

New Report:

# The Impact of COVID-19 on Syrian Businesses in Turkey

January 4, 2021



**Building Markets**

Connecting **Entrepreneurs**. Creating **Jobs**. Sustaining **Peace**.



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## EXECUTIVE SUMMARY

When COVID-19 reached Turkey, the government took swift action that was effective in addressing the country's immediate needs. However, as has been the case around the world, the lasting nature of the pandemic is presenting consequences that require short and long-term strategies that will help populations and economies recover. For Turkey, solutions will need to consider the 3.6 million Syrian refugees the country has been host to since 2011.

As Building Markets' research has found, Syrians have brought their entrepreneurial skills and capital to Turkey, including starting more than 10,000 small and medium-sized enterprises (SMEs).<sup>1,2</sup> To better understand how the pandemic has impacted these entrepreneurs, Building Markets conducted a randomized survey of its business network in Turkey. Data from 348 Syrian-owned businesses was analyzed and compared to baseline data collected by the organization before COVID-19 began.

In contrast to studies conducted during the country's lockdown that showed widespread closures,<sup>3</sup> Building Markets found that almost all SMEs in its network were open by the summer of 2020. However, most businesses reported significant decreases in revenues and many were in urgent need of capital and other support. In addition, only 3.5% reported having access to digital training and tools, which could represent a significant missed opportunity to access customers and markets.

At the same time, Syrian entrepreneurs are once again demonstrating incredible determination and resilience, including adapting to shifting demands by converting production to essential goods and seeking new business opportunities through new export markets. That said, with the second wave of the pandemic, Turkey's economy is likely to face new and unexpected hardships. As engines of growth and job creation, ensuring the country's SMEs can survive and thrive, including those owned by Syrians, offers an opportunity for Turkey to mitigate the negative impacts of COVID-19 and emerge as a stronger more vibrant economy.

### Key Recommendations:

1. SMEs have spent their savings to cover operational costs, leaving them cash constrained and vulnerable. Flexible financial support, such as subsidies for operational costs, grants, and other forms of COVID-19 relief funding are needed. These must be accessible to SMEs, including those owned by refugees.
2. With stretched public sector budgets, help SMEs become more resilient in partnership with the public and private sectors, and less reliant on short-term government subsidies in crises. SMEs urgently require digital tools to sustain their operations during and beyond the pandemic. Other training is also needed to increase SME efficiency and productivity including sales and marketing, financial management, and procurement support.
3. Given face-to-face and traditional communication is likely to remain difficult in the coming months, SMEs require easy and regular access to information, including on tenders and government support programs relevant to their businesses and sectors.
4. Syrian-owned companies may not have a Turkish speaker within their SME. Therefore, business support services, tenders, and other resources should be translated into Arabic.
5. Government entities can broaden their procurement and improve payment terms to SMEs that supply to the public sector. Turkey should also take advantage of disruptions to global supply chains and multinational companies' interest in diversifying suppliers and increase support to local manufacturing and export-oriented SMEs.

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<sup>1</sup> See: [https://buildingmarkets.org/sites/default/files/pdm\\_reports/another\\_side\\_to\\_the\\_story\\_a\\_market\\_assessment\\_of\\_syrian\\_smes\\_in\\_turkey.pdf](https://buildingmarkets.org/sites/default/files/pdm_reports/another_side_to_the_story_a_market_assessment_of_syrian_smes_in_turkey.pdf)

<sup>2</sup> See: [https://buildingmarkets.org/sites/default/files/pdm\\_reports/turkish\\_syrian\\_business\\_partnerships\\_part2.pdf](https://buildingmarkets.org/sites/default/files/pdm_reports/turkish_syrian_business_partnerships_part2.pdf)

<sup>3</sup> See section 3.1 for overview of existing literature on the effects of COVID-19 on SMEs in Turkey

## I. INTRODUCTION

On January 30, 2020, the World Health Organization (WHO) declared the novel coronavirus to be a “public health emergency of international concern.”<sup>4</sup> With less than 8,000 global cases, most of which were in China, states took few precautions. Less than six weeks later, on March 11, 2020, the virus was categorized as a pandemic with more than 118,000 cases in 114 countries. In his remarks that day, the WHO Director General stated, “We have never before seen a pandemic sparked by a coronavirus... And we have never before seen a pandemic that can be controlled, at the same time.”<sup>5</sup> Four days later, the Dow Jones fell by nearly 3,000 points – the largest single-day drop ever recorded.<sup>6</sup>

The efforts to contain COVID-19 and the effects from these responses did not occur in a vacuum, but alongside already existing structural problems in the global economy and ongoing crises worldwide. According to the World Bank, most countries (nearly 93%) will experience an economic recession in 2020, “with per capita income contracting in the largest fraction of countries globally since 1870.”<sup>7</sup> This affects every region globally, both developed and developing economies, with the former expected to shrink by 7%.

Given the uncertainty of the pandemic, guidelines are constantly changing due to new information and research studies. This has caused rapid changes for interventions that employers, employees, and the general public need to constantly adjust to, presenting its own set of obstacles. However, businesses will need to continue adjusting to COVID-19, even when the pandemic declines. Mandatory spending is still recovering while discretionary spending is at a low. Furthermore, economies that reopened prior to the peak of the infection are resulting in an increase in mobility, but more discrepancy in terms of spending than areas that have opened later. The pandemic has resulted in shifts in demand for labor supply. Particularly, there is higher demand for workers and businesses adept in digital marketing and information technology skills. The pandemic has also caused huge disruptions to supply chains, which has forced many companies to refocus efforts on increasing supply chain resilience and diversification. The International Trade Center summarized the impact on businesses in four key phases:

1. **Shutdown Impacts:** government mandated mobility restrictions and requirements for certain businesses to temporarily close heavily effected SMEs in tourism, travel, wholesale and retail, hospitality and entertainment.
2. **Supply chain disruption:** closed borders and lockdowns have had a global, cascading effect on supply chains in production, imports, and exports. SMEs in supply-affected countries see less orders due to decreases in demand.
3. **Demand depression:** containment measures and low economic activity have resulted in a decline in sales to consumers and businesses. Even when health restrictions begin to subside, there will be low business investment because of low savings and households will be likely to reduce spending due to lower incomes during the pandemic.
4. **Recovery phase:** restrictions ease, COVID-19 cases are reduced, and businesses begin to re-open.

This report contributes to the literature on the effects of COVID-19 on SMEs by focusing on businesses during the recovery phase of the first wave of the virus. In contrast to most studies published to date, which focus on the demand depression phase, this study is designed on data collected when over 90% of all SMEs in the sample reported being open. However, a second or third wave of the virus has the potential to restart this cycle of economic challenges.

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<sup>4</sup> WHO Timeline COVID-19. World Health Organization (WHO). April 2020. <https://www.who.int/news/item/27-04-2020-who-timeline---covid-19>

<sup>5</sup> WHO Director-General's opening remarks at the media briefing on COVID-19. World Health Organization (WHO). March 2020. <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

<sup>6</sup> Impact of the coronavirus pandemic on the global economy - Statistics & Facts. Statista. September 2020. <https://www.statista.com/topics/6139/covid-19-impact-on-the-global-economy/>

<sup>7</sup> The Global Economic Outlook During the COVID-19 Pandemic: A Changed World. World Bank. June 2020. <https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>

## 2. METHODOLOGY

In May 2020, Building Markets collaborated with researchers at *Institut d'Etudes Politiques de Paris* (Sciences Po) and Columbia University to investigate the effects of COVID-19 on SMEs in Building Markets' networks in Myanmar, Jordan, and Turkey. Because most businesses had only recently re-opened at the time of surveying, and the resurgence of the virus was still possible, their responses and status reflect only short-term effects.

The SME survey used in this research was composed of qualitative and quantitative questions derived from the organization's verification survey instrument. This tool is used as a first point of contact with all businesses Building Markets works with to understand their capabilities and growth constraints. Typically, they are re-verified at 6-month to 1-year intervals to measure business changes and the organization's impact. For this research, additional questions were pulled from the IGC – Innovations for Poverty Action open source COVID-19 Economic Impact survey<sup>8</sup>, and others were designed in partnership with Building Markets' academic collaborators.<sup>9</sup>

Telephone surveys were completed by Building Markets staff members, and where appropriate, the survey was translated to the local language. To ensure the survey sample was representative of Building Markets' network of SMEs, enumerators were provided a call list of businesses in a randomized order. In total, 1,031 SMEs were contacted. Of these, 786 were successfully reached and 608 gave consent for and completed the full survey (348 in Turkey).

Table 1 - Breakdown of Survey Sample and Outreach in all Three Countries

Country	SMEs in Sample	Calls Made	SMEs Reached	SMEs Surveyed
Myanmar	886	296	182	91
Jordan	309	300	241	169
Turkey	1,984	435	363	348

The response rate in each country was directly related to the length of time that had passed since Building Markets most recent contact with a business. In total, only 2.24% of SMEs reported being closed at the time of survey. Of these, 0% reported a permanent closure, 1.64% reported a temporary closure for reasons unrelated to COVID-19, and 0.60% reported a temporary closure for reasons related to COVID-19.

In Turkey, 72 businesses were unable to be contacted. It is very likely that at least some of these SMEs had closed, although it is unclear if this closure was related to COVID-19. Enumerators had anywhere between 1 and 6 different phone numbers associated with each business and were instructed to try all numbers several times. Inability to contact the business could have also indicated that the phone number on file was no longer active, a common issue in all markets. Businesses that could not be contacted or did not consent to the survey were not concentrated in any particular location or business sector (see Annex 3).

In addition to businesses, a qualitative survey was conducted with local stakeholders, which can be found in Annex 2.

<sup>8</sup> Introducing the IPA-IGC COVID-19 Economic Impact Surveys. Innovations for Poverty Action. June 2020. <https://www.poverty-action.org/blog/introducing-ipa-igc-covid-19-economic-impact-surveys>

<sup>9</sup> For a full list of questions, see Annex 1. For a full list of stakeholder questions, see Annex 2.

### 3. BACKGROUND AND CONTEXT

After the country's first COVID-19 case was reported in March, a 15 billion USD stimulus package to mitigate effects of the pandemic was instituted to support the national economy. It included deferral of tax payments for businesses for a span of three months, conditional working loans for businesses to maintain employment, reduction of taxes of domestic air travel, cancellation of accommodation taxes, and doubling up national funds such as the Credit Guarantee Fund. The Fund provided SMEs with liquidity and support with debt issues, programs to support minimum wage and improve flexibility with remote working conditions, and the ability to delay principal and interest payments on loans for businesses adversely affected by the pandemic.<sup>10</sup> On March 31<sup>st</sup>, the government also began a campaign for public donations to support those affected by the virus.<sup>11</sup>

A nation-wide ban on layoffs with state paid salaries<sup>12</sup> supported workers as businesses temporarily closed or reduced operations due to mobility restrictions. Export and import regulations were adapted to fulfill national personal protective equipment (PPE) and healthcare requirements.

