



Inter-Agency
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3RP TURKEY LIVELIHOODS SECTOR NEWSLETTER

ISSUE FOCUS: PRIVATE SECTOR COLLABORATION AND JOB CREATION

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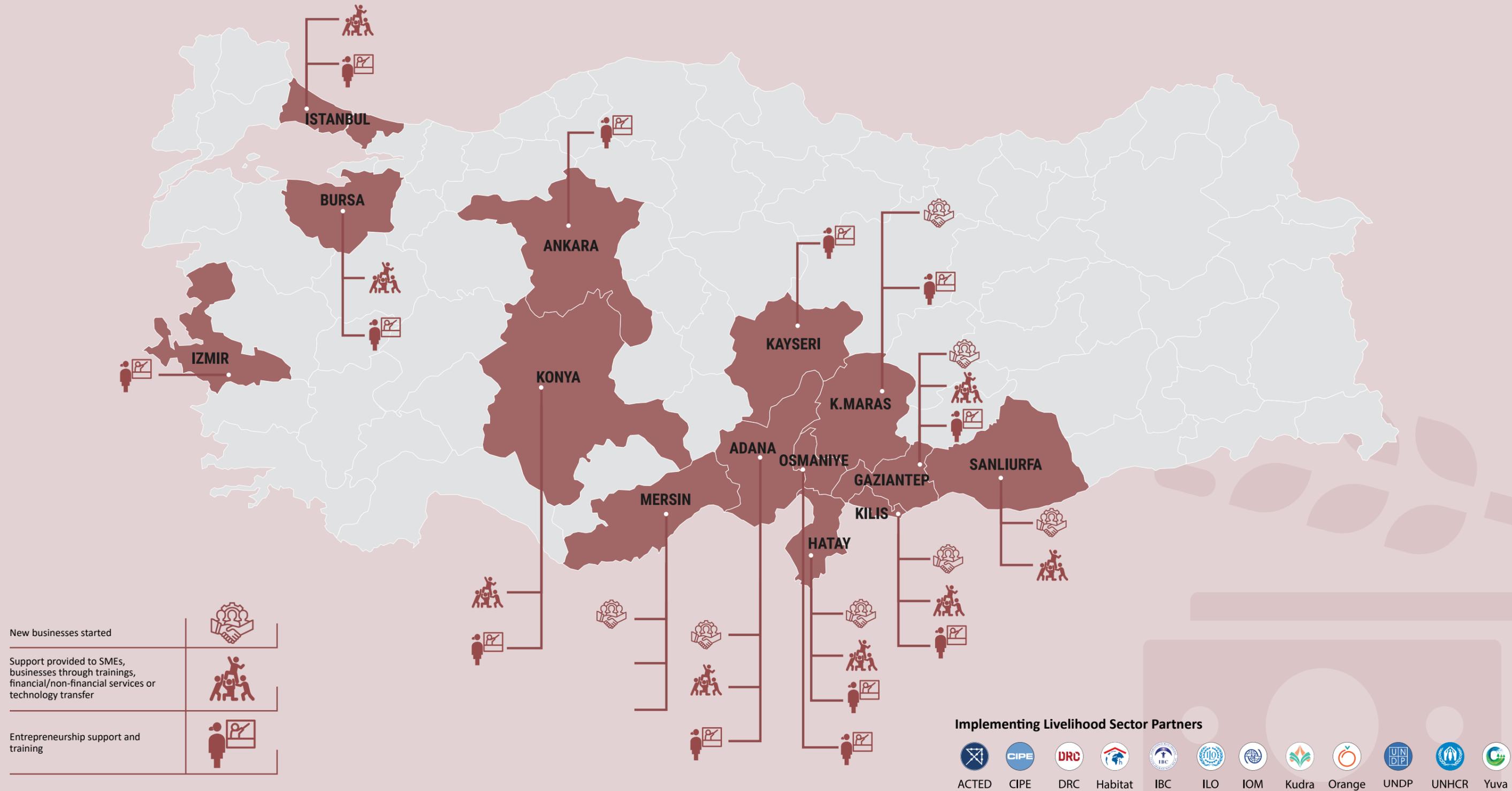
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This newsletter is produced by the Livelihoods Sector of the 3RP every 6 months to provide up-to-date information on key results and activities of the sector. Inputs to the newsletter are provided by sector partners. For more information on the work of the livelihoods sectors please visit data2.unhcr.org Livelihoods page.



Syrian Entrepreneurs in Turkey: Current Situation and Potential Outlook

Hosting nearly two-thirds (64 percent) of the 5.7 million externally displaced Syrians, Turkey has taken considerable steps in meeting the humanitarian objectives in what was regarded as a 'temporary situation' at the time of its inception in 2011. Yet, what started off as a policy of encampment, therefore of isolation, gradually engendered into an urban endeavor due to sharp increases in the number of Syrians entering Turkey. Sources assert that by 2013, almost two-fold the number of Syrians accommodated in camps were living and fending for themselves in cities, with 400,000 .

It was only through the issuance of the Regulation on Work Permits of Foreigners under Temporary Protection in 2016, that a framework to Syrians' labor market entry was codified. An analysis of this Regulation shows that the framing of these rights to have prioritized the needs of the state instead of the attitudes, aspirations and skill-sets of Syrian refugees. As a result, obstacles to formal labor market entry for Syrians still persist to present day. This reality is nowhere more evident in the low number of work-permits issued to Syrians in 2019. Even though the numbers provided by official sources on the work-permits issued to Syrians under Temporary Protection are various , the share of work-permits within the 2.2 million Syrians who are of working-age, wander around 1.5 – 2.5 percent.

