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► TRANSITION TO FORMALITY PROGRAMME

(PHASE ONE)

IMPACT ANALYSIS

WHAT IS KİGEP?

The objective of the Transition to Formality Programme (KİGEP) is to increase formal employment levels for Turkish citizens and Syrians under Temporary Protection (SuTP) through the incentives provided to employers.

The programme aims to prevent the loss of rights that may occur due to informal employment, ensure that Syrian and Turkish workers work in better conditions and prevent unfair competition. The strategic goal of the programme is to foster a “formal employment culture” through an employment support method.

KİGEP is funded by the European Union Regional Trust Fund (EUTF) and US Department of State, Bureau of Population, Refugees and Migration (USBPRM) under the Refugee Response Programme of the International Labour Organization (ILO) Office for Turkey.

The Programme has been implemented in close cooperation with the Directorate-General for International Labour Force (DG-ILF) of the Ministry of Family, Labour and Social Services and the Strategy Development Department of Social Security Institution (SSI).

Additionally, SSI Provincial Directorates of Adana, Bursa, Hatay, İstanbul and Konya where KİGEP was implemented have contributed significantly to the programme as liaison and application offices.

SCOPE OF THE SUPPORT AND ELIGIBILITY

The Programme has covered the expenses of social security premium support payments for Turkish citizens and newly recruited Syrian workers for up to six months and work permit expenses of Syrian workers. In order to benefit from the support, enterprises must;

- Employ their workers without interruption,
- Pay their social security premiums,
- Be debt-free against the SSI.



BENEFICIARIES

The programme implementation agreement was signed in February 2019 and applications started to be received in Adana, Bursa, Hatay, İstanbul and Konya provinces as of April 2019. As of February 2020, a total of 3,501 workers, 1,856 of whom were Syrian and 1,645 were Turkish workers, benefited from the programme. Furthermore, work permit fees for 1,681 Syrian workers were paid under the Programme.

► Number of enterprises and workers benefiting from KİGEP by province

PROVINCES	NUMBER OF BUSINESSES	NUMBER OF SYRIAN WORKERS		NUMBER OF TURKISH WORKERS		TOTAL NUMBER OF WORKERS
		Women	Men	Women	Men	
Adana	32	10	103	38	64	221
Bursa	168	15	615	245	333	1.217
Hatay	32	3	80	12	61	157
İstanbul	124	57	556	150	297	1.077
Konya	110	6	410	58	342	829
TOTAL	466	91	1.764	503	1.097	3.501

To date, 466 companies operating in different sectors and particularly in textile, manufacturing, construction and service sectors have benefited from the programme.

► Cross-Sectoral Distribution of Enterprises and Workers under KİGEP

SECTORS	NUMBER OF BUSINESSES UNDER KİGEP	RATIO AMONG TOTAL BENEFICIARY BUSINESSES (%)	NUMBER OF SYRIANS WORKING UNDER KİGEP	NUMBER OF TURKISH CITIZENS WORKING UNDER KİGEP
Textile Manufacturing Industry	154	33	838	758
Other Manufacturing Industry	199	43	734	651
Services and Trade	84	18	209	176
Construction	29	6	75	60
TOTAL	466	100	1.856	1.645



TOTAL SUPPORT PROVIDED

Between April 2019 and January 2020, enterprises under KİGEP have been provided with 625,706 TRY of work permit fee support, 5,962,200 TRY of insurance premium support for Turkish workers and 6,666,150 TRY of insurance premium support for Syrian workers.

The total amount of financial support delivered to enterprises is 13,254,056 TRY.

► Number and amount of work permit and insurance premium support provided to enterprises

	<div></div> TURKISH WORKERS	<div></div> SYRIAN WORKERS	<div></div> TOTAL
Number of work permit support	-	1.682	1.682
Amount of work permit support (TRY)	-	625.706	625.706
Number of insurance premium support	6.276	7.017	13.293
Amount of insurance premium support (TRY)	5.962.200	6.666.150	12.628.350





▶ IMPACT ANALYSIS METHODOLOGY

The purpose of impact analysis is to comprehensively evaluate the impacts of KİGEP on beneficiary employers, workers, and the public.