In March, The Turkish Central Bank cut interest rates and provided banks with additional liquidity. On April 27<sup>th</sup>, the Union of Chambers and Commodity Exchanges of Turkey collaborated with the private lender Denizbank and the Credit Guarantee Fund to institute an 859 million USD loan package for SMEs.<sup>13</sup> In addition, a number of development banks have instituted loans and programs to support SMEs. Specifically, On May 21<sup>st</sup>, the European Bank for Reconstruction and Development announced a 50 million Euro package to support Turkish SMEs. Furthermore, institutions such as the Islamic Development Bank signed a 100 million USD Islamic interest-free, financial contract (murabaha) with Turk Eximbank to support SMEs. In July, the Asian Infrastructure Investment Bank also announced a 500 million USD deal to Turkish development banks, in order to support SMEs.

Additional government entities, such as the SME Development Organization of Turkey (KOSGEB) and the Scientific and Technological Research Council of Turkey (TUBITAK), have taken measures to support SMEs during the pandemic. KOSGEB's support to SMEs included delayed debt and loan payments and time extensions of existing support programs. TUBITAK introduced a project called "SME R&D Initial Support Program" focused on the development of protective products that can be used for the diagnosis and treatment of the COVID-19 virus.

A phased reopening of the economy moved quickly following earlier domestic and international travel restrictions and partial curfews and weekend lockdowns. By June 1<sup>st</sup>, restrictions placed on domestic travel, restaurants, and sport facilities were lifted. Between March and August 2020, Turkey recorded 268,546 positive tests for COVID-19. The number of confirmed cases has continued to steadily increase over time (by mid-October, the number of positive cases increased to just over 350,000).<sup>14</sup> While all businesses and schools were previously allowed to open, new restrictions in December of 2020 shut down or limited businesses operating in the education, food and beverage, and service industries. The ban on layoffs has been extended into early 2021 with the potential to continue to June 2021.

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<sup>10</sup>Coronavirus (COVID-19): SME Policy Responses. OECD. July 2020. [https://read.oecd-ilibrary.org/view/?ref=119\\_119680-di6h3qgi4x&title=Covid-19\\_SME\\_Policy\\_Responses](https://read.oecd-ilibrary.org/view/?ref=119_119680-di6h3qgi4x&title=Covid-19_SME_Policy_Responses)

<sup>11</sup>ibid

<sup>12</sup> The Turkish government has paid 60% of staff salaries under this program.

<sup>13</sup>Coronavirus (COVID-19): SME Policy Responses. OECD. July 2020. [https://read.oecd-ilibrary.org/view/?ref=119\\_119680-di6h3qgi4x&title=Covid-19\\_SME\\_Policy\\_Responses](https://read.oecd-ilibrary.org/view/?ref=119_119680-di6h3qgi4x&title=Covid-19_SME_Policy_Responses)

<sup>14</sup> Turkey Country Profile. WHO. <https://www.who.int/countries/tur/>

### 3.1 Existing Literature on Effects of COVID-19 on SMEs

As of March 2020, the Business for Goals platform<sup>15</sup> found that 11% of large companies had halted operations compared to 36% of smaller companies. The revenues of more than half of the 780 companies surveyed had decreased by more than 50%. Adaptation to digital operations and telecommuting has varied based on the size of the company - 70% of large companies said that telecommuting was possible, compared to only 32% of small firms.

More than half (51%) of respondents anticipated their supply chains would be substantially impacted and reported that the postponement of payments (bills, taxes, and social security) was most likely to be the most useful support.

By May of 2020, the effects of the pandemic came into clearer focus. The Business for Goals platform conducted a follow-up survey and found that, in a sample of 619 enterprises, 39% of businesses had reduced their operations. While 85% of businesses reported having adverse effects from the pandemic in March, only 78% reported this in May. The survey also reported that Syrian-owned businesses were hit harder by the pandemic, with 38% of businesses having completely halted their operations May.<sup>16</sup>

RAND Europe<sup>17</sup> found that 61% of respondents cited that their companies would not last more than 4 months and 85% cited they would not last more than a year. Their study, conducted online from May 4<sup>th</sup> to May 21<sup>st</sup>, 2020, focused primarily on businesses owned by refugees, women, and young entrepreneurs. More than half (56%) cited reducing salaries or scaling back services. Additionally, 47% cited taking at least one of the following measures: laying off staff temporarily; requesting payment suspension; and reducing/stopping wages for employees. According to the same research, female entrepreneurs were less likely to lay off staff (21% versus 34% of male-owned firms).

Of the most cited challenges for SMEs in May 2020, reduction of domestic demand for products/services (67%) and difficulties covering staff salaries and other business costs such as rent and utilities (50%) were at the top. Challenges with government regulations (7%), shortage due to sickness (8%) or tax laws (15%) were less common. In contrast to the Business for Goals' March study, SMEs in RAND's May survey cited financial support in the form of grants as most needed (80%) followed by access to market/value chains/alternative sales channels (37%).

An important socioeconomic consideration in the COVID-19 response and recovery in Turkey is the presence of over 3.6 million refugees in the country, who are particularly vulnerable to the effects of COVID-19. According to Relief International,<sup>18</sup> "87% [of Syrian refugees surveyed] reported someone in their household lost their job because of the outbreak, 71% reported that they cannot access health services, and 81% reported urgent unmet needs (most likely as result of having lost their job)." In fact, Syrian refugees are disproportionately affected by the pandemic in the labor market. According to a June 2020 survey by TEPAV,<sup>19</sup> "the rate of Syrians who have been dismissed or taken on unpaid leave because of the pandemic is 36.5%, while the same rate is 11.9% for Turkish citizens; 88% of Syrians have suffered a loss of income

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<sup>15</sup> Business for Goals Platform is a collaboration between TURKONFED, United Nations Development Programme Turkey, and TUSIAD. See survey on Impact of COVID-19 on Enterprises and Needs – Turkey. UNDP, TÜRKONFED, TÜSIAD. March 2020. <https://www.business4goals.org/wp-content/uploads/2020/04/B4G-Covid-19-survey-ENG.pdf>

The platform conducted an online survey, from March 23<sup>rd</sup> to March 27<sup>th</sup>, 2020, surveying a total of 780 companies. Among the respondents, 36% were micro firms, 33% were small-sized firms, 20% were medium-sized firms, and 11% were large scale firms.

<sup>16</sup> Survey on Impact of COVID-19 on Enterprises in Turkey: Report on Results of Second Survey. UNDP, TÜRKONFED, TÜSIAD. May 2020.

<sup>17</sup> How small businesses are coping with the impact of COVID-19. RAND Europe. July 2020. [https://www.rand.org/pubs/research\\_reports/RR607-1.html](https://www.rand.org/pubs/research_reports/RR607-1.html)

<sup>18</sup> Relief International, April 2020. "Impact of the COVID-19 Outbreak on Syrian Refugees in Turkey."

<sup>19</sup> TEPAV, June 2020. How Has COVID-19 affected Turkey's Labor Market?

[https://www.tepav.org.tr/upload/mce/2020/notlar/how\\_has\\_covid19\\_affected\\_turkeys\\_labor\\_market.docx.pdf](https://www.tepav.org.tr/upload/mce/2020/notlar/how_has_covid19_affected_turkeys_labor_market.docx.pdf)



while the same rate was 50% for Turkish citizens; and Syrians were less likely to benefit from COVID-19 support packages compared to Turkish citizens." These findings underline the importance of the resilience of businesses that are owned by and employing Syrians, who disproportionately hire refugees. Preserving livelihoods, workplace networks, and information flows would also contribute to public health goals during the pandemic.

## 4. FINDINGS – ANALYSIS OF TURKEY’S RECOVERY PHASE

By July 2020, Turkey’s economy had moved into the recovery phase of COVID-19 impact, defined by the International Trade Center as the easing of restrictions, re-opening of businesses, and reduction of new COVID-19 cases. While social distancing measures were still in effect, all economic sectors in Turkey (including cafes, domestic travel, tourism, and sporting events) were open for business.

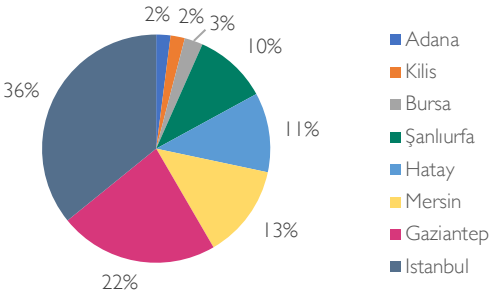
To determine how businesses had been affected by the pandemic and what support they may need to manage and sustain their operations, Building Markets surveyed 348 SMEs in its network between July – August 2020.

### SME Network

Building Markets’ network in Turkey largely consists of SMEs with at least one Syrian owner. These businesses were initially surveyed between 2017 and February 2020. Over this three-year period, if an SME was verified, Building Markets offered targeted training based on their self-identified needs, and matchmaking services, which focus on increasing connections to new supply chains and capital. These services were ongoing at the time of the COVID-19 survey, resulting in a high response rate among SMEs.

All businesses were formally registered with the relevant government entity at the time of their initial survey. While businesses did not have to be located in a specific region to be surveyed, Building Markets focused on markets in provinces with the highest concentration of Syrian refugees (Istanbul, Gaziantep, Mersin, Hatay, Bursa, and Şanlıurfa).

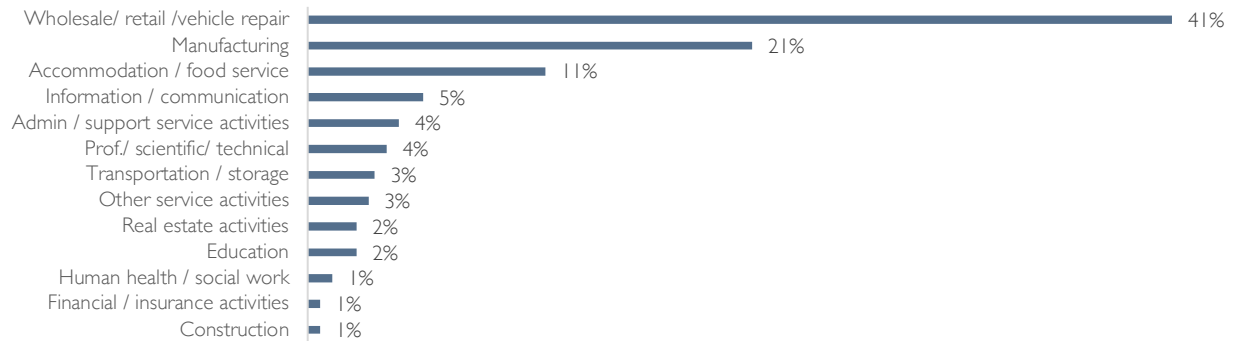
Figure 1 - Location of SMEs in Survey Sample (by city)



SMEs in the survey sample are concentrated in the wholesale/retail sector.<sup>20</sup> The breakdown of sectors in the survey sample represents Building Markets’ broader network in the country and does not suggest that businesses in a certain sector or location were more likely to respond to the survey or survive the initial phase of COVID-19 (See Annex 3).

<sup>20</sup> while “Vehicle Repair” also falls within this sector, it is not a service provided by businesses in this sample

Figure 2 - SME Sectors in Survey Sample



Of the SMEs that participated in the survey, 94.8% reported having at least one owner that is a Syrian refugee or migrant in Turkey. These businesses were not concentrated in any particular sector.

