

# Turkey's Refugee Resilience: Expanding and Improving Solutions for the Economic Inclusion of Syrians in Turkey





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# Turkey's Refugee Resilience: Expanding and Improving Solutions for the Economic Inclusion of Syrians in Turkey

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Cover: Syrian women at a food entrepreneurship training, Kilis. *Photo Credit: Mustafa Bilge Satkin, @UNDP Turkey*

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Turkey – TOBB; the Economic Research Foundation of Turkey TEPAV; the development organization for small- and medium-size businesses – KOSGEB; and the Turkish Confederation of Employer Associations – TISK. The Atlantic Council and UNDP are also grateful to UNHCR for their input. The author would like to extend personal thanks to Pinar Dost from the Atlantic Council IN TURKEY for her collaboration in the research and production of the report.

## FOREWORD

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**T**he ability of the Turkish government, institutions, and communities to respond positively to hosting the largest refugee population in the world continues to stand as a global best practice. The important role Turkey plays was demonstrated at the first Global Refugee Forum, where the best practices, pledges, and lessons learned from the response to the Syria crisis stood out as practical solutions to putting the Global Compact on Refugees into practice.

Yet, Turkey is approaching a critical crossroads. Indeed, the fact that the vast majority of refugees will remain in Turkey for the foreseeable future has led the government and its international partners to put the issue of socio-economic inclusion of refugees at the forefront of their agenda. Fostering social cohesion and self-reliance for such a large population is no easy task, especially in a challenging macroeconomic context and complex regional dynamics. Besides financial resources, it will require mobilizing all available expertise and solutions to capitalize on the progress achieved to date to lay out practical policy recommendations and develop new solutions tailored to the needs and capacities of refugees and their host communities, so as to further strengthen their resilience.

This is why the United Nations Development Programme in Turkey (UNDP Turkey), as a long-standing development partner in Turkey and the coleader of the Refugee and Resilience Response Plan (3RP), and the Atlantic Council IN TURKEY, the Turkey program of the Atlantic Council, a leading Washington-based think tank, have partnered for this research. The Atlantic Council launched its Turkey program in 2018, which grew out of its engagement with Turkey over ten years and is increasingly involved in migration and refugee issues,<sup>1</sup> to contribute to the ongoing policy debate. Building on the experience and expertise of both organizations, this report aims to outline pragmatic and innovative options at policy and programmatic levels to facilitate refugee access to decent employment as the key to their socioeconomic inclusion in Turkey.

We are confident that this joint work will provide the keystone to optimize choices for refugees and host populations, thus contributing to our collective pledges to ensure a more predictable and sustainable response to displacement, and to leave no one behind.

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<sup>1</sup> Laura Batalla and Juliette Tolay, *Toward Long-Term Solidarity with Syrian Refugees? Turkey's Policy Response and Challenges*, Atlantic Council, September 2018, <https://www.atlanticcouncil.org/in-depth-research-reports/report/toward-long-term-solidarity-with-syrian-refugees-turkey-s-policy-response-and-challenges/>.

# INTRODUCTION

Since 2014, Turkey has hosted the world's largest refugee<sup>2</sup> population, which currently stands at around four million registered refugees and asylum seekers, including 3.57 million Syrians under temporary protection. Turkey provides Syrians under temporary protection with access to national systems such as health, education, employment, and social services,<sup>3</sup> as well as the right to access work permits and formal employment.<sup>4</sup> Turkey's policy framework deliberately intends to enable an increasing number of Syrians under temporary protection to achieve self-reliance and harmonization (the preferred term used in Turkey to refer to social cohesion and inclusion) in their host environment.<sup>5</sup> As a result, a total of 132,497 work permits have been issued to Syrian nationals between 2016 and 2019.<sup>6</sup>

Nevertheless, there have been challenges in the implementation of the policy framework, best highlighted by a recent international assessment estimation that nearly two million refugees live below the poverty line.<sup>7</sup> The internationally supported cash response to directly assist the most vulnerable (the Emergency Social Safety Net, or ESSN, and the Conditional Cash Transfer for Education, or CCTE) over the past couple of years has been key for refugees to get additional income to meet their basic needs. However, given both the overall cost of such programs and the uncertainties over their long-term sustainability, access to income and formal employment remains the main challenge of economic integration for individuals and households impacted by the Syria crisis. Refugees unable to secure decent employment opportunities remain dependent on the Turkish government and international community assistance, which in turn prevent them from being fully included in their host communities. The impact of the recent COVID-19 pandemic has further highlighted the vulnerability associated with informal work or casual labor opportunities, with many refugees and host

communities facing a sudden and unexpected loss of livelihoods.<sup>8</sup>

While uncertainties over durable solutions for 3.57 million Syrians in Turkey prevails, one can assume that a significant portion of the current population will remain in Turkey for the foreseeable future, which in turn calls for proper policies, strategies, and partnerships to be set up to support their socioeconomic inclusion (see Box 1 for an overview of durable solutions for Syrian Refugees).<sup>9</sup> Facilitating the capacity for self-reliance of such a large number of refugees' households remains a daunting task, even in the medium to long term. Access to employment is also one of the main needs of Turkish host communities, which already had rising unemployment before the COVID-19 pandemic

## Box 1 – Durable Solutions for Syrian Refugees

In line with the Global Programme of Action, one of two parts of the Global Compact on Refugees, durable solutions for refugees from Syria are based on a comprehensive protection and solutions strategy which seeks to:

- i) support host country and community resilience;
- ii) enable refugee self-reliance, including access to services, legal work opportunities, and livelihoods;
- iii) expand access to resettlement in third countries and other complementary pathways, and;
- iv) plan for the return of refugees to Syria, on a voluntary basis, when conditions for a safe, dignified, and sustainable return are in place.

2 The term "refugee" as utilized in this report refers to international protection applicants, international protection status holders (refugees, conditional refugees, and subsidiary protection status holders) and temporary protection beneficiaries as per the Law on Foreigners and International Protection (2013).

3 Turkish Law No. 6458, Foreigners and International Protection, Official Journal No. 28615, April 11, 2013; Temporary Protection Regulation, O.J. No. 29153, October 22, 2014; Regulation on Work Permits for Foreigners under Temporary Protection, entered into force with its publication in the Official Gazette, January 15, 2016.

4 Similar regulation was adopted for the refugees and asylum seekers under International Protection in April 2016.

5 *Regional Refugee and Resilience Plan in Response to the Syria Crisis (3RP) 2020-2021*, Turkey Country Chapter, 3RP, January 2020, <https://data2.unhcr.org/en/documents/details/74179>.

6 According to Turkish Ministry of Family, Labor, and Social Services (MoFLSS) statistics, the total number includes permits granted both to Syrians under temporary protection and to Syrians with regular residence permits.

7 World Food Programme (WFP), *Refugees in Turkey: Comprehensive Vulnerability Monitoring Exercise, Round 4*, January 2020. This includes refugees from other nationalities than Syrians, notably Afghans and Iraqi.

8 "3RP Partner Support to Turkey's Response to COVID-19," 3RP, May 2020, <https://data2.unhcr.org/en/documents/details/76014>.

9 Syrian Regional Refugee Response: Durable Solutions, 3RP, June 2020, [https://data2.unhcr.org/en/situations/syria\\_durable\\_solutions](https://data2.unhcr.org/en/situations/syria_durable_solutions).

further eroded job creation and increased competition for available opportunities in the country.<sup>10</sup>

To achieve this joint objective of fostering self-reliance through employment, Turkey's government and its international partners must expand the capacity of the private sector to create enough jobs, the capacity of authorities to grant enough work permits, and the capacity of refugees and vulnerable host communities to increase their employability.

The *Exit Strategy from the ESSN Programme*, released by the government in December 2018,<sup>11</sup> marks a first step in policy making. It was backed up by the European Union Facility for Refugee in Turkey (EU FRIT), which has provided the vast majority of the international funding to the refugee response in Turkey. Indeed, a large share of the FRIT's second tranche supports the exit strategy through socioeconomic support programmes.<sup>12</sup> The UN, nongovernmental organizations (NGOs), and other development partners including international financial institutions (IFIs) have been supporting the government's efforts to address these challenges, which are increasingly producing results and lessons learned that could create interventions at a necessary scale.<sup>13</sup>

While substantive funding will be dedicated to fostering socioeconomic integration over the next few years, it is vital to both critically review and expand policy options and lessons learned to ensure that future programming takes place in an adequate environment for job creation and that innovative solutions that exist on the global scale are mobilized and tailored to the Turkish context.

This report aims to bring a significant contribution to this policy discussion. It does so by (1) providing an updated analysis of the situation to date and of results achieved by various actors so far in facilitating socioeconomic inclusion

of Syrians, (2) expanding the range of solutions currently available to Turkey's government and its partners by mobilizing international experience and lessons learned, notably on private-sector engagement and digital livelihoods opportunity, and (3) providing policy recommendations on how to further improve the existing policy framework, make the most out of the positive impact of the refugee presence, and increase the impact of ongoing and future programming.

It does so at a critical time. Indeed, the shift of the EU FRIT toward more development-oriented assistance under its second tranche has created expectations and perceptions that the facility funding would be able to significantly impact employment situations for refugees and host communities, and contribute to reaching the target of 167,000 jobs to be created for the more employable refugees (and an equivalent number from the host community), as per the ESSN transition strategy. The scale of funding available for programming focused on self-reliance will be unprecedented in the upcoming years in Turkey, and therefore needs to lead to improvement in living conditions of the most vulnerable. Yet, this funding will be primarily allocated to new stakeholders, working outside of the Regional Refugee and Resilience Plan (3RP),<sup>14</sup> some of which will have to build new interventions.<sup>15</sup> On the other hand, government officials are increasingly voicing the need for a third tranche of EU funding to be allocated to Turkey, even before the second tranche starts being disbursed, given the time required for employment programmes to produce results.

This policy analysis aims to ensure that new actors, programmes, and policy decisions are informed by the experience and expertise accumulated to date. The report is based on literature review, analysis of UNDP, 3RP partners, and other development organization programming to date, and face-to-face interviews with officials from key government ministries and private-sector umbrella organizations.

10 The overall unemployment rate in Turkey increased from 10.8 percent in January 2018 to 13.7 percent in December 2019; Turkish Statistical Institute, "Labor Force Statistics, December 2019," last updated March 10, 2020, <http://www.turkstat.gov.tr/PreHaberBultenleri.do?id=33783>.

11 Government of Turkey, FRIT Office of the Presidency of Turkey, and Ministry of Family, Labor, and Social Services, *Exit Strategy from the ESSN Programme*, December 2018, <https://ailevecalisma.gov.tr/media/3725/essn-exit-strategy-1.pdf>.

12 European Union, Secretariat of the Facility for Refugees in Turkey, European Commission, "Guidelines - Call for Expression of Interest in the Field of Socioeconomic Support," 2019.

13 *3RP Livelihoods and Employment Data Analysis*, 3RP interagency report, September 2018, <https://data2.unhcr.org/en/documents/details/66187>.

14 The 3RP is the main international response framework for addressing the impact of the Syrian crisis in Turkey and in other countries hosting Syrian refugees. The 3RP is co-led by the United Nations High Commissioner for Refugees (UNHCR) and UNDP, and regroups UN agencies, NGOs, and international and national partners. It provides a strategic planning tool, a coordination platform, and an appeal mechanism. The 2020-2021 3RP Turkey Chapter regroups 64 partners for a total 2020 appeal of USD 1.14 billion for 2020. *3RP Turkey Country Chapter 2020-2021*, 3RP interagency report, January 2020, <https://data2.unhcr.org/en/documents/details/74179>.

15 European Union, *EU Facility for Refugees in Turkey, List of Projects Committed/Decided, Contracted, Disbursed*, last updated February 28, 2020, [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/facility\\_table.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/facility_table.pdf).

# I. SYRIANS' LIVELIHOODS IN TURKEY

## A. Turkey opened labor market to refugees

### 1. Access to work permits and business opportunities for Syrians

Turkey's 3RP has consistently stood out for its strong national ownership and leadership, with UN and other partners playing a supporting role to the government of Turkey within the established national asylum framework.<sup>16</sup> The Temporary Protection Regulation provides Syrians with access to national systems such as health, education, social services, and employment.<sup>17</sup> The framework for employment is provided by the Regulation on Work Permits of Refugees under Temporary Protection of January 2016 (hereafter Work Permit Regulation), which grants all beneficiaries of that temporary protection regulation the right to apply for a work permit and access to formal employment. The work permit application is submitted by the employer through a simple online system, and benefits from a reduced fee of TRY 372.20, compared to TRY 850.10 for the regular work permits issued to other foreigners in 2019.<sup>18</sup> Syrians are exempted from work permits to work in agriculture.

