



EYDK as a Catalyser

September 2021



Impact Investing

Impact investors create positive, measurable social and environmental impact, while generating financial returns. International Finance Corporation (IFC) estimates that, measured and intended impact combined, the global assets under management have reached 2.3 trillion.

About EYDK

Impact Investing Advisory Board (EYDK) was formed in April 2021 with the participation of leading public, private, and third sector stakeholders with a vision to elevate impact investing into a mainstream investment choice in Turkey. EYDK takes its strength from Turkey's entrepreneurial spirit, geopolitical, social, and economic power.

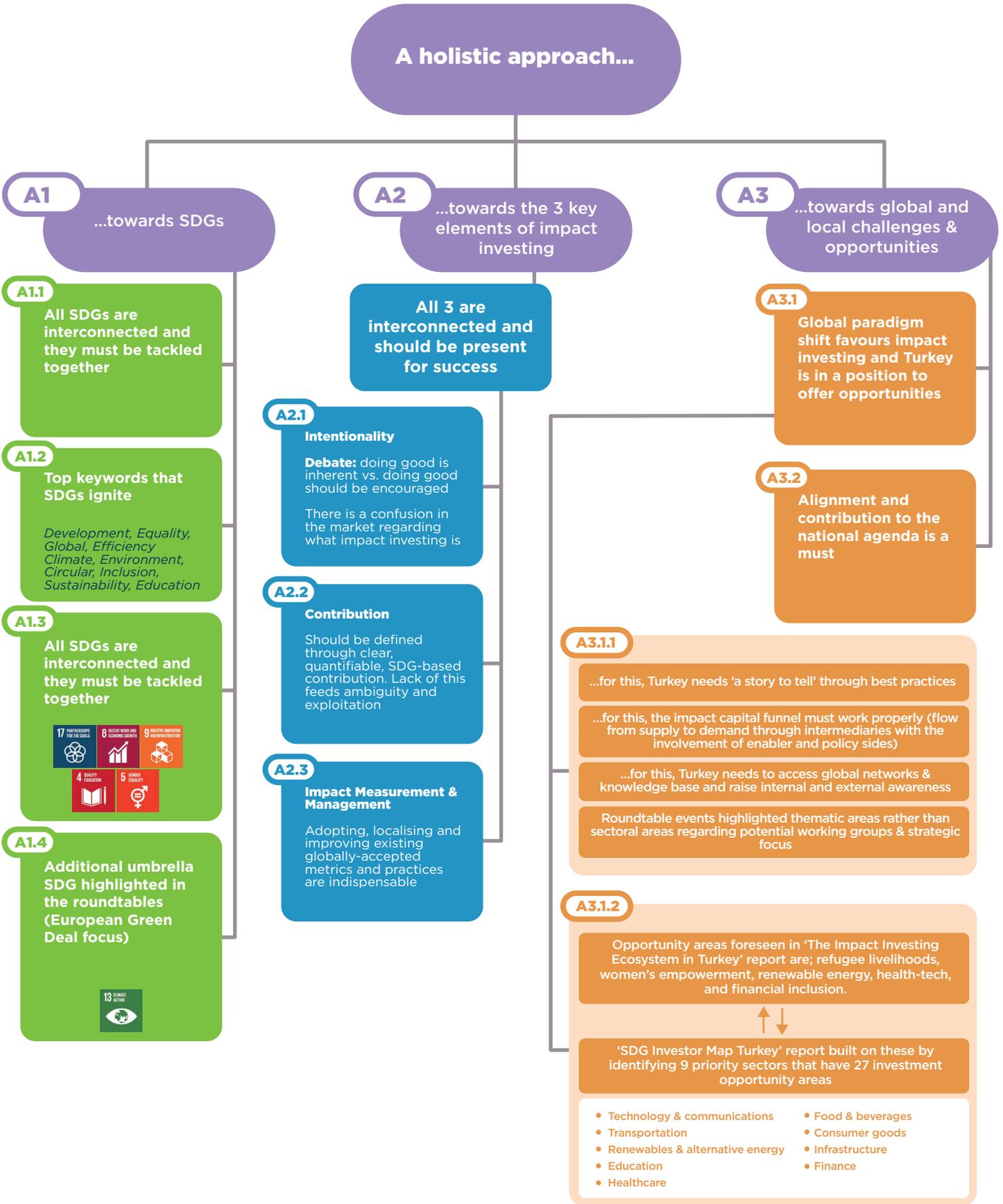
EYDK is advocating for putting impact at the heart of investments, which transforms the social and environmental contribution from a side venture into a core element that is long-term, mutually beneficial and large scale.

About the Report

"EYDK as a Catalyser" report brings together the insights from two essential studies ("Impact Investing Ecosystem in Turkey" and "SDG Investor Map Turkey") and the results of EYDK's inaugural survey (conducted May-June 2021) and two roundtable discussions that were built on these survey results, in a quest to determine EYDK's two-year action plan.