**MEET ENTREPRENEUR**  
**LOBNA HELI**  
**FOUNDER, LAZORD**



Lobna Heli is a Syrian professional who moved to Turkey due to the Syrian war. In 2017, she founded Lazord, a chocolate dessert shop in the city of Gaziantep, which is a culinary hotspot in the country.

Like other cafes and restaurants, the COVID-19 virus meant that Lazord had to close temporarily. During the lockdown, Lazord continued to market its products remotely. In addition, Lobna launched “Humanity Gathers Us,” a charity campaign that allows Syrian and Turkish families to distribute grocery gift cards to those negatively affected by the pandemic. In addition to its social impact, the campaign has played a crucial role in promoting Lazord’s brand. The resulting increase in sales has helped mitigate the financial loss caused by COVID-19.

Lobna says, “there was a point this year where we faced closing down permanently, but thanks to valuable advice from the Building Markets training team, we were able to continue our work despite COVID-19.” Lazord’s concept is home cooking, and Lobna’s next goal is to launch her own line of frozen food products.

**“The charity campaign we started during COVID-19 played a crucial role in promoting our brand and gaining customers’ confidence.”**

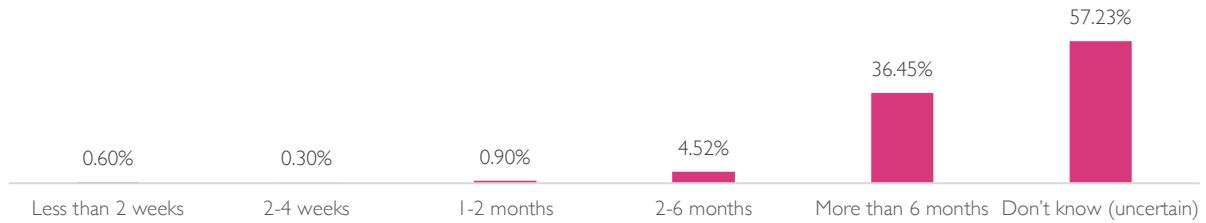
**Closure and Survival**

In Building Markets’ sample, nearly 95% of business were open in July and August 2020. However, while businesses largely reopened in the immediate aftermath of the lockdown, medium- and long-term sustainability remains at risk with 57% of SMEs reporting that they were uncertain how long they could continue to operate. Stakeholder interviews reinforced this vulnerability with an investment advisory firm noting “Some business owners have taken this time to either close or transfer

ownership of their business; they do not want to operate in this challenging environment, and if they don't rely on the income, they prefer to exit.”<sup>21</sup>

The uncertainty expressed by SMEs may also stem from a heavy reliance on government support that is decreasing operational costs for many businesses. They are also heavily dependent on demand, which may not return to previous levels for hard hit sectors or those that require face-to-face interactions.

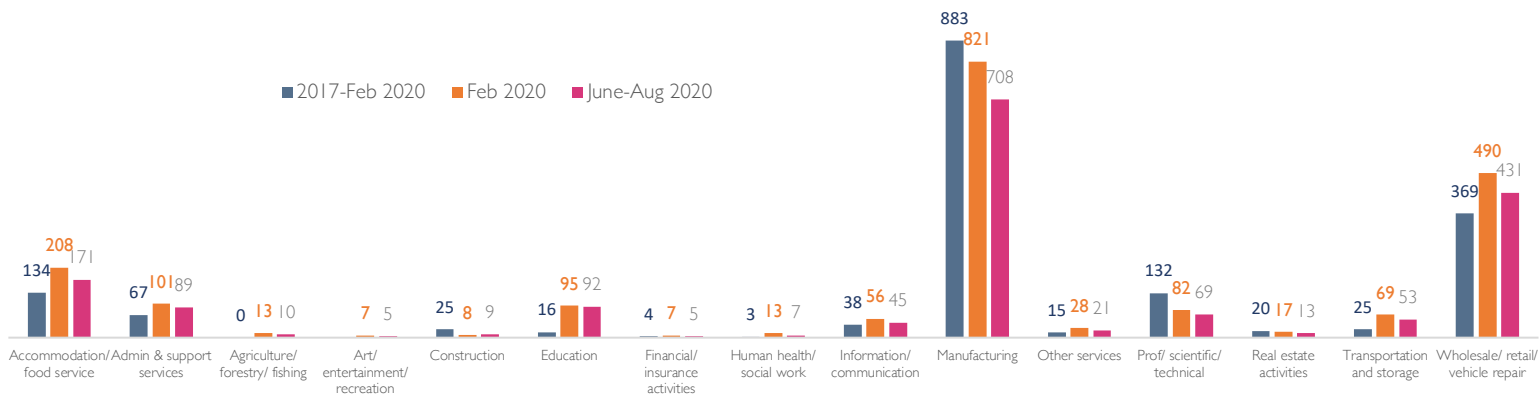
Figure 3 - How Long Businesses Believe They Could Stay Open Under Current Conditions



### Employment

Between February 2020 and the time of survey, the number of people employed by SMEs in the sample decreased by 12%. The reduction of reported employees was highest (more than ten employees per SME) for non-essential manufacturing (such as clothing), wholesale businesses, and accommodation/food service providers. However, the accommodation/food services and wholesale/retail sectors are still holding onto a higher number of employees than prior to COVID-19. This may be due to state support for paying wages, which would allow SMEs in hard hit sectors to avoid permanent layoffs while this assistance remains available. This may offer an opportunity for these businesses to resume normal operations without significantly scaling down if demand returns to pre-COVID-19 levels.

Figure 4 - Number of Full-time Employees by Sector (over time)



Most of the businesses in the sample (63%) have fewer than five employees. The average number of employees is highest for SMEs in the education (11.9 employees), agriculture/forestry/fishing (10 employees), and manufacturing (9.8 employees) sectors. Most SMEs (83.6%) have employees that are refugees or migrants, and 38.4% have managers that are refugees or migrants.

<sup>21</sup> Stakeholder Interview, 08/26/2020

Nearly half of SMEs (47.7%) anticipate the number of people they employ will remain the same for the next six months. Only 15.4% forecast a decrease and nearly a quarter (24.4%) expect the number of employees to increase.

Six per cent of SMEs had difficulties with labor shortages in the past 30 days due to mobility restrictions imposed by the government. SMEs reported that 4.7% of the total workforce experienced temporary layoffs (suspension of work without pay) and 9.6% experienced a reduction in earnings or delays in wage payments.

**Table 2 - Average Number of Employees Experiencing Wage Disruptions by Sector (past 30 days)**

Sector	Temporary Layoff (without pay)	Reduction or delays in wage payment	Permanent layoff (without pay)
Accommodation and food service	0.32	1.24	1.32
Admin and support service activities	0.00	0.79	1.29
Agriculture, forestry and fishing	0.00	2.00	0.00
Arts, entertainment and recreation	0.00	0.00	2.00
Construction	0.00	0.00	0.00
Education	0.00	0.00	0.00
Financial and insurance activities	0.00	0.00	0.00
Human health and social work <sup>22</sup>	1.25	2.75	2.75
Information and communication	0.11	0.74	0.32
Manufacturing	0.71	0.71	0.79
Other service activities	1.00	0.00	0.60
Prof./scientific/technical activity	0.08	1.54	0.46
Real estate activities	0.00	0.00	0.25
Transportation and storage	0.00	0.91	1.55
Wholesale/retail; vehicle repair	0.11	0.23	0.48

In the sectors that are most common in the sample (wholesale/retail and manufacturing), wage disruptions are very low on average, with less than one employee experiencing each type of disruption.

## Demand

The immediate decrease in demand caused by the onset of COVID-19 has continued into the early stages of the recovery phase. When surveyed during the summer of 2020, 88.8% of SMEs had experienced a decrease in demand in the past 30 days. Half of SMEs (50.6%) reported difficulties accessing customers due to mobility restrictions imposed by the government, and the remaining 38.2% of those experiencing decreased demand noted other reasons, such as customers no longer being able to afford products or cancelling their orders.

Nevertheless, the pandemic has put a damper on the local market. Budgets are constrained as a result of low demand and decreased business operations. In addition, public sector investments and spending on projects such as construction have gone down as budgetary priorities have shifted to the pandemic response. With tight budgets, businesses who supply medical equipment to public sector hospitals have not been paid in a timely fashion.<sup>23</sup>

<sup>22</sup> Human health and social work SMEs (n=4) saw the highest average number of wage disruptions by sector. However, given the small sample size, this is not representative of Turkey's broader health infrastructure. This sector also includes social work activities that may be considered non-essential.

<sup>23</sup> Stakeholder Interview, 08/09/2020

MEET ENTREPRENEUR  
**AYMAN NADAH**  
FOUNDER, ZAYNA KOZMETIK



After being displaced by the Syrian war, Ayman Nadah moved to Turkey. He was unable to pursue his profession as a financial manager but decided to become an entrepreneur. In 2015, he founded Zayna, which sources natural raw materials to produce an extensive selection of perfumes and cosmetic products.

Based in Istanbul, Ayman's journey has not been without obstacles. The company's products initially targeted the Syrian refugee market and, as a non-essential product, sales have fluctuated during the pandemic. At one point, they had to close four out of seven branches and pivot to exporting.

At one point, the company halted operations and studied demand in the market. This steered Zayna towards hand sanitizers, and kolonya, a local staple of fragrant antiseptic. To expand production and meet demand, the company partnered with underutilized factories while manufacturing under its own brand. Ayman is continuing to look for new partners to improve sales and operations and has started applying to tenders with support from Building Markets.

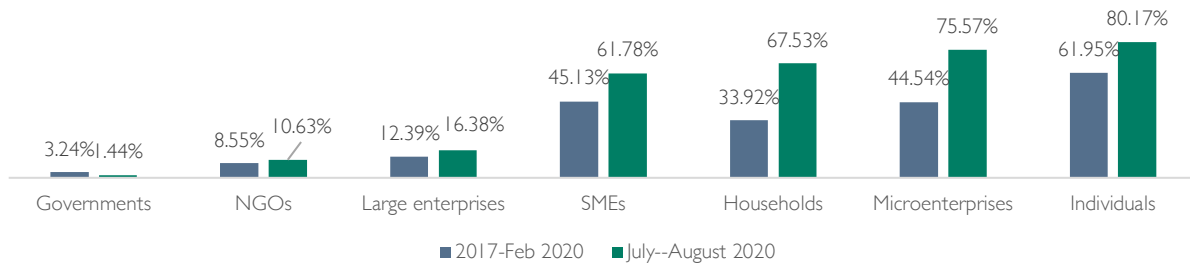
For Ayman Nadah, the pandemic has created new momentum, and Zayna is doing well. The next step for this resilient entrepreneur is leveraging digital technologies to sell the company's products online.

**“With COVID-19, we saw new demand in the market for hand sanitizers -- an opportunity for our business given our expertise in perfume production.”**

Since March 2020, 77% of SMEs have experienced a decrease in the number of clients, and only 6% have had an increase. Most SMEs (93.7%) have customers that are refugees or migrants, and 56.3% have distributors that are refugees or migrants. If refugees and migrants are disproportionately affected by COVID-19, which is highly likely given current research, then the businesses that rely on their demand are also likely to be more impacted.