Syrians under temporary protection can also register with and benefit from services from ISKUR, the Turkish Public Employment Agency, after six months of residence in Turkey. Such services include counseling, job matching, skills training, entrepreneurship support, on-the-job training, and job placement support. Syrians also can enroll in technical and vocational education training and in apprenticeship schemes offered by the Ministry of National Education, although they have shown limited interest to date.

Syrians under temporary protection also are allowed to start and develop their own businesses.

This framework is considered conducive to enabling the Syrians under temporary protection to become more self-reliant and resilient. As developed later in this report,

Syrians benefiting from a work permit can therefore no longer benefit from monthly cash transfers through the ESSN programme (but can reapply afterward).

### 2. Turkey's open policy stands out regionally

This policy of Turkey to not only open the labor market to Syrians under temporary protection but also to facilitate their access through active labor market policies contrasts with policies of other countries of the region, which either did not actively facilitate access to work permit, or did so only in exchange for international assistance.

In Lebanon, which is not a party to the 1951 Convention,<sup>19</sup> Syrian refugees are only considered as "displaced" and benefit from the same legal framework as other Syrians. Syrians have traditionally been working in agriculture, cleaning, and construction sectors of the Lebanese economy and were therefore exempted from restrictions to work in these sectors as per annual decision by the Ministry of Labor.<sup>20</sup> However, they would still need to obtain work permits, which have traditionally been given in very scarce numbers by the government—ranging from a few hundred to a few thousand a year. In addition, the government of Lebanon promoted a quota of 70 percent of Lebanese among beneficiaries of livelihoods programmes from UN and NGO partners, and limited the possibility of delivering skills training for Syrians outside the three sectors mentioned above. The Lebanese Ministry of Labor also accepted a fast-track permit system for beneficiaries of some labor-intensive projects funded by international partners.

"Before 2016, the vast majority of Syrian refugees [in Jordan] were not able to work legally," according to the World Bank. "Although there was no law against Syrian refugees working, very few met the requirements of the existing work permit regulations. At the end of 2015, only 5,700 Syrian refugees were working legally in Jordan. A much larger number worked in the informal sector." At a 2016 London Conference hosted by the United Kingdom,

16 Law on Foreigners and International Protection, Republic of Turkey Ministry of Interior, Directorate General of Migration Management, April 2014, Article 103, available at <https://en.goc.gov.tr/kurumlar/en.goc/ingilizce-kanun/Law-on-Foreigners-and-International-Protection.pdf>.

17 Temporary Protection Regulation, National Legislative Bodies / National Authorities, October 22, 2014, Article 26 (4), accessed at: <http://www.refworld.org/docid/56572fd74.html>.

18 The fee for a temporary work permit for up to one year, set in accordance with Law No. 492 on fees, was reduced in the case of Syrian nationals under temporary protection, <https://www.csgb.gov.tr/uigm/duyurular/2018-harc-miktarlari/>.

19 UNHCR, 1951 Convention and Protocol Relating to the Status of Refugees, <https://www.unhcr.org/3b66c2aa10>.

20 Government of Lebanon, *Minister of Labor Decision Related to Businesses, Occupations and Crafts, and Jobs that Must Be Limited to Lebanese Only*, January 2019.

Germany, Kuwait, Norway, and the United Nations and called “Supporting Syria and the Region,” the “government of Jordan committed to generating 50,000 job opportunities for Syrian refugees in the short term—primarily in the form of work permits, rising to 200,000 in the coming years.”<sup>21</sup> One key avenue to job creation foreseen in the Jordan Compact was “concessional loans from the World Bank—subsidized by international donors—in return for removing some of the barriers preventing Syrian refugees from entering the labor market. The loans would be used to finance the development of infrastructure and [Special Economic Zones, to] hire a blend of refugees and locals for companies whose goods would be allowed to enter the EU on preferential terms.”<sup>22</sup> In December 2019, the total number of Jordanian work permits issued to Syrians since 2016 totaled 176,920.<sup>23</sup>

Turkey therefore stands out compared to other countries hosting Syrian refugees by having proactively opened formal pathways to employment for Syrians under temporary protection. Furthermore, the political will to enable Syrians to access employment in Turkey is also demonstrated by the active labor market policies put in place by various public institutions.

### 3. Proactive policies to foster Syrian socio-economic integration

In addition to setting up a legal framework conducive to facilitating access to employment for Syrians under temporary protection, the various public institutions involved in livelihoods have also developed specific policies and programs to support temporary protection beneficiaries' access to jobs, as summarized in Box 2.

ISKUR is Turkey's central public structure for delivering employment services and therefore the primary government partner to facilitate access to jobs for vulnerable people.<sup>24</sup> With support from the EU and other donors, ISKUR is currently implementing large programmes to facilitate access of Syrians under temporary protection to employment, although the overall capacity of ISKUR was not increased to absorb the additional caseload of refugees. As private employment agencies do not primarily focus on placing vulnerable individuals in decent jobs, the task for matching

the unemployed, especially low-skilled labor, with jobs remains on ISKUR. The agency's backbone is constituted by the 4,000 job and vocational counselors who register beneficiaries, provide them advice and counseling, and conduct outreach visits to local businesses. In addition to ISKUR's work, the Ministry of Family, Labor, and Social Services is conducting very regular information and awareness sessions both for employers and Syrian workers on work-permit regulation and procedures.

A number of institutions and agencies have developed initiatives to provide support to refugees, typically in partnership with 3RP partners or IFIs. They include the Union of Chambers and Commodity Exchanges of Turkey known by the acronym TOBB; a social security institution known as SGK; and a development organization for small- and medium-size businesses known as KOSGEB.

In addition, the Ministry of National Education (MoNE) is another key stakeholder, overseeing technical and vocational education and language training up to the B-1 level, including with support of UN and NGO partners. MoNE is partnering with UNDP to extend the adult language training up to the B-2 level (which is required for working) through a blended method including online training and with B-2 classes offered through universities.<sup>25</sup>

In order to further scale up these efforts and to facilitate coordination and synergies between different public institutional efforts, the *Exit Strategy from the ESSN Programme* supports the adaptation to the labor market of some of the current beneficiaries of the ESSN cash transfer programme, hence reducing the financial support needs associated with it while still aiming to increase the social cohesion of Syrians under temporary protection.

The exit strategy underlines the emerging role of other institutions with respect to Syrian refugees' economic integration, namely the Vice Presidency of the Republic of Turkey and MoFLSS. In practice, the exit strategy identifies three key areas of work to foster the access to formal employment for 167,000 ESSN beneficiaries, and to an equivalent number of host communities members: (1) active labor market programmes, namely in the form of ISKUR skills training, (2) support to the private sector, primarily to

21 World Bank, *Program Document on the Proposed Loan and Credit in the Amount of USD 300 million to the Hashemite Kingdom of Jordan for Economic Opportunities for Jordan and Syrian Refugees. Program-for-Results*, September 2, 2016, <https://projects.worldbank.org/en/projects-operations/project-detail/P159522>.

22 Daniel Howden, Hannah Patchett, and Charlotte Alfred, “The Compact Experiment: Push for Refugee Jobs Confronts Realities in Jordan and Lebanon,” *Refugees Deeply | Quarterly*, December 2017, <http://issues.newsdeeply.com/the-compact-experiment>.

23 Hashemite Kingdom of Jordan, Ministry of Labor, Syrian Refugee Unit Work Permit Progress Report, December 2019, <https://reliefweb.int/sites/reliefweb.int/files/resources/73629.pdf>.

24 ISKUR was restructured in 2000 to better comply with changing circumstances arising from economic globalization. The institution formally adopted active labor market policies with Turkish Law No. 4904, published in 2003. With the same law, operational rights were granted to private employment agencies, and there are now 434 such active agencies.

25 UNDP and MoNE, Adult Turkish Language Training, registration page, last updated February 4, 2020, <https://sbs.e-ogrenme.gov.tr/>.



Syrian women in agricultural production, Kilis. Photo Credit: Mustafa Bilge Satkin, @UNDP Turkey

Syrian businesses, and (3) harmonization/social cohesion. The target of 167,000 Syrians corresponds to one member for each ESSN beneficiary household deemed having high capacity to work. This target should be matched with an equivalent number of host communities.

The strategy is more of a roadmap framework providing initial priorities in each area and does not outline detailed actions to date. The exit strategy was released in connection with the call for expression of interest for the second tranche of EUR 3 billion of the EU FRIT. That tranche included a EUR 465-million allocation for socioeconomic support, which primarily focused on funding proposals that would identify and support ESSN beneficiaries able to participate in the labor market to increase Syrian refugees' self-reliance, accompanied by a third phase of the ESSN programme implemented by the International Federation of Red Cross and Red Crescent Society and the Turkish Red Crescent (TRC), and a EUR 245-million grant to the

Ministry of Family, Labor, and Social Services to include the most vulnerable refugees in the social safety net system.<sup>26</sup> Contracts under this call are being signed and implementation has started in 2020.<sup>27</sup> While both the strategy and the funding of livelihoods programmes represent major progress, it is also worth pointing out that they only occurred in the eighth year of the crisis and will take time to make an impact on the living conditions of Syrian and Turkish communities. This is especially the case as all the socioeconomic funding of FRIT II has been allocated to non-3RP actors, who have been operating so far at smaller case levels and/or outside of interagency coordination structures.

In addition, the government of Turkey is increasingly focused on the issue of social cohesion and inclusion of refugees due to concerns of potential social tensions between communities. This is reflected in the Eleventh National Development Plan 2019–2023, which primarily

26 European Union, Secretariat of the Facility for Refugees in Turkey European Commission, *Guidelines - Call for Expression of Interest in the Field of Socioeconomic Support*, 2019; European Union, Annex to the Commission Implementing Decision on the Adoption of a Special Measure on Health, Protection, Socioeconomic Support and Municipal Infrastructure under the Facility for Refugees in Turkey, December 31, 2019, [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/annexes/c\\_2019\\_5454\\_f1\\_annex\\_en\\_v2\\_p1\\_1040405.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/annexes/c_2019_5454_f1_annex_en_v2_p1_1040405.pdf).

27 European Union, Facility Table, December 31, 2019, [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/facility\\_table.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/facility_table.pdf).

### Box 2 – Main Syrian Livelihoods Programme Implemented by Government Institutions and Private-sector Platforms

- The Ministry of Family, Labor, and Social Services has several major ongoing interventions aiming to promote formal employment of Syrians, notably through its international labor force directorate (DG ILF) and ISKUR. (The ministry is the coauthor of the *Exit Strategy from the ESSN Programme*.)
  - In addition to work-permit verification and approval, DG ILF is involved in conducting: labor market surveys on the demand and supply side, information and coordination sessions for private-sector actors, and projects related to skills training and entrepreneurship—funded by the EU FRIT and often in cooperation with 3RP actors. It also is coordinating the socioeconomic component of FRIT projects.
  - ISKUR is implementing or developing up to 200 EU FRIT projects totaling EUR 110 million and projects with other international partners related to active labor market policies for Syrian refugees. These include renewal and modernization of technical vocational education and training (TVET) infrastructure, and an institutional strengthening component on capacity building and development of digital infrastructure with UNDP.
- The DGMM collects important information during the registration process on skills and professional education of refugees, but it is MoNE that certifies new educational attainment in Turkey. Therefore, DGMM has statistics but not all the detailed information on the exact diploma of each refugee.
- KOSGEB implemented a project under FRIT I entitled Development of Business and Entrepreneurship for Syrians (under temporary protection) and Turkish citizens. A pilot project in Gaziantep supports both existing and new businesses through grants and business development services. The project's first phase targeted thirty Syrian entrepreneurs, fifteen new Syrian businesses, and fifteen new Turkish businesses and will be significantly scaled up in FRIT II.
- TOBB's main ongoing project aims to identify and certify the vocational skills of 19,500 Syrians and 10,500 Turkish citizens by December 2020 in twelve provinces.
- The Economic Research Foundation of Turkey (TEPAV) is doing research on the demand side, interviewing 1,500 firms about their needs on skills per occupation. TEPAV is closely monitoring the situation of Syrian businesses and publishes regular updates and analysis.
- The Turkish Confederation of Employer Associations (TISK) is implementing a project on refugee integration with the Confederation of Danish Industry (DI). This project includes research on employers' relations with and perceptions of Syrian employees, the sectors in which Syrians are working, and the ones in which they are needed. The project currently focuses on supporting integration of Syrians under temporary protection into the Turkish labor market and resolving skills mismatches by providing vocational education training in the framework of the future of work for both the host community and disadvantaged groups including Syrians.

refers to migrants and temporary protection beneficiaries in relation to social cohesion issues.<sup>28</sup> In addition, the Ministry of Interior's Directorate General for Migration Management (DGMM) has been leading the development of a Harmonization Strategy and Action Plan in line with requirements of the Law on Foreigners and International Protection. While harmonization is seen as a mutual process between foreigners and host communities, its overall

aim is focused on the self-reliance of the former, highlighting that “the aim of harmonization is to ensure that foreigners are able to continue their life without the help of another.”<sup>29</sup> In line with this, one of the six thematic areas of the strategy is related to access to the labor market, alongside information, social inclusion, education, health, and social support. The labor market area is structured around two strategic objectives: (1) information, analysis,

<sup>28</sup> Government of Turkey, *Eleventh National Development Plan 2019–2023*, 2019.

