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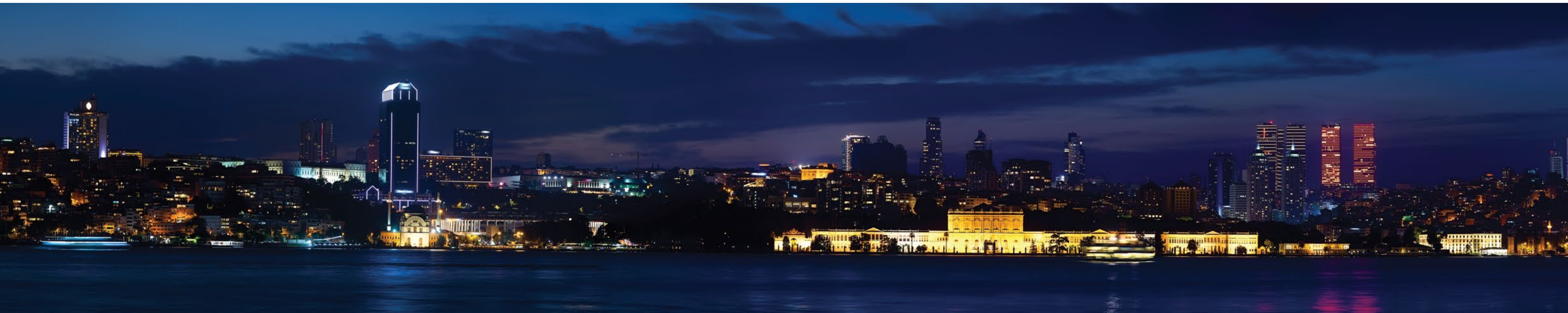


*Empowered lives.
Resilient nations.*



The Impact Investing Ecosystem **in Turkey**

Stakeholder Mapping and
Preliminary Analysis of the Ecosystem



The Impact Investing Ecosystem in Turkey

November 2019

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United Nations Development Programme
Istanbul International Center for Private Sector in Development

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About

UNDP's Istanbul International Center for Private Sector in Development (IICPSD)

UNDP partners with people at all levels of society to help build nations that can withstand crises and to drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in nearly 170 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations. UNDP's Istanbul International Center for Private Sector in Development (IICPSD) acts as an enabler for the private sector and foundations to become more active partners in development, encouraging them through policy advice and technical services on how to contribute towards the achievement of the 2030 Agenda. IICPSD was established in 2011 in partnership with the Government of Turkey.

The Center's work to engage foundations and the private sector focuses on delivering policy advice and technical services in four thematic areas:

- Inclusive business
- Private sector engagement in skills development
- Impact investing
- Resilience and crisis response

IICPSD also provides the framework for UNDP's global work on private sector and foundations through the UNDP Private Sector and Foundations Strategy for the SDGs 2016-2020.

UNDP IICPSD's Engagement in Impact Investing

IICPSD has vast experience in providing research and advocacy to mobilize impact investing activities for the Sustainable Development Agenda. To this end, the Center also established the Global Islamic Finance and Impact Investing Platform (GIFIIP) in partnership with the Islamic Development Bank (IsDB) to leverage Islamic finance resources for social and environmental impact. Engaging the private sector, governments, and key stakeholders operating in the Islamic finance and impact investing markets, the platform aims to promote market-based solutions to sustainable development challenges by creating a collaborative working space among these actors.

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List of Acronyms

AUM	Assets Under Management
BoP	Bottom of the Pyramid
CAGR	Compound Annual Growth Rate
CSR	Corporate Social Responsibility
DFI	Development Finance Institutions
EBRD	European Bank for Reconstruction and Development
EECA	Eastern Europe, Russia and Central Asia
EIB	European Investment Bank
ESG	Environmental, Social and Governance
EU	European Union
FDI	Foreign Direct Investment
GIFIIP	Global Islamic Finance and Impact Investing Platform
GIIN	Global Impact Investing Network
GSG	Global Steering Group for Impact Investment
HDI	Human Development Index
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IICPSD	Istanbul International Center for Private Sector in Development
IsDB	Islamic Development Bank
MENA	Middle East and North Africa
NAB	National Advisory Board
OECD	Organisation for Economic Co-operation and Development
PE	Private Equity
SDGs	Sustainable Development Goals
SRI	Socially Responsible Investing
TÜBİTAK	Scientific and Technological Research Council of Turkey
UNDP	United Nations Development Programme
VC	Venture Capital
WBG	World Bank Group

Executive Summary

In 2015, global leaders endorsed the United Nations 17 Sustainable Development Goals (SDGs), providing a framework and setting the vision and targets for the transition to a sustainable and resilient society by 2030. Meeting the ambition set by the 2030 Agenda for Sustainable Development means bridging a massive financing gap of at least US\$2.5 trillion a year. The scale of funding and technical support required to achieve this ambitious 2030 Agenda for Sustainable Development is far beyond the scope of individual governments and multilateral funding agencies. Private sector funding, capabilities and know-how need to be mobilized within the global partnership to fill this funding gap and to operationalize the policies and actions outlined in the Addis Ababa Action Agenda.¹

As a new model for financing sustainable development efforts, the impact investing market has exhibited strong growth since 2015, rising to US\$502 billion in assets in 2018 from US\$228.1 billion in 2017.² The market is estimated to continue to grow. In 2019, the International Finance Corporation (IFC) announced that investor appetite for impact investing may reach as much as US\$26 trillion, or 10% of all financial assets worldwide, which are worth US\$269 trillion.³

Despite a fast-growing impact investing market, with US\$502 billion in assets under management (AUM) as of 2019, there are still wide discrepancies in the geographical allocation of impact assets. **In 2018, the Middle East and North Africa (MENA) and Eastern Eu-**

rope, Russia and Central Asia (EECA) accounted for only 2% and 6% of total AUM, respectively. Despite the low regional share, MENA experienced the highest growth in impact investments with a 43% compound annual growth rate (CAGR) over the last four years. As this recent upward trend vouches for the high potential in the region, attracting investor appetite to this market presents good opportunities for generating profit and scaling impact.⁴

Located in a prime location bridging east and west, **Turkey is emerging as a promising entry-point for catalysing impact investing activities and tapping into both the MENA and EECA markets.** Turkey's position is particularly advantageous for impact investing as the country enjoys a relatively developed financial market while still presenting many opportunities to generate social and environmental impact to alleviate the development challenges observed in the region.

This study takes stock of the potential of the market in Turkey and identifies major stakeholders, opportunities and challenges in establishing an impact investing ecosystem in the country. This landscape study was initiated by UNDP IICPSD as an outcome of discussions and consultations for SDG Impact Accelerator (SDGiA), a new program by the Republic of Turkey Ministry of Foreign Affairs to accelerate “systems entrepreneurs” for market-creating innovations, initially for refugee populations, and in turn for low-income developing countries.

The study provides a stakeholder mapping and a preliminary analysis of Turkey's impact investing ecosystem and suggests a roadmap to enhance a growing impact investing ecosystem in the country. To this end, this study addresses three audiences who will be instrumental in ensuring such an impact investing ecosystem flourishes:

- (i) international impact investors
- (ii) domestic investors in Turkey
- (iii) enterprises in Turkey with a potential to create impact

Insights by investors and other major stakeholders point to a trend towards five key areas where the highest impact may be generated in Turkey: **refugee livelihoods, women's empowerment, renewable energy, health-tech and financial inclusion.** Aligning these key areas with entrepreneurship activities in Turkey is critical to raising capital for businesses with and for impact and scale-up models.

Currently, investments in Turkey lack a clear mandate or intention to have a social and environmental impact. A framework for impact investing activities in Turkey appears to be of utmost importance as it may facilitate the transfer of investor appetite towards investments with impact, as demand from impact enterprises operating in the country has shown a steady increase in recent years. Although the country's culture of charity-giving and entrepreneurship has laid the foundations for a great potential, for impact investing, Turkey cannot fulfil its high potential in particular in terms of mobilizing private funding for impact, due to lack of awareness and lack of a standardized framework around impact investments. Impact oriented organizations and individual investors do not have the know-how to be able to design and manage impact investments. With impact investing being extremely nascent, concern over impact can still only be observed in the form of social entrepreneurship in Turkey. Social enterprises are considered either as charities or conventional businesses because there is no legal structure designed specifically to define social ventures. In addition, despite the abundance of available financial instruments, these instruments currently do not serve or target impact markets.

In order to overcome these challenges, a comprehensive roadmap with attainable goals is needed. The suc-

cess of such a roadmap depends on efficient governance and continuous engagement of relevant stakeholders. Thus, founding a Turkey National Advisory Board (NAB) is a crucial step in the creation of an impact investing ecosystem in Turkey. NABs, introduced by the Global Steering Group for Impact Investment (GSGI), are composed of experts and professionals who steer national strategies to promote impact investing. Utilizing the expertise of the NAB and the findings of this study, the following steps are recommended to be taken: Developing and implementing (i) capacity building activities for all relevant stakeholders, (ii) a robust framework and legal structure for impact investing activities and (iii) market building activities to make the practice of impact investing effective, efficient and attractive to investors, agencies and enterprises.

Although lacking a standardized framework for impact investments, Turkey hosts many agents that have been operating in the vicinity of impact investing or in so-called grey areas. Efforts should be channelled to align such activities with the impact investing framework. Once started, the Turkish impact investing ecosystem will organically develop its own supply and demand side alongside enablers, who are already well-positioned to support an otherwise similar entrepreneurship and investment ecosystem. To this end, UNDP IICPSD is dedicated to acting as a facilitator institution to develop and implement this roadmap and nurture the impact investing ecosystem in Turkey in the near future in collaboration with all stakeholders.

Market trends point to a fast-changing shift in the concept of doing business, from purely seeking profit to coupling financial return with a social and environmental impact. Impact investing offers a vital model to align “business-as-usual” with sustainable development. Establishing robust impact investing ecosystems in regions where both financial returns and a positive impact are highly feasible is an important step in leveraging private sector contributions towards sustainable development. A heightened awareness around impact investing by the private sector and a supportive set of policies to promote impact investing by the public sector will play a vital role in accommodating the booming demand for impact capital in the Turkish market.

¹ The Addis Ababa Action Agenda (AAAA) is the outcome of the Third International Conference on Financing for Development in 2015. Adopted by governments, AAAA provides a set of policy actions to finance sustainable development.

² GIIN, 2019c. Sizing the Impact Investing Market.

³ IFC, 2019. The Promise of Impact Investing.

⁴ GIIN, 2019. Annual Impact Investor Survey.

Impact Investing as a New Model

Managing more than US\$6 trillion in assets, the CEO of BlackRock, Larry Fink, has explicitly declared the company's commitment to incorporating social and environmental impact alongside financial return. In his annual letter to shareholders at the end of 2017, he stated:

“To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society... I do believe that the demand for ESG (environmental, social and governance criteria) is going to transform all investing...”

The emergence of such value-seeking in investments has been mainly driven by a wealth transfer observed in the past decades.⁵ Millennials are estimated to inherit over US\$68 trillion from their predecessors by 2030 in the United States only. A significant bulk of global wealth is being transferred from the “traditional neoliberal investor seeking pure profit” to the “value investor profile”. This new investor profile is younger and more gender balanced, consisting of many women who were previously excluded from capital markets. The emergence of this new investor profile that invests their cap-

ital in line with their environmental and social values has given rise to innovative ways of doing business that combine financial profit with a positive impact.

“Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to market rate, depending on investors' strategic goals.”⁶

Impact investments differ from pure philanthropy as they entail expectations of financial return and from “business-as-usual” as they recognize and incorporate positive environmental and social impacts as part of the investment return. The concept of impact investing, thus, covers the middle section of a broad spectrum running from “pure profit” to “pure impact.” It also builds on three essential components: (i) a deliberate intention to have a positive social and environmental impact, (ii) a clear contribution as to how to accomplish the intended goal and (iii) specific performance indicators to quantify and measure impact.⁷



Figure 1. Impact Investing Components. GIIN, 2019.

Given that around US\$2.5 trillion is needed every year to achieve the SDGs, financing emerges as key to facilitating SDG implementation. Aid and philanthropy are currently the main drivers to financing development cooperation. One crucial constraint of these two specific sources of finance is the fact that they are not financial-

ly sustainable and scalable. By straddling the efforts to generate impact through philanthropy and gain profit without a concern for development, impact investing promises to transform SDG financing into a commercially viable and scalable business model

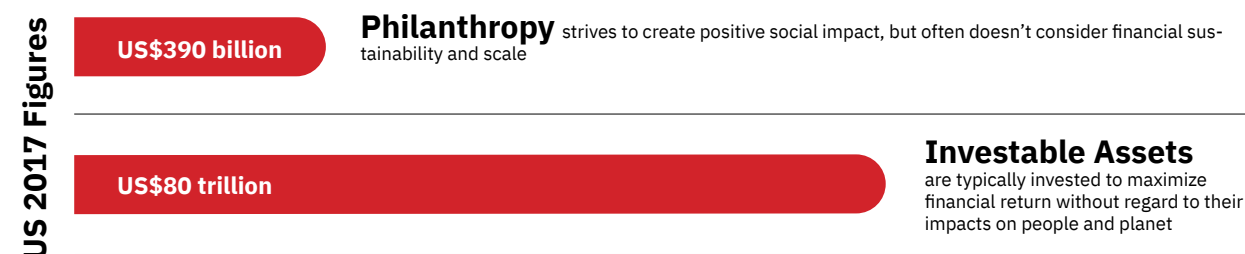


Figure 2. Philanthropy vs. Investable Assets in the US. Medium, 2018.

Sustainable Development Goals (SDGs) and Impact Investing

In 2015, countries adopted the 2030 Agenda for Sustainable Development and its 17 SDGs. The 17 SDGs of the 2030 Agenda for Sustainable Development are the blueprint for achieving a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate,

environmental degradation, prosperity, and peace and justice. According to the Better Business Better World report by the Business & Sustainable Development Commission, achieving the Global Goals could open up an estimated US\$12 trillion in market opportunities in four economic systems:

⁵ Dalgin & Sahbaz, 2019. How Can Emerging Markets Ride the Impact Investing Wave?

⁶ GIIN, 2019d. What is Impact Investing?

⁷ Dalgin & Sahbaz, 2019. How Can Emerging Markets Ride the Impact Investing Wave?

food and agriculture, cities, energy and materials, and health and well-being.⁸ These systems represent around **60%** of the real economy and are critical to delivering the United Nations Sustainable Development Goals.

By coupling sustainable development with a new “business-as-usual” framework, impact investing is posi-

tioned as a leading enabler of SDG financing and an innovative way of boosting the private sector’s contribution to sustainable development. The promise of impact investing lies not in achieving the SDG agenda alone, but also in its offer of a new avenue to unlock substantial market opportunities that will incorporate the bottom of the pyramid (BoP) in private sector value chains.

Global Trends in Impact Investing

The triple bottom line as a framework is currently gaining more prominence, as businesses dedicate more resources into generating environmental and social returns alongside financial profit. Impact investing has been the key business model for scaling up this global divergence from a unilateral understanding of monetary profit towards a more sustainable and inclusive private sector. The rising trend in impact investing has sparked a promising estimate by the International Finance Corporation (IFC) that investor appetite could be as high as

a **US\$26 trillion** in the near future.⁹

Annual GIIN surveys estimated the market for impact investing to be **US\$502 billion** in assets under management (AUM) at the end of 2018.¹⁰ This AUM marks a huge jump from the **US\$228 billion** in 2017. Indeed, the market has grown tremendously over the past four years, with further growth anticipated in the coming years.¹¹

Impact Investment AUM by Year
(US\$ billion)

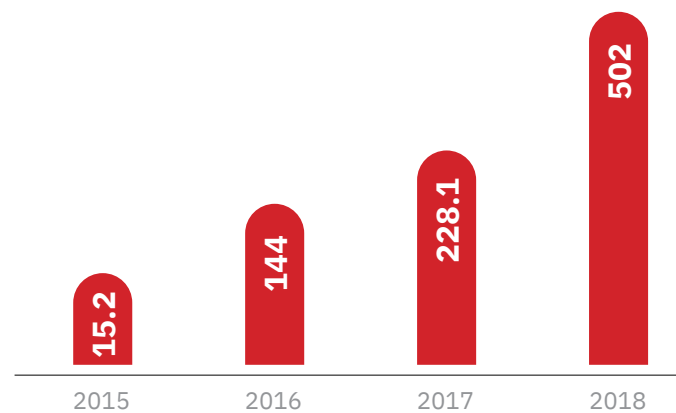


Figure 3. Growth of the Impact Investing Market. GIIN.

⁸ Business and Sustainable Development Commission, 2017. Better Business Better World: <http://report.businesscommission.org/report>

⁹ IFC, 2019. Creating Impact: The Promise of Impact Investing.

¹⁰ GIIN, 2019c. Sizing the Impact Investing Market.

¹¹ GIIN, 2019b. Annual Impact Investor Survey.

Asset managers dominate the impact investing market, accounting for **more than half of AUM**, followed by **Development Finance Institutions (DFIs)** and **banks. Pension funds, foundations and family offic-**

es are emerging players in the supply of impact capital, although they currently account for less than **10%** of AUM.¹²

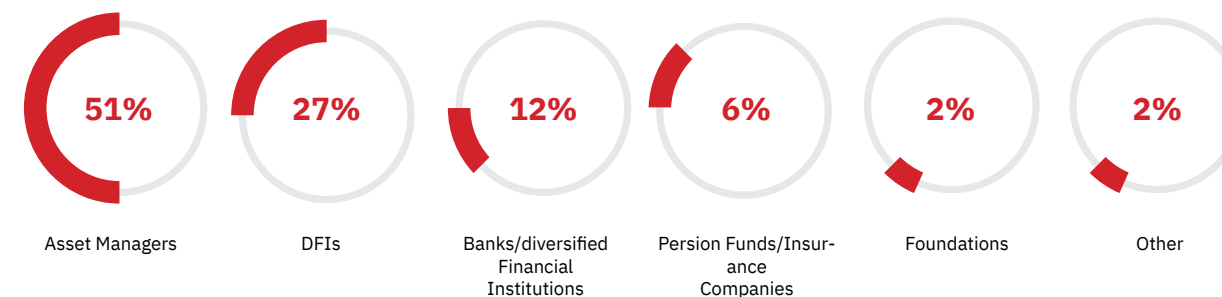


Figure 4. Impact AUM by Organization Type. GIIN, 2019.

