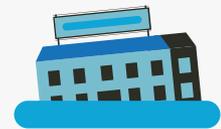




# RESILIENCE in SMEs: NEW RISKS, NEW PRIORITIES

## LANDSCAPE ASSESSMENT REPORT

### COMPLEX EMERGENCIES & NATURAL DISASTERS







## **RESILIENCE in SMEs: NEW RISKS, NEW PRIORITIES**

**LANDSCAPE ASSESSMENT REPORT  
COMPLEX EMERGENCIES & NATURAL DISASTERS**

**türkonfed**



*Empowered lives.  
Resilient nations.*



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## ELIMINATING THE RISKS AND BEING PREPARED AGAINST CRISES FOR A SUSTAINABLE ECONOMY

**Ümit Boyner**

Business for Goals Platform Executive Board President

Increasing the durability of businesses against possible disasters and crises is a topic discussed heavily in the agenda and development plans of the United Nations and the Member States. Together with natural disasters such as earthquakes and floods, the climate change is evaluated as the greatest threat to development in the World Economic Forum reports. In the last 30 years, economic loss resulting from drought and extreme weather conditions, which are on the rise due to the climate change, has tripled.

In order to maintain the economic growth and to increase the social welfare in a world where societal and economic problems as well as the risks are increasing on a daily basis, “sustainability” and collaboration are becoming more and more important for the business world.

We have established the Business for Goals Platform so that the business world would take joint action for sustainability and that we could maintain sustainability in Turkey. While bringing more than 40.000 companies and 251 organisations that are members of TUSIAD and TURKONFED with the broad global network of UNDP, this Platform also unites the human resources, intellectual capital and a variety of financial resources of these organizations. For a sustainable economy, eliminating risks and being prepared against crises are among the top priorities of the business world.

It is crucial for sustainability that we eliminate risks before they turn into crises, that our businesses are prepared for natural disasters, earthquakes and extreme weather conditions and that we reduce the amount of both human and economic casualties to minimum through cooperation. The United Nations

**For a sustainable economy, eliminating risks and being prepared against crises are among the top priorities of the business world.**

has initiated the CBI with the aim of increasing the business world’s coordination before, during and after disasters and the Business for Goals Platform runs the CBI’s Turkey Platform’s activities under its roof.

Although the risk profile in Turkey is changeable like the rest of the world, it is becoming more and more important to strengthen our economy and businesses against earthquakes, natural disasters and the refugee crises that is defined as complicated urgent situation. The 17 August 1999 Marmara Earthquake, which is among the most traumatic experiences of our society, was a turning point in our disaster risk management. In addition to sorrowful casualties, more than 30.000 businesses were damaged and the economy suffered from an economic loss worth 200 billion Turkish liras.

Looking at the 20 years passed since then we have to say that there is still a long way to go in terms of the preparedness of our business world against crises as well as the collaboration among the private sector, the government, and the civil society.

I hope the “Resilience in SMEs: New Risks, New Priorities” Report prepared by the CBI Turkey Platform, which was established with the aim of

strengthening businesses against acute shocks and long-term stress, will guide the way for developing strategies for the private sector to diagnose and cure itself as well as for the collaboration among the private sector, the public, and the civil society.



# OUR PURPOSE IS TO MAKE OUR ENTERPRISES MORE RESILIENT

**Orhan Turan**

Turkish Enterprise and Business Confederation (TÜRKONFED)  
Chairman

**T**urkish Enterprise and Business Confederation (TÜRKONFED) and United Nations Development Program (UNDP) carried the international platform of Connecting Business Initiative (CBI) to Turkey, in efforts to strengthen Turkish enterprises against floods and refugee crises, as well as natural disasters and emergencies of complex nature.

CBI Turkey will be working to mitigate impacts of natural disasters and emergencies of complex nature on enterprises and facilitate enterprises' recoveries from resulting damage. We officially founded CBI Turkey in TÜRKONFED's 22nd Enterprise and Business World Summit, which was hosted by the East Mediterranean Industry and Business World Federation (DASİFED) between 16-17 November in Hatay. Since that day we have been setting our path and accordingly define joint responsibilities of our shareholders on how to take our first steps in the general business environment.

CBI Turkey's report "Resilience in SMEs: New Risks, New Priorities" was prepared with the purposes of "making our enterprises more resilient", "improving joint responsibility by creating multi-shareholder networks of cooperation" and to prepare the private sector against events of earthquakes, as well as natural disasters resulting from climate changes such as floods and overflows. CBI Turkey also aims to assess the current state of the refugee crisis, which is among the top lines in the national and international agenda.

Recently, natural disasters such as floods and overflows, which are the results of changes in climate, has been affecting many enterprises in Istanbul and in the Anatolian region. We have the means to prevent Turkey's losses due to floods and refugee crises from reaching to levels which are impossible to compensate for. The requirements arising from emergencies have just surpassed the capacities of traditional shareholders in Turkey.

The governments are still obliged to respond to human emergencies, however local communities and private sector networks also have critical roles to empower individuals and societies to more easily recover from shocks. In the summer of 2017, hails and floods in Istanbul caused losses which cost TRY 2 billion. Every year, urban floods impact enterprises and particularly enterprises of small and medium scale. The current extent of losses and damages necessitate new nodes of coordination which we need to develop, because we are currently facing risks which are greater than ever. With CBI Turkey, we aim to make our enterprises more resilient and minimize regional and social shortages which hinder productivity. But before anything else, we aim to be prepared against natural disasters and events of crisis.

Due to its geographical location, our country sustains an afflux of refugees mainly from Syria and Iraq. Out of an enormous population of 5.5 million individuals who left Syria, 3.6 million are accommodated in Turkey under temporary protection status. This has many positive and negative effects on local enterprises and some industries and some of the problems created by this are substructure problems at urban level, economic imbalance, social conflicts and inequality in service access. Both the native population and the Syrian population under protection are negatively affected by this. Meanwhile, Syrian business people have founded over 7,000 enterprises in production, trade and service sectors and entered new markets together with their Turkish partners. Between 2011 and 2018, over 50,000 work permits were issued for Syrian individuals,

majority of which were requested by business persons and entrepreneurs who established their own businesses. On the other hand, factors such as underqualified workforce, unfair competition and vague legal processes have negative impacts on the present supply chains. Moving forward with this changing risk profile, CBI Turkey aims to strengthen enterprises against acute shocks and long-term stress. This report is the best embodiment of this purpose and is the starting point to envision a roadmap for CBI Turkey. I would like to thank those who spend their efforts to uplift our country in every field.

We aim to make our enterprises more resilient and minimize regional and social shortages which hinder productivity. But before anything else, we aim to be prepared against natural disasters and events of crisis.

Yours Respectfully,



# INVESTING IN RESILIENCE FOR UNINTERRUPTED DEVELOPMENT

**Claudio Tomasi**

United Nations Development Programme (UNDP)  
Turkey Resident Representative (a.i.)

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**A**s United Nations Development Programme (UNDP) Turkey Office, for over 50 years, we are operating according to priorities identified in Turkey's development plans and strategy documents, supporting practical solutions to Turkey's development issues through various partnerships and projects. Our focus areas consist of inclusive and sustainable growth, inclusive and democratic governance, environment and climate change. In all our activities, we contribute to the development of entrepreneurship and innovation, prioritize gender equality in every initiative, and strive to comply with the priorities of the Sustainable Development Goals identified at global level.

An important dimension of the activities we support is to ensure that economic, environmental and social systems are resilient to the changing risk profile and to produce new solutions. We believe that being resilient is one of the main features of both sustainability and competitiveness.

Private sector is one of the key actors of a resilient society. Recent years has shown that Turkey has both a dynamic economy and a quickly evolving risk profile. This report explores how private sector has been affected by risks in the recent past and shares future insights, and seeks ways to create a more resilient economy. The aim of the report is to draw an initial road map for CBI Turkey platform, established in partnership of TÜRKONFED and UNDP.

Although earthquake and fire are contemplated to be the most significant risks, disasters and the changes in risk profiles due to global climate change as well as regional events like Syrian Crisis have increasing effects on Turkey. A rapidly changing world will inevitably impact Turkey's economy. Since it is impossible to predict this change, private sector and cities that grow with it need to develop new management approaches, partnerships and solutions to implementation.

The first step of this long partnership, which started with TÜRKONFED, is this report that you hold in your hands. I wish that the road map presented here brings together all stakeholders, and hope that the suggestions will contribute to Turkey's competitiveness, economy, industrial and regional development.

An important dimension of the activities we support is to ensure that economic, environmental and social systems are resilient to the changing risk profile and to produce new solutions. We believe that being resilient is one of the main features of both sustainability and competitiveness.

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## LIST OF ABBREVIATIONS

**3RP**

Regional Refugee  
and Resilience Plan

**AFAD**

Disaster and Emergency  
Management Authority

**BCP**

Business Continuity Plan

**CBi**

Connecting Business Initiative

**DASK**

Turkish Natural Catastrophe Insurance Pool

**DGMM**

Directorate General of Migration Management

**DRM**

Disaster Risk Management

**EU**

European Union

**MGM**

Turkish State Meteorological Service

**OCHA**

United Nations Office for the  
Coordination of Humanitarian Affairs

**SDGs**

Sustainable Development Goals

**SME**

Small and Medium-sized Enterprises

**TAMP**

National Disaster Response Plan

**TARSIM**

Agricultural Insurance Pool

**TP**

Temporary Protection

**TURKONFED**

Turkish Enterprise and  
Business Confederation

**UNDP**

United Nations Development Programme

**UNISDR**

United Nations Office for  
Disaster Risk Reduction

**WEF**

World Economic Forum





# EXECUTIVE SUMMARY





## EXECUTIVE SUMMARY

### What is CBI Turkey?



Connecting Business initiative (CBI), launched at the World Humanitarian Summit in 2016, transforms the way business engages before, during and after natural and man-made disasters and complex emergencies to create more resilient communities, increase local capacity and alleviate human suffering. It is a private sector driven and UN-supported global initiative currently operating in 13 countries. TURKONFED, in collaboration with UNDP, launched the Connecting Business Initiative Turkey platform on November 17, 2018. With its presence across all regions in Turkey through 26 regional and 3 sectoral federations, 251 associations and more than 40,000 SMEs, TURKONFED is the best actor for the creation of this national private sector-led network for disaster risk reduction, emergency preparedness, response and recovery. The goal is to have a win-win deal where business actions translates into both societal resilience and stronger competitiveness.

As an initial step, this landscape assessment report was prepared to identify an optimal strategy for engaging the private sector in dealing with the fast evolving risk profile of Turkey (including earthquakes, climatic events and complex emergencies such as the Syrian Refugee Crisis).

**Natural disasters and complex emergencies are globally identified among the primary systemic risks for businesses.** 2017 and 2018, have been the second and fourth costliest years for natural disasters, respectively.<sup>(1)</sup> Global refugee population has shown an increasing trend since 2011.<sup>(2)</sup> Past trends and future projections show an increasing pace and interconnectivity among these risks, further exacerbating pressures on global economies. In addition, current systems are deemed deficient to cope and manage these non-conventional and complex risks which may trigger cascading effects throughout the global economy, impacting markets, supply chains and business operations.

***On one hand, Turkey follows the global risk trends and on the other hand, the country has a fast evolving, unique risk profile.***

**Turkey is a highly seismic country.** More than 95% of the country lies in one of the most active earthquake and landslide regions in the world. 70% of the population lives in areas (mostly urban) highly vulnerable to earthquakes. It took years for communities and businesses to recover from the major earthquakes experienced in the last century, namely 1939 Erzincan Earthquake, 1943 Ladik (Samsun) Earthquake, 1976 Muradiye (Van) Earthquake, 1999 Marmara Earthquake, and 2011 Van Earthquake (Table 1).<sup>(3)</sup> The expected earthquake in Istanbul, the heartland of the national economy is a major challenge for the business sector.

(1) Löw, Petra, "The natural disasters of 2018 in figures," Munich RE, January 8, 2019, <https://www.munichre.com/topics-online/en/climate-change-and-natural-disasters/natural-disasters/the-natural-disasters-of-2018-in-figures.html>

(2) UNHCR, "Global Trends: Forced Displacement in 2017," 2017.

(3) Bogazici University Kandilli Observatory and Earthquake Research Institute, "Buyuk Depremler," accessed on January 28, 2019, <http://www.koeri.boun.edu.tr/sismo/2/deprem-bilgileri/buyuk-depremler/>

### **Climatic risks are also increasing across Turkey.**

Turkish State Meteorological Service (MGM)<sup>(4)</sup> reports annual climate related disasters are on a steady rise since the 1940s. 2018 is a record year, with 840 climate related disasters, the highest value since the early 1900s, following 2015 (731), 2016 (654) and 2017 (598). The main events are flood, storms and hails. While many regions are affected, port cities such as Istanbul, Izmir, Mersin and Antalya are of particular concern. The impact on business can be multiple: immediate physical damage and business disruption, delayed effects on the supply chains, and long term impact on competitiveness and reputation. Each of which can have grave consequences on business sustainability. This report has also identified a lack of reliable publicly available data on the extent of impact on businesses and their recovery.

**Since 2015, Turkey is the global lead in hosting refugees.** Turkey has witnessed mass population movements from neighboring countries in the past, but never at this scale and pace. Today there are 4.2 million refugees in Turkey, 3.6 million of which comes from Syria.<sup>(5)</sup> Istanbul now hosts the highest number of refugees, over half a million, followed by Southeastern cities. The ongoing complex emergency increases the pressures on the local business communities and municipal services and infrastructure, affecting both the host and the refugee communities through economic inequalities, social tensions and inequalities in access to services.

**A significant refugee population will stay in Turkey for a long period, which makes socio-economic integration critical.** Some Syrian business people leveraged business opportunities in the Turkish market, by establishing new firms in host communities and generating new trade routes. By May 2018, Syrians have invested nearly USD 380 million into more than 7,200 formal businesses in Turkey, most of them in Istanbul and Gaziantep.<sup>(6)</sup> Syrians are joining the labor market, but they are at times perceived as competition

in the local labor market and are vulnerable to exploitation in the informal economy. It is estimated that 53.7% of the refugees are within working age (18 to 59) and while only around 60,000 Syrians were granted official work permits by 2018, there were over 750,000 to 950,000 working informally.<sup>(7)</sup>

### **The combined impact of natural and man-made disasters on the Turkish business community is significant.**

The impact is particularly strong on small and medium-sized enterprises (SMEs), which make up over 99% of all businesses in Turkey, and are most often family businesses. SMEs have strong ties with their immediate community; so when they are affected, families and communities are also affected. And SMEs are often times ill-equipped (knowledge, expertise, resources) to deal with this fast evolving risk profile. According to a study conducted under Saglam KOBİ project, 80% of the SMEs which are affected by disasters go out of business, and 15% of the remaining go bankrupt within 24 months after the disaster<sup>(8)</sup> There is unfortunately no reliable data to assess qualitatively or quantitatively the resilience capacity of SMEs and large companies in Turkey.

### **The state has built up strong capacity for humanitarian response, and needs to move further in the direction of shared responsibility.**

Being tested regularly by small and large scale disasters, the national capacity for reducing preventable deaths and saving lives has improved well since the 1999 Marmara Earthquake. And the establishment of AFAD is a strong step towards an integrated disaster risk management system, with additional mechanisms such as DASK and TARSIM, the revision of building codes, and updates of hazard maps. The intent to move from seismic risk and response focused approach to a broader multi-hazard and multi-phase perspective is clear. But the constant occurrence of small and large disasters, as well as regional socio-economic and political events, puts pressure on the national system.

(4) MGM, "Türkiye'de 2017 Yılında Meydana Gelen Meteorolojik Karakterli Doğal Afetlerin Kısa Değerlendirmesi, 2018.

(5) UNHCR Refugees Operational Portal, "Syria Regional Refugee Response," last modified January 17, 2019, <https://data2.unhcr.org/en/situations/syria/location/113>

(6) Building Markets, One Year Later: Revisiting the Contributions of Syrian Entrepreneurs in Turkey, 2018

(7) Ibid.

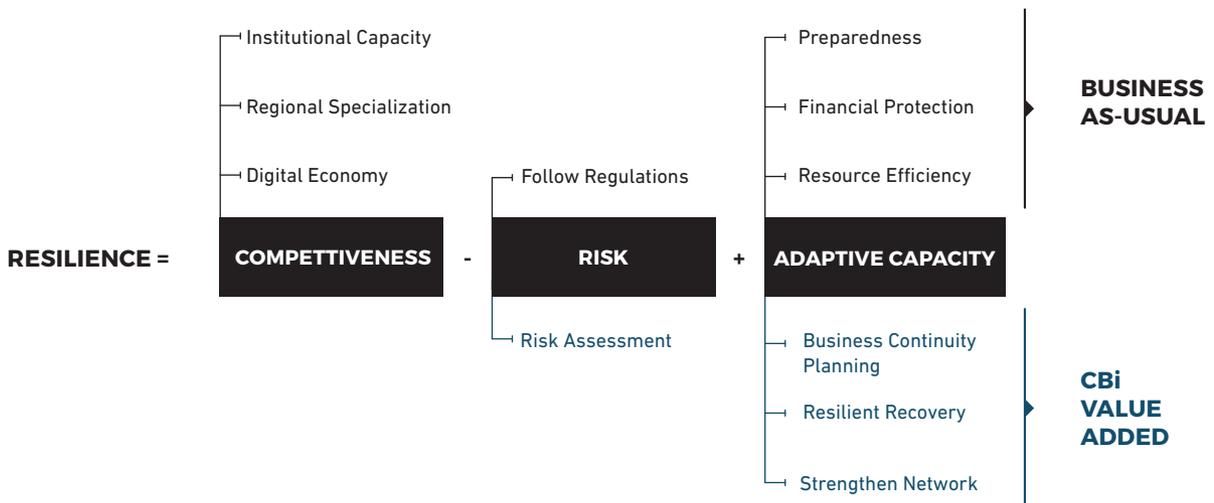
(8) Dünya, "Afet Direnci Araştırması: KOBİ'lerin ortalama ölümlü yaşı 5," August 6, 2019, <https://www.dunya.com/kobiden/afet-direnci-arastirmasi-kobilerin-ortalama-olum-yasi-5-haberi-45151>



**The case for including more players and moving towards a shared responsibility approach has never been more pronounced.** SMEs can both contribute to the aftermath of disasters and crises and lead efforts to build capacity before. Enhancing private sector’s resilience is key for strengthening coping capacities of communities and creating new markets. Global risks have untapped business potential which may generate new products and services and contribute to competitiveness of businesses. Currently, Turkish businesses have mostly been hesitant to engage with the refugees, waiting for more policy clarity and data to make informed decisions. And those which got involved did it primarily out of necessity or social responsibility of solidarity. Notwithstanding examples of voluntary initiatives, such as Turkcell’s “Merhaba Umut” and Turk

Telekom’s “Data for Refugees Turkey.” **Private sector can be much more influential in building societal resilience.** Private sector can ensure that infrastructure and public utilities, such as roads, energy supply, water systems and telecommunications, are built to high standards, are risk-proof and located away from hazard-prone locations. With their on-the-ground networks, expertise and ability to swiftly adapt and innovate, companies can play an integral role in ensuring that lives and assets are saved, and that nations are able to recover from shocks more rapidly. More importantly, they can also help to avoid market disruption due to conflict or disaster. The operational framework is provided as Figure i.

Figure i: Operational Framework





**CBi TURKEY IS STARTING ITS JOURNEY TO BUILD A RESILIENT BUSINESS COMMUNITY AND CONTRIBUTE TO A MORE RESILIENT SOCIETY. THIS LANDSCAPE REPORT PROVIDES THE KNOWLEDGE FOUNDATION TO GUIDE ITS FIRST STEPS.**

CBi Turkey aims first and foremost to develop a set of unique solutions to build resilience, both for the Turkish private sector and for the community at large. To do so, CBi Turkey will devise solutions that can be categorized as one of the following:

- **Self-help:** where businesses take action regarding their own facilities, assets and/or supply chains.
- **Mutual help:** where business networks and associations offer services and facilitate resilience & recovery activities using either economy of scale or political leveraging power
- **Public assistance:** where either businesses or business networks and associations contribute to humanitarian efforts (response), socio-economic recovery, and/or physical reconstruction to communities around them.

CBi Turkey will leverage the mature networking culture of Turkey's private sector and the emerging social entrepreneurship as a new type of network, which combines innovation and social benefit, relevant to both complex emergencies and natural disasters. A set of interviews, literature reviews, surveys, focus groups and in-depth analysis has led the to the identification of several strategic entry points for CBi Turkey to get started:

# 1

**Build organization and operational capacity within TURKONFED so it can lead the member federations, associations and businesses by example.** Suggested activities include:

- **Scenarios:** assess potential business impact for the Istanbul earthquake scenario; work with insurance companies and universities (and collect existing work) to assess potential business impact from various hazards.
- **Damage and need assessment:** join the government and/or local authorities in damage and need assessment mission; develop easy to use tools to assess business impact; learn from other networks about their capacities and tools.
- **Decision-making:** include sustainability and resilience metrics into business plans, strategies and investment planning of TURKONFED.
- **Self-assessment tool:** develop an easy to use, comprehensive tool/survey that allows business networks and associations to assess their resilience; do the same for priority target groups identified under "common impact".



## 2

**Leverage collaboration and partnership of CBI Turkey, including lobbying, a strong area of expertise of TURKONFED.** Suggested activities include:

- **Stronger ties with the Government:** ensure the private sector is better defined within the National Response Plan and municipal response plans; develop Memorandum of Understanding for provision of emergency supplies and humanitarian goods; and participate to simulation exercises and drills.
- **Strategic partnerships:** recruit key companies (e.g. critical infrastructure operators, utility companies, and large supply-chains) as members and form industry specific working groups, and explore collaboration with international companies committed to relevant topics (e.g. Tent Foundations).
- **Value proposition:** develop material and examples to demonstrate the value of building resilience to the full range of companies.
- **Lobbying:** work with the Government on incentives for businesses to do Business Continuity Plans and build resilience through the value chains.
- **Success stories:** identify and promote success stories and best practices, and organize a regular “Private Sector Champion” award to create role models.

## 3

**Strengthen business recovery capacity, particularly for natural hazards and climate change.** Suggested activities include:

- **Recovery toolkit:** develop self-help tools (e.g. damage assessment form, to do list for crisis management and recovery process, and list of available resources).
- **Financial mechanisms:** explore opportunities for new recovery financial mechanisms, develop a catalog of best practices from around the world.
- **Advisory services:** provide managerial and technical guidance to affected business requesting support, explore feasibility of establishing a call-center (hotline) for businesses in cases of emergencies.
- **Trainings:** offer trainings for members on emergency operations (e.g. search and rescue, first aid, and evacuation), crisis management and business recovery.
- **Information:** establish clear, regular communication channels with members to share knowledge, inform of imminent hazards, and communicate during a crisis.
- **Innovative solutions:** explore ways to partner with novel solution providers such as Turkcell which developed a flying base stations called Dronecell,<sup>(9)</sup> to be deployed during disasters and other emergency situations to facilitate mobile communication and internet access.

(9) TURKCELL, “Turkcell’den Türkiye’nin ilk uçan baz istasyonu Dronecell” accessed on January 21, 2019, <https://www.turkcell.com.tr/dronecell>

## 4

### Facilitate business engagement in the current complex emergency, with a focus on economic cohesion (or livelihood recovery).