21 out of 27 EYDK members participated in the survey (78% response rate) and 14 leading speakers from 12 separate EYDK member institutions had taken the floor in the roundtable discussions that were realised online on August 19th and 24th respectively.

Visualisation of the Data



- Technology & communications
- Food & beverages
- Transportation
- Consumer goods
- Renewables & alternative energy
- Infrastructure
- Education
- Finance
- Healthcare

A Holistic Approach...

Holistic approach has emerged as a major theme, both outspoken and underlying, during the data gathering process of this report. In its core, it is about having complete and strategic knowledge and putting it to work for reaching the desired, mostly interconnected outcomes. Knowing what stakeholders need and could provide and how these needs and provisions could be strategically managed within the wider, inclusive ecosystem are its key characteristics.

Human body would be a perfect analogy for explaining the holistic approach. As it is the case with the human body, one could not focus on just one or two specific parts, as that would lead to failure as a whole. Different pieces of the body should work in harmony for the common good (body's health) and beyond (self-actualisation and helping others). According to the data, in Turkey's quest to become an actor in the burgeoning global impact investing market, such a holistic approach could be developed towards three interconnected areas; (1) Sustainable Development Goals (SDGs), (2) three key impact investing elements (intentionality, contribution, impact measurement and management -IMM) and (3) global and local challenges and opportunities.

OUR APPROACH:

EYDK shall expand on its action plan by utilising the data. In line with its role as Turkey's impact platform, its action plan already foresees general targets such as market development, policy development, communications development, international partnerships, research & analysis, and capacity building. These general targets would be realised through strategic activities deducted from the data. Realisation of these activities shall be the task of the future working groups.

(A1) ...towards SDGs

Sustainable Development Goals (SDGs) are at the heart of the ongoing global paradigm shift. Impact investing also relies on SDGs for the entire investment lifecycle (building intention, providing contributions in capital and/or in kind, and measuring and managing the impact).



(A1.1) Interconnectedness of SDGs

Even though certain SDGs were prioritised by EYDK members both in the survey and roundtable discussions, the notion that all SDGs are interconnected and that they should be handled in an inclusive, holistic manner was also confirmed.

SDG 8 (Decent Work & Economic Growth) could not be achieved without tackling the basic human issues such as hunger, poverty, health, and clean water and sanitation (SDGs 1, 2, 3, and 6) or the social development issues such as quality education, gender equality and reduced inequalities in general (SDGs 4, 5, and 10). Still, SDG 9 (Industry, Innovation, and Infrastructure) would be necessary to make a sustainable push forward. This forward push must also focus on cities and communities and the creation of a circular economy (SDGs 11 and 12). In order to have a good standing in any of these, the planet should also be nurtured through all means available (SDGs 13, 14, and 15). Simultaneously achieving these would also require a peaceful and just institutional base and partnerships at a global scale (SDGs 16 and 17).

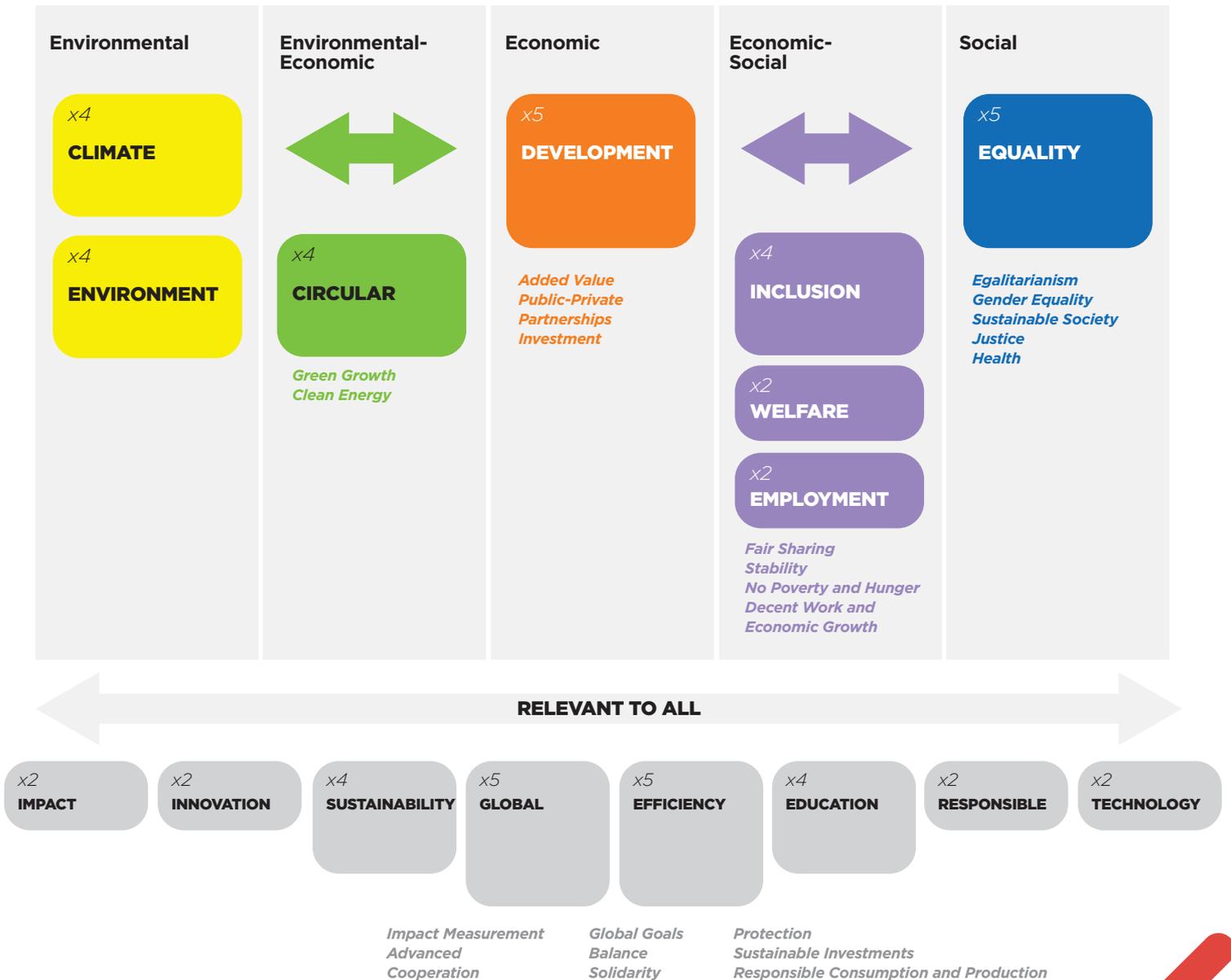
(A1.1) OUR APPROACH:

As an inclusive international platform, EYDK shall focus on raising awareness, building capacity, and forming strong alliances to place SDGs at the hearth of doing business. As the institutional perspectives evolve, the institutions' social, economic, and environmental roles and positive impact propositions would also evolve and grow.

(A1.2) SDG-related Keywords

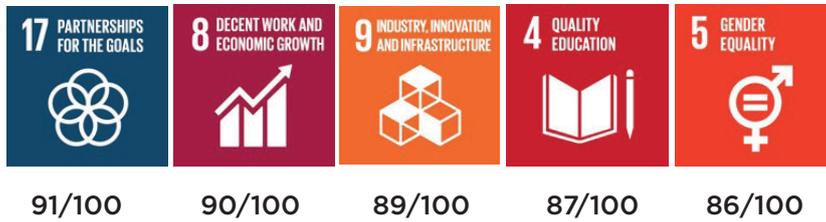
EYDK survey highlighted Development, Equality, Global, Efficiency and, to a similar extent, Climate, Environment, Circular, Inclusion, Sustainability, and Education as the important SDG-related keywords. Then, in the roundtable events, these keywords had been evaluated. It was concluded that these keywords are interconnected, and that they predominantly represent the universal ideals, and the core inputs and outcomes necessary to achieve SDGs.

Therefore, they are valuable for creating a common, productive language among EYDK members and the larger ecosystem, but they could not be headlines for EYDK’s action plan or for its future working groups only by themselves. They would not initiate the progress but be integral parts of the progress. Still, it has been rewarding to observe the interconnectedness of these SDG-related keywords through the visualisation generated from the survey results:



(A1.3) Top 5 SDGs for Institutional Relevancy

In the survey, EYDK members prioritised the five SDGs below (out of max. 100 points):



While the importance of all five SDGs was also confirmed in the roundtable discussions, among these, SDGs 4, 5, and 17 were further stressed. A line of speakers also suggested them to be their own individual working groups.

(A1.4) Additional Umbrella SDG Highlighted in the Roundtables

One additional SDG also gained prominence as a potential strategic area and working group theme during the roundtable discussions:



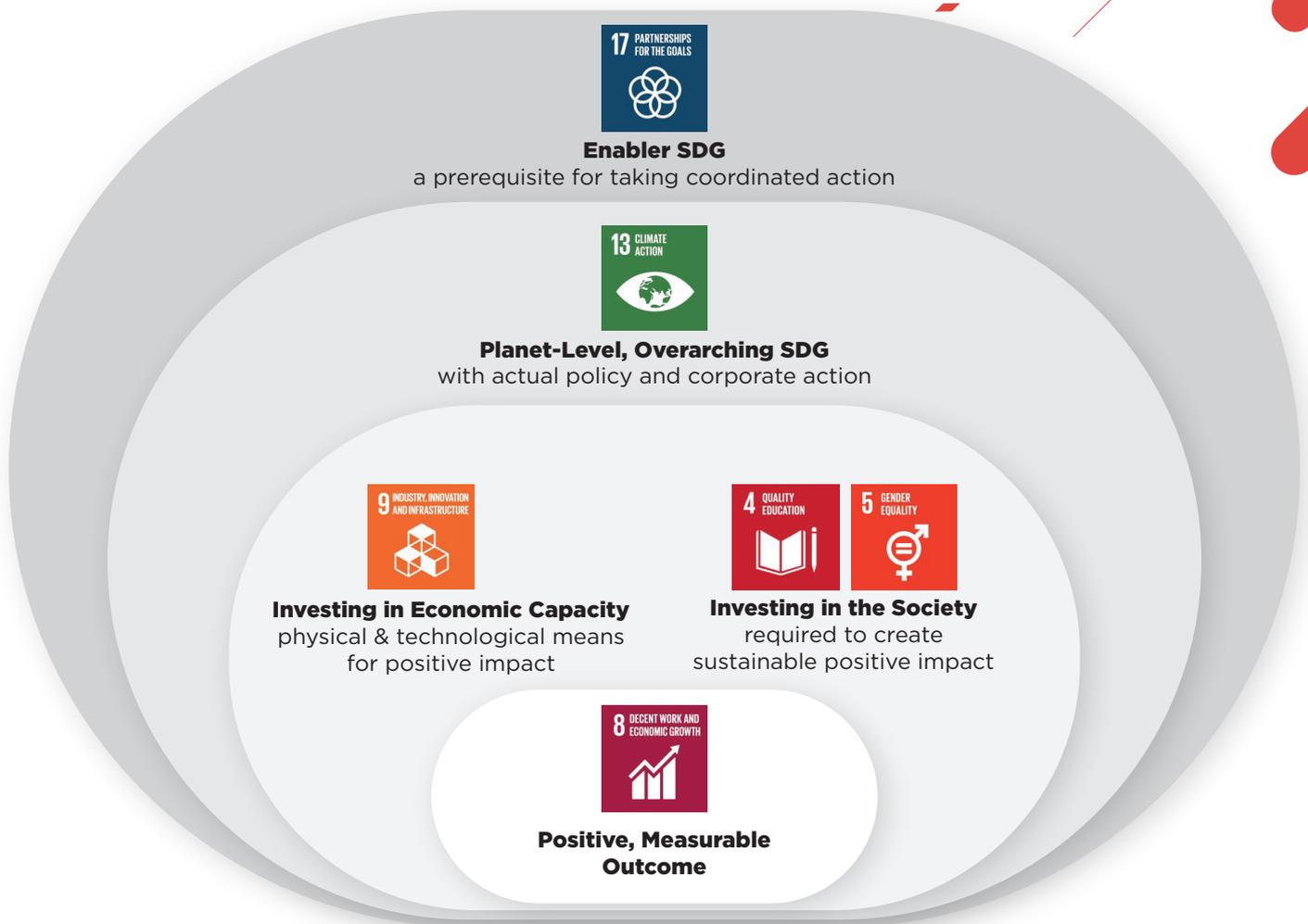
The major concern is the transformative impact of the European Green Deal, the national Green Deal Action Plan prepared as a response, and the overarching idea that EYDK must align itself with global paradigm shifts, as well as with the national agenda to create relevancy and impact as soon as possible.

(A1.3&A1.4) OUR APPROACH:

EYDK shall handle the prioritised SDGs in a logical structure to realise its activities. Exclusively focusing on just one of these SDGs or ignoring the success funnel in between would not lead to the desired outcomes. Similarly, aligning with the global trends and the national agenda is essential to create relevancy for EYDK. EYDK's approach also demands,

(1) Thematic working groups that would have the specific, prioritised topics as their sub-themes in accordance with their interconnected nature

(2) Diverse participation in each working group to unlock the potential as everything is interconnected and requires multiple perspectives and fields of expertise



(A2) ...towards the three key elements of impact investing

Aside from the obvious notion of seeking financial returns in their impactful businesses, impact investors must also comply with three key elements; intentionality, contribution and impact measurement and management (IMM). Just like in the SDGs, it is not possible to separate them from each other. Together, they create the impact circularity.

Having solid targets and applying the specialised metrics necessary to quantify, measure and showcase the positive impact are the core differentiators of impact investing. Impact-driven investments contribute to the solutions of numerous pressing social and environmental problems.