A three-layer dataset was used in the study.

- The first layer dealt with the sectors in which the recipient enterprises operated in the programme provinces based on the SSI database. In this way, the study aimed to compare the overall change in relevant sectors with the change in the companies receiving support.
- The second layer dealt with the data of all KİGEP beneficiary enterprises. This allowed for taking into consideration the data of enterprises which received support but was not surveyed.
- Finally, a survey was conducted with three groups: enterprises, Turkish workers, and Syrian workers. The number of enterprises participating in the survey for enterprises was determined proportionally to the distribution of support. The survey was conducted by handing out questionnaires in Arabic to Syrian workers recruited under KİGEP.

The aim was to analyse the impacts of the programme according to tangible, objective and international good practice criteria.

Six criteria were considered in the evaluation;

- **Relevance:** Is the programme relevant to the objectives?
- **Coherence:** Does it conflict with similar and associated programmes?
- **Efficiency:** To which extent do programme processes attain the desired outcomes?
- **Effectiveness:** Are resources used effectively?
- **Impact:** What are the social and economic impacts of the programme?
- **Sustainability:** Do its impacts continue in the long term?

IMPACTS ON EMPLOYMENT

Looking at the inception and ending periods of KİGEP, the number of workers at the enterprises in the same sectors **increased by 4.5 %** in the 5 provinces where it was implemented, and the number of workers at the enterprises receiving support from KİGEP **increased by 20.5 %**.

While the number of Turkish workers at all enterprises benefiting from KİGEP was **19,931** in March 2019, it increased by **12 %** and went up to 22,342 in the same month of 2020. As of the said period, the increase in the number of Turkish workers on the basis of all enterprises in 5 provinces under KİGEP is **4 %**.

Looking at the number of Syrian workers, only **1,054** Syrians were working at the enterprises receiving KİGEP support at the beginning of the Programme. However, the number of Syrians working at these enterprises increased to **3,184** in January 2020. The number of Syrian workers at these enterprises was **2,962** in March 2020.


► Change in the Number of Turkish and Syrian Workers at Enterprises Receiving KİGEP Support

	MARCH 2019		JANUARY 2020		MARCH 2020	
	Number of Workers	Share among total workers (%)	Number of Workers	Share among total workers (%)	Number of Workers	Share among total workers (%)
Turkish Workers	19.931	95	21.965	87	22.342	88
Syrian Workers	1.054	5	3.184	13	2.962	12

Apart from the support, the enterprises benefiting from KİGEP employed an additional 983 Syrian workers. Such an increase also demonstrates the multiplier effect of the Programme.

► Number of Additional Syrian Employees in All Enterprises Receiving KİGEP Support

(a) Number of Syrians in Formal Employment (March 2019)	1.054
(b) Number of Support Paid (January 2020)	1.147
(c) Total Number of Syrian Workers (January 2020)	3.184
(d) Difference (c - b)	2.037
Additional employment apart from the Programme (d - a)	983



Enterprises have started to employ new Syrians in addition to the Syrians for whom they receive support.

For example, large enterprises have additionally recruited an average of 10 Syrian and 55 Turkish workers, in addition to the 19 Syrian and 19 Turkish workers whom they recruited within the scope of the support.



► KİGEP's Impact on the Number of Syrians in Formal Employment

PROVINCES	NUMBER OF SYRIANS IN FORMAL EMPLOYMENT BEFORE KİGEP	NUMBER OF SYRIANS WHO STARTED FORMAL EMPLOYMENT UNDER KİGEP	TOTAL NUMBER OF SYRIANS IN FORMAL EMPLOYMENT	INCREASE IN THE NUMBER OF SYRIANS WHO STARTED FORMAL EMPLOYMENT (%)
Adana	250	113	363	45 %
Bursa	2.675	630	3.305	24 %
Hatay	641	83	724	13 %
İstanbul	7.334	614	7.948	8 %
Konya	590	416	1.006	71 %
TOTAL	11.490	1.856	13.346	16 %

It is observed that KİGEP has caused a significant increase in the number of registered Syrians in the provinces where it is implemented. For example, after the program, the number of registered Syrians has increased by 71% in Konya, 45% in Adana and 24% in Bursa.