Despite a fast-growing impact investing market, there are still large discrepancies in the geographical allocation of impact assets. In 2018, the Middle East and North Africa (MENA) and Eastern Europe, Russia and Central Asia (EECA) accounted for only 2% and 6% of total AUM, respectively. **Given that MENA experienced**

the strongest growth in impact investments with a 43% compound annual growth rate (CAGR) over the last four years, generating investor appetite in this market presents good opportunities for generating profit and scaling impact.¹³

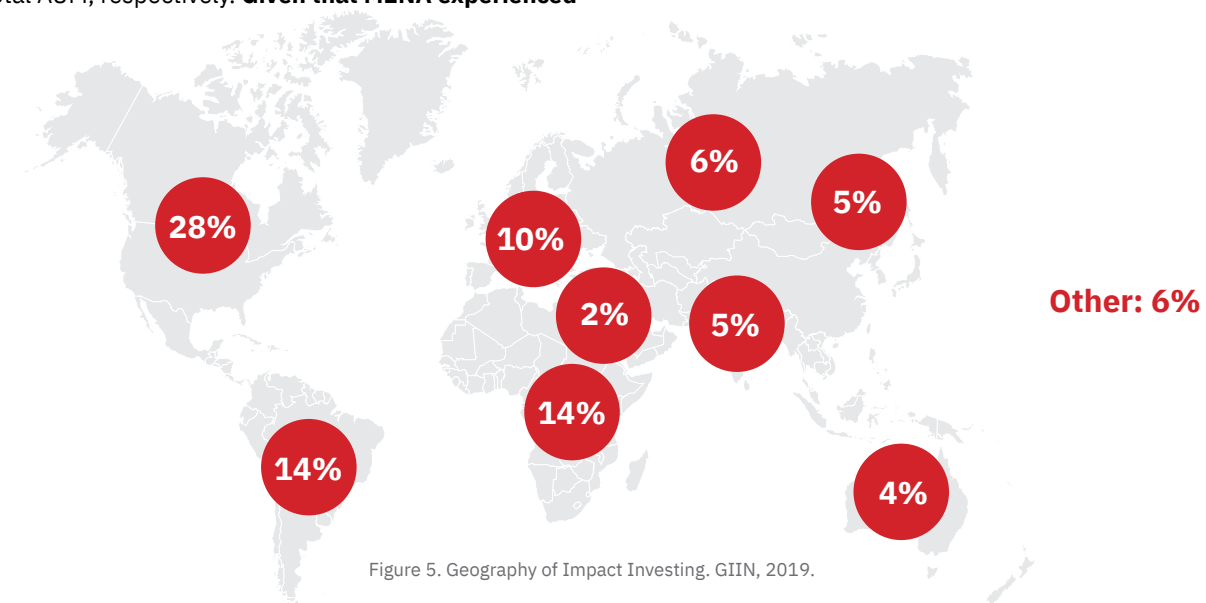


Figure 5. Geography of Impact Investing. GIIN, 2019.

¹² GIIN, 2019c. Sizing the Impact Investing Market.

¹³ GIIN, 2019b. Annual Impact Investor Survey.

Positioned in a prime location bridging east and west, **Turkey is emerging as a promising entry-point for catalysing impact investing activities and tapping into both the MENA and EECA markets.** Turkey's position is particularly advantageous for impact investing as the country enjoys a relatively developed financial market while still presenting development challenges mostly triggered by and arising from regional issues and conflicts.

Impact investing has been recognized as an innovative and effective approach for financing sustainable development by many intergovernmental organizations including the G7, Organisation for Economic Co-operation and Development (OECD), European Union (EU) and United Nations (UN). To acknowledge the enabling power of impact investing for development, the then G8, now G7, established the Social Impact Investment Taskforce in 2013, which was transformed into the Global Steering Group for Impact Investment (GSG) in 2015. GSG aims at building the global ecosystem for

impact investing while positioning it as an enabler for innovation, entrepreneurship and development finance.

GSG represents countries through a global network of National Advisory Boards (NABs). NABs are composed of senior national leaders, practitioners, representatives of the national impact investment ecosystem and other ecosystem builders. They create a national strategy for each country, built upon a stakeholder mapping study on the state of the ecosystem in the country, design a customized action plan for country progress and deliver the resources needed to implement the action plan. There are 22 NABs currently operating around the globe, representing Australia, Argentina, Bangladesh, Brazil, Canada, Chile, Finland, France, Germany, India, Israel, Italy, Japan, Mexico, New Zealand, Portugal, South Africa, South Korea, Spain, United Kingdom (UK), Uruguay, United States (USA) and EU. By building and nurturing the impact investing ecosystem at the country level, NABs create the environment needed for the private sector to engage in development cooperation.

Turkey: Country Context

Turkey's impressive economic and social development since 2000 has led the country to join the upper-middle income countries with increased employment and income. The country has maintained a strong fiscal policy, which helped it recover quickly from the global financial crisis in 2008-2009. Ambitious reforms and government programmes specifically targeting vulnerable groups and disadvantaged regions resulted in a lower incidence of poverty, while Turkey's response to

the influx of 3.6 million Syrian refugees since 2011 has been seen as exemplary for other receiving countries.¹⁴ However, Turkey is still working to resolve some lingering social and development challenges caused by regional conflicts. The rise of a robust impact investing ecosystem in the country may help transform these challenges into opportunities for impact capital to enjoy a relatively developed financial market while generating a scalable impact.

Economic Snapshot

Following an ambitious reform agenda, the Turkish economy has experienced strong growth since 2000. In contrast to the aging population of developed countries, which is expected to put a lot of pressure on pub-

lic finance in these economies, Turkey's young, dynamic and well-educated demographic is one of its largest strengths in terms of catalysing economic growth, with over 82 million people.

Turkey: Economic Indicators Snapshot 2018

Population	82,003,882
GDP (current US\$ billion)	789
GDP per capita (current US\$)	9,693
GDP annual growth rate (%)	2.8
Unemployment rate (% of labour force)	11.0

Figure 6. Turkish Statistical Institute, as of 31 December 2018.

With a GDP per capita of around US\$9,693, Turkey is among the upper-middle income countries with one of the highest living standards in the MENA and EECA regions. The country's export-led development model enabled it to increase its exports and trade volume significantly in recent decades. The establishment of a Customs Union with the European Union (EU), Turkey's most important trade partner, further mobilized exports.

In the face of economic vulnerabilities such as overheating and increased political risk, and the tightening of global financial conditions, Turkey's medium-term growth prospects are expected to be slightly dampened. Despite these global and regional challenges, Turkey still had the fastest growing economy among all G20 members in 2017.¹⁵ With efforts to reduce risk and provide stability, growth is projected to recover momentum as of 2020, and reach 3-4%.¹⁶

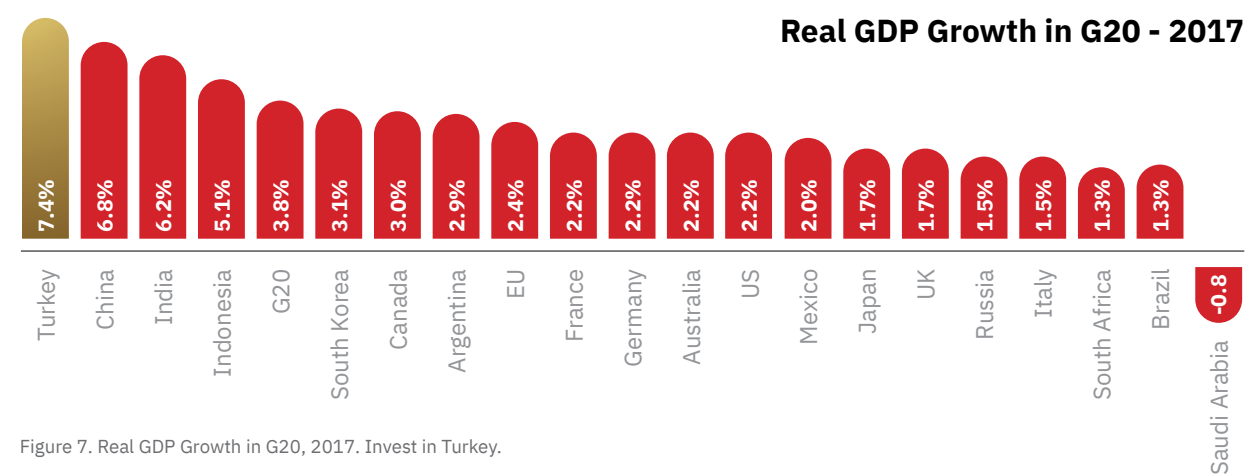


Figure 7. Real GDP Growth in G20, 2017. Invest in Turkey.

¹⁵ Invest in Turkey, 2019. Macroeconomic Indicators.

¹⁶ The World Bank, 2019a. The World Bank in Turkey: Overview.

¹⁴ The World Bank, 2019a. The World Bank in Turkey: Overview.

Investment Landscape

Turkey presents a promising opportunity for developing an impact investing ecosystem. While the country enjoys a deep financial market with **a liberal regulatory approach to facilitate investment and capital flows**, Turkey still faces **development challenges** that emerge as spillovers from the many problems and conflicts experienced in the region. In the presence of a well-functioning and well-connected impact investing ecosystem which is able to channel foreign and local investments into business models with clear impact intentions, Turkey's development challenges offer unique sectoral opportunities to leveraging solutions that matter.

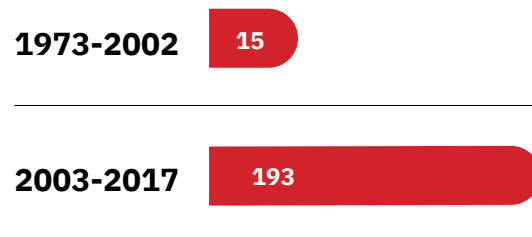
Having liberalized capital accounts more than 30 years ago, Turkey has been able to attract strong investment flows, while the 25-year-old EU customs union has increased European investor appetite in the country. The liberal regulatory approach to capital flows has positioned Turkey as one of the most fertile playgrounds for investments in the region. Despite increased instability, Turkey still ranks top in its region in terms of contract enforcement and human capital, offering significant po-

tential to opening up new avenues for innovative investing models. Impact investing is emerging as one of the most fruitful investing activities in the specific context of **Turkey, given the country's comparative advantage in terms of facilitating investments, the modest size of its capital markets that prioritize impact investing as a core business beyond the feel-good factor, and a strong need to raise capital for social and environmental challenges.**

Since the 2000s, Turkey's ambitious reform agenda has also empowered the country to attract considerable inflows of foreign direct investment (FDI). Turkey received around **US\$193 billion** of FDI during the 2003-2017 period, a huge jump from the **US\$15 billion** it received between 1973 and 2002. In 2018 alone, Turkey attracted **US\$13 billion** in FDI.¹⁷ Top investors in Turkey over the past 15 years are largely from developed markets, with the United Kingdom taking the lead, followed by the Netherlands, the Gulf states and the United States.¹⁸

FDI Inflows to Turkey

(Cumulative - US\$ billion)



FDI Inflows to Turkey

(2003-2018)

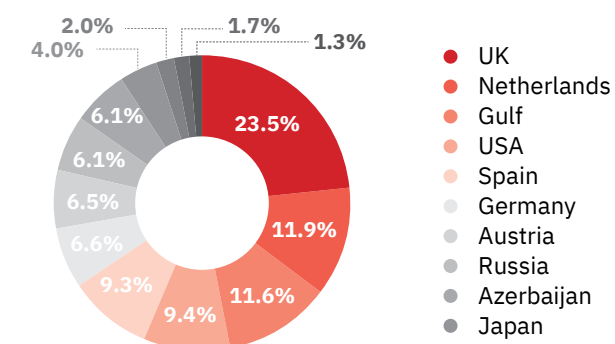


Figure 8. FDI Inflows to Turkey. Invest in Turkey.

¹⁷World Bank, 2019.

¹⁸Central Bank of the Republic of Turkey, 2019.

Despite challenging economic conditions that subdued the appetite for deal-making, Turkey still achieved a total of US\$12 billion in annual deals through 256 deals in 2018. Recovering from a dip in 2016, deal volume continued to grow for two consecutive years. 63% of the annual deal volume has been generated by strategic investors through big-ticket transactions, while early-stage investments contributed a remarkable 32% of the number of annual deals. Turkey also attracted significant funds from credible players such as international finance institutions, sovereign wealth funds and family offices. Foreign investors played a crucial part in deal volume, and their contribution showed a significant increase in 2018. 84% of the deal volume was accounted for by private equity firms, while development banks and venture capital and angel networks followed, re-

spectively.¹⁹

Currently, investments in Turkey lack a significantly clear mandate or intention for social and environmental impact. However, industries with high investor appetites also exhibit a de-facto correspondence to investments in sectors that inherently create social and environmental impact. A framework for impact investing activities in Turkey may facilitate segmentation of the market and hence help impact investors easily identify impact creating investment opportunities in the country. Such a framework is particularly helpful, since the demand for impact capital by impact-creating enterprises in Turkey has already shown steady growth in recent years.

Deal Volume by Origin

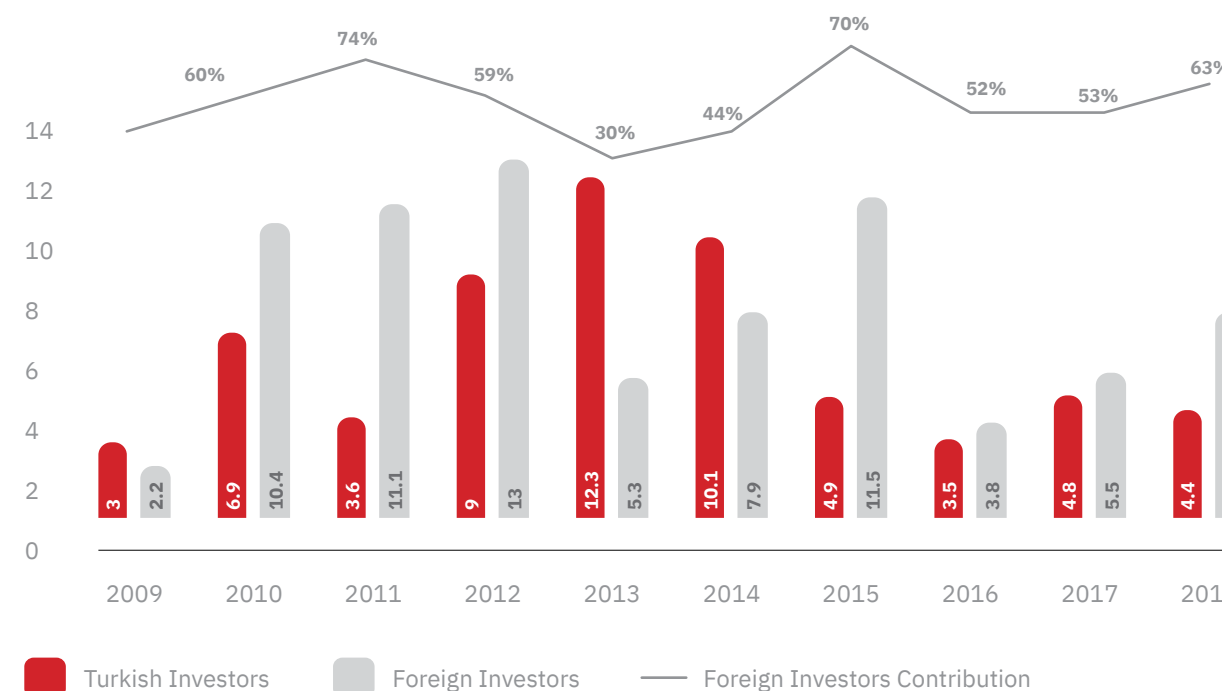


Figure 9. Deal Volume by Origin. Deloitte, 2019.

¹⁹Deloitte (2019). Annual Turkish M&A Review 2018.

Development Context

As the result of strong long-term government reforms targeting vulnerable groups and disadvantaged regions, the incidence of poverty in Turkey more than halved over the period 2002-2015, and the fall in extreme poverty rates was even more marked. However, efforts to alleviate development challenges that are exacerbated by the conflicts and crises in its region are ongoing. Although it has significantly declined, the poverty head-count ratio at national poverty lines was **13.5% of the total population** in 2017, indicating clear room for improvement, considering the 82 million population.²⁰

Women's empowerment continues to be an important impediment to equitable and sustainable development for Turkey. Although Turkey's Human Development Index (HDI) was 0.791 in 2017, putting the country in the class of high human development, HDI falls consider-

ably when adjusted for inequality; particularly **gender inequality**.²¹ Only **14.6%** of parliamentary seats are held by women. Only **44.9%** of adult women have completed at least secondary level education, compared to **66.0%** of their male counterparts. The labour market bears testimony to the largest contrast, as female participation in the workforce is only **32.4%** compared to **71.9%** for men.²²

Turkey's global SDG performance index score in 2019 was **68.5 out of 100**, placing the country in **79th position among 162 countries**.²³ The SDG Dashboard shows that the priority areas for Turkey to achieve its sustainable development agenda are **gender equality, reduced inequalities and climate action**.

