**Minimum Standards for Partnership**

**Developed by National NGOs for Refugee Response in Turkey**

Since the outbreak of violence in Syria in 2011, aid actors have been providing humanitarian and development assistance to Syrian refugees in Turkey. Local and national actors (L/NAs) have been playing a key role in the Syrian refugee response.

As a group of Turkish NGOs, we have been partnering with donors, INGOs, UN agencies and others in our response to humanitarian needs of the Syrian population. This declaration outlines the minimum standards we would like to see in order for us to overcome the financial, contractual and legal risks we take on as implementing parnters on the ground.

### It is imperative that the humanitarian/development/peace response to the plight of refugees in Turkey is a sustainable one. A sustainable response naturally requires a strong civil society with institutionally sound and sustainable actors. This fact has been acknowledged at the World Humanitarian Summit, culminating with the signing of the Grand Bargain in which many donors, UN agencies and INGOs commit to providing “more support and funding tools for local and national responders”. Since then, discussions on localization have intensified.

For a sustained institutional and operational structure in response to refugees in Turkey we find that is time for a shift from subcontracting to equal partnership agreements. The criteria listed below are crucial for the equitable collaboration and management of risks for local and national NGOs in Turkey in their partnerships with donors, INGOs, UN agencies and others.

**1. Severance Obligations and Other Liabilities**

In Turkey, severance payment to staff is due in the event that employment contracts of staff are terminated by the employer for reasons other than those set forth in Article 25/II of the Turkish Labour Law No. 4857, which regulates employee’s inappropriate and dishonorable conduct or similar behavior. For L/NAs, such termination mostly takes place at the end of a project. Sometimes staff carry on to take responsibilities in other projects of the L/NA. Severance is not paid in the event that the staff member gives notice of termination to the employer, in other terms if the staff resigns.

The staff member needs to be employed for a minimum of one year at the same or different work places of the employer in order to be entitled to severance pay. All periods during which the employment contract continued is included in the calculation of the severance pay. Thus, the periods during which the staff does not work, but the employment contract continues or the employment contract is suspended such as periods of annual paid leave, maternity leaves, leaves agreed by and between the parties, certain periods of illness as regulated under the Labour Law No. 4857, weekends, national and public holidays are taken into account in calculating the severance pay.

The employer integrates severance calculations into all project budgets. Staff salaries are calculated in gross, with social security, income tax and other liabilities included. At the closing of each month, the employer allocates the relevant monthly share of severance obligation for each project staff into a blocked bank account (severance fund) and shown as such in the accountancy.

For staff whose contract is terminated by the employer, or is entitled to severance because of retirement or military service or any other reason stated in the Law, the amount adding up to the severance payment will be paid from the blocked bank account. For staff who have worked continuously for more than a year and whose contract comes to an end without renewal by the L/NA, the severance will be paid with the same method.

For staff resigning during the period of the project, or for staff having a contract covering a period less than 12 months, the blocked amount will be kept in the L/NA's bank account for future liabilities.

**2. “Reserve Fund”: Deduction benefits originating from long-term Social Security premium payments**

Social Security Institution (SGK) of Turkey offers incentives to all employers in the long-term payment of social security premiums for their employees. The most advantageous of these are the additional employment incentives provided in laws no. 6111 and 7103. There are various conditions placed on employers to be able to benefit from these incentives. The SGK looks for disciplined financial performance, high level of compliance with SGK regulations, and a good track record of no outstanding debt to the institution. Many L/NAs are deemed to fulfil these conditions and are granted the opportunity to benefit from these incentives.

According to SGK regulations, social security premium rates are accrued to L/NAs that apply, although the payment is not made to the SGK due to deduction incentives given. Instead, L/NAs will be using all social security premium deductions to establish a “reserve fund” that will be used to manage the organization’s legal, financial and compliance related risks. It is important to note that these incentives are not given specific to any project, but are granted to organizations because of their strong financial discipline and exemplary track record with the SGK. This incentive should be evaluated as a right provided by the Turkish state in order to reinforce the strong financial performance of its institutions.

From this fund, L/NAs will be able to cover expenses related to their legal obligations such as severance payments, accumulated days of leave, notice periods, as well as costs found ineligible by donors. All details linked to the usage of this fund will be documented in the L/NA’s annual institutional audits. If and when requested, all details related to the fund will be open to the discretion of the donors.

**3. Indirect Costs**

Indirect costs are incurred for the organization’s overall management, institutional structures and mechanisms that benefit the L/NA as a whole. This is a lumpsum amount of the total project income of the organization. This ensures flexibility of usage which enables the L/NA to cover liabilities, mitigate risks, secure cashflow, and invest in private fundraising. This budget line will be indicated as such so that donors do not request justification for direct project involvement.

**4. Project life-time allocation vs monthly basis allocation of resources**

Actual-based allocation methodology is costly and risky for L/NAs. Turkish NGOs will need cash reserve to be able to cover the burden of any expense that donors do not cover. This is especially challenging for shared costs such as shared salaries and other shared administrative costs. Donor flexibility is required in terms of the calculation of time allocations of staff time per project. This will have to be done over the life time of the project as opposed to allocations based on a monthly basis for all shared costs. This is particularly important as the ineligibility of allocated expenses is something that L/NAs cannot afford.

**5. Salary Scale and Staff Benefits**

Staff benefits such as health and risk insurance, lunch allowance or additional payments for local transportation are common practice in Turkey although not legally compulsory. Depending on their organizational policy, L/NAs should be able to budget these costs into projects in order to attract qualified staff for humanitarian/development work as well as compete with INGOs offering higher salaries and better benefit packages.

Similarly, salary scales are specific to each organization and they constitute institutional policy as approved by the Board of the L/NA. Negotiation on salary scales will not be allowed with donors and partners.

**6. Qualifications of Auditors**

All projects are implemented in line with Turkish regulations, donor requirements and in acordance with the contract agreement. It is crucial that the audit company appointed by the donor to undertake the external audit of these projects have an equal knowledge of Turkish law, while applying international accounting and auditing standards.

Otherwise, explaining these laws one by one to the auditors who are not familiar with Turkish regulations creates loss of time and effort during the audit, which sometimes results in expenditures found to be ineligible while in effect they are not. The auditors auditing these projects should have sufficient knowledge of local laws and practices, and be able to operate without experiencing any language barriers.