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Hatay ve Kahramanmaraş

Women of Recovery Hand in Hand

ingev İNSANI GELİŞME VAKFI

Projet soutenu par Fondation de France

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The greatest glory in living
lies not in never falling,
but in rising every time we fall.

Nelson Mandela

1.
THE REGION, PRE-EARTHQUAKE 2022

1. The Region, Pre-Earthquake -2022

In February 2023, the region was home to 14 million people, representing 16.4% of Türkiye's total population in 2022. Additionally, 1.7 million Syrians under Temporary Protection (SuTP) resided in the area, accounting for 49.6% of the total Syrian population.

According to the Turkish Statistical Institute (TSI), the region also recorded a population of 2.5 million people with disabilities, with a nearly equal gender distribution.
In 2022, the region contributed 11.6% to Türkiye's Gross National Product (GNP) and 17.8% of the country's total agriculture, forestry, and livestock production. The per capita income in the region was USD 6,317, which was only 59% of the national average. The service sector dominated the regional economy, contributing 43.5% to the regional GNP, followed by industry at 29.7% and agriculture at 11.6%. Employment rates in the region were lower than the national average and showed a significant gender gap. Of the 4 million people employed in the region (13% of total employment in Türkiye), the unemployment rate was 14.6%, compared to the national rate of 10.4%. Male labor force participation was 70%, while for women, it was only 31.8%.

In 2022, there were 3.7 million SMEs in Türkiye, providing 70.6% of the country's total employment. Of these, 90.5% were categorized as micro-enterprises, and 7.9% were small enterprises. INGEV estimates that the region was home to approximately 429,000 SMEs before the disaster, with 98% classified as micro or small enterprises, in line with the region's share of GNP.

For clarity, the Turkish SME classification system defines a business as an SME if it has fewer than 250 employees or an annual turnover below TL 500 million. Micro SMEs are those with fewer than 10 employees or an annual turnover of less than TL 10 million, while small SMEs are defined as businesses with 10-50 employees or an annual turnover below TL 100 million.
The food sector plays a significant role in Türkiye's SME landscape. According to the Ministry of Agriculture and Forestry, there were 718,003 establishments in the food sector, with 81,094 engaged in food production, 344,759 in food sales, and 277,003 in food service. It is estimated that 83,288 food establishments operated in the region before the disaster. The food sector encompasses businesses involved in the production, storage, handling, and sale of food, from primary production to retail and food services.

2.
EARTHQUAKE AND BUSINESS

2. Earthquake and Business

In February 2023, Southeast Türkiye and Northwest Syria were struck by the deadliest earthquakes in the world in the past 100 years. The earthquakes severely impacted the region's infrastructure, economy, and social life. Official records report 53,537 deaths, 107,213 injuries, and widespread migration to other parts of Türkiye, with nearly 48% of the population displaced from their homes. Many survivors are now living in tents or containers with limited resources, as there are currently 145,104 containers in cities and 65,706 in rural areas, alongside safe buildings. The local economies have been devastated, resulting in job losses, business closures, and widespread economic instability.

Following the earthquake, INGEV's Social Research team conducted a survey involving 2,536 SMEs to assess the situation and shared the findings with stakeholders involved in emergency and livelihood responses. The survey revealed that 47% of business owners had migrated to other cities, 42% had ceased operations, and 50% faced difficulties in sourcing raw materials. Additionally, INGEV analyzed data from 6,010 women-owned small businesses on behalf of KEDV (the Foundation for the Support of Women's Work), highlighting the extent of the disaster.
Of these businesses, 32% reported at least one death within their family or relatives, 41% experienced no damage to their workplaces, 32% had minor damage, and 27% suffered moderate to severe damage.

Official records show that
115,312 businesses were moderately or severely affected by the earthquake, with 56% of these located in just two cities: Hatay and Kahramanmaraş. The ILO estimates that more than 220,000 businesses were impacted,
along with 25,543 barns and haylofts. According to the Ministry of Agriculture, nearly a million livestock were lost due to the earthquake. These levels of destruction have caused severe disruptions across all levels of business, with SMEs particularly in need of attention due to their crucial role in sustaining economic life, employment, and trade—essential components for rebuilding the region.

Before the earthquake, the region had seen a growing trend in women's entrepreneurship, particularly in small and medium-sized businesses, offering hope for the economic empowerment of women and the potential for greater gender equality. This trend was also evident among Syrian refugee women.
Unfortunately, the earthquake has severely impacted many developing women-owned businesses in this conservative part of Türkiye. Despite the devastation, 72% of women small business owners have remained in the region,
rather than migrating elsewhere. Syrian women entrepreneurs, who have faced even greater challenges, are similarly affected by the disaster.