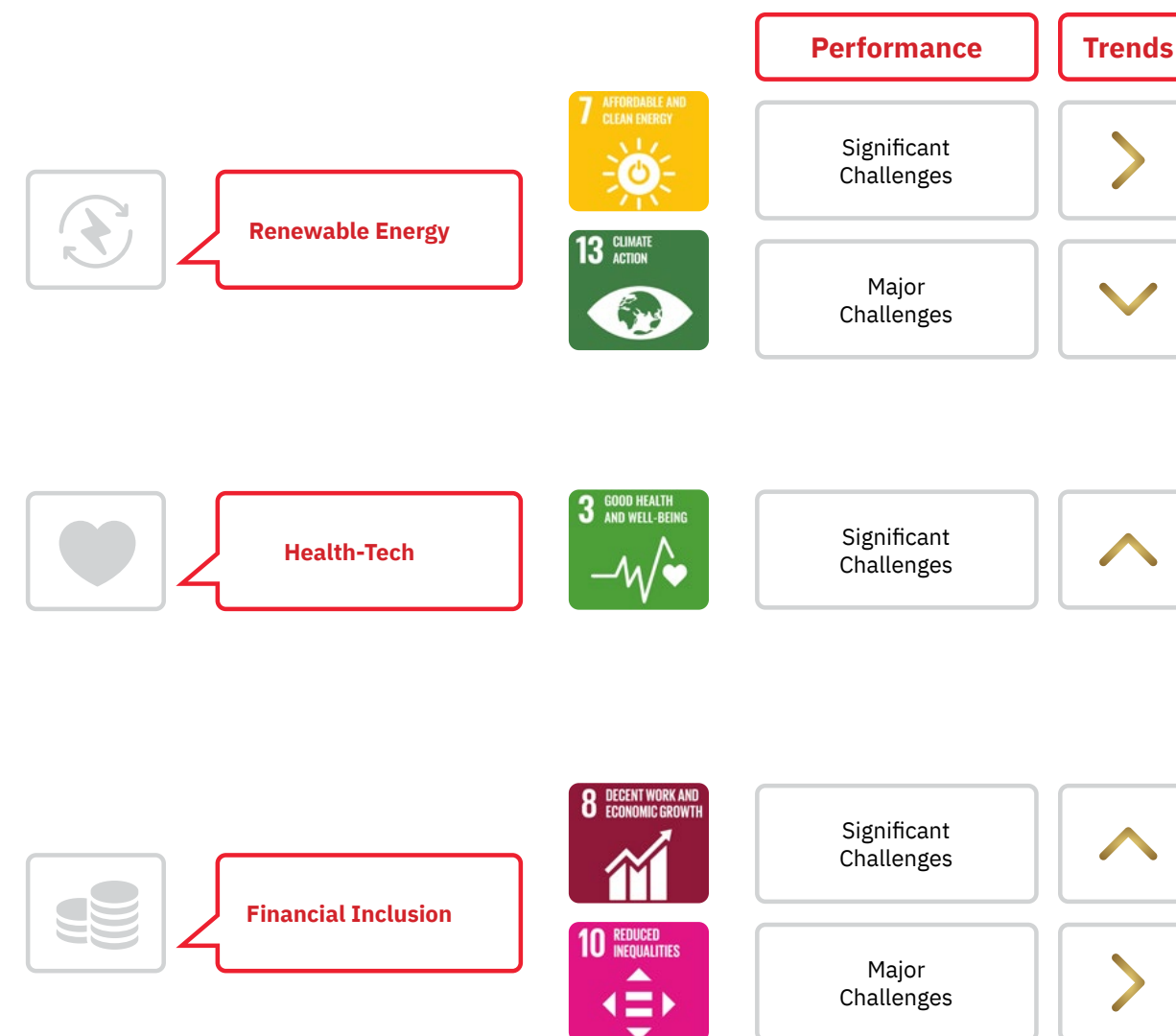
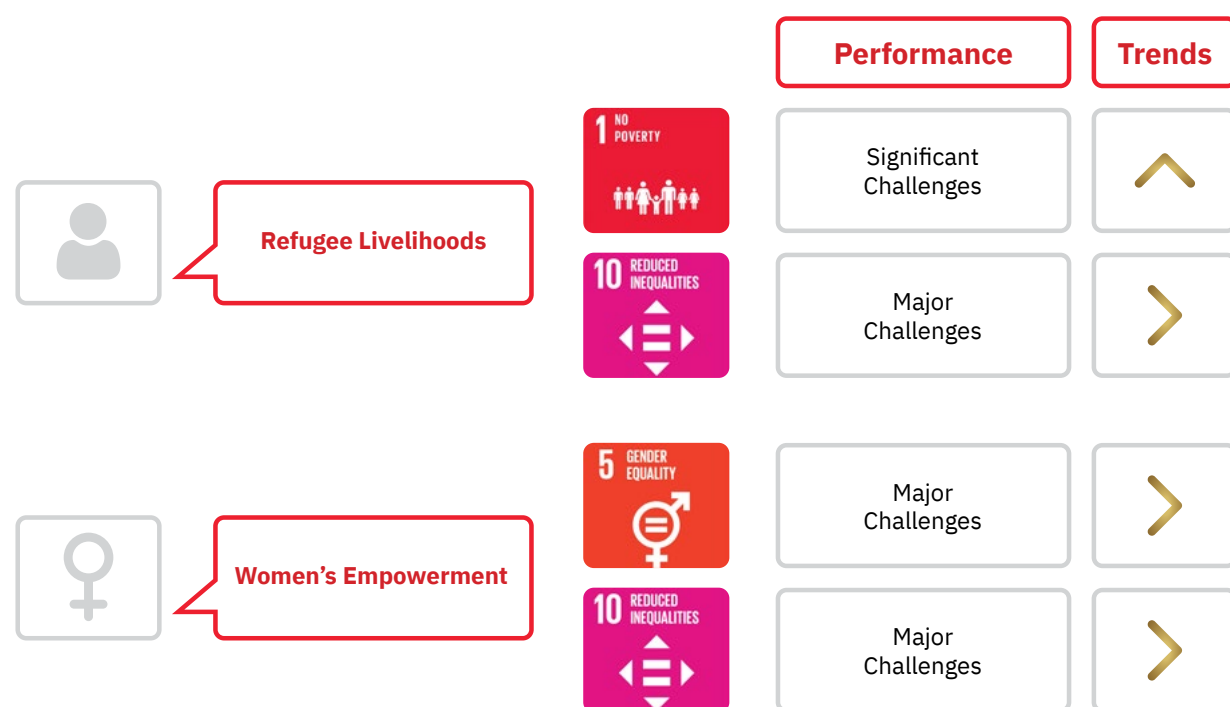


Figure 10. Turkey's SDG Performance. Sustainable Solutions Network, 2019.

²⁰World Bank.

²¹UNDP, 2018. Human Development Indices and Indicators: 2018 Statistical Update.

²²UNDP, 2018. Human Development Indices and Indicators: 2018 Statistical Update.

²³Sustainable Development Solutions Network, 2019. 2019 SDG Dashboard.



Supply of Impact Capital

Investment and philanthropy activities can be positioned as two ends of a spectrum: pure profit and pure impact, respectively. Along this spectrum there are a number of models such as corporate social responsibility (CSR) and socially responsible investing (SRI) which fall into grey areas possessing attributes from both ends to varying degrees. Impact investing is usually po-

sitioned in the middle of this spectrum as it combines both impact and profit concerns under the same investment activity. Although Turkey has seen many examples that would come close to impact investing, the market currently lacks a supply of impact capital with a clear mandate to commit, measure and report impact.

Overview

Despite a booming global impact investing market with assets over US\$502 billion, international players are currently lacking from the Turkish market. The reality is that both the MENA and EECA regions suffer from virtually non-existent levels of impact capital that could support their efforts to tackle development challeng-

es. With its experience, capacity and know-how in deal sourcing, Turkey is positioned as a promising market for expanding impact investing strategies towards both the MENA and EECA markets.

Market Players

Although Turkey currently lacks impact capital on the supply side, a significant amount of funds are being channelled into investments creating environmental and social impact. Turkey has a strong supply of financial capital with a variety of players from DFIs to banks and private equity, and these players already engage in creating a positive impact alongside their investment activities. Lack of awareness around how to conduct impact investing and what it entails hinders financial institutions from benefiting from this growing impact investing market. Given the right framework, regulations and

incentives, many supply-side actors in Turkey would be able to tap into the impact investing market by simply aligning their already existing operations with impact investing principles. As impact investing assets are largely managed by DFIs, banks, pension funds, Private Equity (PE), Venture Capital (VC) firms and foundations, it is necessary to take a snapshot of each of these actors in the Turkish context in order to identify the upper bounds of the potential for the supply of impact capital.

Development Finance Institutions

DFIs take the lead in channelling funds to alleviate development problems in Turkey. Although efforts by DFIs present impact frameworks that specify an impact goal per investment, they still lack a prior measurable and scalable impact commitment and an impact measurement and reporting process.

International development banks such as the European Bank for Reconstruction and Development (EBRD), Eu-

ropean Investment Bank (EIB) and World Bank Group (WBG) have been providing significant support for many projects in Turkey, and have provided combined funding of nearly US\$62 billion to help Turkey's developmental progress.

Cumulative DFI Support to Turkey

(US\$ billion)
(as of 2018)

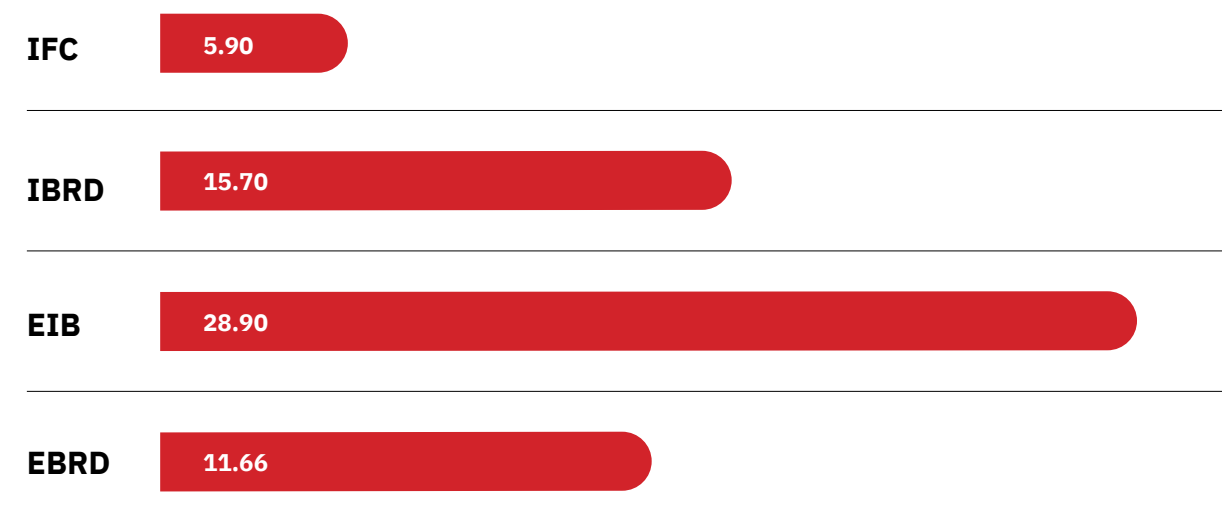


Figure 11. Cumulative DFI Support to Turkey. EBRD, EIB, WBG.



Turkey represents an important share of DFI portfolios. For example, it represents the second largest country exposure in terms of commitment and also the second largest outstanding portfolio for IFC. World Bank Group (WBG) has sustained a strong partnership in recent decades, and contributes support from many acknowledged trust funds. In addition, Turkey holds an

advantageous position as it benefits from significant access to major global funds such as the **Clean Technology Fund (CTF)**, **EU Instrument for Pre-Accession Assistance (IPA) funds**, **Global Environmental Facility (GEF) funds**, and **Swedish International Development Cooperation Agency (SIDA) Gender Funds**.²⁴

²⁴ World Bank, 2019. 30 Years of World Bank Group Partnership with Turkey.



Box 1. EBRD Loan to Sütaş Bingöl

Summary 	<p>In 2019, the European Bank for Reconstruction and Development (EBRD) approved the provision of a €50 million loan to Sütaş, an agribusiness company, to finance Sütaş’s investment in an integrated production facility in Bingöl, Eastern Turkey. The facility is expected to provide direct employment to more than 1,000 people as part of the investment in Bingöl.</p>
Size	€50 million
Description 	<p>EBRD is a mission-focused institution with a mandate on sustainable economic development. The Bank engages with impact investors notably via its treasury operations (EBRD’s Green Bonds and Social Bonds), loan syndications activities (B-loans) and equity investments (both direct and through funds). While the EBRD’s mission – the transition to a sustainable market economy – is related but different to the overarching Sustainable Development Goals agenda, around 80% of EBRD’s work contributes directly and indirectly to the SDGs. There is also a 60% overlap between the EBRD Transition Qualities indicators and specific SDG indicators.</p> <p>In 2019, EBRD approved the provision of a €50 million loan to Sütaş Süt Ürünleri A.Ş. (“Sütaş”), a company incorporated and operating in the Republic of Turkey. The proceeds of the transaction will finance Sütaş’s investment in a greenfield integrated dairy farming, processing, feed, and electricity production plant in Bingöl, in eastern Turkey. The company will provide direct employment to more than 1,000 people as part of its investment in Bingöl.</p> <p>The primary transition impact quality is “inclusive”, the project will open up access to new economic opportunities in a less-developed region of Turkey by providing training and skills to a large number of local people. As part of the project, Sütaş will establish a dairy farming training centre and will develop a work-based learning programme in cooperation with a local university. The secondary transition impact quality is “green”, as the investments associated with the operations are expected to improve resource efficiency and reduce the environmental footprint of the company’s operations.</p>
What is missing for Impact Investing?	<p>The impact target should be clearly quantified at the beginning of the investment, and procedures to measure, manage and report impact should be outlined.</p>

Source: EBRD, 2019.



Banks

Turkey has a strong banking sector with **53 banks** currently in operation. Together, their assets amount to **TL4.1 trillion (US\$720 billion)** showing a **7% increase** at 2018 year end.²⁵ In the same year, total loan size reached **US\$448 billion**.²⁶ The banking sector remains

resilient against risks given its high level of liquid assets, prudent stance on asset quality and capital adequacy level.²⁷

Turkish Banking Sector Assets

(billion TL)



Figure 12. Turkish Banking Sector Assets. BRSA.

Recent developments show that the Turkish banking sector displays a strong tendency to contribute to environmental sustainability. In 2019, six big Turkish banks (Garanti BBVA, ING, Development and Investment Bank of Turkey, Şekerbank, TSKB ve Yapı Kredi) became part of the 130 banks managing over **US\$47 trillion** of assets that adopted the “**responsible banking principles**” backed by the United Nations Environment Programme Finance Initiative (UNEP FI). Signatory banks show their commitment to align their loan books with strategies to curb climate change and set targets to increase the positive impact of their portfolios while reducing negative ones.²⁸

Another important example of the banking sector’s contribution to dismantling the financial barriers faced by impact-creating enterprises is **the guarantee agreement signed by the European Investment Fund (EIF) and Fibabanka under the EU Employment and Social Innovation Programme (EaSI)** in 2018, whereby EaSI made **€20 million** in loans available for Turkish micro-enterprises with a social impact, via Fibabanka. The loan scheme offers attractive terms and is estimated to benefit 5,000 micro-enterprises experiencing difficulties accessing finance.

²⁵ BRSA, 2019. Turkish Banking Sector Main Indicators.

²⁶ The Banks Association of Turkey, 2019. Statistical Reports.

²⁷ CBRT, 2019. Financial Stability Report.

²⁸ PSM, 2019. Altı Türk bankası sürdürülebilir gelecek için öncü oldu.



The programme is expected to increase employment and financial inclusion while developing the social entrepreneurship ecosystem in the country.²⁹

Given their strong outlook, banks are well-positioned to increase the supply of impact capital. However, no

banks have thus far taken part in a pioneer transaction for impact investing. As ESG becomes more prominent as a criteria framework, banks are presenting loan structures that seek a positive impact but lack prior commitment and proper measurement.



Box 2. Garanti BBVA's Gender Loans

 <p>Summary</p>	<p>Garanti BBVA, one of the largest banks in Turkey introduced “gender loans” to link loan interest rates to company performance in gender equality. These loans are positioned as adjacent activities which could easily tap into impact investing by articulating the impact intention at the onset of the agreement.</p>
<p>Size</p>	<p>US\$44 million</p>
 <p>Description</p>	<p>Garanti BBVA signed a loan agreement with Polat Energy for a total of US\$44 million for the 48 MW Soma 4 Wind Power Plant project. The loan agreement signed for financing the wind farm which, once operational, will be the largest in Turkey, was structured as a “Gender Loan”. If Polat Energy makes a certain level of improvements in its gender equality performance according to the criteria included in the annual “gender performance” assessments, Garanti BBVA will apply a discount to both the interest rate of the cash loan and the commission rate of the non-cash loan.</p>
<p>What is missing for Impact Investing?</p>	<p>There is no prior quantifiable impact target set to assess gender performance.</p>



Source: Garanti BBVA Turkey, 2019.



²⁹ European Investment Fund, 2018. EU Employment and Social Innovation Programme makes available loans of EUR 20 million for micro-enterprises in Turkey via Fibabanka.





Box 3. Turkey's First Green/Sustainable Bond by the Industrial Development Bank of Turkey (TSKB)

 <p>Summary</p>	<p>The Industrial Development Bank of Turkey (TSKB) issued the first ever Green/Sustainable Bond in 2016 to finance renewable energy and resource efficiency investments as well as healthcare and education projects.</p>
<p>Size</p>	<p>US\$300 million</p>
 <p>Description</p>	<p>As one of the leading Turkish banks in sustainability, TSKB issued Turkey's first Green/Sustainable Bond in international capital markets in 2016. At US\$300 million and with a five-year tenor, demand for the Bond was thirteen times the issue size. Proceeds from the Bond are used for private sector investments in renewable energy and energy efficiency as well as healthcare and education investments.</p> <p>In 2011, the Bank also established Escarus, a sustainability consultancy to develop sustainability solutions while incorporating environmental and sustainable approaches into Turkish business practices.</p>
<p>There is no prior impact target set to assess environmental performance</p>	<p>There is no prior quantifiable impact target set to assess environmental performance</p>

Source: TSKB, 2016 & Escarus, 2019.



Box 4. İşbank's Environmental and Social Risk Evaluation Tool (ERET)

 <p>Summary</p>	<p>Recognizing the transformative power of financing, İşbank, the largest bank in Turkey, extended its loan evaluation process beyond the traditional economic and project feasibility criteria, and incorporated the social and environmental impact of investment projects worth over US\$10 million using a tool known as the Environmental and Social Risk Evaluation Tool (ERET).</p>
<p>Size</p>	<p>For projects over US\$10 million</p>
 <p>Description</p>	<p>At İşbank, the potential environmental and social risks of all new investment projects worth more than USD 10 million and investors requesting loans are assessed using the Environmental and Social Risk Evaluation Tool (ERET). The model determines the “customer” and “project” risk categories of these investment loans, thus providing a roadmap for limiting and eliminating the possible environmental and social impacts of the investment.</p> <p>The ERET assesses investments using 26 criteria, including the use of natural resources, solid waste, air, soil and water quality, noise, dust, occupational health and safety, public health and safety, involuntary resettlement and stakeholder engagement. These factors are addressed in the context of their effect on the company's activities, their impact on the environment and/or local people, and the possibility of media, NGO and public reaction and their manageability, if applicable.</p>
<p>What is missing for Impact Investing?</p>	<p>The tool should require, prior to agreement, a quantifiable and scalable impact along with the procedures to measure and report that impact.</p>

Source: İşbank, 2018. Integrated Report.

Private Equity and Venture Capital

Private Equity (PE) and Venture Capital (VC) are vital to creating an investable pool of capital in Turkey. Although Turkey has seen some improvement in PE, the VC channel to finance early-stage enterprises is still relatively lacking in the country despite a flourishing entrepreneurship ecosystem.