In adjusting to the crisis, businesses were more likely to change who they sell to (47%) than change their products (10%). The most common buyers for SMEs in the sample were microenterprises and individuals. This can present an additional challenge for these SMEs. As one stakeholder noted, unlike commercial orders that may simply be delayed during the pandemic, demand losses by consumers may not be fully recovered. While SMEs are selling to more types of buyers than they were before COVID-19, it continues to be less common to sell to large enterprises, governments, and NGOs. This represents an opportunity to expand markets and customers.

Figure 5 - Types of Buyers (over time)



In the sample, 84.3% of SMEs reported that their principal client is foreign, highlighting the importance of exports in the recovery process. Three quarters of SMEs said they had a contract with their principal client between July and August 2020, the two-month timeframe of the survey.

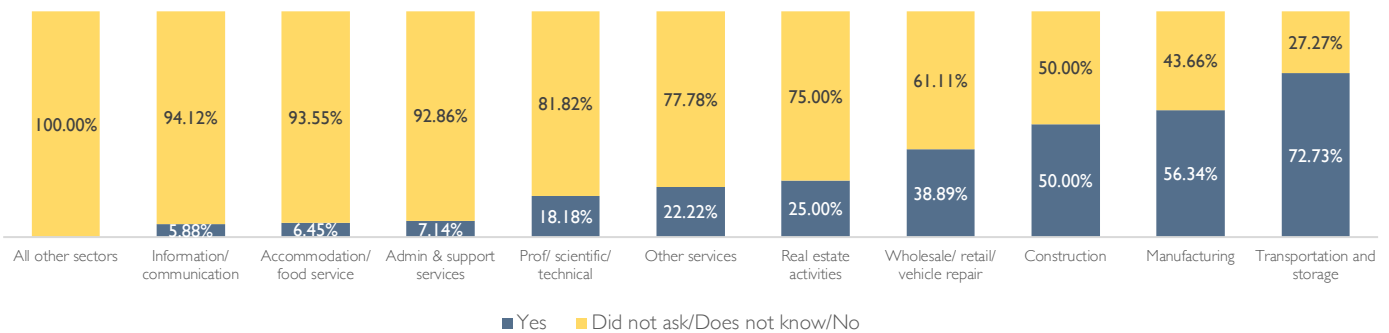
Additionally, 43% of SMEs reported having an international client within the past six months. This is slightly less frequent than 2018, when 50.5% of the sample had an international client in the past six months.

## Exports

While the majority of Turkey's exports go to Europe, businesses surveyed for this research predominantly export to Arabic speaking countries in the region.

Only 34% of SMEs that export products (n=115) reported difficulties with exporting since the beginning of 2020. Export disruptions appear to be dependent on industry, with transportation/storage, manufacturing, and construction businesses most likely to report challenges.

Figure 6 - Have Exports been Affected Since the Beginning of 2020 (n=115)



## Supply

Most SMEs (93.9%) are able to pay their suppliers within 30 days. However, 16.1% say the time it takes to pay suppliers has increased since March 2020. About one-third (34.8%) of SMEs have experienced difficulty accessing suppliers in the past 30 days due to government-imposed mobility restrictions, and 35.3% have experienced a reduction in the availability or increase in price for main inputs in the same time frame.

More than half (55.3%) of SMEs have suppliers that are either refugees or migrants, a slight drop since before COVID-19 began, when 60.3% of SMEs reported suppliers with this status.

MEET ENTREPRENEUR  
**MOHAMED KARKOUR**  
 OWNER, ALHKAM



Alhkam, based in Hatay, is an importer-exporter that works through its international networks to connect local producers and consumers in the region to various types of specialized goods, from animal feed to car oils.

The business was hit hard by COVID-19 due to an increase in prices for all products, and higher costs for shipping. It also experienced disruptions in its supply chains, which caused shortages of food products.

To keep his business active, Mohamad Karkour, the owner of Alhkam, sought new opportunities, including exporting face masks to African countries and fruits and vegetables to Syria.

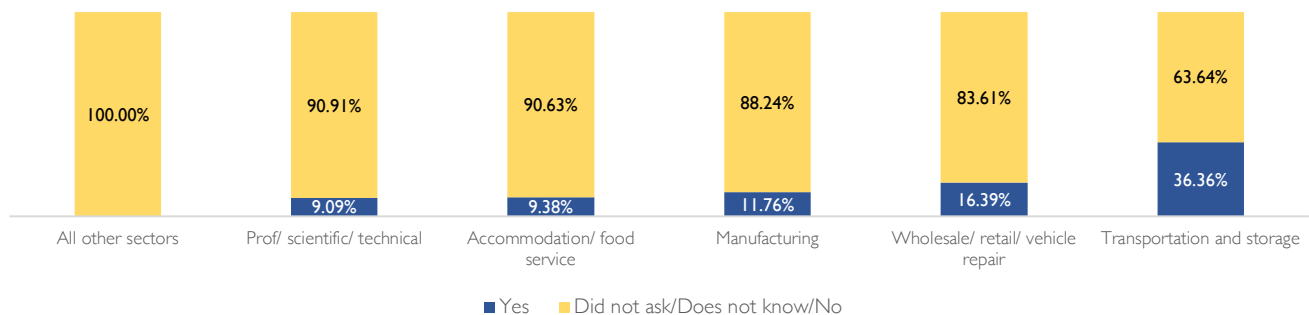
Alhkam's next steps are continuing to look for new markets and expand their export activities. Mohamad is negotiating with customers in both Europe and Gulf countries for new contracts and says that the best support at this time would be a grant or loan to assist his business in achieving its goals.

**“We are continuing to look for new markets and expand our export activities. A grant or loan would help us achieve our goals.”**

### Imports

Importing is not common in the survey sample, with only 34 of the 348 SMEs reporting that their business imports goods. Of these businesses, only 11.7% experienced challenges importing since the beginning of 2020. In addition to supply chain disruptions, imports also dropped due to decreased demand, an increase in taxes on imported goods, and devaluing of the Turkish Lira, making imported goods more expensive. Imports for some items have increased, aligning with the government's intention to regulate trade to ensure the country's healthcare industry had sufficient PPE and pharmaceuticals to combat the crisis.

Figure 7 – Have Imports Been Affected Since the Beginning of 2020



Due to extra health precautions and quarantine measures, the cost of business has gone up particularly when it comes to delivering goods across borders. One stakeholder commented, "If a truck driver needs to isolate for 14 days after making a delivery, this increases the cost for the company sending them there."<sup>24</sup>

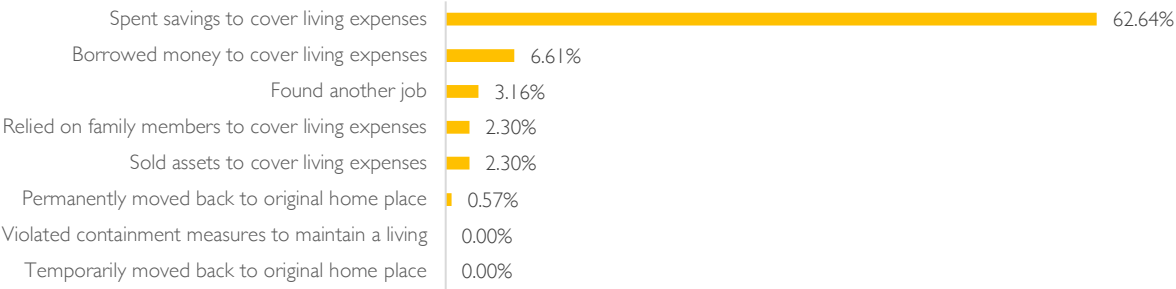
With support from the government, customs and logistics have become easier. One stakeholder from a local business association noted, "the Ministry of Trade developed an easy trade platform, with some customs procedures becoming easier and going online/digital."<sup>25</sup> While companies needed to quickly adapt to this, those that were well-positioned to switch to telework benefitted from these changes. Additionally, a representative of chambers of commerce reported, "The Ministry of Trade made extensive efforts to keep trade moving during the peak of the pandemic. They allowed for new measures where a truck could arrive at the border zero point, clean and hand over the vehicle contact free, and keep the vehicle moving with another driver in the next country. Turkish Airlines was used to supplement air freight needs. Sea freight opportunities were also used."<sup>26</sup>

**Finance**

Personal Expenses

At the time of interview, nearly two-thirds of interviewees had spent their savings to cover their living expenses over the previous two months, and over one-third anticipated spending their savings to cover expenses in the following 14 days.

**Figure 8 - Managing Expenses (past 60 days)**



Difficulties accessing food in the past week were not very common – only 11.5% of interviewees reported these challenges. The most common responses for those reporting difficulties were being unable to buy the amount of food normally bought due to either the price of food being too high, or because household income dropped.

**Figure 9 - Difficulties Accessing Food (past 7 days)**



<sup>24</sup> Stakeholder Interview, 08/31/2020  
<sup>25</sup> Stakeholder Interview, 09/01/2020  
<sup>26</sup> Stakeholder Interview, 09/15/2020



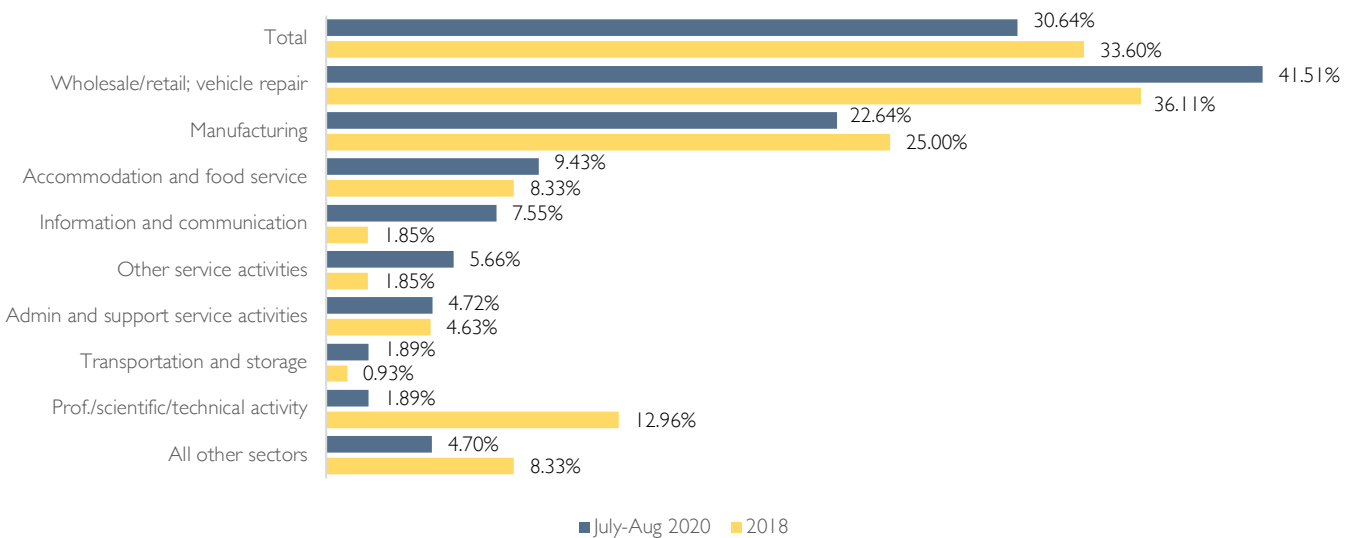
## Business Expenses

Access to immediate, flexible financing is a priority for SMEs. At the time of the survey, a little more than ten percent (10.9%) shared that they were experiencing difficulties accessing finance in the previous 30 days. A little over a third of SMEs (35.9%) reported a depreciation in their productive capital due to inactivity.