Intentionality

Intentionally contributing to social and environmental solutions by identifying this as a 'core business', rather than ignorance or just performing active risk mitigation (e.g. fair trade, ESG) while conducting the 'main business'

Contribution

Capital allocation and/or contributions in kind that are aimed at achieving clearly-defined, quantifiable, strategic, and SDG-based targets. Having an ecosystem perspective and helping impact investing to grow

IMM

Commitment to measure and report the social and environmental performance that is based on purpose-built metrics and methods. Active monitoring and management of impact for the entire investment lifecycle

EYDK survey scores regarding the elements' current state in Turkey (max. 100 points)

55/100

51/100

41/100

(A2.1) Intentionality

In the survey, intentionality had the most positive outlook in terms of its current state in Turkey, albeit at a very modest score of 55/100. While there is still a long way to go, EYDK members' identification of intentionality as a crucial starting point is important. It is worth to note that the roundtable discussions witnessed two different views; doing good is inherent versus doing good should be encouraged. Supporters of the latter prioritised awareness raising and baseline capacity building activities, while others prioritised developing local and/or adopting global IMM frameworks that require more advanced capacities.

Without taking a side, it is necessary to note that the overall impact investment knowledge and how impact investing is positioned between traditional investments and philanthropic deeds are highly clouded in Turkey. Thus, the baseline could not be ignored.

(A2.1) OUR APPROACH:

As the global sea change rapidly progresses, EYDK sees creating a common language and knowledge base regarding impact investing in Turkey as its duty. Even though it could not lead to impact investing just by itself, the entry point of most potential impact investors would be intentionality. It should be properly put in place to create a positive snowball effect. For this, market enablers must be nurtured, and policymakers must also be at the table. The main method could be more fundamental awareness raising activities (through traditional and new media channels) that target an extended stakeholder universe. This could be realised through reorganising the only active working group of EYDK, the Corporate Communications Working Group, and feeding it through other potential working groups.

(A2.2) Contribution

Both existing literature and practice, as well as EYDK roundtable discussions have shown that contributions enroute to success in clearly defined, quantifiable, strategic, and SDG-based targets are essential in impact investing. Contributions could come in the shape of capital and/or in kind (sharing the institutional capacities such as infrastructure, know-how, network). If intentionality is to put women empowerment at the heart of a business, then contribution is to design, fund, support, manage and share activities that would verifiably lead to outcomes that this specific target requires (e.g. gender-lens investing, supporting female labour force participation, career advancement initiatives and entrepreneurship).

(A2.2) OUR APPROACH:

Contribution is where intention turns into tangible action. For this, capacity building at a more technical level, and international strategic partnerships (both for the network effect and the knowledge sharing potential) are necessary. Both necessities have also been confirmed in the survey and roundtable discussions. Accordingly, EYDK would cooperate with the key stakeholders to help develop and/or spread capacity building schemes. This could be realised through two potential working groups, Capacity Building Working Group and Impact Partnerships Working Group.

(A2.3) Impact Measurement and Management (IMM)

Most investments inherently have a piece of rough impact. The aim is to elevate this hidden value into “a core business”. While intentionality and contribution are both necessary for this, transparently measuring and managing the entire impact investing lifecycle is an indispensable priority.

In relation to its current state in Turkey, IMM had the lowest score in the survey and this critical gap was also confirmed in the roundtable discussions, with almost all participants mentioned it as a strategic field and/or a working group theme for EYDK. This is natural, as the lack of proper, widespread IMM practices would act as a critical bottleneck for the whole ecosystem.

In the roundtables, international knowledge transfer in the shape of localising and adopting the widely accepted IMM metrics and methods had emerged as the preferred way to close the abovementioned gap. The rising demand for experts must also be addressed in this regard.

Key Questions for Initiating IMM

WHAT is the goal?

This dimension helps enterprises and investors to identify the outcomes the enterprise is contributing to and how important the outcomes are to stakeholders.

WHO is affected?

This dimension describes the target stakeholders (people or planet) affected by the investment or business.

HOW MUCH change is happening?

This dimension highlights the scale (breadth) and depth of the change that is happening.

What is the Impact RISK?

Metrics Sets identify and describe each of the impact risk factors identified as material for each specific Strategic Goal.

What is the CONTRIBUTION?

This dimension refers to contribution by both the enterprise and the investor.

HOW is change happening?

This question helps further contextualise the data captured by the other five dimensions, capturing data to examine business processes and product or service details that provide a fuller picture of the enterprise and its relationship with people and planet.

IRIS+ Core Metrics Sets: Fundamentals (GIIN 2019)

(A2.3) OUR APPROACH:

EYDK shall deepen its partnership with the Global Steering Group for Impact Investment (GSG) and continue to work on establishing additional local and global strategic partnerships also for the needed knowledge transfer in the field of IMM. Thus, a future Impact Partnerships Working Group could also support the IMM knowledge transfer.

Supporting the translation of and the localisation efforts regarding the selected IMM metrics and methods would go hand in hand with the network building activities. In this regard, EYDK members Etkiyap and UNDP have already been working on a draft white paper (exploring the IMM universe) to be transferred to EYDK ownership as a living document, with its launch planned in EYDK's 2021 activity plan.

As an entry point for the newcomer institutions, simpler scorecards could also be developed. This effort and the more complex efforts to come could be organised, nurtured, and managed under the potential Capacity Building Working Group that would have IMM as its core element.

