

**INSTRUMENT FOR PRE-ACCESSION ASSISTANCE
HUMAN RESOURCES DEVELOPMENT COMPONENT**

OPERATION IDENTIFICATION SHEET

1. Title of the Operation:

Increasing Adaptability of Employers and Employees to the Changes in Global Economy

2. Operating Structure:

Ministry of Labour and Social Security - EU Coordination and IPA Management Department

3. Organisation Responsible for the Implementation of the Operation:

The Union of Chambers and Commodity Exchanges of Turkey (TOBB)¹

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4. Compatibility and coherence with the Operational Programme

4.a Common Code for Identification (CCI) No of Operational Programme: Human Resources Development Operational Programme CCI No. 2007TR05IPO001

4.b Commission decision (no and date) and the date of signing of the financing agreement for this OP: C (2009) 6146 signed by the EC on 17 August 2009

4.c Title of the priority axis

Priority Axis 3: To increase adaptability of workers, enterprises and entrepreneurs, in particular by promoting lifelong learning and encouraging investment in human resources by enterprises and workers.

4.d Title of the measure

Measure 3.2: To increase adaptability of employees and employers by investing more in human capital.

5. Description of the Operation

5.a Contribution to the achievement of the Operational Programme:

This operation will contribute to the achievement of the priority axes set out jointly in the Strategic Coherence Framework (SCF) and in the Human Resources Development Operational

¹ TOBB is a professional organization with a public character and governed by public law with a public-service mission, covering the whole territory of Turkey

Programme (HRD OP). The operation will particularly focus on the third priority axis whose objective is “to increase adaptability of workers, enterprises and entrepreneurs, in particular by promoting lifelong learning and encouraging investment in human resources by enterprises and workers”. More specifically, the operation will completely contribute to the implementation of the measure 3.2. of the HRD Operational Programme which aims to “increase adaptability of employees and employers by investing more in human capital”.

This operation is designed in conformity with thematic and regional focus approach of the HRD OP. Accordingly, this operation is regionally structured around a number of converging actions in order to increase adaptability of employers and employees in SMEs in 15 growth centres.

As stated in HRD OP, thematic focus of the operation will be increasing adaptability of employees and employers in SMEs, and raising workplace-relevant skills and competencies. Although there are various means of adaptation, this operation gives priority mainly to the trainings since insufficiency of trainings is the main challenge on the way of adaptation to changes in the economy, particularly in 15 growth centers.

The operation will also support the coordination among public institutions, social partners, provincial employment and vocational training boards and other relevant actors with regard to adaptability. To that aim, the awareness level regarding the importance of adaptability will be raised and all the actors will be informed about ways of increasing adaptability.

By and large, this operation will raise the adaptability of employers, employees and SMEs as a whole in terms of higher **value-added production, product diversification, innovation and institutionalization**. Therefore, the operation will contribute to **increasing competitiveness of SMEs** in the growth centres which will generate more employment in the long run. In this respect, it will contribute to first priority axis of HRD OP, which mainly focuses on increasing employment in the long run. Moreover, it will increase the employability of the employees, since they will be trained and acquire new skills and knowledge.

This operation will achieve these contributions via raising awareness meetings, trainings, consultancy services and networks.

By this way, the operation will contribute not only to the realization of HRD OP priorities, but also those of 9th Development Plan, 60th Government programme and latest SME Strategy, which emphasizes the importance of increasing competitiveness.

5.b Overall Objective:

To increase the adaptability of employees and employers in 15 growth centres by investing more in human capital for the sake of more sustainable economic growth.

5.c Operation Purpose:

To strengthen the capacity of SMEs, capabilities of employees and employers by providing them with work-based skills and by increasing the training and consultancy capacity of chambers of commerce, chambers of industry as well as chambers of commerce and industry.

5.d Location(s): 15 growth centres².

5.e Duration: 2 years.

5.f Target Group(s) :

- Employees and employers of SMEs operating in specified sectors
- Staff of chambers and other social partners

SMEs will be selected regardless of whether they are capital or labour intensive, Research and Development (R&D) oriented or not; but SMEs in specified sectors will be selected taking into account their growth potential and production capacity. By this way, SMEs operating in traditional sectors will also be assisted to upgrade their performance to international standards.

In order to specify the sectors of the SMEs to be supported, a synthesis is made by taking into account following information/analysis: latest incentive package of July 2009 (sectors that will benefit from regional incentives), investment incentive statistics of the Treasury (January-May 2009), leading industrial sectors at provincial level prepared by State Planning Organisation, clustering study made by Undersecretariat of Foreign Trade, Labour Market Research Final Report of Turkish Employment Agency and sectors specified in Regional Competitiveness Operational Programme (RC OP).

While specifying the sectors to be covered under the operation, it is significant to note that not only industrial but also services sectors will be supported.