While interviewees disclosed that they borrowed to cover their living expenses, reports of borrowing business capital was extremely low, with less than 1% of SMEs having ever received a formal loan. Other forms of borrowing are also rare; 6.9% borrowed from family or friends, 0.29% from other informal lenders, and 0.86% had applied to a COVID-19-related fund.

When asked if they would want to obtain a loan, 30% said yes. Interest in a loan is most common for wholesale and retail SMEs, followed by those in manufacturing, which largely matches pre-COVID-19 responses<sup>27</sup>.

Figure 10 - SMEs that Want Loans by Sector



On average, businesses are looking for just under \$21K USD each, with responses varying on the intended purpose of a loan. Nearly 20% of respondents would use the loan to expand operations, either by expanding their geographic presence or by hiring more staff. The appetite for financing to expand operations is likely related to whether or not the SME is selling or producing essential goods, in which case they would have seen a boost in demand over the past six months.

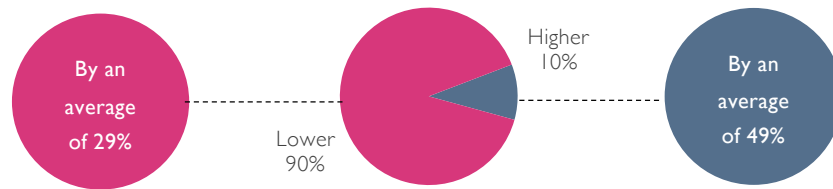
In addition to loans, stakeholders noted that travel restrictions have made it harder to attract foreign investors into the market, which largely rely on face-to-face interactions.

## Turnover

Most (90%) of SMEs experienced lower revenue in the past 30 days than the same period last year, and 84% expected this trend to continue for the next month.

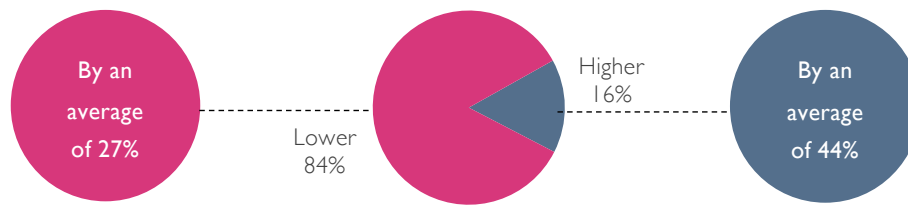
<sup>27</sup> Interest in a loan for each sector remained largely the same with the exception of the "Professional, scientific, and technical activity" sectors, where interest in a loan dropped significantly. However, this is due to a very low sample size of SMEs in this sector.

Figure 11 - Revenue Higher or Lower than Same Time Last Year (past 30 days)



For SMEs experiencing or expecting loss, they anticipate an average of just under 30% less than pre-COVID-19 revenue. For those with higher revenue than last year, the increase is close to 50% (on average). Higher revenue can be found in SMEs who offer essential goods and services, including medical equipment, food/agribusiness, pharmaceuticals, and digital technology, which have benefitted from increased demand.

Figure 12 - Revenue Expected to be Higher or Lower than Same Period Last Year (next 30 days)



This forecast is similar for both expected annual sales and investment, with 89.4% of SMEs anticipating lower annual sales and 88% anticipating lower total investment this year compared to the previous year.

### Marketing and Communications

Due to operational restrictions, SMEs are adapting their models to access new customers. This includes new avenues for marketing and using e-commerce to do business. Furthermore, companies that have already been working within the tech/IT space are seeing more opportunities as demand increases for hardware, software, and other digital services. Platforms for e-commerce and e-exporting (e.g. Amazon) are also readily available, opening new markets and shifting consumers to online shopping. However, these can only be leveraged by SMEs if they have the skills and experience to use them. In addition, as one stakeholder noted, while b2c e-commerce is prevalent locally, b2b e-commerce needs to be developed further.

## MEET ENTREPRENEUR

# HUSSAM EDDIN AL HAJ

## FOUNDER, ATHEER GROUP



Atheer Group is an insight-driven advertising company with business services that include communication and marketing strategy development, graphic design, website and mobile app development, and video and photography. Hossam El Din Hajjo, who started the company in 2018, has a diploma in electronic engineering and communications, as well as local and international technology certifications. Based in Bursa, Atheer Group serves clients across Turkey, and has also exported printed products to more than 100 customers in Sweden, Germany, Iraq, and the Arab Gulf countries.

The pandemic hit the business hard, and revenues have decreased sharply for some of Atheer's services. On the other hand, they have seen new demand for web design and e-marketing as more and more clients are looking to operate digitally.

Hossam says that the company is working on a marketing campaign for their digital services and trying to apply for a grant from KOSGEB to help recover from COVID-19's effects.

**“The world has turned towards e-commerce and telecommuting with COVID-19, and we are focused on our digital services.”**

Stakeholders interviewed for this research shared that there is a need for greater capacity building and training so employers and staff understand how to operate and market their goods and services through digital channels. Furthermore, it is still an ongoing adjustment to shift to online modes of working, participating in webinars, conferences, and Zoom meetings.

SMEs use both computers/laptops (77.3%) and phones (83%) to access internet. During the summer of 2020, 78.7% of SMEs accessed the internet every day for business operations, including online ordering, research, and Facebook for communications and marketing. Only 8.9% reported accessing the internet “seldom or never” for business purposes. Using email daily for business operations is less common, with 31.4% using email seldom or never for business purposes. When email is being used, it is most likely to contact customers. Only 7.2% disclosed using email to contact internal staff. Instead, there is a preference for communication applications like WhatsApp and Facebook.

## Tenders

While 62.5% of SMEs know what a tender is, only 13.4% have ever submitted a formal bid. This is unsurprising given that SMEs do not list governments, NGOs, and large enterprises as a common type of buyer. This is also consistent with findings from pre-COVID-19 baseline data.

Of the businesses that had submitted a bid before (n=29), only 20.7% had submitted a bid in the previous six months. The average number of bids was highest for SMEs in the construction sector, followed by administrative and support services.

Figure 13 - Average Number of Tender Bids Submitted by Sector (past six months)

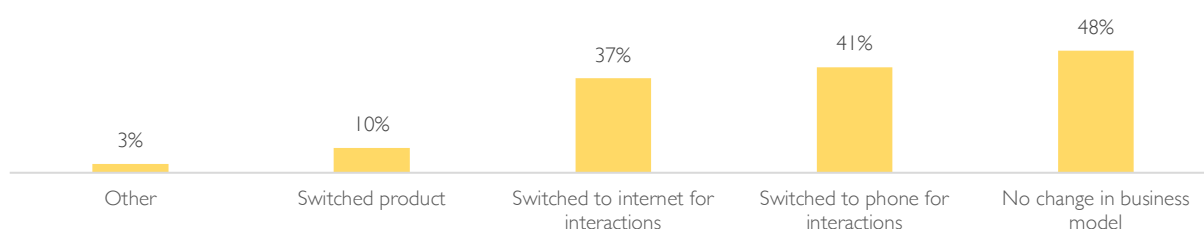
Sector	from Private Sector	from NGO/ INGO/International Organizations	from Government
Accommodation /food service	0.50	0.00	0.00
Admin & Support Services	2.80	1.40	1.20
Construction	4.00	4.00	0.00
Education	1.50	0.00	0.50
Information/ communication	0.33	2.33	0.00
Manufacturing	0.43	0.14	0.00
Prof. /scientific /technical	0.00	0.00	0.00
Real Estate Activities	0.00	0.00	0.00
Transportation and Storage	0.50	0.00	0.00
Wholesale /retail/ vehicle repair	0.60	0.00	0.00
Total Average	1.03	0.68	0.24

Among businesses that know what a tender is, the frequency for regularly checking for tenders is low. More than half (52.6%) report that they “seldom or never” check for tenders to bid on. However, SMEs are checking for tenders more often than in 2017-Feb 2020, when 75% of SMEs reported they “seldom or never” checked.

### Adjusting to COVID-19

Ten per cent of SMEs have adjusted to the crisis by producing or selling new goods to maintain demand, however only 4% of businesses reported selling products that respond to COVID-19, such as PPE and sanitizers. SMEs in the sample were more likely to adjust their business model due to decrease in-person interactions; 41% switched to phone and 37% switched to internet to conduct business.

Figure 14 - Changes to Business Model due to COVID-19



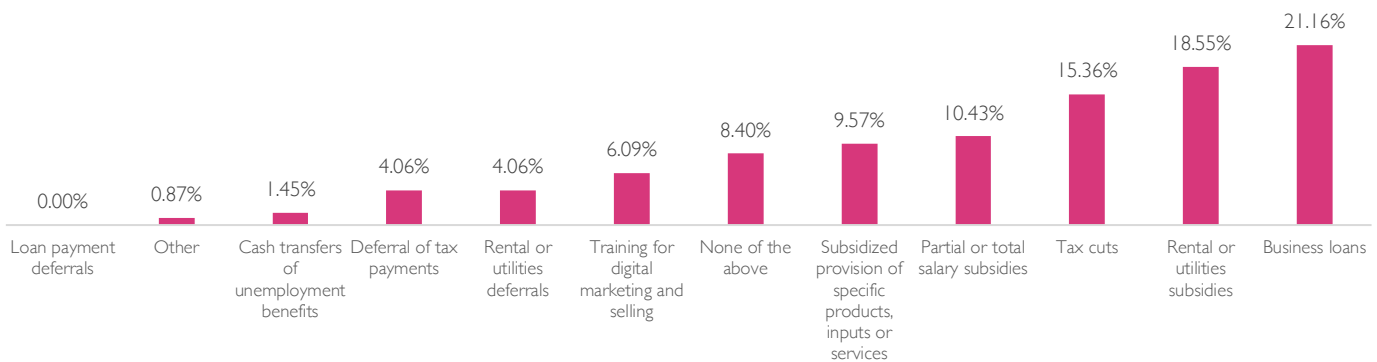
Almost half of the SMEs surveyed (48%) made no changes to their business model. This includes both essential businesses, such as wholesale/retail and manufacturing companies that continued operating through the crisis, and those who could not adjust their business model to remote working, such as accommodation and construction activities. However, there may be a much higher percentage of SMEs that could benefit from digital transformation if they had access to training and tools. Only 3.5% reported having accessed training on this topic in response to COVID-19.

## Policy Responses

Before COVID-19, 54% of businesses reported that sales and/or marketing was their top training need. However, for this research, 77% reported sales and/or marketing as the top interest, which is likely due to decreased demand from the pandemic necessitating new solutions in reaching customers and markets. Alongside this, SMEs may also need to increase the quality of their products and their ability to meet the standards and compliance of new buyers.

