Survey report

Refugees’ profile & needs assessment

« Livelihood Programme Targeting Entrepreneurship Skills and Business Creation »

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Introduction and methodology

The present report details the results of the survey addressing the refugees segment (mainly Syrians) of IMECE program target population.

This survey targeted refugees in the working age population, involved in a business, either in the idea phase of starting a new venture, or already running/owning a business (registered or not). It aims at picturing their profile as well as understanding their needs and constraints in relation to entrepreneurship and access to finance.

The field study was conducted in a period running from December 12 2016 to January 10 2017 by a team of four surveyors, all Arabic speaking refugees settled in Turkey. We would like to thank warmly Rahaf Saad, Hussam Abdulaziz, Amer Hamdan and Ramzi Salem for their commitment to questionnaires administration and data collection.

At a later stage, a second phase of the survey could address the Turkish segment of the target population.

The pool of surveyors was previously trained in Istanbul on December 7th and 8th by Bruno Gautier and Adrien Gizon, two experts from Adie; a French microfinance institution. The main goals of the training were i) to provide basic knowledge on microfinance and financial inclusion mechanisms, ii) to clarify the context and the objective of the survey, iii) to train the team on how to conduct a survey, iv) to amend and fine-tune the questionnaire to be used during interviews and last but not least v) to translate the questionnaire into Arabic.

The four surveyors had the opportunity to conduct one-on-one interviews with 150 people from eight different cities, according to the following distribution:

<table>
<thead>
<tr>
<th>Location</th>
<th># of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Istanbul</td>
<td>74</td>
</tr>
<tr>
<td>Adana</td>
<td>6</td>
</tr>
<tr>
<td>Hatay (Antakya)</td>
<td>18</td>
</tr>
<tr>
<td>Kilis</td>
<td>6</td>
</tr>
<tr>
<td>Mersin</td>
<td>25</td>
</tr>
<tr>
<td>Kayseri</td>
<td>13</td>
</tr>
<tr>
<td>Konya</td>
<td>7</td>
</tr>
<tr>
<td>Gaziantep</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>150</strong></td>
</tr>
</tbody>
</table>

Surveyors got in contact with the target population through different channels. One out of five respondents came from local partners such as the Syrian Economic Forum (SEF) or Small Project Istanbul (SPI). Almost 40% were met through Habitat field operations such as

1 For more details, please see the mission report
2 www.adie.org
workshops on entrepreneurship. The remaining 60% were met on the street or through habitat local partners and word-of-mouth.

This survey and its results do not pretend to be fully representative but we believe that the information collected provides valuable insight on the situation, needs and constraints of refugees in the phase of starting a small business, or already running a micro-enterprise either registered or not.

This field study also gave Habitat the opportunity to relate with local Syrian organisations (See above SEF and SPI) that could take part to IMECE programme next phase activities.

Such information, once properly analysed, will enable Habitat, with the support of Adie, to design bespoke financial products and appropriate delivery model to efficiently serve this segment of the population.
Respondents profiles & personal background

Main identification patterns

The sample is not gender balanced as it is composed of 83% men and 17% women. However, this gender distribution seems to correspond roughly to the ratio observed in Syria (Home country of respondents’ majority) where, 23% of entrepreneurs are women.

On average, respondents are 33 years old. 60% of them are married, while 40% are single. The average household has four members including 1.9 children to support.

Although 93% of respondents are Syrians, people interviewed come from seven different countries including Iraq, Egypt, Algeria, Palestine, Somalia and Yemen.

As far as education goes, 62% of the sample was enrolled in tertiary education, versus a 33% average in Syria, which shows that the sample is rather well educated. One out of five (22%) attended secondary school only. The remaining group attended primary school.

In fact, one fourth of them (31 out of 123 respondents) declared they were students in Syria before they moved to Turkey. The second most cited occupations are teacher and clothing stores owner.

Settlement in Turkey

As shown below, more than half of the sample arrived in Turkey more than 3 years ago.