Advantages Provided by KİGEP

The primary advantage provided by KİGEP to enterprises is the reduction of business costs for all business sizes.

As the size of an enterprise increases, the advantage of employing more qualified workers has also increased by means of KİGEP. In that regard, KİGEP has provided the greatest advantage to large enterprises. On the other hand, most of the enterprises stating that they have renounced laying off workers are micro enterprises; the ratio of enterprises indicating they have gained an advantage in this regard gradually decreases towards small and medium enterprises. Similarly, micro enterprises stated that they paid their debts thanks to a higher KİGEP rate.

Large enterprises have benefited the most from KİGEP's advantage of supporting new investments. As enterprises grow bigger, job specialization becomes more important. Employing more qualified workers becomes a priority for large enterprises with regard to increasing productivity. This is directly proportionate to the fact that supporting new investments is more important for relatively large enterprises. In literature, there is a positive correlation between specialization and formal employment. Therefore, it is predicted that the support provided to large enterprises will further support formality in the long term.

► Distribution of KİGEP's advantages according to enterprise size

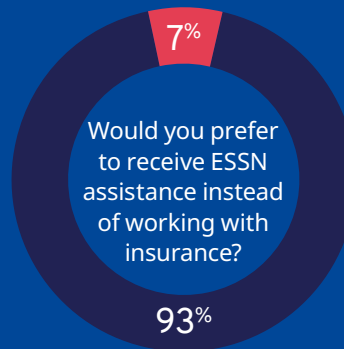
KİGEP'S ADVANTAGES	ENTERPRISE SIZE (%)			
	Micro	Small	Medium	Large
Our costs have reduced	43	48	44	57
It supported our new investments	7	8	9	14
We hired more qualified workers	3	12	16	29
We paid our debts	7	2	4	0
We renounced worker lay-offs	30	29	20	0
Other	10	2	6	0



CONTRIBUTION TO FORMAL EMPLOYMENT CULTURE AND SUSTAINABILITY

85 % of Syrian workers who responded to the survey started working formally for the first time under KİGEP. Furthermore, 97 % stated that working formally was beneficial for various reasons. KİGEP is considered to be successful in bringing awareness to Syrian workers with respect to formal work.

When asked if Syrian KİGEP beneficiaries would prefer receiving Emergency Social Safety Net (ESSN) assistance rather than working formally, only 7 % stated that they would prefer receiving the ESSN assistance. This outcome is significant in terms of proving that Syrian survey responders would prefer formal work over receiving assistance.



No, I would not.

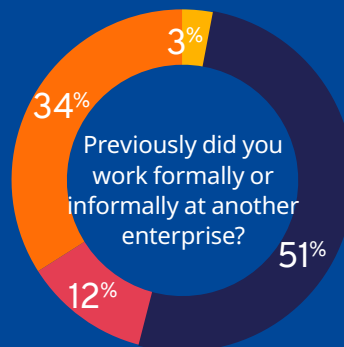
Yes, I would.

85%



Ratio of Syrians who started working formally for the first time under KİGEP

85 % of Syrians stated that they either did not work at all (51%) or worked informally (34%) before starting their current workplace. The rate of those who stated that they had been insured before was only 12 %. The proportion of those moving from one registered job to another is very low. This finding supports the perception that informal employment of Syrians is common in Turkey. From this point of view, it is considered that KİGEP serves the purpose of bringing Syrians into formal working life.



No, I did not work at all.

Yes, I worked formally.

