.) and in the appraisal of the feasibility studies for the Gaziantep model industrial estate. Staff transferred from this group has in the past been used to start up new centres (AFDC and OSTIM);
- 1 professional (sociologist) for international relations.

All these seven professional staff report directly to the General Director/Deputy General Director. In addition, the two Directors are directly supervising the Gaziantep Centre, the Foundry and OSTIM teams, as well as the new centres in Bursa and Istanbul. They are also fully responsible for the important activity of selecting and interviewing all new staff.

No job/post descriptions exist for any of the posts, hardly any procedures are in operation, there is no workplan on paper and no clearly sub-divided budget for the Headquarters. This lack of structure in SIDO, although occasionally leading to some confusion, does not seem to be a problem as far as the day-to-day running of the organization is concerned. It must, however, be considered as insufficient and unsatisfactory for the development of SIDO itself and of the support services to SSIs. SIDO decisions should be guided by a development strategy with a medium and long-term horizon, as well as structured by internal procedures.

SIDO is supervised by a Board of Directors consisting of the Deputy Under-Secretary of the Ministry of Industry and Trade, three General Directors of the Ministry and the General Director and Deputy of SIDO. This management board does not incorporate any non-governmental organizations.

In addition, there is a "Small Industry Development Board" with the Under-Secretary and Deputy Under-Secretary, as well as a General Director from the Ministry of Industry and Trade and representatives of the State Planning Organization, the Ministry of Education, the Halk Bank and the Confederation of Tradesmen and Craftsmen as members. This Board has only met once so far. Several of its members consider the Development Board to be too far removed from SIDO to have any real influence. There are no effective structured links with industry or other organizations such as banks; only ad hoc contacts.

SIDO is completely financed by the Ministry of Industry and Trade. This, together with the semi-autonomous status, has presented problems for the approval of the budget for 1986. The budget for 1987 is about TL 600 million, of which TL 200 million is meant for staff and running costs and TL 400 million for investment. In practice, most is used for running cost. Only a very small part of the budget is covered by charges for services in Gaziantep (expected income about TL 25 million in 1986).

The legal status of SIDO is still a major problem. The present semi-autonomous status, achieved after a lengthy struggle in 1983 and which allows SIDO to pay more competitive salaries and develop independent procedures, legally depends entirely on the existence of an external co-operation project (UNDP/UNIDO or now the World Bank project). Otherwise, under Turkish law, a fully Government-financed organization cannot be semi- or fully autonomous. This is absolutely not satisfactory; a permanent solution has to be found enabling SIDO to develop and implement a long-term strategy and dialogue with industry and banks.

The project has not contributed to a large extent to the build-up of the SIDO Headquarters organization and management structure, nor to the development of an overall strategy for SIDO and assistance to SSI development. The 1980/81 job descriptions for the post 11-01 included these matters and the first incumbent of the post reportedly spent much time at studies and discussions "...to be able to design a model for SIDO and Regional Centres..., types and categories of services..., organization charts and manuals." This work was not continued after he left the project after one year and the results were never used. The recently-arrived incumbent is assigned basically to the OSTIM Centre and has no responsibility for the organizational and managerial aspects of SIDO as a whole.

It is clear to the evaluation team that a lot of work needs to be done to clearly organize and define both the internal structure of SIDO, as well as develop a detailed strategy for its development and for the development of an SSI service structure in Turkey.

B. Achievement of the immediate objective

For a clear assessment of the extent to which the objective has been achieved, the definition of the objectives as given by the project document is not sufficiently specific. Certainly the Headquarters of SIDO has been strengthened and expanded. The evaluation mission concludes, however, that much remains to be done before the SIDO Headquarters can perform its functions fully, even at the present level of operations. Several of the shortcomings have been identified in the previous section. This part of the objective has, therefore, been only partly achieved; project inputs into this part of SIDO have been very limited.

The second part, the evolution of SIDO Gaziantep into a regional development centre, is also very difficult to assess. It was not defined what the difference between the old organization and new one should be. The mission had the impression that not much has changed since 1980 in terms of organization, work done and regional spread. During the project and certainly recently, the volume and quality of services has improved. It does seem, however, that this objective has also only partly been achieved. The UNDP/UNIDO project has assisted in the recent improvement but not in the overall organization and re-orientation of SIDO Gaziantep.