While these low numbers of work-permit issuance pave the way to questions as to the ways in which Syrians fend for themselves, one unintended and unforeseen outcome has been Syrian entrepreneurship. Minister of Trade, Ruhsar Pekcan asserted in June 2019 that there currently are a total of 15,159 companies in Turkey with at least one Syrian partner. More importantly, these refugee-driven companies account for 10,046 work-permits issued to Syrians in 2019. An analysis of the contributions of entrepreneurship in Syrians, while, largely overlooked and understudied, could prove useful in providing policy-inputs to improve Syrians' integration into the formal labor market in Turkey.

In this regard, the following sheds some light as to the potential of Syrian entrepreneurs in Turkey, but also the obstacles and hardships they face.

The Economic Policy Research Foundation of Turkey (TEPAV) conducted a study commissioned by the European Bank for Reconstruction and Development (EBRD) to draw a comprehensive picture of the refugee and refugee-partnered enterprises in Turkey. The study is based on the analysis of surveys conducted with 416 businesses, (207 Turkish and 209 refugee-driven companies). The survey is conducted in 8 provinces on the Syrian border selected as the focal points of the study (Gaziantep, Mersin, Hatay, Şanlıurfa, Kilis, Adana, Kahramanmaraş, and Mardin) where the refugee population is most dense.

The findings suggest that the companies established by Syrians help provide a living for at least 7 percent of the 3.5 million Syrians in Turkey. Taking into account the total number of companies established by Syrians since 2011 in Turkey, (which was approximately 10,000 at the time of the study), these companies' average number of employees (7 people, of whom 60 percent are Syrians), and the average household size for Syrians (6 family members), the study results indicate that more than 250,000 of all Syrians are benefiting from the advantages of employment in these companies.

The study has found that 87 percent of all Syrian enterprises find employees through an acquaintance or by referral, therefore pointing to the fact that 'Syrians employ Syrians'. On the other hand, 69 percent of the Turkish firms asserted they find their employees through an acquaintance or by referral, therefore pointing to their comparatively better ability to navigate the labor market to find employees. Most importantly, a mere 2 percent of the Syrian firms and only 37 percent of the Turkish firms stated that they made use of İŞKUR to find employees, hence pointing to the low levels of İŞKUR's penetration into the labor market of Turkey. The former might be an important indicator of the inability of İŞKUR in serving Syrian job seekers.



Moreover, the findings also indicate that the majority of the Syrian entrepreneurs are seasoned, as 75 percent of all Syrian respondents stated that they used to run a company before arriving to Turkey. Out of all the Syrian respondents, nearly 11 percent established businesses in UAE, KSA, and Egypt before relocating to Turkey, while the remaining 64 percent were business owners in Syria. On the other hand, the remaining 25 percent of the companies have been established by first-time entrepreneurs. Correspondingly, of most Syrian enterprises are micro-sized (employing less than 10 people) and operate predominantly in the services sector, while most Turkish companies fall under the Small and Medium-size Enterprises (SMEs) category.

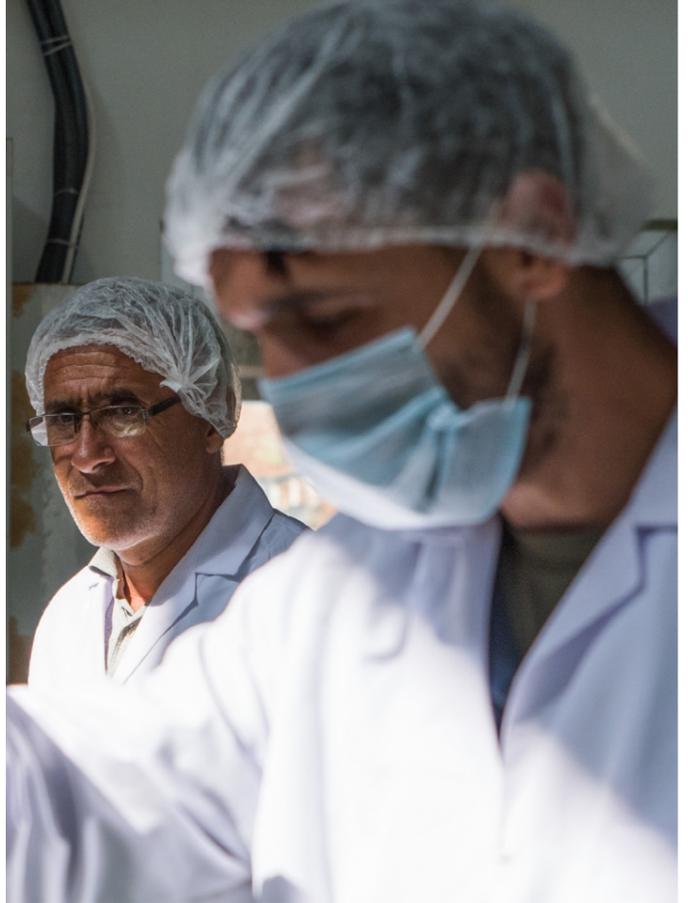
In relation to foreign trade, TEPAV study has found that Syrian entrepreneurs are more export-oriented compared to their Turkish counterparts. Destination-wise, the cross-sectional analysis points to a positive correlation between the increase in the number of Syrian-run businesses in Turkey and the hike in trade with Syria back to its pre-2011 levels. The tendency to take part in export-import transactions have been linked to the revival of business networks that existed prior to the outbreak of the war in Syria and the geographic proximity between the two countries.

Expectedly, the study pointed to the 10 percent quota on Syrian employment and the lengthy work-permit application process as the primary obstacles to formal employment. Moreover, findings further underlined the lack of a consistent approach by financial institutions with regards to the services they provide as well as a lack of knowledge on labor and business rules and regulations, as two of the most pressing problems.