<sup>29</sup> DGMM, *Harmonization Strategy*, presentation to the 3RP Syria Task Force, May 2019.

and planning for the employment of migrants, and (2) protection and development of the rights of labor market.

Turkey's government not only set up a comprehensive and open legal framework, but also developed through its various institutions a large set of policies to further support access of refugees to the labor market, understanding that self-reliance remains the key to harmonization and social inclusion. Yet, given the protracted nature of the refugee presence in Turkey and the scale and complexity of their needs, these positive steps at the policy level will need to be quickly translated into action.

### **B. The Fragile Socioeconomic Situation of Refugees**

#### **1. High poverty levels**

More than two million of the 3.7 million Syrians under temporary protection are of working age. However, given the very low participation of Syrian women in the labor market, only 911,106 are actively participating in the labor force.<sup>30</sup> Government officials estimate that approximately 800,000 Syrians are working informally.<sup>31</sup> Different assessments converge to point out that while 84 percent of these households have a working member, only around 16 percent of them have access to reliable work and 3 percent to formal work.<sup>32</sup> Indeed, only part of the 132,000 work permits granted to Syrians since the adoption of the work permit regulation were granted to Syrians under temporary protection. Moreover, as per regulations, these work permits expire after one year. This means that many Syrians have probably received several permits over the years, even to remain in the same job. As such, the total number of work permits granted since 2016 does not indicate the number of Syrians currently working in the formal economy. The number of permits granted within a year provides a better indication of formal employment (Box 3 summarizes numbers related to Syrian participation in the labor market quoted in this report).

The latest data from MoFLSS Directorate General for International Labor Force indicate that around 55,000 work permits were granted to Syrians in 2019, including 30 percent to set up businesses.<sup>33</sup> This means that roughly 7 percent of the estimated Syrian labor force is now working formally (to which agricultural workers who do not need work permits should be added, but there are no estimates of their numbers). Many Syrians under temporary protection are therefore continuing to work informally, which exposes them to risks and multiple types of vulnerabilities, and a general inability to become self-reliant (the average income for Syrians working on an irregular basis is around TRL 1,000 per month, or half of the official minimum wage).<sup>34</sup> As a result, an assessment by 3RP partners estimates that nearly two million refugees live below the World Bank poverty line (and 7 percent below the extreme poverty line).<sup>35</sup>

Informality is far from being an issue exclusive to Syrian workers as it affects about a third of the Turkish labor force.<sup>36</sup> However, the lack of decent work conditions is more prevalent for Syrians, who in informal work have no recourse available to them in case of conflict with their employers, or in the case of discrimination or an accident in the workplace (which are more common for refugees, who are pushed to take riskier jobs).<sup>37</sup> These risks have often led to the adoption of negative coping strategies such as child labor: 31 percent of boys under the age of eighteen (191,000 boys) are currently working to contribute to household finances.<sup>38</sup> The overall vulnerability associated by casual and informal work was acutely demonstrated by the COVID-19 pandemic, with many Syrians facing a sudden and complete loss of livelihoods with limited access to additional assistance.<sup>39</sup>

#### **2. Difficulties for refugees to access reliable employment opportunities**

The lack of employment opportunities for Syrian refugees is in part explained by the general lack of job creation in

30 Government of Turkey, *Exit Strategy*.

31 Meetings with government officials, November–December 2019.

32 Reliable is understood to mean formal and/or predictable; WFP, *Refugees in Turkey: Comprehensive Vulnerability Monitoring Exercise (Round 2)*, May 2018. This is confirmed by Syrian Barometer Livelihoods data in a paper by Aysegul Kayaoglu and M. Murat Erdoğan: "Labor Market Activities of Syrian Refugees in Turkey," Economic Research Forum Working Paper Series, No. 1290, February 2019.

33 3RP Interagency, *3RP Turkey Country Chapter 2020–2021*.

34 Turkish Red Crescent and WFP, *Refugees In Turkey: Livelihoods Survey Findings*, 2019, <https://reliefweb.int/report/turkey/refugees-turkey-livelihoods-survey-findings-2019>.

35 WFP, *Refugees in Turkey: Comprehensive Vulnerability Monitoring Exercise, Round 4*, January 2020. World Bank poverty lines are calculated for middle- and high-income countries at USD 3.20 and USD 5.50 per person per day, respectively. For 2018, the poverty line was set at TRY 372 per month per person in Turkey and the extreme poverty line at TRY 207 per month.

36 World Bank, presentation at the ESSN Future Outlook Workshop, July 2018.

37 Durable Solutions Platform and Research Center on Asylum and Migration (IGAM), *Working Towards Self-Reliance: Syrian Refugees' Economic Participation in Turkey*, March 2019, <http://www.dsp-syria.org/working-towards-self-reliance-syrian-refugees-economic-participation-turkey>.

38 TRC-WFP, *Refugees in Turkey: Livelihoods Survey Findings 2019*.

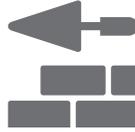
39 *3RP Partner Support to Turkey's Response to COVID-19*, 3RP.

Box 3 – Key Numbers on Refugees' Livelihoods



**3,589,289**

Syrians under temporary protection in Turkey



**911,106**

Syrians refugees active in the labor force



**157,000**

Estimated Syrian refugee women working



**2,100,000**

Syrian refugees of working age



**800,000**

Estimated Syrians working informally



**132,497**

Work permits issued to Syrians since 2016



**2,000,000**

Number of refugees (all nationalities) estimated to be living under the poverty line



**191,000**

Estimated refugee boys working



**10,000**

Estimated businesses established by Syrians employing more than 70,000 people



**1,800,000**

Beneficiaries of the ESSN cash transfer programme



**167,000**

Estimated job opportunities needed to enable the least vulnerable refugees to exit the ESSN programme

Turkey<sup>40</sup> and the COVID-19 pandemic has further exacerbated prospects. The private sector remains in need of support, particularly for small businesses in less developed areas, to create or preserve sustainable employment opportunities that are resilient to shocks and stresses such

as COVID-19. The development of small and medium enterprises (SMEs) is often hampered by a lack of adequate skills and staff turnover. Accessing new technologies and production techniques to increase their productivity and sustainability also remain important challenges for smaller

40 World Bank, presentation at the ESSN Future Outlook Workshop, July 2018.

businesses. Other structural constraints of the labor market include informality—which had dropped consistently in previous years, but has increased again in recent years as refugees are primarily hired only informally by employers—and the high level of low-skilled individuals (40 percent).<sup>41</sup>

At the same time, issues pertaining to the employability of vulnerable groups such as refugees remain an additional obstacle to their placement in jobs. It remains difficult for employers to find the right technical skills among job seekers, as a significant number of vulnerable Syrians under temporary protection have limited formal education levels, with 82 percent of heads of households educated below high school level.<sup>42</sup> Furthermore, the language barrier continues to limit access of Syrians under temporary protection to information about work opportunities or the legal framework, including their social rights, protection, and their obligations. Findings from a recent livelihoods survey show that Turkish language proficiency is associated with higher rates of employment, while the language barrier also is indicated as a key factor for the private sector's reluctance to hire Syrians.<sup>43</sup>

### 3. Specific challenges for women and youth

Female labor-force participation is low for host communities and even lower for Syrian women. For Turkish women, participation in the labor market (i.e., women working or looking for work) is estimated at 37.3 percent, with 30.9 percent working, and 6.4 percent (17.1 percent of active women) unemployed.<sup>44</sup> As per an assessment by UN WOMEN and the Association for Solidarity with Asylum Seekers and Immigrants (ASAM), only 15 percent of Syrian women are currently working and another 10 percent are looking for work.<sup>45</sup> As for entrepreneurs, UNDP mapping of Syrian businesses in Turkey found only ten women out

of three hundred Syrian entrepreneurs.<sup>46</sup> Working Syrian women are concentrated in agriculture, textiles, and services, where heavy workload, long hours, and low pay deter further labor force participation by inactive women.<sup>47</sup>

Youth unemployment and idleness also are main issues in the Turkish labor market, affecting young Syrians as well. Youth unemployment, at 27.4 percent, is twice the average, and idleness, which is defined as neither in employment, education or training, is 25.5 percent.<sup>48</sup> This increased risk of marginalization of youth and women could affect community stability. Some recent field research have pointed out that young Syrian males constitute potential prey for drug dealers and other illegal networks. The vulnerability of young Syrian females puts them at increased risk of early, exploitative, and polygamous marriages.<sup>49</sup> These negative coping mechanisms pose a direct risk for women and youth, and also create further resentment within and between communities.<sup>50</sup>

## C. Current challenges hampering the full implementation of the Policy Framework

### 1. Limitations included in the current legal framework

The current legal framework includes some limitations and restrictions for Syrians under temporary protection, which can present barriers to their access to formal employment. First and foremost, the work permit requirement is a specific feature of the temporary status, whereas subsidiary or international protection beneficiaries, for example, only require their registration card to access work.<sup>51</sup> The temporary nature of the “guest” presence of Syrians is often invoked by government officials as the reason behind this status.<sup>52</sup> Second, the main issue behind the current low

41 World Bank, presentation at the ESSN Future Outlook Workshop, July 2018.

42 WFP, *Refugees in Turkey: Comprehensive Vulnerability Monitoring Exercise (Round 2)*, May 2018.

43 Much of the previous two paragraphs relied heavily on the 3RP report, *Turkey Chapter: Regional Refugees and Resilience Plan in Response to the Syria Crisis*, January 2020, <https://data2.unhcr.org/en/documents/download/74179?>. TRC-WFP, *Refugees in Turkey: Livelihoods Survey*; Kayaoglu and Erdoğan, *Labor Market Activities*.

44 Turkish Statistical Institute, “*Labor Force Statistics, December 2019*.”

45 UN WOMEN and ASAM, *Needs Assessment of Women and Girls under Temporary Protection in Turkey*, June 2018, <https://eca.unwomen.org/en/digital-library/publications/2018/08/needs-assessment-of-syrian-women-and-girls-under-temporary-protection-status-in-turkey>.

46 UNDP, “Mapping of Syrian-owned Enterprises,” 2019, [https://www.tr.undp.org/content/turkey/en/home/library/syria\\_programme/mapping-of-syrian-owned-enterprises.html](https://www.tr.undp.org/content/turkey/en/home/library/syria_programme/mapping-of-syrian-owned-enterprises.html).

47 UN WOMEN and ASAM, *Needs Assessment of Women*.

48 Turkish Statistical Institute, “*Labor Force Statistics, August 2019*.”

49 A 2018 demographic and health survey revealed the prevalence of child, early, and forced marriage among Syrian refugee communities in Turkey, with 44.8 percent of women aged 20–24 reporting they had married before the age of 18, and 9.2 percent of women aged 20–24 reporting they had married before the age of 15. Hacetepe Institute of Population Studies, *Turkey 2018 Demographic and Health Survey, Syrian Migrant Sample*, November 2019, <http://www.hips.hacettepe.edu.tr/eng/tdhs2018/>.

50 International Crisis Group, *Mitigation Risks for Syrian Refugee Youth in Turkey's Sanliurfa*, February 2019, <https://www.crisisgroup.org/europe-central-asia/western-europemediterranean/turkey/253-mitigating-risks-syrian-refugee-youth-turkeys-sanliurfa>.