(A3) ...towards global and local challenges and opportunities

Existing studies and the roundtable discussions have confirmed the ongoing global paradigm shift that favours impact investing, and that Turkey is able to offer a line of opportunities in this regard. For the long-term progress of EYDK and the Turkish impact investing ecosystem:

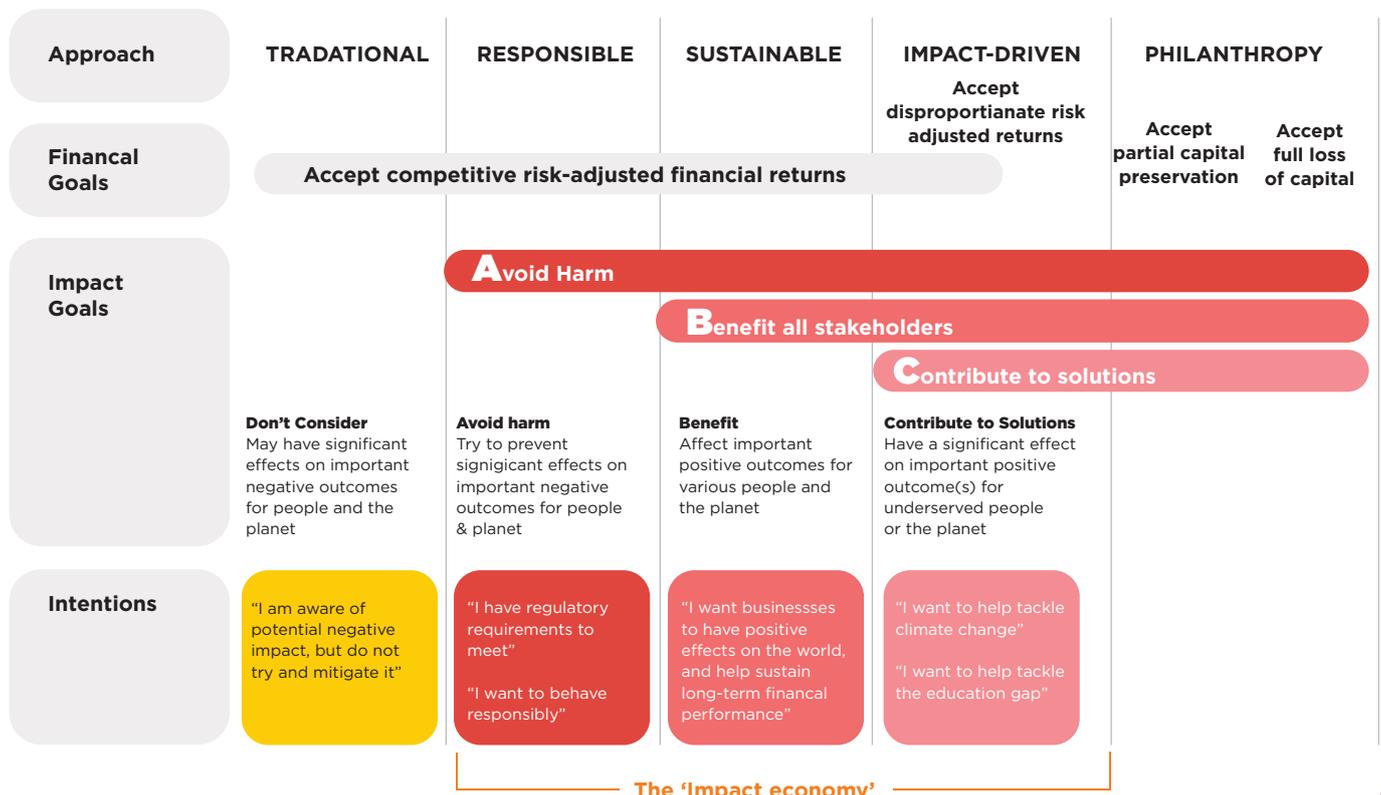
1. Developing a wide partnership, knowledge, and awareness base,
2. Focusing on key themes to create and market local best practices,
3. And aligning and contributing to the national agenda are all essential.