Henceforth, any labor market integration policy revision aimed at refugee entrepreneurship should take into consideration the numerous obstacles faced by Syrian in the labor market, but also be recognizant of the added value these enterprises bring. In this regard, in the first half of the 2019, Syrian entrepreneurs invested 75.7 million Turkish Liras to establish 413 companies. Geographically speaking, 297 companies were established in Istanbul, followed by Mersin with 73, Hatay with 23, Bursa with 8, and Adana and Antalya with 3 companies each. Sector wise, almost one third of the companies operate in the wholesale sector, which is trailed by 15 percent of companies operating in real estate sector, 8 percent in retail sale, 5 percent in administrative center activities and administrative and consultancy, and another 5 percent in travel agency, tour operator and other reservation services and related activities.

All in all, Syrian entrepreneurs possess the potential to advance Syrians' integration to the labor market and cool down social and economic tensions with the inclusive employment opportunities they generate while contributing to the economy of host countries. Amplifying Syrian entrepreneurs' potential and upscaling the number of decent job opportunities, however, requires a multi-layered cooperation framework. The latter must work on enhancing dialogue with relative stakeholders, such as chambers, at the local level; establishing effective communication channels with policy makers at the national level; and integrating the businesses of Syrian entrepreneurs into global value chains.



Syrian Owned Businesses in Turkey

Job creation is one of the main ways of strengthening both economic and social stability. Significance of small- and medium-sized enterprises (SMEs) in maintaining economic well-being and social cohesion can be appreciated by their effects on employment alone. SMEs in Turkey account for more than 70% of total employment in Turkey.

According to recent TOBB Registration data, there are 8329 Syrian-owned enterprises in Turkey, mostly small-, or medium-sized self-employed businesses. This number consists of registered companies and excludes individual proprietorships such as grocery stores or barber shops. Growth of the Syrian SME base will significantly contribute to economic development and social cohesion in Turkey with respect to not only Syrians but host community members as well. Since 2011, Syrians have invested more than \$300 million into the companies they set up in Turkey. Number of people employed by Syrian enterprises is estimated to be approaching 100,000 overall.

Estimations from the Refugees Livelihood Monitor 2017 Study by INGEV & Ipsos based on Turkstat data indicate that the average monthly income for 3.6 million Syrians in Turkey is below the poverty threshold.

Helping the Syrian SME base prosper and raise their employment capacity is conducive to economic development and social cohesion in Turkey. Growth of Syrian SME base benefits Syrian refugees in maintaining their livelihoods. It may also contribute to host community employment as well. It is therefore vital to understand the ways in which this growth can be accelerated. The process starts with understanding the barriers Syrian SMEs face.

INGEV Social Research Center (INGEV TAM) has completed an assessment study for Syrian SMEs, focusing on the needs and opportunities of Syrian-owned businesses in Turkey. The whole report can be viewed at ingev.org/en1. Main needs conveyed by Syrian entrepreneurs can be summarized as follows;

Sales Development & Business Growth

Better Access to Financial Resources

Better Access to Information on Legal and Business Processes

The numbers of Syrian SMEs that buy from or sell to Turkish companies are considerably low. Better integration into the supply chain systems within the Turkish Market provides a crucial route for the growth of Syrian-owned businesses. Only 20% of Syrian SMEs state they buy goods or services from Turkish suppliers while only 27% state that Turkish clients make purchases from them. Network development schemes and mentorship projects raise the possibility of establishing deeper and stronger business links between Syrian SMEs and rest of the Turkish Market. Business growth consultancy projects can provide guidance to Syrian businesses on how to extend their client reach in Turkey. Long-term mentorship projects also have a strong effect on growth by periodically tracking an entrepreneur's progress and forming feedback mechanisms in dealing with impending business issues.

“Developing Better Ways of Accessing Capital” is the most frequently mentioned improvement area by Syrian SMEs (58%). Nearly 97% of Syrian SMEs state that they have never been aware of any incentives or grants. Government incentives along with funds from Non-Governmental and Civil Society Organizations present important opportunities. Putting Syrian entrepreneurs on the map for Turkish and international investors and venture capital funds via networking projects may help extend their financial opportunities.

55% of Syrian SMEs stated that easier access to information on rules and regulations on taxes, licenses and employment was an important area of improvement. Call center or web development projects that provide easy-to-understand information resources on rules and regulations of the Turkish Market in Arabic may offer significant benefits. Vocational training projects that focus on developing concrete & practical job skills are also vital. Due to high level of unemployment within the host community, job areas for vocational trainings should be selected carefully so as to refrain from adding to the job market competition and also to make sure areas with the highest real-world potential for Syrians are chosen.

Key findings of this research will steer the path of INGEV Syrian Entrepreneurship Center (SEC) in near future. Since its launch in December 2018, INGEV SEC has provided consultancy solutions in more than 350 face-to-face counseling sessions and over 1000 call center inquiries. Objective of these consultancy services is to offer useful guidance to Syrian Entrepreneurs on issues & concerns unique to their individual businesses. INGEV SEC has also helped establish more than 100 Syrian-owned businesses by covering their registration costs as well the monthly book-keeping expenses for 3 months after registration. Now INGEV aims to take these newly established companies and new comers through their growth stages by providing actionable consultancy and mentorship on growing their businesses and client reach as well as improving their access to financial resources.



Supporting job creation and economic growth through entrepreneurship courses and grants

Considering the potential of Syrian and Turkish entrepreneurs, supporting the creation of new enterprises has become an important area for ILO interventions. According to the figures from the Union of Chambers and Commodity Exchanges of Turkey, Syrians have become the largest group of foreign entrepreneurs in Turkey and Syrian enterprises are estimated to employ between 7 and 9 employees on average.

To make use of this potential, the ILO has trained 750 Syrian and Turkish beneficiaries on entrepreneurship using KOSGEB modules. As a follow-up, to support promising business ideas in the manufacturing and IT sectors, the ILO will be selecting 65 business plans to be funded through micro grants.