51 Batalla and Tolay, *Toward Long-Term Solidarity*.

52 Meeting with MoFLSS officials, November 2019.

number of work permits is the low number of applications by employers, although the actual procedure is simple.<sup>53</sup> Third, Syrians should obtain a work permit in the province of their registration, with many Syrians being relocated from Istanbul in the second half of 2019 to their original province of registration. Fourth, for each Syrian employed, a company should have ten Turkish employees; this quota can be particularly challenging in certain sectors and provinces, as well as for Syrian businesses, which generally employ a majority of Syrian workers. The quota can, however, be adapted to the needs of particular sectors or provinces, and is more flexible for small businesses.<sup>54</sup>

Another limitation is related to short-term employment opportunities through public works projects, which are normally recruited through ISKUR. While such opportunities would suit the mostly low-skill level of Syrians and their profile in unskilled, manual labor, the availability of such a workforce among Turkish job seekers (with several hundred applications often received from Turkish job seekers for each public works opportunity), and the fact that such positions are placed within public institutions led the government to continue limiting them to nationals.

Yet it should be underlined here that government institutions are being particularly pragmatic to ease the impact of such restrictions and are prioritizing formalization of the Syrian workforce as much as possible. For example, DGMM and the MoFLSS have agreed that temporary protection beneficiaries who have found a work opportunity outside of their province of registration would be allowed to move there. MoFLSS Directorate General for International Labor Force also indicated that the 10 percent quota is not strictly applied to facilitate the formalization of Syrian employees.<sup>55</sup> Similarly, inspections of businesses employing Syrians on an informal basis, which were conducted on a large scale in Istanbul province in the second half of 2019 (with more than 100,000 businesses inspected), did not lead to immediate fines; instead, more information was provided about the law and procedures, giving businesses time to legalize their employees. Overall, government officials interviewed

in the frame of this research shared a concern about pressuring small businesses, as informal employment can represent cost-saving opportunities for some employers in a challenging macroeconomic context—but comes with the costs of adverse working conditions and wages for their workers.<sup>56</sup>

### 2. Employers' reluctance to formally employing refugees

The difficulty for Syrians to access work permits is not so much due to the permit procedure but rather to the reluctance of employers to submit an application and to comply with minimum wage requirements. However, 31 percent of Turkish companies still mention regulations for Syrian workforce as an important obstacle in their operations.<sup>57</sup> It is worth mentioning that work-permit application issues seem very specific to Syrians since companies generally obtain work permits for their other foreign workers.<sup>58</sup> This illustrates again how some employers take advantage of the specific vulnerability of Syrians to employ informally.

Overall, only 24 percent of businesses surveyed by UNDP have employed Syrians to date, but 54 percent indicated in an online survey they would be open to doing so—particularly for technicians, blue-collar workers, or administrative staff.<sup>59</sup> This also underlines that nearly half of the firms do not want to consider employing Syrians, including an important proportion—37 percent—who openly refuse to do so.<sup>60</sup> Overall, 90 percent agree that Turkish nationals should have priority.

The main concerns of employers are language issues and cultural challenges between employees of different nationalities. Other concerns include perceptions of the relative unreliability of Syrian employees due to their mobility and different work ethics, notably in terms of commitment to regular working hours.<sup>61</sup> Yet, Turkish businesses with Syrian employees appear to be satisfied, as they report having an average of 11 percent Syrian employees in their workforce, over the 10 percent quota.

53 An analysis of the work permit data, which was available online until late 2018, showed that the approval of work permit applications by the Ministry of Labor remained constant at around 80 percent of the applications, despite a large increase in the number of applications. This stable rate, irrespective of the number of applications, sector of work, or province, demonstrates that the approval by the Directorate General for International Labor Force did not represent a barrier to work-permit obtention.

54 Meeting with MoFLSS officials, November 2019.

55 Interviews with DGMM and MoFLSS officials, November 2019.

56 Interviews with government officials, November–December 2019.

57 European Bank for Reconstruction and Development and TEPAV, *Syrian Entrepreneurship and Refugee Start-ups in Turkey: Leveraging the Turkey Experience*, September 2018, <https://www.tepav.org.tr/en/haberler/s/10023>.

58 UNDP, *Private Sector Engagement in the Syria Crisis Response: Opportunities and Challenges Report*, 2019, [https://www.tr.undp.org/content/turkey/en/home/library/syria\\_programme/private-sector-engagement-in-the-syria-crisis-response--opportun.html](https://www.tr.undp.org/content/turkey/en/home/library/syria_programme/private-sector-engagement-in-the-syria-crisis-response--opportun.html).

59 UNDP, *Private Sector Engagement*, 2019.

60 UNDP, *Private Sector Engagement*, 2019.

61 International Labor Organization, *Outlook of Employers and Workers in Sanliurfa to the Employment of Syrians*, May 2016, [https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---ilo-ankara/documents/publication/wcms\\_479273.pdf](https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---ilo-ankara/documents/publication/wcms_479273.pdf).



Syrian students at adult language trainings, Public Education Center in Mersin. Photo Credit: Levent Kulu, @UNDP

Companies, especially in the informal sector, predominantly use acquaintances and personal networks to get references and recommendations for potential employees. Refugees lack this crucial social capital, which makes their employment risky in the eyes of local businesses. On the other hand, while access to Arabic speaking countries is frequently mentioned as an incentive to employ Syrians, private-sector representatives also pointed out that English is generally sufficient to access Arabic markets.

### 3. Refugees' limited employability

In addition to the preference of Turkish companies to employ their fellow nationals, the skills profile of Syrian refugees remains an overarching obstacle to their access to formal employment opportunities. Overall, the level of education and of Turkish command are the two main determinants of access to reliable employment for Syrians.<sup>62</sup> This issue could worsen in the medium term, considering

the large number of out-of-school children in Syrian households who will enter the labor market with limited education and skills.

First, the lack of Turkish language skills remains an overarching barrier to refugees' integration in the labor market but also in Turkish society in general. Overall, despite having lived in Turkey for several years, refugees continue to have a very low command of the Turkish language. Four out of five have only basic Turkish language skills, 18 percent were at an intermediate level, and only three percent had advanced command of the language.<sup>63</sup>

Second, their general lack of skills is a second compounding issue. The Turkish Confederation of Employer Associations<sup>64</sup> confirmed that none of their member companies were employing Syrians due to their limited skills profile. Indeed, 82 percent of Syrian heads of households are educated at below high-school level<sup>65</sup> and one-third are illiterate—with higher scores for the 20 percent of

62 Kayaoglu and Erdoğan, "Labor Market Activities."

63 WFP-TRC, *Refugees in Turkey: Livelihoods Survey*, 2019.

64 TISK members represent around 40 percent of the currently employed population and contribute USD 200 billion to Turkey's gross domestic product including 48 percent of the country's net sales and 56 percent of exports; interview with TISK staff, December 2019.

65 WFP, *Refugees in Turkey: Comprehensive Vulnerability Monitoring Exercise (Round 2)*, May 2018; Kayaoglu and Erdoğan, in *Labor Market Activities*, found 78 percent of adults educated below high school.

households headed by a female (70 percent have no education; 47 percent are illiterate).<sup>66</sup> This issue is made worse by the fact that refugees with skills and education face difficulties with the validation and recognition of their diplomas and certificates.

Additionally, the incompatibility between ESN benefits and formal employment is often pointed out as a factor deterring refugees from looking for formal opportunities, in order to be able to cumulate ESN transfers with informal wages. Officials who were interviewed often underlined that this is partly explained by the fact that most low-skilled refugees remained in Turkey, while many of the more skilled refugees have moved to Europe—on their own or as part of the EU-Turkey agreement.<sup>67</sup>

#### 4. Social tensions revolving around economic opportunities

The ESN Exit Strategy, although focused on the self-reliance of current ESN beneficiaries, mentions social cohesion as one of the main challenges of the current refugee employment situation, to the point of making “harmonization” the third pillar of the strategy. As mentioned above, these social cohesion concerns are echoed both in the DGMM Harmonization Strategy and in the National Development Plan. The main tension factors between refugees and Turkish nationals include perceptions of cultural differences and competition for jobs, political and security concerns, lack of interaction between communities, and pressure on services and assistance.<sup>68</sup> Misperceptions and misinformation concerning available services are an integral part of this problem as well. Host communities blame Syrians for unemployment and economic difficulties: 71 percent agree that Syrians are taking jobs;<sup>69</sup> and 69 percent say the impact of refugees on the economy is negative.<sup>70</sup> However, tensions between host communities and refugees in regard to livelihoods particularly revolve around the issue of unfair competition by informal Syrian businesses that do not pay taxes.<sup>71</sup>

Given the sensitive nature of the employment of refugees, public officials interviewed for this report confirmed proceeding cautiously in communicating agency benefits for refugees, and some of them said they avoid promoting or raising awareness of such offerings, even though that complicates outreach and hinders awareness.<sup>72</sup>

#### D. Emerging positive impact and opportunities stemming from refugees' economic activity

The overall economic impact of the refugee presence is always a disputed and complex topic, both in Turkey and elsewhere. Turkey's government estimates that it has incurred a total cost of more than USD 40 billion in hosting refugees. Various assessments of the actual economic impact paint a mixed picture. On the one hand, the 2015 World Bank assessment of the impact of the Syria crisis on the Turkish labor market concluded that the inflow of informally employed Syrian refugees (the Work Permit Regulation had not entered into force at the time) led to large-scale displacement of Turkish workers from the informal sector toward the formal sector (about three for every ten refugees). However, not all groups have benefited. Specifically, there has been no increase in the participation of women and uneducated workers in formal, regular employment. Consequently, Turkish women have experienced a large-scale net displacement from the labor market, much of which can be explained by a decrease in part-time work.<sup>73</sup>

Furthermore, according to the report prepared by the Turkish Institute of Statistics (TUIK), the Turkish economy is benefiting from the presence of Syrians: Migration had no negative impact on unemployment and average wages in Turkey, as Syrians often fill gaps in sectors locals were reluctant to work in, and they contributed to internal consumption, boosting the Turkish internal market. According to the report, Syrian deposits in Turkish banks had reached TRY 1.5 billion by 2015.<sup>74</sup> The section below examines some of the main positive economic impacts of the refugee presence in Turkey.

66 Kayaoglu and Erdoğan, *Labor Market Activities*; WFP, *Refugees in Turkey: Comprehensive Vulnerability Monitoring Exercise (Round 3)*, May 2019.

67 Interviews with government officials, November–December 2019.

68 3RP Interagency Coordination, *Social Cohesion Framework Document*, January 2019.

69 Emre Erdoğan and Pinar Uyan Semerci, *Attitudes towards Syrians in Turkey-2017*, Istanbul Bilgi University, Center for Migration Research, in collaboration with the Black Sea Trust for Regional Cooperation, March 2018, [https://goc.bilgi.edu.tr/media/uploads/2018/03/15/turkish-perceptions-of-syrian-refugees-20180315\\_Y0gYZol.pdf](https://goc.bilgi.edu.tr/media/uploads/2018/03/15/turkish-perceptions-of-syrian-refugees-20180315_Y0gYZol.pdf)

70 Ekonomistler Platformu (Economists Platform), *Perceptions of Syrians in Turkey*, September 2017, <http://ekonomistler.org.tr/english/2017/11/08/perception-towards-syrians-in-turkey/>.

71 M. Murat Erdoğan, *Syrians-Barometer-2017, Draft Executive Summary*, December 6, 2017, <https://mmuraterdogan.files.wordpress.com/2016/06/syrians-barometer-executive-summary.pdf>.

72 Interviews with government officials, November–December 2019.

73 Ximena V. Del Carpio and Mathis Wagner, *The Impact of Syrian Refugees on the Turkish Labor Market*, World Bank Policy Research Paper 7402, August 2015, <http://documents.worldbank.org/curated/en/505471468194980180/pdf/WPS7402.pdf>.

74 Abdulaziz Ahmet Yasar, “Syrians Have Had a Positive Impact on the Turkish Economy,” TRTWorld, last updated May 14, 2019, [https://www.trtworld.com/turkey/syrians-have-had-a-positive-impact-on-the-turkish-economy-26640/amp?\\_\\_twitter\\_impression=true](https://www.trtworld.com/turkey/syrians-have-had-a-positive-impact-on-the-turkish-economy-26640/amp?__twitter_impression=true).