The third part of the objective, the Ankara Regional Centre, subsequently defined as the Ankara Foundry Development Centre, and the OSTIM Centre have shown the best results. Although the development of both Centres is still in the early stages, it is considered that these two Centres have a strong potential to develop in the next few years into a small but very effective support system for SSIs in the region. This part of the objective is likely to be achieved for the AFDC this year and for the OSTIM Centre sometime next year.

C. Contribution to the achievement of the development objective

While the small-scale industries have made certain progress in Turkey, the contribution of SIDO to this must be considered very limited. SIDO services have reached only a very small portion of the SSIs in the country. If SIDO can develop into a truly national organization covering key sectors and areas, its potential contribution to SSI development in the context of Turkey must be considered considerable.

CHAPTER IV. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

The Government of Turkey attaches a high priority to the development of the SSI sector, already very large with approximately 185,000 units in operation. The main efforts, therefore, should concentrate on the improvement and growth of existing units rather than on the promotion of new ones.

The largest and best developed assistance is the Government-sponsored programme for the establishment of small-scale industry estates, 110 of which were in operation at the end of 1985 with 33,168 workshops. These figures are expected to more than double to 287 and 71,535 at the completion of the programme foreseen for the end of the fifth Five-Year Plan (1985-1989).

The potential for SSI development is very large; a number of examples of modern individual enterprises demonstrate the possible contribution the sector can make to the development of the country. The main problems for SSI development are:

- The lack of managerial skills, including accounting;
- Marketing of products (sub-contracting, export marketing);
- Poor quality and the lack of quality control and standards;
- Product development, product design;
- Limited access to new technologies to improve quality and productivity;
- Limited access to finance at acceptable interest rates.

The technical support offered to the SSI should, therefore, focus on these areas. It should, however, be very well understood that many SSI do not realize their potential for improvement. Extension services will have to be very active, convincing and motivating entrepreneurs to improve their operations.

SIDO has clearly been developed to be the main provider of technical assistance to the SSI but in 1986 its geographical and sectoral coverage is still very limited. Wherever SIDO has provided services to SSI, these were well appreciated but considered to be limited. With the remarkable exception of the AFDC, SIDO is seen as a typical Government organization (the OSTIM Centre is not yet in operation).

At the time of this evaluation (May 1986), SIDO has just started its next phase of geographical expansion with the establishment this year of new centres in Bursa and Istanbul. These are in addition to the long-established Gaziantep Centre and the more recent Headquarters and AFDC and OSTIM Centres, which are all still in the process of building up.

SIDO has two very different approaches to assist SSI in operation, the Gaziantep approach with large facilities, technical workshops, laboratories and a bureaucratic management style, and the AFDC approach with a small team

of independent, dynamic consultant engineers supported by a small laboratory. The second approach has produced excellent results and a high level of credibility in industry within a short time, while the much more capital-intensive approach in Gaziantep has produced only limited results and credibility.

As an organization with national responsibilities for technical assistance to SSI, SIDO is still very undefined. Its legal status is a temporary one and it does not have a strategy either for its own development or for the development of an overall system of assistance to SSI, including co-operation between all parties interested in SSI development. Relations between the individual centres and Headquarters are undefined; methods of work, procedures, job descriptions, accounting methods, etc. are all insufficient, unstructured or non-existent; and no clear decision has been made as to what approach the regional centres have to follow. It is very important that all these issues are clarified, defined and approved by SIDO's Board before further large expansions are planned.

Close relations with industry, banks and other relevant organizations in the form of advisory or management boards or otherwise, both at national and regional levels, are either non-existent (regional level) or ineffective (national level); only ad hoc informal contacts exist.

The present project (DP/TUR/80/010) has so far provided mainly technical inputs to SIDO in Gaziantep and to the AFDC. It has thereby contributed to the development of two models of assistance. While the results of the UNDP/UNIDO involvement in Gaziantep were mixed with one expert barely performing at all and the other contributing considerably to the improvement of design and workshop services, the approach and results in the AFDC have been excellent. Inputs to SIDO management, SSI policy, strategy formulation, etc. have been limited to the first one-year CTA, whose work and recommendations have not or not yet been used. The new CTA has been given a technical task: help establish the OSTIM Centre with no role in SIDO policy, strategy and management areas.

The evaluation team considers that more attention should have been paid to the organizational development, both by the project and by SIDO. It must be considered unfortunate that the project design did not sufficiently incorporate the findings and recommendations of the 1979 evaluation of the previous activities.

B. Recommendations

SIDO, as a service organization to small-scale industries providing technical and other services, is part of a much larger complex environment in which the SSIs have to develop. In order to be more responsive to the changing needs of the industry and to better harmonize its services with other interested organizations, SIDO has to develop structured organic links with all major parties concerned. These include the various levels of Government, industry and its associations, financing organizations and other institutions actually or potentially involved in assisting SSI.

