

Action Document for the EU Regional Trust Fund in Response to the Syrian crisis to be used for the decisions of the Operational Board

1. IDENTIFICATION

Title/Number	DAHIL employment creation through improved access to finance for Syrians under Temporary Protection (SuTP) and host communities		
Total cost	Total estimated cost: EUR 12 million Total amount drawn from the Trust Fund: EUR 2 million		
Country	Turkey		
Locations	Turkey: Adana, Gaziantep, Hatay and Sanliurfa		
Implementing Partner (s)	Stichting SPARK		
Main Stakeholder (s)	Ministry of Family, Labour and Social Services (MOLSS), Ministry of National Education (MoNE), Directorate General for Migration Management (DGMM), Union of Chambers and Stock Exchanges in Turkey (TOBB); Small and Medium Industry Development Organization (KOSGEB) Women's Entrepreneurship Association of Turkey (Kagider), Local Chambers of Commerce and/or Industry. Chambers of Commerce, Turkish Employment Agency (İŞKUR) Syrian Business group such as SIAD, SEF and the ABiGEM network.		
Aid method / Method of implementation	Direct management – Grant		
SDGs	Goal 1: End poverty – SDG 1.1.1 "Proportion of population below the international poverty line, by sex, refugee/host population, geographical location (urban/rural)" Goal 8: Decent Work and Economic Growth – SDG 8.5.1 "Unemployment rate, by sex, refugee/host population"		
DAC-code	16020 Employment policy	Sector	Livelihoods
Objectives	The Overall Objective is to improve livelihoods among Syrian refugees and host populations in Turkey.		

	<p>This will be done with particular focus on employment creation through improved access to finance for Syrians under Temporary Protection (SuTP) and Host Communities in 4 ‘refugees affected’ provinces notably Adana, Gaziantep, Hatay and Sanliurfa.</p> <p>The specific objectives is to increase socio-economic opportunities available to Syrian and host populations:</p> <ul style="list-style-type: none"> • Improve access to finance for Syrian and Turkish owned Micro Small and Medium Enterprises (MSMEs); • Increase growth in MSMEs and job opportunities; • Establish new sustainable businesses
<p>Main Activities</p>	<ul style="list-style-type: none"> • Conduct a scoping study and Baseline Research • Identify segment of potential clients • Develop "Introduction to Banking & Financial Literacy" Training curriculum • Information events held in 4 target cities • Conduct training for 800 individuals in one or more key subject areas, 200 per target region and 400 individuals to make formal applications for loans or other banking services • Target 80 SMEs from the target areas and provide each with up to ten days of support through a mix of training and consultancy depending on their individual needs. • Organise 8 business plan competitions, train 200 youth in how to start their own business • Foster creation of 24 new businesses and 50 jobs

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The Overall Objective is to improve livelihoods among Syrian refugees and host populations in Turkey.

This will be done with particular focus on strengthen community resilience and socio-economic integration of Syrians under Temporary Protection (SuTP) and vulnerable host communities in Turkey.

The **Specific Objectives** is to increase socio-economic opportunities available to Syrian and host populations with:

- (1) Create new sustainable businesses amongst SuTP in host communities
- (2) Foster growth of MSME which in turn will create job opportunities for women and youth
- (3) Improve access to finance for Syrian and Turkish owned MSME’s.

In line with the overall objective of the EU Regional Trust Fund in Response to the Syrian Crisis, (EUTF Syria) "to provide a coherent and reinforced aid response to the Syrian crisis on a regional scale, responding primarily to the needs of refugees from Syria in neighbouring countries, as well as of the communities hosting the refugees and their administrations, in particular as regards resilience and early recovery".

In addition, the action will be aligned with the priorities set by the Facility for Refugees in Turkey (Facility). The Facility, with a total commitment of EUR 3 billion for 2016-2017, and additional 3 billion for 2018-2019, provides for a joint coordination mechanism, designed to ensure that the needs of refugees and host communities in Turkey are addressed in a comprehensive and coordinated manner. So far, the Facility focuses on six main priorities for support namely humanitarian assistance, education, health, infrastructure, migration management, and socio-economic support. This particular action aims at the priority socio-economic support.

2.2. Context

2.2.1. Country context, if applicable

Turkey is hosting more than 3.5 million Syrian refugees which places it as the country hosting the largest refugee population in the world. As of 11 October 2018, the number of Syrians registered in Turkey was 3 585 738¹. Around 95 percent of Syrians live amongst host communities (5 percent in the 14 temporary accommodation centres) in particularly in the south and south-eastern region of Turkey.

The total population of Turkey is about 80.8 million, with a labour force of some 31.7 million people in March 2018². Turkey is currently the world's 18th largest economy. The country's GDP is comprised predominantly of three sectors: services (65 percent); industry (27 percent); and agriculture (9 percent); and the country's key exports sectors are machinery, gold and jewellery, electronics, textiles and apparel. Istanbul, the largest city in the country, ranks first hosting over 560,000 Syrian refugees, followed by cities in the southeast region such as Şanlıurfa, Hatay, and Gaziantep. The proportion of Syrian population living in the mentioned provinces compared to the Turkish population is 28 percent in Hatay, 24 percent Şanlıurfa provinces, and 20 percent in Gaziantep. Kilis with a proportion of 93.02 percent has an exceptional situation³. In July 2017, Turkey started naturalizing certain Syrian refugees based on education levels, professional skills, and investments. As of April 2018, at least 12.000 Syrians have already been naturalized.³

The Directorate General of Migration Management (DGMM) is the national authority entrusted by the Law on Foreigners and International Protection to register and process Syrians under Temporary Protection. This serves as basis for Syrians to obtain work permits in line with the regulation enacted in January 2016. Even though it comes with certain limitations (e.g. 10 percent quota of Syrian employees per company), it is

¹ <https://data2.unhcr.org/en/situations/syria/location/113>

² Statistics from the Turkish Statistical Institute (TURKSTAT). Available at:

<http://www.turkstat.gov.tr/HbGetirHTML.do?id=27694> (checked on 24/6/2018). From Needs Assessment.