Only SMEs within registered economy will take part in all project activities including trainings, since TOBB only represents the registered economy. In the process of selection of target groups for all project activities including trainings, priority will be given to employers who employ only registered employees. In addition, priority will be given to young employees, women and disabled employees. Their specific needs will be considered during the development of training modules. Besides, gender related aspects will be taken into consideration during the project activities, namely time and location of the trainings will be organized to ensure high level of participation of women and work-family balance. In addition, trainings will take place in each growth centre at appropriate locations for easy access of employees and employers (especially women). The participation of women employees will also be given priority into the project activities. However, it is not possible to state the minimum number of women participants at this stage since there is no available information on the number of women employees at provincial and SME level. During the implementation of operation, all the data regarding project activities will be diversified according to gender-breakage.

Furthermore, opinions of the employers are necessary for a more detailed specification of target groups.

5. g Description of the Operation and Background:

This Operation, as put forward in the overall objective and purpose, aims at supporting SMEs to help them adapt to the changing global and national conditions. In this respect, a brief evaluation

² Elazığ, Malatya, Diyarbakır, Şanlıurfa, Trabzon, Kayseri, Van, Kastamonu, Sivas, Samsun, Gaziantep, Kars, Erzurum, K.Maraş, Batman

of Turkish economy and the role of SMEs will be helpful in understanding the real rationale behind the Operation.

To begin with, Turkish economy is a complex mix of modern industry and commerce with a traditional agriculture sector that accounts for approximately 27 percent of employment. When it comes to industrial sector, textiles and clothing is the leading one with one-third share of industrial employment. However, it faces severe competition in international markets, especially with the rise of Chinese and Indian economies in related sectors. In addition, other sectors, notably the automotive and electronics industries are also rising in importance in the economy and overall export mix.

Having outlined a brief overlook of the Turkish economy, it is crucial to indicate that there exist highly evident differences between the production pattern of Turkey and that of the developed countries with which Turkey tries to keep up in terms of per capita income. Moreover, share of products requiring medium and high level of skills in total exports of Turkey is quite lower than the majority of OECD countries. One of the most important reasons behind this fact is the dearth of skilled labour force. As shown also in World Bank reports, education and skill levels in Turkey are considerably behind international standards. This constitutes a serious barrier for Turkey against adaptability and in turn, against job creation and competitiveness. According to 2007 Investment Climate Assessment (ICA) for Turkey, the Turkish manufacturing sector has lower levels of education than many developing countries like Bulgaria, Vietnam, Chile and Poland.

Within the framework of the general economic outlook mentioned above, SMEs play a major role in Turkish economy. According to the Turkish Statistical Institute's (TURKSTAT) 2002 data, SMEs constitute 76,7 % of total employment, 26,5 % of total investments, 38 % of total value added and 37,7 % of production capacity of Turkey. Moreover, it is estimated that Turkish SMEs account for 10 % of total export and receive 25 % share of total volume of credit. One important point here is that, these data in fact underestimate the relative importance of SMEs in the Turkish economy due to the large size of informal sector. In other words, SMEs have a greater share in the economy than the data shows. As a result, they are the sources of job creation and employment.

In Turkey, all firms, therefore all SMEs whose employers are categorized as tradesmen and/or industrialist (not craftsmen or artisan) are represented by the Union of Chambers and Commodity Exchanges of Turkey (TOBB). In this regard, TOBB is the highest legal entity in Turkey representing the private sector. As a part of this capacity, TOBB is the highest level representative of value-added and employment creating Turkish SMEs. Established by a public law No. 5174, it has 364 members in the form of local chambers of commerce, industry, commerce and industry, maritime commerce and commodity exchanges. Its missions shall be summarized as; taking initiatives to observe and protect the interests and rights of the business community, preserving the widely recognized integrity of the business community, and developing the capacity at the Chambers in implementing projects of value to business. These missions have emerged from the legal requirements as well as rapidly changing needs of the business community. The services provided by TOBB and the chambers are policy formulation, arbitration, information and advisory services, promotion of economic development, etc.

In view of the major role of SMEs in the economy, Turkey has been carrying out programmes to support them. Importance given to these enterprises has risen since Turkey joined in the Customs Union with the EU in 1996 and her candidacy for EU membership was approved in 1999. The establishment of the Customs Union particularly intensified the influence of international

competition on Turkish industry, especially on SMEs. After the Customs Union was put in place, Turkish SMEs felt even a stronger pressure to raise their technological level and acquire know-how in order to catch up with European competitors and utilize the opportunities in the domestic market. This triggered the support efforts for SMEs. Consequently, Turkey agreed to take more concrete steps to develop policies and programmes for SMEs and ratified the European Charter for Small Enterprises³ in April 2002. By adopting the Charter, Turkey made a commitment to support the SMEs in these areas and this Operation will constitute a step in the overall effort for this commitment.

The general profile of Turkish SMEs differs from those in developed countries. Firstly, the average workforce and turnover are much smaller in Turkish SMEs than their international counterparts. Secondly and perhaps more importantly, Turkish SMEs lag behind their European counterparts in terms of know-how, skill levels, capital investment to support their activities, and ability to take advantage of modern technologies, especially in the information and communications sector. In this context, this Operation will focus on the second point and will try to make a contribution in the convergence of Turkish SMEs with their European counterparts.