In addition to that, the ILO has been supporting the establishment of female-led cooperatives. SADA Co-op is one successful example: the cooperative was established in April 2019 by 50 founding members from Syria, Turkey and Afghanistan providing a collective income generation mechanism to crisis-affected women who face barriers in accessing livelihood opportunities. The cooperative is at its start-up stage and focuses on shoe-making, home textiles and catering services. Women participating in the cooperative had previously participated in vocational training at the SADA women only centre run by UNWOMEN, ILO, ASAM and Gaziantep municipality. In the past six months, the ILO supported the cooperative through providing seminars on communication, marketing, management as well as the legal framework. For now, the administrative board, an audit commission and marketing teams have been elected and the cooperative started selling its first products.



Supporting existing enterprises to strengthen decent work principles and productivity

Close to 80 per cent of the Turkish workforce is employed in SMEs; therefore, supporting these enterprises can substantially contribute to sustainable development and inclusive growth. The ILO in the first half of 2019 has supported Syrian and Turkish small enterprises through half-day seminars that are tailored to their needs. As such, seminars for Syrian-run enterprises are implemented in Mersin, Adana, Bursa, Istanbul and Gaziantep together with the Syrian International Business Association and the Syrian Economic Forum focusing on formalization and KOSGEB support that is available to small enterprises. These seminars were useful to convey information on formalization procedures and combat misinformation. Seminars for Turkish companies were implemented in Adana and Konya focusing on decent work and productivity.

The ILO also supports formal enterprises in the manufacturing sector that employ at least 50 workers – both Syrian and Turkish – and who are mostly suppliers of international brands. The Sustaining Competitive and Responsible Enterprises (SCORE) programme is a global ILO programme that improves productivity and working conditions. The programme is comprised of five modules covering workplace cooperation, quality management, clean production, human resource management and occupational safety and health. Each of the modules includes a joint, two-day classroom training for employers and workers, and follow-up consultations with experts in the participating enterprises. More than 35 companies have joined SCORE so far in Adana, Bursa and Mersin.

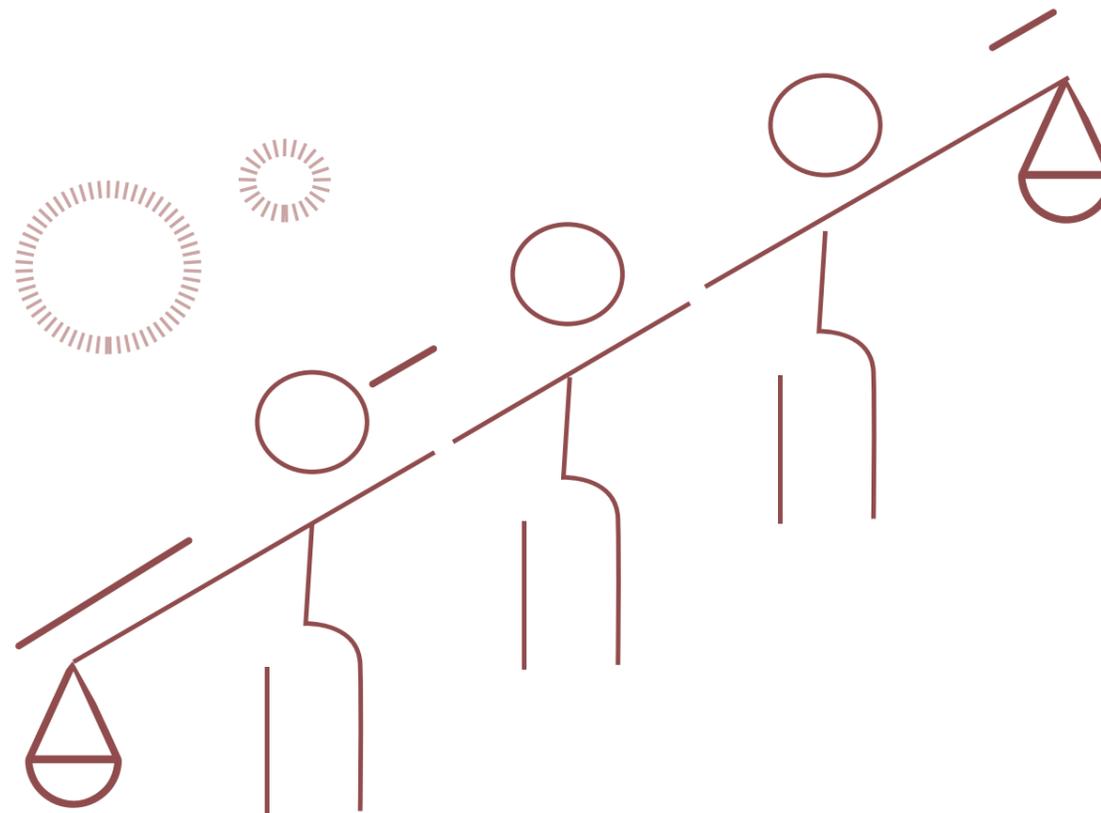
In addition, social compliance brochures were designed together with the Istanbul Apparel Exporters' Association (IHKIB) and inputs of the Ministry of Family, Labour and Social Services were provided. 3,000 IHKIB members that are exporting products will receive these brochures and some will also receive social compliance training. Due to positive feedback, the number of brochures was increased from 1,000 to 3,000 and it is planned to translate the brochures into Arabic.



Supporting transition to formality for Syrian and Turkish workers

One-third of the workforce in Turkey is estimated to work informally, which negatively impacts the economy. At the micro level, the availability of a cheap labour force has led to postponing necessary investments to improve sustainability and productivity, to the detriment of the viability of enterprises and especially working conditions within enterprises. Thus in many cases workers are exposed to excessive working hours, low pay and occupational safety and health risks. Next to this, the macroeconomic impact of informal labour should not be disregarded.