When did you arrive in Turkey?  
146 respondents

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1 year ago</td>
<td>10%</td>
</tr>
<tr>
<td>1 year ago</td>
<td>22%</td>
</tr>
<tr>
<td>2 years ago</td>
<td>17%</td>
</tr>
<tr>
<td>3 years ago</td>
<td>27%</td>
</tr>
<tr>
<td>4 years ago</td>
<td>21%</td>
</tr>
<tr>
<td>5 years or more</td>
<td>3%</td>
</tr>
</tbody>
</table>

In this time frame, they seem to have decided or came to terms with the idea of settling in Turkey. A large majority of interviewed people consider indeed that they “will certainly stay in Turkey”:

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3 http://www.gemconsortium.org/country-profile/133
4 Includes short-cycle tertiary education, bachelor, master and doctoral.
5 2013 (Latest data available). See Gross enrolment ratio in tertiary education: data.worldbank.org
A large majority (92%) rent or share an apartment, few of them (4%) own the place where they live. One lives in a refugee camp and another one at his workplace.

Their *residential stability* is somewhat precarious. While 51% arrived in Turkey 3 years ago or more (see page 5) only a quarter of respondents has been living in the same place for 3 years or more. 65% occupies their place of residence for a year or less.

90% of respondents declare to have a *residency permit*. However, we observe three main different statuses: i) Kemlik specific to Syrian refugees, ii) students and iii) tourists.

Further investigation is needed to understand to what extent holding a tourist or a student residency permit hinders their access to work permit and ability to register a business.
Most of them also established a livelihood strategy, which often involves entrepreneurship: 61% (91) declared to be self-employed, among which 58% (53) run unregistered businesses.

The following pie also shows that the remaining 39%, who plan to launch their own enterprise in the near future, are currently employed, students or retired.

It must be noted that out of the 27% (41) that are employed, 71% (29) are employed informally.

Summing up unregistered self-employed and informal employees we can estimate that 55% evolves in the informal sector.

When asked about their current occupation, the most frequently cited sector is catering (café, restaurants...), followed by clothing (sewing, embroidery and knitting). I.T boutiques (mobile and computers sales & maintenance) comes third.

One dimension of respondents’ vulnerability lies in their knowledge of Turkish language, which is unsurprisingly modest, and certainly hinders their capacity to fully
integrate Turkish society and economy: Only 18% of respondent judge their level of Turkish “advanced”, while 45% consider themselves “beginner” or “not knowledgeable”.

Self-assessment of Turkish language
149 respondents

Finances of their households

On average, only one member of their household works. Informal income originating from a paid or self-employment is predominant in their revenue.

Main source of income of your household
145 respondents

Informal business revenue: 28%
Formal business revenue: 26%
Informal salary: 26%
Formal salary: 13%
Aid relief: 3%
Remittances: 2%
Pension: 1%

Probably due to a restricted access to work permits for Syrian nationals, just over 10% of interviewed people declare formal salary is their main source of income.

One third of respondents tends to diversify their livelihood strategy. The following chart shows that 33% of those engaged in an entrepreneurial activity have a secondary generating income activity, which they conduct in parallel to their main business.
Despite this diversification strategy, the overall income of their household remains somewhat modest especially if one considers the average number of family members (4):

The following elements of information enable us to put into perspective the above figures:

- According to AFAD, more than half of the Syrians living in Turkey attempt to sustain their lives with less than $250 / month (946 TL), which falls short of the minimum wage (around 425 USD – 1,609 TL).

- In Turkey, the poverty line for a family group of four including two children was projected to 896 TL / month for 20106.

As far as their expenses go, 91% of respondents (149) identify rent as the main expense of their household, far above home bills, the second most cited, and children related expenses, which comes third.

6 http://www.turkstat.gov.tr/ - Projection made for 2010 based on 2009 data (Latest available data)
Income generating activities (business)

Among the most cited business activities currently ran by respondents, the leading trio is made up of 1) grocery shops, 2) catering business (cafés, restaurants) and 3) I.T shops (cell phones and computer sales and maintenance). This is somehow consistent with their previous occupation in Syria.

More than a third of those businesses started less than a year ago and more than two thirds are have less than 2 years of seniority.

