



**RAPID SUPPORT FOR MICRO and SMALL
ENTERPRISES PROJECT**

Stakeholder Engagement Plan (SEP)

December 31, 2021

Final

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Abbreviations and Acronyms

CIMER	Presidency’s Communication Centre
ESCP	Environmental and Social Commitment Plan
ESS	Environmental and Social Standards
E&S	Environmental and Social
ESF	Environmental and Social Framework
ESMS	Environmental and Social Management System
ESDD	Environmental and Social Due Diligence
FI	Financial Intermediary
GIIP	Good International Industry Practice
GRM	Grievance Redress Mechanism
KBS	KOSGEB SME Information System
KOSGEB	Small and Medium Enterprises Development Organization of Turkey
KPI	Key Performance Indicator
MSEs	Micro and Small Enterprises
OHS	Occupational Health and Safety
PAPs	Project Affected Persons
PIU	Project Implementation Unit
SEP	Stakeholder Engagement Plan
SMEs	Small and Medium Enterprises

1 Introduction/Project Description

Micro and small enterprises (MSEs) in Turkey, as in other countries, are facing the major brunt of COVID-19 related impacts. MSEs have been hit by demand and supply side shocks that are reportedly leading to widespread lockdowns and loss of earnings. An extended crisis could lead to permanent closures and loss of employment. MSEs are disproportionately vulnerable to these risks given limited financial and other capacities relative to larger enterprises. Such risks, if they were to materialize, could cause a very deep recession. MSEs account for 57.1 percent of total employment, 45 percent of total revenues, and 38.1 percent of total exports and represent 99 percent of all firms in Turkey.

The MSE sector covers:

- 3,041,828 micro enterprises less than 10 staff - a total of 5.9 Million employees
- 155,755 small enterprises with 10-50 staff - a total of 3.3 Million employees

Taking into consideration the devastating effects of COVID-19 pandemic over MSEs, KOSGEB aims to relieve MSEs in most affected sectors by means of a rapid and simple liquidity based support program under “Rapid Support for Micro and Small Enterprises Project”.

The objective of the Project is to avert the closure of viable MSEs affected by the COVID-19 crisis and maintain their employment levels during the crisis.

Given the project objectives, the following MSEs are proposed to be eligible for support under the project:

- MSEs acting in the targeted sectors listed below. “Targeted sector” means a sector that has been (a) verified by KOSGEB as having 55 percent or more of its enterprises experience income loss in calendar year 2020 relative to calendar year 2019, or (b) assessed and listed by the Organisation for Economic Co-operation and Development (OECD) as one of the economic sectors most directly affected by (COVID-19) lockdown measures, but excluding some sectors that are not suitable for current E&S (Environmental and Social) risk category of the project.

Table 1: Targeted sectors* list

NACE Section Code	NACE Section Name	NACE Division Code	NACE Division Name
C	Manufacturing	10	Manufacture of food products
		11	Manufacture of beverages
		13	Manufacture of textiles
		14	Manufacture of wearing apparel
		15	Manufacture of leather and related products
		16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
		17	Manufacture of paper and paper products
		18	Printing and reproduction of recorded media
		20	Manufacture of chemicals and chemical

NACE Section Code	NACE Section Name	NACE Division Code	NACE Division Name
			products
		21	Manufacture of basic pharmaceutical products and pharmaceutical preparations
		22	Manufacture of rubber and plastic products
		23	Manufacture of other non-metallic mineral products
		24	Manufacture of basic metals
		25	Manufacture of fabricated metal products, except machinery and equipment
		26	Manufacture of computer, electronic and optical products
		27	Manufacture of electrical equipment
		28	Manufacture of machinery and equipment n.e.c.
		29	Manufacture of motor vehicles, trailers and semi-trailers
		30	Manufacture of other transport equipment
		31	Manufacture of furniture
		32	Other manufacturing
		33	Repair and installation of machinery and equipment
G	Wholesale and Retail Trade; Repair Of Motor Vehicles and Motorcycles	45	Wholesale and retail trade and repair of motor vehicles and motorcycles
		46	Wholesale trade, except of motor vehicles and motorcycles
		47	Retail trade, except of motor vehicles and motorcycles
I	Accommodation and Food Service Activities	55	Accommodation
		56	Food and beverage service activities
J	Information and Communication	58	Publishing activities
		59	Motion picture, video and television program production, sound recording and music publishing activities
		60	Programming and broadcasting activities
		62	Computer programming, consultancy and related activities
M	Professional, Scientific and Technical Activities	70	Activities of head offices; management consultancy activities
		71	Architectural and engineering activities; technical testing and analysis
		72	Scientific research and development

NACE Section Code	NACE Section Name	NACE Division Code	NACE Division Name
		73	Advertising and market research
		74	Other professional, scientific and technical activities
N	Administrative and Support Service Activities	79	Travel agency, tour operator reservation service and related activities
		82	Office administrative, office support and other business support activities
P	Education	85	Education (only the sports courses will be covered)
R	Arts, Entertainment and Recreation	91	Libraries, archives, museums and other cultural activities
		93	Sports activities and amusement and recreation activities (Only the sports facilities, fitness and body building halls, sports support services, other sports services are covered)
S	Other Service Activities	95	Repair of computers and personal and household goods
		96	Other personal service activities

*: Only the sub sectors which are in KOSGEB's legal target audience will be covered. Sub sectors in WB exclusion list will be excluded.