To support transition to formality, the ILO scaled up its incentive scheme and signed an agreement with the Social Security Institution (SSI) in February 2019 to support the placement of 1,100 Syrian and 1,100 Turkish workers by the end of 2019. This was an important step to support formalization, as SSI is a crucial actor. An electronic system to facilitate the application procedure was put in place at SSI, and since April 2019, applications to receive support to cover work permit costs as well as social security contributions for up to six months can be received from employers. Information days on the SSI scheme hosted by chambers and being delivered by SSI and the Directorate General of International Labour Force have involved local actors such as provincial directorates of İŞKUR, governors and also enterprises and thus helped to raise awareness and build support. So far, 350 Turkish and 350 Syrian workers have been employed with the support of the incentive scheme. The programme will be implemented in Ankara, Mersin, Gaziantep, Şanlıurfa, İzmir, Manisa and Sakarya.



Small and Medium sized Enterprise (SME) Support Programme

IOM Turkey has various private sector partners for its project on “Job Creation and Entrepreneurship Opportunities for Syrians under Temporary Protection (SuTP) and Host Communities in Turkey”. The Small and Medium sized Enterprise (SME) Support Programme is one of the components under this project. IOM provides SME support in partnership with the International Trade Centre (ITC), which is an UN-related agency active in 160 countries covering international trade, business development, marketing and more.

In the SME Support Programme, 12 experienced senior local business advisors were selected and trained by ITC from November 2018 to July 2019. During the trainings, a call for applications for 50 SMEs (Syrians and Turkish businesses) was published where businesses could receive six months of business coaching and mentorship from the 12 trained advisors. In May 2019, 50 SMEs were selected based on the criteria that these were established at least one year ago, supervised at least five registered employees and had an international export capacity. Each SME receives bilateral meetings with their assigned local advisors to increase their export capacity, enhance the scale of their businesses, and develop their marketing and branding strategies. In addition, each SME will receive a micro-grant of 50.000 TRY to reach their business plan objectives determined with the guidance of their local advisor. In a nutshell, the SME profile includes textile, industry, agriculture, lightening, plastic sectors, among others.



Pre-employment support and job placement

In June 2019, a 5-day pre-employment support training programme in Şanlıurfa for 25 SuTPs and Turkish nationals was organised to facilitate the integration of Syrians and host community job seekers into the formal labour market. The programme supported job seekers of the two target groups with acquiring basic knowledge and skills that could enhance their sustainable employability while supporting their integration, both socially and economically.

In July 2018, 1- 5-day pre-employment support training programme for 30 SuTPs and Turkish nationals was delivered in Kahramanmaraş with the active participation of KİPAŞ Textile Company which is among the first 500 best companies in Turkey. This was a pilot training before implementing the same activity in Şanlıurfa, which was well received by the company. The representative of KİPAŞ Textile Company, who has benefited from the pre-employment support, mentioned “as per the situation of our region, the issue of Syrian workers under temporary protection joining the workforce is gaining significance for our company every day. The Pre-Employment Support programme, by contributing to the adaptation and adjustment process of both Syrian workers under temporary protection and Turkish workers, has strengthened communication between the two groups and has increased the productivity of our company. On behalf of our company, we would like to give thanks to all the stakeholders of this programme, and we wish for this project to continue in order to reach new and more beneficiaries.”

In order to implement this innovative model, the programme brought together the Turkish Employment Agency (İŞKUR), Ministry of Family, Labour and Social Services - Directorate General on International Labour Force (DGIL), Vocational Qualification Authority (VQA) and IOM Turkey.

The role of the private sector companies is a core element for bridging the gap between the understanding of employers and job seekers. Shared and dedicated sessions will help identify the needs of employers and job seekers and provide an opportunity for them to share feedback. Moreover, job seekers learn more about and can adapt to the workplace.

Furthermore, under IOM’s Livelihood Refugee Response Programme, IOM collaborates with the private sector by placing Syrian refugees in different jobs. This partnership aims to provide legal recruitment of qualified/skilled Syrians for Turkish companies, mirroring the Turkish job placement system of İŞKUR. Currently, IOM is working together with 36 companies based in Adana, Gaziantep, Hatay, Istanbul, Mersin and Şanlıurfa.

To incentivize employers to hire Syrians, IOM provides:



Financial support: For a one-year contract for an IOM beneficiary, IOM covers three months of net salary, social security (SGK), and the Work Permit (WP) fee. Due to Due Diligence, IOM signs a one year contract with the company so that the company keeps the employees for at least 12 months.



Legal support: IOM supports the companies’ capacity building that want to apply for the Work Permit through collaboration with the Ministry of Labour and Social Security. IOM facilitates the approval of and the quick provision of the work permit.



IOM provides awareness-raising sessions to the companies on their social responsibility which will be beneficial for the image of the companies.



Turkish private companies’ names, where IOM beneficiaries are placed, are mentioned in success stories to increase their visibility.





AN EXAMPLE OF A SUCCESS STORY

Abdulrahman Muhamad is a Syrian refugee from Deir-ez-Zor city. He arrived in Turkey four years ago. Abdulrahman suffered a lot to make an income for his family and was forced to illegally work in construction for two years on daily contracts with no stable income or employment contract. Due to this unsustainable working environment and low income, he lived in poor conditions in an unfinished house and was unable to send his children to school.



In 2019, IOM selected Abdulrahman as a beneficiary for its Job Placement component and placed him at a textile company called Glamour Textile in Şanlıurfa. He received an official employment contract for one year and started receiving a regular salary. As a result of this improvement, Abdulrahman has rented a safe house and registered his children to school.

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Societal Impact of Syrian Business formalization

Syrian Economic Forum (SEF) implemented “RUHSATIM” program to guide the Syrian entrepreneurs and SMEs in licensing procedures, pay the business registration fees on behalf of them and provide them with the needed requirements of the registration, as well as to get a work permit. The program is funded by The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to support the Syrian entrepreneurs in many sectors in Istanbul and Gaziantep, Turkey. The total beneficiaries of the program until the end of 2018 were 552 persons. 97 in Istanbul and 455 in Gaziantep.