Having underlined the importance and profile of SMEs in Turkey, it is clear that there is a great need to support SMEs for increasing adaptability. The reasons behind the focus on SMEs are explained below by emphasizing the main challenges they face. Moreover, supporting SMEs is an urgent need for Turkey, due to not only these challenges but also the structural problems of labour market, namely, the entry of large numbers of young people into the labour market, low absorption capacity of labour market especially for former workers of agriculture sector, low job creation capacity and high unemployment rate. This requires substantial job creation in industry and services sectors, and therefore more support for SMEs. Moreover, SMEs will need even more support particularly in the areas of technology transfer, design, management and training.

A more detailed examination of the features of Turkish SMEs reveals a list of serious problems: (1) Turkish SMEs operate in a climate of overall instability. SMEs are not as well equipped as larger firms to protect themselves from internal and external shocks. This is in fact an issue beyond the scope of this Operation, but which surely affects the risks and assumptions the Operation should take into account. (2) Employment costs are high in Turkey. According to World Bank's Doing Business Report 2009, Turkey is 138th among 181 countries in terms of a redundancy cost measure and a rigidity of employment index including difficulty of hiring, rigidity of hours and difficulty of redundancy. (3) There is a lack of funding and access to finance. (4) There is a lack of information and efficient production technology, insufficient use of management and control systems, as well as lack of computer knowledge and skills. As a result, SMEs (especially those in regions eligible for IPA funds) are also very unfamiliar with new concepts such as green growth energy efficiency, mobility etc. which are in fact key for adaptability. (5) SMEs are reluctant to seek support in the economy to be more competitive. In other words, they have inability/unwillingness to access consulting services. (6) There is a significant mismatch between the skills acquired at schools and those needed by the labour market.

Within the context of 6th problem, the mismatch in the labour market has in fact becomes a social problem and is worth more elaboration in this context. In Turkey, there is a mismatch between

³ The charter covers the following areas: education and training for entrepreneurs, facilitation of the start-up process, better legislation and regulation, skills training, improving online access, getting more out of the single market, improvements in taxation and financial matters; boosting SMEs' capacity for innovation and technology, support for e-business and technology firms, and stronger and more effective representation of SMEs' interests at national and international events.

labour supply and labour demand which results in unemployment. This situation coupled with a low level and quality of education means that Turkey has a considerable, yet inadequately exploited human capital potential. Accordingly, there is a requirement for substantial job creation in industry and services sectors on one hand, and for vocational training which meets the qualified workforce demand on the other. This weakness, on the other hand, penalizes in particular the businesses. It is evident that what is supplied by the schools does not meet the demand of the business world for skilled labour force. Therefore, it is of utmost importance to better understand the knowledge and skills required by employers. As the results of a study carried out by Economic Policy Research Foundation of Turkey (TEPAV), computer and foreign language skills are the two most important criteria (42% and 40% of firms, respectively) in the selection process for recruitment. Moreover, communication skills of candidates and the social activities they participate are other important factors in hiring decisions of employers.

When compared to larger businesses, the problem is much more severe for SMEs, since they cannot afford certain activities (training of the staff, school-business cooperation etc.) to eliminate or minimize this mismatch. Moreover, SMEs do not have enough financial capacity like larger business to attract highly skilled labour. In addition, generic skills level of even university graduates is not sufficient to meet the needs of employers. It is also known that not only employees, but also employers at SMEs do not have sufficient generic skills. Hence, it is important to develop their level of generic skills as well as vocational skills.

By investing in their employees, work organisation, management etc., SMEs can more successfully tackle the challenges of adaptability. On the other hand, for successful management and marketing a new product or service, they need some capabilities such as planning, finance, advertising and market research, production and control, and knowledge of wholesaling, retailing and pricing. All of these issues require tailor-made trainings, but Turkish SMEs especially in less-developed regions cannot afford these trainings themselves due to lack of financial resources. Moreover, as briefly mentioned above in 5th problem, most of SMEs especially in less-developed areas, are not even aware of the fact that they need more training and consultancy for adaptation.

Within this framework, the Operation will focus on 4th, 5th and 6th problems listed above, since they constitute serious barriers against increasing adaptability of SMEs. **The overall strategy of the Operation can be summarized as facilitating the transition to a high value- added and diversified production structure and institutionalization of SMEs having certain growth potential, with a final aim of more innovativeness and higher competitiveness, by providing them with relevant skills and knowledge.** In other words, a triggering effect is targeted by assisting SMEs that have higher potential. Here innovativeness is interpreted in a broad way, encompassing not only the conceptualization – design or advancement of a new product or service, but also the successful bringing of a new product or service to the market. In addition, as the operation will focus on both employees and employers of SMEs, it will at the same time contribute in the continuous skills upgrading of the workforce, namely their life-long learning and thereby it will help employees increase their employability.

To cope with these problems, first of all, SMEs' capacity to take advantage of technology should be enhanced. Turkish SMEs need easier and more frequent access to training and consultation in the area of using new technologies in order to improve the quality and variety of their products, increase their value-added production, innovative potential and export capacity. Therefore, trainings will have a particular role in the Operation.

