

tepaV

The Economic Policy Research Foundation of Turkey

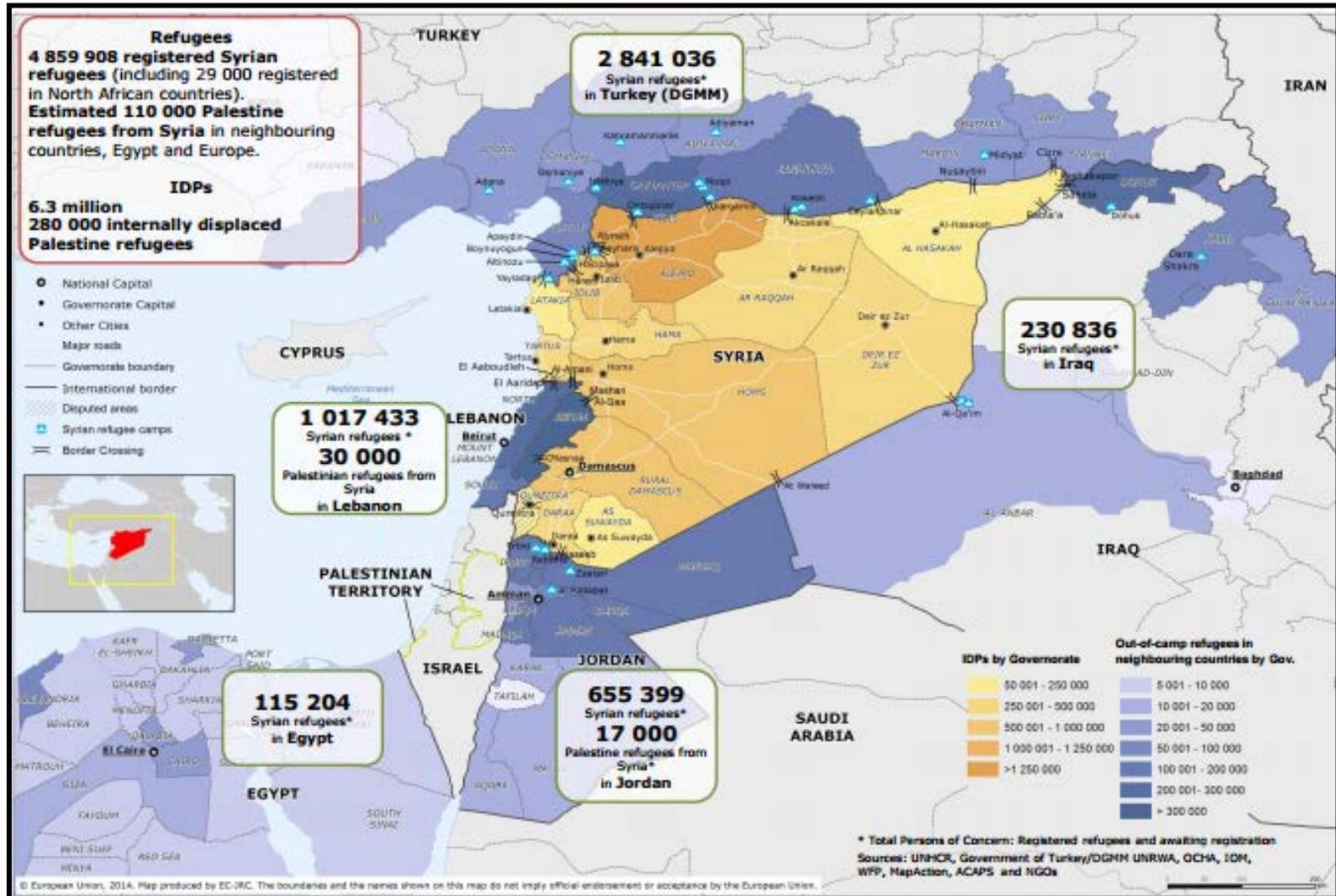
How to cope with the refugee crisis?