- MSEs that were deemed to be viable before COVID-19 (as evidenced by minimum income of TRY 75,000 in 2019). This is to minimize risks of adverse selection (e.g. by supporting non-viable MSEs that were non-operational even before the crisis). This criterion will not be in effect for innovative young enterprises.

1.1 Project Components

The Project will provide US\$300 million in the form of performance-based interest free reimbursable support to eligible MSEs, affected by the economic impact of COVID-19. The Project targets firms that have been negatively affected by the COVID-19 health and economic crises but that remain financially viable and are likely to survive the health crisis, if provided financing to meet temporary liquidity needs.

The MSEs that are eligible for reimbursable support financing through this project must meet all of the following criteria:

- Size criterion: The beneficiary firm must be a micro or small enterprise, as per the definitions in Turkish legislation.
- Sector criterion: MSEs operating in the targeted sectors listed in Table 1.
- Viability criterion: This minimum income criterion is especially relevant for micro enterprises in order to determine whether they were active in 2019. The minimum

annual income criterion (a) is not binding for innovative young firms.

- iv. Exclusion criteria: The firms that are in sectors in World Bank's exclusion list cannot apply for reimbursable support financing funded by this project.

The project will have three main components: Component 1: Performance-based reimbursable support financing for eligible MSEs in targeted sectors, Component 2: Performance-based reimbursable support financing for eligible Innovative Young Firms in targeted sectors, Component 3: Will be for project management.

Component 1: This component finances performance-based interest free reimbursable supports to eligible MSEs in targeted sectors to prevent the layoffs and closures, thereby minimizing firms' disruption related with employees, suppliers and creditors. Reimbursable supports will be provided to the eligible MSEs in varying amounts depending on their size and number of new hired employees. Eligibility is restricted to formally registered private MSEs in targeted sectors that were viable prior to the COVID-19 crisis.

- **Application stage:** MSEs in target sector will fill and submit the application form through web based KOSGEB SME Information System (KBS). MSEs that do not meet the sectoral criterion and viability criterion will not be able to proceed.
- **Control and confirmation stage:** Applications of MSEs that do not declare in the application that they have no overdue tax and social security contributions above legal limits or have restructured or will restructure the debt, are not approved. Temporary approval will be given due to number of new employee stated by the MSE in the application form. Final approval will be given by observing recruitments of new employees, whose names and graduation information are provided by MSEs, through social security institution records. The applications will be listed according to the submission date of the MSEs. In case there are more applications exceeding project budget, final approval will be given taking into account the MSEs' submission date.
- **Payment stage:** Payment request of MSE that maintains its employment level above their average employment level of 12 month period preceding the application call and hired new employee with no more than 6 months of previous working experience in the last 3 years is approved. The control of employment level on Social Security Institution records is performed by SME expert via KBS module. Payments to MSEs that have overdue tax and social security contributions above legal limits are not approved. Support payment will be made in one installment or in two installments according to the rules elaborated in reimbursable support financing manual.
- **Monitoring of new employment:** KOSGEB will verify the presence of new employees through the social security records on a quarterly basis and continue monitoring to ensure that MSE maintains the new employees. In case the newly employed staff resigns or is made redundant, the MSE would hire a new employee. MSEs will have 18 months in total to fulfill the 12 months' new employment condition and maintain the employment. Otherwise, the MSE will be required to return the reimbursable support financing immediately and there will be legal proceedings, if they do not pay back.

Component 2: Performance-based interest free reimbursable supports for eligible innovative young firms in targeted sectors. Reimbursable supports for innovative young

firms will only be used to cover a set of eligible expenses. Beyond the regular operating expenses such as payroll, suppliers, rent, and utilities, innovative young firms are also eligible for R&D related expenses, such as patent/royalty fees, technology licensing fees, testing and certification fees, etc.

- **Application stage:** MSEs in target sectors are required to fill and submit the application form through web based KOSGEB SME Information System (KBS). Any MSE that is in the exclusion criterion or doesn't meet the sectoral criterion cannot proceed with the application.
- **Control and confirmation stage:** It has to be checked through application form that "being innovative young" criterion is met. Exemption applicability for "innovative young businesses" will be checked by KOSGEB experts through documents submitted by MSEs, in case the data concerning the exemption rule is not available in KBS. Other issues are same as component 1.
- **Payment Stage:** same as component 1.
- **Monitoring of new employment:** same as component 1.

Component 3: Technical support to the PIU under KOSGEB. This component will be used to support the project implementation unit under KOSGEB.

2 Regulations and Requirements

2.1 National Legislation

Constitution of Republic of Turkey

Constitution of Republic of Turkey is the fundamental document in respect to guaranteeing citizens' freedom of thought and opinion (Art. 25). No one shall be compelled to reveal his/her thoughts and opinions for any reason or purpose; nor shall anyone be blamed or accused because of his/her thoughts and opinions. Everyone has the right to express and disseminate his/her thoughts and opinions by speech, in writing or in pictures or through other media, individually or collectively. This freedom includes the liberty of receiving or imparting information or ideas without interference by official authorities (Art. 26). In addition, Turkish citizens and foreigners residing in Turkey, on the condition of observing the principle of reciprocity, have the right to apply in writing to the competent authorities and to the Grand National Assembly of Turkey with regard to the requests and complaints concerning themselves or the public (Art. 74).

Law on the Right to Information

Law on the Right to Information No.4982 (Official Gazette dated 24.10.2003 and numbered 25269) defines the process concerning the right to information. It regulates this right in line with the principles of equality, impartiality and transparency, which are the prerequisites of democratic and transparent administration.