³ Building Markets 2018

considered an important step to ensure that the right to work and consequently human dignity is ensured through economic independence and self-sufficiency.

2.2.2. Sector context: policies and challenges

The total number of Syrian-owned companies in Turkey is estimated to be over 10.000 including informal, unregistered businesses. Syrian businesses in Turkey currently employ on average 9.4 people while an additional 8.2 employees are expected to be added to the payrolls within the next 12-months. Research conducted by 'Building Markets' found that Syrian SMEs demonstrate their job creation potential. In 2017, Syrians were expected to establish over 2 000 additional new companies in Turkey, with around USD 90 million of Syrian capital.

According to data from the Turkish Statistical Institute, at the end of 2017, 18.6 percent of the labour market in Turkey was employed in the agricultural sector (some 5.3 million people), and over 80 percent of these were informally employed. In southeast and southwest Anatolia, agriculture accounts for higher percentages, indicatively around 15 percent of regional GDP and around 25 percent of the labour force. A large part of this labour force is constituted by seasonal workers, however their exact number is not known. Under the regulation on 'Work Permits for Foreigners' who have been granted Temporary Protection (no. 2016/8375) those given temporary protection and wish to work in seasonal jobs in agriculture and animal husbandry may be exempted from the need to obtain a work permit. Applications for exemption are to be handled by provincial governorates in accordance with the quotas which they are to set.

Unemployment rates are on the rise areas affected by influx of Syrians in particular in the 15 to 24 age group. For example, the unemployment in Turkey has risen to 13 percent in January 2017 from 11 percent a year earlier. Unemployment is high in particular amongst young Turks and Syrians. This could easily lead to rising tensions between the communities. Unemployment is particular high for Syrians and Turks in the 4 provinces of Adana, Gaziantep, Hatay and Sanliurfa bordering Syria. In particular worrisome is that Syrian women's entrepreneurship, as well as labour market participation, is limited. The unemployment rate among Syrian refugees is 21 percent, twice the rate of local unemployment. Moreover, there is a need to create opportunity SMEs to create jobs for Syrians and Turks alike. According to the interview with women organization in Turkey, approximately 84 percent of Syrian women have never worked in their life. In addition to that, all women entrepreneurs (Turkish, non-Turkish) comprise only 8 percent of business owners nationally, with the percentage increasing to 20 percent in Istanbul.

The Turkish government has been proactive in allowing Syrian refugees to get work permits and to start their own businesses. Syrians under temporary protection continue to be eligible for work permits through their employers, as well as by establishing their own businesses. As of April 2018, over 54.000 work permits have been issued, including 19.925 permits for Syrians under temporary protection and 20.993 to Syrians with residence permits. 13.776 work permits have been granted to Syrian entrepreneurs who established their own business (Building Markets, 2018).

Research conducted by the European Bank for Reconstruction and Development (EBRD), the Confederation of Danish, tailored technical services for marginalised groups, as well as lack of Turkish language skills.

As part of the EBRD research SPARK undertook six focus group meetings with 50 Syrian businesses owners in the Gaziantep region, to establish what difficulties they faced and what service would improve their business. Evidence has shown that direct support Industry and SPARK, amongst 244 potential entrepreneurs in Gaziantep gave some useful insights on the fact that: more than 90 percent are Bachelor degree students or holders. The others are distributed among vocational education or Masters Level, that 33 percent of the respondents grew up in families that have a business or were close to business sectors and that the primary sectors of interest were ICT, construction, and services.

Other important insights on the beneficiaries that came out of the same research, undertaken in Gaziantep in 2017, included a need for access to finance for businesses, services on business development and entrepreneurship to Syrians in stimulating them to grow or start their own MSME's offers ample opportunity for not just creating jobs in Turkey but for preparing the community for return and help re-build a post-conflict Syria. This is in line with the Turkish Response Plan, which acknowledges the need for economic development. It sets out that increased income generation opportunities leading to sustainable employment should be promoted, in particular through the stimulation of MSMEs. Lack of access to financial services can represent a major impediment to income opportunities and economic welfare of Syrians and Turks alike.

2.3. Lessons learnt

Focus on the thematic business sectors like agribusiness, manufacturing. Food processing, and construction was signalled as important both for livelihoods and protection and is an identified priority for the Government. Greater efforts are needed to enhance social cohesion and avoid interventions that may increase tensions.

Strong engagement of Turkish local institutions is paramount to ensure sustainability and long term results.

The proposed action builds also on the success and experiences in the private sector. To understand the challenges of Syrian business owners, it will be essential to give a short overview of the financial inclusion in Turkey. In Turkey almost all companies are MSMEs with a significant share of bank's lending around 26%. Despite some challenges (e.g. informal business), there are banks lending to MSMEs such as Sekerbank and ING Bank. Although Turkey has a developed banking system, there is no dedicated microfinance sector of significant scale. In this respect, when it comes to refugees, banks are offering very limited product/services. Due to "Know Your Customer" requirements, it is still difficult even to open a bank account for Syrians. To give a recent example, for "3 Million Syrian Trees Project" implemented by Turkish Foundation Darulaceze Vakfi, salary accounts for 800 Syrians were needed. In addition to that due to high probability of non-performance loans, banks do not provide lending to Syrian business. And because of insufficient translation of the related documents into Arabic, people struggle to engage with the banks. The legal system in Turkey lacks the inclusive financial lending model that is backed with non-financial/technical support including training, mentoring and financial management consultation. Several field visits and surveys were conducted in order to build the proposed project on the basis of lessons learnt and best practices on how improvements can be made to benefit the target groups. Syrian SMEs cite their struggle to access financial services for their current corporate needs and to develop their business.