The report is an evaluation report of the second phase of “RUHSATIM” project to evaluate the beneficiaries in Gaziantep.

The objective of the evaluation is to:

- Measure the extent of improvement and change in Syrian businesses for beneficiaries after obtaining legal licenses and work permits.
- Measure the perception of their Syrian neighbors who have not yet licensed their business.
- Measure the perception of their Turkish neighbors, and how they became perceived after licensing their business and became taxpayers.
- Ask all stakeholders in the project about the Syrians business in Gaziantep, and about their views, opinions, or advice on the business formalities.



We found that all stakeholders of the program considered it to be very important for the Syrians in the Turkish labor market. The final evaluation shows that the supported businesses were from different sectors. Most of them are still paying the taxes regularly. The program has covered the beneficiaries' registration requirements and encouraged them to think about future steps to support and expand their businesses. It also shows that the program significantly succeeded in improving the legal status of the beneficiaries through obtaining work permits. In addition, the program has a positive impact on the profits, number of customers, services provided by the beneficiaries, and their public relations and networking.

Way forward:

- Support the continuity of the program because of its vital importance for the local communities.
- Provide a start-up support for the micro businesses to enable them to survive in the market and achieve the planned objective. Those cannot afford to pay the new commitments related to the taxes, social insurance fees of the authorized legal accountant.
- Provide consultations, legal advice, and marketing services for the beneficiaries.
- Collect more data, conduct needs assessment and field visits prior to starting the program.
- Analyze the beneficiaries' data before starting the registration process and confirm the possibility of registration.
- Work on supportive activities to increase the integration of Syrian businessmen into the labor market and Turkish community by:
 - Holding Turkish language courses for the Syrian businessmen.
 - Holding meetings with Turkish businessmen and specialized governmental agencies.
 - Organizing visits to regional exhibitions and markets.
 - Holding capacity building workshops and courses for the beneficiaries.
 - Including Turkish beneficiaries in future phases of the program.



Engagement with Private Sector & SMEs

The Government of Turkey's generosity and innovation in hosting the largest refugee population in the world is well illustrated by their policy to facilitate access national services, including to the formal labor market for Syrians under temporary protection as well as refugees and asylum seekers of other nationality.

The Government has increasingly emphasized the importance of refugees' livelihoods, notably in the ESSN Exit Strategy released at the end of 2018. This echoes recent commitments at the global level, notably through the Global Compact on Refugees (GCR) which identifies the need to enhance refugee self-reliance as its second overall objective.

Access to employment and self-reliance plays a key role in ensuring that refugees are able to not only to meet their basic needs and live in dignity, but also in enabling them to contribute positively to their host communities and the local economy. However, good, sustainable and decent jobs will not be created by the UN or the Government and expected to be created by the private sector. This is why understanding the needs and perspective of small, medium, and large businesses from local and Syrian business communities is the key. As part of the UNDP Syria Crisis Response and Resilience Program's "Turkey Resilience Project", funded through the EU Regional Trust for the Syria Response (MADAD) in Turkey, UNDP has therefore conducted two surveys: one on **Private Sector Engagement in the Syria Crisis Response** and a second on **Syrian-owned businesses**.

The Private Sector Survey shows that Turkish businesses are willing to learn more about the Syrians as their perception of Syrians as "refugees" is shifting away from their temporary status in Turkey towards their integration with society and the local economy. Turkish businesses are also well aware of opportunities stemming from the presence of a large Syrian workforce, such as access to Arabic-speaking countries. The survey also reveals important challenges such as tensions in the workplace, and lack of awareness amongst Turkish business about work permit procedures.

Highlights from the Private Sector Survey

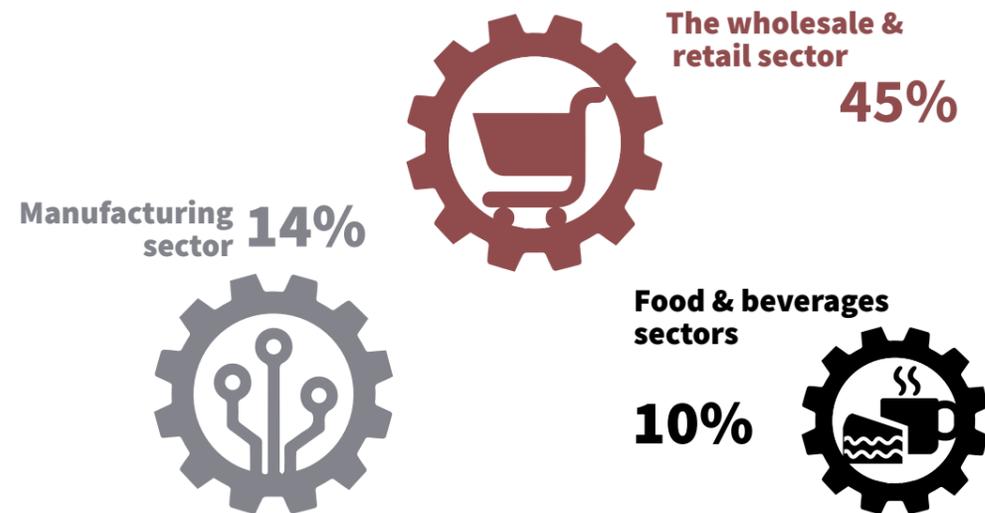
- 88% of the companies are aware that Turkey is hosting the largest refugee population in the world while half of them know that the target audience of the projects conducted within the Syria Crisis response includes host community members,
- Turkish businesses' main source of information on Syrians and the Syria Crisis response in Turkey is the mainstream media. This demonstrates that there is a lack of channels through which Turkish businesses can reach accurate, relevant and transparent information about the overall processes and policies related to the Syria Crisis response,
- 61% of the interviewees are aware of the tenders opened to procure products and services for refugees; only 6% of them have participated,
- 72% of the enterprises employing Syrians are motivated by social responsibility. The second most important factor is access to Arabic-speaking countries,

