

PRODUCTIVE ASSET SUPPORT CASE STUDY

DRC MENA livelihoods learning programme 2017-2019

TURKEY

DECEMBER 2017

**DANISH
REFUGEE
COUNCIL**

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The Danish Refugee Council (DRC) is a humanitarian, non-governmental, non-profit organisation founded in 1956 that works in more than 40 countries throughout the world. DRC fulfils its mandate by providing direct assistance to conflict – affected populations – refugees, Internally Displaced Persons (IDPs) and host communities in the conflict areas of the world and by advocating on their behalf internationally and in Denmark.



Layla sewing a skirt in her tailoring shop after getting an MSME grant from DRC in Turkey. December 2016. Photo by: Dara Al-Masri/DRC

Brief project description

Productive Asset Support (PAS) is meant to serve a vulnerable population that has some economic skills, but lacks the financial capital to enter, or re-enter, the workforce following displacement. PAS projects provide start-up as well as auxiliary top-up capital (in-kind or in-cash) for small home-based income generating activities without any collateral requirement.

The Theory of Change / Impact Chain for PAS is briefly outlined below.

Since its beginning in 2016, a total of 210 grants of between USD 400 and 800 have been dispersed in both Hatay and Urfa. 71% of grant recipients were women, and only 20 were Turkish citizens.

Impact Chain for PAS



Observations and findings

1. As the project helps refugees with relatively small-scale and informal activities, no formal market study was conducted prior to implementation. It remains unclear what type of market information would be useful in implementing a home-based productive asset programme of this type.
2. The legal framework for refugees in Turkey, and for INGOs trying to assist them, is relatively restrictive. Non-compliance with it carries substantial risks both for the INGO and for the refugees. There is no directly relevant legal framework that applies and is relevant to home-based activities led by Syrian refugees in Turkey.
3. Supporting home-based working has a number of advantages. It enables many more women, for whom movement outside the home for work is constrained, to participate. There are no costs to renting premises, paying registration fees, etc. On the other hand, working out of home can create problems with neighbours and landlords, and customer relations may be more difficult to manage due to cultural sensitivities, childcare responsibilities, etc.
4. Outreach does not pose a challenge: informal information networks and social media are effective means of communication among Syrian refugees in Turkey. DRC Turkey maintains a healthy ratio between the total number of grants to be paid out and the number of applicants.
5. The implementation modality DRC has adopted is resource demanding. Staff work with a large number of applicants during the intake and counselling process prior to selection. Much of the data collected during this process is never used. Training is provided before the final grant selection, i.e. to many people. Implementation involves many different departments.

6. The training is most useful for the lower educated applicants. Others see the main benefit in its networking potential. For DRC, the training is seen as a means to enhance the quality of the business proposals.
7. Most projects selected are within the sectors of sewing, cooking, hairdressing, cell-phone repair, painting, carpentry and similar types of activities.
8. Almost all grants are used in accordance with the business plan application. After 3-6 months, around 10% have not made use of the assets for reasons such as disputes with neighbours, family issues or lack of customers.
9. DRC considers a grant to be successful if the business is still operational after 12 months and if it is generating enough income to cover 25% of household expenses. It is too early to say how many will meet this benchmark. A conservative projection is 40%.
10. A limited top-up grant was given to the most viable home-based businesses, and this proved to be effective in enhancing motivation, and increasing chances that these businesses would survive.
11. First-time business people appear much more vulnerable to setbacks during the first 6-12 months, and especially in case of limited demand and/or critical family issues. Given low educational levels, cash-flow management and record keeping is a big challenge. It has been hard for many, especially those in the weakest economic position, to re-invest any of the profits in the business.
12. Home-based businesses stand a better chance of success if located in urban areas with markets close by.
13. The businesses have not only provided successful grantees with some additional household income, but also helped them repay debts (which can either reduce their debt level or make it possible for them to take on new loans). They also report reduced stress, and feeling more secure and hopeful.

DAC criteria assessment

DAC CRITERIA	ASSESSMENT
RELEVANCE	Given current levels of vulnerability and the limited access to the labour market for Syrian refugees (and especially women), this activity is relevant at this particular time. It can help bridge a difficult period and hence enhance the quality of asylum for relatively vulnerable refugees in Turkey.
COST-EFFICIENCY	A full cost-efficiency analysis has not been undertaken yet, but some observations can be made. The implementation modality has not been very cost-efficient, though it has improved during the 2016/2017 start-up and implementation period. Intake, counselling, selection processes and procurement management have proven labour intensive and thus expensive.
EFFECTIVENESS & IMPACT	it is too early to assess impact conclusively, but it appears that the project has made a noticeable difference in the lives of perhaps 40% of clients. However, it is already clear that a grant of a few hundred dollars is insufficient to start up a business that can generate enough profit to meet a household's needs. This sort of activity can only help provide secondary income for a family.
SUSTAINABILITY	It is too early to document lasting impact.
COVERAGE	Coverage was set by the overall grant size and was relatively limited during 2016/2017. However, there is a potential to scale up with more funding and in other areas. Given that DRC is by now one of very few humanitarian NGOs left in south-east Turkey, there is a need for greater coverage.

Main take-aways

- DRC should invest in developing a better understanding of what kind of market information is needed in order to guide the selection of sectors and localities to be prioritised.
- The entire intake and counselling process needs to be designed to be cost-efficient, without losing its role in targeting and in ensuring the best possible success of grants. Data which is not needed for decision making should not be collected.
- Different applicants and grantees benefit from the training in different ways. Efforts can be made to design different business training modules and to match these to the needs and education levels of the applicants. It may be useful to explore how grantees can access alternative business counselling and coaching, from agency staff, but also through peer-to-peer support or business mentors, etc.
- Household visits prior to grant award should be prioritised in the future and pending access regulations for DRC and partners. Relations with landlords and their potential impact on the home-based business should be assessed prior to the support.
- Giving the responsibility for selecting successful applications to staff whose role is to support all applicants and grantees can create an unnecessary perception of, or potential for, conflict of interest. Grant selection, including for top-up grants, should be decided by a grant selection committee made up, at least largely, of external people.
- Further reflection is needed about grant sizes, which may need to be increased. The potential for more top-up grants, as well as a systematic and transparent procedure for allocating them, should also be looked at.