The Law on Use of the Right to Petition

Citizens of the Turkish Republic are entitled to apply Turkish Grand National Assembly and the public authorities by written petition, in respect to their requests and complaints, in

accordance with the Article 3 of the Law on Use of the Right to Petition (Official Gazette dated 01.11.1984 and numbered 3071). On the condition of reciprocity and using Turkish language in their petitions, foreigners residing in Turkey are entitled to enjoy this right.

The comments and suggestions expressed in the meeting should be recorded by the representatives of the Ministry of Environment and Urbanization. These written opinions and suggestions should be revised throughout the project life.

2.2 World Bank Requirements

The World Bank's Environmental and Social Framework (ESF)'s Environmental and Social Standard (ESS) 10, "Stakeholder Engagement and Information Disclosure", recognizes "the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice" (World Bank, 2017: 97). Specifically, the requirements set out by ESS10 are the following:

- Borrowers will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.
- Borrowers will engage in meaningful consultations with all stakeholders. Borrowers will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.
- The process of stakeholder engagement will involve the following, as set out in further detail in this ESS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) reporting to stakeholders.
- The Borrower will maintain and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not." (World Bank, 2017: 98).

A Stakeholder Engagement Plan proportionate to the nature and scale of the project and its potential risks and impacts needs to be developed by the Borrower. It has to be disclosed as early as possible, and before project appraisal, and the Borrower needs to seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for future engagement. If significant changes are made to the SEP, the Borrower has to disclose the updated SEP (World Bank, 2017: 99). According to ESS10, the Borrower should also propose and implement a grievance mechanism to receive and facilitate the resolution of concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner (World Bank, 2017: 100).

3 Stakeholder Engagement Activities

3.1 SMEs Survey

Given the emergency nature of this Rapid Support for Micro and Small Enterprises Project operation, consultations during the project preparation phase were limited to World Bank, relevant government officials and others from institutions working in relevant target sectors.

However, in preparation of this project, KOSGEB engaged with SMEs through a survey to identify their needs in the current crisis and to collect information about the effects of coronavirus epidemic on their economic activities, and received responses from 17,447 SMEs within a week. The survey was delivered through KOSGEB communication channels and social media such as Facebook, Instagram, Twitter, LinkedIn. It was implemented between March 31, 2020 - April 07, 2020.

The responses from 17,447 enterprises were analysed. Main results of the survey are summarized below Table 2.

Table 2: Results of the Survey

Participated SMEs	Percentage (%)
Micro enterprises	79
Manufacturing	31,4
Older than 6 years old	44,8
In the sectors whose activities are stopped	47,5
Tenants	85
Not have an emergency strategy	81,8
Have difficulties in cash flow	94,6
Monthly average fixed expenditure is less than 25,000 Turkish Liras	48,1
Concerns on narrowing in customer demand	84,2
Concerns on inability to provide financing to cover operating expenses	82,5
Cancelled an investment plan due to the epidemic	77,9
Cancelled their thoughts of hiring new employees due to the epidemic	78,3
Had to fire some of their employees after the epidemic.	15
May lay-off 1-5 workers in the next three months.	44
Expecting decrease in sales in 2020	96,1
Lost their income below 50.000 TL	54,7
For the next 3 months, the estimated income loss will be below 100.000 TL	50,7
Think that if the outbreak continues, they will be closed in three months.	63
Consider the economic measures implemented to date is sufficient.	26
Among the measures that can be taken to reduce the negative effects of the epidemic, the main expectation is the direct grant by the government and the postponement of taxes, duties, fees and SSI premium payments.	

According to the survey results; the basic expectation of businesses from KOSGEB was financial support in the form of grants and / or loans.

It's understood from the results of the survey that almost all of the MSEs have serious cash flow problems. Most of participants expect sales loss in 2020. This is 96% of all the

enterprises participating the survey study. Their average loss expectation for the remaining 9 months is 60%. If this is the case, we can estimate 25-30% loss for the 5 months of the year. More than half of the enterprises surveyed think that if the outbreak continues, they will be closed in three months. Taking into consideration the survey results, below mentioned fundamental strategies were formed:

1-Since a rapid, simple and secure way of supporting is required, KOSGEB will comprise a new program and sub regulation set apart from other KOSGEB programs. Program and sub regulation set will be simple, easy to understand and suitable for rapid implementation. Unlike other KOSGEB programs, there won't be an assessment procedure or assessment committees. Following the application made by eligible MSEs, support disbursement progress will begin.

2-Eligibility criteria will depend on sales loss in 2020 compared with 2019. While designing the support model in the frame of this project all the outcomes of the survey were taken into account as much as possible.

3.2 Consultation Survey on Stakeholder Engagement Plan

KOSGEB disclosed draft Stakeholder Engagement Plan on its website on the date of November 26, 2020 in Turkish and English (<https://www.kosgeb.gov.tr/site/tr/genel/detay/7606/paydas-katilim-plani-sep-stakeholder-engagement-plan>). KOSGEB conducted a consultation survey on the draft Stakeholder Engagement Plan within the scope of the Rapid Support for Micro and Small Enterprises Project. The survey was conducted between 30 December, 2020 and 11 January, 2021. The online survey link was shared by e-mail with 19344 micro and small enterprises. Enterprises were selected among those that meet the sectoral criteria and registered to KOSGEB data base. These enterprises were located in Ankara, İstanbul, İzmir, Bursa, Kocaeli, Kayseri, Samsun, Adana, Gaziantep, Hatay cities. The selection of these cities was determined based on intensity of target sectors and innovative young firms. Gaziantep and Hatay cities were selected due to the intensity of Syrian refugee owned enterprises.