The targeted SMEs have little experience of how to access and manage loans; conversely, 37 percent expressed interest in taking out a loan in the future.

As Syrian business traditionally rely largely on cash, most are unaware of the banking system and loan structure in Turkey. SMEs use only limited bank services such as transfers, self-payment for commercial activity. Some use internet and mobile banking, with a preference not to use traditional finance loans usage due to Islamic belief with particular reference to the classic interest rates charged on standard banking loan products. An interview with the president of Syrian Business Association showed that business people would be amiable to work with banks more if they fully understood the banking system in Turkey. There is a need for training and consultancy in the areas of marketing, customer service, import-export laws, and management.

Syrian women entrepreneurs have been identified as having difficulty in understanding banking terms and are not familiar with the difference between saving and current accounts. Notably family "loans" are generally preferred because of no interest, and the family often offer longer repayment periods.

An added value of SPARK, KOSGEB and ING is the partnership between an international NGO, local official institutions and a private sector bank bringing together their very different skills and experiences together in a development context. Principally combining ground up NGO skills in entrepreneurship coupled with the local ongoing supporting mechanisms international world class banking.

The programme is building on lessons learnt of other programmes in Turkey, including a complementary regional higher education programme (EUR 14.5 million funded by EUTF Syria, the Dutch MFA and Education Above All/AI Fakhoora) which provides scholarships and extra-curricular training in entrepreneurship to prepare to start a business.

2.4. Complementary actions

The Action complements projects funded by the EUTF and other donors in the livelihoods sector and higher education:

- **Coordination Mechanism Facility for Refugees in Turkey** (Facility) to manage the EUR 6 billion allocated to Turkey following the 18 March 2016 EU – Turkey statement, implemented by various partners (World Bank, ILO, KfW, UNDP, TOBB) in the area of socio-economic support. The Implementing Partners are coordinating their activities and work closely with the other Actions. By choosing TOBB as a Turkish partner, synergy with the ongoing activity of TOBB is attained. The implementing partner is in discussions with UNDP and WB to coordinate with these initiatives;
- The **Instrument contributing to Stability and Peace** finances a UNDP managed Project "Mitigating the Impact of Syrian Crisis on Southeast Anatolia Region", which includes a component on job creation to increase the employability of Syrians and link them with employment opportunities;
- Furthermore, a number of **Instrument for Pre-Accession Assistance** (IPA) programmes target similar areas as this Action, although without a specific focus on Syrians. These actions are closely interlinked with Employment, Education and Social

Policies in a Multi-Annual Action Plan. Particular focus is on Action 1/Employment. While there are a number of measures to support provision of Active Labour Market Measures (ALMP) available to a wide range of population groups, no measure is available under IPA-II for ALMP for Syrians. The Turkish Employment Agency (İŞKUR) has been benefiting from IPA funds to increase its institutional capacity as well as actual active labour market measures targeting disadvantaged groups and youth.

- The World Bank Group has a number of projects active in Turkey including:
 - 1. Micro Small & Medium Enterprise and Large Enterprise Supply Chain Finance.** It aims to improve access to finance for micro, small and medium enterprises, and longer term finance to large enterprises involved in domestic value chains. Project focuses on undeserved priority regions areas. Halk bank is project's implementing agency.
 - 2. Third Access to Finance for SMEs in Turkey.** The project aims to enhance access to medium and long term finance for SMEs. T.C.ZIRAAT Bank is the projects implementing agency.
 - 3. Employment Support Project for Syrians under Temporary Protection and Turkish Citizens.** This project is funded by the World Bank and EU. Project's overall objective is to increase income earning opportunities for refugees. The implementing agency is the Turkish Ministry of Labour and Social Security
- Funded by UNDP and KfW Development Bank the **Employment and Skills Development Program** aims to strengthen the institutional capacity of the Turkish Employment Agency and the active labour market services available for the impacted communities including both Syrians and host communities.
- **The Gaziantep Women-Only Centre: Providing Livelihood Support Project**, initiated with funding from Japan and economic support activities supported under the EUTF Syria. The project aims to support the empowerment of women, to create dialogue between refugee women and women living in the region and to strengthen social solidarity.
- ILO Turkey Office, initiated a Refugee Support Programme in 2015, aimed to enhance its decent work agenda in a way to cover the refugees as one of the most vulnerable social groups in Turkey. The programmes mission is to ensure well integration of refugees into the labour market and also the entrepreneurship ecosystem. As part of the ongoing projects, they will implement activities on provision of entrepreneurship training as well as long-term mentorship\coaching support to entrepreneurs. Furthermore, ILO intends to strengthen and promote Syrian organizations and professionals that can provide entrepreneurship support to their own community. Therefore, ILO works with Syrian Economic Forum which is an organization created by Syrian business people and young entrepreneurs. ILO is currently operating in Istanbul, Bursa, Konya, Adana, Mersin, Hatay, Gaziantep and Sanliurfa; targeting not only the refugee communities, but also the host community in its projects.
- With support of the Dutch 'Postcode' Lottery, SPARK started a new 1 million euro pilot programme in 2018 focusing on supporting Syrian entrepreneurship and SMEs in

Turkey, Lebanon and Jordan. This new programme guides young Syrian refugees to start their own business or to scale up their existing business. Both students who have completed their studies through a SPARK scholarship can participate and other Syrian youth with high interest of starting a business in one of these 3 host-countries. Activities include training in entrepreneurship, organising business plan competition, 1-on-1 coaching and support in access to finance. This programme will provide for a direct pipeline of SMEs into the proposed programme as the Lottery programme does not have access to the finance component. Moreover, as this has started already, but is very small scale, it will provide a good complimentary measure and lessons' learned platform which the proposed programme build on and scale up rapidly to unlock access to finance.