Güven Sak
Ankara, February 2017

Framework

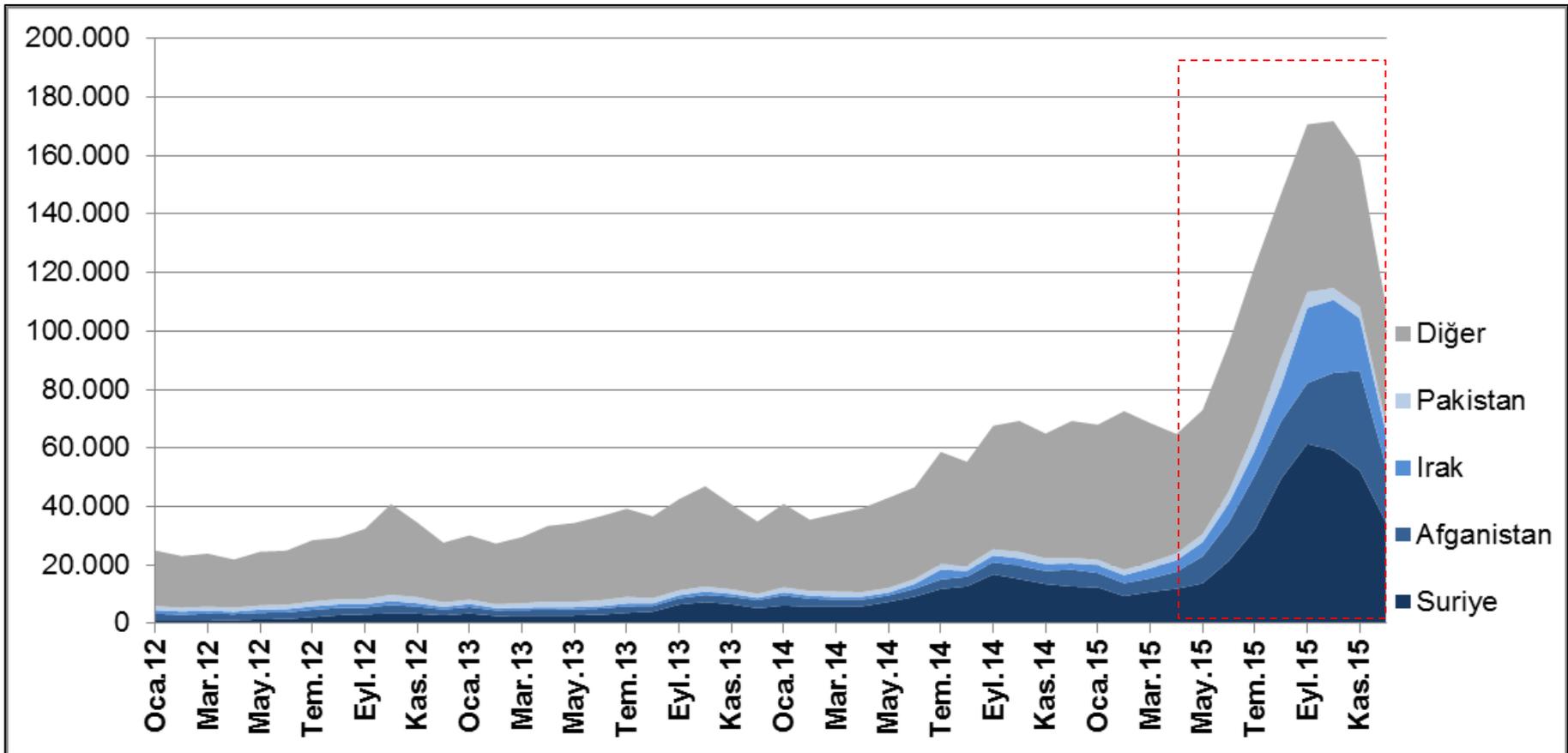
- Refugee problem is here to stay
 - Syrians in Turkey, Jordan, Lebanon
 - Half of refugees trying the Aegean route were non-Syrians
 - It's not only refugees: Differential issues in different countries
- Turkey currently hosting around 3,5 million refugees - situation on the ground:
 - Impact on public services, labour market, and social cohesion
- Turkey needs a strategy to integrate refugees
 - Turkey turning into a destination country?
 - Which one? Integration by interaction or by design
 - What are the issues for Turkey?
 - Rising unemployment, work permits, VET needs, schooling-Turkish or Arabic
 - TOBB and CCIs
 - TEPAV
- Conclusions

Syrian refugees in the neighborhood



Half of the refugees trying the Aegean route were non-Syrians

Asylum applications in EU member states, by origin, monthly (2012-2016)