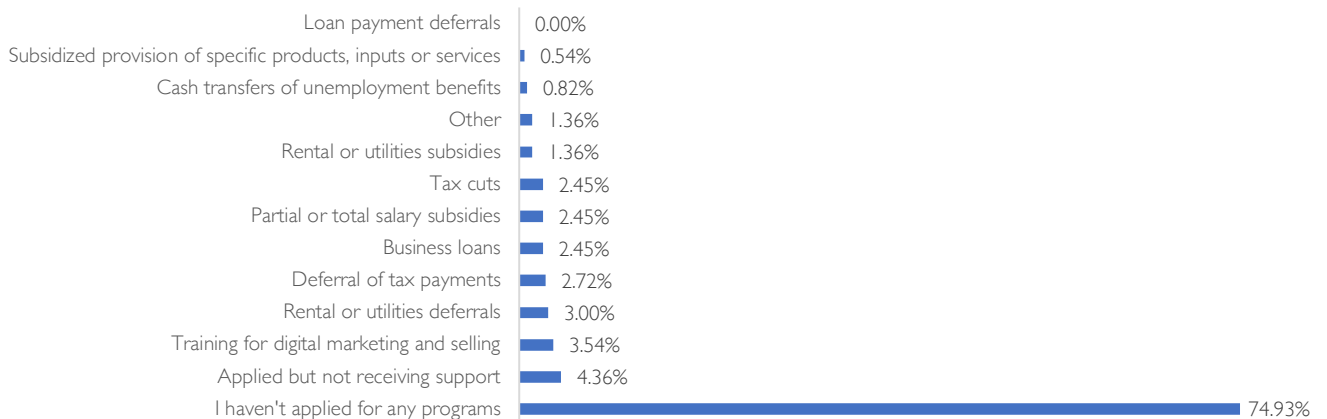
When asked what type of support would be most useful, SMEs chose business loans, followed by rental or utility subsidies and tax cuts. Training for digital marketing and selling was not a common response (6%), suggesting that at the time of this survey, financial concerns to sustain business operations are more pressing challenges than increasing demand. This could also be a result of cost – SMEs are not able or willing to invest in training at a time of such high uncertainty and low revenues.

Figure 15 - What Policy Support is Needed Most



Three quarters of businesses had not applied for any type of support to address the challenges of COVID-19. This could be due to language barriers; not all SMEs in the sample have an employee that speaks Turkish, making it more difficult to become aware of, and take advantage of, government support programs.

Figure 16 - SMEs Applying for or Receiving Government Support



## CONCLUSION & RECOMMENDATIONS

The pandemic has hindered the day-to-day operations of SMEs, resulting in a range of negative impacts. In particular, traditional, brick-and-mortar businesses (e.g., in the retail and service sectors) had to temporarily close. Those that were reliant on in-person transactions were no longer able to maintain customers and experienced significant drops in demand and revenue. This weakened productivity as employers struggled to keep employees. While transferring in-person sales to e-commerce and implementing other digital tools would be a game changer for many SMEs, those that were not able to immediately do this may struggle to do so now given decreased turnover.

This research found that the effects of COVID-19 on Syrian businesses in Turkey are not dissimilar to those experienced by businesses around the world. However, it highlights the additional obstacles Syrian-owned companies face given their competitive disadvantages are amplified during a crisis. This includes a lack of available capital, information gaps and language barriers that limit access to support programs, disruptions in trade and supply chains, and operational models that do not include digital resources. These challenges were all present during the recovery phase of the first wave of the virus, but considering that Turkey is now re-entering mobility restrictions due to a surge in cases, these challenges are likely to become even more pressing.

On the other hand, Syrians are also demonstrating their continued capacity to overcome adversity, their desire to be economic participants, and the extraordinary contributions they can make when given the opportunity. As entrepreneur Muhammad Yasser Al-Sebsabi, owner of Aysafa (a food and beverage producer/exporter), said, "our company is a self-affirmation: it provides us with stability and the feeling that, as refugees, we can make a positive contribution to our country of asylum and not be a burden."

As the pandemic continues to effect business operations and demand, it will be crucial to continue dialogue with SMEs and representative organizations to understand needs and respond accordingly. Given current findings, the following are recommendations for government, donors, private sector stakeholders, NGOs and civil society organizations:

### **Recommendations:**

1. SMEs have spent their savings to cover operational costs, leaving them cash constrained and vulnerable. Flexible financial support, such as subsidies for operational costs, grants, and other forms of COVID-19 relief funding are needed. These must be accessible to SMEs, including those owned by refugees.
2. With stretched public sector budgets, help SMEs become more resilient in partnership with the public and private sectors, and less reliant on short-term government subsidies in crises. SMEs urgently require digital tools to sustain their operations during and beyond the pandemic. Other training is also needed to increase SME efficiency and productivity including sales and marketing, financial management, and procurement support.
3. Given face-to-face and traditional communication is likely to remain difficult in the coming months, SMEs require easy and regular access to information, including on tenders and government support programs relevant to their businesses and sectors.
4. Syrian-owned companies may not have a Turkish speaker within their SME. Therefore, business support services, tenders, and other resources should be translated into Arabic.
5. Government entities can broaden their procurement and improve payment terms to SMEs that supply to the public sector. Turkey should also take advantage of disruptions to global supply chains and multinational companies' interest in diversifying suppliers and increase support to local manufacturing and export-oriented SMEs.

## ANNEX I: SME SURVEY

Question Text	Answer Style/Choices
Date Conducted	Date
Section 1: Pre-Interview Details - Fill all of this out before starting	
Enter the business's unique entity ID:	text
Select the program country this business's office is located in:	MCQ (Turkey, Jordan, Myanmar)
Select the primary currency this business uses:	MCQ (TRY, JOR, MMK)
Enter the full name of the Building Markets staff conducting the interview	text
Trade name:	text
Street Address	text
City	text
Region	text
Sector	text
Subsector	text
Section 1a: Pre-Interview Details: Contacting the business	
Was business able to be contacted?	MCQ (Yes/No)
If no, why not?	MCQ (Phone number did not connect, Phone call was not answered, Phone number was not correct individual, Other)
If other, please explain	text
Section 2: Interview Identification	
Survey Consent: Your consent is necessary to participate in this survey, which would allow Building Markets to analyze your data within a unified group (without specifying it) to issue a general report on businesses in this market. You are free to decline to participate or to skip if they make you uncomfortable. Do you grant consent?	MCQ (Yes/No)
Interviewee's name:	text
Interviewee's position at business or entity:	MCQ (Owner, Manager, Employee, Other)
Interviewee's primary phone:	number
Interviewee's primary email:	email
Section 3: Business Status	
What is the current status of your business?	MCQ ("Temporarily closed by government mandate, Temporarily closed due to challenges related to the COVID-19 outbreak, Permanently closed due to challenges related to the COVID-19 outbreak, Temporarily or permanently closed due to factors unrelated to the COVID 19 outbreak, Business remains open, does not know)
→If closed, when did it close?	date
→If closed, When are you expecting that this business will resume operations?	date
Confirm sector and subsector	MCQ (Yes/No)
→If no, new sector:	MCQ (sector list)

→If no, new subsector	MCQ (subsector list)
Address is confirmed?	MCQ (Yes/No)
→If no, new street address	text
→If no, new city	text
→If no, new region	text
Does the primary activity of the business you work for involve the production, transport, trading or selling of food products?	MCQ (Yes/No)
Does the primary activity of your business involve the production, transport, trading or selling of food products?	MCQ (Yes/No)
Section 4: Registration and Formality	
Is this business registered with all required government agencies/institutions?	MCQ (Yes, No, In Process, Does not know, refuse to respond, did not ask)
Can your business provide certified Balance Sheet statements?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Can your business provide certified Profit & Loss statements?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Section 5: Employment	
Note: The following questions about employees refer to the number of employees currently employed (i.e. still on the payroll) by the business	
How many managers are employed at your business at the end of last month?	number
How many of these managers are male?	number
How many of these managers are female?	number
How does your business primarily manage its finances?	MCQ (Owner manages all finances, Full time finance staff in house, Part time finance staff in house, Shared duty by non-finance staff, Outsource to company or consultant, Other, Did not ask, refuse to respond, does not know).
If other, how does your business primarily manage its finances?	text
Do you have a dedicated human resource (HR) manager?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
At the end of last month, how many full-time employees worked at this business? (works the average working week, for the average number of hours). Do NOT include the number of owners or managers.	number
How many of these employees are male?	number
How many of these employees are female?	number
How many part-time or employees did this business employ throughout last month? (works a limited # of hours per day, or a limited # of days per month). Do NOT include the number of owners and managers.	number
How many of these part time employees are male?	number
How many of these part time employees are female?	number
How many of your total staff (full- and part-time) DO NOT hold local citizenship?	number
How many of your total staff (full- and part-time) hold local citizenship?	number
In the last 30 days, how many of your workers experienced any of the following as a result of the coronavirus/covid-19 outbreak and related restrictions?	
Temporary layoff/suspension of work (without pay) - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number
Permanent layoff/suspension of work (without pay) - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number
Reduction in earnings from this work or delays in wage payment - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number



How many paid employees did your business have at the end of February 2020? (both full-time and part-time, excluding yourself)	number
Of these employees, how many were male managers?	number
Of these employees, how many were female managers?	number
Of these employees, how many were male full time permanent employees?	number
Of these employees, how many were female full time permanent employees?	number
Of these employees, how many were male full time temporary employees?	number
Of these employees, how many were female full time temporary employees?	number
Of these employees, how many were expats?	number
Section 6: Clients	
Have you had an international client within the past six months?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
What is the name of your principal client? (largest buyer)	text
Is your principal client foreign or domestic?	MCQ (foreign, domestic, did not ask, does not know, refuse to respond)
What is your principal client's primary sector?	MCQ (sector list)
What goods or services were provided to this client?	text
When was the end of last contract with this client?	Date
What was the total value sold to this client within the last 6 months?	number
Types of Entities that Purchase Products	
Customers are Governments?	MCQ (Yes, No, Does not know)
Customers are Microenterprises?	MCQ (Yes, No, Does not know)
Customers are Individuals?	MCQ (Yes, No, Does not know)
Customers are NGOs?	MCQ (Yes, No, Does not know)
Customers are SMEs?	MCQ (Yes, No, Does not know)
Customers are Households?	MCQ (Yes, No, Does not know)
Customers Large Enterprises?	MCQ (Yes, No, Does not know)
Number of Entity Types Sold to	number
Types of Entities that Purchase Products OTHER	text
Since March 2020, would you say the number of clients has increased, decreased or stayed the same?	MCQ (Increased, decreased, stayed the same)
Typically, how long does it take for your business to pay its suppliers?	MCQ (within 30 days, within 60 days, within 90 days, Over 90 days)
Since March 2020, would you say this time has increased, decreased or stayed the same?	MCQ (increased, decreased, stayed the same)
What is your best-selling product/service right now?	text
Do you sell any products that respond to COVID-19 (personal protective equipment, sanitizers, etc).	MCQ (Yes, No, Does not know)
→If yes, please describe:	text
Section 7: Finance	
Has this business ever received a formal loan?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If yes, (for the most recent formal loan) from whom?	text
→If yes, (for the most recent formal loan) how much did you receive?	number