The survey link was sent (via e-mail and fax) to main Technology Development Centers and Technology Transfer Offices. They were asked to participate in the survey and to share the link with their members. Additionally, the survey link was sent to two main woman entrepreneurship association (KAISDER and KAGIDER). They were asked to participate in the survey and to share with their members. Furthermore, the survey link was sent to all Syrian refugees which were beneficiaries of KOSGEB FRIT (Facility for Refugees in Turkey) Project. They were also asked to inform other firms owned by Syrian refugees.

Total number of enterprises that the survey link reached is estimated to be at least 20.000 which is one third of target beneficiary number of the project (60.000 MSEs).

Approximately 400 surveys were responded as a result of the consultation. After eliminating duplicate and incomplete forms, 374 survey forms were left, and they were rigorously evaluated.

372 of 374 survey forms were received from MSEs and 2 survey forms were received from institutions. These survey forms included:

- 136 innovative young firms,
- 62 women owned firms,
- 9 Syrian refugees owned firms, and
- 167 other MSEs.

The content of the survey included (i) assessment of compliance with the objectives of the SEP, (ii) assessment of the potential environmental and social impacts of the Project, (iii) assessment on the Stakeholder Engagement Program, and (iv) evaluation of the grievance mechanism. Considering the survey results and feedback received, the following fundamental strategies have been established to address the suggestions received during consultation survey:

- Since an additional project promotion mechanism was suggested, an animation can be prepared to describe the application process in a simple way. Therefore, an animation for the simple explanation of support and its application process has been prepared.
- Application and eligibility criteria were suggested to be explained in more detail on the project website. Therefore, the texts to be added on website of the Project have been prepared. It is going to be published when the Project website is active. It is aimed to ensure that nobody has any doubts about the selection methods of those who will benefit from the support.
- A training was suggested to be organized for KOSGEB call center personnel in order to increase their knowledge level about the Project. Therefore, a training has been conducted for:
 - KOSGEB directors in the provincial directorates on March 10, 2021. It was organized virtually in order to inform them regarding support and its application process.
 - KOSGEB call center personnel in order to increase their project knowledge and support implementation on March 11, 2021. The face to face training attendance form has been prepared and recorded.
- A virtual meeting was suggested to be held with KOSGEB Executive Committee representatives. Therefore, it has been conducted on March 31, 2021.

3.3 Meeting with Representatives of KOSGEB Executive Committee

Due to composition of member institutions of KOSGEB Executive Committee, target group of KOSGEB and also target group of the Project is represented by the committee members. A project-based draft SEP consultation meeting with representatives of KOSGEB Executive Committee has been conducted on 31 March, 2021 by participation of six institutions out of eight member institutions. The meeting lasted 2 hours and has been held virtually led by Director of Project Coordination Unit and E&S Specialist. The purpose of the meeting was to consult with KOSGEB Executive Committee members regarding overall structure and implementation of stakeholder engagement process. Participants of the meeting are listed below Table 3.

Table 3: Participant Institutions List

	Institutions
1	Ministry of Industry and Technology
2	Ministry of Treasury and Finance
3	Presidency of Strategy and Budget
4	The Union of Chambers and Commodity Exchanges of Turkey (TOBB)
5	Confederation of Turkish Tradesmen and Craftsmen (TESK)
6	The Scientific and Technological Research Council of Turkey (TÜBİTAK)
7	Turkish Exporters Assembly (TİM)

In the consultation meeting, as a beginning, a short presentation has been delivered to participants. The content of the presentation covered (i) brief explanation of the Project and (ii) stakeholder engagement plan including:

- What is stakeholder engagement plan?
- What is the purpose of the stakeholder engagement plan?
- What are the benefits of stakeholder engagement plan?
- What is the program of stakeholder engagement? (Method used, timings, target, etc.)
- What are the disadvantaged/vulnerable groups?
- How are the disadvantaged/vulnerable groups encouraged to be involved in the Project?
- What is the grievance mechanism?
- How is the grievance mechanism working?

During the consultation meeting, the participants have been asked for contributions after the presentation. They verbally expressed their feedback upon stakeholder engagement plan. All verbal feedback has been recorded and put down in writing during the consultation meeting.

At the end of the consultation meeting, the participants have been requested to fill out 'SEP Consultation Survey Form' and send it within two days in order to share their additional feedback and advices in writing. All forms have been recorded and taken under consideration. The survey form includes four main topics which are:

- Assessment of compliance with the objectives of the SEP
- Assessment of the potential environmental and social impacts of the Project
- Assessment on the Stakeholder Engagement Program
- Evaluation of the grievance mechanism

As a conclusion, taking into consideration the verbal feedback and survey results, the opinions and feedback have been outlined and listed below:

- Representatives of KOSGEB executive committee stated that PIU will be assisted whenever they are in need of help during the implementation of the Project. The

Scientific and Technological Research Council of Turkey (TÜBİTAK) will particularly assist PIU for reaching disadvantaged and vulnerable groups. This assistance has been described in detail in the Section 5.2 Proposed Strategy to Incorporate the View of Disadvantaged/Vulnerable Groups.