Socio-economic support will also constitute one of the main focuses of the Facility second tranche, allowing for enhanced coordination, synergies and coverage of this important priority sector. Additionally the present action will be closely coordinated with ECHO to ensure complementarity and/or transition from Emergency Social Safety Net (ESSN) programme. The programme provides unconditional cash transfer to meet their basic needs to nearly 1.4 million Syrians.

SPARK and ING have direct access to the thousands of Syrian SMEs already registered with the Chambers of Commerce. This is further strengthened by the involvement of Syrian Business Alliances such as SIAD and SEF, who represent hundreds of existing Syrian SMEs and also by the involvement of UNHCR, ILO and UNDP. This programme will also create impact and value for other current programmes on the field, as they only include now training and grants for the beneficiaries.

2.5. Donor co-ordination

Subsequent to the presidential elections in June 2018, the overall coordination of refugee issues moved under the responsibility of the Vice President office. Regular meetings are taking place with the relevant team in order to ensure good cooperation and appropriate consultations.

The EU Delegation in Ankara is co-chairing with ECHO regular meetings of the EU Refugees and Migration Coordination contact group with EU Member States with a view to share views and exchange information.

The EU Delegation Turkey is also participating in the overall donor co-ordination process under the auspices of the United Nations in the framework of the Regional Refugee and Response Plan (3RP) that integrates humanitarian, development and macro fiscal interventions to increase coherence between humanitarian and development and national and regional priorities.

The EUTF Syria management is in the lead to ensure coordination with EU Member States contributing to the Fund. Moreover, the Fund management also coordinates with its implementing partners or other stakeholders on regional level or cross border issues.

3. DETAILED DESCRIPTION

3.1. Objectives/Expected Results

The **Overall Objective** is to improve livelihoods among Syrian refugees and host populations in Turkey.

The action will in particular focus on employment creation through improved access to finance for Syrians under Temporary Protection (SuTP) and host communities in 4 'refugees affected' provinces notably Adana, Gaziantep, Hatay and Sanliurfa.

The main reason to choose these cities are: to create a higher social impact as they are among the most affected cities of the flux outside Istanbul and experience higher risk of community tensions and high unemployment rates and these are the cities where ING distribution channel is strong. Activities are proposed to focus on the geographical locations Adana, Gaziantep, Hatay and Sanliurfa. However, location selection may be further defined on the basis of consultation with all involved stakeholders to ensure full complementarily and avoid overlaps.

The **Specific Objectives** is to have Syrian refugees and host populations more access to socio-economic opportunities: through three (3) interlinked components, which collectively contribute to strengthening the resilience of both impacted individuals and relevant institutions. All components are designed to reinforce and complement each other. As such, this is a comprehensive and integrated response to the multiple socio-economic challenges faced by the impacted communities, targeted Syrians and institutions.

The Specific Objective includes three integrated components at Results/Outputs level, as set out below.

1.1 Banking services available to SuTPs

Facilitating MSMEs access to finance: offering funding for start-up entrepreneurs and growth and expansion of Turkish and SuTP owned businesses. The distribution channel will be digital where possible, especially for those with a Turkish Tax number. Physical distribution will be done via a branch network of ING Bank Turkey. Services will be offered with existing products, i.e. working capital and term loans. For the scouting and segmenting activities, ING is to be supported by a local partner

1.2 Growth of MSMEs is enhanced, through support to micro enterprises and SME development programme

Supporting growth of MSMEs to provide quality job opportunities: existing MSMEs have the greatest potential to create job opportunities, therefore a programme of intensive training and consultancy will be developed with a focus on high growth potential businesses and access to markets. In this component the programme, SPARK and KOSGEB will work closely with the relevant Turkish agencies such, Chambers of Commerce, Local Official Agency for Employment (ISKUR), International NGOs such as UNHCR, UNDP, ILO as well as Syrian Business Alliances such as Syrian Businessmen and Entrepreneurs Association (SIAD).

1.3 Entrepreneurship is initiated and scaled-up.

Initiate and scale-up entrepreneurship: The creation of sustainable women and youth employment in growth sectors following recommendations from the London Syria Conference (e.g. construction, agriculture, service industry, cleaning and IT). This will build on the entrepreneurship support activities led by KOSGEB and SPARK in the South East Region of Turkey.

Activities are proposed to focus on the geographical locations Adana, Gaziantep, Hatay and Sanliurfa. However, location selection may be further defined on the basis of consultation with all involved stakeholders to ensure full complementarity and avoid overlaps.

Other Results are:

- At least **600 businesses** have improved access to finance for growth orientated Syrian and Turkish owned MSMEs;
- 24 new businesses created;
- At least **500 Micro business and 80 Small and Medium enterprises** receive loans or other financial services which will benefit 2,200 Syrian refugees
- To train **800 micro businesses** within a timeframe of one year. Training courses will typically run for one and three days. For Micro businesses the training will be undertaken in groups of up to 30 people; smaller groups of people can also be allowed for women;
- **80 SMEs from the four target areas will benefit** from up to ten days of support through a mix of training and consultancy;
- **Creation of 1 000 new jobs for Syrians and Turks.**

3.2. Activities

The indicative activities proposed under the direct management approach are set out below.

Output 1.1 Banking services available to SuTPs

Activity 1.1: Conduct a scoping study and baseline research

Conduct an extended study for 4 cities in order to provide right products/services to beneficiaries as each profile of beneficiaries vary in different cities. ING is planning to implement scouting with the help of local partner. ING gained experience with scoping study in Gaziantep with support of Gaziantep Chamber of Commerce and ING Turkey SMEs Department. Therefore this activity will take only a small period of time where the rest of the months will be designed for training and lending.