Up to now the Government has fully managed and financed the activities of SIDO; however, the time seems ripe for involving other organizations, as well as the end-users, directly in SIDO management and financing. This will at the same time improve SIDO operations and its effectiveness and reduce the

cost to the Government, enabling a faster expansion of the services as well as provide a more secure long-term basis for SIDO. It is essential that for the proper operation of the SIDO system, representation of other organizations in management and in financing go hand in hand, even if not all parties should have to contribute equal shares. This co-operation should be established both at national/SIDO Headquarters level as well as at the regional/SIDO Regional Centre level.

The most important organizations to be involved in the system are likely to be:

- The Turkish Confederation of Tradesmen and Craftsmen and its member associations and federations;
- The Halk Bank;
- Other industry representative organizations and banks.

The evaluation mission found a considerable amount of interest and motivation in the first two organizations for a more active participation. Both considered that the present structure of SIDO was not effective. The approach outlined here should be taken into consideration during the on-going legislative efforts concerning SIDO and SSI development.

Based on the findings of the evaluation mission, its discussions with many interested parties and the above considerations, the mission submits the following recommendations.

B.1. Recommendations to the Government of Turkey

1. Associate or consult with representatives of small-scale industry and financing organizations during the on-going reflections concerning legislation aiming at the development of SSIs. Such collaboration is essential and may lead to optimum legislation which may serve to mobilize and co-ordinate resources and efforts to all parties concerned. The most likely partners for this process are representatives of the Confederation as well as the Halk Bank.
2. Provide SIDO with an appropriate permanent legal status (not dependent on external technical assistance projects as at present), either semi-autonomous but preferably fully-autonomous and separate from the Government itself, allowing it to establish a decentralized management system and involve outside parties in its management and financing. This will be made legally possible by the cost-sharing as proposed and would have the following advantages:
 - It would provide a better base for the evolution of SIDO into a fully independent Turkish organization not relying on external assistance for its legal status;
 - It would strongly improve SIDO's ability to operate in an efficient business-like manner and develop into a service institution capable of adapting rapidly to changing needs;
 - It would enable SIDO to directly involve all relevant parties as described above into its activities, management and financing through the establishment of SIDO boards at regional and national levels;

- It would, through such a structure, maintain continuous pressure on SIDO to perform efficiently and effectively.

B.2. Recommendations to SIDO Headquarters

The highest priority should be given to:

1. Preparation of a detailed national strategy for assistance to SSI. This should include
 - An analysis* of the different needs of small-scale industries, differentiated according to the various levels of development in Turkey (e.g., Istanbul, other relatively developed areas such as Ankara, Izmir, Bursa, Kayseri, etc. and less developed areas);
 - An analysis* of the various sources of assistance available in the respective areas, as well as the existing organizational infrastructure (trade associations, buyer- and other co-operatives, universities, laboratories, etc.);
 - Detailed discussions with the other main sources of assistance as well as with industry representatives on modes of co-operation with SIDO (including other national organizations such as SEGEM, TUBITAK, IGEME, MPM, etc.). This should also include feedback structures (involvement of industry in management of regional centres as well as on the national level), on possible financial contributions to SIDO or some of its activities, etc.;
 - Based on this, a model should be defined for regional SIDO centres, including structure of involvement, at the regional level, of trade associations, banks and other interested parties. Experience of past efforts, including SIDO Gaziantep and the AFDC should be considered;
 - Priorities and criteria for the development of SIDO activities should be defined, including locations for new centres, their timing, branch orientation and categories of services to be provided, criteria for providing various types of assistance, etc.;
 - Recommendations should be developed for the organization, co-ordination, support and control functions of SIDO Headquarters.

This detailed strategy should be intensively discussed with other major organizations involved and finally, be endorsed by the Small Industry's Development Board. This should be followed by:

2. Review of SIDO as an organization, preparation of detailed recommendations for the organizational structure, policies, procedures and controls, budgeting and accounting methods, reporting and control procedures between Headquarters and regional centres, job descriptions for all staff, etc. This could also include identification of training needs for staff. These proposals should be submitted to and cleared or approved by the management board.

* Some relevant information is already available in SIDO.