- Representatives of KOSGEB executive committee suggested that SEP shall include the condition about employment level of MSEs due to its social impact. Reimbursable support financing is “performance-based” since firms who receive the reimbursable support financing must commit to maintain employment levels as they were in the base month. Condition regarding employment level of MSEs has been described in detail in the Section 1 Introduction/Project Description part of the SEP with regard to its social impact.
- Anonymous complaints are allowed to be sent by e-mail to Project Implementation Unit. However, these anonymous complaints, sometimes, may not reflect the truth. Representatives of KOSGEB executive committee suggested that anonymous complaints shall not be allowed. However, PIU has decided to maintain its anonymous complaints system as part of the grievance mechanism of the SEP in order to investigate the complaint to the extent possible given the information received.
- Representatives of KOSGEB executive committee suggested that KOSGEB shall receive support from committee members’ ministries and/or institutions in order to reach and inform MSEs regarding the implementation of the Project. PIU will contact KOSGEB executive committee representatives when the need arises.
- Representatives of KOSGEB executive committee were of opinion that there will be no major environmental impact of the Project. Besides, overall project implementation is expected to have positive social impacts particularly on employment and on women-owned enterprises since the Project will help in reducing the gender gap during COVID-19 pandemic.

4 Stakeholder Identification and Analysis

4.1 Methodology

In order to meet best practice approaches, the project will apply the following principles for stakeholder engagement. This will be ensured through the electronic platform:

- *Openness and life-cycle approach*: public consultations for the project will be arranged during the whole life-cycle, carried out in an open manner, free of external manipulation, interference, coercion or intimidation;
- *Informed participation and feedback*: information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders’ feedback, for analyzing and addressing comments and concerns;
- *Inclusiveness and sensitivity*: stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders are encouraged to be

involved in the consultation process, to the extent the current circumstances permit. Equal access to information is provided to all stakeholders.

For the purposes of effective and tailored engagement, stakeholders of the proposed project can be divided into the following core categories.

4.2 Affected Parties

Affected Parties are defined as persons, groups and other entities that may be directly or indirectly impacted by the project and/or have been identified as most susceptible to change associated with the project. The following identified individuals and groups fall within this category:

- Eligible MSEs under lockdown
- MSEs under partial lockdown/operating below capacity
- MSEs that were deemed to be viable before COVID19
- Employees of the above mentioned firms
- Employees with no or limited prior working experience that are hired within the scope of this project

4.3 Other Interested Parties

Other interested parties – individuals/groups/entities that may not experience direct impacts from the project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way:

- KOSGEB Executive Committee members (Ministry of Industry and Technology, Ministry of Treasury and Finance, The Union of Chambers and Commodity Exchanges of Turkey (TOBB), Turkish Federation of Tradesmen and Craftsmen (TESK), Turkey Exporters Assembly, TUBITAK and Turkey Investment and Development Bank representatives)
- KOSGEB personnel
- Government institutions associated with the project (Social Security Institution, Revenue Administration, Credit Guarantee Fund)
- Public Institutions and Organizations, NGOs

4.4 Disadvantaged/Vulnerable Groups

Disadvantaged/vulnerable groups are persons, groups or entities who may be disproportionately impacted or disadvantaged by the Project. The vulnerable group involved in this project can be considered as; (i) innovative young businesses since they have limited experience about KOSGEB supports and communication tools of KOSGEB related to consultation & grievance. Besides, the disadvantaged groups are considered as (ii) women – owned enterprises and (iii) enterprises owned by refugees.

4.5 Summary of the Project Stakeholder Needs

Various methods of engagement will be used as part of the project's interaction with the stakeholders, to ensure that different stakeholder groups are successfully reached and are involved in the process of consultation, decision-making and the development of impact management solutions. With the evolving situation, as the Government of Turkey has taken measures to impose restrictions on public gatherings, meetings and people's movement, the general public has also become increasingly concerned about the risks of transmission, particularly through social interactions. Hence, alternative ways will be adopted to manage consultations and stakeholder engagement in accordance with the local laws, policies and new social norms in effect to mitigate prevention of the virus transmission. Considering evolving situation of current COVID-19 outbreak, the project should select methods for stakeholder engagement that are appropriate to the situation, in view of the currently imposed regulations and restrictions on public gatherings and face-to-face interaction affecting everyday life as well as business operations. The restrictions in business operations require new methods, tools and techniques for stakeholder engagement.

These alternate approaches that will be practiced for stakeholder engagement will include: reasonable efforts to conduct meetings through online channels (e.g. webex, zoom, skype, etc.); diversified means of communication and relying more on social media, chat groups, dedicated online platforms & mobile Apps (e.g. Facebook, Twitter, Instagram, Viber, WhatsApp groups, project weblinks/websites etc.).

KOSGEB has assigned a designated expert within PIU for the management and monitoring of stakeholder activities including the monitoring of grievance related actions taken.

KOSGEB will utilize existing online communication channels and facilities for project promotion and stakeholder engagement. Project updates will be posted on KOSGEB's website and where applicable and preferred by the stakeholders, KOSGEB will also communicate project information and updates through other means such as social media, distributed printed material, one to one interviews and consultation meetings when needed and allowed, after the restriction measures are lifted.

5 Stakeholder Engagement Program

5.1 Purpose and Timing of Stakeholder Engagement Program

Stakeholder engagement will involve consultations with stakeholders throughout the entire project cycle to inform them about the project, including their concerns, feedback and grievances.