Turkey has a younger population compared to advanced economies, and has potential to support a relatively young social entrepreneur network in the economy. 2017 witnessed a peak in investment, as it coincided with the end of the investment period cycles of most funds. In 2018, angel investors and venture capital firms invested **US\$58.7 million into 98 investments**.³⁰

Angel and VC Investments in Turkish Ventures

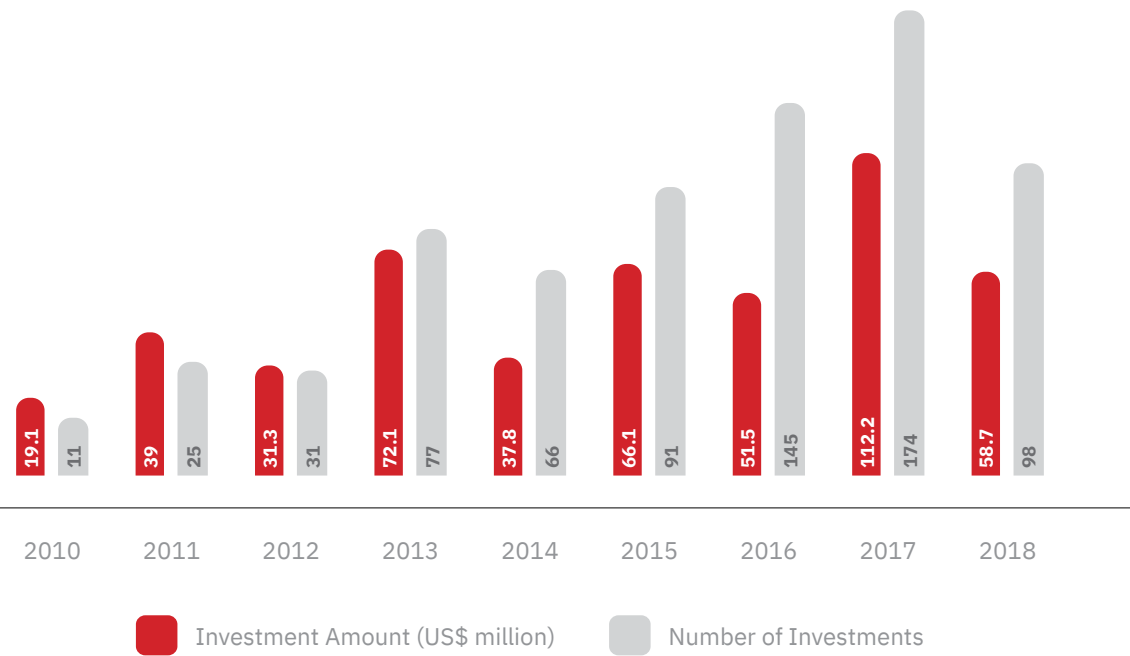


Figure 13. Angel and VC Investments in Turkish Ventures

Investments in these start-ups in the past decade exhibit an increasing tendency towards sectors with high impact potential such as health and well-being, education, cleantech, agritech, energy and social good, as these sectors account for an increasing share in the number of investment deals per year.

The Share of High-Impact Sectors in Deal Numbers

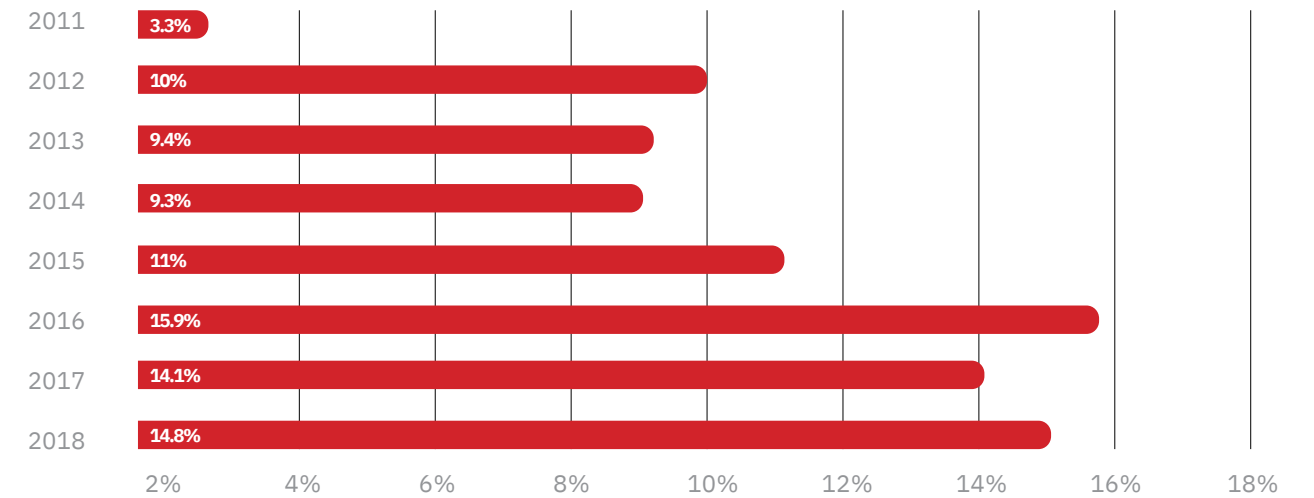


Figure 14. Share of High-Impact Sectors in Deal Numbers. Startups.watch, 2019.³¹

³⁰Startups Watch, 2019. The State of Turkish Startup Ecosystem.

³¹High impact sectors are classified as follows: Agritech, Cleantech, Education, Energy, Health-tech, Social good, Smart city.

Angel investor networks in Turkey have also been on the rise, supporting enterprises at an early stage of their development. Although they currently lack a mandate to support impact-creating enterprises, some of their

transactions already finance activities with a social and environmental impact

Impact Investing Ecosystem in Turkey - Investor Outlook

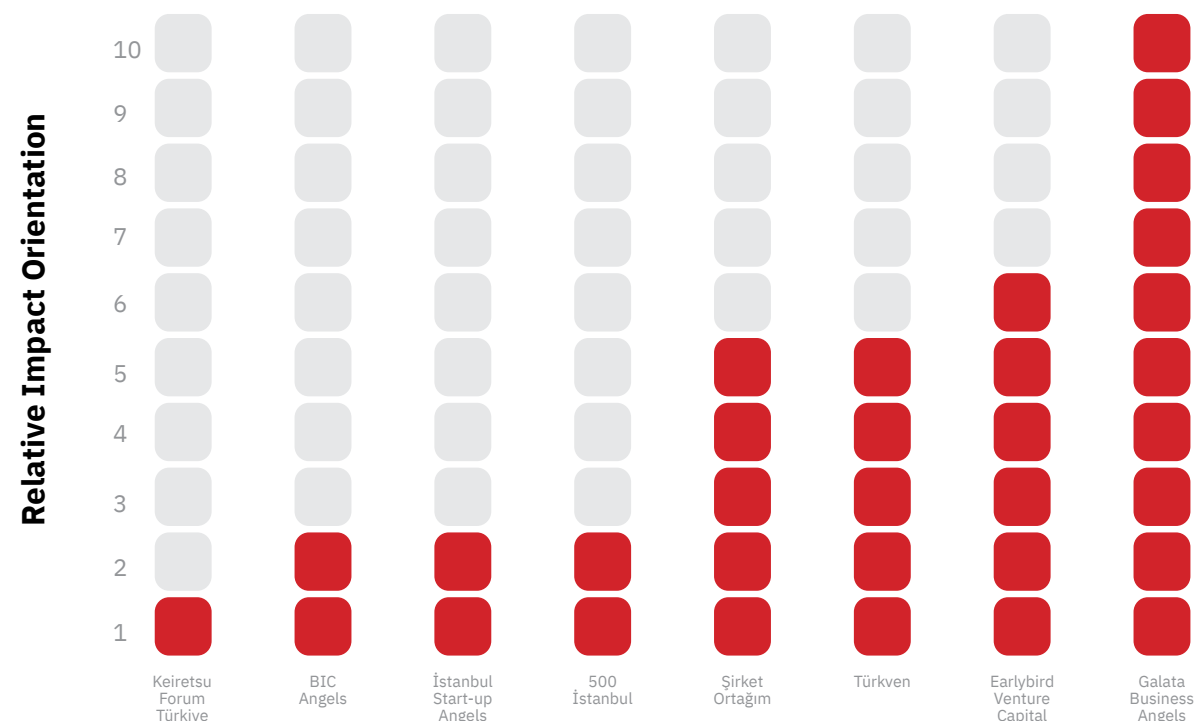


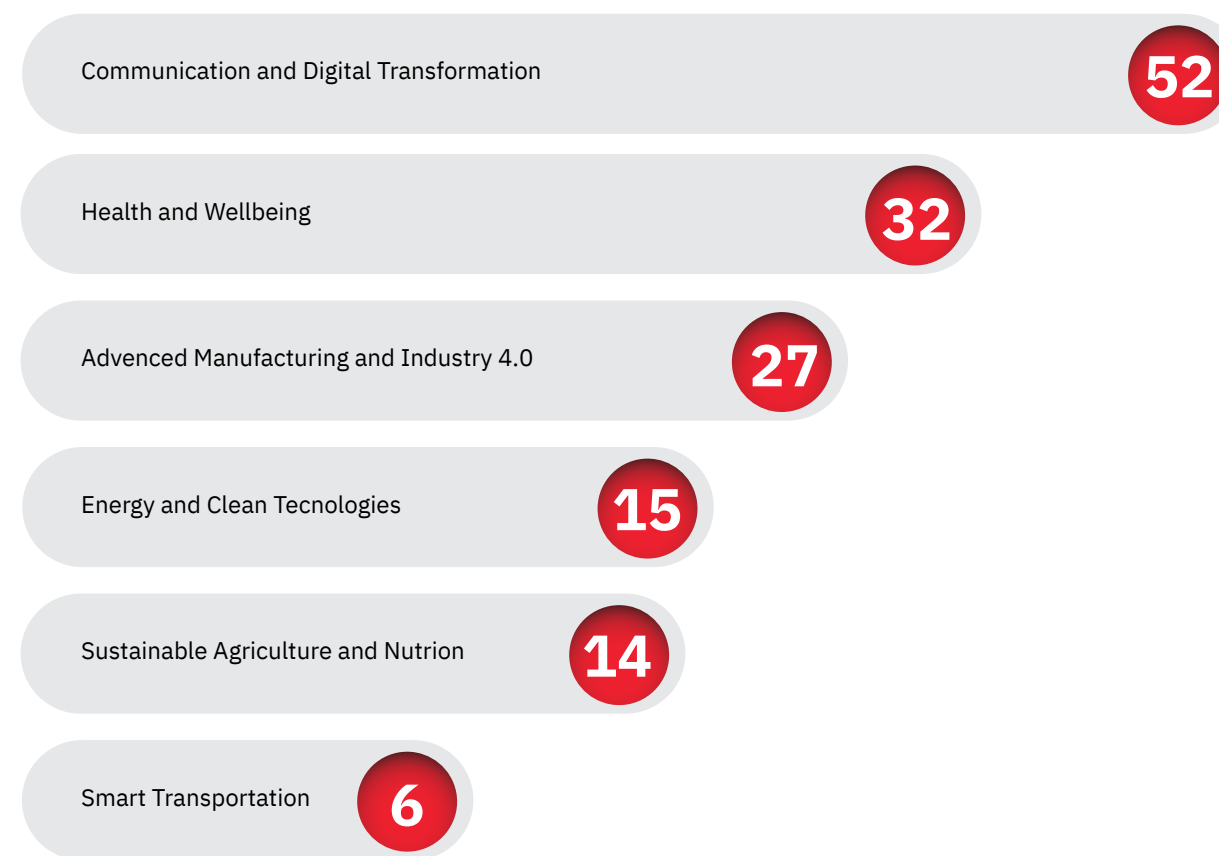
Figure 15. Angel Investor Networks' Impact Orientation (normalized).

Public Support for Enterprises with Impact

When early-stage investments are analysed in terms of business stages, the public sector stands out as the biggest supporter of such entrepreneurs. In 2018, **KOSGEB (the Small and Medium Industry Development Organization)** and **TUBITAK (the Scientific and Technological Research Council of Turkey)** contributed combined support of **US\$12.2 million** for the idea stage and **US\$35.7 million** for seed and series A startups. Al-

though impact is not indicated as a criterion, it is promising to see that enterprises operating in impact-relevant industries also benefit from the funding. For example, in 2018, TÜBİTAK provided venture support for 146 entrepreneurs, with the majority being qualified enterprises in high-impact sectors.

Sectoral Breakdown of Qualified Enterprises for Public Support



Pension Funds

Pension funds are now among the most prominent institutional investors, given the size of the funds that they manage, particularly in the developed world. Pension funds in Turkey currently manage around **US\$19 billion in assets**.³² The Turkish private pension funds sector is among the smallest in OECD countries, corresponding to less than 2.5% of GDP.³³ In order to overcome under-saving by the Turkish population and give momentum to the pension funds market, the Turkish

government introduced several schemes including tax incentives and matching government contributions to increase the total fund size in this sector. Alongside efforts to encourage retirement savings in the Turkish market, which might mean pension funds become significant in terms of supply to impact capital, some private pension funds are already showing a tendency to favour environmentally sustainable investment decisions.

³² Pension Monitoring Center, 2019. IPS Summary Data.

³³ Peksevım, S. and V. Akgiray, 2019. Reforming the Pension System in Turkey.



Box 5. Garanti Pension Sustainability Equity Fund



With **US\$15 million** in total fund size, the **Garanti Pension Sustainability Equity Fund** is a private pension investment fund that allocates at least 80% of its portfolio to stocks under the BIST (Istanbul Stock Exchange) Sustainability Index.

This Index provides a benchmark for companies with good performance on sustainability and ESG. Although the Fund operates on a “do-no-harm” basis, incorporating the impact investing framework with a prior commitment to positive impact as an option for pension investment funds will help Garanti Pension develop a pension fund dedicated to impact investing.

Source: Garanti Pension, 2019 & Borsa Istanbul, 2019.

Foundations

Given its long history of philanthropy and charity-giving, Turkey has a lively foundation sector with over **5,636 foundations** actively operating in the country.³⁴ The most important revenue source for foundations is donations, but they also generate revenue through commercial activities. These foundations mostly carry out commercial activities in the service sector, with education and healthcare following general services, with 15% and 12% of all activities, respectively. Foundations also generate income through real estate rents, bonds,

stocks and other bank funds.³⁵ Although rather limited in their investment activity, foundations manage large sums of assets that can be channelled into impact investing, which greatly overlaps with the social welfare mandate of most foundations. In addition, foundations are well-positioned to leverage blended finance instruments, reducing the risk and loss for conventional investors of impact creating enterprises.

Emerging Activities

The impact investing ecosystem in Turkey is in need of funds that are, by design, dedicated to positive social and environmental impacts. This is a nascent field, but initiatives are in place to encourage such an ecosystem in the Turkish market. Currently, there is only one im-

pact investing firm that specifically targets impact creating enterprises, filling the gap in investor commitment to impact: idacapital.

³⁴ Directorate General of Foundations, 2019. Annual Report 2018.

³⁵ TÜSEV, 2006. Philanthropy in Turkey



Box 6. idacapital



idacapital is an investment management firm focusing on impact through technology, innovation and growth investments in and out of Turkey, and currently holds the lead in investments focused on impact, devoting funds exclusively to with/for impact.

Similarly, there are some investors who hold a number of impact-creating enterprises along with conventional businesses in their portfolio. However, it is unclear whether these firms explicitly demand impact measurement and reporting from such impact-creating enterprises and base their investment decisions on their impact performance. Besides fund investments, idacapital runs a comprehensive entrepreneurship and acceleration support programme which enables local intermediaries (incubators and accelerators) to perform better on creating investable startups.

The Turkish Red Crescent (Kızılay) works towards the development of social welfare through providing shelter and protection for the poor, aid for nourishment and healthcare, disaster response and many more services

for people in need. In 2019, Kızılay established a Venture Capital Investment Fund to deploy as an innovative financing tool for its impact investing activities.



Box 7. Turkish Red Crescent Association Venture Capital Investment Fund



Kızılay established an asset management company, which will channel its management fees into funding their humanitarian activities. Under that company, the **Kızılay PYS Venture Capital Investment Fund** will be created to function as an innovative investment tool for profit-focused/non-profit and national/international financial resources for the investments of Turkish Red Crescent Society. This Fund is planned to be in compliance with Islamic (a.k.a. participation) finance.

The Fund’s investment strategy will focus on providing capital for entrepreneurship activities by refugees and host communities as well as support for capacity-building endeavours. Benefiting from the institution’s experience and increasing involvement in impact investing, a transparent and functioning impact investing market can be built in Turkey.



Founded in 1975, the Development and Investment Bank of Turkey (TKYB) shapes its workplan in accordance with Turkey's sustainable development path and plays a key role in facilitating key investments from a wide range of sectors. In accordance with the strategic

roles that the Bank has assumed in boosting Turkey's employment, income and prosperity levels, TKYB also supports the establishment of a strong impact investing ecosystem in the country.



Box 8. Development and Investment Bank of Turkey

The Development and Investment Bank of Turkey (TKYB) has played a key role in contributing to Turkey's sustainable development while facilitating investments to boost employment and prosperity.



In line with its mandate to contribute towards Turkey's path to sustainable development, TKYB recently initiated efforts to support the creation of an impact investing ecosystem in the country. In 2019, the Bank applied to the EU Facility for Refugees in Turkey (FRIT) in collaboration with UNDP, to establish an impact investing fund with the objective of mobilizing resources for business solutions to tackle development challenges which are commonly observed in refugee and host communities. TKYB also partnered with the World Bank under FRIT-II program to mobilize blended financing with an aim to create formal employment opportunities for refugees and host communities alike. The Bank is also a founding signatory of the UNEP FI Principles for Responsible Banking adopted in 2019, showing a strong commitment to shaping a sustainable future and assuming a pioneering role in incorporating responsible principles in the banking industry.

Demand for Impact Capital

Turkey's charitable giving culture, its dynamic and young population, and high entrepreneurial activity rate create a favourable entrepreneurship ecosystem that includes "with impact" and "for impact" ventures. De-

spite the scarce supply of impact capital, Turkey has experienced a strong demand for new ways of financing for social impact.

Entrepreneurship Ecosystem

Turkey is a dynamic and growing G20 economy, uniquely bridging east and west. Ongoing economic reforms and support programmes have bolstered investment inflows, including early-stage/startup companies. Turkey has a younger population than advanced economies,

and has the potential to support a relatively young social entrepreneur network in the economy. With such a young and educated demographic and high internet penetration, Turkey is an attractive playground for startups.

Positioned as the **largest startup hub in south-eastern Europe**, around **550 startups** are established per year with **US\$488 million** being raised between 2010-2018 in angel and venture capital funding. With the launching of a number of new investment funds in 2019, startup investment is projected to reach a new high of **US\$200**

million per year. 2018 saw the successful performance of entrepreneurship in Turkey, as three Turkish startups were acquired for over **US\$250 million each**, a trend that is set to continue, with two startups already being acquired for over US\$100 million each in the first quarter of 2019.³⁶

Exits and Secondary Transactions in Turkey

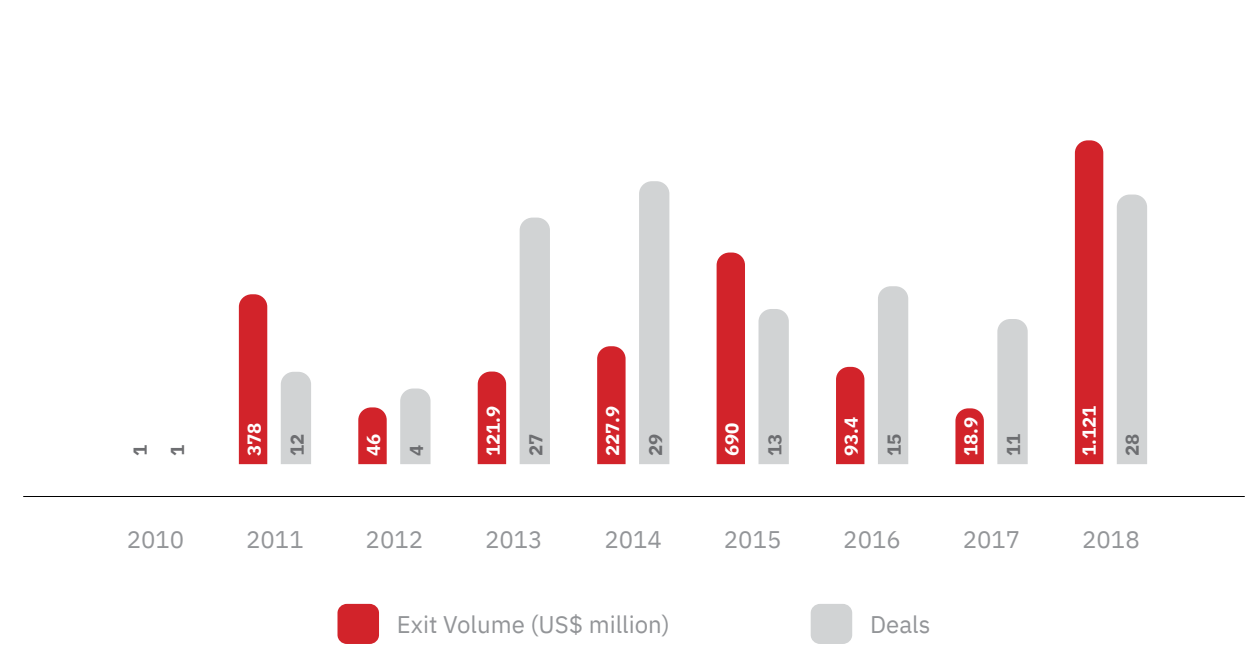


Figure 17. Exits and Secondary Transactions in Turkey, Startups.watch 2019.