Suggested activities include:

- **Raise awareness:**  
share information and experience with businesses to better understand what a protracted crisis is, what it means to be a refugee and their needs, thus help counter the existing lack of reliable information that leads to misinformed perception and attitudes.
- **Explore new markets:**  
conduct market studies on access to new markets in mainly Arabic-speaking countries which formerly traded closely with Syria; establish new relations with their counterparts in these new markets by leveraging Syrian presence in Turkey; assess the Syrian population as a niche customer base.
- **Trainings:**  
build expertise to design and offer vocational, language training and skills building programs in line with market demands, industrial strategies and development plans of Turkey.
- **Job matching:**  
partner with RIZK<sup>(10)</sup> and United Work<sup>(11)</sup> to improve the capacity of ISKUR to create labor market profiling among Syrians and conduct regular job matching activities.
- **Improved work environment:**  
acknowledge the vulnerability of Syrian employees' mental health (e.g. depression) and increase efforts for SMEs and business owners to be invested in the mental well-being of all employees, develop interventions that nurture empathy and social bonding in the workplace to create a safe work environment between Turkish and Syrian employees.

## 5

### Achieve collective impact by targeting priority groups and firms. Suggested activities are:

- **Critical infrastructure:**  
work with companies that manage assets in transport (e.g. ports and airports) and energy (e.g. power plants and distribution companies) to reduce domino and cascading impact; expand on other sectors (e.g. health, water, and food) gradually identifying their critical assets.
- **Lifeline utilities:**  
conduct similar work but at city level, engaging with lifeline utility (e.g. energy, transport, water, sanitation, waste, and communication) service providers (municipality or private) to ensure continuity of service.
- **Supply chains:**  
build on the growing resource efficiency drive (which serves the climate resilience objective) through supply chains to broaden the scope of hazard and include business continuity measures.
- **Insurances:**  
partner with leading insurance companies with business coverage to improve understanding of risk and insurance policies, expand insurance coverage and develop and market new products (e.g. parametric insurances), lobby for better insurance services to SMEs.
- **Economic zones:**  
engage with organized industrial zones, shopping malls, technoparks and university campuses (where most technoparks are located and also the future workforce is) for resilience activities and transition to eco industrial parks.

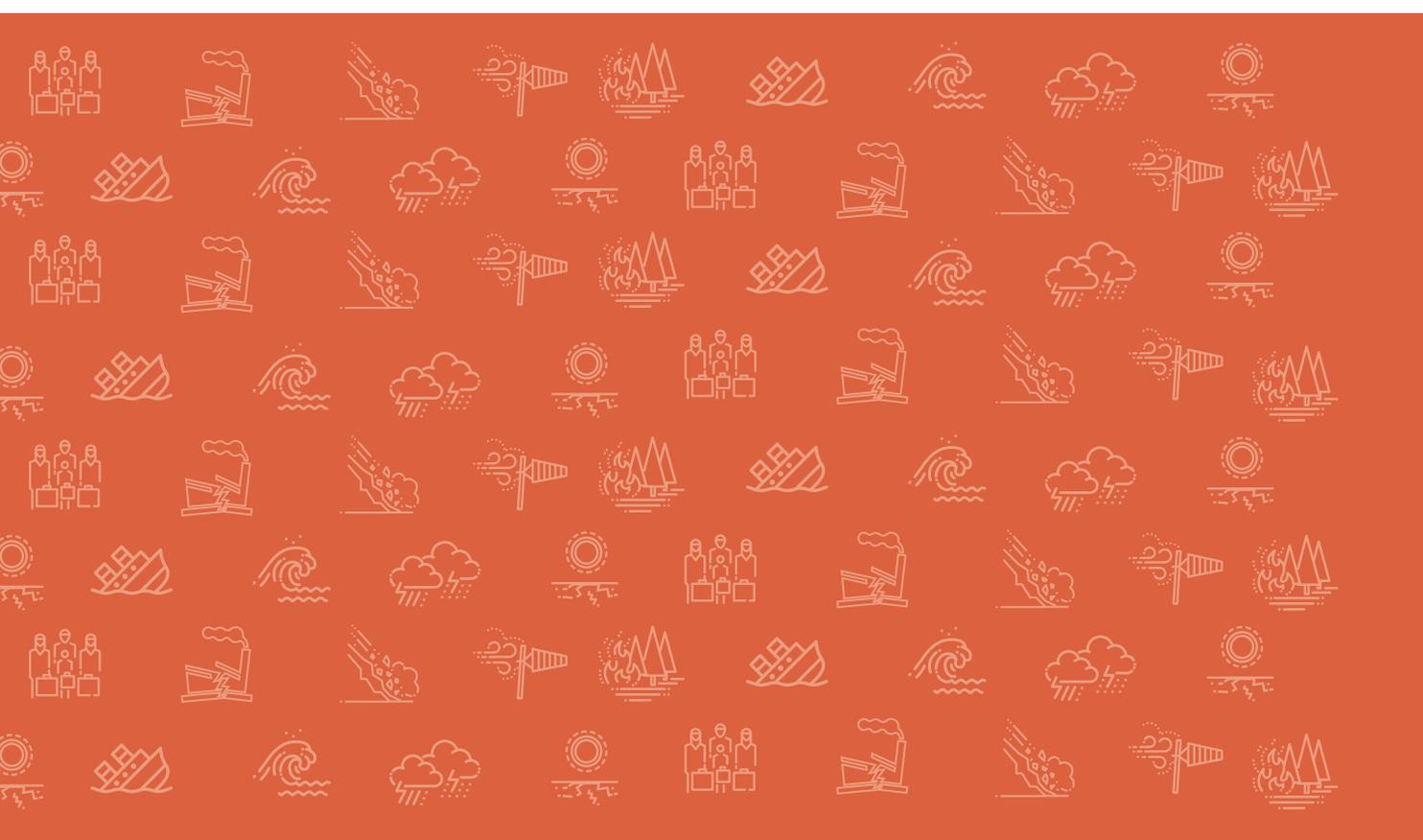
(10) RIZK for Professional Development, accessed on January 31, 2019, <http://tr.syrianforum.org/institutions.html>

(11) About United Work, accessed on January 31, 2019, <http://unitedwork.com.tr/about-us/>





# INTRODUCTION





# 1. INTRODUCTION

## 1.1 Why CBI in Turkey?

**Turkey is a developing country sitting on the crossroads of continents, as such it has both strong internal dynamics, which require unique solutions, and is also closely linked to regional and global dynamics, which create a market for these solutions.**

In the last 100 years, the country shifted from imperial ruling to democracy, the population grew five times and became mostly urban, and the economy transitioned from agriculture and commerce to industry and services. These internal transformational changes coincide with a turbulent global and regional period, marked by wars, liberalization, construction boom and mass population movements. Today's Turkey has rapidly growing cities, is a geostrategic hub for energy and logistics, and a vibrant regional economic power. As it was historically, it remains a key transition route and destination for migrants from central Asia, the Middle East and Sub-Saharan Africa. Understanding the risk drivers of Turkey requires a system perspective, a look at the components which makes up the country and their relationships, both among themselves and with their surroundings.

**The business environment of Turkey is directly affected by the country's dynamic risk profile.**

Traditionally known as a seismic country, Turkey is facing a growing variety of nature and human induced disasters. While earthquakes remain the most fatal and destructive source of hazard for singular events, climatic disasters are getting more frequent and more intense. 2018 is the year with the highest number of hydro-meteorological disasters in Turkey, at 840 events. <sup>(1)</sup> Floods, storms and hails stand out as being more frequent and more severe.

**Since 2015, Turkey is also the global lead in hosting refugees.** Man-made crises such as those witnessed in Syria and Iraq cause mass population movements.

In fact, Syrian Crisis is the worst displacement crisis since the Second World War. Today there is an estimated population of over 4 million refugees in Turkey, out of which 3.6 million came from Syria. <sup>(2)</sup> While a more detailed country risk profile is provided in the latter section, here is an overview of key events that occurred during the preparation of this report (June 2018 to February 2019), illustrating the wide scope of risks the private sector has to deal with on a daily basis. The list of recent events shows strong similarity with the World Economic Forum's (WEF) 2018 Global Risks Report (Figure 1).

- In June 2018, Turkey transitioned into from a parliamentary system to a presidential system. As a result, the central government institutions is restructured and their roles and responsibilities redefined. National laws and regulations are still being adapted to the new system.
- By August 2018, Turkish lira has depreciated about 40% against the USD since the beginning of the year <sup>(3)</sup> and in October, the inflation rate soared up to 25%. <sup>(4)</sup> This has been especially detrimental for businesses, as they had mostly relied on foreign-currency debt in the past years. Over 800 firms applied for bankruptcy. <sup>(5)</sup>
- In August 2018, torrential rains and resulting floods and landslides damaged transportation infrastructure, buildings, and hazelnut production industries in Ordu and neighboring cities. <sup>(6)</sup>
- In September 2018, tropical storm Zorba was set to become Turkey's first since the establishment

(1) MGM, 2018 yılı İklim Değerlendirmesi, 2019.

(2) UNHCR Refugees Operational Portal, "Syria Regional Refugee Response," last modified January 17, 2019, <https://data2.unhcr.org/en/situations/syria/location/113>

(3) Brown, Randy, "Why Turkey's Crisis Won't Cause An Emerging Market Crash," August 27, 2018, <https://www.forbes.com/sites/andybrown/2018/08/27/why-turkeys-crisis-wont-cause-an-emerging-market-crash/#5a43c56118b>

(4) TÜİK, "Tüketici Fiyat Endeksi, Ekim 2018," November 5, 2018, <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=27767>

(5) The Economist, "Turkey is still on the brink of a recession," January 3, 2019, <https://www.economist.com/europe/2019/01/05/turkey-is-still-on-the-brink-of-a-recession>

of the republic. The storm changed course at the last minute, bringing only heavy rainfall on Turkey's Aegean coast.<sup>(7)</sup>

- In November 2018, Bodrum experienced flash floods twice in 10 days, affecting many small businesses, mostly due to poorly designed drainage infrastructure.<sup>(8)</sup>
- In mid-December 2018, in Diyarbakir, heavy rainfall burst a floodgate of Kral Kizi Dam on Tigris River, and affected residents along the river's floodplain and flooded UNESCO heritage site, Hevsel Gardens<sup>(9)</sup>
- During this period registered Syrian refugees in Turkey increased by 0.6 million to 3.6 million people, 45% of which are children below age 18.<sup>(10)</sup>
- In late December 2018, floods caused by heavy rainfall have affected refugee camps and displaced thousands of refugees at Syria border.<sup>(11)</sup>
- In January 2019, heavy rainfall across the country cause floods in multiple cities. In Mersin 3,000 ha agricultural lands and 70% of Manisa Plain have flooded.<sup>(12)</sup>
- In late January 2019, tornadoes and storms affected Antalya, killing two and injuring many. A tornado went through the airport and damaged airplanes; urban transportation and energy infrastructure were also damaged. Agriculture fields, businesses and homes were destroyed.<sup>(13)</sup>
- In early February, an 8-storey high building in Istanbul collapsed, killing 21 people and injuring 14. The cause was determined to be malpractice

during the construction, including use of inadequate construction materials and incoherence between submitted design for approval and as-built project.<sup>(14)</sup>

### Enhancing private sector's resilience is key for enhancing coping capacities of communities and creating new markets.

Global risks have untapped business potential which may generate new products and services and contribute to competitiveness of businesses and the county. In Turkey, following the Syrian Crisis, over 7,000 businesses were established with Syrian capital, contributing added value in terms of expertise and workforce. A 2013 report written by IFC and EBRD looking at climate change adaptation in Turkey estimated a potential market of USD 22 billion in three priority sectors: housing, agriculture and food industry.<sup>(15)</sup> Private sector can ensure that infrastructure and public utilities, such as roads, energy supply, water systems and telecommunications, are built to high standards, are risk-proof and located away from hazard-prone locations. With their on-the-ground networks, expertise and ability to swiftly adapt and innovate, companies can play an important role in ensuring that lives and assets are saved, and that nations are able to recover from shocks more rapidly. Especially, they can help to avoid market disruption due to conflict or disaster.

(6) Anadolu Agency, "Ordu'nun ilçelerini sel vurdu," August 8, 2018, <https://www.aa.com.tr/tr/gunun-basliklari/ordunun-ilcelerini-sel-vurdu/1225684>

Anadolu Agency, "Ordu'daki selden dolayı fındık için bin 226 ihbar alındı," August 10, 2018, <https://www.aa.com.tr/tr/turkiye/ordudaki-selden-dolayi-findik-icin-bin-226-ihbar-almindi/1227505>

Anadolu Agency, "Ordu'daki sel felaketinin ön hasar tespit çalışmaları tamamlandı," <https://www.aa.com.tr/tr/turkiye/ordudaki-sel-felaketinin-on-hasar-tespit-calismalari-tamamlandi/1231075>

(7) Hurriyet Daily News, "Tropical storm changes course on way to Turkey," September 29, 2018, <http://www.hurriyetdailynews.com/hurricane-medicane-turkey-weather-greece-zorba-137368>

(8) Al Jazeera, "Turkey: Flash floods hit Bodrum," November 30, 2018, <https://www.aljazeera.com/news/2018/11/turkey-flash-flooding-hit-bodrum-181130090018285.html>

(9) Daily Sabah, "Heavy rainfall bursts dam floodgate in Turkey's southeastern Diyarbakir," December 13, 2018,

<https://www.dailysabah.com/turkey/2018/12/13/heavy-rainfall-bursts-dam-floodgate-in-turkeys-southeastern-diyarbakir>

(10) UNHCR Refugees Operational Portal, "Syria Regional Refugee Response," last modified January 17, 2019, <https://data2.unhcr.org/en/situations/syria/location/113>

(11) Al Jazeera, "Heavy rains, floods displace thousands of refugees in Syria," December 30, 2018,

<https://www.aljazeera.com/news/2018/12/heavy-rains-floods-displace-thousands-refugees-syria-181230082910828.html>

Anadolu Agency, "Suriyede sığınmacı kamplarını vuran selde 25 bin sivil çadırsız kaldı," December 27, 2018,

<https://www.aa.com.tr/tr/dunya/suriyede-siginmaci-kamplarini-vuran-selde-25-bin-sivil-cadirsiz-kaldi/1350145>

(12) Bloomberg HT, "30 bin dönüm tarım arazisi sular altında kaldı," January 14, 2019, <https://www.bloomberght.com/tarim/haber-amp/2188696-30-bin-donum-tarim-arazisi-sular-altinda-kaldi>

(13) 24, "Antalya'daki hortumda hayatını kaybedenlerin sayısı 2'ye yükseldi," January 24, 2019, <https://t24.com.tr/haber/antalya-daki-hortumda-hayatini-kaybedenlerin-sayisi-2-ye-yukseldi.805477>

(14) BBC, "Kartal'da çöken binanın enkazı kaldırıldı: 21 kişi yaşamını yitirdi, 14 yaralı," February 10, 2019, <https://www.bbc.com/turkce/haberler-turkiye-47184664>

(15) EBRD and IFC, Climate Risk Case Study, Pilot Climate Change Adaptation Market Study: Turkey, 2013.



## 1.2. Turkey is Following the Trends: Growing Interest for Business Resilience

**Natural disasters and complex emergencies are globally identified among the primary systemic risks for businesses.** According to WEF's 2018 Global Risks Report<sup>(16)</sup>, extreme weather events, natural disasters, large-scale forced migration, failure of climate-change mitigation and adaptation are among the top high likelihood and high impact global risks (Figure 1). Past trends and future projections show an increasing pace and interconnectivity among these risks, further exacerbating pressures on global economies. In addition, current systems are deemed deficient to cope and manage these non-conventional and complex risks, which may trigger cascading effects throughout the global economy, and impact markets, supply chains and business operations.

**Worldwide, 2017 and 2018 have been respectively the second and fourth costliest years for natural disasters.** In 2017, weather-related disasters have reached record-breaking costs (approximately

USD 270 billion)<sup>(17)</sup>, and in 2018 echoes the same trend.<sup>(18)</sup> This trend corresponds with the increasing number of hydro-meteorological disasters experienced and poses a growing threat to economies and the lives of millions.

**Global refugee population has increased six years in a row in 2017.** Prolonged complex emergencies around the world have displaced an additional 2.9 million out of their countries, reaching a total of 25.4 million by the end of 2017. When internally displaced people and asylum-seekers are also included the total adds up to 68.5 million displaced people. The influx of displacements exceed returns and other solutions, thus displaced populations continue to grow. Turkey has been hosting the largest number of refugees (3.6 million in 2018), while refugee population in Lebanon is the highest relative to the national population (1 in 6). Responding to such large refugee populations for extended (and undefined) periods create acute strain on capacities and resources of host countries, many of which are already tackling their own barriers to sustainable development.<sup>(19)</sup>



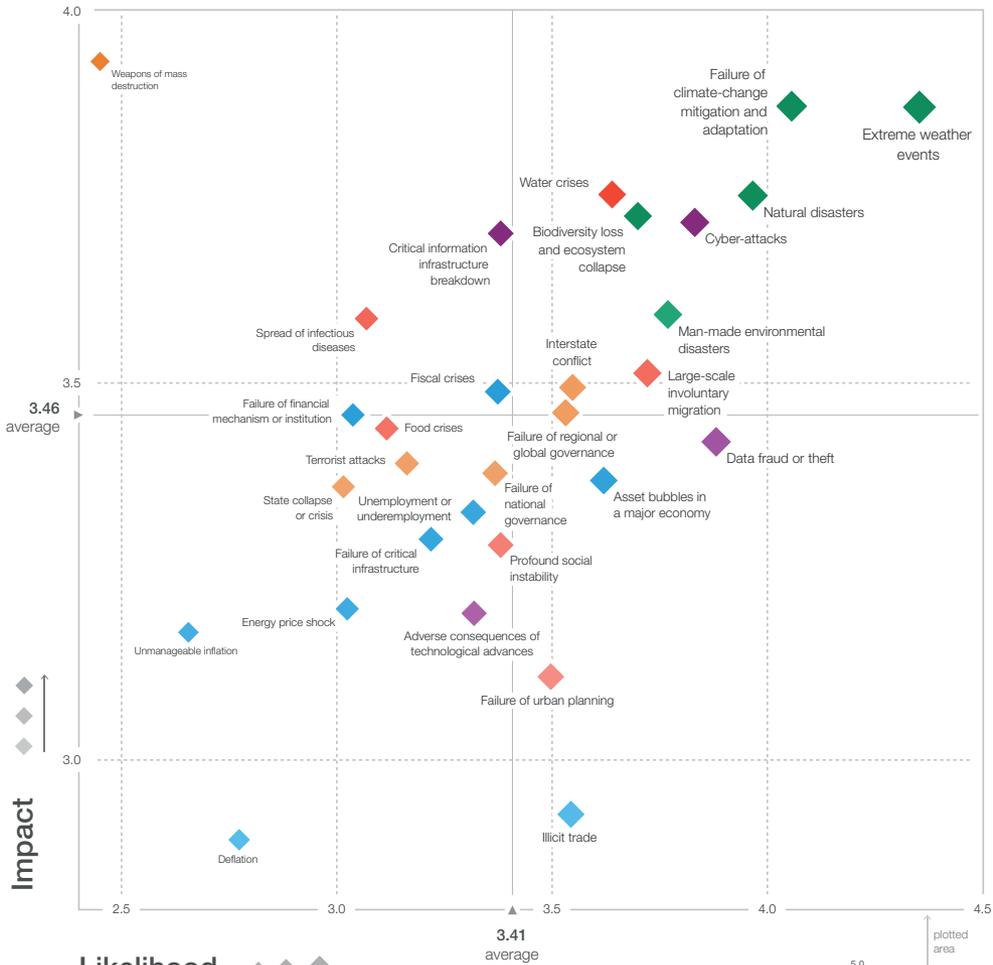
(16) WEF, The Global Risks Report 2018, 2018.

(17) Löw, Petra, "Hurricanes cause record losses in 2017 - The year in figures," Munich RE, January 4, 2018, <https://www.munichre.com/topics-online/en/climate-change-and-natural-disasters/natural-disasters/2017-year-in-figures.html>

(18) Löw, Petra, "The natural disasters of 2018 in figures," Munich RE, January 8, 2019, <https://www.munichre.com/topics-online/en/climate-change-and-natural-disasters/natural-disasters/the-natural-disasters-of-2018-in-figures.html>

(19) UNHCR, "Global Trends: Forced Displacement in 2017," 2017.

Figure 1. WEF Global Risks Landscape 2018 (WEF 2018)



**Likelihood**



Top 10 risks in terms of

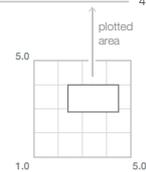
**Likelihood**

- 1 Extreme weather events
- 2 Failure of climate-change mitigation and adaptation
- 3 Natural disasters
- 4 Data fraud or theft
- 5 Cyber-attacks
- 6 Man-made environmental disasters
- 7 Large-scale involuntary migration
- 8 Biodiversity loss and ecosystem collapse
- 9 Water crises
- 10 Asset bubbles in a major economy

Top 10 risks in terms of

**Impact**

- 1 Weapons of mass destruction
- 2 Failure of climate-change mitigation and adaptation
- 3 Extreme weather events
- 4 Water crises
- 5 Natural disasters
- 6 Biodiversity loss and ecosystem collapse
- 7 Cyber-attacks
- 8 Critical information infrastructure breakdown
- 9 Man-made environmental disasters
- 10 Spread of infectious diseases



**Categories**

- ◆ Economic
- ◆ Environmental
- ◆ Geopolitical
- ◆ Societal
- ◆ Technological



**Disasters often exacerbate the vulnerabilities at risk populations.** Over the past 30 years, more than 2.5 million people and almost USD 4 trillion have been lost to man-made disasters and hazards such as earthquakes, cyclones, volcanic eruptions, floods and droughts. In many cases, complex emergencies are triggered by conflicts and disasters associated with natural hazards. Humanitarian needs reached USD 135.7 million by end of 2017, while humanitarian funding requirements peaked at USD 23.5 billion. Complex emergencies and disasters challenge the achievement of Sustainable Development Goals, by displacing populations and pushing them into poverty. The World Bank reports that extreme natural disasters pushes around 26 million people into poverty each year, and climate change can push an additional 100 million people into poverty by 2030<sup>(20)</sup>. The New Climate Economy report claims that continuing on a business-as-usual growth path could create over 140 million climate migrants by 2050.<sup>(21)</sup>

**The private sector is also profoundly affected either by the immediate functional damages or long-term performance losses of continuing stresses and small-scale frequent disasters.** From major global businesses to micro-, small- and medium-sized enterprises and local producers, economic losses from disasters are a threat to business continuity and sustainability. Natural disasters such as earthquakes and extreme weather events usually create immediate operational disruptions by damaging facilities, transportation or utility infrastructures, and impacting livelihood and safety of employees. Allianz Risk Barometer<sup>(22)</sup> has identified business interruptions as the top risk for businesses for seven years straight. Like WEF report, Allianz's report also highlights natural catastrophes and climate change among the top business risks, causing damages and further disrupting businesses. The Economist Intelligence Unit reports that up to 30% of the world's total stock of manageable assets (USD 43 trillion) may be at risk due to climate change impacts.<sup>(23)</sup>

**Private sector often fails to fully assess scale and impact of climate risks on their businesses, thus is unable to create adaptive solutions.**

A global study<sup>(24)</sup>, which assessed over 1,600 corporate adaptation strategies, discovered that most businesses acknowledge climate risks, yet drastically underestimate their magnitude. While the projected risks are in trillions, reported risks are only in tens of billions. There is a lack of substantial analysis and data on cost of inaction, return of investment and cost-effectiveness of different options to guide private sector to make informed decisions. Firms consider climate risks to be linear, thus try to manage risks in their supply chains and adjust operations within their managerial comfort zone; however, climate change is a complex phenomenon with potential 'tipping points' that may have abrupt effects on businesses. Thus experts suggest that businesses should seek after radical and innovative solutions which also considers changes in consumption patterns and the societal impacts of adaptation maneuvers (e.g. relocating).