Table 4: Stakeholder Engagement Program

Project stage	Topic of consultation / message	Method used	Target stakeholders	Responsibilities	Timing
Design and Preparation	Survey	Online survey	MSEs	KOSGEB PIU	At the beginning of design
Design and Preparation	Project Summary SEP	Electronic information, KOSGEB website	MSEs, Other interested parties	KOSGEB PIU	Once
Design and Preparation	Project Summary SEP	Electronic information, Targeted e-mail announcement, KOSGEB website	Disadvantaged /Vulnerable groups	KOSGEB PIU	Once
Implementation Stage	Application documents ESMS documents SEP GRM requirements	Electronic information, KOSGEB website	MSEs and Other interested parties	KOSGEB PIU	Once in the middle of implementation stage (approximately 45 th day of support announcement)
Implementation Stage	Data formats that will be used to gather data from other institutions	Electronic information	Social Security Institution, Revenue Administration, Credit Guarantee Fund	KOSGEB PIU	At the beginning of implementation and throughout project implementation

Implementation & Closing	Project implementation progress reports with key indicators	Written information electronic information, GRM reports	WB	KOSGEB PIU	After closing
Implementation & Closing	Project implementation progress reports with key indicators	Written information electronic information	Other interested parties	KOSGEB PIU	After closing

As part of the design and preparation stage of the Project, after the consultations carried out in between December 2020 and January 2021, KOSGEB prepared an animation explaining in an accessible manner the Project reimbursable support and its application process. The aim of this animation is to ensure that beneficiaries understand the reimbursable support and its application process.

5.2 Proposed Strategy to Incorporate the View of Disadvantaged/Vulnerable Groups

All stakeholders including vulnerable groups will have equal opportunity to access information, provide feedback, or submit grievances. In case of a communication disruption KOSGEB branches will contact to the ones who are facing problems about communication.

The vulnerable group defined as innovative young businesses will be informed by specialized methods in order ensure that they are aware of this program and communication tools. An e-announcement will be sent to firms located in technoparks (by means of technopark administration offices) and KOSGEB Technology Development Centres. Besides, the Scientific and Technological Research Council of Turkey (TÜBİTAK) will particularly assist PIU for reaching vulnerable groups. TÜBİTAK contributes to the advancement of science, technology and innovation in Turkey via its research, development and innovation funding and performing functions. With the help of the TÜBİTAK's database, an e-announcement will be sent to firms which have applied to or have already supported by TÜBİTAK's funding.

First disadvantaged group comprising women - owned enterprises will be informed by relevant NGOs. Second disadvantaged group comprising of firms owned by refugees will be informed by Turkish/English informative documents.

5.3 Information Disclosure

The current KOSGEB website (<http://www.kosgeb.gov.tr>) is being used to disclose project documents, including in both Turkish and English. KOSGEB has created a webpage on the project on its existing website. All future project related environmental and social monitoring reports, listed in the above sections will be disclosed on this webpage. All information documents will be posted on the website. Details about the project grievance mechanism will be posted on the website. An electronic grievance submission form will also be made available on KOSGEB's website. KOSGEB will update and maintain the website regularly. Face to face meetings and consultations will be held only after the government rules on restrictions on social gatherings are eased and lifted, following the World Bank's Technical Note: Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings (March 20, 2020).¹

5.4 Future of the Project

Stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the Stakeholder Engagement Plan and the grievance mechanism. This will be important for the firms affected by COVID-19 pandemic, but will be equally and even more important for employees working in MSEs.

6 Resources and Responsibilities for Implementing Stakeholder Engagement Activities

6.1 Resources

KOSGEB PIU will be in charge of stakeholder engagement activities. The budget required for implementing the stakeholder engagement plan over project duration will be allocated and used for conducting the above specified activities with different stakeholders and for communication and visibility activities.

All the activities will be conducted by use of human resources of KOSGEB. The table below indicates some operational expenditures planned to be carried out by project budget.

¹<https://worldbankgroup.sharepoint.com/sites/wbunits/opcs/Knowledge%20Base/Public%20Consultations%20in%20WB%20Operations.pdf>

Table 5: Operational Expenditures

Budget categories	Total costs (USD)	Resource
1. Communication campaigns		
Material for promotion of project (to inform stakeholders)	10,000	WB project budget
2. Equipment for personnel who will be dealing stakeholder activities		
Computers, printers	5,000	WB project budget
PIU office stationery consumables	1,000	WB project budget
3. Software		
Video conferencing software	2,000	WB project budget
4. Other contingency expenses	2,000	WB project budget

6.2 Management Functions and Responsibilities

KOSGEB has 1912 employees with offices in 81 cities and in 2019 year supported 69,081 SMEs. It operates with web based applications, and direct money transfers directly to SME accounts. KOSGEB is able to obtain data from SGK, tax authorities, and others to quickly assess eligibility and undertake adjustments as needed.

KOSGEB has established a Project Implementation Unit (PIU) consisting of a Project Manager, Financial Management Specialists, Monitoring and Evaluation Specialist, Environmental and Social Specialist and technical coordinators. The staff of PIU has been assigned from existing human resources by KOSGEB, and hired externally. KOSGEB has assigned a full-time designated expert within PIU for the management and monitoring of stakeholder activities including the monitoring of grievance related actions taken.

7 Grievance Mechanism

The main objective of a Grievance Redress Mechanism (GRM) is to assist to resolve complaints and grievances in a timely, effective and efficient manner that satisfies all parties involved. Specifically, it provides a transparent and credible process for fair, effective and lasting outcomes. It also builds trust and cooperation as an integral component of broader community consultation that facilitates corrective actions. Specifically, the GRM:

- Provides affected people with avenues for making a complaint or resolving any dispute that may arise during the course of the implementation of projects;
- Ensures that appropriate and mutually acceptable redress actions are identified and implemented to the satisfaction of complainants; and

- Avoids the need to resort to judicial proceedings.