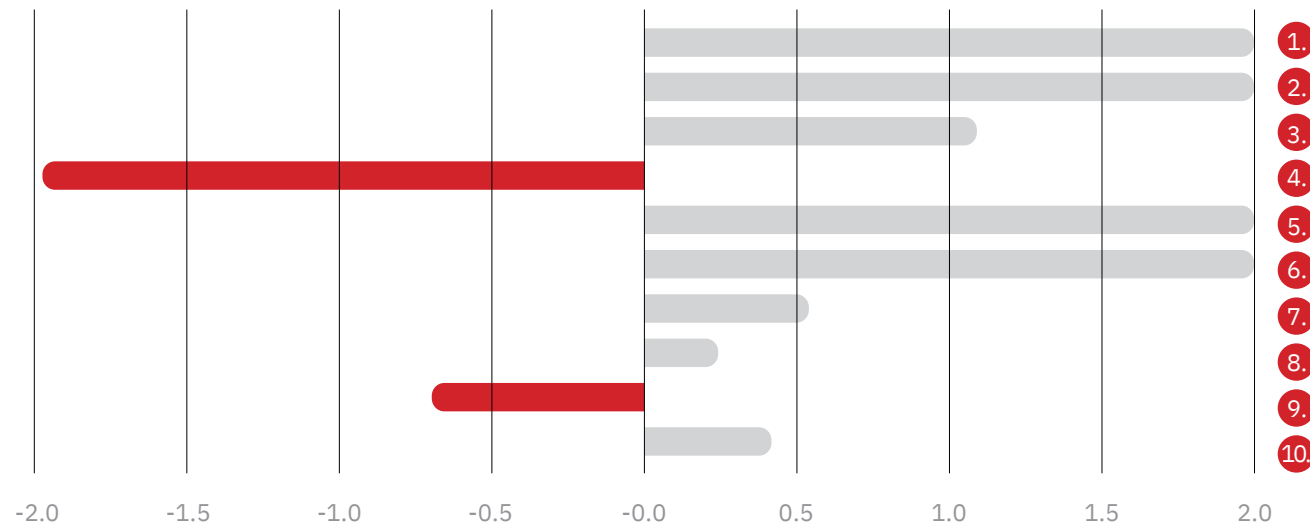
³⁶ Startups.Watch & Turkey Investment Office, 2019. The State of Turkish Startup Ecosystem.

The entrepreneurship ecosystem is one of Turkey's strengths in comparison to the EU. The country scores better than the EU average on most indicators and,

since 2016, the government has launched several initiatives to further stimulate entrepreneurship activities.

Variation from the EU Average

(in standard deviations, EU avg=0)



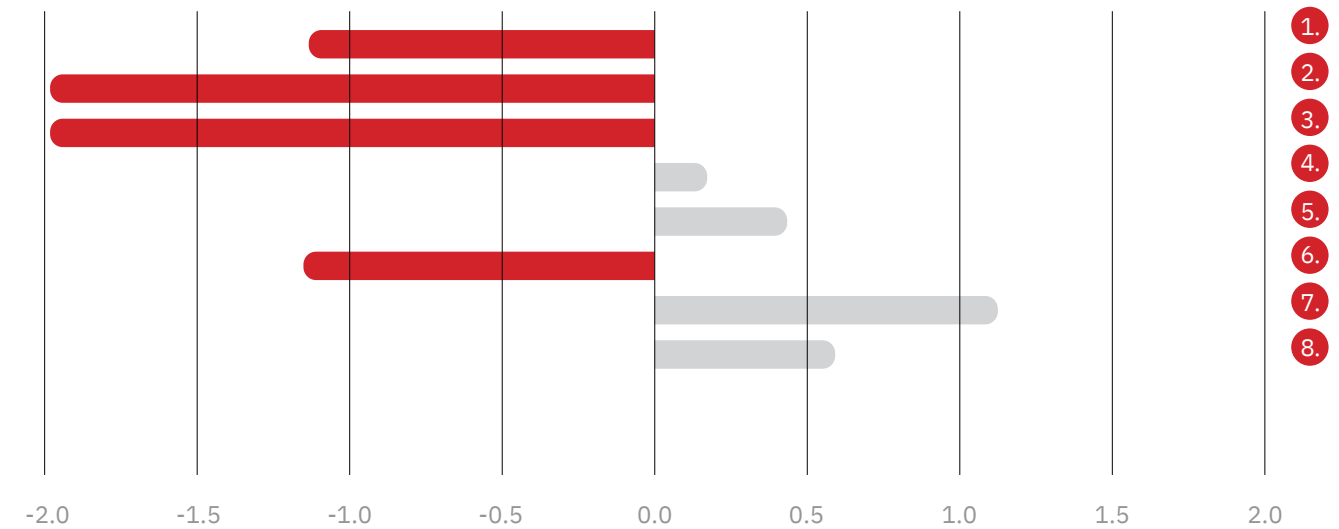
1. Early stage entrepreneurial activity (%) 2016, Turkey: 16.14, EU:7.8
2. Early stage entrepreneurial activity for female population (%) 2016, Turkey: 10, EU: 5.45
3. Established business ownership rate (%) 2016, Turkey: 9.4, EU: 6.7
4. Opportunity-driven entrepreneurial activity (%) 2016, Turkey: 32.8, EU: 47.9
5. Entrepreneurial intentions (% of adults who intend to start a business within 3 years) 2016, Turkey: 30.28, EU: 12.1
6. Entrepreneurship as a desirable career choice (%) 2016, Turkey: 80.8, EU: 56.9
7. High status given to successful entrepreneurship (%) 2016, Turkey: 72.1, EU: 66.6
8. Media attention given to entrepreneurship (%) 2016, Turkey: 55.8, EU: 53.3
9. Entrepreneurship education at basic school (1-5) 2016, Turkey: 1.68, EU: 2.02
10. Entrepreneurship education at post-secondary levels (1-5) 2016, Turkey: 2.9, EU: 2.79

Figure 18. Variation of Entrepreneurship Indicators from the EU Average, European Commission, 2017.

Despite a growing entrepreneurship ecosystem, access to finance for these enterprises remains a major challenge in the Turkish context. Most are excluded from market-entry even before reaching the famous “valley of death”, a phrase referring to the high probability that a startup will go out of business before achieving a steady cash flow. Although Turkey has taken a number of steps to improve start-ups through project support, angel investments, venture capital funds, loans and credit guarantees, Turkey still scores below the EU average in this area. The problem is further exacerbated for impact enterprises, as they are usually registered under different forms of structure such as commercial enter-

prises, cooperatives, foundations or associations. The legal structure surrounding impact enterprises should also be strengthened to ensure that these enterprises have access to a larger pool of capital and benefit from a safety net.

Alongside a growing entrepreneurship ecosystem, Turkey also hosts an emerging social entrepreneurship network which deserves closer examination to lay the baseline for incorporating financial profit with a positive development impact.



1. Strength of legal rights index (0-12)2017, Turkey: 3, EU: 5.75
2. Total amount of timenit takes to get paid (days) 2014, Turkey: 81, EU: 37.08
3. Bad debt loss (% of total turnover) 2014, Turkey: 6, EU: 2.32
4. Willingness of banks to provide a loan (% of respondents that indicated a deterioration) 2016, Turkey: 11.13, EU: 11.
5. Rejected loan applications and unacceptable loan offers (% of loan applications by SMEs) 2016, Turkey: 5.78 EU: 8.57
6. Access to public financial support including guarantees (% of respondents that indicated a deterioration) 2016, Turkey: 24.65, EU: 14.16
7. Equity funding for new and growing firms (1-5) 2016, Turkey: 3.1, EU: 2.77
8. Business angels funding for new and growing firms (1-5) 2016, Turkey: 3, EU: 2.78

Figure 18. Variation of Entrepreneurship Indicators from the EU Average, European Commission, 2017.

Social Entrepreneurship in Turkey

The social enterprise sector in Turkey is young, vibrant and growing rapidly. Currently, there are **more than 9,000 social enterprises**, most of which are involved in the education and manufacturing sectors. Most social enterprises are micro or small enterprises with an average revenue of **US\$85 thousand** in 2018. **65% of these social enterprises seek external funding**, while most rely on “internal” resources such as personal finances and family support or government grants. Access to finance is the biggest challenge for social enterprises in Turkey, and gender imbalances in access to external funding are high, as women entrepreneurs suffer from lower financing than men.³⁷

One of the biggest challenges that social enterprises in Turkey face is financial difficulties. Most entrepreneurs use personal or family funds to finance their businesses

and try to access other kinds of funding sources such as venture capital. Raising awareness around social enterprises is essential for this sector to develop. Most social enterprises are open to new investment opportunities in different countries, hence, networking in different regions brings new growth opportunities.³⁸

Despite the challenges faced by social enterprises, Turkey demonstrates great potential for social entrepreneurship, particularly as a result of its dynamic young population. According to the 2019 Youth Poll by Thomson Reuters under “The Best Countries to Be a Social Entrepreneur” study, Turkey ranked as 11th in the world, with social entrepreneurs under the age of 25 playing the greatest role in the sector.³⁹



Figure 20. Social Entrepreneurship in Turkey. British Council, 2019

³⁷ British Council, 2019. The State of Social Enterprise in Turkey.

³⁸ British Council, 2019. The State of Social Enterprise in Turkey.

³⁹ Thomson Reuters Foundation, 2019. The Best Countries to Be a Social Entrepreneur 2019: Youth Poll.

Enterprises with Impact in Turkey

Although businesses are yet to align their models with the impact investing framework, there are many emerging enterprises that create a positive impact alongside their business operations. The millennial tendency to link profits with purpose manifests itself in an increasing number of startups with a positive social and environmental impact.





Turkey hosts many enterprises that have already created a positive social and environmental impact through their business models without measuring impact. Such enterprises are crucial in laying the foundations for a flourishing ecosystem of impact enterprises driven by

creating social and environmental impact and whose business models are commercially viable beyond non-profit initiatives. This report analyses 38 enterprises with and for impact and finds that there is a clear alignment between these enterprises' business objectives and the SDG agenda. More specifically, the Turkish impact-creating enterprises focus particularly on Good Health and Well-Being (SDG 3), Quality Education (SDG 4), Affordable and Clean Energy (SDG 7) and Responsible Consumption and Production (SDG12).

A list of enterprises with and for impact within the Turkish ecosystem is given in the Annex.



Box 9. Impact Enterprises in Turkey

Enterprise	Business Model
	Fazla Gıda enables excess food to be put to good use. Food which does not meet the standards for sale in the shops is collected, recorded and redistributed to those in need . Waste, which is not suitable for consumption, is recycled. Fazla Gıda works with various associations, food banks and soup kitchens in 19 provinces of Turkey, reaching approximately 200,000 families .
	Evreka is a Software as a Service (SaaS) company that improves waste collection processes and city cleaning operations through providing technology-based environmental-friendly solutions . Evreka digitizes these collection and cleaning services to reduce costs, save time and increase citizen well-being. Founded in 2015 by Turkish engineers in METU Technopolis, its smart waste management services led the company to become a leader in Turkey and the MENA region and open up to American, African, European and Asian markets.
	Otsimo is an app that supports free education via smartphone or tablets for children with autism . In 2018, it reached users in 167 countries and is used in 4,977 different devices. As of 2018, it has 80,000 active users from Turkey and the United States. It was nominated by Google Play in the category of “2018’s Best Social Impact Application” along with applications such as Khan Academy.
	MentalUP aims to help critical thinking skills development for students . The app-based platform includes over 100 games and is continuously being developed to cover further game-based education areas. MentalUP reached over 3 million downloads globally, being used by over 200,000 students in school. The market coverage expanded into Pakistan, Nigeria, Bahrain, Saudi Arabia and Kazakhstan.

Ecosystem Enablers

Although Turkey is yet to create a network of enablers for impact investing, the country does have a robust enabler environment that serves investment activities with and for impact. Tailoring this enabling ecosystem according to the needs of impact investing, especially along impact measurement and reporting lines, is crucial to help scale-up impact enterprises that usually op-

erate at a micro level. Turkey presents a good potential foundation for such efforts, as the enabling ecosystem covers many actors from incubators to universities and public bodies.

Universities




There is a clear tendency in Turkish academia to promote impact investing activities. Although not directly targeting impact investing, there are many forums and centres that conduct research on social entrepreneurship and measure social impact. KUSIF, İstasyon TEDÜ and the Bilgi University Social Incubation Center can be

given as good examples of university centres specializing in areas related to impact investing.

A list of universities working on social impact in Turkey is provided in the Annex.



Box 10. University Centres and Forums Working on Social Impact

Name	Description
	<p>Koç University Social Impact Forum (KUSIF) was established in 2012 as a research and application centre at Koç University, focusing on social impact. The main activities of KUSIF are producing Turkish resources on social impact measurement and management, developing networks between civil society, public and social entrepreneurs, supporting the development of social finance mechanisms, and increasing the capacity of social entrepreneurs to be investment ready. The Forum launched its Social Impact Lab in 2018 to provide idea validation and social entrepreneurship incubation services. Currently, the Turkey Social Entrepreneurship Project is developing an online network for social entrepreneurs, led by the Vehbi Koc; Foundation with KUSIF, Ashoka Turkey, Social Innovation Initiative Association, Innovative Solutions Association for Sustainable Development, TED University, Mozaik Foundation (Bosnia and Herzegovina) and the Social Enterprise UK (England).</p>
	<p>İstasyonTEDÜ, TED University Center for Social Innovation, founded in April 2016, is a non profit social incubator and an open collaborative space located at TED University in Ankara. İstasyonTEDÜ supports social entrepreneurs through its Social Incubation Programme providing a combination of non-financial support mechanisms (e.g. access to co-working space, meeting facilities, mentors, network, training opportunities). The Center also contributes to research and network projects in the fields of social innovation, social entrepreneurship and social finance, provides training, hosts/organizes ecosystem building events, and coordinates policy dialogue meetings in collaboration with other ecosystem actors in Ankara.</p>
	<p>Social Finance Applied Research Group (SoFAR) is an applied research group of researchers and expert practitioners from TEDU and METU working since September 2017. Members of the group have been participating in related conferences and seminars (ISIRC, EMES, GII Forum, SOCAP) and have been working on a Horizon 2020 project about impact investing together with international collaborators. Academic applied research interests of the group are impact investing, crowdfunding/match funding and innovative blended finance.</p>

Incubators and Accelerators

Although there are many accelerators and support institutions that offer training, business development and network support to social entrepreneurs, only a few institutions can be identified as supporting the impact investing ecosystem. Ashoka Turkey, Impact Hub and

imece are among the most active of these institutions.

A list of incubators and accelerators for social impact in Turkey is given in the Annex.



Box 11. Incubators for Social Impact

Name	Description
	<p>Ashoka is the world's first and largest social entrepreneur network. Over 3,500 Ashoka fellows from 92 countries make a difference in various areas such as human rights, development, environment, health, education and citizen participation. Ashoka sees itself not as a service provider but as a platform where its members, employees and supporters work together to meet the needs of social entrepreneurs. Ashoka Turkey is working with 30 Ashoka fellows in different areas including education, health, environment, human rights, youth and civic engagement.</p>
	<p>Impact Hub is a global social innovation platform that exists in 102+ locations including Istanbul with more than 15,000 members. Impact Hub provides space (event and workshop areas, meeting rooms, fixed and flexible work areas and micro-offices), support programmes for social innovators and a community of impact-driven individuals acting to create positive change in different parts of the world for different purposes. Impact Hub designed the global Accelerate 2030 programme in collaboration with Anadolu Efes and UNDP. Within the scope of the program, the most innovative and executable solutions are identified, and they are offered access to a 6-month intensive preparation programme. This year, 3 initiatives from Turkey will be selected for the programme.</p>
	<p>imece is a social innovation platform that convenes individuals and institutions that come together around social issues with various sources to produce innovative and sustainable solutions. It supports the expansion of social innovation practices with a theme-oriented support programme in line with SOGs and social entrepreneurship projects.</p>

In 2017, UNDP's IICPSD initiated the Inclusive Business Incubator for the SDG programme to support early and growth-stage businesses with high expected positive social outcomes. This initiative laid the foundation for the global SDG Impact Accelerator. The incubator

aims to address current problems in the region such as high youth unemployment and low participation of women in economic activity, which worsened after the Syrian War and drastically affected both refugee and host communities.

SDG Impact Accelerator

Market-borne solutions to development challenges are instrumental in leveraging private sector cooperation for SDG implementation. However, most impact enterprises lack the scale, know-how and network to improve their business and, hence, their impact. This requires the establishment of ecosystem enablers such as incubators and accelerators to help impact enterprises provide impact at scale.