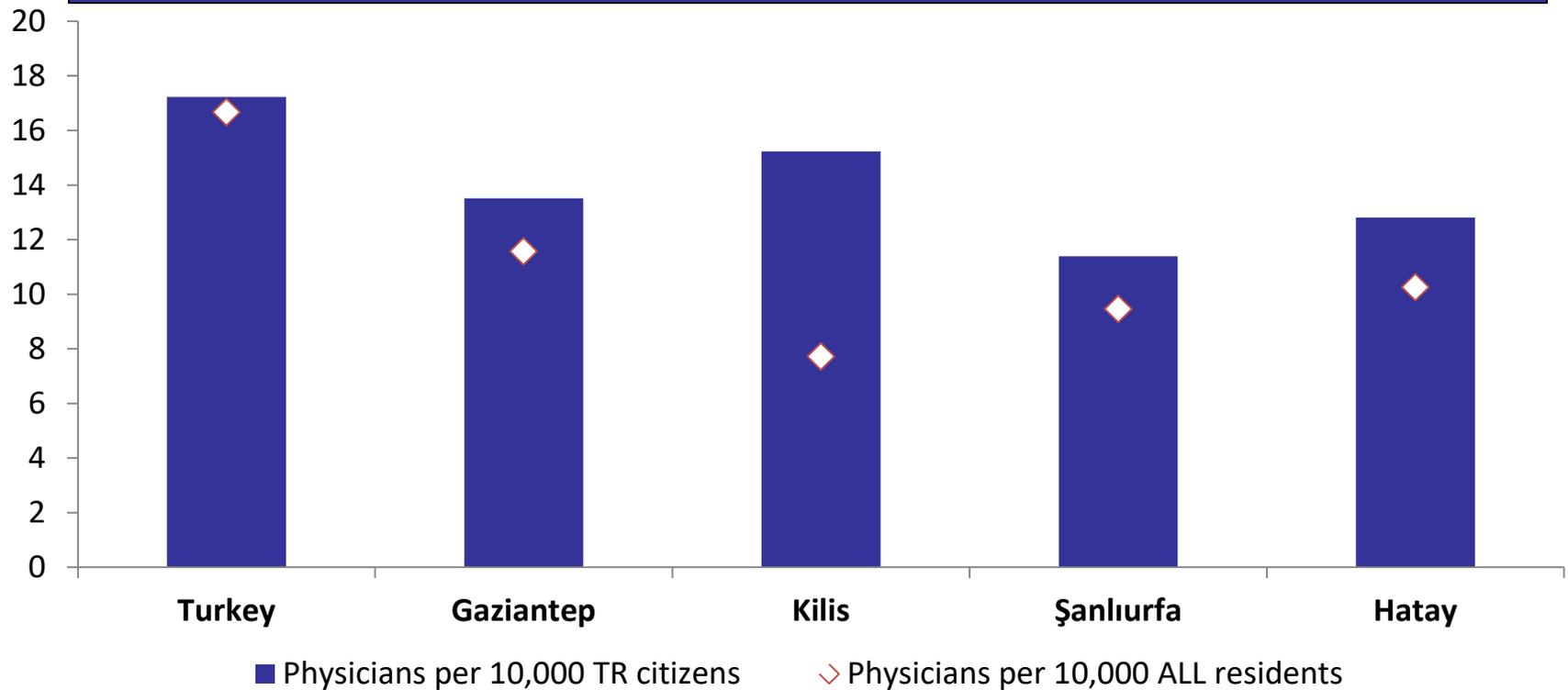


Differential issues in different countries

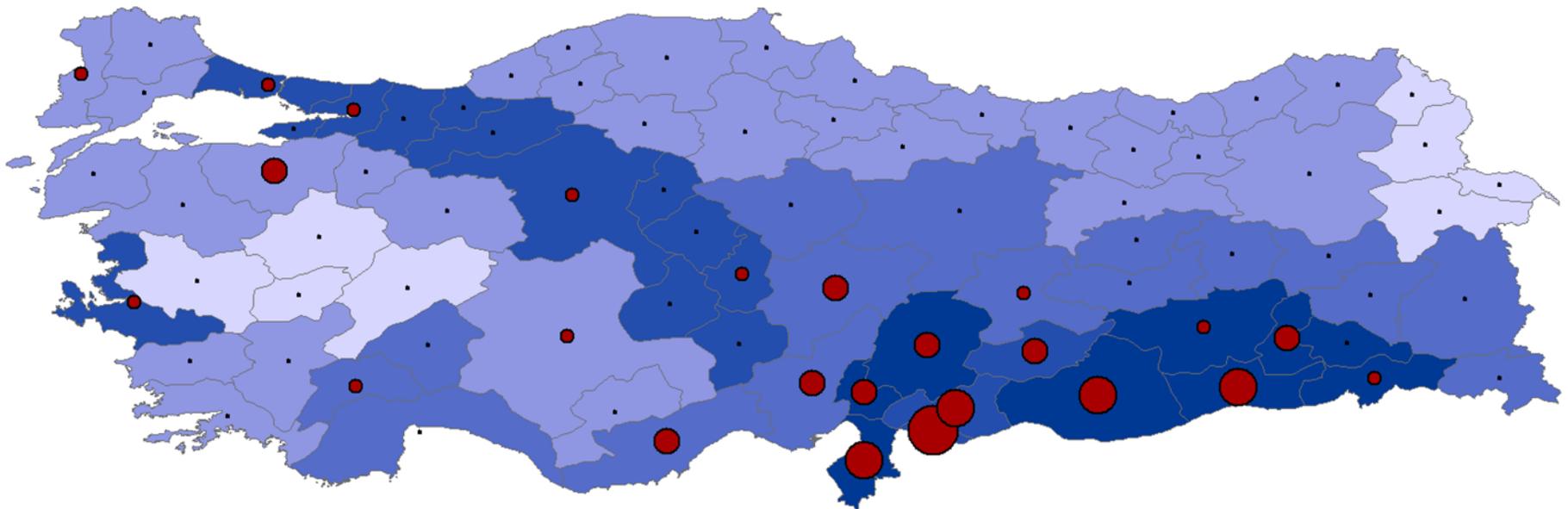
- 5 million refugees in Turkey, Lebanon and Jordan
- Commonalities:
 - 9 out of 10 refugees live outside camps, in urban settings
 - 5 out of 10 refugees below 18 years old
 - At least 3 out of 10 refugees in the labour market, will increase
 - No refugee status and no work permits for the majority
- Differences:
 - JD, LB have more mechanisms, more iNGO involvement
 - Turkey has much higher state capacity, but more refugees
 - Language barrier in Turkey (but higher access to public services!)
- Going into the sixth year, needs abound
 - Humanitarian relief? Integration?
 - What type of integration are we talking about?

Public service provision capacity is diminishing especially in refugee-dense provinces

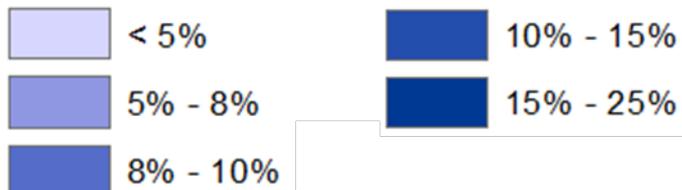
Physicians per 10,000 people in selected provinces, 2015