**Private sector perception about resilience is changing: it is shaping up and shifting towards "shared responsibility."** EA survey conducted among 248 executives at companies around the world by the Economist Intelligence Unit<sup>(25)</sup>, captured that private sector's approach to resilience has shifted beyond perceiving it as a reputational benefit towards seeing resilience related investments and strategic partnerships as a key to long-term competitiveness and success. Therefore, firms are increasingly moving away from only focusing on their own operational resilience and expecting public sector to shouldering the burden of enhancing urban climate resilience, and towards investing also in the resilience of their markets and supply chains. Initiatives such as Task Force on Climate-Related Financial Disclosures aim to help private sector make informed investment decisions that reply on quality data and evaluation of their own risks.<sup>(26)</sup>

(20) The World Bank, "Climate Change: Overview," last updated on October 02, 2018, <https://www.worldbank.org/en/topic/climatechange/overview>

(21) The New Climate Economy, The 2018 Report of the Global Commission on the Economy and Climate, August 2018

(22) Allianz, Allianz Risk Barometer: Top Business Risks for 2019, January 2019.

(23) The Economist Intelligence Unit, The Cost of Inaction: Recognizing the value at risk from climate change, 2015.

(24) Goldstein, Allie, Will R. Turner, Jillian Gladstone, and David G. Hole, "The private sector's climate change risk and adaptation blind spots," Nature Climate Change Vol. 9, (January 2019), p. 18–25.

(25) The Economist Intelligence Unit, "Building climate change resilience in cities - The private sector's role," 2014.

(26) Task Force on Climate-Related Financial Disclosures, "About," accessed on January 24, 2018, <https://www.tcfid.org/about/>

### 1.3. Added Value of CBI Network

**Connecting Business initiative (CBI) aims to transform the way the private sector engages before, during and after emergencies, increasing the scale and effectiveness of the response in a coordinated manner.** CBI was launched at the World Humanitarian Summit in May 2016 and takes forward the Summit outcomes, as well as the 2030 Development Agenda and the Sendai Framework for Disaster Risk Reduction. It is also aligned with the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. It is demand-driven, responds to needs on the ground and puts affected

individuals and communities at the center. Conventionally, governments maintain the overall responsibility for responding to humanitarian emergencies; however, experience shows that local communities and private sector networks also play crucial roles in disaster risk reduction, emergency preparedness, response and recovery. CBI provides a mechanism that enables the private sector to connect and engage with international crisis management structures, such as the United Nations system, national governments and civil society, in a coordinated manner. As a result, active and resilient national and local businesses decrease the vulnerability of at-risk communities and ensure more efficient and timely local response and recovery.



#### **CBI Vision**

Coordinated business engagement and multi-stakeholder partnerships between international organizations, governments, civil society and the private sector in disaster risk reduction, emergency preparedness, response and recovery create more resilience at societal and sectoral level and increase local capacity.



#### **CBI Mission**

To facilitate access to and use of resources, networks, mechanisms and tools that will enable businesses to contribute to effective disaster risk reduction, emergency preparedness, response and recovery via a global coordination architecture that connects them to each other and to other actors.



#### **CBI Outcome**

Strengthened scale and effectiveness of a response and improved resilience of societies, sectors and businesses.



#### **CBI Output**

**Output 1:** Strategic engagement of the private sector in disaster risk reduction, emergency preparedness, response and recovery at societal, sectoral and company level is strengthened.  
**Output 2:** Private sector networks and platforms are connected with country-based structures.



**CBi is a private sector driven and UN-supported initiative which operates through CBi Member Networks.** The United Nations Development Programme (UNDP) and the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) provide operational and technical support to CBi, and the United Nations Office for Disaster Risk Reduction (UNISDR) provides technical advice on disaster risk reduction. The initiative is operated by a secretariat and governed by an Executive Committee. The Secretariat supports private sector networks, namely CBi Member Networks. Currently there are 13 such private sector networks that are implementing agreed work plans: Côte d'Ivoire, East Africa, Fiji, Haiti, Madagascar, Mexico, Myanmar, Nigeria, Pacific, the Philippines, Sri Lanka, Turkey and Vanuatu. CBi Secretariat has also recently launched pilot work on complex emergencies, working with 3 member networks (Turkey, Côte d'Ivoire and East Africa). This landscape assessment will thus cover both complex emergencies and natural disasters.

#### 1.4. About TURKONFED and UNDP Partnership

**CBi Turkey is born out of the collaboration between TURKONFED and UNDP, building on their respective strengths and aligned with the national development and economic growth agenda.** CBi Turkey is hosted in the Turkish Enterprise and Business Confederation (TURKONFED), which is the largest small and medium-sized enterprises (SME) federation in the country that independently and voluntarily brings together business people from all over the country. UNDP and TURKONFED have a collaboration spanning several initiatives: (i) I Can Manage My Business and (ii) Business for Goals. "I Can Manage My Business" initiative is implemented jointly by UNDP and TURKONFED with the financial support of 27 Turkish banks that represent VISA and aims to enhance the potentials of SMEs. The project is a comprehensive program that targets development of abilities, knowledge,

approach and trust of SMEs for developing financial discipline and digital literacy, gaining access to new markets, and improving their sustainability. "Business for Goals" platform is established to become a leading research and solution center aiming to enhance the commitment of the private sector in Turkey towards the SDGs. This platform will support the private sector through strategy creation and policymaking, data-based research, learning opportunities and technical assistance services.

**TURKONFED is an independent, voluntary based, business association aiming to guide development-focused policy-making, improve national competitiveness, promote growth of SMEs, and balance development differences across Turkey.** Established in 2004, TURKONFED encountered high interest and grew quickly to its current structure of 26 regional and 3 sector specific federation, 251 associations (and with 39 business woman associations) and a membership base of 25,000 business people and more than 40,000 SMEs. Together, they are worth USD 300 billion and account for 7 million jobs and 60% of the added value (energy excluded). TURKONFED is creating added value for its members and the society at large through: (i) publication of 40 analytical reports with a strong influence rate on public policies, (ii) realization of 36 projects and 65 summit and council meetings, and (iii) publication of "TURKONFED BIZ", a quarterly magazine with 5,000 printed copies and 14,000 online subscribers.

**Figure 2:** TURKONFED's growth in the last 10 years



UNDP Turkey works with a similar focus to TURKONFED's vision and also benefits from the Istanbul International Centre for Private Sector in Development (IICPSD). UNDP Turkey has 3 portfolios offering significant experience:

- **the Inclusive and Sustainable Growth portfolio**, aims to address structural issues critical to national competitiveness (and in disadvantaged regions), paying full attention to inclusiveness and sustainability. Its ongoing projects include: (a) engineer girls, (b) Kars Ardahan Artvin Development, (c) sustainable tourism and (d) integrated resource efficiency;
- **the Climate change and Environment portfolio**, aims to ensure participatory environmental governance and sustainable use of ecosystem services. Its ongoing projects include: (a) waste management, (b) sustainable forest management, (c) climate change adaptation for cities and national reporting, and (d) efficient electric motors for SMEs; and.
- **the Regional Refugee and Resilience Plan (3RP)** combines humanitarian and development resources to support the implementation of nationally-owned response plans for Egypt, Iraq, Jordan, Lebanon and Turkey. The 3RP supports the coordination and monitoring of the regional response as well as funding commitments. UNDP coordinates the 3RP with UNHCR, regionally as well as at country level, including Turkey.

In Turkey UNDP leads the livelihoods sector and is a core partner in the basic needs, protection and food security sectors. Supports for both labor and supply side of the labor market, that includes multi-partners but common targets, aim to ameliorate livelihoods and employment opportunities. Finally, IICPSD supports the private sector and foundations to become transformative partners in development through research, advocacy for inclusive business, facilitation of public-private dialogue and multi stakeholder-partnerships. Established in 2011 in partnership with the Government of Turkey, the Center delivers policy advisory and technical services in four thematic areas: Inclusive Business; Private Sector Engagement in Skills Development; Impact Investing; and Resilience and Crisis Response.

## 1.5. Key Themes for Building Resilience in Turkey

The first document highlighting the priority themes and area of work of TURKONFED is its 2018-2021 strategic plan, which states the following: (i) strengthen the institutional capacity of the federations, associations and member businesses, (ii) improve competitiveness and work for Turkey to become one of the largest 10 economies in the world, (iii) ensure inclusiveness through policies aiming to reduce regional inequalities, (iv) "Think of the Small Ones (i.e. SMEs) First", build capacity for technology, quality, sustainability among the family SMEs making up the core of the economy, and (v) promote public policies to ensure participation of women in business and politics. The second source of priorities is found in the analytical reports produced by TURKONFED:

- **The middle income and middle democracy trap** holds that the economy and democracy balance is indispensable in designing economic policies and look for solutions to improve both economic and democratic indices.
- **Regional competitiveness** compares all 81 provinces based on the regional competitiveness index TURKONFED has developed.
- **City-regions**, focuses on the globalization and national dynamics have led to fast and widespread urbanization, changing the spatial distribution of production and bringing new dynamics within cities, between cities and between cities and central governments.
- **Women employment**, focuses on improving social security, informal employment, taxation and local policies to support sustainable women employment.
- **Digital economy**, explores ways to improve the use of technology among traditional SMEs and provides a road map to bridge the digital divide per sector.





# METHODOLOGY





## 2. METHODOLOGY

### 2.1. Scope and Priorities

**This report aims to provide a landscape assessment for the establishment of a CBI Network in Turkey.**

The framework for establishing a CBI Network has the following 4-steps listed below. The CBI Network in Turkey is in nascent state, thus this assessment is conducted to map the current stakeholder landscape and capacities.

- **Step 1. Understand the Field** The framework for establishing a CBI Network has the following 4-steps listed below. The CBI Network in Turkey is in nascent state, thus this assessment is conducted to map the current stakeholder landscape and capacities.
- **Step 2. Landscape Context** assesses existing disaster risk management (DRM) landscape, its actors and private sector engagement in order to identify roles and gaps.
- **Step 3. Establish Network Model** determines hosting arrangements, operating structure, legal requirements, initial funding, and membership characteristics suitable for the local context.
- **Step 4. Determine Initial Activities** identifies priority activities to ensure early success, which will be updated and revised on an ongoing basis to maintain their success.

Steps 3 and 4 will both occur after Step 1 and Step 2, but may proceed in parallel or at different speeds, depending on the needs of the country.

**The foci of this report are complex emergencies and natural disasters.** As reports produced by WEF and the Economist present, extreme weather events, natural disasters, climate change, and involuntary migration are only some of the top concerns for businesses. Issues ranging from political instability to social injustice, from cyber-security to man-made disasters are also among leading concerns. However, the mandate of the CBI in Turkey limits the scope

of this report to the former set of issues mentioned above. The report will encompass extreme weather events and climate change under the scope of natural disasters, where relevant. Meanwhile, complex emergencies will primarily focus on the refugee crisis triggered by the Syrian Conflict.

### 2.2. Terminology

**The terminology between complex emergencies and natural disasters shows some differences, and both are mostly new for the private sector.** To establish a common foundation for the readers, the relevant definitions of from UN organizations (i.e. UNISDR, UNFCCC, and IPCC) for these concepts are provided below:

- **Climate change** refers to a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.<sup>(27)</sup>
- **Complex emergency** is a disaster that can result from several different hazards or, more often, to a complex combination of both natural and man-made causes and different causes of vulnerability. Food insecurity, epidemics, conflicts and displaced populations are examples. Such “complex emergencies” are typically characterized by: (i) extensive violence and loss of life; (ii) displacements of populations; (iii) widespread damage to societies and economies; (iv) the need for large-scale, multi-faceted humanitarian assistance; (v) the hindrance or prevention of humanitarian assistance by political and military constraints; and (vi) significant security risks for humanitarian relief workers in some areas.<sup>(28)</sup> The report notes other, similar definitions exist on the term by UNHCR<sup>(29)</sup> and WHO<sup>(30)</sup>

(27) IPCC, “Glossary,” in Special Report: Global Warming of 1.5°C, <https://www.ipcc.ch/sr15/chapter/glossary/>

(28) IFRC, “Complex/manmade hazards: complex emergencies,” accessed on January 30, 2019, <https://www.ifrc.org/en/what-we-do/disaster-management/about-disasters/definition-of-hazard/complex-emergencies/>

(29) UNHCR, “Coordination in Complex Emergencies,” September 1, 2001, <https://www.unhcr.org/partners/partners/3ba88e7c6/coordination-complex-emergencies.html>

(30) WHO, “Complex Emergencies,” accessed on January 27, 2019, [https://www.who.int/environmental\\_health\\_emergencies/complex\\_emergencies/en/](https://www.who.int/environmental_health_emergencies/complex_emergencies/en/)

- **Coping capacity** is the ability of people, organizations and systems, using available skills and resources, to manage adverse conditions, risk or disasters.<sup>(31)</sup>
- **Critical infrastructures** are the physical structures, facilities, networks and other assets which provide services that are essential to the social and economic functioning of a community or society.<sup>(32)</sup>
- **Disaster** is a serious disruption of the functioning of a community or a society at any scale due to hazardous events interacting with conditions of exposure, vulnerability and capacity, leading to one or more of the following: human, material, economic and environmental losses and impacts.<sup>(33)</sup>
- **Disaster risk management (DRM)** is the application of disaster risk reduction policies and strategies to prevent new disaster risk, reduce existing disaster risk and manage residual risk, contributing to the strengthening of resilience and reduction of disaster losses.<sup>(34)</sup>
- **Extreme weather events** are an events that are rare at a particular place and time of year. Definitions of rare vary, but an extreme weather event would normally be as rare as or rarer than the 10th or 90th percentile of a probability density function estimated from observations. By definition, the characteristics of what is called extreme weather may vary from place to place in an absolute sense.<sup>(35)</sup>
- **Hazard** is a process, phenomenon or human activity that may cause loss of life, injury or other health impacts, property damage, social and economic disruption or environmental degradation<sup>(36)</sup>
- **Migrant** describes any person who moves, usually across an international border, to join family members already abroad, to search for a livelihood, to escape a natural disaster, or for a range of other purposes.<sup>(37)</sup>
- **Refugee** is a person who have fled war, violence, conflict or persecution and have crossed an international border to find safety in another country. Refugees are defined and protected in international law. The 1951 Refugee Convention defines a refugee as: “someone who is unable or unwilling to return to their country of origin owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group, or political opinion.”<sup>(38)</sup>



## Refugee definition in Turkey

The 1951 UN Refugee Convention had a geographic limitation, which acknowledged only individuals coming from Europe as “refugees.” Today, although many countries have lifted this limitation, Turkey is one of the few that has not. Therefore, under the Turkish legal system Syrian refugees are identified as “individuals under temporary protection.” However, for the purposes of this report, the term “refugee will be used to describe Syrians who fled to Turkey.

(31) UNISDR, “Terminology,” last modified on February 2, 2017, <https://www.unisdr.org/we/inform/terminology> (32, 33, 34) Ibid.

(35) IPCC, “Glossary,” in Special Report: Global Warming of 1.5°C, <https://www.ipcc.ch/sr15/chapter/glossary/>

(36) UNISDR, “Terminology,” last modified on February 2, 2017, <https://www.unisdr.org/we/inform/terminology>

(37) UNHCR Emergency Handbook, “Migrant Definition,” accessed on January 17, 2019, <https://emergency.unhcr.org/entry/250459/migrant-definition>

(38) UNHCR, “What is a refugee?,” accessed on January 29, 2019, <https://www.unhcr.org/what-is-a-refugee.html>



- **Resilience** is the ability of a system, community, society or an individual exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management.<sup>(39)</sup>
- **Risk** is the potential loss of life, injury, or destroyed or damaged assets which could occur to a system, society or a community in a specific period of time, determined probabilistically as a function of hazard, exposure, vulnerability and capacity.<sup>(40)</sup>
- **Vulnerability** is the conditions determined by physical, social, economic and environmental factors or processes which increase the susceptibility of an individual, a community, assets or systems to the impacts of hazards.<sup>(41)</sup>

### 2.3. Method

**The landscape assessment is a result of a parallel work of two teams working directly with TURKONFED to cover the complex emergencies and the natural hazards.** The UNDP Syria Crisis Response and Resilience Program has led the process regarding complex emergencies (referred as workstream 1 in the Terms of References). Their methodology included:

- 1 survey among TURKONFED member companies to which 288 firms responded.
- 7 focus groups conducted by UNDP and TURKONFED with different sector representatives
- 70 bilateral interviews with business owners in 4 cities (Istanbul, Ankara, Gaziantep and Konya).
- A comprehensive desktop review conducted to gather existing studies and work

The UNDP Climate Change and Environment team has led the process regarding natural hazards (referred as workstream 2 in the Terms of References). Their methodology included:

- 12 in-depth interviews with business leaders from the TURKONFED network.
- Interviews with the Geneva Secretariat and 2 fellow CBI networks (Philippines and Sri Lanka)
- An ongoing comprehensive desktop review on recent events and their impact.

**The elaboration of the landscape assessment report was closely linked to ongoing TURKONFED and UNDP operations and agenda.** As such, during the same period, the CBI Turkey team directly contributed to the elaboration of the CBI Guidance toolkit for private sector networks in manmade disasters, including complex emergencies. To this end, the team organized a workshop hosted by TURKONFED and gathering the head of Disaster and Emergency Management Authority (AFAD), representatives of the private sector and civil society to discuss the impact of the complex emergencies on the private sector, and CBI Turkey Team provided guidance and feedback to the team in charge of developing the toolkit.

**The CBI Turkey platform was officially launched on November 17, 2018, during the annual TURKONFED summit.** UNDP Turkey Country Director and TURKONFED Board President signed the Memorandum of Understanding officially establishing the platform. TURKONFED and UNDP teams jointly prepared communication strategy and media material and held a breakfast for journalist. The media report identifies 9 published articles and 35 online articles, with an estimated target audience over 4 million readers.

### 2.4. Operational and Strategic Framework

**CBI Turkey aims first and foremost to develop a set of unique solutions to build resilience, both for the Turkish private sector and for the community at large.** Well aware of the unique profile of Turkey, both in terms of risk and also political and socio-economic, the aim is to address the changing risk profile, and devise solutions to be implemented in 3 stages: before, during, or after an event, in terms of natural disasters and

(39)UNISDR, "Terminology," last modified on February 2, 2017, <https://www.unisdr.org/we/inform/terminology>  
(40, 41) Ibid.

complex emergencies. The activities of CBi Turkey, like other CBi members will target 3 audiences: businesses, business networks and associations, and the public at large. To do so, CBi Turkey will devise solutions that can be categorized as one of the following:

- **Self-help:** where businesses take action regarding their own facilities, assets and/or supply chains.
- **Mutual help:** where business networks and associations offer services and facilitate resilience & recovery activities using either economy of scale or political leveraging power.
- **Public assistance:** where either businesses or business networks and associations contribute to humanitarian efforts (response), socio-economic recovery, and/or physical reconstruction to communities around them.

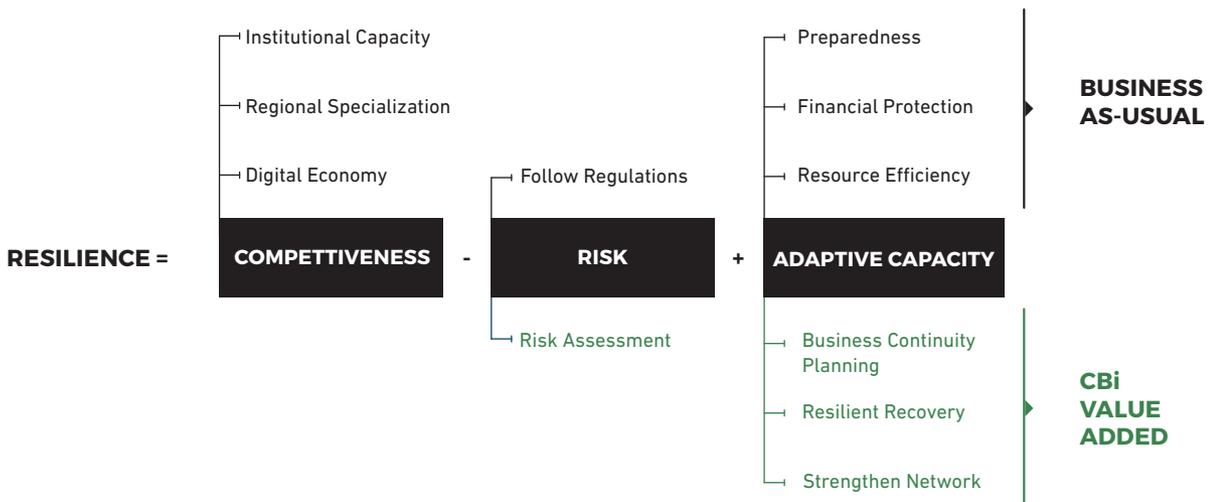
**From a business perspective, resilience is strongly correlated with competitiveness, and is therefore related with their core business management.**

As indicated earlier, resilience is: "The ability of a system, community or society exposed to hazards to resist, absorb, accommodate to and recover from the

effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions." The connection between resilience and competitiveness is illustrated in Figure 3, where performance related activities refer to daily management and operation of businesses, risk related activities refer to understanding of risk and risk management (e.g. risk assessment, land use planning, safe design, and facility retrofitting) and adaptive capacity related activities refer to measures such as resource efficiency, insurance purchase, business continuity plans, training and drills that will minimize downtime and performance losses. CBi Turkey takes note of the existing body of work on resilience, which points to several parameters:

- **Chronic stress or acute shock:** chronic stress refer to short or long-term, low intensity events or conditions such as aging infrastructure, change in mean climate patterns, migration. Acute shock refer to sudden, high intensity events with negative consequences (e.g. earthquake, flood, and hail).
- **Open or close system:** while most businesses are closed systems (their business model is built

Figure 3: Operational Framework





around a single/set of product/service with little room for change), national and global economies operate as open systems (with greater flexibility on what to produce where and when).

- **Innovation and co-creation:** as we relate to core business management, resilience aims also to develop new business opportunities. CBI network members have created new products and services.