(A3.1) Global Paradigm Shift

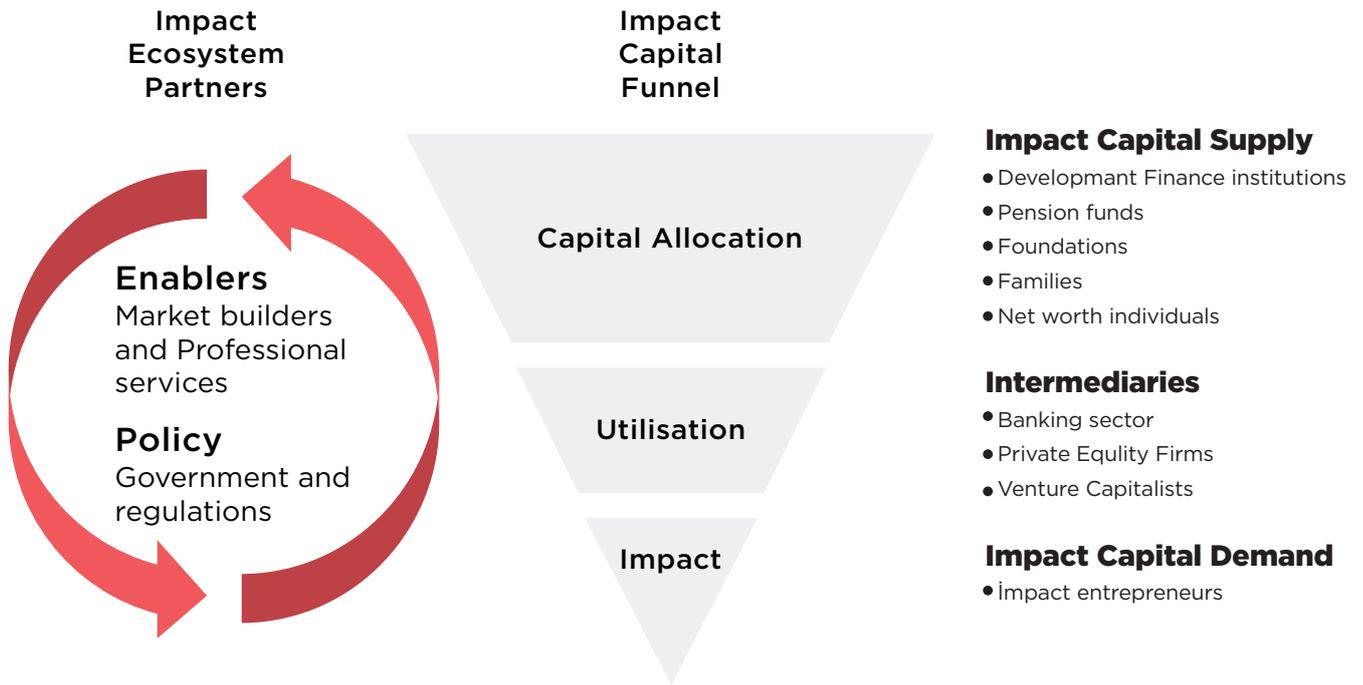
While still being the largest part of the global assets (\$260 trillion), traditional investments are determinedly leaving their place to responsible and sustainable investments (\$30 trillion existing + \$80 trillion committed). Responsible (e.g. fair trade) and sustainable (e.g. ESG) investments are also within the impact economy, but they could better be defined as active risk mitigation approaches, rather than having an impact-driven approach towards contributing to the solutions of the pressing social and environmental challenges.

“The Impact Investing Ecosystem in Turkey” report highlights that our country would become a catalytic entry point to MENA, Eastern Europe, and Central Asian markets, if a robust impact ecosystem could be built on a reliable set of standards to manage and monitor impact. This opportunity was also highlighted in the roundtable discussions.

The Spectrum of Impact



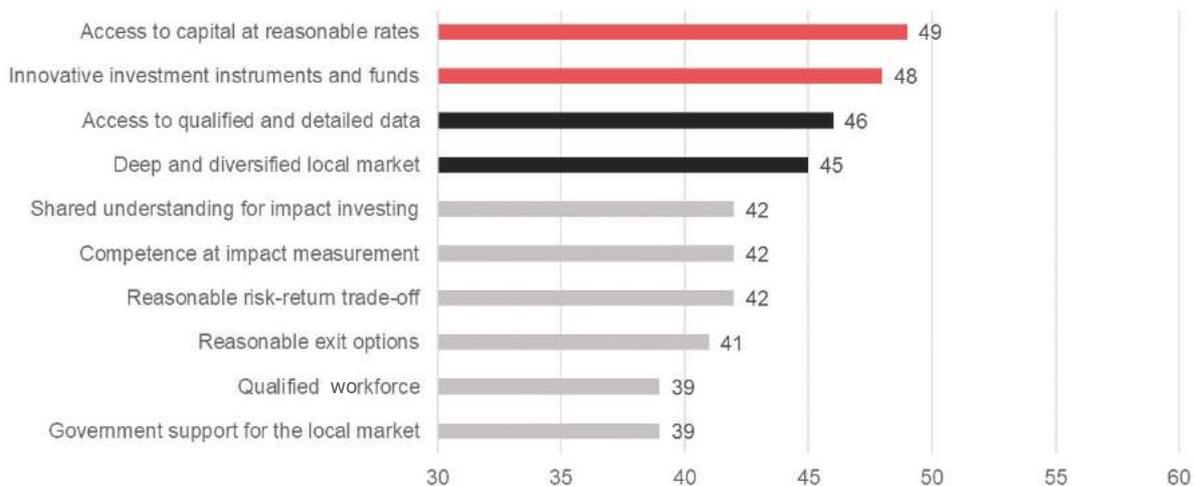
Five Pillars of the Impact Ecosystem & Impact Capital Funnel



(A3.1.1) Perspectives from the Roundtable Discussions

Survey results showed that accessing to capital at reasonable rates and having innovative instruments and funds are the top challenges in the local ecosystem. Roundtable discussions were also heavily focused on the root causes of and the potential solutions to these.