Refugees are exacerbating structural challenges of the labour market



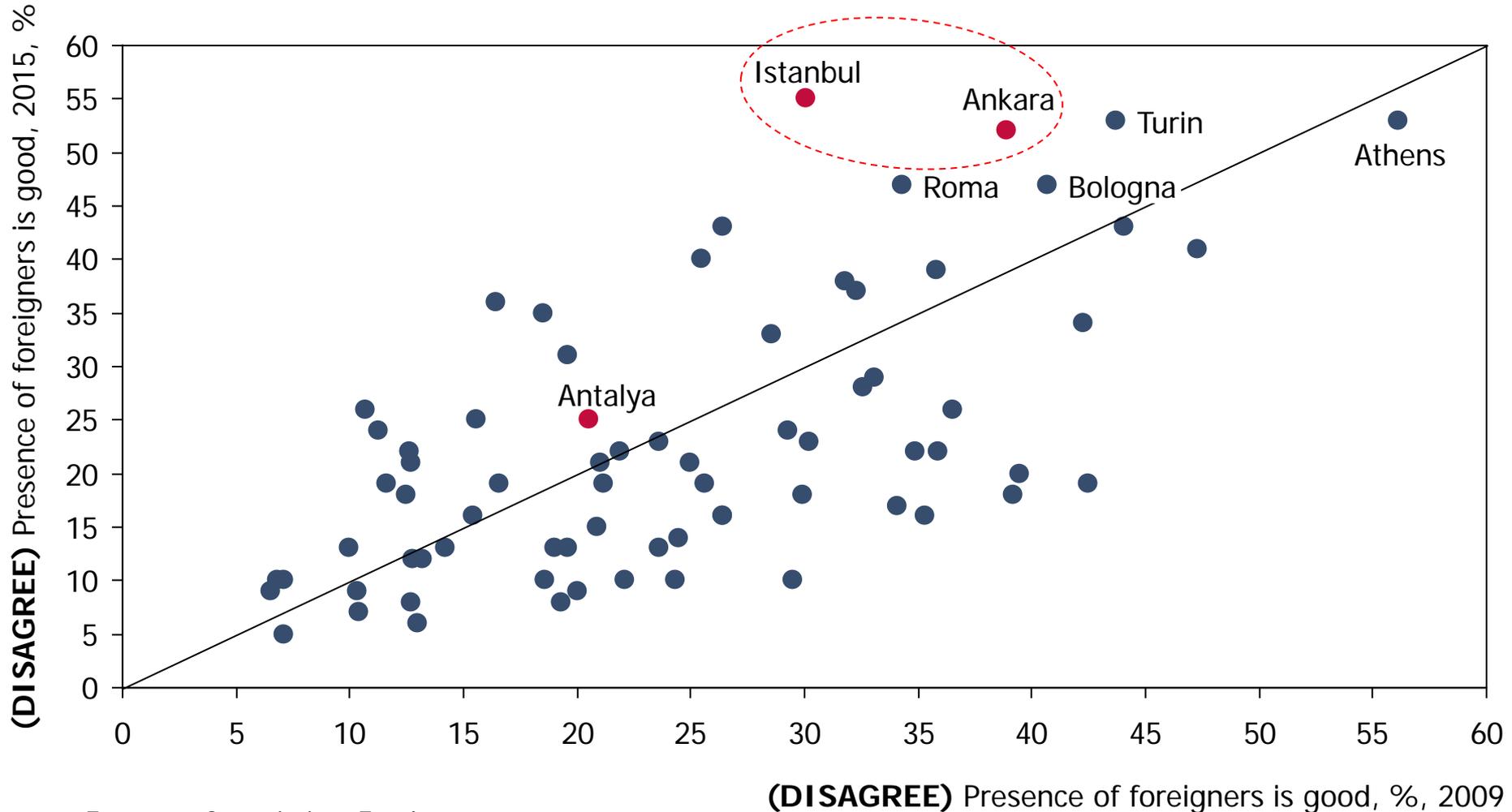
Unemployment rate



% of Syrians in total pop.



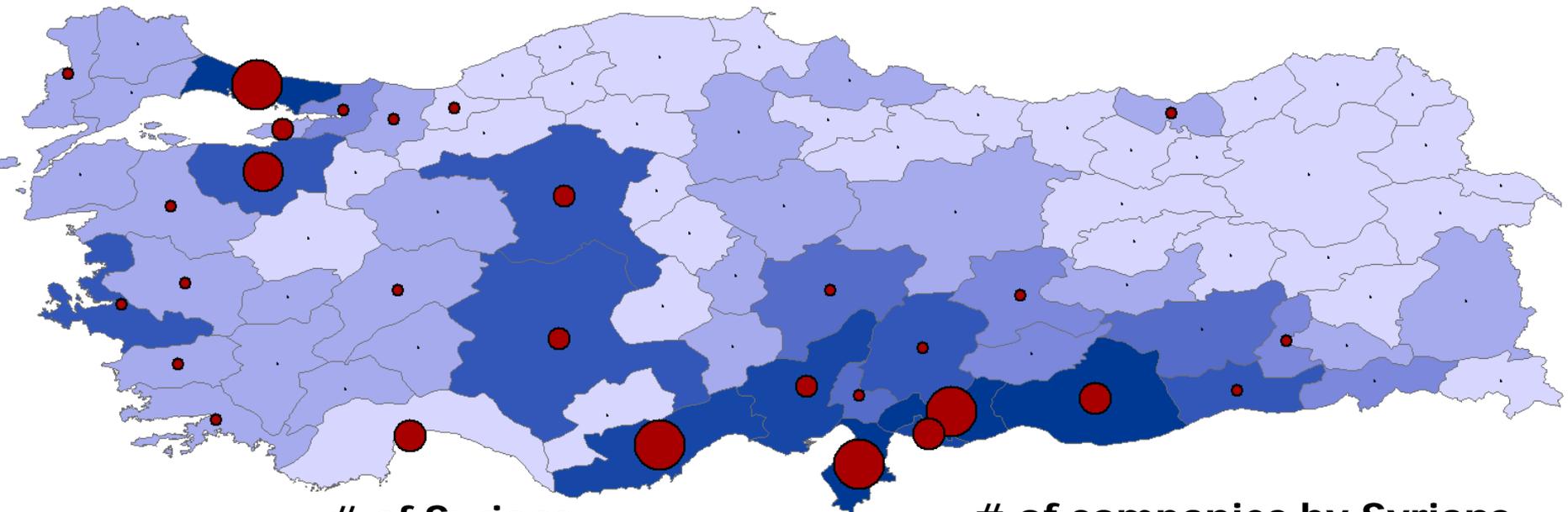
Social cohesion is rapidly draining in cities where refugees are visible