7.1 KOSGEB's Grievance Redress Mechanism for the Project

KOSGEB is already maintaining a Grievance Redress Mechanism (GRM) for project beneficiaries and other stakeholders under the FRIT WB-funded project *Development of Businesses and Entrepreneurship for Syrians under Temporary Protection and Turkish Citizens*. The GRM is based on KOSGEB's existing communication channels and can be extended to cover the Rapid Support for Micro and Small Enterprises Project as well.

In the support and credit processes provided by the KOSGEB to the MSEs, the processes regarding the complaints are operated through the means of the following grievance mechanisms:

- Application with petition
- Application to CİMER
- Application to KOSGEB Online Information Center and KOSGEB Call Center

If the applicant is not satisfied with the results from the existing grievance mechanism he/she could make a final application to CİMER as assesment authority (<https://www.cimer.gov.tr>).

The e-mail of the PIU has been added on the KOSGEB website on the World Bank project special page. Anonymous complaints and E&S related grievances will be allowed to be sent to PIU via e-mail (covid19hizlidestek@kosgeb.gov.tr). Complaints filed in this way will be recorded by the PIU. Other interested parties will also be able to submit their opinions and suggestions via this e-mail address on the website.

Application with petition

Legal representative of MSE, who have difficulties in their reimbursable support processes, report their problems with a petition and report to the KOSGEB SME Development Department with additional documents. If the issues stated in the petition require any inspection process (bribery, favoritism, insults, personnel complaints, etc.), the application is sent to the KOSGEB Guidance and Inspection Board. Applications that do not require the inspection process are directed to the Directorate regarding the complaint, and the response received is evaluated within the body of the SME Development Department, and then sent to be complainant. The petition regarding the complaint of the person is kept in the KOSGEB Document Software. In accordance with the law on the use of the right of petition, "Petitioners who are Turkish citizens and foreigners residing in Turkey are reasoned to respond within thirty days at the latest, as a result of their applications to the competent authorities regarding their wishes and complaints about the public, or the purity of the transaction being made."

Application to CİMER

Presidential Communication Center (CİMER) is a public relations application that is implemented on receiving and responding to the problems, wishes, demands and complaints of citizens in the fastest way. There are three different ways to express their complaints, suggestions and requests through the Presidential Communication Center, CİMER:

1-Firstly, an application can be made using the CIMER Application Form on the official website of the Presidency (<https://www.cimer.gov.tr>).

2-Their suggestions and complaints can be sent to the Presidency via the CIMER link on the E-Government portal and on the KOSGEB homepage.

3-Phone application can be made with dialing 150.

According to Directorate of Communications of Presidency of the Republic of Turkey, If the subject of the application to CIMER contains a specific request, complaint or notice, the related institutions has to give a definite positive or negative answer within 30 days. If the subject of the application to CIMER is an information and/or document request in accordance with the Law No. 4982 on the Right to Information, the response time is 15 working days.

The application received is firstly forwarded by the Presidency to the Ministry of Industry and Technology of the Republic of KOSGEB. Ministry of Industry and Technology directs the applications related to our institution to the Corporate Communication Directorate. If the issues stated in the application require any inspection process (bribery, favoritism, insults, personnel complaints, etc.), the application is forwarded to the Directorate of Guidance and Inspection by the Corporate Communications Directorate. Applications that do not require an inspection process are directed to the Directorate regarding the complaint by the KOSGEB Corporate Communications Directorate and the application is answered by the Directorate. The application regarding the person's complaint is kept digitally in the CIMER system. An application may be made to the judicial and administrative judicial authorities regarding the response to the complaint.

Application with KOSGEB Online Information Center and KOSGEB Call Center

MSEs could submit their complaints about the the Project directly to the KOSGEB via the link <https://www.kosgeb.gov.tr/site/tr/genel/iletisimmerkezi> for the first and second round of the Project. Incoming applications were directed to KOSGEB Corporate Communications Directorate. When the points stated in the application required any inspection process (bribery, favoritism, insults, personnel complaints, etc.), the application was forwarded to the KOSGEB Directorate for Guidance and Inspection by the KOSGEB Corporate Communications Directorate. Applications that do not require the inspection process were directed to the Directorate regarding the complaint and the application was answered by the Directorate. Applications were stored digitally in the Help Desk software for the first and second round of the Project.

However, for the third round of the revised Project, KOSGEB Online Information Center has been included in the CIMER system. Those who want to apply through the link on the above-mentioned KOSGEB site will be directed to CIMER, the most well-known complaint and request system by the Turkish society. In this way, all complaints, requests and demands will be collected and recorded in a single place. An application can be made to the judicial and administrative judicial authorities regarding the response to the complaint. Applications received are answered within 15 working days.

KOSGEB Corporate Communications Directorate is responsible for this section within the scope of the Information Acquisition Law and related legislation. Besides, KOSGEB Call

Center (444 1 567), which is active 7/24, will be used to provide information about the project regarding complaints received, as well as corrective actions.

A training was organized for KOSGEB Call Center personnel by PIU:

- on 11.03.2021 regarding the complaints and suggestions that may be received upon the first round of the Project.
- on June 29, 2021 in order to increase their second round knowledge. The face to face training attendance form has been prepared and recorded.
- on December 14, 2021 regarding the revised Project information, probable complaints and suggestions that may be received upon the third round of the Project. KOSGEB Corporate Communications Directorate personnel have also been attended the training.