Yes, I worked informally.

Yes, I worked both formally and informally.

After the Programme's completion, a majority of the Syrian beneficiaries continued their employment. While micro and small enterprises continued to employ the Syrians for whom they received support at such high rates as 92-93 %, this rate drops to 84 % in medium enterprises and to 77 % in large enterprises. Therefore, KİGEP is considered to have a more positive impact in terms of encouraging micro and small enterprises, which are considered to be distant from the culture of formality, to remain in formal employment.

► Distribution of enterprises by size

ENTERPRISE SIZE	NUMBER OF SYRIAN WORKERS FOR WHOM SUPPORT IS RECEIVED	NUMBER OF SYRIAN WORKERS REMAINING IN EMPLOYMENT	RATIO OF THOSE REMAINING IN EMPLOYMENT TO THOSE RECEIVING SUPPORT (%)
Micro	2,4	2,2	92
Small	4,5	4,2	93
Medium	6,7	5,6	84
Large	19,5	15,1	77

When asked about the continuation of employment of the Syrians employed under KİGEP, 61 % of the enterprises said they employed all. The rate of the partially employed was 36 % and the rate of those who stated they did not employ any was only 3 %.

97%



97 % of the enterprises continue to employ all or some of Syrian workers after KİGEP has ended.

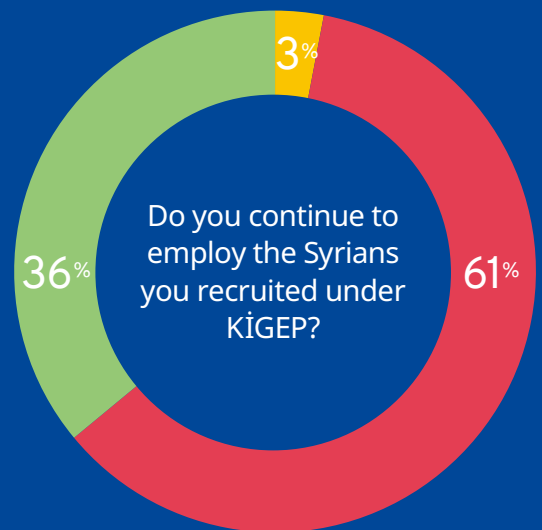
The fact that the Syrians employed under KİGEP remain in employment even during the economic crisis originating from the COVID-19 pandemic demonstrates that the Programme fits its purpose.

Enterprises state that 44 % of the Syrian workers who did not continue working left on their own will.

Among the causes, poor performance and failure to cover costs account for 25 %.

Enterprises stated that 36 % of the Syrian workers who left on their own will did so because they found other jobs, an all-the-more important finding. More than one-third of the Syrian workers supported under KİGEP who did not continue to work at the same workplace after the support ended found other jobs thanks to the work knowledge, skills and experiences they gained.

The reasons why the Syrians working under the Programme left the enterprise also provides information about the long-term sustainability of the Programme. By providing Syrians with formal employment and job mobility opportunities, KİGEP made a significant contribution to fostering a culture of formal work in the long term.