Activity 1.2: Identify segment of potential clients/beneficiaries

The average loan to Turkish businesses is EUR 2 000 for Micro enterprises and EUR 50 000 for SMEs. However Syrians are currently not served by Banks. The three target groups will be:

1. Turkish entrepreneurs willing to create jobs and hire Syrians (term length 36-months);

2. Joint-ventures of Turkish and SuTP's (term length 36-months);
3. Syrian entrepreneurs (term length 1 year).

The potential Syrian entrepreneurs will be the ones initially who successfully complete SPARK and KOSGEB training and/or who are already banking with ING. The beneficiaries who have benefited from SPARK's and KOSGEB's other existing programs in Turkey will also be included in this project ING will also be open to support Syrian companies who successfully complete other credible training programs of ILO, UNHCR, etc. With the lending, ING fully seeks to contribute to the financial inclusion of refugees in Turkey on a non-commercial basis.

Activity 1.3: Integration of financial products and services

Providing financial products and services that are acceptable to Syrian owned businesses, ING will make its existing financial instruments available and applicable. ING will activate its standard loans as well as the specific ones such as up-front paid loan where interest amount is collected in disbursement process. Consequently, the current Turkish content will also be provided in Arabic. It is mainly improving the documents and templates of the existing ING financing lines to be tailored to the beneficiaries among SuTPs.

Activity 1.4: Develop introduction to banking and financial literacy curriculum

Develop a specific training material/methodology for the target group to make them more aware of services available to them, bring more businesses into the regulated banking system and provide services that will benefit their businesses, help them grow and contribute to the economic development of their host country. This training will be developed by SPARK and KOSGEB with support of ING's experience.

Activity 1.5: Training ING front office staff in branches for the disbursement and social cohesion

Deliver financial management training about the programme and how to communicate with the target group to its employees in local branches in four cities. It is crucial to have such an orientation training to empower the front desk ING teams to be able to deal with beneficiaries and use the documents development and making them aware of the needs of the Syrian owned businesses.

Activity 1.6: Information events held in 4 target cities

To raise awareness on the availability of loans to the targeted beneficiaries a series of awareness raising events will be held. Materials printed in Arabic will be made available as well as details of the loans themselves. There will be general information leaflets explaining the different types of loans and other non-financial services. Due to ING's experiences on the field, specific women only events will be held to explain the differences in financial products and their best use.

Activity 1.7: Disbursement of the loans

MSME lending will be initially implemented by the ING Turkey branches in Antep, Adana, Urfa and Hatay. ING front office will give the loans to beneficiaries via face-to-face interviews. After the first phase, ING will also offer beneficiaries the digital channels.

Output 1.2 Growth of MSME is enhanced, through support to micro enterprises and SME development programme.

Activity 2.1: Support to Micro enterprise

To provide a group based training programme. The training will be developed based on the identified needs of the businesses and cover topics including but not limited to:

- business planning and modelling;
- financial management;
- marketing;
- use of social media;
- exports;
- innovation;
- digitalisation;
- environmental risks, and
- the business regulatory environment in Turkey.

The training will be tailored to meet the needs of the targeted beneficiaries. The training will be developed from proven SPARK and KOSGEB training material and undertaken in groups of up to 30 business people at a time and be delivered by local trainers, SPARK and KOSGEB will work together to create a pool of Arabic speaking trainers and coaches. The existing SPARK and KOSGEB business skills training material would be translated from English and Turkish to Arabic. The accreditation process is being reviewed to harmonise with KOSGEB procedures for accreditation. During the training, the partners will ensure an inclusive approach where groups of women are being trained we aim to use women trainers. Training courses will typically run for between one and three days and aim to provide training for up to 800 businesses.

Activity 2.2 SME development programme

To train and provide consultancy support to 80 SMEs tailored to the needs of individual companies. All support will be provided following a needs assessment and a tailored package of assistance will be provided. While topics may include those undertaken for micro businesses, it is expected to be more technical training and consultancy in areas such as but not limited to:

- sourcing joint-venture partners;
- new product or service development;
- finding overseas agents or sales representatives;
- research and development linked to universities, and
- human resource development.

All businesses supported, with one or two ING loans will be referred by ING. SPARK's and KOSGEB's partners (e.g. SIAD, Syrian Economic Forum, and the Chambers of Commerce) who work within the target cities will also provide referral services.

Output 1.3: Initiate and scale-up entrepreneurship

Activity 3.1: SPARK business plan competitions

Prior to participation in the business plan competition SPARK and KOSGEB will run a

series of workshops on 'entrepreneurial introduction' which is to empower potential entrepreneurs to start and successfully manage their businesses. SPARK recognizes this module as a strong foundation for comprehensive understanding of the phenomena of entrepreneurship. This will be followed by entrepreneurs accessing the SPARK Business Plan Competition.

Organise a Business plan competition, a combination of training and mentoring for students to learn how to prepare their business plan, with the eventual winners gaining access to preferential loans or other financial services from ING bank.

The business plan competition includes:

- ten days of structured training in all aspects of running a business including business plan writing;
- marketing and sales;
- product and service development;
- access to finance and internal financial management, and
- human resources management.

This is followed by ten days coaching while students write their own business plan for their business. Final business plans are read and judged by an independent panel of judges made up of representatives from the business, banking and local government sectors and students make an “elevator pitch” to the judges at the final award ceremony. The best business ideas from the different business plan competitions are awarded preferential loans and provided with mentoring support to help them start their own business.

3.3. Risks and assumptions

Risk Statement	Likelihood	Mitigation Action
Tension between host communities and SuTPs	High	The on-the-job training and creation of enterprises will be undertaken in subjects and areas where a labour gap has been observed
Syrian participants' reluctance to engage in formal employment as this can automatically disqualify them from benefiting of cash assistance under the ESSN programme.	High	Mitigation measures will be discussed with MoFLSS and World Food Programme and TRC. At the same time selected participants will be those ESSN beneficiaries that are more likely to enter into self-sustained income.
Implementing partner to secure a Financial Loss Guarantee	Medium	Contracting has been conditioned to the availability of the Financial loss guarantee of EUR 3 million
<p>Assumptions:</p> <p>The assumptions for the success of the project and its implementation include:</p> <ul style="list-style-type: none"> • the Vice-President office, the core ministries involved, and other relevant government stakeholders continue their support to project activities; • the Government of Turkey continues its efforts to implement the January 2016 work permit regulation; 		

- local and central stakeholders fully supportive of the project activities;
- number and geographic distribution of SuTP remain stable during the implementation period, and
- the economic situation does not significantly deteriorate.