For a growing organization such as SIDO it is very important to have an up-to-date personnel policy system which should include a set of well thought out procedures, job descriptions, guidelines for recruitment, selection, placement and transfer of personnel, at least yearly staff performance appraisals linked to planned training activities and career planning, etc. The principles of an adequate personnel policy system could be developed by SIDO Headquarters to be applied within the whole SIDO organization.

3. A proposal to be prepared concerning the better integration of SIDO with its clients, the small-scale industrialists, and other interested parties such as banks. This should certainly involve these partners more directly in the management of SIDO, as well as in its financing.

The evaluation team considers that ideally a two-tier structure could be used along the following lines, which include a decentralized organizational structure.

- At the national/SIDO Headquarters level, the managing board should include representatives from the Ministry of Industry and Trade, the State Planning Organization, the Confederation of Tradesmen and Craftsmen, Halk Bank, as well as other relevant organizations. These organizations should then also share in the financing of SIDO's overall budget. Its main role would involve the development and approval of strategies, policies and procedures for SIDO Headquarters and regional centres and to control the supervision of SIDO operations.
- At the regional/SIDO regional centre level, either advisory or preferably management boards should include representatives of the regional federations and specialized associations, the regional levels of the banks, regional governments, SIDO Headquarters and the Ministry of Industry and Trade. These boards should be composed of four to eight capable persons with successful industrial banking or administrative experience related to SSIs. Separate budgetary contributions could also be made, including provision for buildings, services, etc. by the regional partners interested in the development of the SSIs of the region.

This will allow SIDO to be seen as genuinely rooted in the local economic environment and provide direct control on the cost-effectiveness of the organization. This participation of banks, SSI etc. in management and finance is considered to be absolutely essential.

4. Each SIDO regional development centre should establish its own budget and programme within guidelines set by SIDO Headquarters. The funds to cover the yearly operating and investment budgets should come from the following main sources.
 - Sale of services: Individual SSIs may subscribe to the services on an annual basis and/or directly pay for certain services such as laboratory tests. This source of income may initially be very small but it should gradually increase as the SIDO centre becomes better known and gains credibility over the years.

- Local and regional federations and associations of SSI: While most of these associations work on a very limited budget, they could still be invited to show their goodwill and demonstrate their interest in the development of an institution such as SIDO, which should provide useful services to their members. Such contributions could partly be made by providing buildings and other facilities directly free of charge.
- Local or regional branch offices of the Halk Bank and other banks that do business with SSI: Halk Bank could be invited to cover a fair proportion of a SIDO regional budget. Halk Bank has a major interest in improving the capabilities of SSI - their customers - through a meaningful technical assistance service. Besides, Halk Bank has a legal obligation to provide such services to SSIs but could do this best through parties specialized in providing such services.
- Government: Technical extension services to SSIs cannot be made fully self-financing; contributions from the Government are essential, certainly at the start-up of a new SIDO regional development centre and thereafter for a long time to cover an important part of the yearly budget, e.g., 50 per cent or more. The proportion may decrease over time as the other partners and the sale of services are capable of carrying a larger proportion of costs. Government subsidies should be channelled through SIDO Headquarters to the SIDO regional development centres.

5. The SIDO Gaziantep Regional Development Centre needs to be rehabilitated and a more effective approach developed in order to increase the impact on the SSIs in the region. This should include a number of measures on three levels in order of importance.

a) Structure:

Actively involve all parties interested in the development of the SSIs in the Gaziantep region in the guidance, control and financing of the Centre. Priority should be given to the establishment of either a regional advisory but preferably a proper management board. The SIDO Gaziantep Board could include four to eight members representing

- The SIDO Headquarters, e.g., through the Gaziantep Regional Co-ordinator;
- The Halk Bank in the region and/or other banks;
- The main representative organizations of the SSIs of the region, e.g., the local trade associations or federations or the Chamber of Trade and Industry.

SIDO Gaziantep would serve as a Secretariat for the Board, preparing the meetings and participating as a non-voting member. The main tasks of the Board would be to guide and control the Centre's activities, including its continuous adaptation to changing needs.

b) Organization and Management:

The style of management should change within the organization and adapt to the requirements of managing professional staff, motivating them and developing their resources to full potential. A number of modern management tools should gradually be introduced. The present organization structure of SIDO Gaziantep would have to be changed to allow management style to evolve in a better environment of internal organization. It would mean to

- Give emphasis to the important service functions of the Centre (e.g., extension service, marketing, training) and cut back other services to match real needs (e.g., the workshop should not expand into commercial activities but leave those to SSI, if necessary, by assisting them to set up production capabilities);
- Group professionals into meaningful service units with clear targets, authority and responsibilities;
- Favour proper guidance of all staff by their direct supervisors (no manager, team leader or supervisor should have less than three or more than seven people reporting to him directly).