→If yes, when did you receive the loan?	date
→If yes, how did you spend the money?	MCQ (Build infrastructure, Buy service advertising etc, Cover normal operating costs, Expand geographically, Hire more staff, Pay other debt, Pre financing for contracts or projects, Purchase additional inventory or inputs, Update or repair equipment, Other, Does not know, refuse to respond, did not ask)
→If other, how did you spend the money?	text
Has the loan been completely repaid?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
If your business could get a loan from a bank, would you want one?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If interested in loan, or an additional loan, how much would you like to receive?	number
→What duration (months) would you want on your business loan?	number
→How would you spend the loan?	MCQ (Build infrastructure, Buy service advertising etc, Cover normal operating costs, Expand geographically, Hire more staff, Pay other debt, Pre financing for contracts or projects, Purchase additional inventory or inputs, Update or repair equipment, Other, Does not know, refuse to respond, did not ask)
→If other, how would you spend the loan?	text
Has your business ever borrowed money from family or friends?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→How much did you borrow from family or friends for your business?	number
→Has your business ever borrowed money from informal lenders?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→How much did you borrow from informal lenders for your business?	number
Section8: Turnover/profits	
What was your business's total turn-over (sales) for the last month?	number
→If no response, why was no answer given?	MCQ (Does not know, refuse to respond, did not ask)
What was your business's total turn-over (sales) for the last fiscal year?	number
→If no response, why was no answer given?	MCQ (Does not know, refuse to respond, did not ask)
What was your business's total profit last fiscal year?	number
Value of total assets at the end of the last fiscal year? (in local currency)	number
Total liabilities at the end of the last fiscal year? (in local currency)	number
Profit margin last fiscal year?	Number
Were your sales/revenue in the last 30 days higher or lower compared to your sales/revenue in the same period last year?	MCQ (Higher, Lower)
How much lower/higher? Answer the question in percent of increase or decrease. For example, if "there is a 30% decrease", enter 30.	Number
Do you expect your sales/revenue in the next 30 days compared to your sales/revenue in the same period last year to be higher or lower?	MCQ (Higher, Lower)
How much lower/higher? Answer the question in percent of increase or decrease. For example, if "there is a 30% decrease", enter 30.	number
Section 9: Expenditures	
Tell the interviewee: "I am now going to ask you 5 questions, which will need to add up to 100%. I will ask, in a typical year, what % of your business expenditures are spent on these 5 things: imported goods, locally sourced goods, local services, services from foreigners (non-citizens), and salaries. Please give me an estimated percentage for each, starting with imported goods."	
In a typical year, what % of your business expenditures do you spend on imported goods?	number

In a typical year, what % of your business expenditures do you spend on domestically produced and sourced goods?	number
In a typical year, what % of your business expenditures do you spend on services from domestic suppliers?	number
In a typical year, what % of your business expenditures do you spend on services from international suppliers?	number
In a typical year, what % of your business expenditures do you spend on salaries?	number
Section 10: Other	
What modes of payment does your business accept?	MCQ (Cash, Cheque, Bank Transfer, Wire Transfer, Mobile Money Transfer, Other, Does not know, refuse to respond, did not ask)
→If other, What mode of payment does your business accept?	text
Section 11: Imports	
Does your business directly import goods?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→What is your highest costing import?	text
→What is the country of origin for above imported good?	text
→What are the other countries you import from?	text
→Have your imports been affected since the beginning of 2020?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If yes, how?	text
Section 12: Exports	
Does your business export products or services?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→What % of your business' revenue comes from exporting goods?	number
→What is your business' primary export?	text
→To which countries do you export these products?	text
→Have your exports been affected since the beginning of 2020?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If yes, how?	text
Section 13: Tenders	
Do you know what a tender is?	MCQ (Yes, No)
→Has your business ever submitted a bid for a tender?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If your business has ever submitted a bid for a tender, have you won any tenders in the past six months?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→What is the last tender you have bid? (date entity value)	date
→When is the last tender you have won? (date entity value)	date
→If you have attempted to bid on tenders but not won the contract, what do you believe is the primary reason for this?	MCQ (Bid results not yet received, Competition was too strong, Corruption/Collusion, Did not understand the procurement process, Not enough time to bid, Price was too high, Quality of good/service not high enough, Unable to finance bid, Unable to meet delivery times, Unable to meet quantity specifications, Won all submitted bids, Other, Does not know, refuse to respond, did not ask)
→What is the primary reason you have not bid on all relevant tenders?	MCQ (We bid on all relevant tenders, We do not have enough time to bid on all relevant tenders, We are a new business and not ready to enter the tender process, We do not understand the tender process, We are not able to finance tenders on our own, We do not have the

	spare manpower to put together tender documents, We cannot find all relevant tenders, We are not located in the right area to perform tenders, Other, Does not know, refuse to respond, did not ask)
→If interviewee answered "Other" as the main reason for losing contracts, ask for more detail and enter it here.	text
→If interviewee answered "Other" as the main reason for not bidding on tenders, ask for more detail and enter it here.	text
→How often does your business check for available tenders?	MCQ (Every day, At least once a week, At least once a month, seldom or never, Does not know, refuse to respond, did not ask)
→How many government tenders has your business bid on in the last six months?	number
→How many private tenders has your company bid on in the last six months?	number
→How many NGO/INGO/International Organization sector tenders has your company bid on in the last six months?	number
→Are you planning to bid on tenders in the future?	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Section 14: Internet	
How often do you access the internet for business operations (e.g. online ordering, research, Skype, Facebook)?	MCQ (Every day, At least once a week, At least once a month, seldom or never, Does not know, refuse to respond, did not ask)
On what device(s) do you access the internet?	MCQ (Computer or Laptop, Phone or Mobile Device, Tablet, Does not know, refuse to respond, did not ask)
How often do you use email for business operations?	MCQ (Every day, At least once a week, At least once a month, seldom or never, Does not know, refuse to respond, did not ask)
Who do you communicate with through email?	MCQ (National buyers businesses, International buyers businesses, National customers individuals, International customers individuals, Internal staff, Other, Does not know, refuse to respond, did not ask)
Section 15: Refugees/Migrants (Jordan and Turkey Only)	
Owners Refugees or Migrants Y/N	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Number of Owners Refugees	number
Customers Refugees or Migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Distributors refugees or migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Suppliers refugees or migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Employees refugees or migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Managers refugees or migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
Other Interaction with refugees or migrants	MCQ (Yes, No, Does not know, refuse to respond, did not ask)
→If "Yes", please describe	text
Number FT Refugee Employees	number
Number PT Refugee Employees	number
Number FT Migrant Employees	number
Number PT Migrant Employees	number
Experience getting Work Permits for Refugees	text
Experience getting Work Permits for Migrants	text
Section 16: Food Security	
In the past 7 days, have you or any household member experienced any of the following cases? [Select all that apply]	MCQ (Difficulties in buying food due to most food markets being closed, Unable to buy the amount of food we usually buy because of

	shortages in markets, Unable to buy the amount of food we usually buy because the price of food was too high, Unable to buy the amount of food we usually buy because our household income has dropped, Had to reduce the number of meals and/or the portion of each meal we would usually eat)
Section 17: Effects of Covid-19	
In the last 30 days, has your business been facing any of the following challenges due to the coronavirus/COVID-19 outbreak and related restrictions? [select all that apply]	MCQ (Difficulties in accessing customers due to mobility restrictions imposed by government, Loss in demand due to other reasons (e.g., regular customers can no longer afford our products or services or have cancelled orders), Difficulties in accessing suppliers due to mobility restrictions imposed by government, Reduction in the availability and/or price increases for the main inputs, Difficulties with worker absenteeism arising from mobility restrictions imposed by the government, Difficulties with worker absenteeism arising from other reasons (e.g. workers being sick or not having childcare), Difficulties in securing access to finance (e.g. banks or MF institutions are closed or operate at restricted capacity), Difficulties tending to my business because I have to take care of a family member (e.g. children, sick relative, etc), Depreciation of productive capital due to inactivity, No particular challenge, things have proceeded as normal)
[If open] Under current conditions, for how much longer do you think you will be able to keep your business open?	MCQ (Less than 2 weeks, Between 2 and 4 weeks, Between 1 and 2 months, Between 2 and 6 months, More than 6 months, Don't know (uncertain))
Has your business adjusted its business model to reduce being directly in physical proximity with customers?	MCQ (Use of phone for marketing, placing order etc., Use of Internet, online social media, specialized apps or digital platforms, Switched product, Other, No Change)
If other, please explain	text
Has your business adjusted to the crisis in any other way?	MCQ (Related to demand: changed who we sell to, Production: started producing/selling new goods, Finance: applied to COVID related funds)
→If yes, Explain how	text
In the next six months, do you expect your company's profits to increase, decrease, or stay the same?	MCQ (Increase, decrease, stay the same, does not know, did not ask, refuse to respond)
In the next six months, do you expect the number of people your company employs to increase, decrease, or stay the same?	MCQ (Increase, decrease, stay the same, does not know, did not ask, refuse to respond)
[If COV2=5] In the next 6 months, how many of your workers do you expect will experience any of the following as a result of the coronavirus/covid-19 outbreak and related restrictions?	
Temporary layoff/suspension of work (without pay) - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number
Permanent layoff/suspension of work (without pay) - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number
Reduction in earnings from this work or delays in wage payment - Enter the number of workers affected. Enter 0 if none of your workers were affected.	number
Over 2020, do you expect your business' total sales to be higher or lower compared to 2019?	MCQ (higher, lower)
How much lower/higher? Answer the question in percent of increase or decrease. For example, if "there is a 30% decrease", enter 30.	number
Over 2020, do you expect your business' total investment to be higher or lower compared to 2019?	MCQ (higher, lower)