3.4. Cross-cutting issues

Gender: pre-crisis labour force participation rate (LFPR) amongst Syrians was 73% for men and 14 percent for women. Challenges for women to enter the labour market in Turkey may be even higher, noting possible obstacles to work outside the house, language barriers, additional household responsibilities and limitations to the use of public transportation. At the same time, more than 70 percent of the SuTP are women and children. More than 50 percent of the SuTP are youth. The action therefore will aim at including interventions that are specific to supporting access to the labour market for women and youth. In addition to gender specific interventions, the action will use a gender sensitive approach to all project activities, including not only gender mainstreaming but also active promotion of gender equality. All activities are aimed at reaching 50 percent participation rate of women; recent experiences in the region have proven this to be easily attainable.

Conflict sensitivity: the action overall applies a conflict sensitive approach to 'Do No Harm', in addition to activities that are aimed to enhance social cohesion and social integration. For instance, where possible, activities deliberately target both SuTP and host community members to support social cohesion and integration. Support will be provided for transparent and inclusive selection of project priorities through local structures.

Disability: the proposed Implementing Partners for this Action will make efforts to mainstream SuTP with disabilities. The implementing partners will pay special attention to ensuring the inclusion of SuTP with disabilities under all the aims and activities of the action, in view of the high risk of their under-participation and social exclusion. Environmental and social barriers to the participation of these SuTP will be identified and addressed.

3.5. Stakeholders

The main stakeholders of the project are local host and refugee communities as such, their leaders, local and national authorities of respective target countries, local and national CSOs, as well as other forms of local community or business/economic associations as indicated below.

- MoLSS, through TOBB,(mainly DG International Labour Force, Labour Inspection Board and İŞKUR): activities under all three components will be implemented in close collaboration with MoLSS as key governmental counterpart;
- Ministry of National Education (MoNE), particularly DG Lifelong Learning and DG Vocational and Technical Education: activities under Component 1 will be established in close collaboration with Public Education and Vocational Training Centres, through the ongoing cooperation by SPARK and KOSGEB with this Ministry under their Education portfolio;

- Chambers of Commerce and Chambers of Trade and Industry in pilot provinces: on-going collaboration with chambers will continue for activities related to job creation and job placement, through TOBB;
- ISKUR, through TOBB and Syrian Business group such as SIAD and SEF and the ABIGEM network through SPARKs ongoing programmes and TOBBs other EU action;

The proposed activities will be executed in close cooperation with all social partners and International organizations active in the region such as projects funded by UNDP and World Bank as well as Civil Society Organizations working on economic and business support issues.

The proposed interventions are based on the needs identified through the survey and interview in Gaziantep of 70 businesses including women micro-business entrepreneurs; All business surveyed or interviewed confirmed their desire for the proposed services in this proposal. The key stakeholders relevant to this action are Syrian and Turkish MSME and the institutions that support them.

3.6. Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG(s):

- **Goal 8: Decent Work and Economic Growth.** In addition to having as an objective the generation of economic opportunities, the action will promote decent working condition by including in all training complementary subjects such workplace health and safety, food hygiene, basic life skills, awareness raisin on child labour and work ethics.

3.7. Intervention Logic

To ensure quick impact implementation the proposed action will focus on lending and technical assistance. By utilizing ING's existing loan packages and making those applicable for the beneficiaries no new segments need to be developed so investments in existing MSMEs can immediately start on launch of the project. The network SPARK has built through its previous and current programmes in Turkey will provide access to highly skilled trainers and consultants to support delivery of the projects outcomes. The partners will strategically reach out to entrepreneurs via the support of key stakeholders in the field. Students participating in the Higher Education for Syrians (HES) programme and who have opted for training in entrepreneurship and have a potential viable business idea will be encouraged to participate in the new business start-up component of the project, receive training in develop their business plan and potentially receive up to 10 000 Euro to help start their business. Participating businesses who receive loans from ING Turkey as part of the project and who are seeking to employ addition skill workers will be encouraged to seek applications from students who are completing their education under the HES project.

Delivery of business development services and training to MSME will be through local support organisations, for example Gaziantep Chamber of Commerce has been supported by SPARK to develop a range of support services specifically for Syrian owned MSME so

are best placed to support the delivery of this component. Other local business support organisations will be identified to ensure coverage of the target regions of Adana, Gaziantep, Hatay and Sanliurfa. The partners will also collaborate with INGOs such as UNHCR, ILO and UNDP whose beneficiaries have a credit history and can be eligible for business loans in 2019.

A Steering Committee (SC), the make-up of the SC will be agreed of the EU delegation. The Steering Committee will be set up by partners which will be approved by EU delegation. A suggestion would be under the chairmanship of a Turkish governmental institution probably KOSGEB with the participation of the Vice Presidency Office, the EU Delegation, SPARK (acting as secretariat), KOSGEB and ING. Relevant stakeholders, ministries and civil society organizations may also be invited to participate in meetings of the Steering Committee.

The Steering Committee will initially meet 3 months after signing of the delegation agreement (Inception Phase lasts 3 months), and then every six months during the implementation of the action to discuss implementation, progress, problems and future planning. KOSGEB and SPARK will inform the Steering Committee on the implementation of the activities. The Steering Committee aims to ensure successful delivery of the project, including maximizing the benefits from the projects and ensuring the approved methodology is followed.