The management style of SIDO Gaziantep should become less centralized and bureaucratic and more participative and motivating. Some training in modern management techniques such as "Management by Objectives" or "Situational Leadership" may assist in achieving this.

SIDO Gaziantep should also urgently introduce, and then maintain and adapt, a minimal set of modern management tools such as:

- Separate operational and investment budgets to be submitted to, discussed with and approved by the responsible board and then properly controlled;
- A simple cost accounting system capable of giving essential information to management to enable them to take early corrective measures;
- Accurate quoting of chargeable services (cost indications that may be and often are 25 per cent off final bills are unsatisfactory);
- Indicators of performance for each service and for key personnel, to be used for adequate target setting and management control, etc.

c) Technical aspects:

Critically assess the existing state, capability and capacity of all technical equipment. Eliminate, renew and re-invest based on careful analysis of SSI service requirements (cost-benefit analysis).

Keep technical capabilities at a meaningful standard which requires effort, as well as a budget for investments.

6. The Ankara Foundry Development Centre and the OSTIM Consultancy and Quality Improvement Centre should both (or together as the Ankara Regional Development Centre) establish a Board, as outlined above, involving the Foundry Association, the OSTIM industry organizations and relevant banks in addition to SIDO Headquarters.

Both Centres should continue to operate in the present way as specialized consultancy teams and continue to structure this approach with guidelines and systems, as the AFDC has already done to a high extent. The main focus of both should remain extension services, with only the minimum required technical support services such as quality control laboratories. They should not build up extensive workshops or similar activities; the planned special steel distribution function at OSTIM should be kept to a minimum and preferably as soon as possible transferred to a local trader.

7. The new regional centres should follow the model used for the AFDC and OSTIM, including the establishment of a Regional Board as early as possible. This Board can then also be involved in selection and definition of priority services to be provided, etc.

Following the model means that the emphasis should be predominantly placed on well-organized and structured extension services to SSI supported by only minimum central support services such as basic quality control laboratories and information centres. Extension officers should work as independent professionals with monthly targets related to meaningful performance indicators. Information concerning effectiveness and impact (mainly concerning implementation by SSI of recommendations made) should be systematically collected.

B.3. Recommendations to UNDP/UNIDO

The evaluation team considers that the following are SIDO's needs for technical assistance during the 1987-89 phase of expansion:

1. Three to five months of an external adviser to assist the SIDO management in gathering and organizing information and in developing detailed proposals for a national strategy for SSI development and SIDO's role in this (See above recommendation 1 to SIDO). While in principle this could be done by SIDO management, it is very urgent and the attention of SIDO management is required for direct managerial tasks. Obviously the advisor should work in very close co-operation with the management and the Ministry of Industry and Trade (the presently still available 5 m/m of short-term consultancy could be used for this activity). It is very important that not only is a strategy drafted but that during the assignment several rounds of drafting and consultation with the parties involved lead to a final paper that is endorsed by all parties with legitimate interest in SSI development.

The evaluation team is aware of the fact that efforts are presently under way in the Ministry of Industry and Trade to develop a policy framework for SSI development. While the team has not been able to verify this, it is likely that this will set the framework for the development of a detailed strategy; it will not in itself contain all required details as set out above in recommendation 1 to SIDO.

2. Three to four months of external adviser to review and advise on SIDO's organizational structure, policies, procedures, job descriptions, etc. (See recommendations to SIDO). This is already foreseen in the World Bank technical assistance project under the planning and training adviser. At the end of this period, the structure, policies, job descriptions, procedures, etc. should be in written form for submission to the SIDO Board.
3. At least six months of a training adviser to develop and initially implement induction courses for new staff (mainly covering extension service work and other internal staff training courses (foreseen in the World Bank project). The extension staff training should include basic quality control techniques, as this appears to be a major problem for SSI. This could be done in collaboration with the Turkish Standards Institute (TSE).
4. A follow-up mission of a foundry expert (maximum of three months) to the AFDC sometime in early to mid 1987. This will be to review progress made, reinforce the working methods and solve, through training and direct involvement in extension work, any technical problems that the team could not solve alone. Duration and timing of the assignment may be adapted to the availability of the present foundry expert.
5. Six to twelve months of an SSI extension service expert in the technical branch concerned to each new centre to be established. The expert should arrive only when the full team of extension officers has been recruited by SIDO. The experts should follow the methods and approach used by the foundry expert in the AFDC. It should be considered to start with an early 1 m/m mission to assist in specifying equipment for the technical support services required. This will also improve the selection of the expert and avoid problems with the later longer missions.
6. A similar assignment could be considered for SIDO Gaziantep extension services but only after the organization structure there has been streamlined, a Regional Board has become active and the extension services re-organized for the required independence and effectiveness.
7. It is now too early to assess the need for a follow up to the present expert assignment in the OSTIM Centre; this should be reviewed during 1987, when a short follow-up assignment might be considered.
8. A small equipment component could be considered for the regional centres in those cases where quality control services are a major part of the regional centre activities (this is likely in view of the findings of two surveys of SSIs made by SIDO).