3.
BUSINESS RECOVERY EFFORTS

3. Business Recovery Efforts

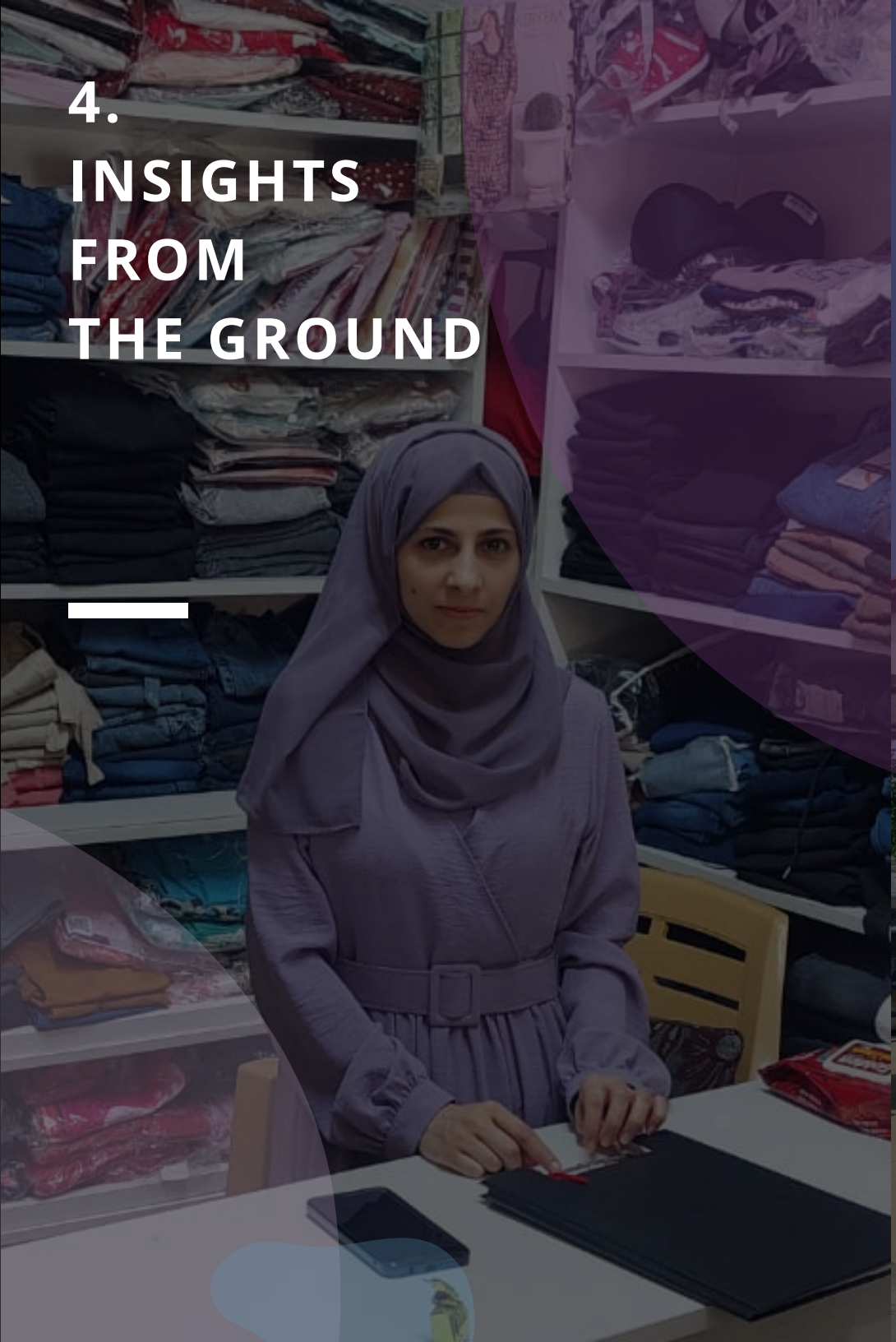
There are three primary channels driving food business recovery efforts following the initial emergency response phase. The most significant is the government, which primarily allocates support through KOSGEB (the Small and Medium Enterprises Development Organization) and TIGEM (the General Directorate of Agricultural Enterprises) to provide direct and indirect financial assistance to SMEs. The second major channel is UN agencies, led by UNDP, which leverage various international financial resources to aid SMEs. The third group comprises a mix of international and local NGOs, along with numerous large Turkish companies.