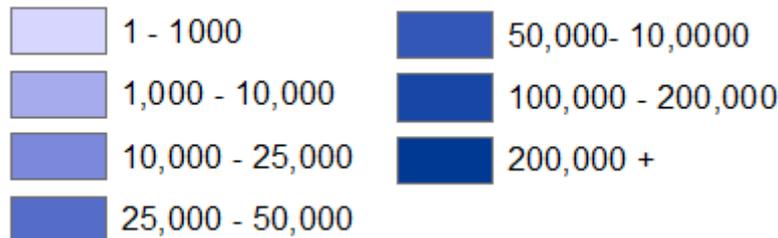
Syrians as entrepreneurs?

4 percent of all companies established in Turkey in 2016 are Syrian companies

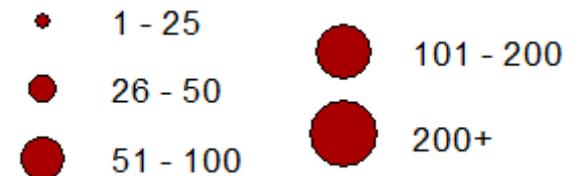
Companies established by Syrians in Turkey, 2011-2016



of Syrians

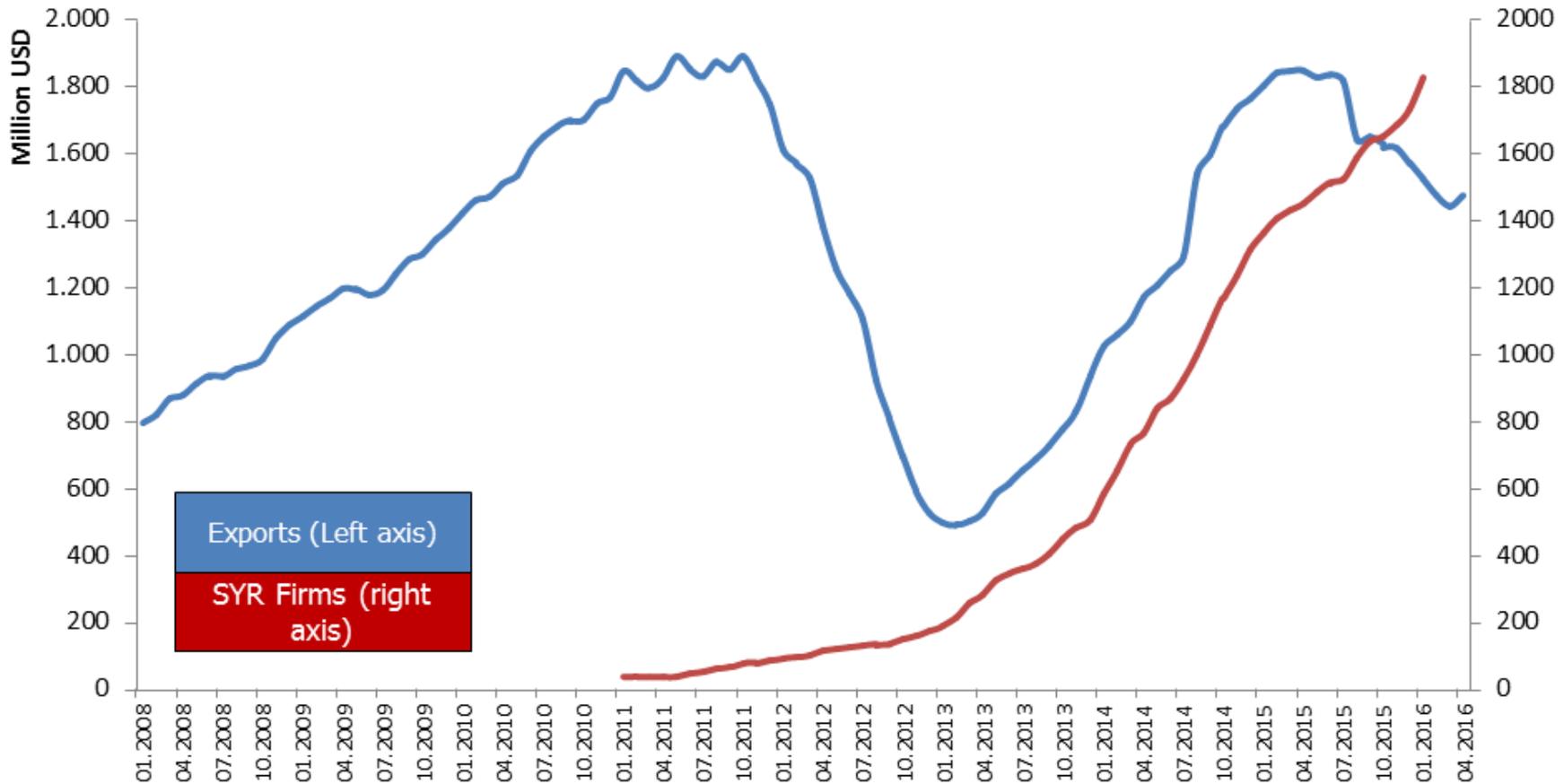


of companies by Syrians



Syrian companies have helped rebalance Turkey's exports to Syria

Syrian companies established in Turkey and Turkey's exports to Syria



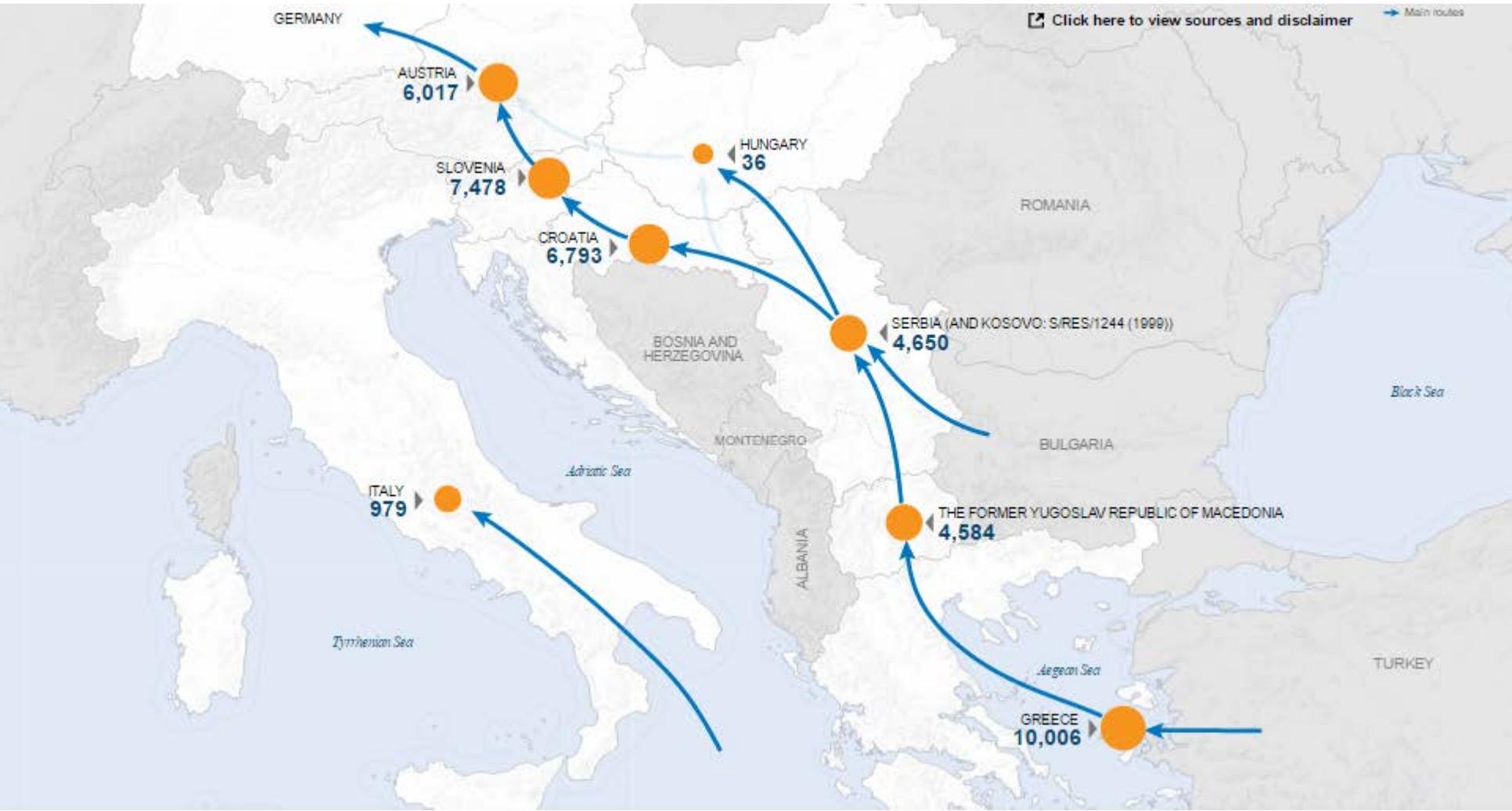
What are the barriers to formal employment?

Testimonies from the supply & demand sides

- **Hussam:** “If [the employer] wants you to have a work permit, then you can get it – but if he doesn’t, then you won’t. The minimum wage is 1,300 Turkish lira (\$350 USD) and most employers refuse to give contracts so that they can pay less, and don’t have to pay your health insurance.”
- **Abdullah:** “It’s impossible. If they helped us get a work permit, they’d have to pay us like Turkish workers – and they would never want to do that. Now I get 1,200 lira [\$320 USD], whereas a Turk would get 2,200 lira [\$600 USD] for the same work. With a work permit, they’d have to pay me the same.”
- Employers cite language, lack of occupational skills and incompatible work culture as the three main barriers.