SDG Impact Accelerator (SDGia), a partnership between the Turkish Ministry of Foreign Affairs, UNDP, Bill & Melinda Gates Foundation, Limak Holding and Eczacıbaşı Holding, is a global multi-stakeholder platform and accelerator that works toward empowering system entrepreneurs and innovators who provide impact. The Accelerator supports the generation of market-creating innovations for refugees and Least Developed Country (LDC) populations through a broad range of services spanning mentoring, funding and networking. Along with other services provided for the enterprises, the SDGia, aims to build an impact fund to be allocated to

SDG Impact Platform

SDG Impact is a UNDP flagship initiative designed to accelerate progress toward the Sustainable Development Goals with game changing tools and insights that unlock private capital and direct it to concrete SDG-enabling opportunities with a focus on developing countries.⁴⁰

The initiative focuses on eliminating barriers and driving integrity for SDG-enabling investment at scale. It does so by developing global standards for SDG enabling investment, market intelligence on localized SDG invest-

ment opportunities, and by unlocking private capital in specific countries to achieve the SDGs, aligned with national priorities. SDG Impact emphasizes experimentation, innovation and partnerships as it focuses on developing prototype products and services that will be tested, refined and brought to the market in a relatively short time frame. SDG Impact provides services in three areas:

- graduates of the accelerator programme. The SDG Impact Accelerator adopts a “systems acceleration” approach. The fully-fledged systems accelerator will include:
- A Systems Lab to provide access to insights and information, in particular through human-centred design techniques and systems tools, and a focus on specific major challenges
- An accelerator with a cohort structure to bring different stakeholders together around specific major challenges and provide challenge-focused, rather than generic, acceleration services to promote systems change by implementing lean enterprise methods
- An Impact Investment Fund to provide alumni with direct access to flexible funding in order to scale-up

ment opportunities, and by unlocking private capital in specific countries to achieve the SDGs, aligned with national priorities.

SDG Impact emphasizes experimentation, innovation and partnerships as it focuses on developing prototype products and services that will be tested, refined and brought to the market in a relatively short time frame. SDG Impact provides services in three areas:

1. Impact Management

SDG Impact Management Standards: Developing a set of global standards for how investors and enterprises manage and measure their impacts on the SDGs is critical. There is currently no defined standard that enables

auditors to assure that an investor’s impact management practice is of sufficient quality to be considered “SDG-enabling”. This is critical to drive consistency, comparability and accountability.

SDG Impact Seal: The standards will be codified into a scoring system and provide the basis for a global certification seal, which will certify that enterprises and investors have processes in place to define, manage, measure and report on their impacts on the SDGs. A process for accrediting independent certifiers will be created.

Online Training Program: An online course in impact measurement and management is being developed to convey the standards and to guide investors in developing the type of governance, data collection, and reporting practices needed to make investments that are authentically “SDG-enabling.”

2. Impact Intelligence

SDG Investor Maps: Based on a standardized global methodology, UNDP Country Offices will lead research and preparation of SDG Investor Maps that will translate relevant country level SDG gaps and priorities into private sector investment opportunities. The Maps will

provide investors with relevant market intelligence to highlight investment opportunity areas along with data on the expected development impact of such investments.

3. Impact Facilitation

Based on the SDG Investor Maps, investor forums will be convened to facilitate matchmaking and increase SDG aligned private sector investments in a country. Public-private policy dialogues will also be convened to identify recommendations to improve the enabling environment for SDG aligned investments.

policy priorities and investment criteria. The methodology for developing SDG Investment Opportunity Maps consists of a rigorous four-stage process drawing on a combination of in-depth desk research and focused, in-country stakeholder consultations. Through this iterative process, priority investment areas are identified and validated and refined into specific Investment Opportunities. Drawing on the outputs of the Investor Maps, the UNDP network can then act as facilitator in terms of providing cross-sector connectivity and match-making through “SDG Impact Investor Convenings” bringing together UNDP’s social impact pipeline with development partners and investor networks.⁴¹

The **SDG Investor Maps** are designed to leverage existing national SDG priorities to attract additional private capital beyond official development assistance while also multiplying the societal impact. The window to meet the SDGs and translate growing private sector interest to action may be lost if there is not a robust pipeline of investment developed. The maps will generate specific investment opportunity areas that align with

Business Call to Action

Launched at the United Nations in 2008, **Business Call to Action (BCtA)** aims to accelerate progress towards the SDGs by challenging companies to develop inclusive business models that engage people at the base of the economic pyramid (BoP) – people with less than US\$10 per day in purchasing power in 2015 US dollars – as consumers, producers, suppliers, distributors of goods and services, and employees.

The BCtA initiative has recently launched the **Impact Lab** to support businesses in understanding, communicating and improving their impact with a data-driven approach.⁴² The Lab adopts the SDGs as the framework for measuring impact, and helps companies visualize how their operations, strategies and goals link and contribute to the 2030 Agenda.

⁴⁰ SDG Impact, 2019: <https://sdgimpact.undp.org/>

*IRIS: the catalog of generally accepted performance metrics by GIIN

⁴¹ IISD, 2018. UNDP Launches SDG Impact Platform for Investors and Businesses: <http://sdg.iisd.org/news/undp-launches-sdg-impact-platform-for-investors-and-businesses/>

⁴² BCtA Impact Lab, 2019. <https://impactlab.businesscalltoaction.org/>

Technoparks: Support for Technology-Based Ventures

Efforts to develop an entrepreneurship ecosystem in Turkey currently focus on technology-based ventures. Technoparks have emerged as hubs where such tech-based early-stage enterprises come together to scale their solutions. As technological innovation often brings positive social and environmental impact, these technoparks and other support programmes for tech-based ventures are well-positioned to be aligned with the impact investing mandate.

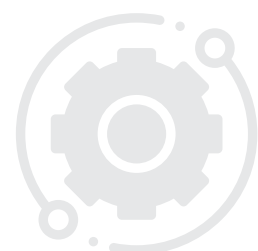
Technology development zones, known as “technoparks”, are the equivalent of science parks in Turkey.

“According to the Law No: 4691 on Technology Development Zones, a technopark hosts high tech using or based companies, enables them to benefit from a specified university or technology institute or R&D center to develop their technology and/or software and convert their technological findings into a commercial product, method or service. They contribute to the development of the area and located inside or nearby of the collaborating university, technology institute or R&D center, in-

tegrating academic, economic and social structures.”⁴³

Currently, there are **83 technoparks** in Turkey (63 of them are active and 20 are in the development stage). Istanbul hosts the majority with 11 technoparks followed by Ankara, Kocaeli and İzmir. Currently 5,368 firms operate across 63 technoparks, employing **51,876 people. 31,011 projects have been completed to date and 8,858 projects are in progress.**⁴⁴

Currently, none of those technoparks are focused on impact investing or have specific support programmes for impact investors. However, those 83 technoparks spread across Turkey are a good potential stakeholder for an impact investing ecosystem, particularly in terms of networking and market development. Support programmes by public bodies and foundations are also key to advancing an innovation-focused impact investing environment to scale solutions for global development challenges.



⁴³ ITU, 2019. What is Technopark?

⁴⁴ METU, 2019. Technoparks in Turkey.



Box 12. TÜBİTAK - Tech-InvestTR Venture Fund Support Program



The Scientific and Technological Research Council of Turkey (TÜBİTAK)'s Tech-InvestTR Venture Capital Support Program was established in order to enable venture capital funds to invest in R&D intensive early-stage companies in order to meet the financial needs of these companies. Tech-InvestTR Venture Capital Support Program aims to:

- Support early stage technology-based venture firms through funding them the venture capital they need
- Create a high value-added production environment through the commercialization of R&D and innovation products of early stage technology-based enterprises

Technology Development Zones (TDZs), Technology Transfer Offices (TTOs) and Research Infrastructures (RIs) participate as limited partners (LP) of venture capital funds that are focused on technology. These venture capital funds invest in early stage technology-based Turkey resident enterprises on the way to commercialization. Funds are managed by independent fund managers as General Partners (GP).

50% of the contribution shares of TTOs, TDZs, and RIs will be supported by TÜBİTAK as grants. In addition, organizations will be provided with general expense support up to 10% of their contribution. Also, if requested, a pre-payment will be made to TIOs, TDZs and RIs up to 20% of the total amount committed by them in order to meet their cash requirement.

In order to ensure sustainable functioning of the Program, a cooperation agreement was signed between TÜBİTAK and the Ministry of Treasury and Finance, and it was agreed that the **Ministry of Treasury and Finance** will be a limited partner in order to provide guarantees on the funds

Third party investors such as commercial banks, investment banks, pension funds, angel investors, private investors, private corporations, public institutions and other foreign institutions like EIF, EBRD, IFC, FMO will also participate in the funds as LPs.



Box 13. Sociocity by Social Sciences University of Ankara (ASBÜ)



Founded in 2013, **Social Sciences University of Ankara (ASBÜ)** is a research oriented state university specialized in social sciences. The University recently launched the **Sociocity** project, a technology development park for social innovation projects. Improving social innovation capacity, Sociocity aims to transform isolated social solutions into commercially viable business practices. This technology development area will bring entrepreneurs providing innovative solutions to overcome social challenges both in Turkey and the region together to help them commercialize and finance their businesses. Established over a 10 thousand square-metre area, Sociocity will start its operations in 2020 with 67 enterprises.

Currently, support for the Turkish entrepreneurship ecosystem concentrates upon the technology-lens where most businesses flourish within technoparks. However, government incentives to develop an entrepreneurship ecosystem go beyond technology-based enterprises

alone and cover all early-stage businesses to help them meet their external financing needs. A prominent example of such an incentive scheme is contained in Law No. 6322, which encourages investors to devote more resources towards venture capital investment funds.



Box 14. TTGV - Ideanest



Technology Development Foundation of Turkey (TTGV) is a private entity with a public mission and a strong brand recognition around “smart money”. TTGV’s mission strategy is to act as a systemic catalyst that actively facilitates the development of new sustainable models to improve the ecosystem. As an active nested extension of the ecosystem, TTGV designs and develops novel models through a robust platform it maintains. Different in-house programmes maintain the relevance of the platform with the direct collaboration of all stakeholders. TTGV’s primary objective is to seed new sustainable extensions into the ecosystem to enrich it and reach demonstrable results.

Ideanest is TTGV’s first ‘technology and society’ programme. Ideanest is a donation-based crowdfunding platform to address the early funding needs of high-impact technology-based ideas through the proof of concept demonstration phase. With a strong TTGV brand around program management and transparent accountability, the web-based platform not only brings owners with willing donors and sponsors, but with skilled talent as well to realize the projects. The platform lets project owners keep full ownership of the intellectual property and it intends to provide positive visibility among potential investors.

Since its establishment, TTGV actively promotes alternative financing models for technological innovations targeting economic as well as strong societal returns. As part of this vision, the Foundation became a member of the European Venture Philanthropy Association (EVPA).



Box 15. Incentivizing Venture Capital Investment Funds (law No: 6322)



Turkey has already introduced regulatory changes in taxation to flourish the entrepreneurship ecosystem in the country. Entering into force in 2012, **Law No:6322** provided corporate investors **tax incentives with regard to their activities in venture capital investments**. With the new law, these investors are able to set up reserves to invest in venture capital investment funds or partnerships that are established under Turkish Capital Market Board regulations and deduct these reserve amounts from their corporate tax base in the relevant year. By reducing the tax burden, this incentive scheme aims to stimulate investments in startup companies and solve the financing problems that most of these companies face.

Source: KPMG, 2014. Taxation of Cross-Border Mergers and Acquisitions.

Opportunities and Challenges

Field interviews with investors point to an inclination towards five key areas where the highest impact is to be generated: **refugee livelihoods, women’s empowerment, health-tech, renewable energy and financial inclusion**. These five key areas offer good investment opportunities for investors who pursue triple bottom lines, and Turkey is well-positioned to initiate a robust impact investing ecosystem and provide access to both

the MENA and EECA regions.

Aligning entrepreneurship activities in these key areas with impact investing principles is critical to raising capital for businesses with and for impact and to scaling-up such models.

Refugee Livelihoods

More than 4 million displaced people live in Turkey, of whom 3.6 million are Syrians.⁴⁵ As the largest refugee hosting country in the world, Turkey attracts a lot of assistance to address the pressing need to improve the livelihoods of millions of displaced Syrian people. A prominent example is the Facility for Refugees established by the European Union, which has thus far contributed EUR 5.6 billion in efforts to improve access to healthcare and protection for refugees. The second tranche of funding from the Facility for Refugees in Turkey (FRIT) Fund prioritizes supporting the economic inclusion of refugees and creating opportunities for them to enter the workforce through innovative systemic solutions.⁴⁶

heightened stress on public finances. At the same time, refugees suffer from labour market mismatch, lack of access to skilled jobs, legal barriers such as work and residence permits, and travel limitations. Challenges observed in the refugee and host communities cannot be decoupled from one another but should be addressed by the same innovative solutions that help promote the domestic economy. **Although it significantly decreased after the war, a significant amount of Syrian assets have been transferred to Turkey since 2011, reaching US\$334 million in 6,033 new formal businesses.**⁴⁷ Some high potential areas emerge for the private sector to create inclusive business models to respond to the challenges of displaced people as well as for impact investors to invest in impact creating profitable opportunities. These areas include, but are not limited to, access to education, access to healthcare, financial inclusion and social integration.

Efforts to create livelihood opportunities for refugees should also address economic and financial problems observed in the host communities. Most host communities suffer from high youth unemployment, gender imbalance in the workforce, increasing informality and

⁴⁵ European Commission, 2019. European Civil Protection and Humanitarian Aid Operations: Turkey.

⁴⁶ European Commission, 2019. The EU Facility for Refugees in Turkey.

⁴⁷ Building Markets and Syrian Economic Forum, 2017. Another Side to the Story: A market assessment of Syrian SMEs in Turkey.



Box 16. Birlikte by Root



Root provides game design and development services along with eco-robotics solutions. The enterprise focuses on developing games that create value and touch people's lives.

Birlikte is a board-game designed by Root to help children aged 11-17 of both refugees and local communities to get to know each other better. The game targets children who are potentially impacted by growing instability in the Syrian region as more and more people lose their livelihoods, jobs and connection with loved ones and face difficulties in adapting to a new country. Birlikte aims to recover and strengthen a sense of social cohesion and learning between the children of refugee and host communities.

Offered in both Arabic and Turkish, Birlikte is designed to reinforce a sense of joint effort and learning to overcome struggles, and provide information on human rights and values.

Despite progress in the beginning of 2000 on the elimination of gender inequality in Turkey, gender statistics still reflect room for improvement. The 2015 Gender Gap Index of the World Economic Forum ranks Turkey as 130th out of 145 countries, making the 17th biggest economy in the world the 15th last country in terms of gender equality.⁴⁹

in the labour market. **Women's labour force participation rate in Turkey is 33.6%, the lowest in the Organisation for Economic Cooperation and Development (OECD).**⁵⁰ Turkey offers ample room to build business models to leverage solutions to bolster gender equality, and impact investments targeted at gender equality present good potential for Turkey to overcome a significant development challenge.

As in other walks of life, gender inequality also persists



Box 17. çöp(m)adam



çöp(m)adam produces fashion accessories and home items using throw-away material such as food packaging, bottle caps and grain sacks. The enterprise hires women who have not previously done paid work and provides them with fair salaries and work conditions that enable mothers to make a living while caring for their children. All products are hand-made by local women.

Started as a limited company in 2008, çöp(m)adam annually saves at least 6 tonnes of waste from going to land-fill and provides employment to more than 400 women. The company also provides training for the employees to enhance these women's chances of finding other employment.

Renewable Energy

The low cost of producing clean energy and the Paris Agreement commitments paint an optimistic picture for renewable energy investments in the near future. Renewable energy investments in developing econo-

mies slightly increased in recent years with solar and wind power accounting for around 96% of these investments.⁵¹

Women's Empowerment

Development finance for gender-equality is growing in importance as support programmes with principal and secondary targets for women's equality showed a **15% increase** on top of the annual 2012-2014 average, reaching **US\$35 billion** in 2015-2017. Global

gender-lens investing by impact investors also followed the increasing trend in gender-equality investments, reaching **US\$2.4 billion in AUM**. However, gender-lens impact capital is still highly concentrated in developed markets.⁴⁸

Assets Under Management of Gender Lens Investment Products

(millions of US\$)

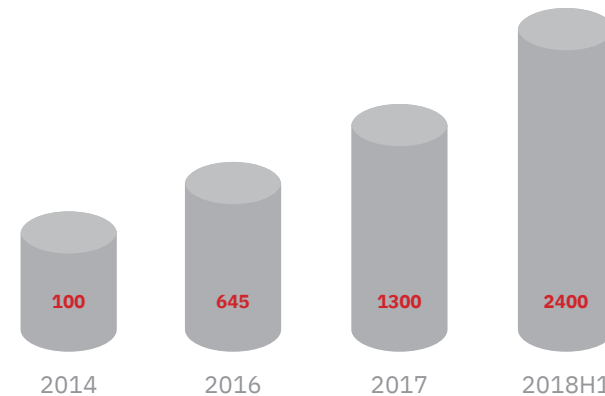


Figure 21. AUM of Gender Lens Investment Products under GIIN. UNCTAD, 2019.

⁴⁸ UNCTAD, 2019. SDG Investment Trends Monitor.rkey.

Renewable Energy Investment in Developing Markets 2018

(US\$billion)

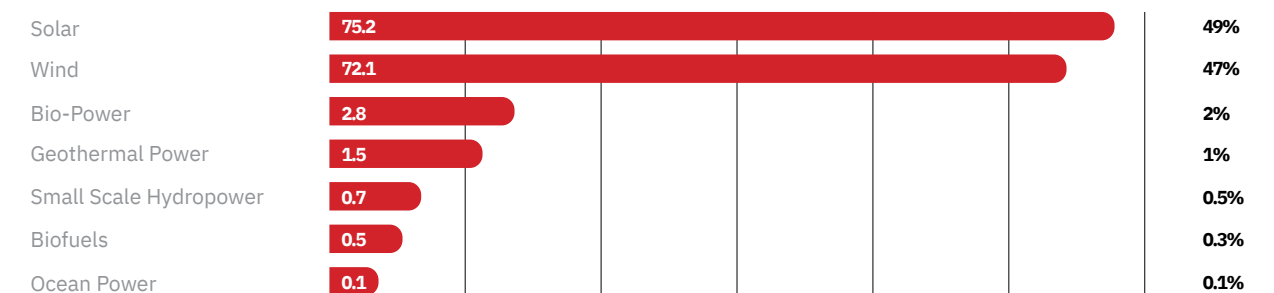


Figure 22. Renewable Energy Investment in Developing Economies, 2018. UNCTAD, 2019.

⁴⁹ UNFPA, 2019. Gender Equality.

⁵⁰ TurkStat Labour Statistics, 2018.

⁵¹ UNCTAD, 2019. SDG Investment Trends Monitor.