The Members of the Steering Committee will engage in the following areas:

- provision of cross-functional leadership and direction;
- strategic issues monitoring and provision of advice to the project team on those that may present a risk to the project or have impact on the project rationale or success;
- resolution of issues outside the authority or control of the project management;
- ensure the provision of the required resources for delivery of the action;
- provision of management support, direction and advice to the project management based on the project reporting to the Committee;
- proactively deliver support to the action and advocate for its outcomes;
- report on the action and its progress to senior executive and undersecretary government officials;
- facilitate stakeholder management;
- monitor progress against approved plans, and
- monitor project outputs for alignment to support agreed outcomes and benefits.

All members of the Steering Committee are expected to:

- understand the strategic implications and outcomes of the action;
- appreciate the impact of the project on all major stakeholders;
- provide those directly involved in the action with guidance on business issues;
- address issues which have significant implications for the action.

In addition to the formal governance structure, local advisory boards for four cities will be created separately to advise on the target groups, challenges and respective needs..

4. IMPLEMENTATION ISSUES

4.1. Financing agreement, if relevant

In order to implement this action, it is not foreseen to conclude a financing agreement with the Government of the partner countries.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in section 3.2 will be carried out is 12-months. The partners already started to do a scoping study and a research in Antep, therefore the other scoping and research activities are scheduled to be finalized in the beginning months of the project. Then the partners will use the rest of the months for outreach, training, and lending. A possible extension of the implementation period may be decided by the EUTF Manager, and immediately communicated to the Operational Board.

4.3. Implementation components and modules

4.3.1. Component 1 – Grant (direct management)

This action may be implemented in direct management with SPARK. The envisaged entity has been selected based on its unique mandate in the higher education sector and based on its previous experience in the country. The size of the SPARK programmes as well as SPARK's outreach efficiency and cost effectiveness positions the organization very well for implementing this Action. At present, SPARK is the largest and most cost-efficient provider of higher education scholarships for SuTPs in the region due to its statute serving as an NGO and due to its very low overheads (7 percent). It has extensive experience in the region and an excellent track record in managing EU grant contracts so far. SPARK has been implementing the EUTF grant 'Access to Higher Education for Syrian Refugees and IDPs to prepare for post-conflict reconstruction of Syria and integration in host communities' since 15 June 2016.

SPARK works in close alignment with government policy and intensively consults the beneficiaries whilst designing its programmes. SPARK, which is an officially registered INGO in Turkey, has established a strong working relationship with universities, business support organizations and government bodies in Turkey. Over the past year, SPARK and ING have held one-to-one interviews, surveys and meetings with stakeholders at all levels to gather their support and tailor activities to meet their needs. SPARK's current projects in Gaziantep as well as this proposed project are fully in line with the 3RP and at a governmental level discussed with TOBB and KOSGEB and have received support from the Office of the Prime Minister which is reconfirmed by the Vice-Presidency Office. KOSGEB has confirmed their interest to be a fully pledged partner in the programme. An added value of SPARK, KOSGEB and ING is the partnership between an international

NGO and a private sector bank bringing together their very different skills and experiences together in a development context. Principally combining ground up NGO skills in entrepreneurship coupled with international world class banking. In addition to that, partners are in search of a local partner, who is active on the field and contribute to the project with their valuable knowledge, experience and network. It signed Memorandums of Understanding with Turkish universities, YÖK, gained access and positioned itself within organisations like the Office of the Prime Minister, TOBB and KOSGEB it cooperates with Gaziantep University, Harran University and Mustafa Kemal University.

As a result of this existing experience, networks and local presence in Turkey, SPARK is in a position to roll out the project with immediate effect on signing the contract. The significant leverage of linking higher education to entrepreneurship by providing loans is unique and innovative, moreover it does not exist anywhere in Turkey and features a distinct programme.

4.4. Indicative budget

Employment creation through improved access to finance for Syrians under Temporary Protection and Host Communities DAHIL, Greater Gaziantep Initiative	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Grant Agreement with SPARK	2 000 000	10 000 000 of which 3.000.000 to be secured as a financial guarantee
Total	2 000 000	10 000 000

Costs for monitoring, evaluation, communication and visibility shall be included in the projects' budgets an included in each contract., evaluation, communication and visibility shall be included in the projects' budgets an included in each contract.

4.5 Performance monitoring and reporting

Monitoring shall be ensured primarily through EU Delegations in-country and in particular with the assistance of specific Trust Fund field and liaison officers posted within the EU Delegations. In addition, the EU Trust Fund has an independent Monitoring and Evaluation exercise to accompany all Fund programmes and ensure that targets are met and lessons learnt can be incorporated into other EUTF actions.

The purpose of the EUTF Syria Monitoring and Evaluation Framework is to assess, across various levels, the degree to which the Overall Objective of the Trust Fund has been achieved. Partners implementing this Action will comply with the ad hoc Monitoring and

Evaluation Framework developed for the EUTF Syria as well as with the reporting requirements and tools being developed by the EU Trust Fund.

The implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

The monitoring and evaluation exercises noted above will represent milestones in the implementation of the activities. These regular assessments will constitute a basis for a possible decision of suspension or revision of activities, should the conditions on the ground not allow for their proper implementation.

With regard to the EU Facility for Refugees in Turkey (Facility) and EUTF Syria, the implementing partners will comply with the monitoring and evaluation requirements of the Facility. They will report quarterly on agreed Facility Results Framework indicators. This reporting requirement comes in addition to the obligations that partners have as part of their reporting against log frames. Each partner will only be required to be reporting on those indicators that directly correspond to their projects.

4.6. Evaluation and audit

Overall, evaluation of the EUTF is mandated by the Constitutive Agreement of the Fund (article 13): “The Trust Fund and the Actions financed by it will be subject to the evaluation rules applicable to EU external programmes, in order to ensure the respect of the principles of economy, efficiency and effectiveness.” Detailed provisions for the Evaluation of EUTF-funded Actions are defined by the strategy for portfolio evaluations.