Syrian craftsman working on shoe production, Shoe Factory in Hatay. Photo Credit, Mustafa Bilge Satkin, @UNDP Turkey

The arrival of Syrian refugee and businessmen did bring beneficial skill sets and opportunities to the Turkish economy. For example, some Turkish companies could capitalize on Syrian employees' capacity to access Arabic-speaking markets. Evidence of this remains relatively scarce, although particular provinces such as Gaziantep, for example, have benefited from the refugee presence to scale up exports. UNDP mapping efforts found that 58 percent of Syrian-owned enterprises exported goods and services, and 40 percent of them gained their total income from exportation. There is a great potential for Turkish companies to expand their export markets through partnerships with Syrian-owned enterprises.<sup>75</sup>

A more direct benefit for the Turkish economy is the establishment of Syrian businesses. The most recent estimate is that there are currently between ten thousand and fifteen thousand Syrian businesses operating in Turkey.<sup>76</sup> These

companies remain of small scale—two-thirds have fewer than ten employees and almost all have fewer than fifty employees—yet combined they still employ seventy thousand people, 40 percent of whom are Turkish nationals. Syrian businesses employ a small proportion of women, at 12 percent of employees, and most of them are Turkish women.<sup>77</sup> Half are located in the Southeast and are mostly operating as wholesale and retail businesses (45 percent), and to a lesser extent are in the manufacturing and food and beverage sectors. Syrian businesses are contributing to Turkish access to new markets as they are exporting much more significantly than the average Turkish business, primarily to Syria (55 percent compared with 31 percent for Turkish companies).

International organizations as well as government agencies such as KOSGEB have developed support programmes for these businesses. One of their key lessons learned is

<sup>75</sup> UNDP, *Mapping of Syrian-owned Enterprises*, 2019.

<sup>76</sup> EBRD-TEPAV, *Syrian Entrepreneurship*, 2018.

<sup>77</sup> UNDP, *Mapping of Syrian-owned Enterprises*, 2019.

that Syrian entrepreneurs need a very specific curriculum on how to do business in Turkey, notably on accessing the banking system, which was not developed in preconflict Syria. KOSGEB officials also underlined that Syrian businessmen also lack Turkish language skills. However, Syrian businessmen are generally very eager to build a business and have a good entrepreneurship culture, with three-fourths of current Syrian businesses in Turkey being established by refugees with previous business experience in Syria.<sup>78</sup>

Examples of Syrians covering a skill gap can be seen in a traditional occupation in Gaziantep, where Syrians contributed to reviving the shoemaking sector, where they

were more skilled in this specific sector. Textile, apparel, and especially agriculture are other sectors benefiting from the skills of Syrians, particularly in the Southeast, where agricultural features are similar to those in Syria and where farmers face shortages of skilled labor.<sup>79</sup>

As underlined earlier, the informal nature of employment for many Syrians is providing a cost-saving opportunity for businesses, which would otherwise be struggling under current economic circumstances. While this is obviously problematic for Syrian livelihoods and decent work considerations, it is nevertheless an important economic factor taken into consideration by policy makers.

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<sup>78</sup> EBRD-TEPAV, *Syrian Entrepreneurship*, 2018.

<sup>79</sup> Kemal Kirişçi, *How the EU and Turkey Can Promote Self-reliance for Syrian Refugees through Agricultural Trade*, Brookings Institution and the Tent Partnership for Refugees, February 2020.

## II. OPPORTUNITIES FOR POSITIVE SOCIOECONOMIC INTEGRATION

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### A. Engaging the private sector for increased economic opportunities

Durable solutions to such a protracted crisis will only be possible if the resilience of individuals, communities, and institutions is strengthened, so that refugees are able to rely on their own resources rather than humanitarian assistance. Therefore, the main agenda of the Syria crisis-response stakeholders in Turkey is the access of Syrians to the income and decent employment opportunities that would create self-reliance. This would also mitigate risks of humanitarian assistance being unsustainable. However, sustainable, resilient, and decent jobs will not be created by international organizations or the government, but by the private sector. This is why understanding the needs and perspectives of small, medium, and large businesses is key.

A recent private-sector survey, conducted in the framework of the UNDP Syria Crisis Response and Resilience Programme, provides insights. The survey's purpose is to "better understand how the Syria Crisis response in Turkey is perceived by the Turkish private sector, which is being positioned at the heart of the livelihoods strategies."<sup>80</sup>

The survey shows that Turkish businesses are willing to learn more about the Syrians, mainly about their profiles, educational backgrounds, and vocational skills, but also about their living conditions, the challenges they face, and the assistance provided so far. Their perceptions of Syrians is shifting away from their temporary presence in Turkey toward their integration with society and the local economy.<sup>81</sup>

This interest of the private sector needs to be capitalized upon by being used to promote both the employment of Syrians and the establishment of partnerships between local and Syrian business communities, without overlooking the needs of host community members expecting to benefit from the same opportunities. This would require moving beyond perceiving the private sector only as a

supplier of goods, or as a beneficiary of technical and financial support, toward engaging both Turkish and Syrian companies on a larger scale as partners in the overall response.

#### 1. Supporting expansion of Turkish businesses to facilitate refugees' employment

For Turkish businesses, one of the biggest constraints seems related to the lack of skills of their workforce. On average, 46 percent of companies mention that inadequate workforce is a challenge and 18 percent consider it their biggest challenge.<sup>82</sup> Nevertheless, it should also be noted that 37.5 percent of vacancies surveyed by ISKUR do not require any education.<sup>83</sup> In any case, Turkish companies are making much more use of available support schemes such as ISKUR referrals—85 percent are registered in the ISKUR database—and information services from chambers of commerce. Support in terms of skills matching that would refer relevant refugees could therefore make a difference for Turkish businesses and constitute an incentive for them.

Turkish businesses have had a relatively high staff turnover rate (with 30 percent recruited because of staff rotation),<sup>84</sup> ISKUR's 2018 labor market survey confirmed that 8.4 percent of Turkish businesses with more than two employees had vacancies, and that there was overall a 2.5 percent vacancy rate in Turkey—330,000 vacancies—with a higher rate in the wholesale, retail, and manufacturing sectors, in which Syrians are particularly active.<sup>85</sup>

Aiming to address some of the skills gap thanks to the refugee presence would require important prerequisites. First, most key ministries supporting SMEs, such as the Ministry of Industry and Technology, have limited outreach to the refugee community, while ISKUR is increasing efforts to boost the number of Syrians registered with its services. Second, given the low skill profile of refugees, current efforts to refer refugees to available unskilled opportunities, while also elevating the qualification of vulnerable individuals, would need to be scaled up and be accompanied by job matching and support to ISKUR capacity.

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80 UNDP, *Private Sector Engagement*, 2019.

81 UNDP, *Private Sector Engagement*, 2019.

82 EBRD-TEPAV, *Syrian Entrepreneurship*, 2018.

83 ISKUR, "Survey of Turkish Companies," presentation of results to 3RP Livelihoods Working Group, November 2018.

84 EBRD-TEPAV, *Syrian Entrepreneurship*, 2018.

85 ISKUR, "Survey of Turkish Companies," presentation of results to 3RP Livelihoods Working Group, November 2018.

Moreover, while supporting the demand side of the labor market is critical to ensure that the most vulnerable are able to access employment, the key to any efforts to increase self-reliance remains the ability of the private sector to grow in order to create new opportunities. Therefore, more general business development support is necessary to help businesses to expand their workforce. In this respect, support in terms of innovation and productivity would be the most beneficial to the creation of decent jobs.

Addressing the root causes that hinder the creation of new jobs is an efficient way to expand the workforce, but the impact will likely be seen in the medium and long term. SMEs operating based on unproductive manufacturing modalities are a common feature of the Turkish economy.<sup>86</sup> Industrial transformation through lean manufacturing and digitalization would bring new and sustainable jobs as the SMEs grow through production without waste, and offer opportunities to expand export markets and increase energy efficiency and environmentally friendly production. This transformation will be pursued through Applied Capability and Digital Transformation Centers being established in eight provinces.<sup>87</sup>

Apart from addressing productivity issues, supporting local economies to create added-value services and products through innovation capabilities, rather than midrange products that have no competitive power in the market, is another target area to promote new jobs. Strategies developed at the local level to boost the innovation ecosystem through tailor-made services are expected to create positive impacts in the short, medium, and long terms and accelerate innovation-driven economic development.<sup>88</sup>

Supporting farmers and agribusiness development remains another obvious avenue to help increase opportunities for Syrians, who are already present in the agricultural workforce.<sup>89</sup> Support to agriculture should definitely be scaled up, especially considering that the food security and agriculture sector of the 3RP has consistently been the least funded in recent years.

Last, but not least, while any such effort would be beneficial to the Turkish private sector and vulnerable host community members, Turkish employers' lack of trust in Syrians leads the government to also identify Syrian businesses as an obvious source of employment for fellow nationals.

## 2. Boosting Syrian entrepreneurship

The ESSN Exit Strategy's second strategic objective on increasing formal employment and job creation is heavily focused on developing Syrian entrepreneurship, which could in turn lead to those businesses hiring more fellow Syrians and fellow Turkish nationals.<sup>90</sup>

There is a potential for Syrian firms to employ a significant share of the Syrian labor force (with 43,000 currently employed) and to link local economies to new markets. However, two-thirds of Syrian businesses indicated that they do not need new employees—twice the number of Turkish businesses signaling a lack of need.<sup>91</sup>

It is particularly important to note that Syrian businesses have reached their current scale with little support. Indeed, Syrian businesses make limited use of ISKUR or other formal processes for recruitment. Almost none of the Syrian businesses have benefited from government support, with two-thirds citing a lack of information as the main reason. Only 40 percent have reached out to chambers of commerce, mostly for legal information.<sup>92</sup>

This points to a relatively straightforward way to support Syrian businesses: Since only 13 percent are aware of incentives available for SMEs, increased awareness could boost the use of chambers of commerce and industry, as well as specific schemes for them to access financing. Similarly, business development services could quickly help businesses expand, as one-third currently do not have business plans or a marketing plan, and three-fourths do not use any marketing tools.<sup>93</sup>

In addition, Syrian businesses face issues with accessing both financing and the banking sector in general. This

86 KOSGEB, *SME Strategy and Action Plan (2015-2018)*, [https://www.kosgeb.gov.tr/Content/Upload/Dosya/Mali%20Tablolar/KSEP/Kobi\\_Stratejisi\\_ve\\_Eylem\\_Plani\\_\(2015-2018\).pdf](https://www.kosgeb.gov.tr/Content/Upload/Dosya/Mali%20Tablolar/KSEP/Kobi_Stratejisi_ve_Eylem_Plani_(2015-2018).pdf).

87 The Ministry of Industry and Technology is currently working with UNDP to operationalize the centers in Ankara, Bursa, Konya, Kayseri, Mersin, Gaziantep, Adana, and Izmir, with ten centers expected by the end of 2021.

88 Three innovation centers will be operational in 2020 to provide services to the SMEs, entrepreneurs, and start-ups in Adana, Mersin and Izmir under the Turkey Resilience Project in response to the Syria Crisis, funded by the EU FRIT.

89 Kirişçi, *How the EU and Turkey Can Promote Self-Reliance*, 2020.

90 INGEV Foundation, Presentation to the 3RP Livelihoods Working Group, April 17, 2018, based on an INGEV and IPSOS survey.

91 EBRD-TEPAV, *Syrian Entrepreneurship*, 2018.

92 EBRD-TEPAV, *Syrian Entrepreneurship*, 2018.

93 UNDP, *Mapping of Syrian-owned Enterprises*, 2019.

#### Box 4 – Turkey's First International SDG Impact Accelerator to Address Refugee Challenges

As part of the “Next Generation UNDP,” the UNDP launched SDG Impact to empower investors to achieve the UN Sustainable Development Goals (SDG). The initiative aims to identify clear areas where companies can generate value for shareholders and contribute to the wider society at the same time, and Project Catalyst is meant to build capabilities for scanning “tomorrow’s world” in terms of development choices and policies that countries must address today.

Turkey's first-ever international impact accelerating programme, SDG Impact Accelerator (SDGia), is led by the Turkish Ministry of Foreign Affairs and UNDP, with support for this multistakeholder platform by the Bill & Melinda Gates Foundation, Eczacıbaşı Holding, Limak Holding, and the UN World Food Programme.

SDGia will convene partners from across sectors and fields of expertise to create prototypes of products and services for the most vulnerable groups in the world such as refugees. This exciting new initiative will move beyond siloed, single-point solutions and apply a systemic lens to finding innovative solutions to big challenges, such as integrating refugees or eliminating poverty and vulnerability among the least developed countries.

