

Refugees Working Group Webinar: Study on the Financial Needs of Refugees in Turkey

Speakers: **Adrien Gizon**, Adie and **Basak Saral**,
Habitat

Facilitator: Amelia Greenberg, SPTF

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Agenda

- Introduction to Webinar Series (5 min)
- Presentation of the survey findings (40 min)
- Discussion (10 min)
- Conclusion (5 min)

Introduction to the SPTF working group on financial inclusion of refugees

- Six-part webinar series funded by UNHCR:
 - Disseminate findings from existing projects
- Partnership with e-MFP (under development)
 - Facilitate communication and coordination

Introduction of speakers

- **Adrien Gizon**,
consultant for Adie
- **Başak Saral**,
General Manager of
Habitat Association



Context: Adie & refugees in France



In 2017, Adie launched a pilot project in more than 10 locations in order to promote and develop a bespoke support approach for refugees and beneficiaries of the subsidiary protection status. It includes:

- To conduct a **mapping** of grassroots organisations that bring support to refugees and build partnerships with them.
- A **needs assessment** (focus group and/or one-on-one interviews) to better understand the target population and potential needs for financial and non-financial products amendments.
- A **capitalisation process** on internal best practices in order to build practical tools & guidelines addressed to loan officers & managers and to disseminate it among Adie's staff.
- The implementation of a simple yet efficient process in order to track down refugees' beneficiaries into Adie's **Management Information System** so as to have a clear understanding of the number of refugees that Adie supports.
- The final goals of the pilot project are as follow: i) to **finance** around 50 refugees' entrepreneurs, ii) to showcase some **success stories** and iii) **to develop a bespoke approach** including a set of **suitable tools** in order to meet their needs and to gradually expand Adie's outreach to refugees to the whole country.

Context: What is the Livelihoods Program?



Habitat and its partners are building a **social cohesion, capacity-development, employment and entrepreneurship program** for the Syrian refugee community and underserved Turkish citizens. The program provides key resources to targeted beneficiaries, equipping them with the right tools to **reduce reliance on aid, create jobs, develop a generation of trust and contribute to the host country economy**:

Vocational Skills Building Programme

Capacity development trainings will be provided in the fields new technologies to create new business areas and increase employment.

Entrepreneurship Support Programme

Entrepreneurship trainings, workshops, entrepreneurial camps, mentoring and financial support will be provided for Syrians to build their own businesses.

Youth Empowerment Programme

Social cohesion among refugee and host community youth is targeted through networking activities, participatory mechanisms and research.

Employment Support Programme

Employers and refugees will be provided work permit consultation and financial support for formal employment.



Survey Overview

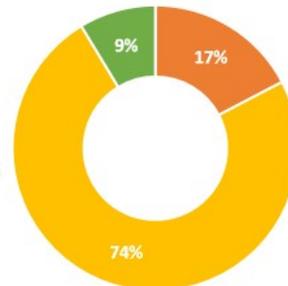
- Date: December 2016 – January 2017
- Purpose: understand needs and constraints of refugees in Turkey in relation to entrepreneurship and access to finance
- Persons Surveyed:
 - 150 total (83% men, 17% women)
 - 93% were Syrian; in total, from seven MENA countries
 - working age population
 - involved in a business (already established or in idea phase)
 - >50% in Turkey for at least three years
- Limitations: Sample size & info collection methods don't guarantee representativeness. There are currently nearly 3 millions Syrians refugees registered in Turkey.

Location	# of respondents
Istanbul	74
Adana	6
Hatay (Antakya)	18
Kilis	6
Mersin	25
Kayseri	13
Konya	7
Gaziantep	1
TOTAL	150

Most survey participants intend to stay in Turkey

“About your stay in Turkey, would you say...”

- I am not sure, I may stay in Turkey
- I will certainly stay in Turkey
- I will try to leave if I have an opportunity to do so.

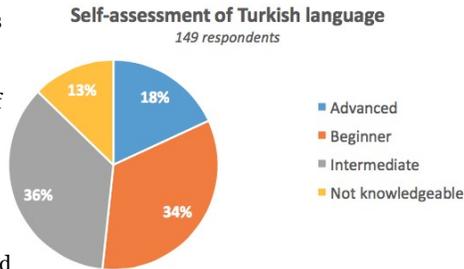


Conclusion # 1

=> Respondents are rather stable and risk flight is low to moderate

Constraints faced by refugees entrepreneurs

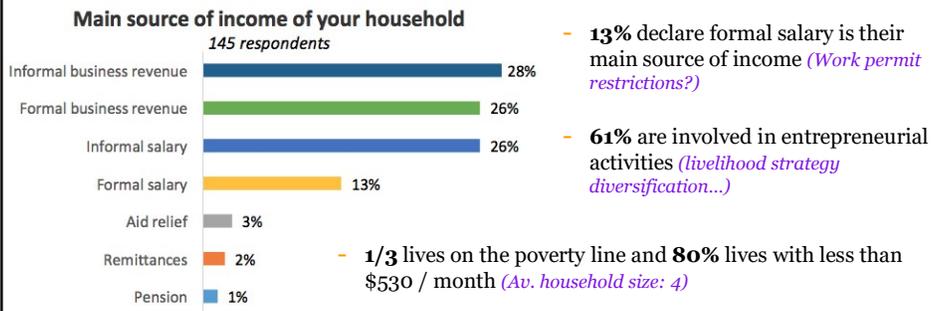
- Registering a personal company is costly (\$1,000) *(including legal advice and work permit)*
- Holding a work permit is compulsory to run a business. As of April 2016, only 0,1% of Syrians were allowed to apply.
- Movements of Syrians outside their province of registration are hindered by governorates
- A law prevents Syrians from buying property
- According to UNHCR, bank account opening is restricted to two bank accounts if the authorized person of the company is a Syrian
- Turkish language knowledge hinders Syrians from easily navigating Turkish administration *(work permit, business registration, access to Public aid, etc.)*



Conclusion # 2

=> Refugees entrepreneurs in Turkey face numerous obstacles. Business registration is a sensitive issue. Many are reluctant to answer any question related to the topic.