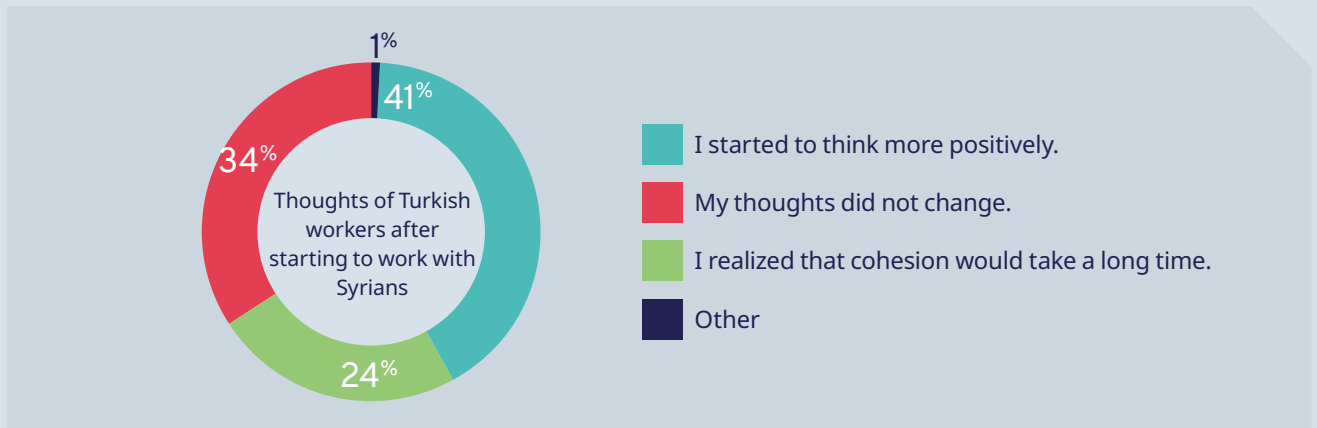
- I continue to employ all of them.
- I continue to employ some of them.
- I do not employ any of them.





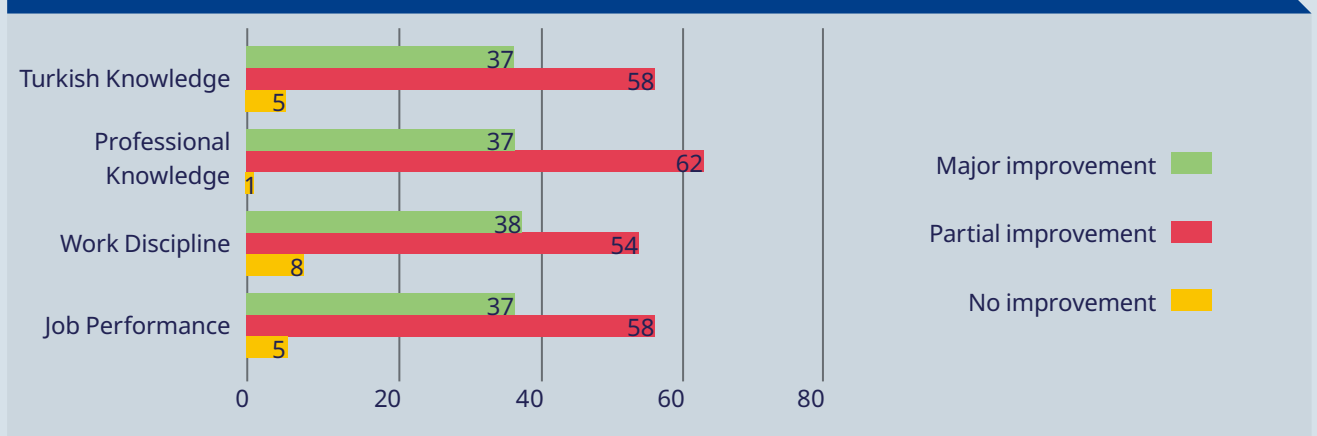
IMPACT ON SOCIAL COHESION

41 % of Turkish workers indicated that after starting to work with Syrians, their opinion about working together changed for the better. 24 % of Turkish workers stated that they realized that cohesion would take a long time.



Additionally, enterprises state that Syrian workers showed significant progress in the areas of language, professional knowledge, work discipline and performance. The average rate of respondents who stated there was partial or major improvement in each category was 95 %. The fact that enterprises have a positive opinion of Syrians in any category shows that their likelihood to keep the Syrians in employment even after support ends is high.

► Improvement of workers' skills and performance as observed by the employer during the KİGEP process



ECONOMIC IMPACTS

As a result of formalization of Syrian workers, they started spending a portion of their wage on consumption expenditures, which resulted in an increase of 70,400,000 TRY in national income;

A total of 8,400,000 TRY tax income, comprising income tax and indirect tax, as a result of the said increase in national income;

And finally, 26,250,000 TRY social security premium income were generated.