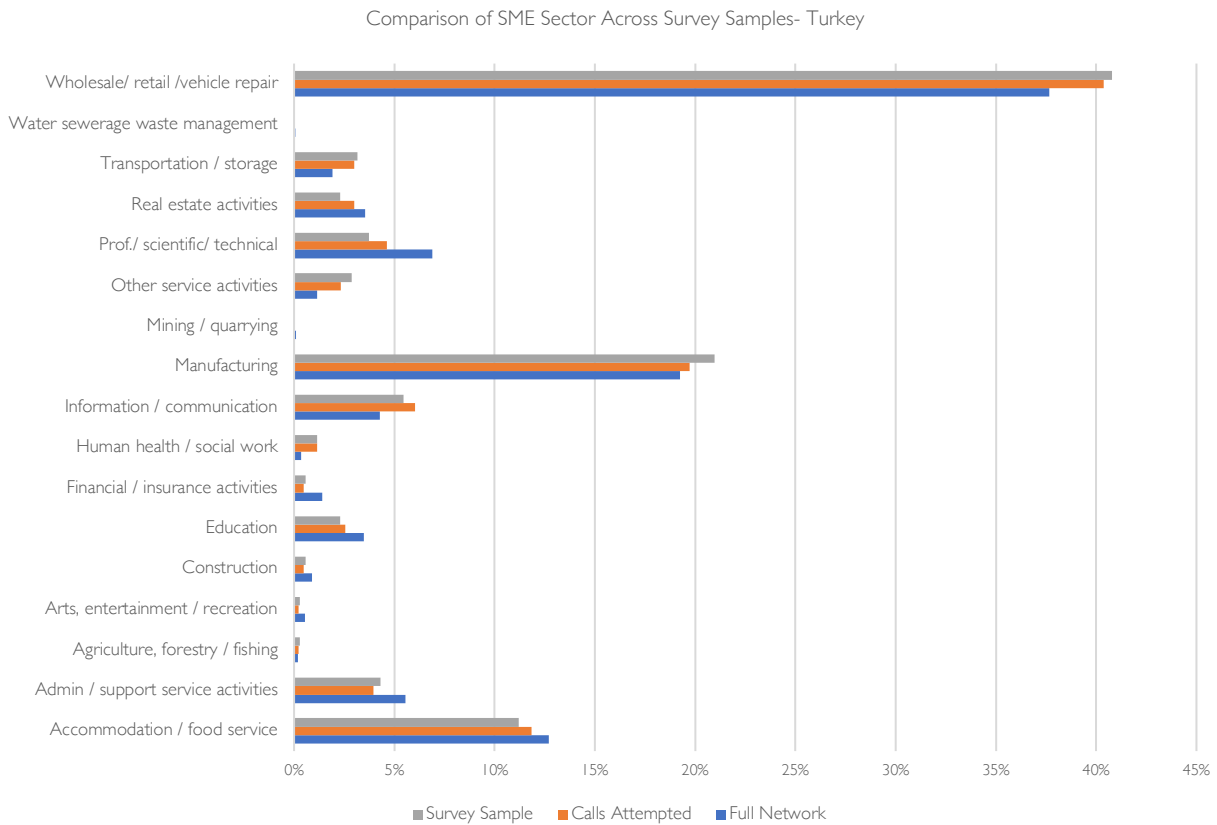
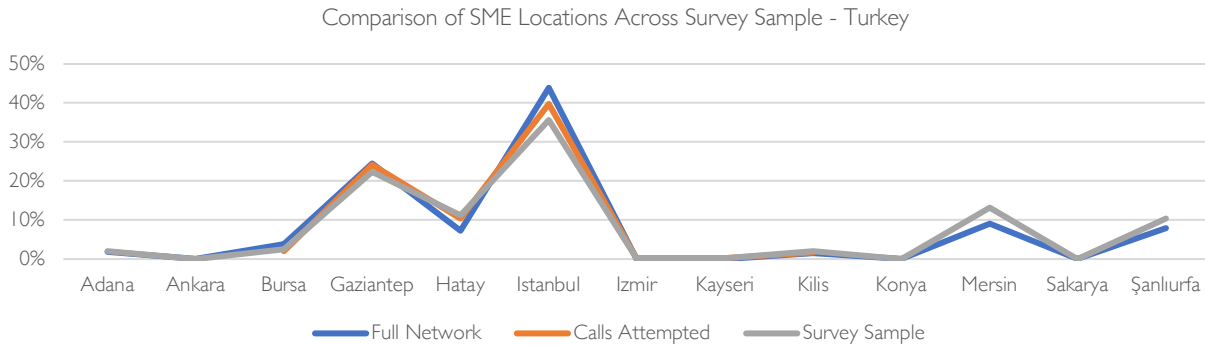
How much lower/higher? Answer the question in percent of increase or decrease. For example, if "there is a 30% decrease", enter 30.	number
In the last <u>60</u> days, have you had to do any of the following? [select all that apply]	MCQ (Temporarily migrated back to my original home place, Permanently migrated back to my original home place, Find another job/earning occupation, Spent savings to cover living expense, Borrowed money to cover living expenses, Sold assets to cover living expenses, Relied on the help of extended family members to cover living expenses, Violate containment measures to maintain a living, None)
Do you expect to have to do any of the following in the next two weeks because of Covid-19/coronavirus or related restrictions? [Select all that apply]	MCQ (Temporarily migrated back to my original home place, Permanently migrated back to my original home place, Find another job/earning occupation, Spent savings to cover living expense, Borrowed money to cover living expenses, Sold assets to cover living expenses, Relied on the help of extended family members to cover living expenses, Violate containment measures to maintain a living, None)
Section 18: Building Markets Activities and Policy Response	
What type of services would most help your business win more contracts with international businesses, NGOs, or Government?	text
Do you think business training can help you operate your business more efficiently?	MCQ (Yes, No, Does not know, Did not ask, refuse to respond)
→ If yes to future training session, which training session most interests you?	MCQ (Procurement or Bidding, Management Senior or Middle, Administrative Management, HR Management, Financial Mgmt or Budgeting, Customer Service, Inventory or Control management, Sales and Marketing, Safety Health and Hazard, Corporate Social Responsibility, Knowledge management, Business Ethics, Communication skills, Strategic Marketing, Other, does not know, did not ask, refuse to respond)
What would be the most needed policy to support your business over the COVID-19 crisis?	MCQ (Business loans, Loan payment deferrals, Partial or total salary subsidies, Cash transfers or unemployment benefits, Rental or utilities subsidies, Rental or utilities deferrals, Training for digital marketing and selling, Subsidized provision of specific products, inputs or services, Tax cuts, Deferral of tax payments)
Have you applied for or are you currently receiving any government programs to support businesses like yours? [select all that apply]	MCQ ((Business loans, Loan payment deferrals, Partial or total salary subsidies, Cash transfers or unemployment benefits, Rental or utilities subsidies, Rental or utilities deferrals, Training for digital marketing and selling, Subsidized provision of specific products, inputs or services, Tax cuts, Deferral of tax payments, I haven't applied for any programs)
→ [if PR2=11] Why have you not applied to any government programs?	MCQ (I am not aware of any such programs, It requires internet/smart phone and I do not have one, Even if I apply, I don't think I will get support from these programs, Even if I apply, I don't think I will get support from these programs, I will need to pay a bribe to apply to these programs, Other)
→ if other, please specify	text
Section 19: End of Interviewee Questions	
Thank you, you have completed the last interviewee question. The next section will offer a place for the interviewer to enter any comments before submitting this form.	
Use this space to enter any comments you have as an interviewer.	text

## ANNEX 2: STAKEHOLDER INTERVIEW QUESTIONS

1. Date of Interview
2. Interviewer Name
3. Organization Name
4. Type of Stakeholder (MCQ)
5. How long has this entity been operating in country?
6a. If NGO, what is the organization's mission? (in brief)
6b. If other public sector or private sector, please briefly describe business/government activities.
7. First Name (Interviewee)
8. Last Name (Interviewee)
9. Honorific/Title (Interviewee)
10. Job Title/Position (Interviewee)
11. Email (Interviewee)
12. Phone (Interviewee)
13. Gender (Interviewee)
14. HQ Address (Main Office)
15. City/Town (Main Office)
16. Country (Main Office)
17. In your view, what are the top challenges faced by local businesses due to Covid-19?
18. What sector or industry has been hit hardest by Covid-19?
19. Have challenges from Covid-19 led to businesses permanently closing?
20. How has importing been affected by the pandemic?
21. How has exporting been affected by the pandemic?
22. How has local procurement/purchasing been affected?
23. Has the pandemic created new opportunities for SMEs? If yes, please elaborate.
24. If at all, how does your organization support SMEs in this country?
25. In your view, what are the challenges to providing support to SMEs since the pandemic began?
26. What type of support is needed most by SMEs in response to COVID-19?
27. Is this support accessible to SMEs in country? If no, please elaborate. If yes, who is providing it?
28. Does your organization/business work with refugees? (Turkey/Jordan only)
29. If yes - how do you support the refugee community in country? (Turkey/Jordan only)
30. Has the refugee business community been affected by the Covid-19 pandemic more acutely than the general population? (Turkey/Jordan only)
31. If yes, what are some specific challenges faced? (Turkey/Jordan only)
32. Are there others you would recommend we speak to?

## ANNEX 3: COMPARISON OF SME NETWORK TO SURVEY SAMPLE

During data collection, the sector and city location of SMEs that consented to the survey remained consistent when compared to Building Markets' full network of businesses in Turkey. Most importantly, the similarity between the full network of SMEs and the final survey sample show that the businesses that were unable to be contacted or did not consent to the survey were not concentrated in any particular city or sector.





## ANNEX 4: RESOURCES

1. OECD Economic Outlook. November 2019.
2. TOBB. SMEs in Turkey. <https://www.tobb.org.tr/KobiArastirma/Sayfalar/Eng/SMEsinTurkey.php>
3. WHO Timeline COVID-19. World Health Organization (WHO). April 2020. <https://www.who.int/news/item/27-04-2020-who-timeline---covid-19>
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5. Impact of the coronavirus pandemic on the global economy - Statistics & Facts. Statista. September 2020. <https://www.statista.com/topics/6139/covid-19-impact-on-the-global-economy/>
6. The Global Economic Outlook During the COVID-19 Pandemic: A Changed World. World Bank. June 2020. <https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>
7. Introducing the IPA-IGC COVID-19 Economic Impact Surveys. Innovations for Poverty Action. June 2020. <https://www.poverty-action.org/blog/introducing-ipa-igc-covid-19-economic-impact-surveys>
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9. Turkey Country Profile. WHO. <https://www.who.int/countries/tur/>
10. Survey on Impact of COVID-19 on Enterprises and Needs – Turkey. UNDP, TÜRKONFED, TÜSİAD. March 2020. <https://www.business4goals.org/wp-content/uploads/2020/04/B4G-Covid-19-survey-ENG.pdf>
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12. How small businesses are coping with the impact of COVID-19. RAND Europe. July 2020. [https://www.rand.org/pubs/research\\_reports/RRA607-1.html](https://www.rand.org/pubs/research_reports/RRA607-1.html)
13. Relief International, April 2020. "Impact of the COVID-19 Outbreak on Syrian Refugees in Turkey." <https://reliefweb.int/report/turkey/impact-covid-19-outbreak-syrian-refugees-turkey-results-rapid-needs-assessment>
14. TEPAV, June 2020. How Has COVID-19 affected Turkey's Labor Market? [https://www.tepav.org.tr/upload/mce/2020/notlar/how\\_has\\_covid19\\_affected\\_turkeys\\_labor\\_market.docx.pdf](https://www.tepav.org.tr/upload/mce/2020/notlar/how_has_covid19_affected_turkeys_labor_market.docx.pdf)
15. "Turkey could emerge stronger from coronavirus crisis, EBRD President says" European Bank for Reconstruction and Development, June 2020. <https://www.ebrd.com/news/2020/turkey-could-emerge-stronger-from-coronavirus-crisis-ebrd-president-says.html>
16. 3RP Partner Support to Turkey's Response to COVID-19. May 2020.
17. "Turkey's economic recovery from COVID-19: Preparing for the long haul." Brookings, November 2020. <https://www.brookings.edu/blog/future-development/2020/11/17/turkeys-economic-recovery-from-covid-19-preparing-for-the-long-haul/>

## ANNEX 5: COMPANIES FEATURED

1. **Lazord** (Gaziantep, Turkey): <https://entrepreneurs.buildingmarkets.org/listings/lazord/>
2. **Zayna Kozmetik** (Istanbul, Turkey): <https://entrepreneurs.buildingmarkets.org/listings/zayna-kozmetik/>
3. **Alhkam** (Hatay, Turkey): <https://entrepreneurs.buildingmarkets.org/listings/alhkam/>
4. **Atheer Group** (Bursa, Turkey): <https://entrepreneurs.buildingmarkets.org/listings/atheer-grup/>