In view of the importance of a permanent status for SIDO (see above), UNDP/UNIDO should consider making this a prior obligation for proposals 5 to 8 above. Such a legal status is apparently under preparation. Full autonomy with contributions from banks and the private sector would be the preferable status.

The eight activities above should preferably be implemented as a package, in view of the close mutual relations between the elements. The World Bank component could be integrated with the further UNDP-financed inputs in one project.

Tripartite In-depth Evaluation of
DP/TUR/80/010 - Extension Services of Small Industry

TERMS-OF-REFERENCE

I. BACKGROUND

The small-scale industry is generally considered to be an important part of the national industry sector. It is seen to have a large potential for:

- employment generation;
- mobilisation of available capital and skills;
- development of backward regions;
- utilisation of locally available raw materials and markets

In order to assist the small-scale industry in its development, the Government of Turkey established in 1970 a Small Industry Development Centre (KÜSGEM) in Gaziantep. The Centre was established with assistance from UNDP/UNIDO under project DP/TUR/68/525. This Centre, located in a relatively under-developed area of the country, was meant as a pilot Centre. After about four years the Government, based on the experience in Gaziantep decided to set up a national organisation with the responsibility to assist development of small-scale industry throughout the country.

In 1974 the "Small Industry Development Organisation" (SIDO) was established with headquarters in Ankara. Starting September 1975 the UNDP/UNIDO project DP/TUR/73/006 provided expert assistance to the Ankara SIDO headquarters as well as further support by one expert to KÜSGEM in Gaziantep. This project completed operations in 1979 and in early 1980 a new project document was drafted to cover a further phase of technical assistance to SIDO which was signed in June/July 1980.

This project (DP/TUR/80/010) with a budget of \$858,000 had a three part objective:

- The strengthening and expansion of the headquarters office in Ankara of the Small Industry Development Organization (SIDO);
- The evolution of KÜSGEM into the Gaziantep Regional Development Centre (with a special capability to assist the metal products industry);
- The establishment of the Ankara Regional Development Centre (with special capability to assist the foundry industry).

After a number of problems, including fulfillment of prerequisites, the project actually started operations only in November 1983 with the fielding of the CTA.

At present the project is scheduled to come to an end in December 1986.

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While a thorough review of the past in itself is very important, the evaluation is expected to also lead to detailed suggestions for the remaining part of the project as well as further assistance to the small-scale industry sector in Turkey.

III. COMPOSITION OF THE MISSION

The mission will be composed of the following:

- One representative of UNDP
- One representative of the Government of Turkey
- One representative of the UNIDO

These representatives should not have been directly involved in design, appraisal or implementation of the project.

IV. CONSULTATION IN THE FIELD

The mission will maintain close liaison with the UNDP Resident Representative in Turkey, the concerned Government organisations, and the project's national and international staff.

The mission is also expected to visit the Gaziantep Regional Development Centre, the Ankara Foundry Development Centre and make intensive contact with small industries as end-users of the services and relevant representative organisations.

Although the mission could feel free to discuss with the authorities concerned all matters relevant to its assignment, it is not authorized to make any commitments on behalf of UNDP or UNIDO.

V. TIME-TABLE AND REPORT OF THE MISSION

Insofar as required, the UNDP and UNIDO representatives will receive briefings at their respective headquarters. Upon arrival in Ankara the mission will be briefed by the UNDP Resident Representative, who will also provide the necessary substantive and administrative support. The mission will attempt to complete its work within 2-1/2 weeks, starting in Ankara on -- (date) -- . Upon completion of its work, it will be debriefed by the UNDP Resident Representative. At the end of the mission, the UNDP Resident Representative will organise a meeting involving senior Government officials where the mission will present its initial findings, conclusions and recommendations, and be ready to discuss these.