- While social responsibility and access to Arabic speaking countries are the main driving forces for the enterprises, there has been a significant shift in the emphasis of perceptions of the Syrians from temporariness to integration. One of the motivations mentioned for employing Syrians, particularly among business willing to employ Syrians, is to help them integrate into society and economy.
- 80% of the enterprises have no customers among the Syrian community, which represents 3.6 million consumers; only 13% of them have plans to target Syrians as potential customers,
- Only 3.4% of the enterprises have Syrian business partners,
- These last two responses indicate that despite the fact that Turkish businesses have the intention of accessing the Arabic-speaking countries, they do not see more than 3.5 million Syrians in Turkey as customers or Syrian businesses already exporting to those countries as partners.
- 24% of the interviewees have already employed one or more Syrians but only 40% of them applied for a work permit for their Syrian employees while this rate is as high as 90% for other nationals. This situation is difficult to reconcile with the fact that most of the enterprises say they see the employment of Syrians as a social responsibility.
- Enterprises that have already employed or are employing Syrians need guidance in terms of dealing with tensions between the Syrians and host community members at the workplace, which tend to result in the laying off of Syrian workers to avoid further problems. Private sector engagement is a prerequisite for reaching the necessary scale of job creation for both host community members and Syrians.

In this respect, Syrian entrepreneurs are particularly well placed to provide employment opportunities to their compatriots and to Turkish nationals. This is why understanding the specificities, needs and perspectives of Syrian owned businesses in Turkey is key to take advantage of their growth potential. The report shows that Syrian businesses have rapidly grown in the wholesale and retail, manufacturing, and food and beverages sectors, and are already employing close to 10 persons per businesses. They are also demonstrating an important potential to exporting a large portion of their products, which will be key for Turkey to access new markets. The mapping of Syrian-owned businesses report also shed light on important challenges, notably a very low share of female employees or entrepreneurs among Syrian businesses, and a lack of access to available support and incentives schemes.

This report relates to a mapping exercise conducted in November 2018 which covers Syrian owned enterprises in the target provinces of Gaziantep, Kilis, Adana, Mersin, Izmir, Manisa and Hatay and focuses mainly on the manufacturing industry. The report covers Syrian owned enterprises' sectoral distribution, production capacity, marketing strategies, contributions to the local economy, levels of employment including women's employment, export and import figures, relations with local companies, position in the value chain, and projections for future growth.

Today, Syrian business in Turkey are operating mostly in the wholesale & retail sector (45%), manufacturing (14%) and food and beverages sectors (10%). They have reached their current scale with little to no support. The mapping exercise reveals the following situation with respect to the overall operations of Syrian business in Turkey:



- 95.3% of the enterprises interviewed are experiencing their first investment in a foreign country,
- Syrian businesses employ 2,766 individuals in total with an average of 9.2 person per company and 13% of them are expecting an increase in the coming 12 months while 64 vacancies are available in the interviewed companies,
- Only 12% of the personnel employed by the interviewed enterprises are women and 88% are men. It is interesting to see that 83.1% of the women employees are Turkish while this rate is almost exactly the opposite for male employees (73.7% Syrians, and 26.2% Turkish),
- Syrian businesses employ a small proportion of women only 12%, most of whom (83%) are Turkish female employees. The situation is quite different for male employees, as Syrians make up 73.7% of male employees and Turkish male employees 26.2%,
- 83% of the Syrian businesses indicated that they are not in need of new employees despite the fact that they expect growth in international and domestic sales and capacity utilization,
- Syrian businesses have more problems with access to finance, which is the main issue for 41.5% of them, compared to only 18% of Turkish companies,
- Syrian businesses are more optimistic than Turkish businesses in terms of their future expectation regarding increased domestic and international sales and employment,
- Syrian businesses do not use modern finance instruments and lack marketing tools,
- 95% of them do not benefit from Government support, two thirds citing lack of information as the main reason,
- The majority of the participants stated that they have no relations with the institutions such as Development Agencies, KOSGEB, Universities and İŞKUR.

In light of these findings, it is apparent that Syrian business have potential, but that they also need support from relevant stakeholders including governmental institutions, UN Agencies and NGOs working on livelihoods, and financial institutions specialized in growth of SMEs.

Further assessments on profiling of the households purchasing from Syrian businesses, areas of specialization among Syrian manufacturers and borrowing behaviour of the Syrian businesses could also reveal more areas to develop projects to boost the potential that Syrian businesses have.

As the private sector is being positioned at the heart of the livelihoods strategy of all relevant partners including governmental institutions, UN agencies, INGOs and NGOs, an understanding of its perceptions, challenges and risks (perceived and real) will be a valuable asset for the improvement of programming on the Syria Crisis response.

The event brought Syrian and Turkish businesses, job seekers, governmental institutions and NGOs working on employment and business development

UNDP organized 2 days event under the EU funded MADAD project in Gaziantep on 30-31 July 2019 to provide a platform gathering business associations, Syrian and Turkish businesses, governmental institutions, local authorities and NGOs working in the livelihoods sector to discuss business and employment opportunities in various aspects.

While sectors discussed growth and employment strategies to increase their competitiveness and job creation during the parallel sectoral workshops, Syrian and Turkish companies got together and discussed the partnership opportunities during B2B meetings.

Workshops were concentrated on food, plastic, textile and machinery sectors representing Southeastern Anatolia's prominent sectors. Following the workshops, a Conference on "New Approached in the Manufacturing Industry" was also organized to provide a bigger picture about the latest developments in the world regarding the manufacturing industry and how Turkey could position herself to maintain and increase her competitiveness.