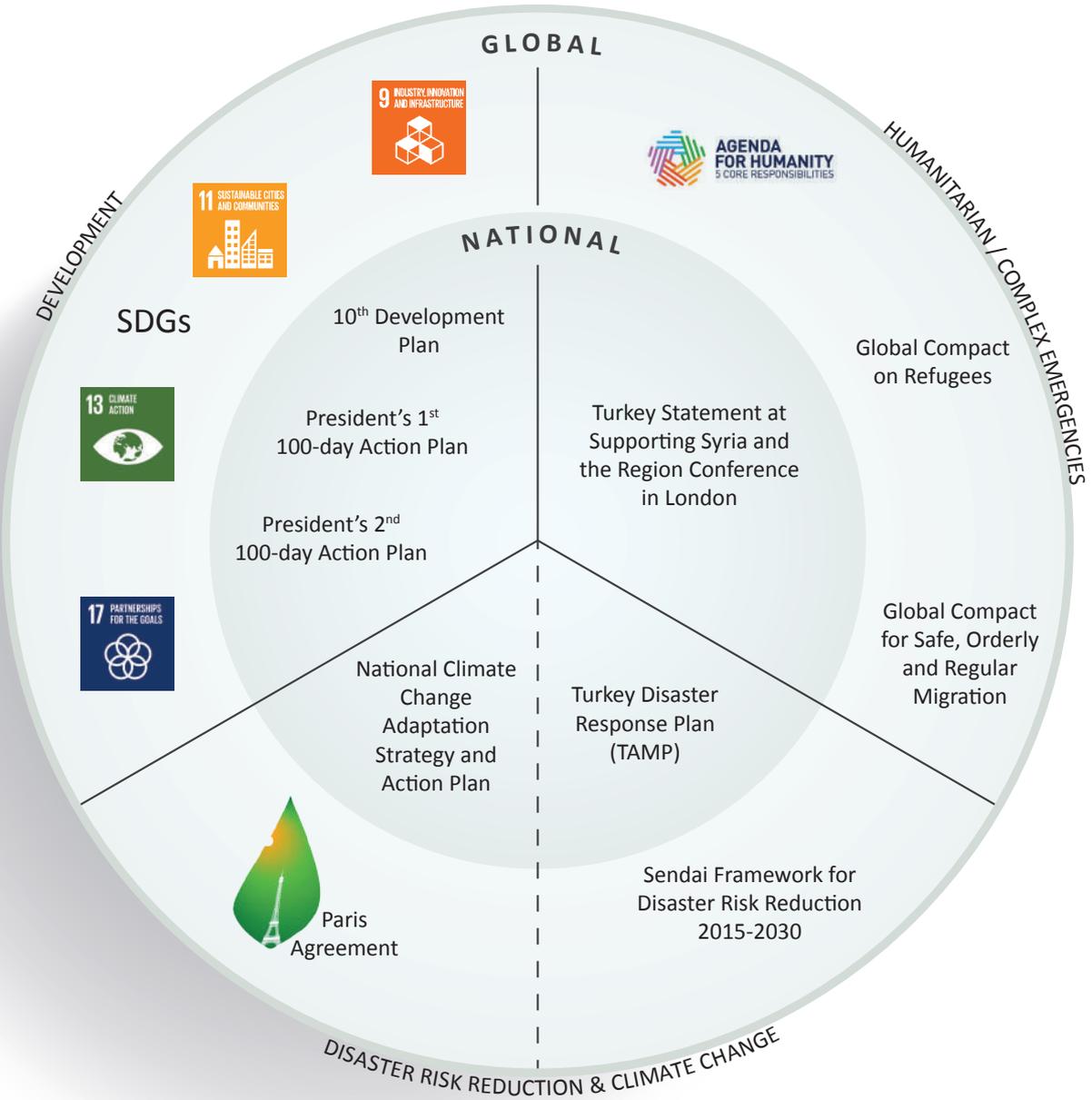
**In terms of strategy, the mandate of CBI Turkey is aligned with several strategic framework, both global and national.** As such, activities undertaken by the platform will contribute to the achievement of several strategic objectives. There are 4 main strategic dimensions that CBI Turkey can relate with:

- **Development:** At global level, there are the Sustainable Development Goals of 2015-2030, and at national level, the 10th National Development Plan, and two consecutive 100-days plans of the current Government. (Detailed sectoral strategies, such as agriculture, manufacturing, etc. can also be further investigated)
- **Humanitarian:** At global level, the Global Compact on Refugees, the World Humanitarian

Summit outcome (Agenda for Humanity), and the Sustaining Peace Agenda are main documents. At national level, there is no particular strategy document on the topic. A series of declarations, such as the 2016 London Conference Turkey Statement can be taken as reference. Above all else, Regional Refugee and Resilience Plan (3RP) is the regional framework leading all humanitarian actions towards overcoming the long-lasting regional displacement.

- **Disaster Risk Reduction:** At global level, the Sendai Framework for Disaster Risk Reduction 2015-2030 and the Paris Agreement on Climate Change are reviewed. At national level, the elaboration of the national Disaster Risk Reduction Strategy was in progress in time of the writing of this report. On climate change, the National Adaptation Strategy and Action Plan (2011) is a key reference.
- **Institutional:** At global level, UNDP's strategic document which identifies six signature solutions and OCHA's 2018-2021 strategic plan state as objective "Transformed coordination of a more efficient and tailored humanitarian response". At national level, the 2018-2021 strategic plan of TURKONFED and UNDP are the primary references.

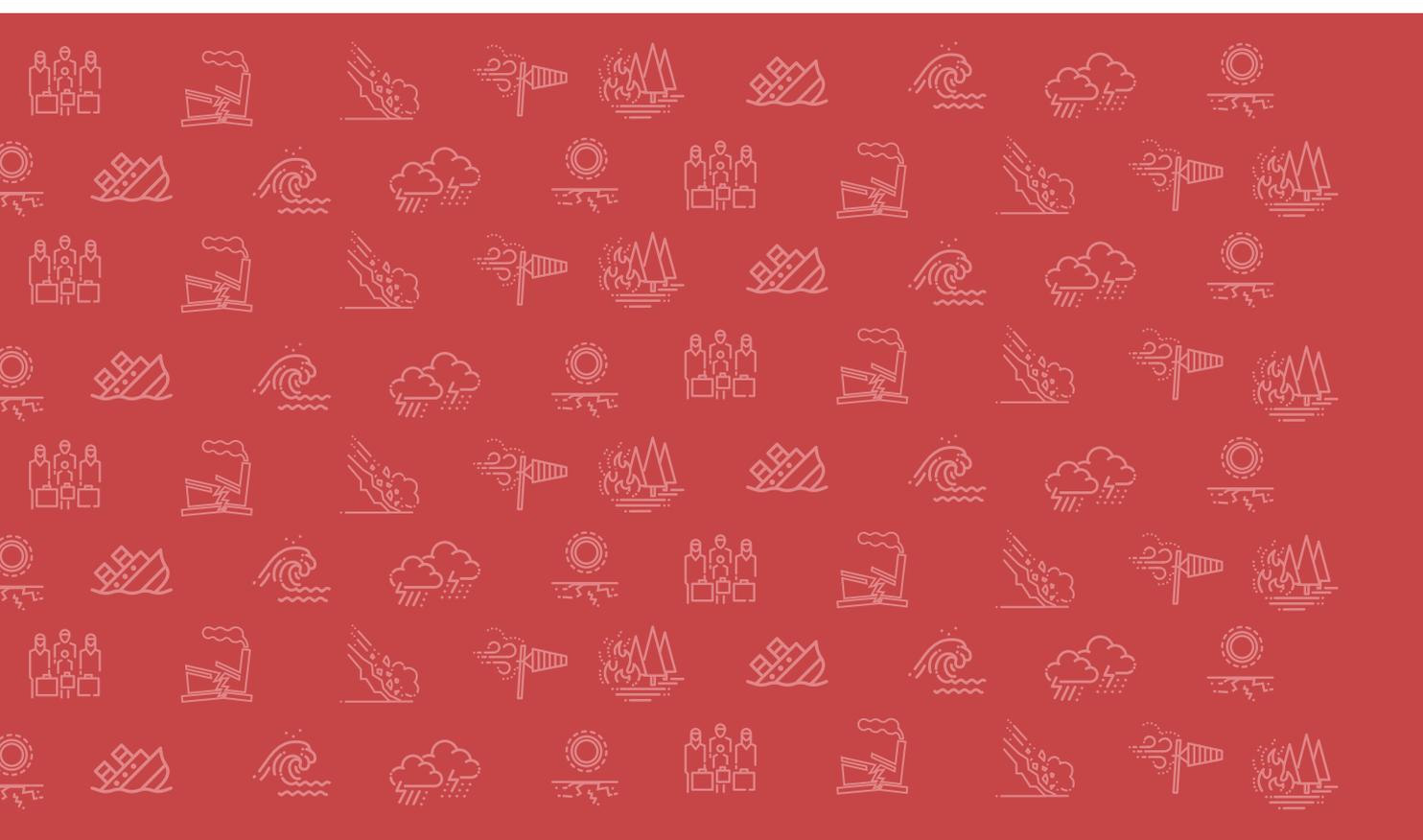
Figure 4: Strategic Framework







# COUNTRY RISK PROFILE





## 3. COUNTRY RISK PROFILE

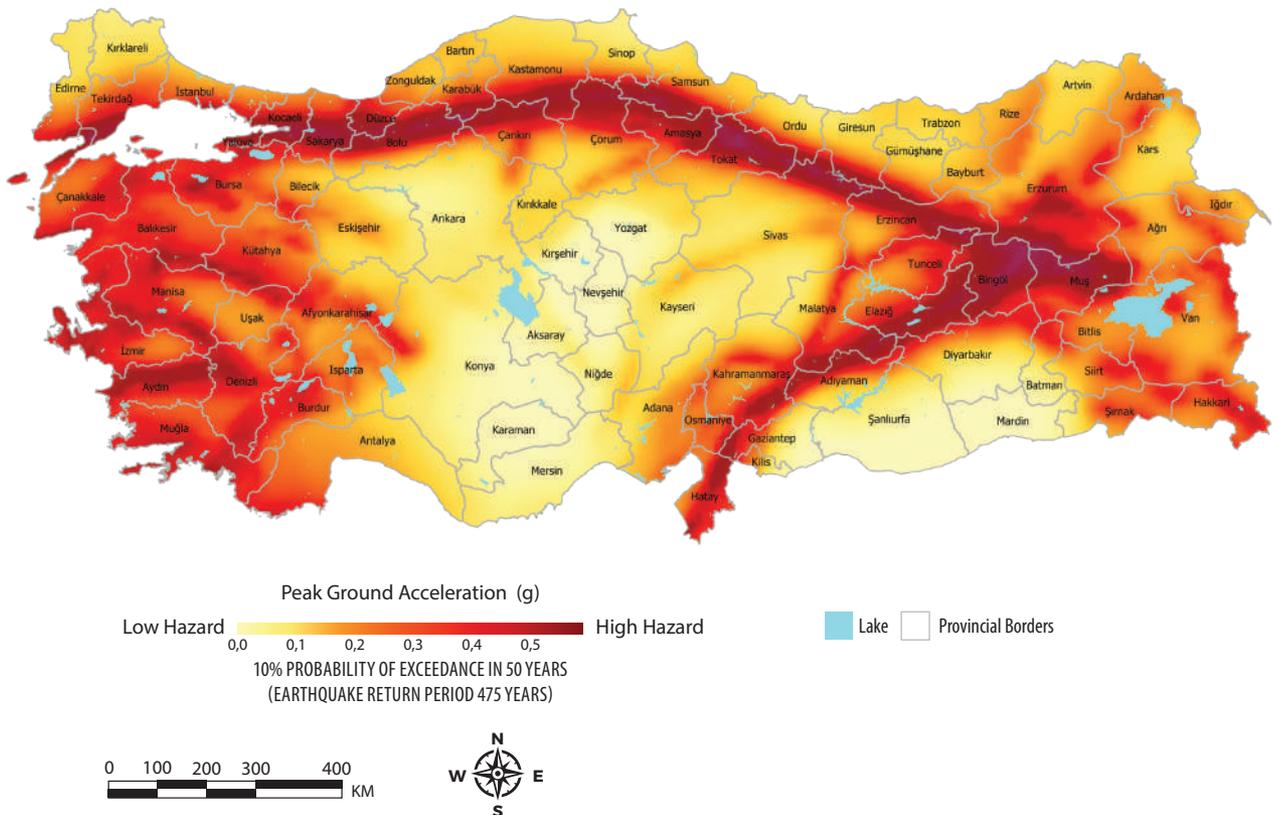
### 3.1. Country Hazard Profile

**Turkey is a disaster-prone country. More than 95% of the country lies in one of the most active earthquake and landslide regions in the world.**

Landslides and floods exacerbated by deforestation, avalanches and technological disasters are among the risks that the country faces. Three different major fault systems tectonically control Anatolia from east to west and 70% of the population lives in areas

(mostly urban) highly exposed to earthquakes (Figure 5). It took years for communities and businesses to recover from the major earthquakes experienced in the last century, namely 1939 Erzincan Earthquake, 1943 Ladik (Samsun) Earthquake, 1976 Muradiye (Van) Earthquake, 1999 Marmara Earthquake, and 2011 Van Earthquake (Table 1).<sup>(42)</sup> These major events have triggered establishment of new regulations that facilitate preparedness, and risk reduction and recovery mechanisms (e.g. insurances, tax cuts).

**Figure 5:** Turkey Earthquake Hazard Map (AFAD 2018)



(42) Bogazici University Kandilli Observatory and Earthquake Research Institute, "Buyuk Depremler," accessed on January 28, 2019, <http://www.koeri.boun.edu.tr/sismo/2/deprem-bilgileri/buyuk-depremler/>

**Table 1:** Major earthquakes in the last century (Kandilli Observatory and Earthquake Research Institute)

Date	Location	Magnitude	Death Toll	Buildings Damaged
27.12.1939	Erzincan	7.9	32.968	11.6720
27.11.1943	Ladik, Samsun	7.2	4.000	40.000
01.02.1944	Gerede-Cerkes, Bolu	7.2	3.959	20.865
18.03.1953	Yenice, Canakkale	7.2	265	6.750
28.03.1970	Gediz, Kutahya	7.2	1.086	19.291
24.11.1976	Muradiye, Van	7.5	3.840	9.232
17.08.1999	Golcuk, Kocaeli (Marmara)	7.8	17.480	73.342
12.11.1999	Duzce	7.5	763	35.519
23.10.2011	Van	7.2	644	17.005

**Beyond seismic risk, climatic risks are also increasing.** Turkish State Meteorological Service (MGM)<sup>(43)</sup> reports annual climate related disasters averaged 100 in the period between 1940 and 2000. This annual average steadily rose to 200 then 300 during the 2000-2010 decade. And in 2018, there were 840 climate related disasters, the highest value since the early 1900s, following 2015 (731) and 2016 (654) and 2017 (598) (Figure 6). The main events are flood, storms and hails. In 2017 and 2018, the most impacted regions were: Istanbul, Kahramanmaras,

Antalya, Balikesir, Mersin, Ordu and Şanlıurfa (Figure 7). The port cities of Istanbul and Izmir are of particular concern. According to a 2016 study by the Basque Centre for Climate Change,<sup>(44)</sup> where 15 coastal cities in Europe have been evaluated, Istanbul and Izmir were found as the first and third most vulnerable cities to climate change (Table 2). Although these are merely projections, the study hints to Turkey's vulnerability to climate change impacts which may hinder economic growth and sustainable development.

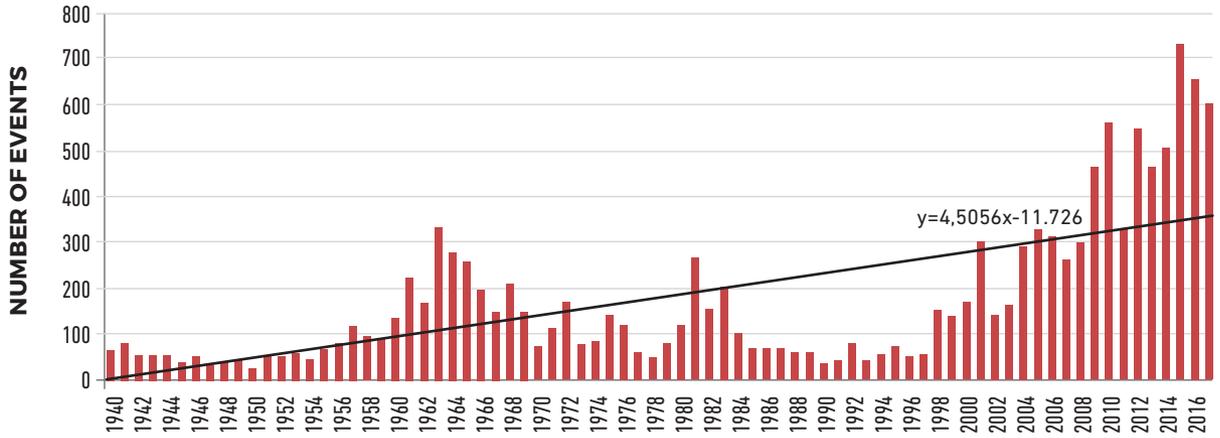


(43) MGM, Türkiye'de 2017 Yılında Meydana Gelen Meteorolojik Karakterli Doğal Afetlerin Kısa Değerlendirmesi, 2018.

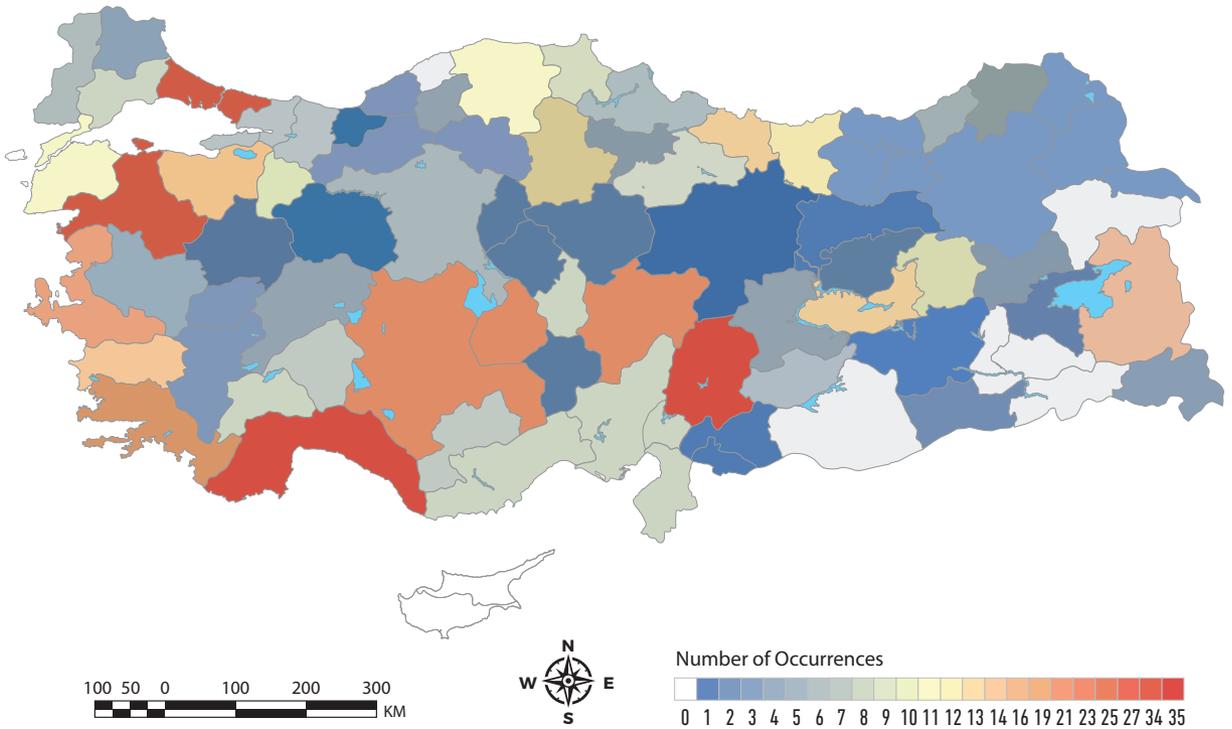
(44) Abadie, L. M., E. Sainz de Murieta ve I. Galarraga, "Climate Risk Assessment under Uncertainty: An Application to Main European Coastal Cities." *Frontiers in Marine Science* 3: 265 (2016).



**Figure 6:** Climate related disaster numbers over the years (MGM 2018)



**Figure 7:** Regions most affected by climate related disasters in 2017 (MGM 2018)



**Table 2:** Europe's most vulnerable cities to climate change (Abadaie et al. 2016)

City	Annual average losses (million US\$)			
	2030	2050	2070	2100
Istanbul	201	1.400	3.837	9.806
Odessa	116	836	2.432	6.577
Izmir	132	915	2.442	5.746
Rotterdam	237	1.219	2.716	5.511
St. Petersburg	106	577	1.435	3.274
Lisbon	65	354	862	1.891
Glasgow	30	218	631	1.558
Dublin	48	272	681	1.504
Marseille	13	101	318	810
Barcelona	18	124	339	797
Hamburg	68	221	422	775
London	56	190	375	703
Amsterdam	39	137	275	523
Porto	19	87	210	460
Copenhagen	22	81	176	368
Napoli	10	52	128	290
Stockholm	-	0,6	5	91
Athens	-	0,5	3	86
Helsinki	3	8	19	53
<b>Total loss</b>	<b>1.181</b>	<b>8.842</b>	<b>19.376</b>	<b>42.924</b>





## A focus on Istanbul

**Istanbul is the heartland of Turkey's economy and is increasingly prone to business disruptions.**

The city accounts for 28 % of the country's GDP and generates 38 % of the national industrial output and 44 % of its tax income. The city is also and is the main import-export hub of the country (52% of export in 2017, totaling USD 82 billion and 57% of imports in 2017, totaling USD 135 billion)<sup>[1]</sup>. 34% of the national production uses services or goods produced in Istanbul. The city's critical role within the supply chain increases even further considering its strategic location and its aspiration to become a regional hub in industrial production. But the city is also prone to natural hazards and is facing significant challenges due to climatic changes. Strengthening the capacity for business continuity is thus critical both at city, national and global level.

**While the city expects a worst-case scenario earthquake of 7.5 in the coming decades, it is confronted by climate related disaster on a regular basis.**<sup>[2]</sup> Consecutive storms and floods in 2016, 2017 and 2018 in Istanbul have caused great impact on lifeline utilities and showed their vulnerability. Likewise, the fall of a crane in the port of Haydarpasa and other critical infrastructure failure hint to major problems in the sector of logistics. Interviews with Allianz and Anadolu insurance companies indicate that the most hit assets are houses, cars and businesses. Both companies emphasized the high dependency of SMEs on cars and road transport, and the link between car and businesses. (Backlogs of several months were registered for car repair after the 2017 summer floods and hail). As shown in Figure 8, the economic losses from sea level rise and storm surges could lead to 200 million dollars annually until 2030 and will increase up to USD 10 billion annually by 2100.