The scale and breadth of market-based solutions to the broad development challenges we face today are currently insufficient to be considered as major drivers of social change. It is clear that to work effectively, market-based solutions require access to information and coordination of different stakeholders in order to provide necessary inputs to the markets.

The SDG Impact Accelerator aims to accelerate “systems entrepreneurs” for market-creating innovations, initially for refugee populations, and in turn for the least developed countries.

For more information, please see: <https://www.sdgia.org/>

is mentioned as the main issue for 41.5 percent of them, compared to only 18 percent of Turkish companies.<sup>94</sup> They do not use modern financial instruments.<sup>95</sup> Bank branches apparently practice very arbitrary and discretionary policies for Syrian, with some only allowing personal accounts for Syrians and not commercial ones, and some refusing Syrians altogether. Obtaining credit histories for Syrians is difficult given the lack of a structured banking sector in Syria.

These conditions show there is considerable room for support to Syrian businesses, which could in turn significantly boost employment. Tracer surveys of Syrian businesses (in 2017 and 2018) by Building Markets confirmed this potential: Two-thirds of Syrian businesses were profitable, and 28 percent had hired extra staff recently.<sup>96</sup>

In terms of potential impact, the potential employment generation from supporting Syrian businesses needs to be taken realistically. The Building Market tracer survey shows that while Syrian businesses needed new staff and expected to hire an average of four additional employees, they only managed to recruit 1.4.<sup>97</sup> Moreover, stimulating new entrepreneurs remains a particularly challenging task in any setting. Despite the creativity and proactive spirit demonstrated by many refugees, one can assume that most of the Syrians willing to become entrepreneurs would have tried to start a business already.<sup>98</sup> This is confirmed by available data, showing that only one-fourth of current businesses have been started by new entrepreneurs. In addition, KOSGEB underlined that on average, 80 percent of new companies close down after five years. This is confirmed by the Syrian Economic Forum, which

94 EBRD-TEPAV, *Syrian Entrepreneurship*, 2018.

95 UNDP, *Mapping of Syrian-owned Enterprises*, 2019

96 *Building Markets, One Year Later, Revisiting the Contributions of Syrian Entrepreneurs in Turkey*, July 2018, [https://buildingmarkets.org/sites/default/files/pdm\\_reports/bm\\_syrian\\_sme\\_update\\_one\\_year\\_later\\_final\\_2\\_072518.pdf](https://buildingmarkets.org/sites/default/files/pdm_reports/bm_syrian_sme_update_one_year_later_final_2_072518.pdf).

97 *Building Markets, One Year Later*, 2018.

98 Interview with KOSGEB representative, November 2019.

indicated that 30 percent of the enterprises registered in their programme had closed down in 2017. The COVID-19 pandemic confirmed that many are not resilient to external shocks, with initial assessments pointing out that a majority of Syrian businesses would be at risk of shutting down in the short term because of the impact of the pandemic.<sup>99</sup>

Overall, even doubling the size of the workforce employed by Syrian businesses (through expansion of existing businesses and creation of some new ones) would be an extraordinary achievement, yet would only contribute to about 20 percent of the ESSN Exit Strategy job creation reference of 334,000 jobs for Syrian refugee and host communities.

### B. Exploring innovative solutions for refugees' employment

While continuing to expand and improve the existing range of livelihoods and job-creation programming and support will provide an important contribution to fostering refugees' self-reliance, considering the scale of the needs, it also is urgent to broaden the range of options to offer opportunities to refugees and vulnerable communities. In particular, exploring the new options offered by digital livelihoods seems highly relevant for Turkey, considering the progressive policy framework in place, the high quality of internet infrastructure, and the existing global connections of the Turkish private sector.

Digital and online opportunities have been put on the front stage amid the COVID-19 pandemic and related confinement, which highlighted some of the untapped potential and the great flexibility associated with online work. Furthermore, the increasing conversion of work into digital form—digitalization—has myriad effects on society and presents both opportunities and challenges for all. UNDP's Migrant Union research, in *Digital Livelihoods for People on the Move*,<sup>100</sup> notes that the discussion of digital work rarely addresses the needs of and possibilities for migrants and displaced people, which are often only associated with traditional sectors of work, thereby bypassing chances for this population to become part of the so-called next economy. Similarly, digital work for displaced people has largely remained disconnected from the UN Sustainable Development Goals<sup>101</sup> and the Global Compacts on Refugees and Migration objectives. The result is a gap in the livelihoods agenda for displaced people, and creates

a high risk that, if left unaddressed, refugees will be further left behind amid continuing, huge shifts in work and the global economy.

The Migrants Union research aimed to start addressing that gap by identifying hundreds of existing online education and training initiatives as well as broad pathways to digital work, such as through digital platforms. It has found that digital work opens new opportunities, markets, and networks for displaced people with varying skill levels and resources beyond their immediate physical location. Due to the remote and mobile nature of digital work, it remains available to people on the move or those who settle in multiple host countries. The different types of existing digital livelihoods solutions are summarized in Box 5.

#### Box 5 – Range of Digital Livelihoods Opportunities

Digital work and training opportunities include:

- Job-matching platforms
- Digital consulting via online work platforms
- Language and translation businesses
- Graphic design, web design, and coding schools
- E-commerce
- Digital entrepreneurship

The section below looks at particular aspects of digital livelihoods that would be relevant for refugees in Turkey. While not all of these solutions would be suitable for the most vulnerable, one should also keep in mind that a singularity of Syrian refugees in Turkey is that the most skilled refugees are also experiencing a high unemployment rate. The solutions explored here might help them access currently unavailable opportunities, and be able to then support and hire less skilled ones.<sup>102</sup>

#### 1. E-work opportunities

While digital livelihoods are often presented as an option to circumvent national regulations that would be restrictive to refugees' access to work, this only partially applies to Turkey, given refugees' access to the labor market.

99 UNDP, *Survey on Impact of COVID-19 on Syrian-owned Enterprises and Needs, Report on Survey Results*, April 2020.

100 UNDP, the Migrant Union, *Digital Livelihoods for People on the Move*, 2019, [https://www.catalyst.undp.org/content/dam/Catalyst/documents/Digital\\_Livelihoods\\_for\\_People\\_on\\_the\\_Move\\_5.pdf](https://www.catalyst.undp.org/content/dam/Catalyst/documents/Digital_Livelihoods_for_People_on_the_Move_5.pdf).

101 The United Nations 2030 Agenda for Sustainable Development has seventeen sustainable development goals (SDGs). The 2030 Agenda was adopted by all UN member states in 2015.

102 TRC-WFP, *Refugees in Turkey: Livelihoods Survey Findings 2019*. The survey found that "the unemployment rate tended to increase with higher education levels. Refugees with a university degree had the highest unemployment rate (24 percent), followed by refugees with a high school diploma."



Syrian coders at BootCamp in Şanlıurfa. Photo Credit, Mustafa Bilge Satkın, @UNDP

However, it could be directly relevant for refugees, both for entrepreneurs and job seekers.

Among job seekers, digital opportunities could be particularly relevant for the large number of graduates of vocational training courses offered by 3RP partners and government institutions; currently, job placement rates remain limited due to a lack of local opportunities. For these graduates, particularly the ones trained in handicraft, sewing, or agricultural food production, there are promising examples of e-commerce platforms enabling refugees to access the global market.

In Bangladesh, UNDP and the national government worked to set up the e-commerce platform ekShop Shoron (see Box 6).<sup>103</sup> Because the ekShop platform has already been connected to Amazon, Alibaba, and Facebook and has negotiated the lowest transaction fees with payment companies, it can be expanded to other countries relatively easily. Furthermore, handicraft and fashion were identified as the two products that bring the highest margin for such work. These areas would fit well with the skills-development programmes in Turkey for refugees, who could benefit from the same access while marketing their products through the e-commerce platform. Finally, it is important to note that EkShop Shoron managed to get access to the global online platform based on the quality of products

alone, not specifically mentioning the refugees' involvement in the production. This is important from a sustainability perspective as it does not make access to market and clients dependent on social responsibility. This echoes the Migrant Union findings that: "For some, this puts the viability of fostering digital livelihoods for displaced people in question due to a tricky combination of the need for scale, sustainability, and cost-effectiveness. Integral to addressing all of these factors, however, is establishing the interest of demand-side actors to engage in hiring displaced people at all. In instances this may occur through the promotion of displaced people not as displaced people but as competitive actors in a market, and thus occur through leaving the refugee label behind."<sup>104</sup>

Digital livelihoods also provide opportunities for individuals who would be both less and more skilled than typical vocational training graduates, particularly around freelance work. One very promising area for the least skilled people is basic online tasks, particularly simple data entry. Indeed, this is another area of work that has significantly expanded recently in Bangladesh and elsewhere; however, there is a particular unmet demand for data entry in Arabic that Syrian refugees could easily perform. Similar opportunities also would exist for more skilled refugees, particularly in terms of online Arabic classes, but also in design or coding.

103 UNDP, the Migrant Union, 2019.

104 UNDP, the Migrant Union, 2019.

**Box 6 – Example of E-commerce Platform from Bangladesh**

**EKSHOP SHORON (Bangladesh)**

**What is it:**

This nascent e-commerce model called ekShop Shoron (which means both remembrance and displacement in Bengali) is for displaced populations, specifically Rohingya, and is led by Access to Information (A2i), a programme of the government of Bangladesh.

**The story:**

It is based on an existing e-commerce model developed in Bangladesh for rural sellers targeting urban customers. The magnitude of the Rohingya crisis—where refugees outnumber hosts three to one in some areas—and the significant restrictions on rights and livelihoods for refugees in Bangladesh necessitate creative approaches to opening livelihoods. Still in phase one, ekShop Shoron is building a pathway to access international e-commerce markets, as Rohingya refugees are not allowed to sell in Bangladesh. It is currently training Rohingya women to develop a fashion line to be marketed internationally. The Bangladeshi host community is included in the pilot for the finishing and packaging of products, thereby easing tension over jobs “lost” to refugees.

**What this illustrates:**

- Scaling can be built into models promoting digital livelihoods from the beginning
- Existing models can provide important starting points for adaptation to suit the needs and contexts of displaced populations

Last, but not least, digital livelihoods work could be a way for Syrian businesses and individuals to circumvent the existing restrictions on mobility between provinces, by accessing markets and clients remotely rather than in person.<sup>105</sup>

Digital livelihoods could therefore help to overcome some of the existing demand-side barriers on the labor market, such as lack of knowledge and trust, access, and interest in displaced people as employees or service and goods providers. Such opportunities, however, typically require direct connection between displaced people (as entrepreneurs and potential employees) and markets (customers and employers) to enable efficient work placement and trade (e.g., online work platforms and social media networks). Secondary market intermediaries such as 3RP actors have a role to play here, first and foremost to ensure that identification is accepted, exploitation is avoided, and displaced people are marketing themselves/their skills effectively. Second, as seen in the Bangladeshi example, initial support by development actors can help refugees test and prove their ability to competitively complete online

tasks, and establish them as effective suppliers to market demands.

**2. Digital livelihoods ID**

On the supply side, digital livelihoods solutions seem quite relevant to the Turkish context. The ongoing success of the joint efforts by MoNE and UNDP to provide adult language training through a blended methodology including an online training platform is a first indication of the potential of e-learning for skills development purposes in Turkey, which could be explored particularly for refugees registered in provinces where they cannot access appropriate educational opportunities. However, the impact of the COVID-19 pandemic on access to education also has highlighted that access to the internet remains an important barrier for refugee households.<sup>106</sup>

A digital ID—a digitized and verifiable version of legal identification, which can include work experience, skills and qualifications, and other credentials—promises to overcome some of the supply-side barriers to the employment

<sup>105</sup> Interview with MoFLSS Directorate General for International Labor Force, November 2019. MoFLSS points out that such entrepreneurs would still require a work permit in Turkey, even if working on a remote basis only.

<sup>106</sup> 3RP Partners Support to Turkey's Response to COVID-19, 3RP.

of refugees. Indeed, displaced people face a disproportionate burden to job access when they lack a proper ID or recognized credentials, as well as the ability to have these be verified and verifiable. In Turkey, digital IDs would not fill a large unmet need for strict documentation/identification purposes, as the vast majority of the refugee population in Turkey is registered by the government as temporary protection beneficiaries, whose records have now been checked through the 2018 verification exercise. In this context, the idea of a digital ID would be much more directly relevant from a livelihoods perspective. In relation to the above-mentioned freelancing opportunity, a form of certified digital curriculum vitae could help refugees convey their skills and personal experiences to potential employers located abroad, thus overcoming the trust issue that deters many businesses from hiring refugees. Given the ongoing efforts of public institutions such as TOBB to certify the skills of refugees through the Mahir Eller Project,<sup>107</sup> there also is the potential of developing large-scale, aggregated job-matching platforms to enable the private sector to access a talent pool of displaced people.