The financial support provided to enterprises under KİGEP led to increases in the national income by five times of the support volume, and in the state's premium income by two times of the support volume.

As a result, each 1 TRY spent under KİGEP yielded 5,31 TRY in national income and 1,98 TRY in SSI premium income within approximately one year of programme implementation. The average working time of Turkish citizens working in KİGEP beneficiary enterprises is 42 months. Under the assumption that the same period will also apply for Syrian workers in the future, it is predicted that there will be a 573,700,000 TRY national income, 70,250,000 TRY tax and 214,350,000 TRY premium gain in the long term after the programme.

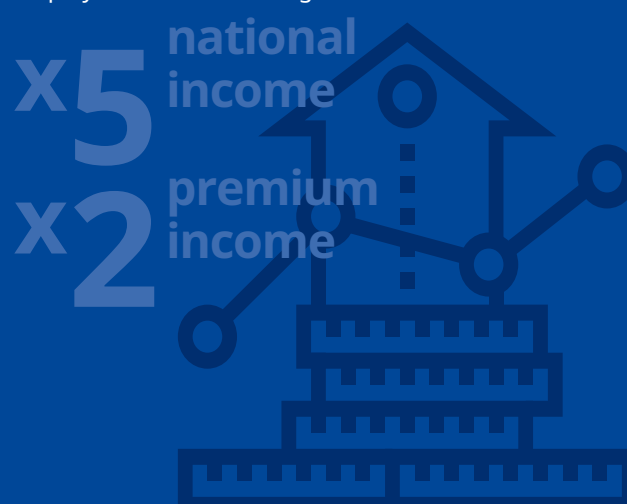
Total income, tax and premium impacts of KİGEP

IMPACTS	SHORT TERM	LONG TERM
Income impact (TRY)	70.400.000	573.700.000
Tax impact (TRY)	8.400.000	70.250.000
Premium impact (TRY)	26.250.000	214.350.000

Total budget of the programme is 13 million TRY.

In the long term, each 1 TRY spent under KİGEP will have an approximate contribution of 45 TRY on national income and 16 TRY on SSI premium incomes.

Even though there are much more long term impacts of the Programme, the size of these impacts depend on whether the Syrians under KİGEP maintain formal employment after the Programme.





INTER-INSTITUTIONAL COORDINATION

It has been observed that the harmony between the ILO which is the main implementer of the program, and the DG-ILF which manages the work permit process for Syrians, and the SSI which runs the incentive system, played a major role in the effective implementation of the program.

KIGEP's goal to encourage formal employment for Syrians concerns two different institutions with respect to work permit procedures and SSI procedures. Work permit process and SSI application process for assistance mechanisms function independently from one another. Enterprises must first obtain a work permit, and then start the employment of Syrians. Therefore, unlike Turkish workers, rapid completion of the work permit procedures of Syrian workers is an important factor for more enterprises to benefit from the Programme. In this regard, the majority of the enterprises participating in the survey has not encountered any important problems in completing Syrians' work permit procedures.

In addition to the intense coordination efforts carried out centrally by SSI's Strategy Development Department and Directorate-General for Service Delivery, SSI's efforts for the promotion of the Programme through provincial directorates at local level has allowed a larger segment to make an application.

SSI's ability to use its central and local institutional capacity efficiently has had a positive impact on the Programme outcomes.