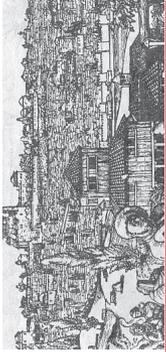
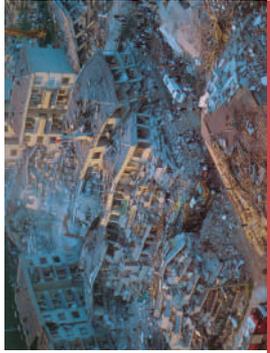
[1] TUIK

[2] Erdik, M., Earthquake risk and its mitigation in Istanbul, Bosphorus University, 2013

[3] Bosphorus University, Earthquake Risk Assessment for Industrial Facilities in Istanbul (supported by Munich-Re Group), 2004

[4] Istanbul Industry Chamber, 500 Largest Industrial Production Companies in Turkey, 2014

**Figure 8:** Snapshot of historic disasters in Istanbul (Istanbul Metropolitan Municipality 2018)

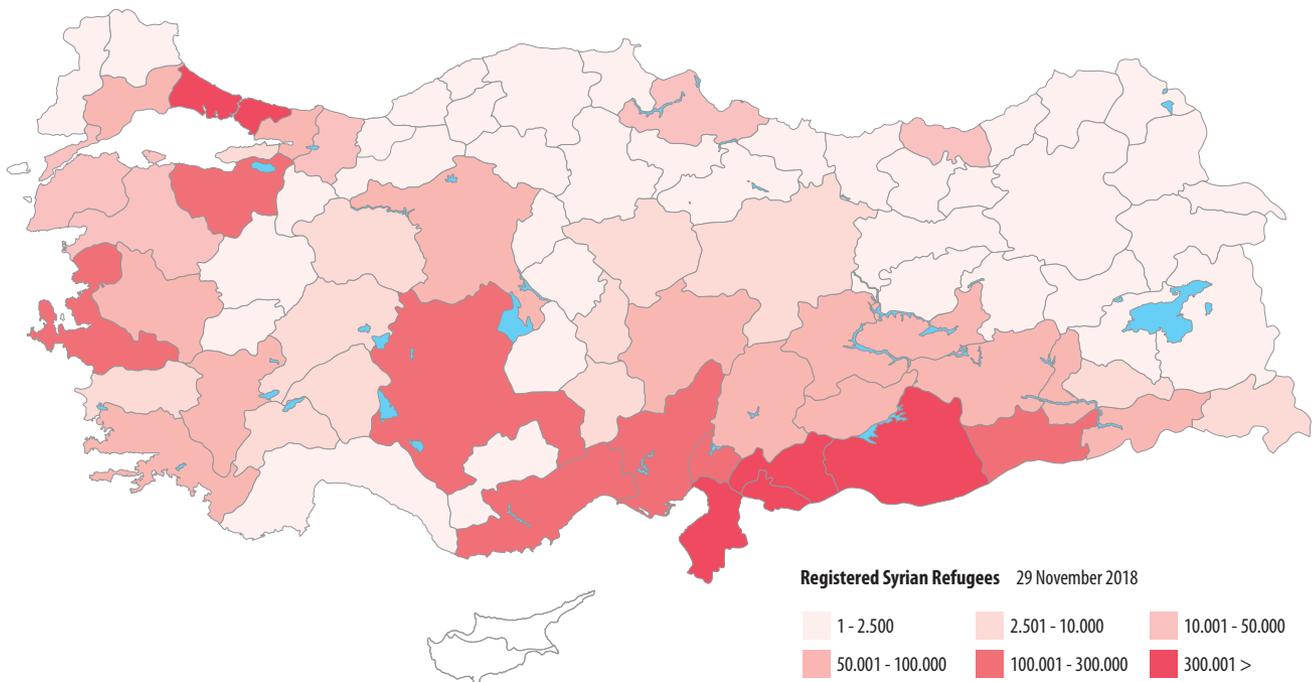
342	Earthquake (first entry)	<b>1509 Earthquake</b>	After the earthquake that happened on 15 September 1509, also known as "The Lesser Judgment Day", Istanbul took great damage. It is estimated that 5-10 thousand lives were lost. Rebuilding and renovation of the city began with 3,000 craftsmen and 66,000 workers gathered, and all repairs in the city were completed within 10 months (June 1510).		In order to minimize the risk of fire in the high density and high reputation areas, the city was divided into two regions: main and secondary. The construction of wooden buildings in the main regions was totally banned, while in the secondary areas fire walls were made between wooden buildings. In addition, masonry buildings have been encouraged by granting higher elevations than wooden constructions. The 1870 Fire led to the establishment of Fire and Rescue Services in 1874, the development of fire insurance and therefore the preparation of Istanbul Fire Risk Maps.
433	Fire	<b>1870 Fire</b>	The fire in Beyoğlu in 1870 destroyed an area of fifty hectares, demolished about 3,000 buildings and affected about thirty thousand people.		
447	Earthquake	<b>1569 Fire</b>	30,000 houses burnt in 1569. Thus the public was obligated to take measures against fire. Among these measures were possession of water barrels and the first response obligation of home owners and neighbors in case of a fire. Besides, Head Architect Sinan was regarded responsible for confirming that the builders were competent.		
465	Fire	<b>1999 Earthquake</b>	The Marmara (Gölcük) Earthquake in August 17, 1999 was deeply involved in the memory of Istanbulites. This earthquake has been instrumental in updating the earthquake regulations for buildings in 2007 and for starting awareness activities at urban scale. In addition, urban transformation projects continue to be carried out, especially in fragile regions, for the renewal of the building infrastructure under risk.		
541-2	Plague Epidemic	<b>1836 Plague Epidemic</b>	Since the Byzantine period, the people of Istanbul have encountered plague epidemics many times. The last epidemic occurred in 1836, causing 25-30 thousand people to lose their lives. In this episode, the Maiden's Tower was dedicated to isolation and treating the patients. Quarantine practices at the ports and city limits and awareness raising with the bills that were handed out and published in the newspapers prevented the casualties in the following years.		
542	Earthquake	<b>1994 Drought</b>	Due to the drought that happened in 1994, water-saving measures had to be taken by the IMM. However, in September of 1994, Istanbul had water for 3 months, and the danger of drought was overcome thanks to the rainfall at the end of the year. Consequently, water infrastructure of the city has been strengthened with investments such as renewal of water lines and construction of new dams. (Kazandıere and Sazlıdere)		
558	Earthquake	<b>1918-20 Spanish Flu Epidemic</b>			
562	Drought	<b>Freezing of Bosphorus</b>			
740	Earthquake	<b>Tanker Collision</b>			
747	Plague Epidemic	<b>Independencia Tanker Accident</b>			
766	Drought	<b>Drought</b>			
869	"Great" Earthquake	<b>Gölcük (Marmara) Earthquake</b>			
927-8	Severe Winter	<b>Ayamama Creek Overflow</b>			
989	Earthquake				
1296	Earthquake				
1361-2	Plague Epidemic				
1416-7	Plague Epidemic				
1509	Earthquake				
1563	Fire				
1569	Fire				
1588	Severe Winter				
1591-2	Plague Epidemic				
1625	Plague Epidemic				
1637	Plague Epidemic				
1648	Earthquake				
1655	Plague Epidemic				
1660	Great Istanbul Fire				
1719	Earthquake				
1724	Fire				
1754	Earthquake				
1766	Earthquake				
1773-8	Plague Epidemic				
1812	Plague Epidemic				
1831	Cholera Epidemic				
1836	Plague Epidemic				
1854-6	Cholera Epidemic				
1856	Aksaray Fire				
1864	Drought				
1865	Cholera Epidemic				
1865	Hecapasa Fire				
1870	Beyoğlu Fire				
1870-2	Cholera Epidemic				
1893-4	Cholera Epidemic				
1894	Earthquake				
1908	Fatih (Çiğir district) Fire				
1910-3	Cholera Epidemic				
1911	Uzun Carsi (Aksaray) Fire				
1916	Drought				
1918	Çibali Fire				
1918-20	Spanish Flu Epidemic				
1924	Flood				
1929	Freezing of Bosphorus				
1960	Tanker Collision				
1979	Independencia Tanker Accident				
1994	Drought				
1999	Gölcük (Marmara) Earthquake				
2009	Ayamama Creek Overflow				



**Turkey has witnessed mass population movements from neighboring countries in the past, but never at this scale and pace.** Mass populations movements within the Ottoman Empire were common occurrence and several high profile events after the establishment of the republic continued this trend. The population exchange between Greece and Turkey in the 1920s, the migration of Turks from Bulgaria to Turkey, the death of Tito, the demise of USSR and various wars such as the Balkan wars, the Gulf wars and the wars in Afghanistan have led to mass movements towards Turkey. Some of the refugees stayed, some continued towards Europe or the Americas. As Turkey's economy grew, the country moved steadily from a transit to a destination country. Its policies also evolved accordingly. Today, Turkey is both a transit and a destination country hosting around 4.2 million refugees, which adds to the difficulties of developing adequate solutions. It can be assumed that Turkey will continue to be affected by environmental, social, political and economic events happening in neighboring countries.

**Since 2015, Turkey is the global lead in hosting refugees, especially from Syria.** Man-made crises such as those witnessed in Syria and Iraq cause mass population movements. In 2011, a civil unrest has triggered a civil war and continues to displace millions of Syrians. Syria's neighboring countries have received most of the refugees, whose numbers have exceeded 5.6 million. Today out of 4.2 million refugees in Turkey, 3.6 million come from Syria. Syrians were mainly located in the Southeast Anatolia region bordering Syria, but as the crisis continued, the population has expanded to other regions as well (Figure 9). Istanbul now hosts the highest number of refugees, over half a million. The ongoing complex emergency continues to bring in more refugees to the country which increases the pressures on the municipal services and infrastructure, economic inequalities, social tensions, inequalities in access to services, thus becoming a challenge for both the host communities and refugees.

**Figure 9:** Distribution of Syrian refugees across Turkish provinces (UNHCR 2018)



## 3.2. Economy Overview

### **Manufacturing, trade, transportation and tourism, and construction and real estate sectors are the backbone of Turkey's economy.**

Turkey's GDP has reached 3.7 billion TL in 2018, a 2.6% growth rate compared to 2017.<sup>(45)</sup> Service sectors make up around 70% of GDP, while industry contributes around 23% and agriculture around 7%. Manufacturing makes up 85% of GDP contributions of industry sectors (approx. 19% of total GDP). Meanwhile, among the service sectors, trade, transportation and tourism takes the lead at around 35% (25% of total), followed by education and health, construction, and real estate sectors at around 18%, 13% and 12% respectively.<sup>(46)</sup> In terms of employment, construction, agriculture, industry, and services sectors provide approximately 6.9% (2 million workers), 18.4% (5.3 million workers), 19.7% (5.7 million workers), and 54.9% (15.8 million workers) of the jobs, respectively.<sup>(47)</sup>

**Manufacturing sector focus is yet to transition to high-technology products.** Most of the sales in manufacturing sector result from intermediate products (47%), and non-durable consumer goods (24%). Hence, low and medium-low technology products make up over 70% of the total sales in manufacturing, while medium-high technology products are at 26%, and high-technology products are still around 3%.<sup>(48)</sup>

**Turkish economy is dominated by small and medium-sized enterprises (SMEs).** SMEs make up over 99% of all businesses, contribute to two thirds of employment and over half of total value added. Around 40% of SMEs operate in wholesale and retail trade. Another key sector among SMEs is manufacturing. Although manufacturing SMEs only make up around 12% of all SMEs, their contribution to the total value added is 30%.<sup>(49)</sup>

**OECD<sup>(50)</sup> and WEF<sup>(51)</sup> reports define 4 types of firms and point to downward trends in several critical areas.** According to the WEF report, Turkey has lost

ground on several competitiveness in the last 5 years: (i) competent workforce, ability to attract competent workforce and professional trainings, (ii) original production processes, innovation capacity and unique competitive advantage, (iii) ethical behavior and reporting and monitoring practices, (iv) access and penetration of global supply chains, and (v) sufficient financial services. As a result, the OECD indicates that Turkish SMEs, although dominating in numbers (and accounting for 50% of employment), rank much lower than average in terms of productivity and added-value. They also disinvest from equipment purchase, increasingly relying on unqualified workforce. The OECD uses the following categories:

- **Very small, largely informal businesses** constitute a big portion of the manufacturing sector. Most of these firms employ less than 10 people, and are older than five years. This group of businesses rely on low-skilled labor and low-technology equipment, thus have low productivity. They usually do not follow tax and financial reporting obligations. High informality limits their ability to access to finance for investments.
- **Medium-sized family firms**, as the name suggests, are owned and operated by families, and are first or second generation owners of the previously smaller businesses. Although employment number may vary significantly, they generally employ around 50-250 workers, higher-skilled than small firms. These firms exercise higher degree of formality compared to smaller firms, and tend to invest more in machinery and equipment. However, management structures based on family members hinder their financial transparency. Thus, their access to external equity financing and to professional labor markets, which can improve their investment capacities, are limited.
- **Large, stock-market listed firms** consist of multi-generation family holdings, now privatized (formerly state-owned) firms, and international firms operating in Turkey that employ over 500 workers. These corporate firms conduct

(45) TÜİK, "Dönemsel Gayrisafi Yurt İçi Hasıla, IV. Çeyrek: Ekim - Aralık, 2018", March 11, 2019, <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=30886>

(46) T.C. Cumhurbaşkanlığı Strateji ve Bütçe Başkanlığı, "Temel Ekonomik Göstergeler: Gayri Safi Yurtiçi Hasıla", accessed on January 22, 2019, <http://www.sbb.gov.tr/temel-ekonomik-gostergeler/>

(47) TÜİK, "İşgücü İstatistikleri, 2018", March 25, 2019, <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=30677>

(48) TÜİK, "Yıllık Sanayi Ürün (PRODCOM) İstatistikleri, 2017", December 24, 2018, <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=27846>

(49) European Commission, "2017 SBA Fact Sheet: Turkey", 2017.

(50) OECD, OECD Economic Surveys: Turkey 2018, July 2018.

(51) WEF, Global Competitiveness Index 2018



businesses within the formal sector, and usually have quality management and infrastructures. They employ high skilled labor, and have high productivity. They have the capacity to invest in employee training and R&D, and introduce new innovative products and services to the market.

- **Skilled Start-Ups** are an emerging group of firms that engage in sophisticated manufacturing and service activities. These firms are comparable to small firms in size, but they tend to be younger, employ high-skilled labor, experience higher growth rates, and more motivated to invest in R&D. They tend to suffer from establishing partnerships and linkages in local market, thus are pushed to seek such links through global partners.

**Turkey is a traditional, value-based society with global ambitions, where cultural values are sometimes at odd with the stated strategic priorities.**

This is why understanding these cultural values, forming the basis of most business decisions, is as important as analyzing strategic documents. There are of course laws and regulations, but they are often narrow in scope and difficult to enforce, either due to low capacity to apply and monitor them, or due to public pressure to turn a blind eye. Therefore, it is as important to analyze the value basis governing the society (as the majority of businesses are family run firms). Interviews with private sector experts pointed to the following social values:

- **Survival:** Staying in business is the first valued indicator of social and economic success. Out of the 3.3 million SMEs in the country; 65% operates between 0-5 years, 25% between 5-10 years and only 10% lasts longer than 10 years.<sup>(52)</sup> A lot of business will have signs with a "since 19xx" label as a proof of success.
- **Social status:** Providing employment and ensuring livelihood to a community member is socially highly valued. As such, many firms aim to increase their workforce and delay downsizing,

which is a major contributor to the lower than average productivity highlighted in OECD reports.

- **Power:** Another highly valued social aspect is the ability to spend (access to cash) and look different/original. While ministers in Nordic EU countries will bike or take the public transport to work, people holding power in Turkey will make lifestyle choices that stand out.
- **Growth:** Once the firm has secured its survival and its boss has acquired sufficient power and social status, the firm will now work to grow and earn money. Here again the boss will generally work both for the firm's own profit but also for the national economic prosperity.
- **Social impact:** Independent of its size, the firm's boss will contribute to social projects, either out of religious moral (obligatory alms) or to improve their social status, and oftentimes to serve both purposes.

**Regional disparities reinforce productivity and informality in the economy.** Istanbul, hosting 18% of Turkey's population, is responsible for over 28% of GDP<sup>(53)</sup> whereas, seven provinces in the east, where 20% of the population resides, contribute around 9%. This is the result of decades of policies that prioritized incentivizing economic activities in some provinces over others, which is being addressed since 2000s. In less-advanced regions, firms are usually the small and highly informal ones, which operate within low-technology and low-skilled manufacturing sectors. On the other hand, recently, many medium-sized firms that contribute to the development of these regions have emerged.<sup>(54)</sup> The government actively promote incentives to attract capital investment in less-developed regions and both TURKONFED and UNDP give it a high priority, conducting analytical work, policy lobbying and projects. Additionally, 26 Development Agencies have been established to tackle this issue, enabling development funding to be evenly distributed and to promote partnerships between public sector, private sector and NGO stakeholders.

(52) Dünya, "Afet Direnci Araştırması: KOBİ'lerin ortalama ölüm yaşı 5", August 6, 2019, <https://www.dunya.com/kobiden/afet-direnci-arastirmasi-kobilerin-ortalama-olum-yasi-5-haberi-451517>

(53) TUIK, "İl Bazında Gayrisafi Yurt İçi Hasıla, 2015-2017," January 7, 2019, <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=30888>

(54) OECD, OECD Economic Surveys: Turkey - Overview, July 2018.

### 3.3. Impact of Natural Disasters on Businesses

**The full extent of disaster impacts on businesses is rarely known, due to lack of reliable data.** According to a study conducted under Saglam KOBİ project, 80% of the SMEs which are affected by disasters go out of business, and 15% of the remaining go bankrupt within 24 months after the disaster. After a disaster, rough initial damage estimations are shared with the media but detailed damage assessment reports are not made public due to commercial sensitivity. Furthermore, these seldom capture the full economic impact, including cascading effects on businesses. Table 3 exemplifies the best reported business impacts from disasters in Turkey. Usually data agglomerates homes and businesses, which makes it challenging to extract how many businesses are impacted by any given event. Although cumulative data is available for vehicle and crop insurances, but the insurance cost of individual events are usually undocumented. Interviews with Allianz and Anadolu Insurance companies have led to following key findings:

- **Low but increasing penetration:** compared to similar economies insurance penetration in Turkey is low, the insurance market is estimated at approximately 10 billion USD (South Korea is 80 billion USD). The recent arrival of international insurance firms (e.g. Allianz, Aviva, and Aegon) is a clear sign that the market is growing. Expert estimations indicate that roughly 30% of existing SMEs have insurance policy. And only 25% of vehicles (private and commercial) are insured.
- **Priority on fire and earthquake, with an increasing awareness for climate change:** Both firms and insurance providers focus on fire and

earthquake, although most insurance policies offer a multi-hazard coverage. Insurance firms indicate that there is low knowledge on fire safety equipment or earthquake proof structural and non-structural measures among businesses.

- **High correlation between urbanization, global supply chains and insurance coverage:** when people, capital and businesses move from rural to urban, they are gradually exposed to the banking system, credit and insurance products, which are key drivers increasing insurance penetration. The same goes for companies integrating global supply chains where obligations and dependencies require them to buy insurances.
- **Insurance has a strong influence on behavior change:** businesses are interested in learning how they can decrease their risk and their premiums and insurance is seen as an effective channel to raise risk awareness and improve risk understanding and risk reduction behavior.

Besides private insurance, statistics from two public insurances are worth mentioning. Agricultural Insurance Pool (TARSİM) data shows that 75-95% of crop related insurance payments go towards damages caused by frost, hail and storms,<sup>(55)</sup> while the reporting doesn't indicate which events may have had the highest damages and where. Insurance data can only be directly linked to individual events in cases of earthquakes, but only within the scope of Turkish Natural Catastrophe Insurance Pool (DASK), because earthquake events are rarer and location-specific, thus easy to identify. However, since DASK is only for residential buildings, the data does not reflect any information on how businesses are affected.

(55) TARSİM, 2017 Faaliyet Raporu, 2017.



**Table 3: Business Impacts from Disasters in Turkey**

Case	Description	Total Economic Impact (in 2018 USD)	Impact on / Response from Private Sector (all values in 2018 USD)
2019 Floods <sup>(56)</sup>	Heavy rainfall across the country has caused flooding in various cities.	N/A	In Mersin, 3,000 ha of agricultural land for wheat, cabbage, cauliflower, pumpkin, lettuce and citrus have been affected.  In Manisa, 70% agricultural land of Manisa Plain flooded damaging barley, wheat, oat and animal forage crop.  Roads were blocked, and many farms and buildings were damaged.  The event led to an increase in consumer prices for the affected crops.
2018 Ordu Floods <sup>(57)</sup>	On 13 July and 8 August, Ordu experienced torrential rainfall which caused floods and landslides. Road, energy and water infrastructures were damaged, hazelnut trees were affected, and hundreds of homes and businesses were flooded.	USD 34 million (initial estimation)	Approximately 1,100 tons of hazelnut, which is a key export product for Turkey, were damaged or swept to the sea with floodwaters. Thus, credit debt for farmers were postponed.  264 businesses were damaged.
2017 İstanbul Hail and Flood	A hail storm struck the city, only 9 days after a flood event. The storm caused localized flooding throughout the city, injured pedestrians, damaged thousands of buildings, automobiles, and airplanes.	USD 580 million (estimated)  Insurance paid USD 290 million	The damages to cars and buildings affected businesses. Following the event, shortages for vehicle parts and equipment caused significant delays for businesses which are dependent on transportation and logistics activities for their operations.  In Haydarpaşa Port, cranes collapsed and caused fire; however, port resumed operations.
2016 Mersin Flood	Heavy rainfall caused severe disruption along the transport network: in Mersin the city and the international port were flooded.	N/A	Mersin Port is Turkey's second largest port, thus its disruption affected imports and exports to Turkish cities within a 600 km radius as well as international trade with Iraq and Syria.
2011 Van Earthquake <sup>(58)</sup>	A magnitude 7.0 earthquake struck Van, and was followed by a magnitude 5.7 aftershock. 49,000 buildings either collapsed or sustained heavy damage. There were 644 casualties, and 1,966 were wounded.	USD 3 billion (response and recovery)	14,780 businesses were damaged.  Turkish Airlines and other private sector firms supported response efforts by providing logistical support (i.e. transportation, food supply)
1999 Marmara Earthquake	A magnitude 7.5 earthquake struck Kocaeli, the industrial heart of the country neighboring Istanbul. Over 70,000 buildings collapsed, and nearly 20,000 people lost their lives. The event caused heavy economic losses. It was the first large-scale event in a modern city of Turkey and brought to light the low building construction quality, the challenges of coordination and the need for disaster financing tools.	USD 32 billion	All lifeline utilities (e.g. electricity distribution, water system) and roads were damaged. Reconstruction of the infrastructure was estimated to cost over USD 900 million <sup>(59)</sup> Over 30,000 businesses were damaged. <sup>(60)</sup>  The damage to private sector was estimated to be around USD 1.7 to 6.8 billion. <sup>(61)</sup> For manufacturing sector, damages were mostly in equipment, machinery and buildings, totaling approximately USD 2.3 billion. Total productivity loss was estimated as USD 1.2 billion. <sup>(62)</sup>  The earthquake triggered a fire at TUPRAS refinery, causing USD 170 million structural damage, USD 51 million operational loss, and USD 840 million production loss, and an additional cumulative production and sales loss of USD 842 million. <sup>(63)</sup> The restoration and oil-spill clean-up cost another USD 87 million, 95% of which was covered by insurance. <sup>(64)</sup>

(56) Bloomberg HT, "30 bin dönüm tarım arazisi sular altında kaldı," January 14, 2019, <https://www.bloomberght.com/tarim/haber-amp/2188696-30-bin-donum-tarim-arazisi-sular-altinda-kaldi>

(57) HaberTürk, "Ordu'da yaşanan sel faciasının bilançosu açıklandı," August 14, 2018, <https://www.haberturk.com/ordu-da-yasanan-sel-faciasinin-bilancosu-aciklandi-2103415>

CNNTürk, "Ordu'daki sel felaketinin bilançosu açıklandı," August 14, 2018, <https://www.cnnturk.com/turkiye/ordudaki-sel-felaketinin-bilancosu-aciklandi-tam-bin-100-ton>

(58) AFAD, Müdahale, İyileştirme ve Sosyoekonomik Açından 2011 Van Depremi, 2014.