To support the fulfilment of the mandate of the EUTF reinforcing the EUTF capacity to bring a change in the cooperation area, the projects will carry out a number of evaluations.

Projects should carry out a final evaluation, and one external audit per year. A mid-term evaluation may also be considered. Whenever possible, evaluations will be jointly carried out by partners.

If necessary, ad hoc audits or expenditure verification assignments could be contracted by the European Commission for one or several contracts or agreements.

Audits and expenditure verification assignments will be carried out in conformity with the risk analysis in the frame of the yearly Audit Plan exercise conducted by the European Commission.

4.7. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. Beneficiaries, host communities and administrations in Syria's neighbouring countries, the European public, EU Members States and other stakeholders of the Trust Fund need to be informed about the EU's efforts as the leading donor in the

Syria crisis response. Insufficient visibility of the EU's actions weakens the EU's political traction in the region and its standing in Europe. Unsatisfactory recognition of knowledge of EU assistance also has a potential to negatively affect the EU's political efforts to resolve the Syria crisis and its future role in a post-peace agreement transition.

Communication and visibility is an important part of all EUTF Syria programmes and must be factored in to underline the programme's importance at all stages of the planning and implementation. Each implementer is required to draw up a comprehensive visibility, communication and outreach plan for their respective target country/community and submit a copy for approval to the EUTF Syria Communication and Outreach Lead. The related costs will be covered by the project budgets. The measures shall be implemented by the implementing consortium/ia, and/or contractors, and/or grant beneficiaries. Appropriate contractual obligations shall be included in, respectively, procurement and grant contracts.

The global objective of the EUTF Syria communication and visibility campaigns, and hence of the implementing partner, is to improve recognition, public awareness and visibility of the comprehensive and joint EU efforts to effectively address the consequences of the Syrian and Iraqi crises. This should be done by highlighting the Action's real-life impact and results among defined target audiences in the affected region but also vis-à-vis the general public, donors and stakeholders in the EU Member States.

The Communication and Visibility Manual for European Union External Action together with specific requirements for the EUTF Syria serve as a reference for the Communication and Visibility Plan of the Action and the relevant contractual obligations. According to the EUTF Syria's Visibility and Communications strategy all communication and outreach campaigns must be evidence-based, people-oriented and easily understandable. Regional outreach and communication must be conflict sensitive, strategic, do no harm and mindful of the differentiation in messaging for beneficiaries and stakeholders in each country of operation of the Action. The campaigns must place the beneficiaries at the centre and thus ensure adequate ownership. Messaging should have a human face, be empathic, honest, transparent, direct, unambiguous, neutral and conducive to a highly sensitive human and political environment, in addition to being gender-sensitive and gender-balanced.

Furthermore, campaigns should also include components of participatory and engaging communication, where the beneficiary becomes a key actor. This will support the EUTF Syria's programmes in promoting social cohesion, inclusion, dialogue and help mitigate tensions and misperceptions between refugee and host communities.

Although Turkey is one of the beneficiary countries of the EUTF Syria, communication activities inside Turkey in relation to EU Trust projects are carried out within the framework of the EU Facility for Refugees in Turkey (Facility). While the above-mentioned key objectives and essence of the communication and visibility campaigns apply, the guidelines agreed between the Facility and the Turkish authorities need to be respected. Upon launch of the project, the EU Trust Fund Communication and Outreach Lead will refer the implementing partner to the Communications Lead for the Facility at the EU Delegation in Ankara for the Turkey component of the programme.

ANNEX 1 - INDICATIVE LOGFRAME MATRIX (MAX. 2 PAGES)

Important note: The overall objective should be one of the outcome statements in the Overarching EUTF Syria Results Framework. It should also use the associated performance indicator(s). The specific objective must be coherent with one result given in the EUTF Syria Results Framework (RF). Each Specific Objective must use the performance indicator(s) linked to the selected result from the RF.

Additional note: The term "results" refers to the outputs, outcome(s) and impact of the Action (OECD DAC definition).

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources and means of verification	Assumptions
Impact (Overall objective)	Syrian refugees and host populations in Turkey with improved livelihoods	Employment/unemployment rates (disaggregated by gender and refugee/host population) Proportion of population below the international poverty line (disaggregated by gender)	National / regional government employment records; End-of programme Evaluation; Portfolio EVAL	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	1. Syrian refugees and host populations having more access to socio-economic opportunities	Number of direct jobs supported/sustained by EUTF (disaggregated by gender and refugee/host community) Number of new business registered	National / regional government employment records; Mid-term EVAL and monitoring reports; (including ROM)	The devaluation of the Turkish Lira does not get worse ING are able to secure 3m Euro first loss funding

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources and means of verification	Assumptions
Other Results (Outputs and/or Short-term Outcomes)	<p>1.1 Banking services available to SuTPs</p> <p>1.2 Growth of MSME is enhanced, through support to micro enterprises and SME development programme</p> <p>1.3 Entrepreneurship is initiated and scaled-up</p>	<p>Number of financial services provided to SuTP and host community businesses Number of investments in MSMEs Number of applications for loans</p> <p>Number of Syrian refugees and host communities participating in employability, vocational and entrepreneurial skills training programme (disaggregated by sex and refugees/host communities) Number of MSMEs trained</p> <p>SPARK business plan competitions organized Number of new business start ups</p>	<p>ING banking records; Copies of promotional materials ; Quarterly Information Notes (QIN); New business incorporation certificates; Implementing partners reports</p>	<p>Interest rates return to a more realistic level meaning business will take out loans to facilitate growth</p> <p>Falling value of the Lira does not lead to economic crisis</p> <p>Interest rates return to a more realistic level meaning business will take out loans to facilitate growth</p>