It is important to note that SMEs in less-developed areas, especially in the growth centres, are in need of different kinds of training and consultancy, compared to those in developed regions. The former are in need of more basic skills, such as computer literacy, innovativeness, preparing feasibility study, foreign language etc.

Bearing these issues in mind, existing human resources (employees and employers) and methods of doing business will be improved. To that aim, following actions will be carried out:

- **Awareness Raising:** Organizing awareness raising meetings in the growth centres on the need for adaptability and investment in human resources. These meetings will contribute to SME employers' and employees' understanding to adapt to changing social, economic and technological conditions and become more competitive.
- **Training analysis:** Making training need analysis in general and vocational areas at company level and training gap analysis to identify trainings already provided by relevant actors. These needs analysis will ensure providing trainings in line with the needs of the employers not only in this operation but also in other trainings provided by different actors. Since this is a measure on adaptability, in addition to analysis of generic and vocational needs, analysis will include a third pillar which is the identification of level of familiarity of SMEs with new concept (energy efficiency, green technology, flexible types of working, intellectual property rights and etc., mobility). Following this analysis, another analysis will be implemented in order to identify the more experienced SMEs in developed regions of Turkey so that SMEs in 15 growth regions can learn from their experiences. The analysis will basically aim at finding out business models successfully implemented in developed regions that will be transferred to the regions eligible under IPA. In addition, the SMEs from developed regions will present their experiences during workshops and study visits that will be organised during the operation.
- **Increasing the capacity of employers and employees:**
 - Providing employers and employees with trainings on generic and vocational skills as well as workshops on above mentioned new concepts, based on training needs analysis. The training subjects will be identified through the training needs analysis; however the final aim of encouraging **transition of SMEs to a higher value- added and diversified production structure and their institutionalization will be born in mind. Therefore, training subjects will focus on management and production systems of SMEs such as total quality management systems, developing human resources management policies, business planning**, marketing, financing and production technology (An indicative list of possible training subjects on generic skills could be as follows: computer literacy, ICT skills, utilization of new production technologies and practices, data processing, product development, feasibility analysis, changing business patterns, intellectual property, health and safety at work, issues in Labour Code on flexibility and their utilization etc.). Training subjects on vocational areas will be determined by the training needs analysis. In addition, issues such as corporate social responsibility, environment protection, benefits of registered employment, importance of increasing women employment, anti-discrimination towards women employees etc. will be touched upon during courses. Furthermore, trainings will take place in each growth centre at appropriate locations for easy access of employees and employers (especially women).
 - Organizing study visits to enhance their knowledge and skills; organizing workshops within the participation of employers from developed regions and less developed regions and sharing best practices on innovative business concepts; organizing visits

to the selected SMEs in developed regions with the participation of employers and employees in 15 growth centres; publishing best practices on adaptability of the SMEs. As mentioned above, trainings are the core activities of this operation due to the fact that higher-value added and diversified production as well as institutionalization requires training for both employees and employers. The study visits both in EU and Turkey will contribute to increasing capacities of employers and employees with the help of sharing experiences.

The selection of employees and employers that will attend the visits will be made by an open call for companies. The applications will be evaluated according to following criteria: personal motivation-expressed interest in study visit topic, working experience -in the company for at least 1 year, expressed support of the company to send that person to study visit, basic English knowledge, success level of participants into the trainings and gender (women candidates with sufficient qualifications will have priority). In addition, the selection of the participants should reflect a balanced distribution according to the regions. The most suitable ones will be selected by TOBB with the approval of the Operation Coordinator in the Operating Structure.

During study visits, innovative solutions of EU companies to their basically managerial problems will also be shared with Turkish SMEs. In this regard, study visits for employers will aim to raise awareness and stimulate innovative and creative attitudes among the participants.

- **Consultancy services for SMEs:** Innovative and sustainable forms of work organisation models will be designed and implemented for the SMEs which attended to trainings and most successfully completed. These models and their implementation will be shared and thereby disseminated in the website and during the closing conference.
- **Increasing the capacity of chambers, social partners and relevant actors:** Providing chamber staff, social partners, members of Provincial Employment and Vocational Training Boards, ÇASGEM, MPM, İŞKUR staff with training of trainers; organizing study visits for the staff of chambers to enhance their knowledge and skills. These trainings are necessary for providing sustainability of training services.
- **Training support and coordination centres:** Establishment of training support and coordination centres within TOBB and 5 chambers to ensure the sustainability of operation, where SMEs will continue to be provided with training services. The centres will provide support to SMEs on access to services and resources. These centres will also be in close cooperation with vocational schools to ensure coordination.