(59) OECD, Economic Effects of the 1999 Turkish Earthquakes: An Interim Report, Haziran 2000.

(60) Özmen, Bülent. "17 Ağustos 1999 İzmit Körfezi Depremi'nin Hasar Durumu (Rakamsal Veriler)," Türkiye Deprem Vakfı, Nisan 2000.

(61) OECD, Economic Effects of the 1999 Turkish Earthquakes: An Interim Report, Haziran 2000. (62) Ibid.

(63) Devlet Planlama Teşkilatı, (1999), "Deprem'in Multemel Ekonomik ve Sosyal Etkileri," Eylül 1999, [http://www.spo.org.tr/resimler/ekler/aa1883c6411f787\\_ek.pdf?tipi=58&amp;urlu=Xe&amp;sube=0](http://www.spo.org.tr/resimler/ekler/aa1883c6411f787_ek.pdf?tipi=58&amp;urlu=Xe&amp;sube=0)

(64) Danış, H. ve M. Görgün, "Marmara earthquake and TUPRAS fire" in Proceedings of Earthquake Symposium) Kocaeli 2005, Kocaeli, Türkiye, 23–25 Mart 2005, 1362–1369, erişim adresi:

[http://kocaeli2007.kocaeli.edu.tr/kocaeli2005/deprem\\_sempozyumu\\_kocaeli\\_2005/7\\_deprem\\_ve\\_cesvrele\\_etkileri/d\\_45\\_depremler\\_olusan\\_cesvre\\_sorunlari/marmara\\_depremi\\_ve\\_tupras\\_yangini.pdf](http://kocaeli2007.kocaeli.edu.tr/kocaeli2005/deprem_sempozyumu_kocaeli_2005/7_deprem_ve_cesvrele_etkileri/d_45_depremler_olusan_cesvre_sorunlari/marmara_depremi_ve_tupras_yangini.pdf)

**Looking at international data as proxy, it is possible to identify more precisely how disasters impact businesses.** ÇTurkish economy does have very limited derivative products and services, it is mostly a real economy. For businesses operating in the real economy, the impact of disasters can be is mainly measured as the rate of operation (or scale of disruption) of business function and the duration

of the disruption. The impact is categorized as safety (impact on lives), business continuity cost, repair cost, environmental impact and reputation loss. Specific indicators can be further identified to assess the severity of the impact for each category. The table was adapted from an academic work<sup>(65)</sup> and indicators for business continuity and repair cost could alternatively be expressed in quantitative metrics.

**Table 4:** Sample scale to assess impact on businesses

Level	Safety	Business Continuity	Repair cost	Environmental damage	Reputation loss
5	Several casualties	Bankruptcy	Inability to pay for repair	Irreversible ecosystem damage	Permanent loss of core clientele
4	1 Casualty	Significant productivity loss	Repair exceeds reserves	Significant ecosystem damage	Temporary loss of core clientele
3	Heavy injuries	Moderate productivity loss	Repair exceeds annual budget	Moderate ecosystem damage	Permanent loss of minor clientele
2	Minor injuries	Diversion from core management	Covered by contingency funding	Limited ecosystem damage	Temporary loss of minor clientele
1	No casualty or injury	Negligible	Covered by routine budget	Negligible ecosystem damage	Negligible

### 3.4. Impact of Complex Emergencies on Businesses

**Instability in Syria and resulting influx of Syrian refugees into Turkey have affected economies of cities more than macroeconomic dynamics.** The rise of the conflict in Syria, has hindered Turkey’s trade activities with Syria. Exports to Syria dropped from USD 1.8 billion in 2010 to USD 504 million in 2012.<sup>(66)</sup> However, Turkey’s overall trade volumes were unaffected, as Syria represents a very small percentage of total exports. The impact show variation between cities. Western cities such as Istanbul, Kocaeli and Bursa saw their export to Syria decrease by 80%, 94% and 74%, respectively, between 2010 and 2014. Overall impact on these cities was limited as Syrian market

is a very small portion (0.3-6%) of their total exports. Meanwhile southeastern cities bordering Syria had initially been affected by the crisis, but starting from 2012 trade with Syria was back on the rise. Public institutions and international humanitarian assistance organization have procured most of the basic needs (e.g. food, clothes, and hygiene kits) for refugees from local businesses, which have significantly increased their sales. Additionally, firms in Turkey and the growing number of Syrian businesses established in the region begun covering for the loss of productivity in Syria, thus benefiting from increased exports.<sup>(67)</sup> Thus, overall trade volumes to Syria recovered back to around USD 1.4 billion in 2017.<sup>(68)</sup> Between January to October 2018, Gaziantep accounted nearly half of Turkey’s exports to Syria, reaching USD 560 million.<sup>(69)</sup>

(65) Tsavdarolou, M., Risk analysis of interdependent critical infrastructures to extreme weather events, master of science thesis, University of Twente, 2017

(66) Daily Sabah, “Southeastern Gaziantep’s exports to Syria record 22 pct rise in 10 months,” November 13, <https://www.dailysabah.com/business/2018/11/14/southeastern-gazianteps-exports-to-syria-record-22-pct-rise-in-10-months>

(67) Ozpinar, Esra, Seda Bashios, and Aycan Kulaksız, Trade Relations with Syria After the Refugee Influx, TEPAV, November 2015.

(68) Daily Sabah, “Southeastern Gaziantep’s exports to Syria record 22 pct rise in 10 months,” November 13, 2018, <https://www.dailysabah.com/business/2018/11/14/southeastern-gazianteps-exports-to-syria-record-22-pct-rise-in-10-months>

(69) Daily Sabah, “Southeastern Gaziantep’s exports to Syria record 22 pct rise in 10 months,” November 13, 2018, <https://www.dailysabah.com/business/2018/11/14/southeastern-gazianteps-exports-to-syria-record-22-pct-rise-in-10-months>



**Influx of Syrians has further aggravated strains on infrastructures of host regions, and increased economic burdens on these municipalities.** At national level Turkey's public expenditure on refugees, represents less than 1% of GDP, and has been mostly financed internally.<sup>(70)</sup> However, as most Syrian refugees living outside camps are hosted by the Southeastern provinces, municipalities have occasionally exceeded their legal jurisdictions and economic capacities to accommodate increased demand for services and infrastructures. In the long term, these increasing demands may create strain on health, education, waste management, and housing infrastructures which were planned according to the original population size of these provinces.<sup>(71)</sup> The Government, together with international organizations, has stepped in to improve capacities of municipal institutions to tackle these challenges (e.g. waste water and solid waste management facilities, solid waste trucks).<sup>(72)</sup>

**Turkish businesses have mostly been hesitant to engage with the refugees, they need more policy clarity and data to make informed decisions.** The Government of Turkey's description of Syrians as "guests" have influenced the private sector's perception of the crisis. Most of the private sector engagement focused on providing humanitarian aid, rather than employment. A workshop and an in-depth survey conducted by TURKONFED and UNDP<sup>(73)</sup> uncovered a wide range of reasons why the private sector is hesitant to employ Syrians: (i) lack of policy and regulation clarity on if/how the private sector can/should engage with refugees; (ii) concerns of rising social tensions between Turkish and Syrian employees in the workplace, (iii) language barrier that hinder effective communication regarding business operations; (iv) lack of proper documentation of Syrians on their background and skills; (v) fear of risking their social status in their community; (v) difference in skill sets

and need for training and adaptation to reach the same productivity and quality; and (vi) cultural differences that seep into the work culture and values. As a result, willingness to engage with Syrian refugees and businesses shows great variation within the private sector.<sup>(74)</sup>

**Syrian business people leveraged business opportunities in the Turkish market, by establishing new firms in host communities and generating new trade routes.** Many Syrian business people had to shut down their operations when they fled to Turkey. By May 2018, Syrians have invested nearly USD 380 million into more than 7,200 formal businesses in Turkey, most of them in Istanbul and Gaziantep.<sup>(75)</sup> If informal businesses are also included, number of firms established is estimated to exceed 10,000. The average annual revenues of formal companies are around USD 0.46 million. Most of these firms are micro-sized (74%), small (24%) and medium-sized (2%) enterprises are much fewer in number. They operate mainly in wholesales and retail (39%), followed by manufacturing (19%), and accommodation and food (10%) sectors.<sup>(76)</sup> Each Syrian business creates 9.4 jobs on average, and their owners prefer to employ non-locals. Syrian business people also came in with their existing trade networks to Turkey. Exports from Turkey to former trade partners of Syrian companies have grown significantly.<sup>(77)</sup> But many Turkish businesses also voice their concerns over different regulations and tax regimes applying to Syrian businesses, and how tolerance of informal Syrian businesses out of compassion can lead to unfair competition. Additionally, Syrian-owned businesses have limited access to development agencies, KOSGEB, relevant ministries and business associations.

(70) Building Markets, Another Side to the Story: A market assessment of Syrian SMEs in Turkey, 2017.

(71) OECD, OECD Economic Surveys: Turkey - Overview, July 2018.

(72) UNDP, UNDP support to Municipal Resilience in Turkey, 2018.

(73) TURKONFED and UNDP, "Connecting Business Initiative: Collective Private Sector Action to Address Complex Emergencies Workshop Report," July 26, 2018.

(74) In the Private Sector Survey conducted by UNDP, only in Gaziantep, companies see Syrians enterprises as potential partners to grow their business and expand their export market and Syrians as a potential customer group. In other provinces such as Izmir, Adana, Mersin and Kilis, there is no such perspective.

(75) Building Markets, One Year Later: Revisiting the Contributions of Syrian Entrepreneurs in Turkey, 2018

(76) Building Markets, Another Side to the Story: A market assessment of Syrian SMEs in Turkey, 2017.

(77) Building Markets, Turkish-Syrian Business Partnerships: A Nascent Opportunity, June 2018.

**Syrian refugees are perceived as competition in the local labor market.** 53.7% of the refugees are between at working age (18 to 59). Unemployment rate in Turkey is around 13%. Therefore, many perceive refugees as an inhibitor for access to job opportunities. One research<sup>(78)</sup> shows different dynamics for men and women, and for formal and informal sectors. In the formal sector, for men, refugee employment has shown to create new jobs, and alter the type of employment available (e.g. men moving to self-employment from wage jobs). However, in the informal sector every 10 Syrian men is found to replace jobs from 4 locals, and reduce the overall wages due to competition created. For women, employment opportunities in part-time jobs are eliminated as a result of increased competition as well.

**Refugee labor force is very vulnerable to exploitation and mostly active in the informal economy.** By 2018, while only around 60,000 Syrians have been granted official work permits, there were over 750,000 to 950,000 working informally.<sup>(79)</sup> Because

both local businesses and refugees are disincentivized from contributing to the formal economy. Turkish businesses prefer to hire refugees informally to avoid tax and social security cost burdens (as they do with locals). Furthermore, they can only employ up to 10% of their staff from refugees, thus they are not incentivized to work with Syrians. According to a survey conducted by UNDP among Turkish businesses, 90% of firms which previously employed a foreigner, employed them formally; for Syrians this portion drops to 40%.<sup>(80)</sup> Concurrently, Syrians are hesitant to accept formal employment offers over concerns of losing their social benefits. These economic challenges compel Syrian families to rely on child labor, further exacerbating informalities of the labor market.<sup>(81)</sup> The Ministry of Family, Labor and Social Services is showing flexibility to process more work permits and formalize the existing Syrian workforce.



(78) Aksu, Ege, Refik Erzan, and Murat Guray Kırdar, "The Impact of Mass Migration of Syrians on the Turkish Labor Market," Koç University - TÜSİAD Economic Research Forum, December 2018.

(79) Building Markets, One Year Later: Revisiting the Contributions of Syrian Entrepreneurs in Turkey, 2018.

(80) UNDP, LOT 2: Özel Sektör Araştırması Online Anket Raporu, December 12, 2018.

(81) UN Women, Türkiye'de Geçici Koruma Altındaki Suriyeli Kadın ve Kız Çocuklarının İhtiyaç Analizi, June 2018.





# POLICY AND INSTITUTIONAL ANALYSIS





## 4. POLICY AND INSTITUTIONAL ANALYSIS

### 4.1. Evolution of the Disaster Risk Management System and Culture in Turkey

**Historically, Turkey's DRM system evolved out of adversity, rather than being developed, and adapted to the changing risk profile of the country.** In the early 20th century, when the republic was first formed, risk management was mainly focused on civil defense. Civil protection for natural disasters was introduced into national regulations as a result of lessons learned from the response to 1939 Erzincan Earthquake. With each natural disasters (such as massive earthquakes and floods), regional events (such as the Balkan War or the Chernobyl disaster) and global disturbances (such as the Cold War or the Gulf Wars) affecting the country, regulations were improved, government institutions were restructured, and capacities were strengthened accordingly. 1999 Marmara Earthquake has been a significant milestone for transitioning into a more strategic DRM system that encompasses regulations and capacity development for preparedness, response and recovery stages, and assigns roles and responsibilities to multiple actors. However, jurisdictional conflicts persisted among public institutions. The system was streamlined with the establishment of the Disaster and Emergency Management Authority (AFAD) in 2009. With AFAD, Turkey also became better aligned with the international agenda set forth first by the Hyogo Framework for Action (2005-2015) and later the Sendai Framework for Disaster Risk Reduction (2015-2030).

**The establishment of AFAD represents the transition from a traditional military led civil protection to a more comprehensive, civilian led DRM system.** AFAD was established under the Prime Minister's Office and operated there until 2018, where it successfully improved its internal institutional and operational

capacity despite the massive refugee influx and increasing climatic disasters. Most recently, a series of socio-political events have directly affected the chain of command, the institutional memory and the operation capacity of the DRM system:

- National and local elections and government changes have led to high turnover rate at among central and local authorities. To this day, the need for constant briefing and training of decision-makers to their DRM responsibilities and operational procedures has only been partially addressed;
- Following the Coup Attempt of July 15, 2016, institutional capacity loss in the country's national preparedness and response capacities have affected ministries and local authorities, which are also key players in DRM.<sup>(82)</sup>
- The shift from a parliamentary to a presidential system in June 2018 affected the roles and responsibilities of ministries, and abolished the Prime Minister's Office. AFAD was moved under the Ministry of Interior with weaker convening and coordination power over other ministries. AFAD is currently revising its internal protocols.

**Being a traditional, value-based society has implications on the perception of risk and the roles and responsibilities for DRM.** To better understand the legal and institutional framework, it is thus important to look at the public perception of risk, the distribution between formal (regulated, institutionalized) and informal (traditional, non-regulated) mechanisms in disaster risk management, and the relationship between the state and the citizen. Here is a brief overview of these socio-cultural dynamics to frame the discussion:

- **Public perception of risk has major flaws but is improving:** some general patterns are: (i) there is a gradual shift from seeing disasters as act of god or faith, where one can do little, to

(82) Yeni Şafak, "En fazla ihraç Emniyet'te," January 29, 2019, <https://www.yenisafak.com/gundem/en-fazla-ihrac-emniyette-3443669>.  
Takvim, "Hükümetten FETÖ açıklaması: 15 Temmuz 2016'dan bu yana 511 bin kişi..." March 10, 2019, <https://www.takvim.com.tr/guncel/2019/03/10/hukumetten-feto-aciklamasi-15-temmuz-2016dan-bu-yana-511-bin-kisi>

recurring event that can be foreseen and for which one can take action, (ii) similar to other countries in the region (particularly South East European Countries), earthquakes are seen as the greatest risk (they are high impact event and leave scars) although the cumulative impact of climatic events is higher for many cities, (iii) also similar with the region, the level of risk from technological hazards and complex emergencies is underestimated.

- **Information and knowledge sharing is traditional:** The strength of conservative, family-based values means that in daily life, citizens rely as much on non-regulated, traditional knowledge and practice that they do on laws and regulations. Classic awareness raising, public education campaigns have thus limited impact, but on the same token, social media is highly influential as people rather rely on peer to peer exchanges than information from unknown sources, even if official. This situation also limits the power of legal tools in promoting a culture of risk.
- **Paternalistic approach of the state:** The state is the father figure of the society. It rules with authority and laws and is expected to protect and provide assistance during hardship. It does so through humanitarian assistance and financial compensation to victims with little check and balance mechanism. But this has a cost and central and local authorities are often under pressure to make funds available and show solidarity with the affected communities.
- **Limited shared responsibility:** Just as in a traditional family, the rules are set by the elders and decisions are unilateral. Most regulation regarding risk management is introduced after disasters, with limited future oriented analysis. Citizens and businesses most important role is to follow the regulations. This runs against the global trends of sharing responsibilities through more participative approaches.

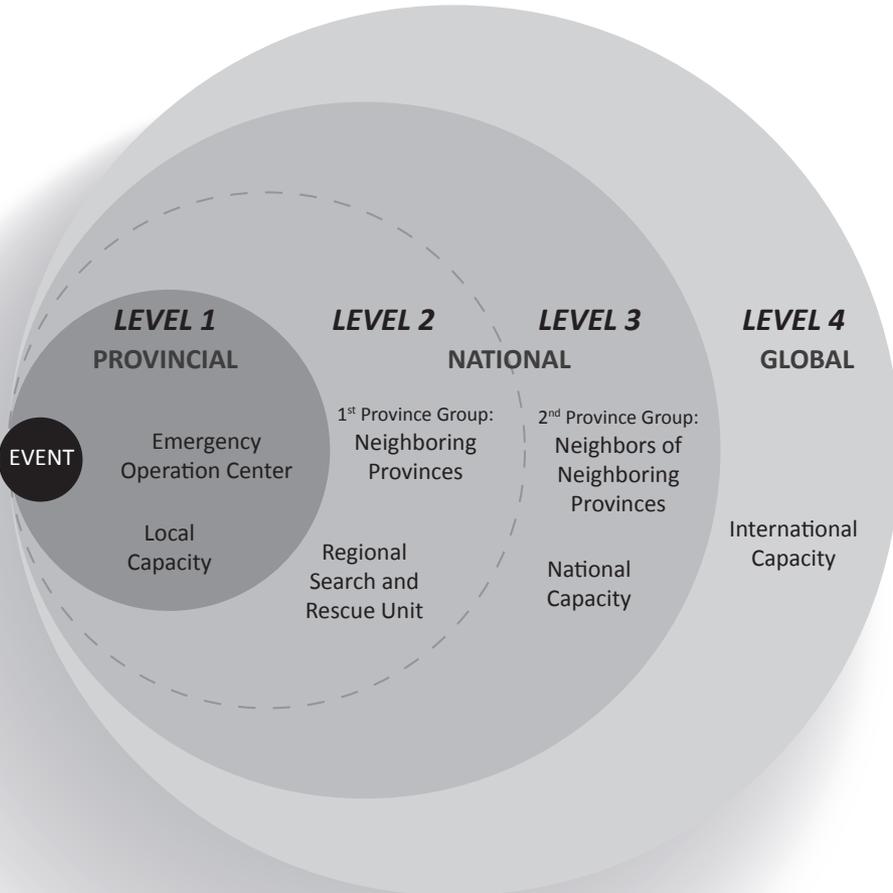
## 4.2. Laws and Institutions Governing Natural Disasters

**Turkish DRM system is governed by a central law, which establishes Disaster and Emergency Management Authority (AFAD), the coordinating body for DRM efforts of all disasters and complex emergencies.** Law no.5902 on the organization and functions of the Disaster and Emergency Management Authority is the primary legislation that defines disasters, establishes AFAD, and outlines its jurisdiction, thus structures Turkey's current DRM system. With this law, AFAD is tasked with developing strategic plans that organize and structure the roles, responsibilities, and institutional arrangements among relevant stakeholders for various disasters. AFAD is responsible for developing strategic plans and guidelines for individual hazards. It acts as the coordinating body among responsible public agencies for preparedness and response activities; however, its role in recovery is usually dependent on the type of disaster. For example, earthquake recovery and reconstruction is under the mandate of the Ministry of Urbanization and Environment.

**Both national and local authorities are assigned specific tasks in relation to disasters and complex emergencies through supporting laws and regulations.** Under Law no.7126 on Civil Defense, public institutions and officials (e.g. governors, and district administrators) are assigned with certain roles and responsibilities that become effective in emergency situations. In such cases, they perform their designated roles under AFAD's coordination. At local level, under Law no.5216 on metropolitan municipalities, Law no.5393 on municipalities, Law no.5442 on Provincial Administrations, the 30 metropolitan municipalities, 51 provincial municipalities, 1316 district municipalities and villages, and local branches of national administrations (i.e. provincial administrations and special provincial administrations) are all assigned disaster prevention, preparedness and response roles and are required to work in coordination with AFAD. These disaster-related responsibilities may also be outlined in a public agency's own foundational regulation. For example, MGM is expected to provide early warnings for weather related extreme events under Law no.3254.



**Figure 10:** Different Levels of Disaster Response System (AFAD 2013)



**The National Disaster Response Plan (TAMP) is the main strategy document for disaster preparedness and response.** TAMP provides a multi hazard approach for events with different scales and outline roles and responsibilities of all stakeholders to ensure complementarity between preparedness, response and recovery phases and fast and timely mobilization of resources proportionally to event impact. TAMP is organized around 4 functions (operations, information and planning, logistics and maintenance, finance and

administration) and 28 service groups at national level. Each service group is led by a relevant public entity. TAMP lists specific public agencies which are part of service groups, and states NGOs and private sector as generic stakeholder groups to be included.<sup>(83)</sup> TBut there is no specific list of companies, MoUs or preferred vendor list to facilitate response operations.

(83) AFAD, Türkiye Afet Müdahale Planı (TAMP), December 2013.

**Regulations aim at establishing safety nets through insurance systems, namely DASK and TARSIM.** Following the Marmara Earthquake experience, the state established Turkish Natural Catastrophe Insurance Pool (DASK) with Law no.6305 on catastrophe insurance. However, DASK was established with a preliminary focus on seismic hazard for residential buildings and does not insure businesses (except those located within residential buildings). Agricultural Insurance Pool (TARSIM) was introduced with Law no.5363 on Agriculture Insurance in order to provide financial protection to farmers against climatic impact and ensure food security.

**By law, private sector is held responsible for ensuring safety of its own staff and assets against disasters.** Law No. 6331 on Occupational Health and Safety and Regulation on Emergency Situations in Workplaces is established to ensure that employers take preventive measures for various workplace accidents and common natural disasters, including regular risk and safety assessments and emergency response plans, first aid trainings, and drills.

### 4.3. Laws and Institutions Governing Complex Emergencies

**Turkey's policy approach to the mass displacement of Syrians was initially based on the assumption that this was a temporary phenomenon.** Turkey has not lifted the initial geographical limitation of the 1951 UN Refugee Convention, which acknowledges only individuals coming from Europe (members of the Council of Europe) as "refugees." Any non-European refugees are considered as "conditional refugees" since 2014. However, rather than using any of these terms, Government of Turkey has referred to Syrians as "guests," and officially defined them as "individuals under Temporary Protection."<sup>(84)</sup> Temporary protection status prevents Syrians from applying to the regular individual asylum procedures. Official reports as late as 2016 continues this discourse of "hosting" neighbors who are in need. However, global statistics show that forced displacement lasts on average

20 years for refugees, and 10 years for internally displaced people.<sup>(85)</sup> The first wave of Syrians entering Turkey are already in their eighth year. According to UNHCR definition, this has become a protracted refugee situation (case of over 25,000 people being displaced over 5 years)<sup>(86)</sup> The management of this complex emergency case is analyzed in alignment with an overlapping phases corresponding to the disaster management cycle: response, recovery and reconstruction. The report identifies clear markers for the beginning of each phase, but their end is not as clear, as they all concurrently continue to this day.