Despite growing interest in renewable energy, there is high regional variation in climate finance investments, with the Central Asia and Eastern Europe and MENA regions receiving only 3.9% of all climate finance investments.⁵²

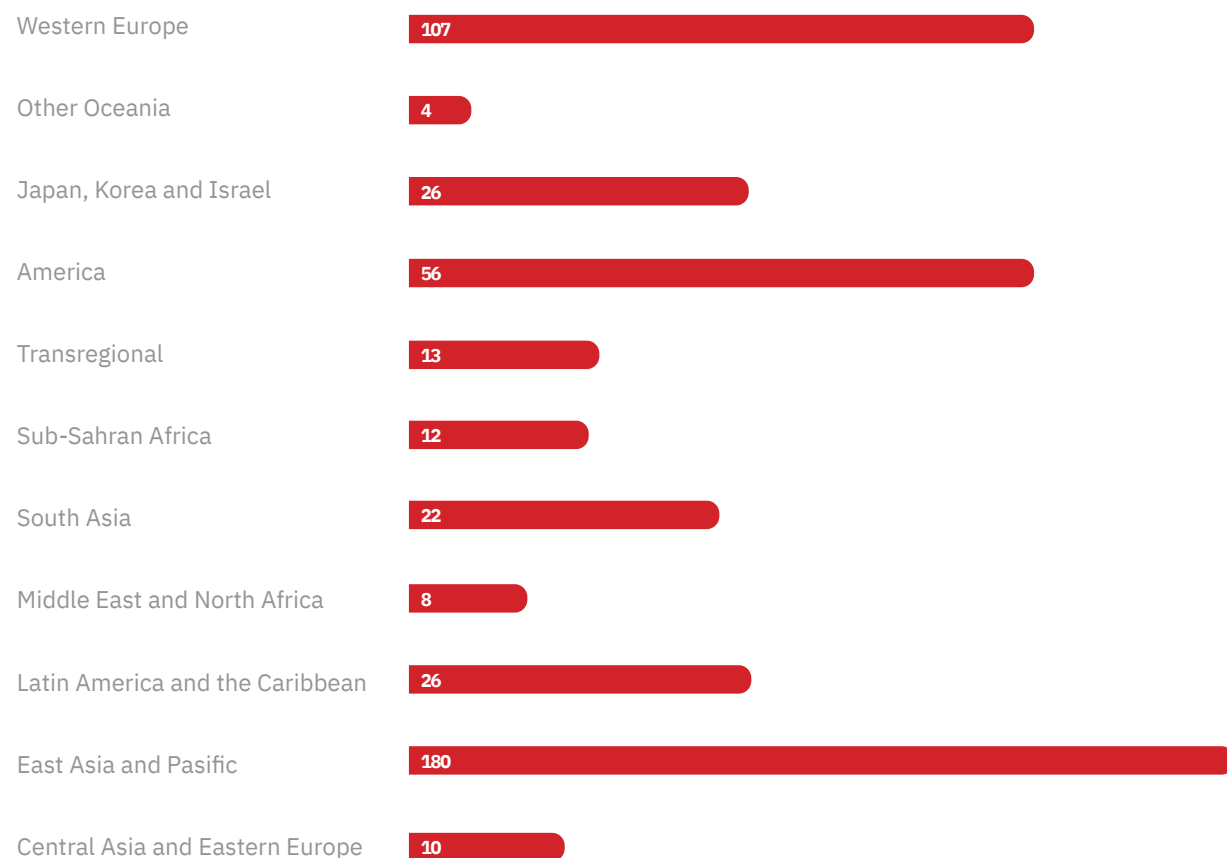


Figure 23. Climate Finance Received by Region. UNCTAD, 2019.

⁵² UNCTAD, 2019. SDG Investment Trends Monitor.

As one of the fastest-growing energy markets and an attractive investment destination, Turkey is working to increase its electricity capacity to 120 GW by 2023 from 80 GW currently. To this end, Turkey launched the “**Renewable Energy Resource Zone Project**” (YEKA) tenders for 1,000 MW of solar capacity in 2017. The Ministry of Energy and Natural Resources aims to increase the nation’s installed solar and wind capacity by 10,000 MW per year in the next 10 years.⁵³

Turkey’s solar power production became the country’s sixth biggest electricity resource with an annual increase of 175%, and it became one of the fastest-growing energy markets and an attractive investment destination for renewable energy. Demand for smart grid systems amounted to **an expected US\$8.1 billion in investments in smart city projects**.⁵⁴ In order to satisfy the increasing domestic demand for energy, the government aims to increase its electricity capacity through increased private sector investment.



Box 18. ENLIL by Devcitech



Devcitech is a technology company that provides smart and renewable solutions for cities. The company produces smart vertical smart axis wind turbines called ENLIL that transform highway dynamics into renewable energy.

The wind turbines are quipped with a solar panel on top and placed near transportation lines to generate renewable energy using the winds created by passing vehicles. ENLIL also provides data and measurements services for temperature, humidity and CO2 levels which are connected to a mobile app for easy-access.

Health-Tech

Good health and well-being are indispensable sustainable development targets. Despite growing interest, the **investment gap for healthcare** in developing countries still stands around a **US\$140 billion**. The level of business-as-usual investments in health in these developing economies is approximately US\$70 billion, and private sector participation in healthcare investments is relatively low at 20%. Meanwhile, impact investment funds for healthcare saw around a **145% increase** between 2014 and 2018, reaching **US\$7.9 billion** according to GIIN.⁵⁵

key’s per capita spending on healthcare has increased 3.5-fold since 2002, which marked the beginning of the healthcare transformation programme. The national plan is to increase the country’s skillset and knowledge-base to manufacture medical devices domestically.

With a population of over 80 million, Turkey is a growing market for medical technologies and healthcare services. The country devotes 4.6% of its GDP to healthcare, while the central budget allocates US\$15 billion to healthcare provision. OECD figures show that Tur-

Medical tourism is also growing rapidly as **750,000 patients** from Europe and MENA visited Turkey in 2018 alone. The Ministry of Health expects this figure to rise to **1.5 million by 2023**.⁵⁶ Turkey has taken a very progressive approach towards using health IT solutions and became **the leading country in hospital digitization according to the EMRAM assessment**, which evaluates hospitals on their electronic medical record capabilities and tracks progress. These developments also resonate with the entrepreneurship ecosystem in Turkey, as currently 133 startups solely focus on health-tech.

⁵³ Turkey Promotion Group, 2019.

⁵⁴ Turkey Promotion Group, 2019. Turkey Discover the Potential.

⁵⁵ UNCTAD, 2019. SDG Investment Trends Monitor.

⁵⁶ Export.gov, 2019. Turkey – Medical Technologies and Health IT.



Box 19. WeWalk



WeWalk is a smart cane designed for blind and visually impaired people that detects obstacles and pairs with smart phones to enable users to benefit from navigation services hands-free.

The smart cane includes an ultrasonic sensor to detect any obstacles above waist height and vibrates to alert users. The bluetooth connection with a smart device also enables the user to request rides using navigation apps. Produced in Turkey, WeWalk offers smart canes at affordable prices to ensure all income segments can benefit from easy navigation.

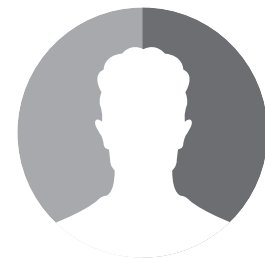
In 2017, **only 54% of females owned a transaction account**, while this figure rose to **83% for their male counterparts**. World Bank estimates a **total opportunity of 26.7 million adults** in financial inclusion, which represents the number of financially excluded adults who

can be reached via transaction accounts.⁵⁸ Given the current state, coupling financial inclusion and gender equality and improving financial literacy would appear to be the way forward for Turkey to overcome inequalities in financial inclusion.

Financial Inclusion

Despite increasing income and a strong banking sector, Turkey still has room for improvement to catch up with peer and advanced economies in financial inclusion. In 2014, Turkey launched a national Financial Inclusion

Strategy to close the gaps in access to finance. The national strategy rests on three pillars: Access to Financial Products and Services, Financial Education and Financial Consumer Protection.⁵⁷



54% of females own a transaction account



83% of males own a transaction account

“ Opportunity to reach 26.7 million adults ”

Figure 24. Percentage of Adults with a Bank Account. Invest in Turkey, 2019. World Bank, 2017.

⁵⁷ Invest in Turkey, 2019. Financial Services in Turkey.

% of Adults with a Bank Account in 2017

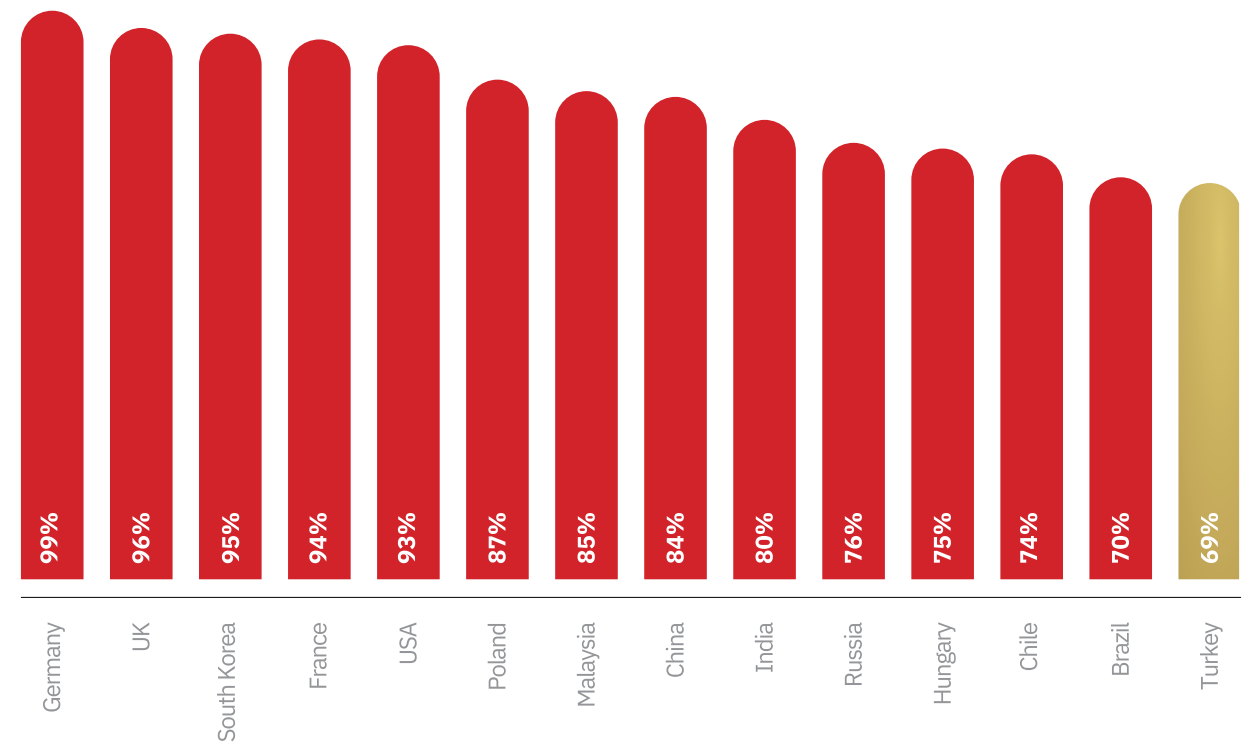


Figure 25. Percentage of Adults with a Transaction Account. World Bank, 2019.

⁵⁸ World Bank, 2019b. Universal Financial Access 2020.



Box 20. Women's Banking by Turkish Economy Bank



In order to address challenges experienced by female business owners, Turkish Economy Bank (TEB) established an in-house division called TEB's **Women's Banking** to financially support female entrepreneurs and provide consulting services to help them expand their operations.

Under the **Finance and Advice to Women in Business Programme** jointly funded by the EU, EBRO and the Turkish government, EBRO provided TEB with €50 million financing to support women entrepreneurs, with TEB contributing €15 million from its own resources. This line of financing will be used to provide female business owners with collateral-free 3-year loans. With this initiative, TEB reached 48,000 women and provided €215 million in credits.

Challenges for Growth

Although there is good potential for impact investing in Turkey, there are still challenges that need to be overcome. These difficulties can be listed as follows:

- Impact investing is a new terminology for Turkey and awareness on both the demand and supply side is low. There is no experience of impact investing in the market.
- Lack of knowledge around impact investing by financial managers is particularly problematic since it is these actors who steer the allocation of capital. Financial managers with the relevant skills for impact investing are highly needed to build the impact investing sector in Turkey.
- Lack of a regulatory framework and incentives around impact investing transactions prevents adjacent activities from accessing the larger pool of impact capital abroad.
- Lack of data and data collection processes for im-

impact investing activities makes it difficult to provide a track record for impact investing, which is crucial to drive further investments.

- Enhancing risk perception for impact investments is crucial to channelling more resources. Efforts to identify suitable exit options for investors are currently lacking.
- Traditional financing methods do not provide favourable conditions for impact-creating enterprises, which mostly operate as early-stage businesses.
- Turkey's current economic conjuncture puts pressure on potential impact investors who seek guarantees to alleviate risk.
- Local capacity for impact measurement and reporting needs to improve to help enterprises with positive impact align their business models with the impact investing mandate.

Roadmap: Addressing the Need for First Movers

Turkey offers a promising context to initiate an impact investing ecosystem that will mobilize finances to alleviate serious development challenges in both the local and regional context. The charity culture and the dynamic entrepreneurship environment enable a viable environment for impact investing to flourish. Since the ecosystem is relatively nascent, the Turkish market offers many first-mover advantages for impact investing. Being involved in building this ecosystem has a lot to offer for both government and the private sector.

A major challenge in advancing impact investing activities in Turkey is the **lack of awareness around what impact investing covers and how to carry out impact investments**, especially on the private sector side. Lack of knowledge about impact investing by financial managers and asset owners is especially problematic since they are major actors in deciding on how supplies of capital are allocated. **Educating financial advisors on impact investing could be instrumental in broadening the base of investors who are willing to supply capital to impact investors.** Financial managers should also acquire relevant skills that are specifically needed for impact investing activities. Awareness-raising efforts through advocacy, networking and B2B events are instrumental in order to showcase the potential of impact investing as a new way of doing business for the private sector.

Another challenge in initiating an impact investing culture in Turkey is **the lack of a regulatory framework** around what impact investing transactions entails and who can participate, both on the supply and demand sides. **Creating a legal identity for transactions falling under impact investing** is a crucial step to enabling such ventures to re-structure themselves to access the larger pool of impact capital both domestically and internationally. A good practice in thoroughly defining

such transactions is **Portugal's Social Innovation Initiative**.⁵⁹ Through this initiative, the Portuguese government clearly defines social entrepreneurship (an initiative with a potential to positively impact the quality of life for vulnerable groups) and social innovation (a project that offers a solution that is different from traditional responses to overcome a social problem) and mobilizes new financing instruments for social projects. The Initiative raised around **EUR 150 million from the European Social Fund** and channels these funds through four financing instruments that are **dedicated to solutions that alleviate social problems**. The Portuguese case provides a good model that is highly adaptable to the Turkish context and can be used as a base reference to develop the necessary framework around social ventures in Turkey.

Financial markets regulators such as the Capital Markets Board should recognize impact investing as a separate investment activity and should **develop criteria and standards to accredit and monitor impact investors**. Special focus can be given to foundations, who are particularly under-used in terms of their capacity to take part in investment activities.

Impact investing may be a way for Turkey to attract more investments globally and should, therefore, be incentivized. **The incentives provided to grow the impact investing market** will appeal to foreign investors as much as domestic ones. Turkey could step into the **Social Impact Bonds and Green Bond/Sukuk** market and become an active player in the global market of impact investing. The **Portuguese Social Impact Bonds Framework** is a great example of showing government support to mobilize impact investments, as it clearly defines the criteria that social projects need to fulfil to benefit from financing by social impact bonds.⁶⁰

⁵⁹ Portugal Social Innovation. <https://inovacaosocial.portugal2020.pt/en/>

⁶⁰ Portugal Social Innovation. Social Impact Bonds. <https://inovacaosocial.portugal2020.pt/en/>

The government also offers **tax incentives** by recognizing 130% of the total amount invested in social impact securities as an expense, thus encouraging private investors to invest in projects with social impact. In addition, Portugal created the **Social Innovation Fund** as a new public policy instrument to boost impact investments in the country. A similar fund structure could be created using government support in Turkey to help blend finance for impactful projects. The Portuguese example presents a good model for Turkey to develop standards and financing mechanisms to promote innovative ways of financing for development with an active private sector contribution.

Green Sukuk is also an innovative financial instrument which has great potential in Turkey as it attracts all type of investors: conventional investors, green investors and Islamic investors. Since Sukuk issuance in foreign currency is not allowed in the Turkish market and there is not enough variety of taxation systems designed to cover all types of Sukuk issued in Turkey, the necessary legal structure should be built to join the growing market of Green Sukuk and to attract global investors.⁶¹

As the first step in creating the ecosystem, the focus could include **“with impact”** companies whose operations generate social and environment side impacts with a community building and lighter incubation support approach, alongside enterprises with an exclusively **“for impact”** perspective. As the first step, “with impact” companies could be provided with a framework within which they could define their intentions in a measurable way, using tools to measure and report impact. Since such frameworks and tools are already available in Turkey and globally, the implementation phase could be easily initiated.

Data availability is a vital pre-requisite to starting and developing any ecosystem. **Data services specifically**

tailored to impact investing activities should be expanded. Such services will also help identify best practices in the field, which will in turn guide the roadmap to building the most convenient framework for impact investing in the Turkish context. Forming a track record for impact investments and identifying suitable exit options for impact investors are also vital to creating a positive risk perception of impact investing activities. **Portugal’s One Value Portal** presents a good example of a government open knowledge-centre to aggregate and transparently report information on public investment.⁶² Through this portal, the Portuguese government declares how much public spending is devoted to each priority area according to the country’s needs, and clearly specifies the methodology used to report each investment figure. Offering a similar data-service in the Turkish context is vital in order to help identify trends and develop evidence-based recommendations for impact investors.

Turkey hosts a good number of incubators and accelerators, but most of them lack a clear mandate for impact investing. **Customizing these incubation activities by helping them develop an impact investing window/dimension within their existing operations/portfolio according to the principles of impact investing** will help develop inclusive and environment-friendly business models.

Another essential part of the impact investing ecosystem is impact measurement. **Local capacity should be improved to design and implement impact measurement frameworks.** Technoparks, which are already working as R&D centres that host impact-creators, have great potential to support the impact investing ecosystem. They should be provided with **capacity development** opportunities for measuring the impact of the enterprises they host.

However, in order to leverage the opportunities and overcome the difficulties mentioned previously, a solid action plan is needed. The success of such a roadmap depends not just on how comprehensive and attainable the goals are, but also on how well they are managed. Thus, founding a Turkey National Advisory Board (NAB) is a crucial step in the creation of an impact investing ecosystem in Turkey.

The following steps should be taken to create an impact investing ecosystem in Turkey:

1.Preliminary ecosystem analysis (the objective of this report)

- a. Identification of current players in the market
- b. Identification of needs, opportunities and challenges
- c. Identification of possible stakeholders in the private, public and philanthropic sectors and academia

2.Capacity building

- a. Developing and implementing capacity building activities for all relevant stakeholders including the public sector, incubators and asset management companies
- b. Building impact intelligence for private investors on the SDG-enabling investment opportunities in leadership of the UNDP SDG Impact Platform’s “Investor Maps” framework
- c. Knowledge transfer – access to global learning and networks to transfer experience and much-needed knowledge to Turkey
- d. Establishing a national network and a database
- e. Setting the metrics for impact measurement

3.Framework design

a. Establishment of a robust framework and legal structure for impact investing activities by government institutions in light of the Portugal Social Innovation initiative

b. Financial incentives to promote impact investments by local and international investors

c. Developing policy instruments for new ways of financing impact ventures following the example of the Portuguese Social Innovation Fund

4.Market building

a. Identification of supply and demand parties

b. Reaching out to targeted stakeholders and bringing them into the network

c. Establishing an impact investing fund with the government given that the public sector is the main supporter of early-stage entrepreneurs

Although lacking the middle ground for impact investments, Turkey hosts many agents that have been operating in the vicinity of impact investing or in so-called grey areas. Efforts should be channelled to align such activities with the impact investing framework. Once started, the Turkish impact investing ecosystem will organically develop its own supply and demand side alongside enablers, who are already well-positioned to support an otherwise similar entrepreneurship and investment ecosystem. To this end, UNDP IICPSD is dedicated to acting as a facilitator institution to develop and implement this roadmap and nurture the impact investing ecosystem in Turkey in the near future in collaboration with all stakeholders.