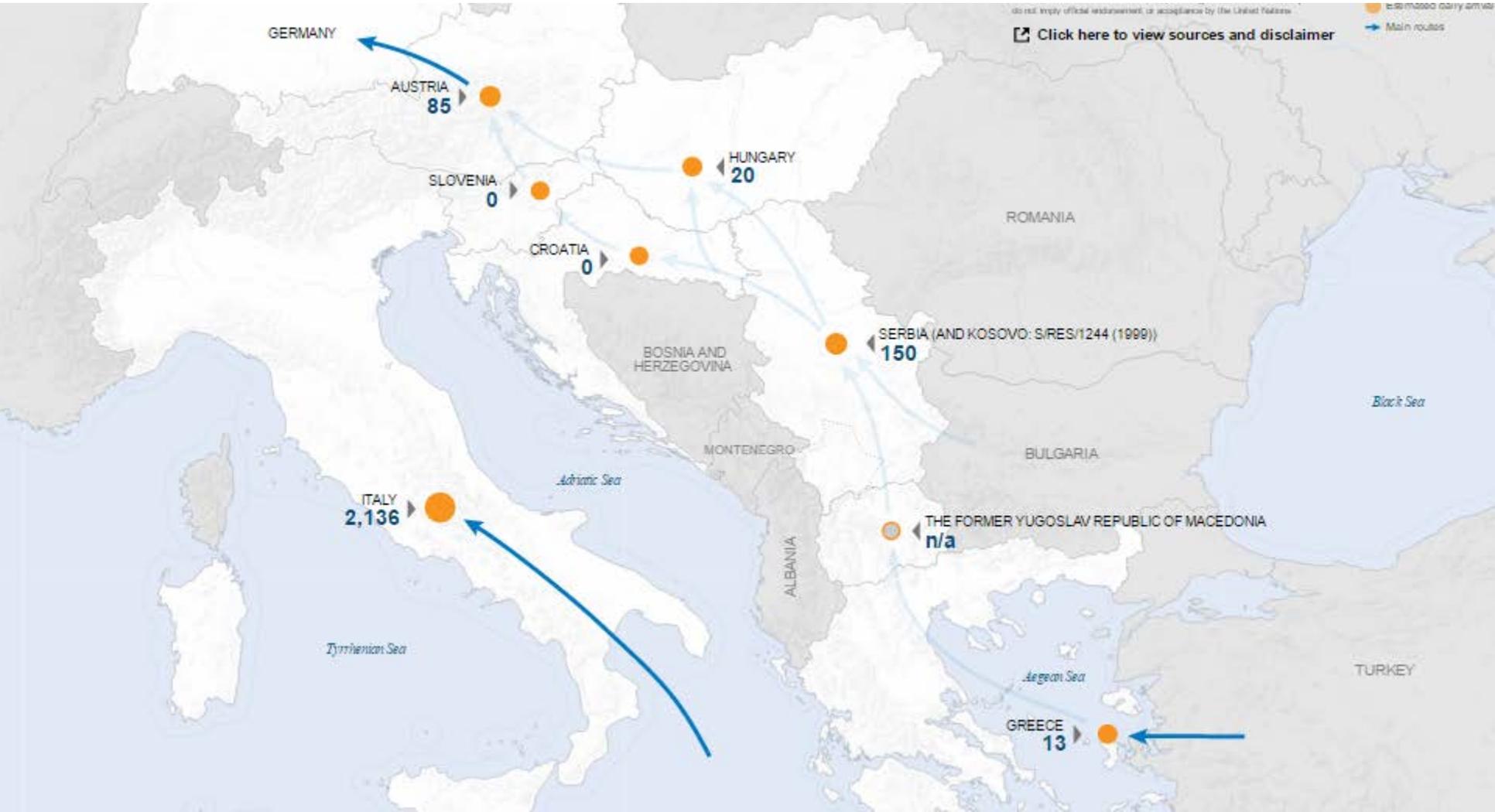
With the EU-TR deal, Turkey stopped being a transit country...

Daily arrivals – October 20, 2015



And became a destination country...