Business registration

Out of the respondents who started a business, 38% (35) have or are in the process of registering their business.

Formal businesses Vs. informal businesses

Out of the respondents, who self-reported themselves as self-employed, only 57 accepted to answer this question. Surveyors reported many interviewees were reluctant to answer this question.
As shown in the graph below, 71% of registered businesses got their licenced less than two years ago.

Since when is the business registered?
35 respondents

According to those who run informal businesses (19 persons), the main reason for not registering their business are legal constraints, which impede them to do so:

Why didn’t you register?
17 respondents

Initial investment

The average initial investment needed to start their business was $7,400 (28,000 TL) with a maximum of $50,000 (189,250 TL). Two third of the respondents started with less than $6,600 (24,999 TL).
A look at registered businesses only (already registered, registration process ongoing and registered under a Turk) tells us a similar story, although with slightly higher figures: The average amount to set up a registered business is $9,315 (35,258 TL):

None of them got a loan from a formal financial institution. Instead, 66% started their business with their own savings and 32% received support from a relative or a friend:
Volume of activity

The average monthly turnover of businesses’ respondents is worth $863 (3,268 TL) with a maximum value worth $7926 (30,000 TL). A large majority of respondents (59%), make a monthly turnover comprised between $264 and $660.

Average monthly turnover (sales)

44 respondents

- 7% < 1K TL
- 59% 1K - 2,4K TL
- 14% 2,5K - 4,9K TL
- 14% 5K - 7,4K TL
- 2% 7,5K - 9K TL
- 5% 10K TL or more

1 US dollar = 3.785 on January 19th 2017

Microbusinesses handled by respondents seem to be rather well organized and structured:

- 62% of business owners declare their business cycle (understood as the time between the moment inputs are bought and the moment most of the stock is sold) to be weekly. 18% of them say it is daily.

- 68% of respondents work with more than three providers on a regular basis.

How many suppliers do you work with?

34 respondents

- Can't tell precisely: 6%
- 4 - 6 suppliers: 50%
- 7 - 9 suppliers: 9%
- 10 suppliers or more: 9%
- 1 - 3 suppliers: 26%

On a side note, it is important to note that 97% of respondents use cash to pay their providers and among them, 80% use cash only.

Need for funding

When asked how much money they would need to start or to develop their business, respondents’ average answer is $13,700 (51,852 TL). The average need for funding of those being at the idea stage is lower ($12,642 - 47,914 TL) than that of current entrepreneurs ($14,992 – 56,747 TL).
In both cases, the range of answers is quite important as it goes from $2,642 (10K TL), up to $13K (50K TL) and above. In each case more or less 60% of respondents need less than $10,568 (40K TL) to start or develop their business.

73% of respondents say they would need the funds immediately, while the remaining 27% state they could use financial support at a later stage (56% of those within 6 months).

**What would you use the money for?**

<table>
<thead>
<tr>
<th>What would you use the money for?</th>
<th>146 respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock</td>
<td>35%</td>
</tr>
<tr>
<td>Other</td>
<td>22%</td>
</tr>
<tr>
<td>Equipment / tools</td>
<td>35%</td>
</tr>
<tr>
<td>Cash flow</td>
<td>8%</td>
</tr>
</tbody>
</table>
Financial inclusion

Out of 149 respondents, only **44%** (66 persons) holds a **bank account** in a financial institution in Turkey. Of those, only **12%** have a **saving account**.

Out of 146 respondents, **61%** (89) **use money transfer services**, and a large majority (67%, 60 persons) use them both to send and receive money.

When asked which type of service they use to send and/or receive money, **34%** of respondents say they make use of **informal unlicensed money transfer mechanisms** (Hawala) either exclusively or together with other formal channels.

![Pie chart showing types of money transfer mechanisms used by 87 respondents](image)

**Which money transfer mechanisms do you use?**

*87 respondents*

- **31%** (27) **Banks only**
- **24%** (21) **PTT only**
- **18%** (15) **Western Union only**
- **18%** (15) **Hawala only**
- **7%** (6) **MNG Kargo**
- **1%** (1) **Various means**

*PTT = Turkish Postal company. Various means = One or more means is used.*

Credit relationship

Out of 150 respondents, only **15%** (23 persons) claimed they **used to borrow money in their country of origin**. From those, almost two third (59%) used to borrow money from friends & relatives, while just over one quarter (27%) did it through a formal credit institution. The remaining used alternative ways such as supplier or employer credits. The average amount borrowed was $5,500.