**Response began as early as in May 2011, a month after the conflict began, with the first arrival of Syrians.** Turkish Red Crescent provided first aid and temporary accommodation to incomers, and AFAD responded to the situation by establishing camps in summer. Humanitarian assistance and establishment of more camps has actually been expedited with the announcement that Syrian refugees will be granted "temporary protection" (TP) status in October 2011. This announcement had rather ambiguous indications as to what this term entails. When Turkey announced an open border and open door approach that focuses on humanitarian needs in November 2011, refugee numbers were still low. However, in August 2012, Turkish Foreign Minister stated that Turkey would remain open to Syrian refugees until they reach the number of 100,000, implying a condition on the open door policy.<sup>(87)</sup> This limit threshold was exceeded within few months, and by 2014 the number of refugees hosted in AFAD's camps reached 230,000, while the total reached 1.6 million.<sup>(88)</sup>

**Policies and activities on recovery have progressively shaped in 2013-2014 and new legislation was adopted.** In April 2013, Law on Foreigners and International Protection was adopted. The law had been drafted before the Syrian crisis and was revised after the crisis began. It formed the legal foundation for different immigration status, including TP. The law also established the Directorate General for Migration Management (DGMM) under the Ministry of Interior with the mission to develop, implement,

(84) Batalla, Laura, and Juliette Tolay, Toward Long-term Solidarity with Syrian Refugees? Turkey's Policy Response and Challenges, Atlantic Council in Turkey, September 2018.

(85) ECHO, "Forced displacement: refugees, asylum-seekers and internally displaced people (IDPs) Factsheet," June 2018.

(86) UNHCR, Global Trends: Forced Displacement in 2017, June 2018.

(87) BBatalla, Laura, and Juliette Tolay, Toward Long-term Solidarity with Syrian Refugees? Turkey's Policy Response and Challenges, Atlantic Council in Turkey, September 2018.

(88) UNHCR Refugees Operational Portal, "Syria Regional Refugee Response," last modified January 17, 2019, <https://data2.unhcr.org/en/situations/syria/location/113>



and coordinate policies and strategies related to migration and to regulate the status of foreign nationals in Turkey. DGMM took over AFAD the role of identifying eligibility for TP, registering refugees, and enabling their access to camps. In October 2014, the adoption of the Regulation on Temporary Protection Regulation clarified ambiguities around TP status (to a degree aligned with European Temporary Protection Directive: 2001/55/EC) and established AFAD as the coordination agency for activities related to individuals under TP. The scope of rights and services provided to TP individuals were outlined around non-refoulement principle, access to health and social services, access to education, access to the labor market, and access to services for people with special needs.<sup>(89)</sup> These two regulations indicate a shift in the approach to Syrian refugees, enabling Turkey to provide more than basic humanitarian assistance. In September 2014, Temporary Education Centers began, offering Syrian curriculum. In January 2016, Regulation on Work Permit of Refugees under Temporary Protection was adopted enabling Syrians access to the formal labor market, with the condition that they work only within their host city and that they do not make up over 10% of a company's employee basis. Around 60,000 Syrians have been granted official work permits by 2018.<sup>(90)</sup> But it is estimated that only a portion of work permit holder actually work. And that most Syrians work informal jobs and half of the work permits are granted to the Syrians with residence permit and start their own businesses in Turkey.

**UNHCR<sup>(91)</sup> defines three long-term recovery solutions to refugee situations: resettlement, integration or voluntary return** In tandem with recovery efforts, in March 2016, EU and Turkey

had agreed upon a Joint Action Plan<sup>(92)</sup> The plan aimed to address illegal immigration to EU countries from Turkey in return for increased support to Turkey's efforts in response (i.e. humanitarian aid), recovery (e.g. social inclusion and services), and for formal resettlement into EU countries.<sup>(93)</sup> In July 2016, Turkey has paved the path to citizenship for Syrian refugees, and by mid-2018 over 55,000 Syrians have gained rights to citizenship.<sup>(94)</sup> The citizenship was granted mostly through recognition of highly-skilled or highly-educated individuals, and a quarter of them through marriage or filiation. In early 2016, Turkey has decided to phase out Temporary Education Centers to ensure better integration of Syrian children into the community<sup>(95)</sup> The World Bank is financing construction of school buildings to develop capacities to transition towards permanent and resilient solutions.<sup>(96)</sup> Meanwhile to encourage voluntary returns, Turkey's military presence in Syria was ramped up and investments for reconstruction and establishment of camps in northern Syria begun.<sup>(97)</sup> However, as the conflict persists, Syrians are hesitant to go back. By May 2018, nearly 150,000 Syrians are estimated to have voluntarily returned<sup>(98)</sup>

**Roles and responsibilities of AFAD and DGMM, the two main agencies, have changed significantly in the last two years.** In 2017, to coordinate policies and strategies of relevant ministries, a Migration Policies Board was established under the leadership of Ministry of Interior. In March 2018, coordination responsibilities of AFAD was passed onto DGMM. This raised concerns over loss of institutional memory and lack of capacity of a newly formed agency to take on the task. In 2018, with the new Presidential system AFAD was moved under the Ministry of Interior, where DGMM is.

(89) Batalla, Laura, and Juliette Tolay, "Toward Long-term Solidarity with Syrian Refugees? Turkey's Policy Response and Challenges," Atlantic Council in Turkey, September 2018.

(90) Building Markets, "One Year Later: Revisiting the Contributions of Syrian Entrepreneurs in Turkey," 2018

(91) UNHCR, "Global Trends: Forced Displacement in 2017," June 2018.

(92) Batalla, Laura, and Juliette Tolay, "Toward Long-term Solidarity with Syrian Refugees? Turkey's Policy Response and Challenges," Atlantic Council in Turkey, September 2018.

(93) European Commission, "EU-Turkey Joint Statement," 18 March 2016, <https://www.consilium.europa.eu/en/press/press-releases/2016/03/18/eu-turkey-statement>

(94, 95, 97) Ibid.

(96) Ijjasz, Ede, and Elif Ayhan, "Resilient schools, resilient communities: Improving education infrastructure for Syrian refugees and host communities in Turkey," The World Bank, November 20, 2018, <http://tinyurl.com/ybj2vz8>

(98) Bilgehan, Zeynep, "Some 150,000 Syrians have returned from Turkey," May 1, 2018, <http://www.hurriyetdailynews.com/some-150-000-syrians-have-returned-from-turkey-131108>

## Programs Funded by Donors and International Organizations

In 2017, to coordinate policies and strategies of relevant ministries, a Migration Policies Board was established under the leadership of Ministry of Interior. In March 2018, coordination responsibilities of AFAD was passed onto DGMM. This raised concerns over loss of institutional memory and lack of capacity of a newly formed agency to take on the task. In 2018, with the new Presidential system AFAD was moved under the Ministry of Interior, where DGMM is.<sup>[1]</sup>

Figure 11: Cost of Syrian Refugee Crisis for Turkey

	AFAD <b>5,586,594,000 TL</b>	TURKISH RED CRESCENT TURKISH DIYANET FOUNDATION OTHER FOUNDATIONS <b>2,058,122,000 TL</b>	DGMMM <b>780,807,000 TL</b>
SECURITY AND PUBLIC ORDER SERVICES <b>9,228,707,000 TL</b>	HEALTH SERVICES <b>16,030,111,000 TL</b>	EDUCATION SERVICES <b>15,489,968,000 TL</b>	MUNICIPAL SERVICES <b>17,527,481,000 TL</b>
EUPHRATES SHIELD REGION <b>1,630,457,000 TL</b>	HUMANITARIAN ASSISTANCE THROUGH ZERO-POINT OPERATIONS <b>2,228,775,000 TL</b>	CAMPAIGNS ORGANIZED BY MUNICIPALITIES <b>312,092,000 TL</b>	COST OF DEPRECIATION OF PROPERTIES AT THE CAMPS <b>1,505,386,000 TL</b>
OTHER CIVIL SOCIETY ORGANIZATIONS <b>852,600,000 TL</b>	ESTIMATED AMOUNT DISTRUBUTED AS ASSISTANCE <b>11,649,434,000 TL</b>	<b>TOTAL</b> <b>₺ 84,880,541,000 TL or</b> <b>\$ 30,285,573,000 USD</b>	

EU allocated EUR 6 billion (EUR 3 billion for 2016-2017 and EUR 3 billion for 2018-2019) through the **Facility for Refugees in Turkey (FRIT)**. This umbrella fund aims to support refugees and host communities in Turkey in areas of humanitarian assistance, education, health, municipal infrastructure, and socioeconomic support. 72 projects were initiated under the first funding tranche of FRIT.<sup>[2]</sup>

[1] Batalla, Laura, and Juliette Tolay, Toward Long-term Solidarity with Syrian Refugees? Turkey's Policy Response and Challenges, Atlantic Council in Turkey, September 2018.

[2] European Commission, "EU Facility for Refugees in Turkey Factsheet," January 2019.



Figure 12: Breakdown of FRiT Funds by Priority Area (European Commission 2019)



Some of the key projects funded under FRiT are:

- Emergency Social Safety Net (ESSN) is a multi-purpose cash-assistance project implemented jointly by Turkish Red Crescent and World Food Programme in coordination with national authorities. The program provides monthly direct cash transfers through debit cards to 1.4 million refugees out of employment to address their basic needs. It captures most of the humanitarian assistance portion of FRiT.
- Conditional Cash Transfer for Education programme (CCTE) aims to eliminate economic barriers that prevent access to schools by providing support to the families of 368,000 children. It is implemented jointly by Ministry of Family, Labor and Social Policies, the Ministry of National Education, AFAD, the Red Crescent, and UNICEF.

Meanwhile, UNDP operates under the framework established by **Refugee and Resilience Response Plan (3RP)**, supporting municipalities and private sector in host communities through various activities.

- Alleviating economic and capacity burdens on municipalities caused by the large influx of refugee populations is one of the focal points. With the support of the governments of Japan and Korea, the United States Bureau of Population, Refugees, and Migration, the KfW, and the EU Regional Trust Fund for the Syria Response (MADAD), UNDP has invested over USD 30 million in the capacities and services of Gaziantep, Hatay, Kilis and Sanliurfa

municipalities. This resulted in the mobilization of nearly USD 750 million in loans and grants through various IFIs to support municipal services over the next few years.<sup>[3]</sup>

There are also projects addressing labor market issues:

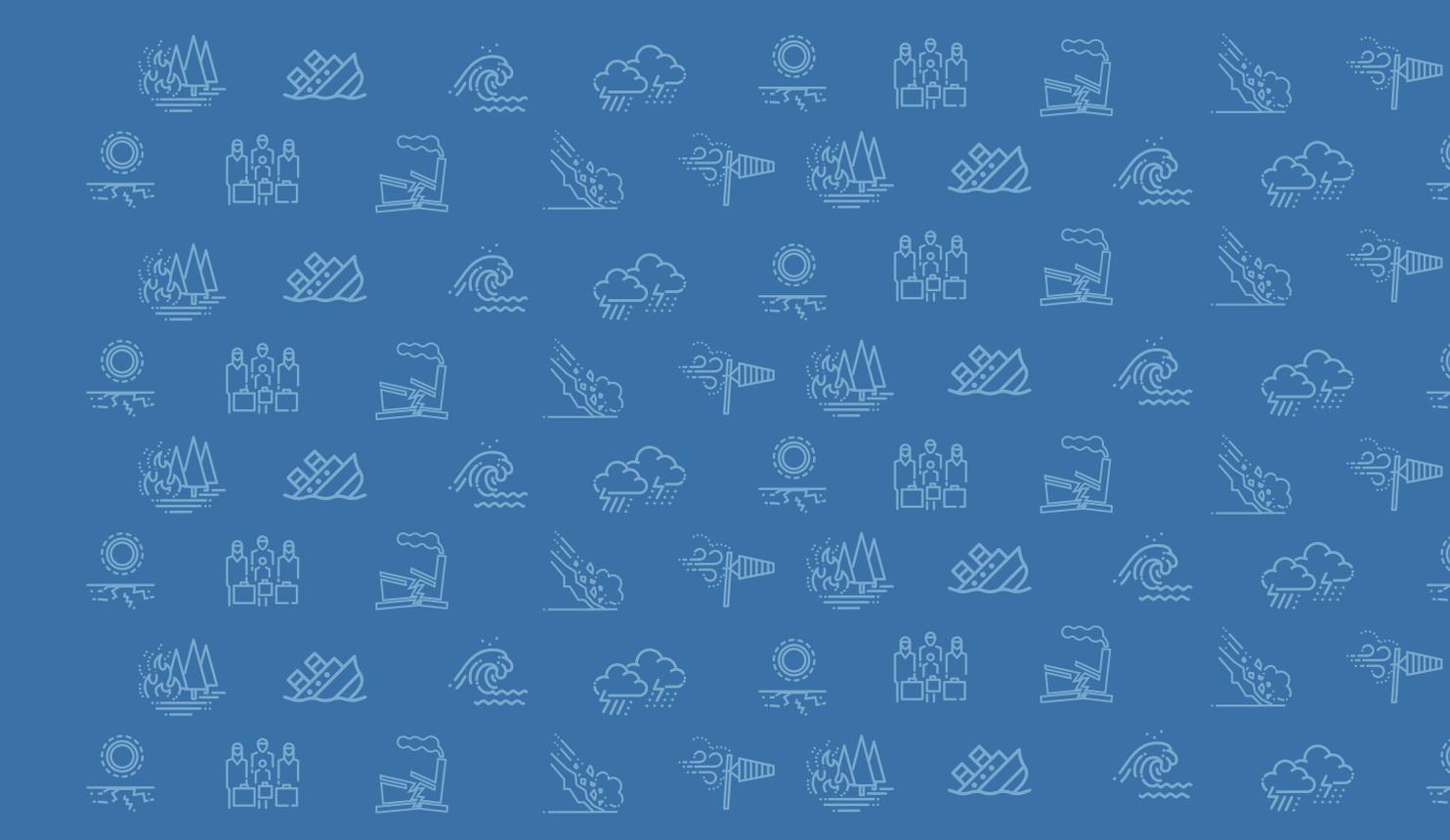
- Financed by the EU and Implemented by the World Bank, Turkish Employment Agency and Ministry of Family, Labor and Social Policies, Employment Support Project for Syrians under Temporary Protection and Turkish Citizens aims for improving access of 15.000 people to better employment opportunities.
- International Labor Organization is working to promote comprehensive short- and medium-term employment-rich measures. Activities include vocational trainings, trainings to SMEs on local regulations, and capacity development of local agencies.<sup>[4]</sup>

Other international organizations (e.g. European Civil Protection and Humanitarian Aid Operations, EBRD), and individual countries (e.g. Germany, the United States, Japan, Norway, Canada, Qatar, and Sweden) have also contributed to support refugees in Turkey.

[3] UNDP, UNDP support to Municipal Resilience in Turkey, 2018.

[4] ILO, "Syrian Refugees: ILO's Refugee Response," accessed on January 31, 2019, [https://www.ilo.org/ankara/projects/WCMS\\_379375/lang--en/index.htm](https://www.ilo.org/ankara/projects/WCMS_379375/lang--en/index.htm)







# STAKEHOLDER ASSESSMENT





## 5. STAKEHOLDER ASSESSMENT

### 5.1. Private Sector Approaches in Turkey

#### Large businesses are better equipped to deal with risk and emergencies than SMEs.

There is no reliable data on how many companies in Turkey have risk management capacity, insurance coverage and business continuity plans (BCPs). Most Fortune 500 companies have a risk management capacity and insurance coverage (often out of compliances required by global supply chains) and some measures of business continuity plans. Allianz and Anadolu Insurance both estimate the majority of large companies having insurance coverage and close to 20-30% of SMEs having coverage. Maybe the most reliable indicator is the Carbon Disclosure Project, filled by 58 Turkish companies, 42 of which are Fortune 100 companies, confirming the greater ability and interest of larger companies for risk management. The 2017 CDP report indicate that 92% of companies integrated climate change in their business strategy, 82% provide incentive for management of climate change and 80% set an emission reduction, renewable energy consumption or production target.<sup>(99)</sup> In comparison, a recent regional study in the province of Gumushane can be used to highlight the capacity among SMEs.<sup>(100)</sup> The study found out that among SMEs, only 15% make regular risk assessment, 18% have an emergency plan and 20% have an emergency number panel.

**A series of studies and pioneering work highlight a growing interest for building resilience among Turkish businesses.** UPS Foundation financed the "Sağlam KOBİ" (Resilient SME) project to conduct a series of awareness raising and training activities on BCP among SMEs. The project reached a total number of 3,000 in 2 years. In 2015, EUAS, the state owned electricity production company, conducted a climate impact analysis on 2 of its thermal power plant, a first of its kind in Turkey. The study was followed by a

more comprehensive EBRD financing which looked at the entire portfolio of energy producing assets. In the period 2016-2018, the World Bank Group to conduct a series of risk studies which included:

- **Critical infrastructure:** done in partnership with Cukurova Development Agency, the study identified critical assets for energy and logistics and developed a risk assessment for 5 selected assets. The findings led to a policy recommendation note for the regional development plan.
- **Lifeline Utilities:** done in partnership with Istanbul Chamber of Industry, the study developed a business continuity plan for the Organized Industrial Zone of Tuzla, focusing on 7 lifeline utilities: electricity, telecom, road, processed water, waste water, storm water, and gas.
- **Key agricultural products:** done in partnership with Izmir Development Agency, the study identified key agricultural products in the Little Menderes Watershed, made a climate impact risk assessment on 10 products' value chains, and developed business solutions.
- **Circular economy:** done in partnership with the Ministry of Industry and Technology, the study made a carbon and water footprint analysis of 5 organized industrial zones in Turkey and developed business solutions for integrated resources management.

Most recently, utility firms of Istanbul Greater Municipality have also stepped up to the task. The gas providing company, IGDAS, has a strong capacity for emergency management (and is the first recipient of ISO 22.320, on societal security - emergency management). In 2018, ISKI, the water providing utility company has indicated its interest to conduct a seismic and climate risk assessment on its network. And ISTAC, the waste collecting and treatment utility is planning to initiate a business continuity plan on a pilot facility, with the intention of expanding through its network.

(99) CDP Climate change report 2017, Turkey Edition

(100) Turan M., et al., Evaluation of Institutional Preparations for Disaster and Emergency Situation in Small Enterprises; Sample of Gümüşhane, 2018

**Resilience is a small niche market with a limited number of highly specialized firms offering services in Turkey.** The market is still relatively small but with a strong growth potential as the economy becomes increasingly urban and integrated with global supply chains. Insurance companies indicate increasing interest for insurance products, particularly fire and earthquake and work on several additional products:

- Leading insurance companies work to raise their reserves for climatic disasters as the annual compensation payment of 150 million TL is fast rising.
- Allianz is building a state of the art research center to test construction materials for fire and earthquake hazards. The center will also serve as a public awareness and training center.
- Allianz is also working on Virtual Reality product so that business owners can “live” various disasters and better identify their risk.
- Anadolu has just released a new product for SMEs to cover their risk from cyber-attacks and hacking.

Miyamoto International Turkey is a leading seismic isolation design, seismic risk reduction and engineering services company. They have developed “high-performance solutions for new constructions, as well as seismic isolation and innovative techniques for retrofitting existing buildings” with minimal business disruption. They also provide “engineering design services for high-rise buildings, on-shore structures, industrial facilities, hospitals and bridges”.<sup>(101)</sup> Several firms (e.g. GTE Carbon, Ekodenge, REC, Mavi, and Demir Enerji) are providing services including life cycle assessment, carbon and water footprint analyses, climate impact analyses, climate action planning, and resource efficiency/circular economy solutions.

**The private sector gets involved in complex emergencies primarily out of necessity, but there are also examples of voluntary initiatives.** Gaziantep Chamber of Industry conducts language and vocational trainings since 2014 and many chambers in Southeastern provinces have employment offices

targeting Syrians. TOBB is implementing an EU funded project to verify the vocational skills of Syrians. Ankara Chamber of Commerce organized a job matching fair with the support of GIZ, the German International Development Agency. Chambers and local economic partners are more and more involved in refugee related projects and they are also leading the private sector by encouraging their members to hire refugees. Some private sector initiatives:

- **Turkcell’s “Merhaba Umut”:** Launched in September 2016, the mobile app helps Syrians to learn Turkish, communicate in Turkish and manage daily tasks. The app has reached close to a million user, with more than 525 million Turkish-language card views and 12 million uses of the speech translation feature to date. The app is a successful win-win model, where businesses benefit from a new consumer base and refugees gain access to services<sup>(102)</sup>
- **Turk Telekom’s “Data for Refugees Turkey”:** The project aims to improve living conditions of Syrians under TP, in partnership with the Scientific and Technological Research Council of Turkey (TUBITAK) and Bogazici University. Researchers gain access to a large dataset of anonymized mobile phone usage (of refugees) and seek to create solutions in 5 different fields: safety-security, education, health, unemployment, and integration.
- **Recruitment:** PUMA, the sportswear manufacturer, and other retail firms have formally recruited Syrians under TP for stores with higher Arabic-speaking customer density.<sup>(103)</sup> This serves as a good example where businesses profit from a new customer base and refugees find employment. RIZK, established as a NGO, followed a pro-active employment strategy that includes both data gathering from Syrian job seekers and interviews in the organized industrial zones with potential employers. RIZK is now working as a Private Employment Office accredited by ISKUR.
- **Business Forums:** S/Syrian Economic Forum and Syrian Forum are established in Turkey to support Syrian community and entrepreneurs. They are important access points to reach the Syrian enterprises and entrepreneurs.

(101) <https://miyamotointernational.com/locations/turkey/>

(102) Turkcell, “Hello Hope,” accessed on January 30, 2019 <https://www.turkcell.com.tr/en/aboutus/corporate-social-responsibility/hello-hope>

(103) PUMA SE, Avrupa, Orta Doğu ve Afrika - EMEA Bölgesi Tedarik Zinciri Sürdürülebilirlik Müdürü Olgun Aydın ile yapılan röportaj



## 5.2. Lessons Learned from Other CBI Networks and Countries

**The Philippine Disaster Resilience Foundation (PDRF) is one of the best organized and effective member of the CBI Network.** Discussions with PDRF members were very useful in terms of learning their multi-year foundation process (with highs and lows) and their sustainability strategy. The similarities between Manila and Istanbul and the Philippines and Turkey are striking. So the PDRF approach of developing scenarios, and structuring their preparedness accordingly makes sense for Turkey. Also, their operational capacity (through their private sector emergency operation center, their strong financial capacity and damage and need assessment application to name a few) serves as strong reference. PDRF engages in all phases of DRM, getting involved in joint assessment teams, providing humanitarian assistance when needed, working on livelihood recovery and risk prevention with communities. PDRF also builds resilience within the private sector, promoting business continuity plans for companies and supply chains (and currently exploring area BCP opportunities) and conducting regular drills at different levels. Another key feature very relevant to CBI Turkey is that utility companies are part of the network, and have signed MoUs with the government and UN agencies, and provide each other mutual support out of camaraderie and national interest.