The centres will be established within Kayseri Chamber of Industry, Samsun Chamber of Commerce and Industry, Gaziantep Chamber of Industry, Kastamonu Chamber of Commerce and Industry and Elazığ Chamber of Commerce and Industry. Criteria for the Selection of Host Chambers for TSCCs

1. No existence of an ABIGEM in the chambers
2. Commitment of the host chamber
3. Geographical concentration
4. Economic development level

The grounds for the establishment of these centres can be summarized in following points:

1. Turkey has recently adopted her Life Long Learning (LLL) Strategy Document, after the approval of High Planning Council. The document is prepared by related public organisations, professional organisations like TOBB and civil society organisations. Moreover, it is not only an initiative of Turkish government, but a part of EU accession process. To be more precise, it is stated in the document that the responsibilities of related stakeholders (including professional organisations like TOBB) will be redefined within the framework of LLL. The strategy intends to make them more active in the education and training area, by giving them more responsibilities and powers. In view of this, involvement of professional organisations like chambers in education and training activities has become a part of overall endeavours for EU membership. The centres (which will constitute an example for others) will help chambers become more active in the area as aimed at in the strategy document. They will constitute institutional capacity building for chambers, since they will be a part of chambers. Therefore they will contribute to the achievement of the purposes of the LLL Strategy Document.
2. According to Law No. 5174 on the establishment of chambers, one of the purposes of the establishment of chambers is to “meet the common needs of their members”, one of which is definitely providing consultancy and training for their members. Moreover, working to develop vocational education and training is also among their duties given by Law. This project will help chambers carry out their duties and missions more in line with international standards.
3. TOBB is represented in all governance mechanisms related to SMEs, as well as education and training. The general expectation from chambers of nearly all public institutions, other professional organisations and civil society organisations is to be more active in these areas. These centres will contribute to meeting of these expectations.

The functions of the centres can be summarized as follows:

1. These centres will also function to support the vocational qualification system in Turkey. In the long run, these centres are planned to encourage not only the participants of their trainings but all employers and employees around them to make use of this system. In other words, they will disseminate the benefits of being tested and certificated by VQA accredited centres; encourage employers to seek for people with such certificates and employees to get such certificates. On the other hand, despite the considerable progress, qualifications system has not yet been fully established and operational in Turkey. Accordingly, there is for now only 1 testing/certification centre accredited by VQA and it is in natural gas sector. There are no other such VQA accredited centres as yet. Therefore, it is practically impossible to provide that evaluation/testing at the end of trainings be made by such centres. However, it is expected that in the longer term, after such centres grow in number, the testing and certification following the trainings given by the training support and coordination centres will be made by them. These centers will increase awareness of SMEs on vocational qualifications system and recruitment of certified employees by VQA.

2. SMEs in Turkey have responsibilities and obligations regarding vocational education and training, which surely is related with them and their current and future employees' adaptability. Accordingly, enterprises which employ 20+ employees are obliged provide practical training within the enterprise for the students of the vocational and technical schools. The number of students cannot be less than 5 percent and cannot exceed 10% of the total number of employees of the enterprise. Enterprises having students (trainees) more than 10 are obliged to establish training units and employ a trainer. However, SMEs are in difficulty in fulfilling these liabilities due to their own problems mentioned above and lack of coordination between SMEs and schools. These centres will carry out a coordination function between SMEs and schools, and they will provide technical and logistical support to SMEs. Moreover, they will work to raise the awareness of SMEs on the benefits of cooperation with vocational schools and universities. They will also coordinate the practical training of the teachers at such education institutions, which is in fact a separate activity in the OP.
3. These centres will inform the related authorities as well as TOBB on the problems and needs of SMEs (especially skills needs) in their regions. Since chambers are legal entities represented in Provincial Employment and Vocational Training Boards whose duty is to make recommendations to the government, they can bring these issues easily to the agenda of these Boards so that the Board adopts a decision on the issue.
4. These centres will also function as a bridge between SMEs and training and consultancy providers.

Lastly, in the centres, long term non-key experts will work in the project together with chamber staff.

- **Enhancing the cooperation among relevant actors:** Establishment of a database including the training needs, training providers, and announcements regarding career opportunities; establishment of a website including online trainings and announcements; organizing a university-industry cooperation conference in one growth centre; practical training of teachers of vocational high schools and vocational higher education institutions at enterprises. The practical training activity will increase theoretical knowledge of employees and practical knowledge of teachers in production process reciprocally.

These activities will be carried out through service and supply contracts in this operation.

5.h Results with measurable indicators:

Result 1: Employers and employees raised their awareness on the need for more training and consultancy for increasing adaptability and competitiveness.
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Output indicator 1:

- Number of awareness raising meetings in each growth centre.
- Preparation of booklets and audio visual materials in order to deliver to the related parties.

Result 2: Training needs and trainings already provided for employees and employers in the growth centres were identified and training modules were prepared.

Output indicator 2:

- A background document including the gap analysis to identify trainings already provided by social partners, vocational organisations and other actors.
- Training needs analysis at company level and best practice analysis in the most developed 15 provinces in Turkey.
- Prepared training modules according to the results of training needs analysis.

Result 3: The level of knowledge and skills of employers was increased to raise their adaptability.