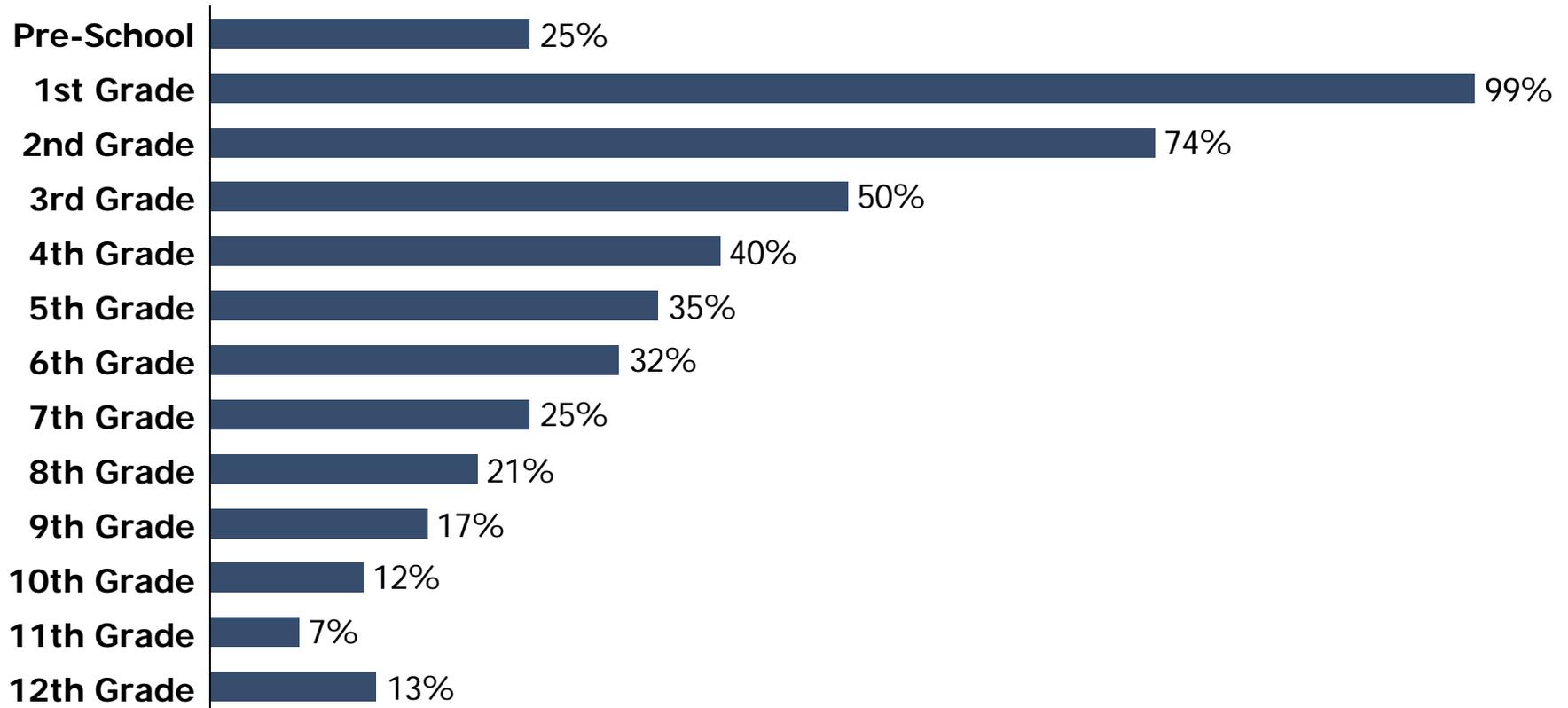
Daily arrivals – December 1, 2016



What are the issues?

500 thousand out of 850 thousand school age Syrian children are enrolled in the education system

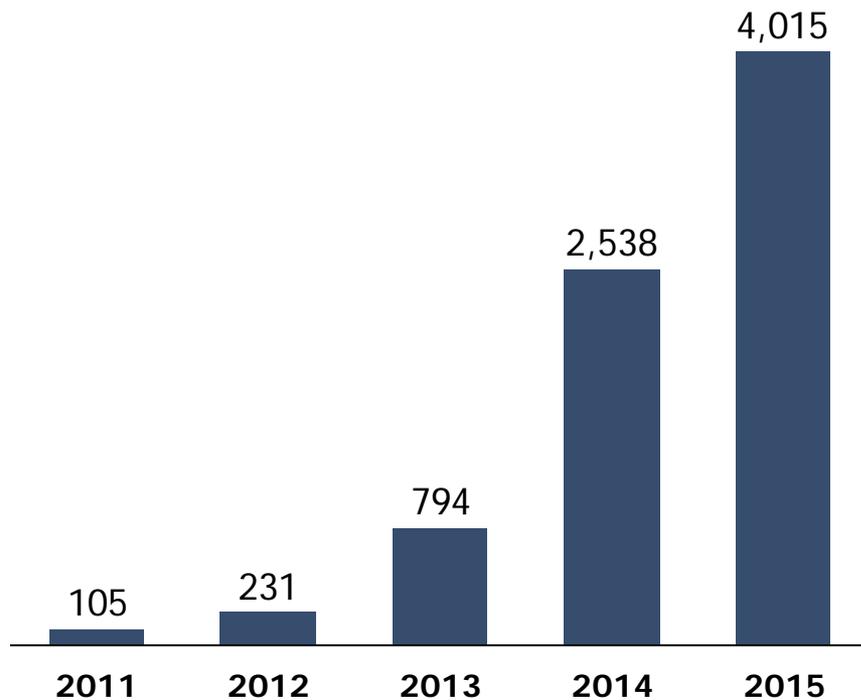
Schooling rates of Syrian children, by age-grade, 2016



What are the issues?

Work permit numbers remain at symbolic levels

Work permits issued to Syrians,
2011-2015



- January 2016, new work permit regulation
 - Can apply after 6 months of temporary protection
 - Online applications **by employers**
 - Minimum wage in effect (\$350 USD)
 - 10 percent quota
 - Can only work in the registered province
- But still, only 13,300 work permits issued since the legislation. Why?
 - Informal employment is too profitable
 - Paying Syrians below-minimum wage
 - Not paying for social security premiums and permit fees
 - Longer shifts, indecent work conditions
 - No unionization / collective action potential

TOBB and local chambers as stakeholders

- **TOBB Project Proposal:** 'Living and Working Together: Integrating Syrians into Turkish Economy through Local Chambers'
 - For 12 provinces with highest Syrian population:
 - Economic and Sectoral Analysis
 - Capacity Building for Local Chambers
 - Vocational Profiles mapping of Syrians will be mapped,
 - Vocational Testing Preparation Programmes
 - Testing the Skills and Qualifications of the Syrians
 - Matchmaking with firms
 - Turkish Language Courses
- Local chambers in host provinces are also active
 - Gaziantep, Mersin
 - Syrian help desks, tailored services for Syrian SMEs

TEPAV's projects, activities and policy dialogue efforts

- **With EBRD:** Business Environment and Enterprise Performance Survey on Syrian Established Companies in Southeast Turkey
 - First systematic survey to refugee-driven companies in the world
- **With EFSE:** Capacity Building Project for Syrian Entrepreneurs in Mersin
 - Mersin is the city with highest refugee entrepreneurship rate in TR
- 'Humanitarian Industrial Zones'? MBS?
- A virtual lab to set integration targets, monitor implementation and analyse outcomes in host countries
 - Labour market, education, health, social services etc.

Conclusions

- Turkey needs to devise a more tangible and sustainable strategy for the refugees
 - Refugees are integrating themselves and creating imbalances
- A more controlled integration strategy is needed
 - What are the KPIs of the integration policy in Turkey?
 - KPI on children? “Do not leave refugee children behind”
 - KPI on labour market integration?
 - Yet do they go back? Incentive design
- Role for Europe and the international community in this integration policy framework
 - Not on what to do, but how to do it.
 - Policy dialogue process