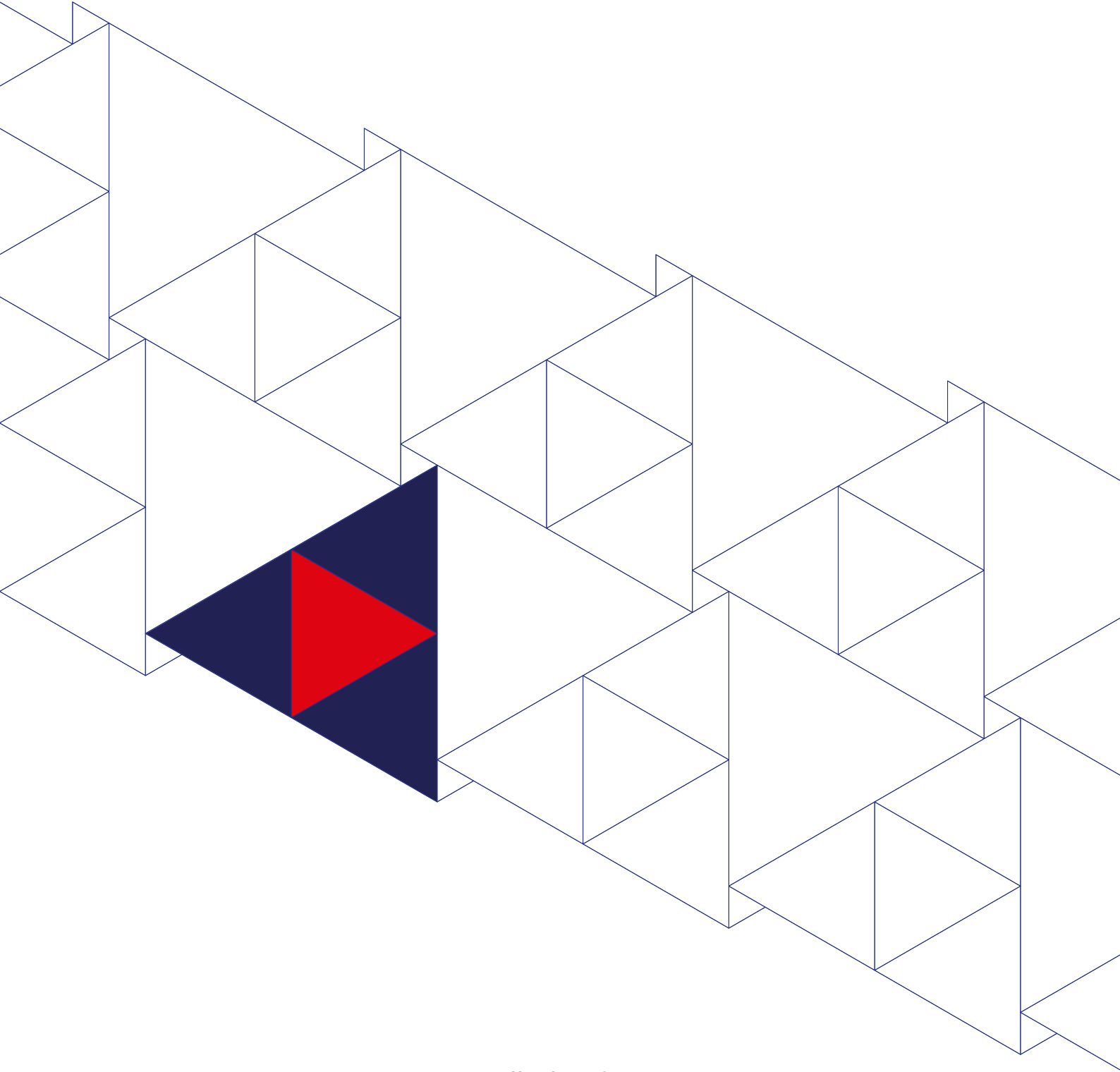
KİGEP 'PLUS'

With additional and different sources of funds, the implementation of KİGEP is continued under the name KİGEP 'Plus' between 2020 and 2021 in a total of 12 provinces including İstanbul, Konya, Bursa, Adana, Hatay as well as Ankara, Gaziantep, İzmir, Kayseri, Manisa, Mersin and Şanlıurfa.



KİGEP 'Plus' was launched in March 2020 at the onset of the economically challenging COVID-19 and provided numerous firms and workers with the support they needed. ”





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