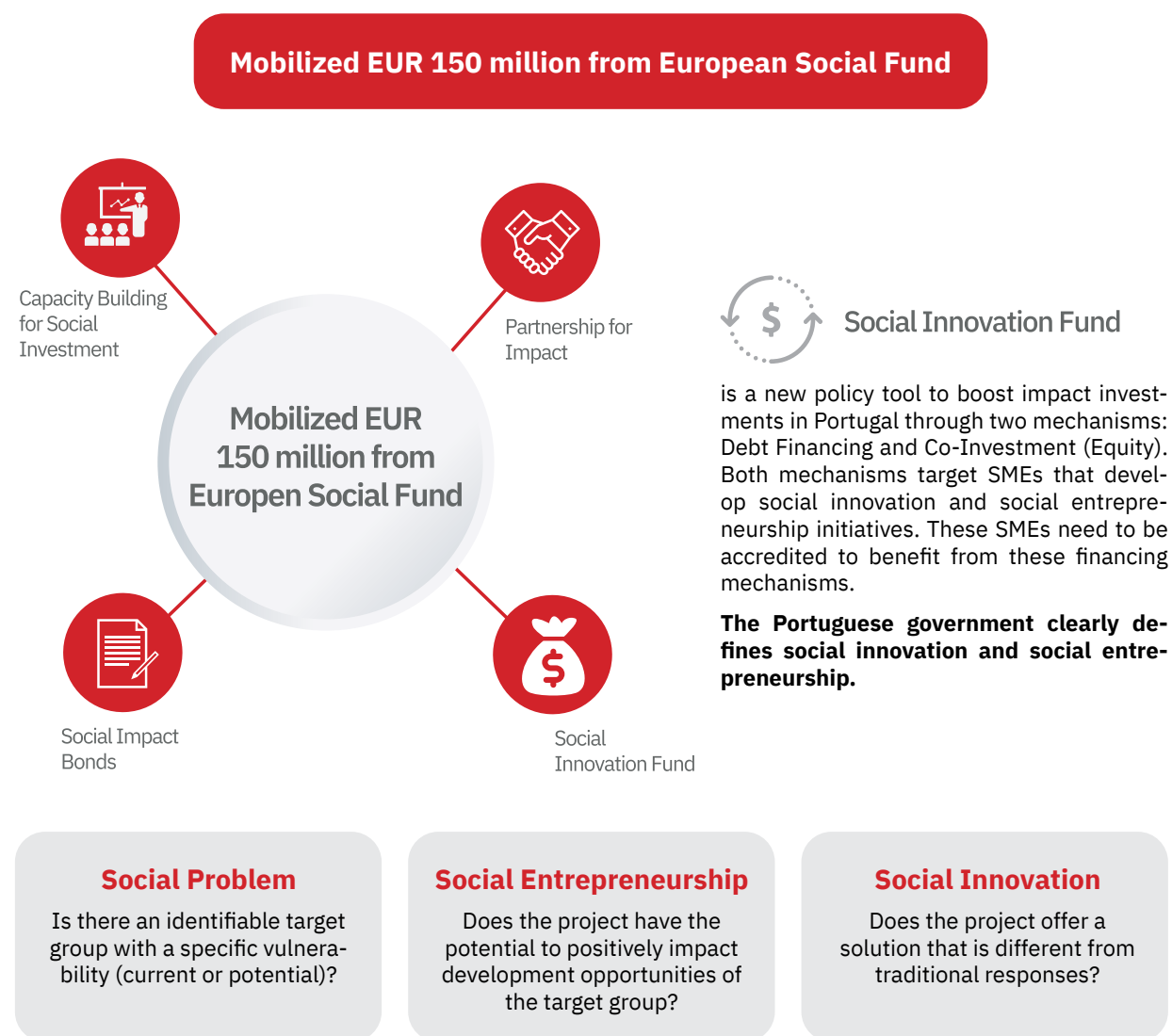
⁶¹ Mehmet Ela, 2019. Green Sukuk and Its Applicability in Turkey.

⁶² Portugal Social Innovation. One Value. <https://inovacaosocial.portugal2020.pt/en/one-value/>



Box 21. Portugal's Social Innovation Initiative

Portugal Social Innovation is a government initiative that works to promote social innovation to alleviate priority development challenges in the country and stimulate a social investment market. It aims to leverage innovative social solutions that complement traditional responses and mobilize the social investment market by developing new financing instruments for social economy.



one value

Open Value is an open portal that collects and reports information on public investment in priority areas in Portugal such as Social Protection, Education, Healthcare, Employment and Justice.

Source: Portugal Social Innovation, 2019. <https://inovacaosocial.portugal2020.pt/en/about-us/portugal-inovacao-social/>

Annex

A1. Major Stakeholders for Impact Investing in Turkey

This section presents a list of organizations which can be identified as stakeholders in the nascent ecosystem for impact investing in Turkey. Please note that this list is not exhaustive and only includes some of the major stakeholders

Government Agencies

1. Rep. of Turkey Ministry of Treasury and Finance
2. Rep. of Turkey Ministry of Foreign Affairs
3. Rep. of Turkey Ministry of Labour, Social Services and Family
4. Rep. of Turkey Ministry of Environment and Urban Planning
5. Rep. of Turkey Ministry of Ministry of Energy and Natural Resources
6. Rep. of Turkey Ministry of Trade
7. Rep. of Turkey Ministry of Industry and Technology
8. Rep. of Turkey Ministry of Health
9. Rep. of Turkey Ministry of National Education
10. Presidency of the Republic of Turkey Investment Office
11. Presidency of Turkey, Presidency of Strategy and Budget
12. Development and Investment Bank of Turkey
13. Banking Regulation and Supervision Agency
14. Capital Markets Board of Turkey
15. Istanbul Chamber of Trade
16. Commercialization Center of Istanbul
17. Istanbul Metropolitan Municipality
18. Development Agencies (incl. Istanbul and Ankara)
19. Scientific and Technological Research Council of Turkey (TÜBİTAK)
20. The Union Chambers and Commodity Exchanges of Turkey (TOBB)
21. Human Rights and Equality Institution of Turkey
22. İstanbul City Lab – Zemin İstanbul
23. The Banks Association of Turkey
24. Insurance Association of Turkey
25. Union of Municipalities of Turkey

Universities

1. İstanbul Bilgi Üniversitesi
2. Okan Üniversitesi
3. Sabancı Üniversitesi
4. Koç Üniversitesi
5. İstanbul Teknik Üniversitesi
6. Yıldız Teknik Üniversitesi
7. Yaşar Üniversitesi
8. Özyeğin Üniversitesi
9. Boğaziçi Üniversitesi
10. TED Üniversitesi
11. Orta Doğu Teknik Üniversitesi
12. Ankara Sosyal Bilimler Üniversitesi
13. Bahçeşehir Üniversitesi

Finance Institutions and Investors

1. EBRD
2. EIB
3. World Bank Group
4. idacapital
5. BIC Angels
6. Galata Business Angels
7. BULUŞUM
8. Fongogo
9. Garanti Bankası
10. Capria Venture
11. Türkiye İş Bankası
12. ACT Venture Partners
13. Akbank
14. Yapı Kredi Bankası
15. TEB Özel
16. Albaraka
17. Kuveyt Türk
18. Escarus

Corporations/ Corporate Foundations

1. Zorlu Holding
2. Kale Grubu
3. INTEL
4. Turkcell
5. SAP Türkiye
6. IBM Türkiye
7. Chobani
8. Mercedes-Benz Türk
9. Mazars denge
10. Ajans Press
11. Pekin & Pekin
12. Tüpraş
13. Bankalararası Kart Merkezi
14. Startsup.watch
15. TechnoBee Academy
16. Çapa Minsak Grubu
17. Radarsan
18. NEF
19. Boyner Grup
20. Anadolu Grubu
21. UPS Türkiye
22. Sanofi
23. Facebook
24. Samsung
25. Red Bull
26. BOEING Türkiye
27. Google
28. Allianz

Incubators/ Catalyzers

1. Ashoka Türkiye
2. KUSIF
3. Impact HUB İstanbul
4. imece
5. Mikado
6. InnoCampus
7. Sosyal İnovasyon Merkezi
8. Okan Üniversitesi Sosyal Girişimcilik Merkezi
9. Kentsel Vizyon Platformu
10. Bilgi Sosyal Kuluçka Merkezi
11. SIX
12. Mercedes-Benz Türk Startup
13. Girişim Fabrikası
14. TAK Kartal
15. İTÜ ARI Teknokent
16. SoGiP
17. TAK Kadıköy
18. SOGLA
19. PAKT insight + imagination
20. İstasyon TEDÜ
21. Viveka
22. Red Bull Amaphiko
23. YGA
24. ATÖLYE
25. Endeavor Türkiye
26. Originn Coworking
27. Core Strateji
28. Inovent
29. Başakşehir Living Lab
30. m-spark
31. B Corp Türkiye
32. Hamdi Ulukaya Girişimi
33. YTÜ Sosyal İnovasyon Merkezi
34. İlk Adım Fonu
35. inzva
36. Kentsel Strateji
37. KWORKS
38. S360
39. Nilüfer İnovasyon Merkezi
40. Ashoka Global
41. Bilgi Genç Sosyal Girişimci Ödülleri
42. Yaşar Üniversitesi BTTO
43. weXelerate
44. Namaa Al Munawara
45. Hackquarters
46. SUCool
47. Açık Açık Sosyal Girişim

Foundations

1. Turkish Red Crescent (Kızılay)
2. GİRVAK
3. TEPAV
4. TOG
5. Habitat Kalkınma Derneği
6. Anadolu Vakfı
7. KAGİDER
8. Yenibirli Derneği
9. BRM
10. TTGV
11. TÜSEV
12. Mehmet Zorlu Vakfı
13. Açık İnovasyon Derneği
14. Eğitim Reformu Girişimi
15. Sabancı Vakfı
16. BÜYEM
17. International Youth Foundation
18. Açık
19. Charles Stewart Mott Vakfı
20. EGİAD
21. BEV Foundation
22. ÇEKÜL
23. The European Climate Foundation
24. TechSoup Europe
25. Sylvan/Laureate Foundation
26. GIZ
27. Vehbi Koç Vakfı
28. UniCredit Foundation










International Organizations/Networks

1. UNDP
2. British Council Türkiye
3. UNHCR
4. ERASMUS + Programları
5. US Consulate - İstanbul
6. Sivil Düşün AB Programı
7. Embassy of the United Kingdom
8. EaSI
9. AB Erasmus+ Gençlik için Stratejik İşbirlikleri
10. US Embassy - Ankara
11. Global Impact Investing Network (GIIN)
12. Euclid Network
13. Global Compact Turkey
14. Business for Goals

Press

1. EKOİQ
2. SosyalUp

A2. List of Entrepreneurs

SDG	Enterprises			
	Fazla Gıda Tarfin			
	Joon Tarlamar			
	B-fit BillionToOne Gane On Biotech Mobilmed	Nymbly Toma Biosciences Uplifters Vivoo		
	Baby Academy Givin Kodluyoruz MentalUP	Minorpreneurs Otsimo Talkido Toyi	E-Bursum	
	Devecitech Positive Energy Reengen Sensgreen			
	Kodluyoruz Tarfin Tarlamar			
	Engelsiz Çeviri Joon Kodluyoruz Talkido			
	Airqoon Devecitech Evreka			
	Atık Nakit BacPolyZym Biolive Enevo	Evreka Givin Haus Free Dry Naturansa	Reflect Sensgreen Tutumlu Anne Ubitricity	Vansan

A3. List of Impact Investors

#	Investor	Target Investees
1	Accion	pre-seed to growth stage
2	Acumen	entrepreneurs/enterprises working on sustainable and innovative solutions for poverty early
3	AHL Venture Partners	stage social enterprises and funds focused on agriculture, energy access, and financial inclusion
4	The Annie E. Casey Foundation	enterprises focused on the pressing issues of disadvantaged children
5	AXA Investment Managers	enterprises working on the needs of underserved populations, green and social bond funds
6	The Bill & Melinda Gates Foundation	enterprises and investment funds focused on the Foundation's programmatic objectives (such as health, education, poverty)
7	Blue Haven Initiative	early-stage innovative enterprises
8	Calvert Impact Capital	development organizations, funds and financial intermediaries
9	CDC	SMEs
10	Christian Super	impact funds and funds that are aligned with their Christian values and ethical standpoint
11	Community Investment Management	funds focused on technological innovations on financial inclusion and efficiency
12	The David and Lucile Packard Foundation	non-profit/for-profit organizations focused on the world's most pressing problems
13	Deutsche Bank	corporate and commercial clients, private customers, multiple asset classes
14	DOEN Foundation	early phase to growth phase enterprises in the Netherlands
15	Enclude	financial institutions, corporations, asset management firms, development finance institutions, government agencies and organizations, non-profits, and consulting and advisory firms
16	Enterprise Community Partners	development organizations and non-profits focused on community development
17	The European Bank for Reconstruction and Development (EBRD)	projects focused on sustainable development, inclusive finance and growth

#	Investor	Target Investees
18	Finance in Motion	sustainable development funds
19	FMO	businesses, projects and financial institutions
20	Ford Foundation	programme- and mission-related projects
21	Gray Ghost Ventures	early-phase ventures with innovative products in ICT and clean technology
22	International Finance Corporation (IFC)	agribusiness and infrastructure, climate change, gender equality, renewable energy and energy efficiency, education, social dialogue and inclusive finance
23	LeapFrog Investments	high growth financial services and purpose-driven businesses especially in the healthcare sector
24	LGT Impact (New name: LGT Lightstone)	intentionally impactful and commercially attractive investment opportunities that focus on underserved populations and environment
25	Lok Capital	early and growth stage microfinance institutions focused on financial inclusion
26	The John D. and Catherine T. MacArthur Foundation	for-profit/ non-profit organizations focused on the foundation's focus areas
27	Margaret A. Cargill Philanthropies	organizations working on the Foundation's focus areas
28	Morgan Stanley	businesses/projects focused on clean tech, renewable energy and community development
29	National Community Investment Fund	community development banking institutions, certified community development financial institutions and minority-owned and focused depository institutions, operating in underserved markets
30	Nuveen, a TIAA Company	high-quality investment opportunities that seek to achieve competitive risk-adjusted returns with intentional and measurable social and environmental outcomes
31	Omidyar Network	for-profit businesses and non-profit organizations focused on the following areas: digital identity, education, impact investing, property rights, responsible technologies, labour and inclusive economy
32	Overseas Private Investment Corporation	U.S. private sector and companies that invest in developing countries on renewable environmental resources
33	Prudential	social enterprises, financial intermediaries and real assets

#	Investor	Target Investees
34	Quona Capital Management Ltd.	scale-up stage enterprises that are expanding access to quality financial services for underserved consumers and small businesses in Africa, Latin America and Asia
35	responsAbility Investments AG	non-listed firms in emerging economies and developing countries
36	The Rockefeller Foundation	funds, organizations, enterprises aligned with their issue areas
37	Root Capital	organizations with the aim of raising incomes, creating jobs, empowering women and young people, sustaining peace, and preserving vulnerable ecosystems
38	Sarona Asset Management	private equity funds and companies based in high growth countries
39	Skopos Impact Fund	funds and social businesses seeking to generate measurable, positive social and environmental returns with financial returns, focused on the Fund's thematic areas
40	Soros Economic Development Fund	enterprises, investment funds, and financial institutions
41	Surdna Foundation	funds in their programmatic objectives
42	Treehouse Investments, LLC	investees with fair and risk-adjusted return with impact
43	Triodos Investment Management	companies aligned with their sectoral focus
44	Triple Jump	various
45	W.K. Kellogg Foundation	non-profit and for-profit entities that are aligned with the Foundation's missions
46	Zurich Insurance Group	individuals, small businesses, and mid-sized and large companies including multinational corporations

The investors listed above are retrieved from the Global Impact Investing Network (GIIN) members.

A4. Good Practices Around the World

Program Name	Brief Summary
Swiss Social Impact Incentives (SIINC)	Social Impact Incentives (SIINC) scheme, co-founded by the Swiss Agency for Development and Cooperation and Roots of Impact, is a funding method that rewards the highest impact creating businesses with premium payments to create social impact. The incentives enhance profitability and help impact-enterprises attract new investments. SIINC can adequately leverage public and philanthropic funds to mobilize private investment in underserved markets with high social impact potential.
European Social Entrepreneurship Funds (EuSEF)	European Social Entrepreneurship Funds (EuSEF) label by EU is created to identify funds focusing on social enterprises, making funds more accessible for investors, thus increasing the private investments in social enterprises. To obtain the EuSEF label, a fund must direct a minimum of 70% of its investments to social enterprises while having a structured framework on the fund's social objectives, investment portfolio and assessment of the impact created. EuSEF labeled impact funds can gather investments from EU with less costs, are supervised by national authorities and are obliged to fulfil the essential conditions of the label.
Epiqus	Epiqus is a fund management company specialized in impact investing, and is also registered as an EuSEF fund manager. Epiqus allocates %50 of their profits to social and environmental goals, and their main goal is to focus on investments that solve social and environmental problems in their region while also creating a positive impact.
BMO SDG Engagement Global Equity Fund	Building on the idea of "invest, engage and improve", BMO SDG Engagement Global Equity Fund invests in SMEs with a vision to achieve positive social and environmental impact using the SDG framework. Upon investing, the Fund also measures the impact created along the SDG indicators.
UNICEF's Innovation Fund	UNICEF's Innovation (Venture) Fund is designed to finance early stage, open-source technologies that can benefit children by focusing on three areas: products for youth, infrastructure and real-time information. To this date, the Fund has raised US\$17.9 million and has made 72 investments in 42 countries. The Fund also supported IDEASIS from Turkey, the developer of Vivos VR, a virtual reality tool to address and treat phobias and social adaptation problems of young people and children.
Pensions for Purpose	Pensions for Purpose is an initiative that acts as a platform to advertise impact investments and deepen the understanding of the concept by knowledge-sharing through online publications.
CFA Institute ESG Investing Course & SRI Education	CFA Institute trainings are three module online courses for individuals to understand the fundamentals of ESG and SRI investing.

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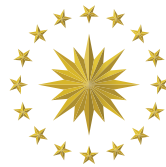
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