Output indicator 3:

- Approximately X employers participated in the trainings.
- Study visits to SMEs in EU with the participation of employers.
- Workshops by the participation of employers from developed regions at sectoral level.
- Visits to the selected SMEs in developed and industrialized provinces with the participation of employers and employees.
- Models of innovative and sustainable forms of work organisation for SMEs which have participated in and successfully completed the trainings.

Result 4: The level of knowledge and skills of employees was increased to raise their adaptability.

Output indicator 4:

- Approximately X employees (preferably employees of SMEs whose employers also participated in the trainings) participated in the trainings.
- Study visits by SME employees who have participated and successfully completed the trainings to SMEs in an EU country.
- Visits to the selected SMEs in developed and industrialized provinces with the participation of employers who have participated and successfully completed the trainings.

Result 5: Capacity of chambers in providing trainings and contributing in lifelong learning was improved.

Output indicator 5:

- X training, support and coordination centres established within the chambers and within TOBB
- Study visits by chamber staff and centre coordinators to the training and consultancy centres established by a chamber in the EU.
- At least X staff who will work in the centres accredited as trainers.

Result 6: Staff of chambers, social partners, Provincial Employment and Vocational Training Board staff and ÇASGEM staff increased their training capacities to be trainers.

Output indicator 6:

- Approximately X staff participated in trainings.

Result 7: Cooperation and coordination among relevant stakeholders was enhanced
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Output indicator 7:

- Online database including information on stakeholders, resources, the training needs, training providers, announcements regarding career opportunities, decisions of Provincial Employment and Vocational Education Boards that will serve for chambers, SMEs, civil society organisations and vocational schools is established.
- A web-site is established.
- Conferences on industry- university cooperation are organised.
- Approximately X vocational school teachers participated in the on-the-job trainings.

According to the HRD OP, the main result indicators of this Operation are:

- Increased training activities on the requirements of adaptability given by social partners to their members
- Increased adaptability of workers in terms of having extra skills or abilities related to their position (percentage of participants increasing their salary or being promoted or having extra responsibilities)
- Increased adaptability of employers in terms of having extra skills or abilities in order to be competitive enough (percentage of participants increasing their salary or being promoted or having extra responsibilities)

5.i Activities:

Result 1:

1. Preparing a short movie on the importance of adaptability, brochures, posters, display panel, fliers, logo etc.
2. Organisation of awareness raising meetings which mainly SME employers and employees will participate.
3. Preparation of booklets and audio visual materials.

Result 2:

4. Preparation of a background document which also includes the current trainings provided by relevant stakeholders
5. Conducting surveys for training needs analysis at company level
6. Conducting a survey at company level in the developed regions of the Turkey to identify best practices
7. Preparation of Training Needs Analysis Reports.
8. Preparing training modules based on the training analysis for employees, employers and social partners.
9. Workshops to disseminate and evaluate the results of the analysis.

Result 3 & 4:

10. Trainings (employers and employees will be trained on generic skills and on new concepts; employees will be trained on vocational and generic skills as well as on new concepts).
11. Study visits. The selected SME employers will have the opportunity during these visits to meet their European counterparts with an aim to enhance their understanding and knowledge on how European SME employers tackle the challenges they face and adapt to changing conditions. These visits will also be an opportunity for intensive networking.
12. Study visits. The selected SME employees will have the opportunity during these visits to meet their European counterparts with an aim to enhance their knowledge on how the European SME employees increase their adaptability to changing conditions.
13. Workshops will be organized to share best practices. The practices will be of innovative SMEs and on how and what kind of an innovation they managed.
14. Development and implementation of innovative and sustainable work organisation models who have most successfully completed the trainings.
15. Site visits to the selected SMEs in more developed and industrialized provinces with the participation of employees and employers of SMEs.

Result 5 & 6:

16. Establishment of training support and coordination centres within local chambers selected among the chambers in 15 growth centres and TOBB.

(The existence of an ABİGEM in a growth centre should not constitute a barrier against the establishment of a training, support and coordination centre in the same growth centre. First, the duties of these centres are different than that of ABİGEMS, which only provide training and consultancy. Second, as mentioned above, training provision is among natural duties of chambers. ABİGEMs' existence cannot prevent chambers from providing training. Third, ABİGEMs will be turned into companies in the future, whereas the centres will continue to be a part of the chamber system as an institution. Fourth, in some growth centres (i.e. Kayseri and Gaziantep), chamber of industry and chamber of commerce are founded separately; and ABİGEMs are founded within the latter. On the other hand, these centres will work in synergy with ABİGEMS which are also established as a part of an EU funded project.

17. Trainings- Providing training of trainers for chamber staff; social partners, members of Provincial Employment and Vocational Training Boards, İŞKUR, MPM and ÇASGEM staff.
18. Accreditation of chamber staff and non-key experts as trainers and necessary trainings for them to be accredited.
19. Study visits: study visits will be organised for chamber staff and non-key experts who work for training, support and coordination centres and TOBB. Chamber staff will pay visits to chambers in EU countries which are active in education and training (like Association of German Chambers of Commerce and Industry, Austrian Federal Economic Chamber, Paris Chamber of Commerce, Antwerp Chamber of Commerce etc.) or to similar centres

required. He/she will formally approve the reports of the Consultant, the technical documents, payments requests/invoices prior to financial check and payment by CFCU (“read and approved”), requests of the Consultant regarding recruitment of non-key and short term experts. He/she will ensure the coordination with other departments within TOBB for the development and proper implementation of the operation. SROB will assume responsibility for establishing the Steering Committee (SC, defined below), organizing its meetings and workshops to be conducted during the operation.