KOSGEB and İŞKUR were present to provide information regarding the available employment and financial services to the Syrians seeking jobs or establishing their businesses. Available incentives for the employment of Syrians and host community members provided by the Livelihoods Sector Partners were also presented to the participants.

At the end of the event, 178 people attended from the workshops and the conference seminar, 70 Syrians benefited from the counselling services on employment provided by İŞKUR, 83 Syrians had the opportunity to develop their CVs through an online application and 32 company representatives from Syrian and Turkish business community had the opportunity to discuss partnership opportunities.



Objectives of Livelihoods Interventions

UNHCR aims to ensure that all persons of concern are able to make a safe and sustainable living that meets their basic needs, contributes to their dignity, and provides for the full enjoyment of human rights.

In line with the key principles of the Global Compact on Refugees (GCR), with the consideration of the host community members, UNHCR strategic objectives for livelihoods interventions are:

-  Enabling labour market access of refugees in cooperation with relevant line ministries, Promoting skills development and employability,
-  Increasing cooperation and partnerships with the private sector.

Sectoral collaboration with the private sector

UNHCR Turkey collaborates with the private sector extensively using different modalities targeting the needs of sectors.

1) Cooperation with multinational companies that have supply chains in Turkey:

Working with international brands and companies that have supply chains in Turkey with their regional offices for Europe, the Middle East and Africa usually located in Istanbul for employment of refugees, information dissemination and advocacy.

2) Cooperation with chambers, businesses associations, organized industrial zones:

UNHCR collaborates with business organisations that are sector based or geographically represented. Some examples are Turkish Auto Parts and Component Manufacturers' Association, Istanbul Ready Made Garments Exporters' Association, Chambers of Commerce and Industry. Awareness raising sessions are organized in order to brief the members of these organizations that are Turkish companies.

The collaboration with Gaziantep Chamber of Commerce is a significant example of private sector partnerships whereby a knitwear training workshop is established by UNHCR and donated to the a Vocational High School. The Chamber of Commerce facilitates the employment of the vocational training programme beneficiaries at the member companies.

3) Cooperation with membership based organisations:

As some sectors require auditing and compliance to be able to procure goods from certain factories, there are various organisations that exist such as Fair Labor Association, Ethical Trading Initiative, and Foreign Trade Association – BSCI. UNHCR Turkey collaborates with these organisations to reach their members. Major events and individual follow up were carried out.



Conference, "Integration of the Syrian Refugees under Temporary Protection into Turkish Labour Market: Challenges and Opportunities", 2 December 2016, Istanbul.



Conference, "Labour Market Adaptation of Syrians under Temporary Protection in Turkey: Challenges and Opportunities", 11 May 2018, Istanbul.

Job Creation

Support to Entrepreneurship

Refugee entrepreneurship is one of the rising trends gaining further importance with the number of refugee owned businesses in Turkey.

The statistics of Turkish Commercial Registrar clearly demonstrate the steep increase in enterprises established parallel with the crisis. UNHCR Turkey provides support to both potential entrepreneurs and refugee business owners within the framework of the first refugee entrepreneurship program in Turkey. The wide range of services offered include start-up training programs, business acceleration support, counselling, mentoring as well as grants. Since 2016, 3,887 beneficiaries received entrepreneurship training and 502 beneficiaries received grants to start, register and develop their businesses.

Established businesses vary in sectors, from textile, furniture, food production, export and imports to automotive, restaurants and information technologies.

Job-Placement

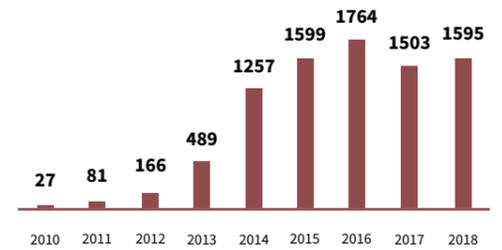
The Government of Turkey's regulation on "Work Permits for Foreigners under Temporary Protection" came into force on 15 January 2016 and was extended to all refugees in Turkey on 26 April 2016. Consequently, UNHCR supported work permit applications through its partners and facilitated labour market access of approximately 4,000 individuals since 2016.

UNHCR also worked with employers for refugee recruitment. Within its collaboration with the private sector, UNHCR provided training to international brands' supply chain members (Turkish SMEs), where the buyer brand also communicates clearly that they support refugee recruitment and that they cooperate with UNCHR. Then follow up support is provided for recruitment and the work permit procedure. Partner companies are in the 1000's, however well-known brands are Gap, Puma, Adidas, H&M, El Corte Ingles, Inditex (Zara Group), Li&Fung (supply Chain Company from Hong Kong), Bestseller, and Tesco. Follow up is made for support related to recruitment and work permit application process.

Some important issues are highlighted on access to the labour market

-  All refugees are obliged to obtain a work permit to work in Turkey.
-  Employers will be applying for the work permits of their employees electronically via the E-Government system of Turkey. It is not possible for an employee to apply for a work permit for wage employment.
-  Application for work permits are allowed six months after the registration date of the refugee.
-  Self-employment: Refugee entrepreneurs that would like to own businesses, fulfilling the criteria of independent work permits can apply personally.
-  Workers in the seasonal agricultural work and livestock are covered under the scope of work permit exemption subject to possible limitations.
-  Health service providers and teachers need preliminary permits from the Ministry of Health and the Ministry of National Education of Turkey.
-  There are no geographical restrictions on specific provinces, the work permit will be issued for the cities where beneficiaries are permitted to reside.
-  Employment quota for foreigners may be implemented flexibly. The number of foreigners working at one workplace cannot exceed 10% of the number of Turkish employees.
-  The refugee work force cannot be paid under the minimum wage.

SYRIAN COMPANIES



Number of Companies established by Syrians in 2010 – 2018 based on the data of TOBB Union of Chambers and Commodity Exchanges of Turkey.



Syrian beneficiary employed in a shoe-making factory

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