Unfortunately, there is no comprehensive data available to accurately assess the total value of aid or the number of unique beneficiaries. According to an official report from the Turkish Presidency, KOSGEB's financial support amounted to TL 13.5 billion (~USD 450 million), while development agencies contributed TL 377 million (~USD 12 million). UN agency support for SMEs is estimated to be around USD 10-15 million, while support from the third group (NGOs and companies) is estimated at USD 10-20 million, based on various press releases

In total, the estimated value of SME support is around USD 500 million, including long-term, low-interest government loans, with much of the aid directed toward repairing office buildings.

However, indicators suggest that aside from loans and grants for damaged buildings, operational support has been very limited compared to the scale of need. For instance, in our most recent program, the grant amount was set at €1,100 per micro-enterprise, yet we received 902 applications from women entrepreneurs immediately after the announcement—far exceeding the available funding capacity, which could only support 30 businesses.

4. INSIGHTS FROM THE GROUND



Here are some key insights from INGEV's recovery program for women-owned small and micro enterprises in Hatay and Kahramanmaraş, which may inspire effective intervention design:

Pumpkin Dessert Producer (37, Antakya, Hatay)
This entrepreneur specializes in Hatay's unique lime-cooked pumpkin dessert, sourcing from local farmers, running a small factory, and operating in wholesale. Despite significant business volume, she needs support in financial management and cash flow. She faces challenges in preparing documents for large-scale loans, although she has access to small grants.

Honey Packaging Business (Kahramanmaraş):
Her business, which involved packaging honey from local beekeepers and distributing it to wholesalers across nine or ten neighboring provinces, was severely impacted by the earthquake. With government loans, she has rented a new facility and restarted operations but needs funding to handle labeling and wrapping in-house, as local outsourcing is no longer an option. Cash flow management and additional capital are critical for full recovery, as she struggles to manage only daily cash inflows and outflows.

Natural Products Producer (Antakya, Hatay):
Before the earthquake, she produced local products like olives, pickles, and pomegranate syrup, employing women from the village. Post-earthquake, sales have drastically slowed due to poor storage conditions, and she needs to expand her reach through expert online commerce platforms. However, limited knowledge, time, and cash to meet platform requirements (such as high-quality photos and content) have hindered progress. Her accounting services remain rudimentary.

Syrian Caterer: Specializing in cooking local dishes like "kepse" for home and restaurant deliveries, her operations have been reduced to a single pot and stove after losing equipment in the earthquake, including a motorcycle for deliveries. With INGEV's grant, she has purchased new cooking equipment and is rebuilding her business relationships to supply desserts. She needs better delivery capacity, improved pricing, payment terms, and an expanded customer base, but has no accounting services and no experience with loan systems.

"Tarhana" Producer (Kahramanmaraş): This SME produces local Tarhana (sun-dried food made of curd, tomato, and flour) and its chips for wholesalers, retailers, and consumers, with raw materials sourced from local farmers. Pre-earthquake, they produced 500 kg daily but are now operating at lower capacity. Their goal is to double pre-earthquake capacity due to strong demand, but their key challenge is scaling up across all areas of production. Despite running a sizable operation, they lack basic financial tracking for costs, revenue, margins, and cash flow.

These insights highlight the urgent need for financial literacy, cash flow management, and operational capacity expansion in the recovery efforts for women-owned enterprises.

5. MOVING FORWARD

5. Moving Forward

INGEV's core operational focus lies in livelihood support, particularly assisting micro and small enterprises and startups, with an emphasis on those initiated by vulnerable groups. Our livelihood support system consists of essential modules such as market-oriented training, business consultancy and mentorship, supply-demand chain integration, access to finance, go-to-market strategies, and grant management. This comprehensive approach begins with a needs assessment and concludes with an impact assessment, as we value outcomes alongside outputs.

While the scale of the disaster was enormous and resources are limited, we have identified six key factors and four significant barriers that should be considered for designing an effective access-to-finance program for micro and small enterprises, taking into account the surrounding drivers.

1 **"Cash is the king."**
Cash or in-kind support for micro and small enterprises is not only essential for restoring and enhancing specific areas of their operations; it also frees up time for business owners to focus on broader strategic issues and engage more effectively in collaborative programs.

2 **Cash/Grant tied to a particular business action**
Any grant, whether cash or in-kind, should be closely linked to the action steps outlined in a business development or access-to-finance plan. Cash grants should be disbursed upon achieving specific program milestones, ensuring that beneficiaries demonstrate a certain level of commitment to the program before receiving financial support.

3 **Basic financial capacity and proper accounting services are prerequisites.**
Most businesses in the region operate on a daily cash-in, cash-out basis, with little to no financial recording or tracking capabilities. Establishing basic financial management capacities —such as pricing, costing, cash flow management, forecasting, and basic accounting services—is essential. Additionally, with the government's tax return exemption period likely ending in January 2025, these small enterprises will face yet another challenge of developing proper accounting systems, an area where they currently lack sufficient capacity.