Moreover, this focus on interoperability of ID and credentialing systems could be particularly relevant for Syrian entrepreneurs' access to financing, to prove their creditworthiness to banks, and overcome banks' reluctance to provide loans to them. However, one limit of such a system for Syrian refugees is the lack of a formal banking system in Syria, which makes establishing a predisplacement credit history difficult. A similar issue arose for Rohingya refugees in Bangladesh, where they now use mobile phone data so that a history of communication from a specific SIM card can provide proxy data indicating a refugee's history of business transactions.

Several successful digital identity services aim to explicitly foster economic identities of displaced people. "The blockchain platform BanQu works with Somali refugees in the Dadaab refugee camp in Kenya to create economic identities through including not only basic personal data but economic information like successful business

transactions to create a relationship-based credit profile," according to a UNDP report. "This information allows other BanQu users to securely provide loans or enter into business arrangements with other users. While this service helps local business transactions become more secure, it also allows refugees to enter global supply chains as verifiable sellers."<sup>108</sup>

The same logic can be applied to products in an e-commerce setting. Indeed, quality control of products is an enduring issue for trade. Digital traceability of products can help identify the individual producer.

Digital livelihoods also offer options to overcome some of the main barriers identified on the supply side: a lack of skills, access, and networks that prevent displaced people from identifying, entering, and being competitive for digital and digitally mediated work. However, the Migrant Union also notes that the vast majority of displaced people are not part of this digital trend: "While some initiatives target the vulnerable and lower classes, some of the platforms and initiatives identified here clearly cater to a 'middle class' of displaced people holding prior skills or the social and other capital to access education or undertake work."<sup>109</sup>

As such, digital livelihoods offer real but only complementary solutions to refugees' capacity for self-reliance, if potential concerns related to privacy and data management are taken into account. Yet, the fact that they have been successfully tested in very challenging contexts, including in Bangladesh, where refugees are not even allowed to earn cash, shows that they are worth exploring in Turkey, particularly as more skilled refugees also are facing high unemployment rates.<sup>110</sup> The efforts put in place by Syrian businesses, public institutions, and international partners to boost online work and support schemes during the COVID-19 pandemic have opened a critical opportunity that should be built upon. It should, however, be pursued hand in hand with efforts to make the overall policy environment conducive to sustainable socioeconomic inclusion.

<sup>107</sup> The project aims to certify the skills of 19,500 Syrians and 10,500 Turks. See: <http://www.mahirellerprojesi.com/en/AnaSayfa>.

<sup>108</sup> UNDP, the Migrant Union, 2019.

<sup>109</sup> UNDP, the Migrant Union, 2019.

<sup>110</sup> TRC-WFP, *Refugees in Turkey: Livelihoods Survey*.

### III. CONSIDERATIONS FOR A POLICY ENVIRONMENT ENABLING SOCIOECONOMIC INTEGRATION

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The main policy document on the issue of access to self-reliance, the *Exit Strategy from the ESSN Programme*, is based on the vulnerability profiling of ESSN beneficiaries conducted by the World Food Programme<sup>111</sup> and backed up by the second tranche of the EU FRIT, which significantly increased funding for socioeconomic support compared to the first tranche.

The EU FRIT also includes substantive additional support to MoFLSS to support the most vulnerable refugees who will remain dependent on social assistance.<sup>112</sup> Indeed, although ESSN assistance is defined as unconditional, the beneficiaries are being selected based on demographic criteria such as households with persons with disabilities, the elderly, single parents, and the number of children in the family. Providing such assistance for a long time does not seem sustainable or feasible for any parties involved in this process, but a transition process from ESSN to employment should endeavor to protect beneficiaries from any sudden deprivation.

However, it is important to note that the strategy remains a roadmap setting a general approach and directions, and not going into operational details, which is expected to be outlined by partners implementing both the ESSN phase three and the socioeconomic support programmes. Moreover, it remains focused on ESSN beneficiaries, while other assessments have highlighted the vulnerability of nonapplicants to the ESSN.<sup>113</sup>

The section below aims to contribute to the operationalization of the strategy and the best use of donor funding by outlining key considerations to keep in mind for successfully enhancing refugees' self-reliance.

#### A. Fine-tuning regulations of Syrian workers

In practice, the number of work permits has steadily grown since the adoption of the Work Permit Regulation. While the total number remains very modest compared to the total size of the working-age population among vulnerable refugees, it is important to point out that relevant authorities have shown their flexibility to formalize the Syrian labor force.<sup>114</sup> The fact that between 70 percent and 90 percent of work-permit applications are approved by the ministry, and the flexibility shown toward the 10 percent quota system demonstrate an alignment to labor-market needs.

The main barrier to formalization remains the limited incentives and accountability for employers to offer formal work opportunities to Syrian workers, given the extra costs (e.g., paying social security premiums and contributions for formal employees) and red tape for employers. However, many employers are not aware of the easy online application process.<sup>115</sup> The ESSN Exit Strategy highlights incentives covering the social security contributions as its main recommendations to foster formal employment.<sup>116</sup> However, ISKUR reports that current piloting of work-permit incentives (covering only the cost of the permit application under FRIT-funded projects) only attracted a few applications.<sup>117</sup> This finding suggests that the main obstacle might be the requirement to pay minimum wage, which in turns is the main hurdle for refugees to earn enough income to provide for themselves.

Yet, recent developments have shown that this barrier can be overcome. Indeed, MoFLSS decided to step up business inspection in Istanbul to promote regularization of foreign employees, and the effort has yielded impressive

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111 WFP, *Vulnerability Profiling 2018 – Analysis Results*, August 2018, <https://www.wfp.org/publications/turkey-emergency-social-safety-net-programme-vulnerability-profiling-2018-analysis-results>.

112 European Union, *Facility Table*, 2019.

113 WFP, *Refugees in Turkey: Comprehensive Vulnerability Monitoring Exercise (Round2)*, May 2018.

114 The MoFLSS Directorate General for International Labor Force has been largely set up to respond to the refugee influx in Turkey. It was previously a department in the Ministry of Labor, focused on attracting foreign talent to Turkey, and is now a directorate of 150 staff focusing on formal employment of the refugee population in Turkey.

115 UNDP, *Private Sector Engagement*, 2019.

116 Government of Turkey, *Exit Strategy*, 2018.

117 Interview with ISKUR officials, December 2019.

results. While the inspections followed a step-by-step approach of reminding businesses of the legal framework first before implementing fines after a couple of months of grace period, they led to an important increase in work-permit application. MoFLSS received thousands of applications per day following the start of these inspections, and the number of permits granted to Syrians under temporary protection in 2019 alone ended up being equivalent to the total number of permits granted to all Syrians in the three previous years (55,000 compared with 60,000, respectively).

The priority on formal employment is consistent across government agencies. For example, MoFLSS and DGMM have worked together to simplify the administrative processes to access employment opportunities outside provinces where Syrians under temporary protection can register more easily and where the process of relocation to other cities takes a shorter time.<sup>118</sup> Syrians working in agriculture are exempted from having a work permit, which could be done for other sectors if needed, although this does not suffice to ensure formal, decent work.

There remain areas where similar flexible approaches could be beneficial. For example, local authorities such as the Gaziantep Metropolitan Municipality have pointed out that travel restrictions outside of the province of registration should be lifted for Syrian businesspersons who need to travel to access new markets and clients.<sup>119</sup>

### **B. Improving active labor market policy for refugees**

Recent labor market analyses confirm that language and education levels are the main determinants for access to regular employment for Syrians, which calls for continuing active labor market policy efforts to increase the employability of refugees.<sup>120</sup> This should include a strong focus on harmonization to also overcome cultural barriers mentioned by employers, which are often attributed to the underdeveloped status of the private sector in pre-conflict Syria. Syrians themselves identify Turkish language classes (32 percent), vocational courses (27 percent), and

job referrals (18 percent) as the main support needed to find employment.<sup>121</sup>

#### **1. Language training**

Current language training and skills training efforts need to be built upon, both by governmental and international actors. MoNE indicated that around two hundred thousand Syrians attended language classes in the past four years. However, most of this training focused on A1 and A2 levels<sup>122</sup> (155,000 and 34,000 beneficiaries, respectively) rather than on working knowledge (with only three thousand participants at the B1 level).<sup>123</sup> Moreover, the graduation rate remains low: between 47 percent and 60 percent. Adult language training for employment purposes was mostly addressed through an EU FRIT-funded UNDP project with MoNE Directorate General for Lifelong Learning, which will conclude in 2020 with a total caseload of 52,000. To date, none of the proposals approved for the second tranche of the EU FRIT are focused on adult language training.<sup>124</sup> This might stall progress achieved by these recent initiatives, which altogether have reached at best a third of the working-age population. Considering how low the command of Turkish is among Syrians after years of presence in Turkey, external support remains necessary.

In addition, there are several issues with the current delivery of Turkish language classes, which is quite a new task at this scale in Turkey. This includes long waiting times between courses to progress to the next level, the uniform way in which courses are delivered to both illiterate and educated beneficiaries, the lack of training of teachers to teach Turkish as a foreign language, and the ad hoc process required for civil society organizations to be accredited to deliver language classes.<sup>125</sup>

#### **2. Skill profiling, technical training, and job placement**

ISKUR is being supported by multiple international partners, including UNDP, to increase its capacity to enroll and provide employment services to Syrians. ISKUR is

<sup>118</sup> Interviews with MoFLSS and DGMM officials, November 2019.

<sup>119</sup> Gaziantep Metropolitan Municipality, *Gaziantep Metropolitan Municipality Model for Migration Management, Joint Publication of the Co-Host of the Gaziantep Municipal Forum on Local Responses to Migration and Displacement*, Gaziantep, November 27, 2019, <https://www.municipalforum2019.org/gaziantep-declaration-documents/>.

<sup>120</sup> TRC-WFP, *Refugees in Turkey: Livelihoods Survey*; Kayaoglu and Erdoğan, *Labor Market Activities*.

<sup>121</sup> TRC-WFP, *Refugees in Turkey: Livelihoods Survey*.

<sup>122</sup> As per the classification of the Common European Framework of Reference for Languages (often referred to as CEFR or CEFRL), it is an international standard for working out people's ability within a language. It was established by the Council of Europe and aims to validate language ability. The six levels are A1, A2, B1, B2, C1, and C2, and certify ability in speaking, reading, writing, and understanding a language.

<sup>123</sup> Maissam Nimer, *Institutional Structures and Syrian Refugees' Experiences with Turkish Language Education in Turkey*, Istanbul Policy Centre, October 2019, <https://data2.unhcr.org/en/documents/details/72660>.

<sup>124</sup> European Union, *Facility Table*, 2019.

<sup>125</sup> Nimer, *Institutional Structures*, 2019.

undertaking a major labor market survey to provide in-depth information on the size of businesses, skills needs, and job opportunities by economic sectors. This is not directly connected to ISKUR's work with refugees, but it certainly provides comprehensive information on the labor market. Since successful job matching requires a detailed knowledge of the supply and demand side of the labor market, such labor market analysis will be key, as will proper skills profiling of the Syrian population.

Regarding the former, further expansion of ISKUR's connection with the private sector will be necessary. Indeed, an ISKUR labor market assessment estimates the average number of vacancies in Turkey to be four hundred thousand at any given time. Out of these, only 52,000 are actually on the ISKUR website. Those are predominantly for lower-skill jobs outside the main cities, as skilled jobs in metropolitan areas would typically be advertised through private employment agencies. While the focus on low-skill jobs makes ISKUR adequate for most Syrian job seekers, the total number of vacancies listed by ISKUR remains low compared to the scale of needs, especially as Syrians are only likely to obtain a small minority of the total number of available jobs.<sup>126</sup>

Regarding profiling the skills and capacity of Syrians, the work done by DGMM on registration, and in particular the recent completion of the verification exercise of the registration records of Syrian refugees, will be a useful source of data. DGMM collects information on skills and the professional education of refugees, but it is MoNE that certifies new education gained in Turkey. Therefore, DGMM has statistics but not all the detailed information on the exact diploma of each refugee. Having access to this additional information would help inform ISKUR programming, as ISKUR only has self-declared records from job seekers who approach the agency.