The mission will complete its report in draft in Ankara and will leave behind a copy of the draft with the Resident Representative.

The final version of the report will be submitted simultaneously to UNDP and UNIDO headquarters, which, in agreement, will transmit the report to the Government of Turkey through the Resident Representative.

Due to the delay in start of the project and the extensive changes in the political and socio-economic situation in Turkey including the policies concerning small-scale industry, the project design was and is not up-to-date. In addition, the policies and targets of the counterpart organisation SIDO have changed.

In order to deal with these changes as well as to assess the achievements of the project and identify the needs for changed/further assistance it has been agreed by all parties to undertake an in-depth evaluation. This evaluation was already foreseen in the project document to take place in the last year of project operations.

II. SCOPE AND PURPOSE OF THE EVALUATION

In accordance with provisions contained in the revised Chapter of the Policies Procedures Manual (PPM) concerning monitoring, evaluation and reporting, the primary purpose of the evaluation mission is:

- a) Assess the achievements of the project against the set objectives and expected outputs. This will include a re-examination of the project design; if necessary, adapt this to better reflect the current situation and more clearly define planned project outputs.
- b) Examine the extent to which the results/outputs produced by the project have contributed towards the building up of Government capability to assist small-scale industries.
- c) Identify and assess the factors which facilitated the achievements of the project's objectives, as well as those factors that impeded the fulfillment of those objectives.

As part of the above tasks, the mission will specifically review if the approach utilised on the project has led to optimum results, or if another approach could have improved the results. This will include a review of:

- The situation of the SIDO central organisation, its activities and capabilities, staffing, financial situation;
- The experience of the Gaziantep and Ankara centres as well as the present status of both;
- Relations of SIDO and the regional organisations with the small-scale industry itself; and
- Policies and plans of SIDO during the project and plans for future expansion of coverage including the establishment of regional centres, industrial estates, etc.. Activities in relation with the development of the OSTIM Centre in Ankara and its implications for the technical assistance will be reviewed.

The mission should also review to what extent the planned Small Industry Development Board has been established and functioning and how this has influenced the orientation of SIDO and the regional organisations.

List of persons consulted during the mission

Government of Turkey

Ministry of Industry and Trade

Mr. Kâmil Sener, Deputy Under-Secretary and Chairman of the Board of
Directors of SIDO

Mr. Faik Koç, Deputy Under-Secretary for Industry Department

Mr. Celal Aslan, Director

Mr. İlder Serim, Industrial Research and Development

Ministry of Foreign Affairs

Ms. Füsün Çetintaş, Director, Department of International Economic
Organizations

State Planning Organization

Ms. İlhan Dülger, Head, Social Planning Department

Ms. Meral Orgun, Liaison Officer for UN and Multilateral Affairs

Mr. Sabahattin Afacan, Expert, Small-Scale Industries, Social Planning
Department

Mr. Fatih Ürer, Expert, Small-Scale Industries, Social Planning
Department

Mr. Nurettin Konaklı, Expert, Small-Scale Industries, Social Planning
Department

UNDP/UNIDO

Mr. Paul van Hanswijck de Jonge, Deputy Resident Representative, UNDP

Mr. René Tourigny, Programme Development Officer, UNDP

Mr. Melih Törelî, Programme Assistant, UNDP

Mr. Wolfgang Dreusch, Junior Professional Officer, UNIDO

Mr. Werner O. Blasek, Chief Technical Adviser

Mr. Klaus Schultz, Tool and Die Expert, UNIDO

Mr. Manfred Schulze, Foundry Expert, UNIDO

World Bank

Mr. Redha Behbehani, Industrial Development and Finance, EMEMA Projects
Mr. R.I. Gopalkrishnan, Industry Department

SIDO (Small Industry Development Organization)

Headquarters in Ankara

Ms. Güler Yalım, General Director
Mr. Murat Bursa, Deputy General Director
Mr. Rüstem Ozer, Gaziantep Co-ordinator
Ms. Aylin Günbak, International Relations Co-ordinator
Ms. Meral Serin, Secretary for Financial and Personnel Affairs