TOBB will establish an OCU in Ankara, which will be composed of at least 6 staff members of TOBB (and representatives of local chambers will be invited to the meetings if and when necessary). TOBB will provide place and logistic support (office, furniture, equipment/tool, telephone and fax etc.) for OCU. The OCU is planned to be the direct counterpart of the Technical Assistance Team (TAT). TAT and OCU will meet at least once a week to discuss issues related with operation implementation.

When/if needed Technical Advisory Groups or Working Groups within TOBB and/or at the regional level may be established to guide the technical implementation of the operation. It is the responsibility of TAT to facilitate through the right guidance and recommendations, the establishment of technical advisory/working groups.

6.b Proposed monitoring structure and methodology:

The OS cooperates with the main beneficiary (TOBB) in monitoring the implementation of the contracts and any other aspects with relevance to the implementation of the Operation.

The Contracting Authority will be responsible for overall project supervision, review of reports and financial approvals.

Monthly Management Committee (MC): A general management meeting will be called on a monthly basis to assess the progress of the operation and propose corrective measures if and when necessary. Management committee meetings, which will be held at TOBB premises in Ankara, will be chaired by the Beneficiary. Representatives of OCU, TAT, OS, CFCU and EUD will be the members of MC.

Steering Committee (SC): SC will be established to serve as a platform to share results achieved, exchange experiences, etc. The SROB will initiate the establishment of a core SC which will be composed of representatives of OS, TOBB, representatives of 15 chambers and organized industry zones in growth centres, KOSGEB (Small and Medium Industry Development Organization), National Productivity Centre (MPM), İŞKUR, VQA, CASGEM, TİSK, TESK, TÜRK-İŞ, DİSK, HAK-İŞ, EUSG, EUD, Development Agencies in 15 growth centres, CFCU. Representatives of NGOs may be invited to meetings of the Committee when needed. The final composition of SC will be determined at the end of the inception phase of the operation. The SC will meet on a semi-annual basis and serve as a platform of coordination among relevant public and private sector institutions. Organization of the meeting will be conducted by TAT. In the course of the operation, the SC could develop a platform for disseminating policy advice.

In addition, site visits will be conducted on sample activity base in order to monitor the operation with the participation of the OS, TOBB and CFCU. TAT shall ensure flow of any kind of information during the desk checks and site visits.

TOBB should ensure delivery of all reports including progress/interim reports on the implementation of the Operation. These reports will be prepared in accordance with the form forwarded by the CFCU and OS.

Interim reports must be prepared every six months during the period of implementation of the tasks. They must be provided along with the corresponding invoice, the financial report and an expenditure verification report defined in Article 28 of the General Conditions.

There must be a final report, a final invoice and the financial report accompanied by an expenditure verification report at the end of the period of implementation of the tasks.

The draft final report must be submitted at least one month before the end of the period of implementation of the tasks.

6.c procedures and contracts required for the implementation of the operation and their sequencing:

1. service contract
2. supply contract

7. Risks and assumptions:

Risks:

1. Aggravation of the effects of the global economic crisis
2. Lack of coordination and cooperation among relevant institutions and organizations.
3. Low enthusiasm among employers and to a lesser extent of employees for participating to the trainings
4. Interruption in the implementation of IPA due to political and /or administrative concerns
5. Unwillingness of social partners to participate in operation activities
6. Unwillingness of social partners to share ideas and data during training needs analysis

1. Assumptions:

2. Effective coordination and cooperation among all relevant parties is ensured.
3. The target groups are willing to take part in the operation activities.
4. Regular implementation of relevant measures is ensured for the implementation of the Operation. i.e. appointing the permanent staff to TOBB.
5. Continuation of senior level commitment of TOBB is sustained during the implementation of the operation.

8. Expected impact of the operation on the target group and multiplier/spill over effects:

By the help of the operation, employers' and employees' adaptability to the changing conditions in the global economy will be raised; their competitiveness, production quality, integration with other markets will be increased. Employers' awareness will be raised so that they will continue

to provide training opportunities for their employers, who have not participated in the training organized within the framework of this operation.

Training, Support and Coordination Centres established within chambers will in the future provide services to all SMEs in their regions. They will also constitute a model for other chambers in Turkey. Based on their results, other chambers may establish similar centres.

Trainings are also expected to have long term effects. SMEs that cannot participate in the trainings will be motivated by seeing the long-term benefits of the operation for the SMEs which participated.