4 **Application for grants, loans, business tenders, and loans; connection to financial resources**

Even when financial offers, such as loans or grants, are promoted as simple, they often require proper documentation for application, which can be a barrier for many small enterprises. Relationships with financial institutions, especially for Syrians under Temporary Protection (SuTP), tend to be challenging. It is crucial to build the capacity to apply for KOSGEB support and improve knowledge of financial institutions, their products, and how to establish effective relationships with them.

5 **Digital capacity, from corporate identity to integration to online sale systems**

While many SMEs recognize the importance of developing digital capacity and are making efforts to do so, most have a limited digital presence and struggle to integrate with online sales channels. These platforms often require prerequisites such as high-quality product visuals, detailed content descriptions, proper delivery conditions, and a clear understanding of payment and commission systems, which many SMEs find challenging to meet.

6 **Connecting to the target: "go-to-market"**

Many SMEs are working to rebuild and stabilize their customer base, which requires connecting them with relevant demand and supply chain players at the local, regional, and national levels. Facilitating these connections is essential for helping them regain market access and grow their businesses effectively.

7 **Recognize the barriers**

There is significant experience gained from various funding programs, particularly for SuTP before the earthquake and for SMEs afterward. These insights are crucial for designing effective and realistic interventions:

7 Recognize the barriers

a) Training fatigue:
It's a misconception to assume there is demand for long, extensive training. SMEs are often overwhelmed by heavy training programs.

b) Limited time:
It's incorrect to assume that small business owners have ample time for program activities. They manage every aspect of their business with minimal staff and limited resources.

c) Business expertise:
It's a mistake to assume that SMEs need mentors or consultants with only textbook knowledge. They require guidance from professionals who have practical experience with real business and market conditions.

d) Unregistered economy and employment;
Unregistered employment in Türkiye is 28% while moves up to 70% in agriculture. It needs a sensitive approach to deal with financial issues faced by small enterprises.

6.
ABOUT HAND IN HAND PROJECT

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Hatay ve Kahramanmaraş

Project Information

Project Objective

Providing business consultancy to small businesses owned by women affected by the earthquake, offering small grants to fund agreed-upon activities, enhancing digital capacity and market access skills, and ensuring supply chain integration to help these businesses recover, improve women's living standards, and revitalize economic life.

Project Duration

April 2024 - December 2024

Target Region

Hatay and Kahramanmaraş

Target Group

Women entrepreneurs aged 18-60 whose businesses were impacted by the earthquake.

Project Activities

Business Development Consultancy Sessions

Three, 1-hour sessions

Weekly meetings with assigned business consultants to discuss:

- Pre-earthquake status
- Current situation
- Future activities, customers, marketing, equipment needs, and financial statements.

Grant Distribution

Delivered as cash grants after finalizing business development plans and completing site visits.

Current business conditions are reviewed during site visits, documents (e.g., tax registration) are collected, and grant agreements are signed.

Entrepreneurship Trainings

Nine hours of online training tailored to market needs.

Topics include:

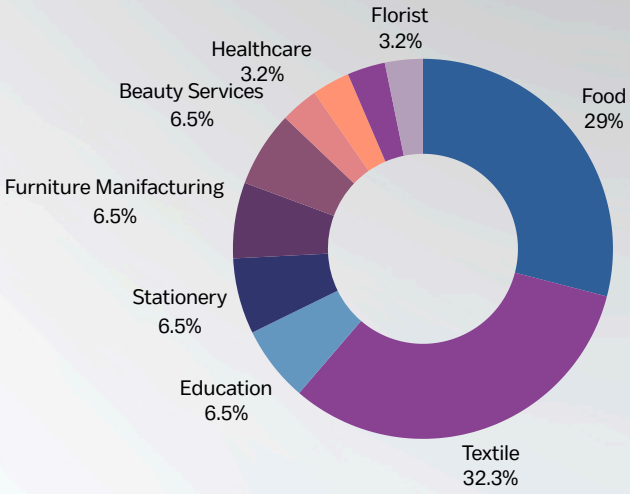
- Go-to-Market
- Financial Management
- E-Commerce, Digital Marketing, and Social Media

Supply Chain Integration

Matchmaking events with suppliers of necessary equipment and services for women entrepreneurs.

Matchmaking events with wholesale buyers of products and services of women entrepreneurs.

Distribution of Sectors



Key Figures of Hand in Hand Project

- 902 applications
- 30 selected women entrepreneurs
- 90 hours of business consultancy
- 30 cash grants
- 9 hours of training
- 2 buyer and supplier events

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