Gaziantep Regional Directorate

Mr. Ahmet Büyükhatipoğlu, Regional Director
Mr. Mustafa Öztürk, Deputy Regional Director
Mr. İhsan Özboz, Workshop Co-ordinator
Mr. Fethi Çeliktürk, Deputy Technical Director
Mr. Şeref Öztürk, Metallurgical Engineer
Mr. Ali Bayındır, Mechanical Engineer
Mr. Reslan Karayağmurlu, Mechanical Engineer
Mr. Mahmut Görgel, Mechanical Engineer
Mr. Selçuk Eriş, Mechanical Engineer
Mr. Mustafa Özgüven, Mechanical Engineer
Mr. Metin Yıldırım Demir, Mechanical Engineer
Mr. Cuma Delioğlu, Industrial Engineer
Mr. Galip Kocaay, Industrial Engineer
Mr. Mehmet Ediz, Industrial Engineer
Mr. Hasan Bağlama, Metallurgical Engineer
Ms. Nigâr Karaduman, Metallurgical Engineer
Ms. Metin Inan, Chemical Engineer
Mr. Ali Mutlu, Economist
Mr. Ekrem Sezen, Economist
Mr. Naci Fidan, Economist
Mr. Turan Arslan, Laboratory Technician

Ankara Foundry Development Centre

Ms. Nilgün Taş, Metallurgical Engineer

Mr. Murat Kepir, Metallurgical Engineer

OSTIM Centre Team

Mr. Gürkan Onbilgin, Mechanical Engineer

Mr. Vedat Öner, Industrial Engineer

Mr. Mustafa Uzunoğlu, Mechanical Engineer

Mr. Rıza Ok, Metallurgical Engineer

Mr. Hasan Cavuşoğlu, Mechanical Engineer

Mr. Necdet Kurtuluş, Mechanical Engineer

Istanbul Regional Centre

Mr. Turkey Bozkurt, Regional Director

Trade Associations, Credit Institutions

Mr. Hüsamettin Tiyaşan, President, Turkish Confederation for Craftsmen
and Tradesmen, Member of the Development Board of SIDO

Mr. Memduh Ureyen, Vice President of the Confederation and Chairman of
the Bursa Union of Craftsmen and Tradesmen

Mr. Recai Tosyalı, Legal Adviser, Turkish Confederation for Craftsmen
and Tradesmen, Member of the Development Board of SIDO

Mr. Mesut Can, President of the Federation of Drivers of Turkey

Mr. Orhan Altan, General Director, Industrial Investment and Credit Bank
(S.Y.K.B.)

Mr. Omer Kızılkaya, Deputy General Director, S.Y.K.B.

Mr. Yavuz İşbakan, Manager, Loans Department, S.Y.K.B.

Mr. Halit Kara, General Director, State Industry and Workers Investment
Bank (DESIYAB)

Mr. Ahmet Demirbaş, Deputy General Director, Halk Bank, Member of the
Development Board of SIDO

Mr. Bülent Kutay, Assistant General Director, Halk Bank

- Ms. Ülkü İçden, Exchange Employee
- Mr. Mesut Olcal, Secretary General, Gaziantep Chamber of Trade and Industry
- Mr. Lütfi Parlak, Head, Industry Department, Gaziantep Chamber of Trade and Industry
- Mr. Omer Acioglu, Director of Small Industrial Estate Construction Co-operative and Chairman of the Automotive Repairers Association, Gaziantep
- Mr. Ibrahim Sürmelihindi, Control Engineer, Small Industrial Estate Construction Co-operative, Gaziantep
- Mr. Wolfram Gehr, Project Manager of the Turkish-German Small Industry Technical Assistance Project, Halk Bank, Ankara

Small Industries

Gaziantep

- Mr. Doğan and Mehmet Akyel, Lorry coach work and repairs
Polat Döküm, Foundry
- Özçelik Torna Atölyesi, Metal parts and injection moulding
- Mr. İhsan Demirci, Cast metal products
- Mr. Zeki Günsoy, Crankshafts
Gemtorna, Motorcycle spare parts
- Mitaş, Textile machinery spare parts
- Renmetal Escalator, Elevator and Machine Industry Company, Escalators, elevators
- Mv. Nihat Bekem, Textile parts
- Güneydoğu Kasa Sanayi, Safes
- Şahin Vida, Wood screws
- Yaşar Makina, Metal circular saw machines and saws
- Hilal Makina, Packaging machines
- Mr. Mehmet Bolçay, Water pumps
Automotive seals and packings producer
Car wheels company
Metal equipment and machinery producer

Ankara

Kardeş Döküm, Foundry

Ateş Döküm, Foundry

Özbudak Döküm, Foundry

Aydöküm, Foundry

Özgüven Döküm Sanayi, Foundry

Albayrak Döküm Sanayi, Foundry

SIDO GAZIANTEP REGIONAL DEVELOPMENT CENTRE