The increased capacity and thereby competitiveness of the SMEs will produce wealth and thus, contribute in the socio-economic development of the region. The increase in the capabilities of SME employers and employees will provide human capital development in the region and this will help the region attract more investment. The employability of the employees will also be enhanced. All these, in turn, will contribute in the reduction of unemployment and poverty in the region.

9. Sustainability:

The sustainability of the Operation will be ensured by, first of all, Training Support and Coordination Centres. Firstly, they will ensure institutional and financial sustainability. Chambers and businesses already carry out training activities. By the establishment of these training support and coordination centres, their expenses and efforts will be streamlined within a structure and therefore, will be more coordinated. After the completion of the Operation, the centres will continue to function within chambers. In other words, training will be among the services provided by chambers to the SMEs and SMEs will pay in return for the services. (The centres will not be turned into companies and they will not pursue profit. They will rather meet their expenses). Secondly, these centres will also be helpful in ensuring sustainability of many activities in the operation, such as updating needs analysis. These analyses are expected to be a basis for future trainings organised in other occasions.

Moreover, these centres will bring an institutional change into the chambers. By this way, they will help the operation go beyond training provision. The centres will provide incentives in the form of training, technical and logistic support to SMEs, which will constitute a permanent training and skills improvement opportunity for the employees and employers of SMEs. Training of trainers provided for the staff of chambers, social partners, members of provincial employment and vocational training boards, ÇASGEM will also enhance the long-term effects of the Operation.

Furthermore, the database and website will ensure sustainability of coordination among the relevant actors. Sustainability and update of database and website will be provided accordingly by the TOBB. The practical trainings for the vocational school teachers will also enhance the sustainability of the operation, since the teachers who increase their industrial experience, will train their students more in line with the needs of the enterprises.

To ensure political sustainability, the lessons learned and results of this operation will be transferred to the policy makers in all suitable platforms which TOBB takes place. Moreover, there will be a chance to raise the awareness level in business world with the help of best practices and success stories published. Lastly, it will be possible to transfer the successful

methods and analyses to the rest of the country. It is expected that the outputs of the operation will be inputs for developing national industrial strategy.

10. Horizontal Issues:

The operation will take into consideration the horizontal issues referred to in HRD OP. As regards *equal opportunities*, the principle of ensuring equal access to services for men and women will be ensured during the implementation of the operation. A particular importance will be given to the training of women employees. Their needs will be specifically addressed in needs assessment.

As regards *sustainable development and environmental protection*, this operation directly serves in favour of these issues. Improving adaptability of employees and employers to the changes in the economy is one of the core issues of sustainability of economic development and insurance of economic stability. Furthermore, protection of environment is a part of adaptability issue. Environmental issues will be taken into consideration in designing training modules and identifying best practices of production. Thus, awareness and knowledge of employers and employees on environmental issues will be raised.

As regards *participation of civil society*, partnership approach is a key one taken into consideration in envisaging the main activities of the Operation. The participation of the social partners will be ensured particularly in the activities such as surveys, trainings, consultancy services and networks.

As regards *geographical, sectoral and thematic concentration*, Operation will be implemented in 15 growth centers, as mentioned before. The thematic focus of this operation will be increasing the adaptability of employee and employers to the changes in the economy. The sectoral concentration will also be achieved by conducting the trainings, consultancy services and networks on certain sectors which was selected after examining the relevant surveys, reports and other studies.

As regards *disadvantaged persons*, their participation will be encouraged and obstacles to their participation will be removed. During the training needs analyses and configuration of training modules the special condition of the disabled persons will be taken into consideration in addition to the women and young employees.

As regards *good governance*, that issue will be a permanent concern of the Operation at all stages and levels. All administrative procedures concerned with the award of contracts will strictly follow the EC standardized rules and procedures, namely those prescribed under the relevant PRAG. Last, but not least, transparency of procedures and results will be sought at all times.

11. Links with other IPA component measures:

This operation is linked with IPA component III on “Regional Competitiveness OP (RC OP)” and particularly with the measure M.2.1 of the RC OP which is “Providing Basic Information and Consultancy Support for Enterprises”. With this measure, RC OP aims to provide consultancy to enterprises on entrepreneurial skills and investment. On the other hand, this operation aims to provide services in order to guide the employee and employers to cope with

the challenges in the economy. In this respect, it is expected that activities of this operation will be complementary to the activities of RC OP.

Moreover, this operation already closely linked with the measure 1.3 of RC OP which is “Improvement of R&D, Innovation and Technology and ICT Environment and Infrastructure”. This operation will provide services to increase the adaptability of enterprises through providing consultancy to them about the importance and methods of the improving R&D and ICT skills. By and large, the Operation will follow the sectoral analysis and priorities of the RC OP in order to ensure that training developed will be consistent with the local/regional needs and potential.

With regard to the IPA Rural Development Programme (IPARD), this operation will complement IPARD’s first priority and in particular the Measure 1.2 “*investments in the processing and marketing of agricultural and fishery products to restructure and upgrade to Community standards*” by providing trainings to SMEs potentially eligible for IPARD investment support in industries related with agriculture and fishery.

Total Budget of the Operation: 5.000.000 €