Households' sources of income



- **13%** declare formal salary is their main source of income *(Work permit restrictions?)*

- **61%** are involved in entrepreneurial activities *(livelihood strategy diversification...)*

- **1/3** lives on the poverty line and **80%** lives with less than \$530 / month *(Av. household size: 4)*

- **Catering** (Cafés, restaurants, pastry), **clothing** (sewing, embroidery & knitting) and **I.T** businesses are the main industries they work in.

Conclusion # 3

=> 55% of the sample is involved partially or fully in the informal sector.

Details on refugees' businesses

Average monthly turnover (sales)

44 respondents



■ < 1K TL ■ 1K - 2,4K TL ■ 2,5K - 4,9K TL ■ 5K - 7,4K TL ■ 7,5K - 9K TL ■ 10K TL or more

1 US dollar = 3.785 on January 19th 2017

- More than two third of businesses have less than 2 years of seniority
- The average monthly turnover is \$860 and 59% of respondents declare a monthly turnover comprised between \$264 and \$660.
- According to those who run informal businesses (19 persons), the main reason for not registering their business are legal constraints. (*"I cannot register"*)
- The leading trio of the most cited **businesses** ran by respondents is: **Grocery** shops, **catering** businesses and **I.T shops**.

Conclusion # 4

=> Businesses ran by refugees are diverse, rather well organized & structured and often consistent with owners previous occupation in Syria.

Starting a business

- The **average initial investment** needed to start their business was \$7,400.

How much did you need to start your business?

Registered businesses only - 37 respondents



■ < 10K TL ■ 10K - 14K TL ■ 15K - 19K TL ■ 20K - 24K TL ■ > 25K TL

1 US dollar = 3.785 on January 19th, 2016. So 10,000 TL = \$2,640, 20,000 TL = \$5,280, 24

- None of them got a loan from a formal financial institution.
- 66% started their business with their own savings
- 32% received support from relatives and/or friends

Conclusion # 5

=> Just as with nationals, many refugees entrepreneurs, need a relatively small amount of cash to start a business (*Two third of the respondents started with less than \$6,600*) but lack access to funding to acquire stock and equipment (their main needs)

Financial inclusion of refugees

- Only **44%** holds a **bank account**.

- **61%** use **money transfer** services, and a large majority use them both to send and receive money.

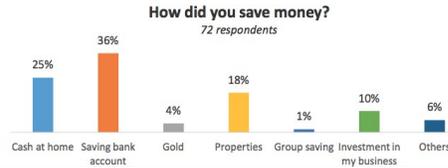
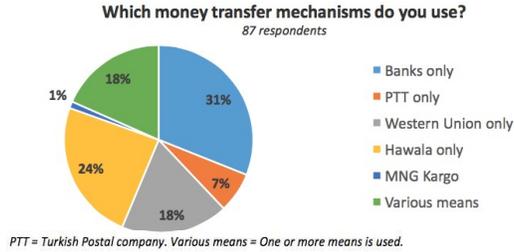
- Only **5%** claimed they **used to borrow money in home country**, mostly (59%) from friends & relatives

- **90%** of the 145 respondents declare they **never borrowed money in Turkey**

- While 53% of the 148 respondents used to save money in their country of origin, **84% do not save at all in Turkey**.

Conclusion # 6

⇒ Respondents' attitude towards interests bearing loans is rather pragmatic & positive.



Key lessons

- **# 1** Respondents are rather stable and risk flight is low to moderate
- **# 2** Refugees entrepreneurs in Turkey face numerous obstacles. Business registration is a sensitive issue. Many are reluctant to answer any question related to the topic.
- **# 3** 55% of the sample is involved partially or fully in the informal sector.
- **# 4** Businesses ran by refugees are diverse, rather well organized & structured and often consistent with owners previous occupation in Syria.
- **# 5** Just as with nationals, many refugees entrepreneurs, need a relatively limited amount of cash to start a business (*Two third of the respondents started with less than \$6,600*) but lack access to funding to acquire stock and equipment (their main needs)
- **# 6** Respondents' attitude towards interests bearing loans is rather pragmatic & positive.

Next steps

To implement an access to funding mechanism in two steps:

Year	Product(s)	Support purpose	Target population	Outreach
2017	Grants up to \$4,000	<p>Business registration</p> <p>Start-up for companies younger than 6 months</p> <p>Development for companies older than 6 months.</p>	Syrian-owned companies & Syrian entrepreneurs.	80 grants disbursed to entrepreneurs/companies
2018	Grants up to \$4,000 + Combination with loans	<p>Grants: same as above</p> <p>Loans: Development of companies previously supported by the program (> 6 months)</p>	+ Turkish-owned companies if they benefit to refugee communities.	<p>135 grants disbursed to entrepreneurs / companies</p> <p>25 companies benefit from a combination of grants & loans</p>

At the discretion of Habitat, one single entrepreneur could potentially benefit from several grants at different times of his/her business creation/development depending on the success and growth potential of the venture.

Discussion

- Comments?
- Questions?

Thank you!

- You may contact either speaker Adrien Gizon: agizon@adie.org Basak Saral: basak@habitatistanbul.org or Amelia
- Refugee resources are posted here : <https://sptf.info/working-groups/refugee-microfinance>