All these channels will be actively used throughout the life cycle of the project. PIU will keep a record of all grievances in a grievance log, and is required to work with the Project Management if necessary to resolve grievances. PIU will report grievances to the World Bank on a quarterly basis throughout the Project.

7.2 KOSGEB Grievance Redress System for Staff

Personnel have the right to submit suggestions, express concerns and grievances related to the workplace, and to file complaints and lawsuits due to the administrative actions and procedures applied to them by their supervisors or the workplace.

Applications and complaints are made orally or in writing, starting with the nearest supervisor, and if an employee has a grievance about the supervisor, then the complaint is submitted to the next supervisor in line. If necessary, all staff has right to fill petition and submit it to KOSGEB Human Resources Department. Petition is assessed by the mentioned department and necessary measures are taken under KOSGEB Human Resources Regulation and Disciplinary Regulation. This issue is explained in the regulation. This regulation is easily accessible on intranet and web page.

If the complaint issue is about working conditions, KOSGEB Administrative Support Services Department will be involved for redress.

Complaints about ethical issues such as sexual abuse / harassment received from KOSGEB employees (including PIU) are evaluated by paying attention to the confidentiality of employee information. Since complaints received on ethical issues include sensitive issues, they are definitely shared with the Guidance and Supervisory Board for review. All procedures regarding the examination of complaints and their notification to the complainants by making a decision must be completed within 30 days at the latest following the date on which the complaint petition is submitted to the decision-making authority. The provisions of the relevant legislation are applied for the complaints that will be subject to judicial and administrative investigation.

Anonymous complaints will be allowed to be sent to PIU via e-mail (covid19hizlidestek@kosgeb.gov.tr). Complaints filed in this way will be recorded by the PIU.

Timeframe for the closure of grievances are summarized in the below Table 6.

Table 6: Timeframe for the respond and resolve of grievances

Methods	Closure Time
Application with petition	<ul style="list-style-type: none"> • Within 60 days according to Turkish Administrative Procedure Law No. 2577
Application to CIMER	<ul style="list-style-type: none"> • Within 30 days for the specific request, complaint or notice according to Directorate of Communications of Presidency of the Republic of Turkey • Within 15 working days for an information and/or document request in accordance with the Law No. 4982 on the Right to Information
Application to KOSGEB Online Information Center	<ul style="list-style-type: none"> • Within 2 working days for responding the grievance • Within 15 working days for resolving the grievance (only if there is an extra process to address the grievance due to compelling reasons)
Application to KOSGEB Call Center	<ul style="list-style-type: none"> • Instantly • Within 15 working days for resolving the grievance (only if there is an extra process to address the grievance due to compelling reasons)
Sending direct e-mail to the PIU (only for anonymous complaints and E&S related grievances)	<ul style="list-style-type: none"> • Within 2 working days for responding the grievance • Within 15 working days for resolving the grievance (only if there is an extra process to address the grievance due to compelling reasons)

7.3 World Bank Grievance Redress System

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

8 Monitoring and Reporting

The project will monitor the SEP on an ongoing basis during the implementation, including reviewing the functioning of the GRM and types of grievances recorded. This will work as a feedback loop on the project and facilitate adjustments/improvements to be made during

engagement. At completion of SEP activities, a review of outputs will be conducted in order to evaluate the effectiveness of the SEP as implemented.

The project will monitor a beneficiary feedback indicator on a regular basis. The indicator will be determined in the updated SEP and may include: number of consultations, number of public grievances and since the start of the project and number of those resolved within the prescribed timeline; number of press materials published/broadcasted in the media. A satisfaction survey of beneficiary firms will be carried out at mid-term and at the end of the Project.

KOSGEB PIU will maintain a simple database and activity file detailing all public consultation, disclosure information and grievances collected throughout the project. Records of all stakeholder engagement activities kept in the database will include dates, venues, attendees, objectives and outcomes.

The PIU will ensure that all consultation and disclosure activities are recorded adequately. SEP implementation and relevant grievances will be reported in quarterly project progress reports under a separate section. The reports will include all stakeholder engagement and consultations made, grievances and resolutions. Results will be posted on the KOSGEB website.

8.1 Involvement of Stakeholders in Monitoring Activities

KOSGEB will be seeking feedback from beneficiary MSEs and other relevant stakeholders throughout the project and PIU will discuss the results of the progress reports with relevant stakeholders as needed.

A midterm survey on Citizen Engagement will be conducted by KOSGEB PIU to seek feedback from the beneficiary MSEs on their satisfaction with the Project. The PIU will analyze the results which will inform project implementation, as appropriate.

8.2 Reporting Back to Stakeholder Groups

The SEP will be periodically revised and updated as necessary in the course of project implementation in order to ensure that the information presented herein is consistent and is the most recent, and that the identified methods of engagement remain appropriate and effective in relation to the project context and specific phases of the development.

Any major changes to the project related activities and to its schedule will be duly reflected in the SEP.

Information on public engagement activities undertaken by the project may be conveyed to the stakeholders following ways:

- A number of Key Performance Indicators (KPIs) will also be monitored by the project on a regular basis, including the following parameters:
- Monitoring and reporting of project related stakeholder engagement activities, consultation meetings, tracking number of grievances received within reporting

period, number of resolved, number of press releases published on KOSGEB website and social media, and/or, national media will be made by KOSGEB PIU.

- Project updates including stakeholder engagement activities will be posted on KOSGEB's website.

Stakeholder engagement activities will be reported back to the World Bank in quarterly progress reports.