To complement this, TOBB has an ongoing project to identify and certify the vocational skills of both Syrians under temporary protection in Turkey and Turkish nationals, including actual exams to verify skills of workers. The project is targeting 19,500 Syrians (and 10,500 Turkish workers) by December 2020. To date, 22,000 have been profiled, but only 60 percent of those who were surveyed have an occupation or skills that can be certified, indicating that a much bigger caseload will be necessary to reach the certification target. The project works with local institutions

such as chambers of commerce to get Syrians to take exams to recognize their skills. The capacity of these associations to do so is highly dependent of the local economic structure: The more a chamber is connected to Syrian businesses, the easier it is for them to help in certifying Syrians' skills. Proper coordination and information exchange between the various public institutions is crucial here and would need to be further operationalized.<sup>127</sup>

Once labor market assessments are completed, it will be possible to build on current efforts to provide technical skills training and better match refugees with the job market needs. Nearly one hundred thousand Syrians and host community members benefited from technical skills training from 3RP partners across sectors in the past years.<sup>128</sup> The quality of these trainings is improving, with livelihoods partners reaching a promising 17 percent ratio of trained people being placed into jobs in 2019 (seventeen hundred placed out of ten thousand trained).<sup>129</sup> As mentioned above, the inclusion of private-sector representatives in the design, curriculum development, and implementation phases of the vocational training is crucial to meet the labor market needs and for the placement efforts afterward. In addition to this, there is a need to develop a strategy to increase the employment of highly qualified Syrians (e.g., engineers, foreign trade experts, etc.), and to integrate the 27,000 Syrians studying at or graduating from universities into the labor market.<sup>130</sup>

### 3. Gender-sensitive active labor market policies and social protection

Considering that currently Syrian adult males are predominantly working informally and are not earning enough to improve the livelihoods of their household, efforts to improve Syrian households' livelihoods in Turkey need to incorporate gender equality and a women-empowerment approach to facilitate women's access to economic opportunities. Both formalizing current informal work and empowering inactive women toward employment seem required to achieve self-reliance. This is particularly true considering that even income from formal work does not seem sufficient to make ends meet, which explains the reluctance of ESSN beneficiaries to give up cash benefits in exchange for formal work.<sup>131</sup>

As mentioned above, the situation of Syrian women is characterized by a very low number of working women, and an

126 ISKUR, "Survey of Turkish Companies," presentation of results to 3RP Livelihoods Working Group, November 2018.

127 Interview with TOBB officials, November 2019.

128 3RP Interagency Coordination, *Outcome Monitoring Report, 3RP Turkey Chapter 2018*, June 2019, <https://data2.unhcr.org/en/documents/details/70022>.

129 3RP Livelihoods Sector, *Turkey Livelihoods Sector Achievements*, October 2019, <https://data2.unhcr.org/en/documents/download/72476>.

130 2018-2019 term, Council for Higher Education (YÖK) statistics, <https://istatistik.yok.gov.tr/>

131 Durable Solutions Platform and IGAM, *Working Towards Self-Reliance*, 2019.

even lower number of female entrepreneurs. This is not because of the labor market being closed to them: Syrian women are not unemployed; they are inactive (not working and not looking to work).<sup>132</sup> In terms of formal work, about 9 percent of the work permits for Syrians were granted to females.

A lack of child-care facilities and elder-care services, traditional gender roles, and a fear of harassment are well-known obstacles to Syrian women entering the labor market. However, recent research on the situation of Syrian women shows that these cultural barriers tend to be imposed more often by men than by women, who are starting to be more open to working.<sup>133</sup> This finding is in line with changing gender norms and household dynamics in displacement, with Syrians also getting familiar with new family norms in Turkey,

which in turn is more favorable to the economic empowerment of women.<sup>134</sup> Yet, recent data also show that only 4 percent of adult refugee females are working, compared to 10 percent in Syria. In comparison, 31 percent of boys under 18 are working, indicating that refugee households often favor child labor over female employment.<sup>135</sup>

In this context, facilitating the entry of a greater proportion of Syrian women on the labor market would require not only addressing practical barriers to accessing work (lack of transportation option or child care facility) but also their lack of experience with the labor market. This requires a longer time frame than is typical for the skills training programme, notably as getting women comfortable outside the home and socializing with other colleagues is in itself an important preliminary step.<sup>136</sup>

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132 Kayaoglu and Erdoĝan, *Labor Market Activities*.

133 Durable Solutions Platform and IGAM, *Working Towards Self-Reliance*, 2019.

134 BADAEL, a nonprofit organization in Turkey and Germany, sees Turkish law as empowering Syrian women: "The fact that the law in Turkey gives custody of children to their mothers (with certain exceptions, of course) is also one of the main reasons why women are now deciding to divorce, rather than in Syria, where they were afraid of losing the right to child custody." See: *Syrian Women's Perspectives on Life in Turkey, Rights, Relations, and Civil Society*, BADAEL, 2019, <https://badael.org/syrian-womens-perspectives-on-life-in-turkey-rights-relations-and-civil-society/>.

135 WFP, *Refugees in Turkey: Comprehensive Vulnerability Monitoring Exercise (Round 3)*, May 2019.

136 WFP, *Refugees in Turkey: Comprehensive Vulnerability Monitoring Exercise (Round 3)*.

### III. CONCLUSION: POLICY RECOMMENDATIONS TO FOSTER POSITIVE ECONOMIC INCLUSION OF REFUGEES

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**F**acilitating access to self-reliance for Syrians while maintaining social cohesion with the host communities, and doing so in a difficult economic context, is a major challenge for the government of Turkey and its partners for the foreseeable future. Turkey has demonstrated through the setting and implementation of a comprehensive policy framework to host the largest refugee population in the world that it has the resources, capacity, and international support necessary to successfully respond to the displacement challenge.

The articulation of a clear political will backed by major donors and translated into action through public policies such as the harmonization strategy and the ESSN Exit Strategy are important prerequisites to support the economic inclusion of refugees. Yet, it also is essential to acknowledge that these only constitute first steps in that direction. Indeed, the aforementioned strategies remain broad, and will need to be operationalized through robust coordination mechanisms to facilitate coherent programming between government agencies, the UN and other development partners, and the private sector.

In particular, this will require emphasizing a four-pronged approach, in line with the priorities of the ESSN Exit Strategy, and the two developed above on deepening engagement with the private sector and exploring digital livelihoods opportunities:

First, the main challenge remains better matching refugees to the labor market by improving profiling and referrals to unskilled opportunities on the one hand, and raising their skill level on the other. While livelihoods partners have built robust programming over the past years, this remains far off the necessary scale for refugees to become employable by large Turkish companies, notably due to the transit of many of the most skilled Syrians to Europe.

Second, business-support programmes need to go beyond job placement of refugees in small businesses in exchange for business-development support and grants. More integrated structural and infrastructural investments

at the local level are needed, in specific value chains, economic sectors, and industrial/manufacturing zones, to create cluster effects able to absorb both labor and new companies, including Syrian ones. Agriculture is another economic sector where structural investment would directly lead to opportunities for refugees.<sup>137</sup> This is particularly relevant for Turkey to sustain its recent development gains and move beyond the middle-income status, especially as the increase in available cheap labor could lower companies' investments in machinery and equipment and hinder productivity. Investment in manufacturing, where refugee workforce is available and where host communities are less keen to work, could foster a win-win scenario. Several officials interviewed in this report highlighted that this local focus had already occurred to a large extent in Gaziantep, which transformed its economic and productive structure thanks to the refugee response, to the point of attracting an excessive proportion of support and investment from international actors compared to other areas.<sup>138</sup> This approach would require both a decentralization and localization of the ESSN Exit Strategy, and empowerment of local authorities to lead such local development efforts, as well as international commitment beyond the current EU FRIT window.

Third, while the presence of refugees can be seen as an asset to catalyze local development, host communities need to be supported equitably as well. The general unease of a large portion of the Turkish population with the potential long-term presence of refugees, frustration accumulating over unemployment issues, and the prevalence of misinformation and misperception all constitute fertile ground for tensions to crystallize on economic issues, and for support of the government's proactive policy to dwindle. As such, the overall policy of ISKUR and other government institutions to have an equal split among beneficiaries should be maintained. So should the quota system, which ensures regular interaction between communities through mixed workplaces, in order to improve perceptions and tolerance. The flexibility shown regarding the enforcement of the quota could be further sustained by adapting the quota by province, sector, business size, or ownership. As facilitating intercommunity confidence is

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<sup>137</sup> Kirişçi, *How the EU and Turkey Can Promote Self-Reliance*, 2020

<sup>138</sup> Interviews with government officials, November–December 2019.

a new task for Turkish institutions and the private sector, any available evidence on social cohesion and employment programming that the international community can contribute would be of real added value to this effort.<sup>139</sup>

Fourth, the current priority given to formalization is paramount to ensuring both decent work conditions for refugees, appropriate access to income, and fair competition among job seekers. The recent efforts on inspection and employer awareness and the pragmatic approach of the Ministry of Family, Labor, and Social Services have yielded important results in Istanbul, which could be applied elsewhere. However, one of the main obstacles to formalization identified by ISKUR remains the inclination of ESSN beneficiaries to cumulate ESSN benefits and informal income, which matches many employers' preference for cheaper, informal work.

In this respect, the ESSN Exit Strategy needs to be complemented by actual consideration of the best way to eventually stop cash transfer to the least vulnerable segment of the ESSN caseload, while the rest of the caseload would continue to depend on international assistance. This planning should include articulating not only the sequencing of providing skills training and job-matching support on top of ESSN support, but also how this would then be done in parallel to stimulating local development in specific areas. Other graduation programmes, notably the one piloted by the Ministry of Social Affairs and the World Bank in Lebanon, took several years of preparatory work before implementation, especially to identify the geographical locations of the targeted beneficiaries, and the value chains and industrial development programmes suitable to these locations. This is expected to be clarified through the upcoming EU FRIT socioeconomic contracts. To date, only limited details are available on the use of the EUR 245-million grant from the EU FRIT to MoFLSS for this purpose, and its connection to other socioeconomic

support initiatives. However, the fact that both the ESSN Programme and the bulk of socioeconomic support will now be implemented outside the UN and the 3RP coordination structure will require significant investment in strategic planning and coordination arrangements to create the necessary synergies. In addition, although the Turkish labor market is expected to absorb the majority of the refugee labor force, it should be kept in mind that there will be more than one million people in need of social assistance beyond the time frame of the current EU FRIT support. There will be the additional challenge of providing job opportunities for the 640,000 Syrian children who will access the labor market in the next few years.<sup>140</sup>

Deepening engagement with the private sector and exploring digital livelihoods opportunities have the potential to contribute to each of the strands mentioned above. Given the scale of the task at hand, even small contributions should be maximized to further unleash the resilience and potential demonstrated by Syrian refugees and their host communities. These two solutions are particularly tailored to the challenges of the situation in Turkey, as they can create opportunities for Turkish and Syrian companies and individuals, thus alleviating pressure on the labor market. Digital livelihoods are particularly promising as they entail autonomous, sustainable job-creation dynamics that have the potential to expand both within Turkey to benefit the most vulnerable refugees and internationally by accessing new markets. The COVID-19 pandemic has provided an opportunity to demonstrate not only their relevance and flexibility, but also the readiness and ability of government and international partners alike to quickly step up efforts in that area directly. As such, the two innovations put forward in this report would help further promote the refugee response in Turkey as a best practice, and further feed into global processes on how to ensure more predictable and sustainable responses to displacement as prescribed in the global compacts.

139 UNDP, ILO, the World Bank, and United Nations Peacebuilding, *Employment Programmes and Peace*, 2016, [www.undp.org/content/undp/en/home/librarypage/poverty-reduction/employment-programmes-and-peace.html](http://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/employment-programmes-and-peace.html).

140 Number of children under temporary protection aged 10 to 18 as per DGMM Statistics on Temporary Protection, June 2020, <https://en.goc.gov.tr/temporary-protection27>

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Bastien has over thirteen years of experience working on peacebuilding and governance issues with various international organizations and NGOs. Prior to UNDP, Bastien worked on natural resource governance with the NGO Global Witness in London, and for four years on municipal governance, democratization and human rights in Kosovo and North Macedonia. Bastien holds a Masters degree in Political Science and International Relations from Institute of Political Science of Grenoble (France).



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