**The Sri Lanka Alliance for Disaster Risk Management has successfully influenced policy-making and the structure of the national DRM system.** Like PDRF it went through a tedious foundation process with ups and downs. The Alliance managed to build a strong membership base from multinationals to SMEs, ready to reduce risks in their own companies and across families of their employees and to support humanitarian assistance in a more professional way. The Alliance has developed training modules, reaching out

30,000 employees (and their families), guidelines for companies and operation standards to define private sector engagement in humanitarian situations. Most valuably, the Alliance has successfully managed to connect the private sector with the Government, which had a set habit of working in isolation. As PDRF, the Alliance has also started with developing scenarios, targeting large companies first, and organizing high visibility activities such as a yearly conference and simulation exercises. It also got involved in joint assessment teams with served as a humble buffer between the government and the private sector to handle humanitarian assistance donations.

**Beyond the networks, there is a growing body of work that look into business resilience and the changing risk profile.** Here, three highly relevant studies are listed as reference as they can provide ideas for initial work for CBI in Turkey. The first one is IFC's Climate Investment Opportunities Report Series.<sup>(104)</sup> First published in 2016, the report identified a potential of 23 trillion USD climate smart investment opportunity in 21 emerging country alone. The IFC published a series of follow up analytical report with clear business cases and solutions in the subsequent years. The second study is the one conducted by OECD for the city of Paris.<sup>(105)</sup> making an impact assessment including critical infrastructure and business disruption from a major flood scenario. The city experienced a major flood the following year and the estimations came out to be exact: damages to critical infrastructure represents 35 to 50% of total damages and business disruption due to critical infrastructure failure represents 33 to 85% of total losses. The third study is the "Resilient Industry"<sup>(106)</sup> initiative led by the New York City Planning Authority, which was commissioned after the devastating impact of Hurricane Sandy in 2012. The study developed prototypes for the majority of sea-shore industrial facilities and identified cost-effective strategies to prepare for future floods, minimize damage to facilities, and promote business continuity capacity.

(104) [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/climate+business/resources/climate+investment+opportunities+report+series](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/climate+business/resources/climate+investment+opportunities+report+series)

(105) OECD, Reviews of Risk Management Policies: Seine Basin, Ile-de-France, Resilience to Major Floods, 2014

### 5.3. Non-State Actors and Networks

**Private sector in Turkey have a mature networking culture. Almost any profession and business have a relevant association or professional chamber.**

As CBI Turkey aims to reach businesses, the first target audience are these business networks and associations. Some of these key networks are listed below.

- **TURKONFED** is a country-wide umbrella organization for 29 regional and sectoral federations, including 251 associations, 25,000 business people and 40,000 enterprises. It represents 60% of total added value and 90% of total exports (excluding energy), and 7 million jobs.<sup>(107)</sup> TURKONFED's regional structure is strategically aligned with the regional scopes of development agencies and EU's regional structuring which facilitates access to finance from these sources. At central level it has 12 working commissions, covering policy lobbying, research, regional development, and many others.
- **Turkish Industrialists' and Businessmen's Association (TUSIAD)**, is a national non-governmental organization dedicated to promote welfare through private enterprise. Its 4,500 members represent 50% of total added value and 85% of foreign trade, and over 50% of non-agricultural, non-governmental employment. TUSIAD and TURKONFED have overlapping members, as a thumb rule TURKONFED is the go-to place for SMEs and TUSIAD for the larger companies. TUSIAD has established strong international ties through memberships in BusinessEurope, Global Compact Network Turkey, Global Business Coalition, Union of Mediterranean Confederations of Enterprises, etc.<sup>(108)</sup>
- **The Union of Chambers and Commodity Exchanges (TOBB)** is the parent professional organization and legal representative of the private sector in Turkey, covering 365 chambers of commerce, chambers of industry, chambers of commerce and industry, chambers of maritime

commerce, and commodity exchanges. It aims to ensure unity and solidarity between chambers and commodity exchanges, enhance development of the professions in conformance with general interest, facilitate professional work of members, promote honesty and confidence in the relations of members with one another and with the general public, and preserve professional discipline and ethics.<sup>(109)</sup>

- **The Union of Chambers of Turkish Architects and Engineers (TMMOB)** is one of the framework organization for 24 professional chambers, 213 branches of its chambers and 50 provincial/district coordination councils. These professional chambers have over half a million individual members who have graduates from one of 91 related academic disciplines in engineering, architecture and city planning. As TOBB, TMMOB also aims "to satisfy the common needs of engineers and architects, to facilitate the professional activities and to ensure the development of the professions in accordance with the common benefits, to sustain professional discipline and ethics relations so as to ensure honesty and trust in the relations among colleagues and their relations with public."<sup>(110)</sup>
- **Confederation of Turkish Tradesmen and Craftsmen (TESK)** is the umbrella organization for over 3,000 district based chambers, 82 provincial level unions of chambers, and 13 professional federations, in which over 2 million tradesmen and craftsmen are registered.<sup>(111)</sup>
- **Organized Industrial Zones (OIZs)** also provide a spatial cluster for over 53,000 manufacturing firms. Turkey has over 300 OIZs. Approximately 1.8 million people are employed in OIZs. OIZs act as one-stop-shops that facilitate access to infrastructure and services (e.g. energy and water) to firms, thus alleviating the financial burden on individual firms.<sup>(112)</sup>
- **Technology Development Zones (or Technoparks)** act as incubators for many start-ups and R&D activities that bring together industry and academia. There are 81 technology development zones, 61 of which are operational

(106) <https://www1.nyc.gov/site/planning/plans/resilient-industry/resilient-industry.page>

(107) TURKONFED, TÜRKONFED Tanıtım Dosyası 2018, November 20, 2018.

(108) TUSIAD, "About TUSIAD," accessed on January 25, 2019, <https://www.tusiad.org/en/tusiad/about>

(109) TOBB, "Kuruluşu, Görevleri ve Organları," accessed on January 25, 2019, [https://tobb.org.tr/Sayfalar/Kurulus\\_Gorev\\_Organ.php](https://tobb.org.tr/Sayfalar/Kurulus_Gorev_Organ.php)

(110) TMMOB, "About," January 25, 2019, <https://www.tmmob.org.tr/en/page/about>

(111) TESK, "Amacı," January 25, 2019, <http://www.tesk.org.tr/tr/hakkinda/amaci.php>



and the rest are still under development. These zones host around 5,300 firms and provide employment to approximately 51,000 people.<sup>(113)</sup>

- **United Nations Global Compact Network** has 227 signatories including academia, large companies, SMEs, business associations, NGOs<sup>(114)</sup> who have pledged to align their “strategies and operations with universal principles on human rights, labor, environment and anti-corruption, and take actions that advance societal goals.”<sup>(115)</sup>
- **Council of Shopping Centers Turkey (AYD)** represents leaders and investors of shopping centers across Turkey. Shopping centers have grown exponentially in the last decades, their number are over 400.<sup>(116)</sup> Their growth also had significant influence on retail and construction sectors.

**Social entrepreneurship is emerging as a new type of network, combining innovation and social benefit, relevant to both complex emergencies and natural disasters.** Ashoka,<sup>(117)</sup> is the global leading platform, through which Turkish fellows can connect with people and ideas throughout the world. In Turkey, social innovation platforms such as Imece<sup>(118)</sup>, Impact Hub Istanbul<sup>(119)</sup> and Koç University Social Impact Forum, KUSIF are pioneering the field. These platforms provide mentoring, working space and networking opportunities to start-ups with a vision that goes beyond financial gains and includes social benefits. The future of social entrepreneurship in Turkey is promising, but the legal framework on benefit corporation needs to be established. There are some 2,500 registered benefit corporations in 50 countries<sup>(120)</sup> and it is fast expanding.

## Whole Surplus/Fazla Gıda<sup>(121)</sup>

### A Turkish success story of social entrepreneurship

**Fazla Gıda aims emerged as a climate action to serve the SDGs by reducing food waste, which accounts for 8% of carbon emissions.** Established in 2015, the firm developed a network between large food retailers such as Migros and Metro and food banks and put forward technology based solutions with a sustainable financing model. The firm was nominated by UNDP’s Accelerate 2030 program among the 9 most impactful social project in the world in 2017. In the same year, the firm opened its affiliated company, Whole Surplus in Germany and received financial support from Techstars Berlin.

**The business model is to deliver food past their shelf life but still within their expiry date to people in need and reduce food waste.** The amount of recoverable (non-home) food is estimated around TL 60 billion/year. And the financial value to be generated in the circular economy is TL +6 billion. Fazla Gıda has successfully lobbied for a regulation change allowing firms to receive tax deduction, estimated around TL 4.8 billion if all non-home food was recovered. Between January-July 2018, the firm successfully collected 51 tons of food, an equivalent of 120,000 meals.

(112) Cansız, Mehmet, Zeynep Kurnaz, and Esen Çağlar, 2023'e Doğru Türkiye'de Organize Sanayi Bölgelerinin Dönüşümü, UNDP, January 2019.

(113) Ministry of Industry and Technology, “Teknoloji Geliştirme Bölgeleri,” December 2018, <https://btgn.sanayi.gov.tr/Handlers/DokumanGetHandler.ashx?dokumanId=33c6d378-d601-4168-b3ce-5244b9ffe18>

(114) Global Compact Network Türkiye, “Türkiyeden İmzacılar,” accessed on January 25, 2019, [https://www.unglobalcompact.org/what-is-gc/participants/search?utf8=%E2%9C%93&search%5Bkeywords%5D=&search%5Bcountries%5D%5B%5D=202&search%5Bper\\_page%5D=10&search%5Bsort\\_field%5D=&search%5Bsort\\_direction%5D=asc](https://www.unglobalcompact.org/what-is-gc/participants/search?utf8=%E2%9C%93&search%5Bkeywords%5D=&search%5Bcountries%5D%5B%5D=202&search%5Bper_page%5D=10&search%5Bsort_field%5D=&search%5Bsort_direction%5D=asc)

(115) UN Global Contact, “Who We Are,” accessed on January 25, 2019, <https://www.unglobalcompact.org/what-is-gc>

(116) Dünya, “AVM’lerden 2019’da 160 milyar ciro bekleniyor,” December 23, 2018, <https://www.dunya.com/ekonomi/avmlerden-2019da-160-milyar-ciro-bekleniyor-haberi-435504>

(117) Ashoka, “Ashoka ne demektir?,” accessed on January 30, 2019, <http://ashokaturkiye.org/sika-sorulan-sorular/>

(118) Imece, “About,” accessed on January 30, 2019, <https://imece.com/en/about/>

(119) Impact Hub Istanbul, “What is Impact Hub Istanbul?,” accessed on January 30, 2019 <https://impacthubist.net/about/>

(120) <https://bcorporation.net/directory>

(121) <https://www.fazlagida.com/>

**Academia plays an important role in developing capacity to respond to and manage complex emergencies and natural disasters.** With AFAD's support, universities contribute to the development of technical capacity on DRM. Currently, there are 6 universities with undergraduate programs, and 12 universities with graduate programs on disaster management. Additionally, 26 universities provide associate degrees on civil protection and firefighting.<sup>(122)</sup> Meanwhile, academic programs dedicated entirely to refugee issues are usually offered at graduate level international relations, law or social studies programs, whereas, only elective courses are available at undergraduate level.

**International urban and business networks provide support mechanisms for cities and businesses.** Rising urbanization trends, intensifying resource pressures, and states failing to act collectively on issues such as climate change have urged local governments and private sector to form their own networks. These networks facilitate exchange of experience and knowledge, develop tools and guidelines on various topics (e.g. environment and governance), and access to financing. Many Turkish municipalities are members of international urban networks such as C40 Cities Climate Leadership Group, 100 Resilient Cities, ICLEI - Local Governments for Sustainability, Cities Alliance, United Cities and Local Governments, and Global Covenant of Mayors. Businesses have also partnered up through networks such as the Global Business Coalition, World Business Council for Sustainable Development, and We Mean Business Coalition.



(122) All Fire Fighting Association (TİBDER), "İlgili Okullar," accessed on January 21, 2019, <http://www.tibder.org.tr/tr/ilgili-okullar.html>





# CONCLUSION AND RECOMMENDATIONS





## 6. CONCLUSION AND RECOMMENDATIONS

### 6.1. Future Outlook and Strategic Decisions

**The Turkey's DRM system is under constant stress from adverse events, this strengthens the focus on response but can create a downward spiral away from resilience.** The establishment of AFAD is a strong step towards an integrated DRM system and subsequent actions such as the establishment of insurances, revision of building codes, update of hazard maps are of critical importance. It is clear that there is a move away from seismic risk and response, towards a broader multi-hazard and multi-phase perspective. But the country is constantly hit by small and large disasters, and affected by regional and international socio-economic and political events. As a result, the DRM system is under permanent stress and allocate most its time and resource to disaster management. The most recent changes in the governance system and within institutions bring additional stress, with needs to train the new chain of command and operational capacity to the system and their responsibilities. There is a strong need to include more players, move towards a shared responsibility approach and strengthen risk management capacity as well as recovery and reconstruction capacity.

**The geo-strategic position of Turkey and its internal dynamics have often caused abrupt priority changes, yet here are some projections that are likely to increase the risk profile and to offer new opportunities.**

**In terms of hazard,** the energy accumulation in the Marmara region is expected to trigger a strong earthquake and impact Istanbul. Likewise, the changes in the mean and extreme patterns of the climate will have impacts across all regions. Experts point to relatively mild impact until 2030, which creates a window of opportunity to take action, and then gradually stronger effects. The

change in temperatures and the water cycle is anticipated to impact patterns and intensities of hydro-meteorological disasters as well as the structures of ecosystems. Coupled with urbanization trends, the number of population at risk, damages to infrastructure, and economic losses could be amplified.<sup>(123)</sup> Coupled with urbanization trends, the number of population at risk, damages to infrastructure, and economic losses could be amplified.

**In terms of exposure,** Turkey's population is expected to grow from 80 million to over 100 million by 2040.<sup>(124)</sup> These projections do not include that most Syrians under temporary protection may continue to reside in Turkey. Cities such as Istanbul and Gaziantep already host each around half a million Syrians, whose populations will also grow in tandem with natives. Most of the population growth will occur in urban areas, further intensifying pressures on ecosystems, straining services and infrastructure capacities of municipalities. Climate change will couple these effects by limiting resource availability, especially for water and food. Urbanization is expected to continue, building construction to slow down and infrastructure investment to increase. Likewise, economic assets and value of economic services exposed to hazards are expected to grow. There will simply be more at stake.

**In terms of vulnerability,** the demographic pyramid will continue to age, with the 65+ population segment, which is more vulnerable to adverse events, showing fast growth. This segment steadily rose from 3-4% in 1990 to 8.8% in 2017, and is expected to exceed 10% by 2023 and reach 25.6% by 2080.<sup>(125)</sup> Businesses will face increasing damages and losses due to intensified and more frequent extreme weather events. Increasing amount of pension payments with the transition of workforce to retirement will likely add to these burdens. Meanwhile, nearly to half a million Syrian children (ages 12-17), mostly residing

(123) MGM, Yeni Senaryolar ile Türkiye İklim Projeksiyonları ve İklim Değişikliği, Nisan 2015.

(124) TÜİK, "Nüfus Projeksiyonları, 2018-2080," 21 Şubat 2018, <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=30567>

(125) TÜİK, "Nüfus Projeksiyonları, 2018-2080," 21 Şubat 2018, <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=30567>

in urban areas, will reach official working age by 2023. This could increase competition with the host workforce and lead to more vulnerable conditions for Syrians.

**In terms of politics**, similar to many countries, Turkey has experienced a deepening societal polarization fueled by populist discourse and personalized power. Commitment to multilateral agreements and rules have shown decline in tandem with these these new political dynamics. WEF<sup>(126)</sup> reports that the private sector perceives the rising geopolitical volatility as a trigger for domestic and cross-border conflicts, and for global economic instability, which would affect global trade. This landscape with increasing number of strongman politics and economic crisis could be an inhibitor for nurturing “shared responsibility” among the private sector and building resilient societies.

**In terms of opportunities**, climate change adaptation offers investment opportunities spread across a range of sectors. In Pilot Climate Change Adaptation Market Study: Turkey<sup>(127)</sup> EBRD and IFC have estimated that the total adaptation investment potential for agriculture, agri-processing and manufacturing, and buildings sectors is more than USD 22 billion. These solutions include water efficient irrigation, rainwater harvesting, and drought-resistant crop use in agriculture; passive design features (e.g. external shading, natural ventilation, green roofs) in buildings; adjustment of equipment to future climatic operational conditions, and investing in supplier resilience in manufacturing.

#### In light of the report findings and team discussions, the value proposition for CBI Turkey is to:



- **Lead by example:** TURKONFED is already serving as a role model to its member federations and associations, in both operational and organizational capacity. The goal is to define an organizational solution that links the CBI platform with TURKONFED structure; and to introduce business resilience within the strategic plan and the operations of TURKONFED.



- **Leverage collaboration and partnership:** learning from the lessons of Saglam KOBİ, CBI Turkey will focus on business networks (TURKONFED constituents and others) and strengthen bonds with central and local authorities, build strategic partnerships with leading firms rather than approaching individual SMEs.



- **Strengthen recovery capacity:** (for natural hazards and climate change) learning from other CBI network members, initial activities will aim immediate and tangible benefit to SMEs that are already affected by hardship. Initial activities will focus on better understanding coping strategies particularly on crisis management and recovery.



- **Contribute to economic cohesion:** (for complex emergencies) to complement ongoing activities aiming social cohesion and integration of refugees within the Turkish society, initial activities will aim to raise awareness, ease tensions, facilitate recruitment and effective multi-cultural working environment.



- **Focus on collective impact:** when possible actions on topics including supply chains, critical infrastructure, lifeline utilities and economic zones will be prioritized to achieve economy of scale and serve the common good, rather than promoting collective action which is more time consuming and arguably less effective.

(126) WEF, The Global Risks Report 2018, 2018.

(127) EBRD ve IFC, Climate Risk Case Study, Pilot Climate Change Adaptation Market Study: Turkey, 2013.



## 6.2. Entry Points and Priorities

**The first entry point is to build organization and operational capacity within TURKONFED so it can lead the member federations, associations and businesses by example.** Suggested activities include:

- **Scenarios:** assess potential business impact for the Istanbul earthquake scenario; work with insurance companies and universities (and collect existing work, such as Figure 13) to assess potential business impact from various hazards.
- **Damage and need assessment:** join the government and/or local authorities in damage and need assessment mission; develop easy to use tools to assess business impact; learn from other networks about their capacities and tools.
- **Decision-making:** include sustainability and resilience metrics into business plans, strategies and investment planning of TURKONFED.
- **Self-assessment tool:** develop an easy to use, comprehensive tool/survey that allows business networks and associations to assess their resilience; do the same for priority target groups identified under “common impact”.

**The second entry point is to leverage collaboration and partnership of CBI Turkey, including lobbying, a strong area of expertise of TURKONFED.** Suggested activities include:

- **Stronger ties with the Government:** ensure the private sector is better defined within the National Response Plan and municipal response plans; develop Memorandum of Understanding for provision of emergency supplies and humanitarian goods; and participate to simulation exercises and drills.
- **Strategic partnerships:** recruit key companies (e.g. critical infrastructure operators, utility companies, and large supply-chains) as members and form industry specific working groups, and explore collaboration with international companies committed to relevant topics (e.g. Tent Foundations).

- **Value proposition:** develop material and examples to demonstrate the value of building resilience to the full range of companies.
- **Lobbying:** work with the Government on incentives for businesses to do Business Continuity Plans and build resilience through the value chains.
- **Success stories:** identify and promote success stories and best practices, and organize a regular “Private Sector Champion” award to create role models.

**The third entry point is to strengthen business recovery capacity, particularly for natural hazards and climate change.** Suggested activities include:

- **Recovery toolkit:** develop self-help tools (e.g. damage assessment form, to do list for crisis management and recovery process, and list of available resources).
- **Financial mechanisms:** explore opportunities for new recovery financial mechanisms, develop a catalog of best practices from around the world.
- **Advisory services:** provide managerial and technical guidance to affected business requesting support, explore feasibility of establishing a call-center (hotline) for businesses in cases of emergencies.
- **Trainings:** offer trainings for members on emergency operations (e.g. search and rescue, first aid, and evacuation), crisis management and business recovery.
- **Information:** establish clear, regular communication channels with members to share knowledge, inform of imminent hazards, and communicate during a crisis.
- **Innovative solutions:** explore ways to partner with novel solution providers such as Turkcell which developed a flying base stations called Dronecell,<sup>(128)</sup> to be deployed during disasters and other emergency situations to facilitate mobile communication and internet access.

(128) TURKCELL, “Turkcell’den Türkiye’nin ilk uçan baz istasyonu Dronecell”, accessed on January 21, 2019, <https://www.turkcell.com.tr/dronecell>

**The fourth entry point is to facilitate business engagement in the current complex emergency, with a focus on economic cohesion (or livelihood recovery).** Suggested activities are:

- **Raise awareness:** share information and experience with businesses to better understand what a protracted crisis is, what it means to be a refugee and their needs, thus help counter the existing lack of reliable information that leads to misinformed perception and attitudes.
- **Explore new markets:** conduct market studies on access to new markets in mainly Arabic-speaking countries which formerly traded closely with Syria; establish new relations with their counterparts in these new markets by leveraging Syrian presence in Turkey; assess the Syrian population as a niche customer base.
- **Trainings:** build expertise to design and offer vocational, language training and skills building programs in line with market demands, industrial strategies and development plans of Turkey.
- **Job matching:** partner with RIZK<sup>(129)</sup> ve United Work<sup>(130)</sup> to improve the capacity of ISKUR to create labor market profiling among Syrians and conduct regular job matching activities.
- **Improved work environment:** acknowledge the vulnerability of Syrian employees' mental health (e.g. depression) and increase efforts for SMEs and business owners to be invested in the mental well-being of all employees, develop interventions that nurture empathy and social bonding in the workplace to create a safe work environment between Turkish and Syrian employees.

**The fifth entry point is to achieve collective impact by targeting priority groups and firms.**

Suggested activities include:

- **Critical infrastructure:** work with companies that manage assets in transport (e.g. ports and airports) and energy (e.g. power plants and distribution companies) to reduce domino and cascading impact; expand on other sectors (e.g. health, water, and food) gradually identifying their critical assets.
- **Lifeline utilities:** conduct similar work but at city level, engaging with lifeline utility (e.g. energy, transport, water, sanitation, waste, and communication) service providers (municipality or private) to ensure continuity of service.
- **Supply chains:** build on the growing resource efficiency drive (which serves the climate resilience objective) through supply chains to broaden the scope of hazard and include business continuity measures.
- **Insurances:** partner with leading insurance companies with business coverage to improve understanding of risk and insurance policies, expand insurance coverage and develop and market new products (e.g. parametric insurances), lobby for better insurance services to SMEs.
- **Economic zones:** engage with organized industrial zones, shopping malls, technoparks and university campuses (where most technoparks are located and also the future workforce is) for resilience activities and transition to eco industrial parks.

(129) RIZK for Professional Development, accessed on January 31, 2019, <http://tr.syrianforum.org/institutions.html>

(130) About United Work, accessed on January 31, 2019, <http://unitedwork.com.tr/about-us/>









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