About loans terms and conditions, **repayment** was predominantly done in **cash** (90% of respondents) on a **monthly** basis, but the single payment option, at the end of loan maturity also appears.

50% of respondents (10 out of 20 respondents) declare the loan was **collateral** based (mortgage, stock, salaries...) while the other half says there were no collateral at all.
65% of the 20 respondents state their loan was issued at no cost. When interest rate was charged, it ranged from 5% to 9%. 10% of respondents couldn’t tell.

90% of the 145 respondents declare they never borrowed money in Turkey. Among those who did it, almost all (13 out of 14) borrowed from friends & relatives and one chose to borrow from its supplier. The average amount borrowed is $7,236 but 69% borrow less than $5,280 (20,000 TL).

About terms and condition of the loans, we find the same patterns as those observed in their country of origin: All respondents (13) declare they repay their loan in cash, mainly on a monthly basis or through one single payment. 91% (10) say no cost was charged. As far as collateral is concerned, 10 out of 11 declare there were no collateral.

When asked about the repayment frequency, in case they’d had to take a loan, 96% of 140 respondents declare they would prefer to reimburse their loan on a monthly basis.

Saving relationship

Back in their country of origin, 53% of the 148 respondents used to save money. Although the most cited way (36%) was to save money in a proper saving account held at a formal financial institution, we observe many different strategies to save money among the sample:

Unsurprisingly the picture in Turkey is different: since their financial inclusion is lower and because respondents also lost part of their financial capacity, a large majority of them, 84% do not save at all.

Among those who do save (21 persons) 71% (15 people) hold a proper saving account. The most cited banks are Ziraat Bank (8 occurrences) and Kuveyt Bank (3 occurrences).

The remaining 6 people mention alternative mechanisms such as cash saving at home and group saving with friends (one person).

In both cases (in their country of origin and in Turkey), 100% of respondents say they use cash deposits and claim their saving was/is not interest bearing.
Main conclusions and next steps

Main conclusions

- Respondents are rather stable therefore the flight risk appears to be reasonable
- Turkish language apprenticeship constitutes a real obstacle for refugees’ integration
- The sample appears to be rather well educated
- More than half of the interviewees evolves in the informal economy
- Business registration is a sensitive issue. Many respondents fear to answer any question related to that subject as they experience pressure from Turkish society.
- Average initial investment needed to start their income generating activity is $7,400. Two out of three self-funded their business
- Two out of three interviewees estimate they need less than $10,568 to start or develop their business. They mainly need it to invest in stock and equipment.
- Only 14% of the sample used to borrow money in their country of origin, and even less actually borrows money in Turkey (10%). Those who borrow largely rely on friends and relatives to find the money they need.
- Half of the sample used to save in their country of origin, but only 16% do it in Turkey. Those who formally save mainly do it through Ziraat bank.
- Two out of three respondents use money transfer, half of them use informal “Hawala” mechanism to transfer money to their country of origin.

Next steps

As IMECE program focuses both on refugees and Turkish entrepreneurs, a similar survey should be implemented targeting Turks in order to identify common and different patterns of both targets.

To further investigate the findings of this qualitative survey, a qualitative inquiry (focus group, one-on-one conversations) seems appropriate.
Annexes

Examples of businesses currently ran by respondents

- Grocery shop (mini supermarket)
- Syrian restaurant
- Coffee shop
- Butchery
- Clothes shop
- Mobile phone retail store
- IT shop selling and maintaining cell phones and computers
- E-commerce website for construction materials
- E-commerce of electronic devices
- Barber shop / hairdresser
- Syrian pastry and desserts
- Printing house
- Perfumery
- Orthopaedic retail store
- Tailor shop
- Translation services
- Online training platform
- Educational support consultancy service