Major Challenges in the Local Ecosystem - The Lack of... (max. 60 points)



EYDK Survey Results (EYDK 2021)

Four major, interconnected themes that had emerged from the roundtables,

1. We need to nurture the key elements of impact investing to address these challenges
2. We need to access global networks and knowledge
3. We need to create stories to tell based on local best practices
4. We must take action to make impact capital funnel work properly

First two themes shall be addressed by EYDK as explained in the related sections of this report and they are essential for any future steps. The latter two, on the other hand, offer a more direct path to channel the impact capital supply to Turkey by providing local best practices that combine financial returns with positive, measurable social and environmental impact, and by improving the existing impact capital funnel structure.

For this, all five angles must work in harmony (i.e. creating a healthy flow from supply to demand through intermediaries with the involvement of market enablers and policymakers). Only through such a harmony Turkey could convince the major supply side actors (e.g. large investors such as development finance institutions and pension funds, as well as foundations, family offices and high net worth individuals) to feed local impact enterprises through intermediaries (e.g. banking sector, private equity firms and venture capital funds).

Another important insight from the roundtable discussions was that EYDK must focus on thematic areas rather than specific sectors while developing its strategic focus and working group structure. Majority of the roundtable speakers valued a larger framework perspective that works through umbrella themes to achieve EYDK's vision to make impact investing a mainstream investment choice in Turkey.

(A3.1.1) OUR APPROACH:

EYDK would focus on overarching and inclusive themes to achieve its vision. To facilitate success stories and to improve the impact capital funnel, EYDK could use its online presence and extended network to promote local best practices and investment opportunities becoming a one-stop-shop for the global impact community.

Accordingly, EYDK could provide access to detailed local knowledge (e.g. case studies, reports, interviews, articles, newsletters) and to its extended network (e.g. by convening investor forums to bring the supply side together with intermediaries, by initiating policy dialogue, and by providing visibility). To succeed in this, EYDK could primarily utilise its potential Impact Partnerships and Corporate Communications working groups, with the support of a potential Capacity Building Working Group.

(A3.1.2) Opportunity Areas from the Local Reports

Opportunity areas foreseen in ‘The Impact Investing Ecosystem in Turkey’ report are **refugee livelihoods, women’s empowerment, renewable energy, health-tech, and financial inclusion**. It could be argued that two of them offer reachable differentiation when compared to most other countries (refugee livelihoods and women’s empowerment) and three of them offer substantial potential in the national and regional markets (renewable energy, health-tech, and financial inclusion).

“SDG Investor Map Turkey” report follows up as a more target-oriented endeavour that contains nine priority sectors (that have 27 investment opportunity areas),

- Technology & communications
- Transportation
- Renewables & alternative energy
- Education
- Healthcare
- Food & beverages
- Consumer goods
- Infrastructure
- Finance

(A3.1.2) OUR APPROACH:

EYDK must use its resources efficiently. Thus, it is not optimum to establish a sector-based action plan and working group structure. Instead, EYDK shall establish a manageable number of working groups that are thematic and that support individual sectors and sub-themes through diverse, result-oriented contribution of EYDK members and the extended ecosystem stakeholders. In many cases, it is foreseen that different working groups would cooperate to facilitate the desired outcomes.

(A3.2) Alignment and Contribution to the National Agenda

Being another major outcome of the roundtable discussions, alignment and contribution to the national agenda demands its own section as it had been identified in the roundtable discussions as a critical step towards creating relevancy for EYDK as both a national and international organization and making its impact more wide-reaching. This view came at a time when Turkey is growingly adopting an SDG-based approach in its policymaking; as observed in the 11. Development Plan, Medium Term Program (2021-2023), Economic Reforms Action Plan, Green Deal Action Plan, and in Turkey's Foreign Direct Investment (FDI) Strategy (2021-23) report.

Working for the planet has been carried from the ranks of activism and academics into that of national policymaking and organisational decisions. This transformation is also visible in the environment-related keywords highlighted in the survey (see A1.2), identification of SDG 13 (Climate Action) as a strategic SDG and a potential working group theme (next to two other highly interrelated themes, Circular Economy and the European Green Deal).

Working for socioeconomic progress is the other side of the coin. For example, as pressing national agenda topics, refugee livelihoods and women's empowerment are prioritised in 'The Impact Investing Ecosystem in Turkey' report and suggested as strategic areas and potential working group themes in the roundtable discussions.

(A3.2) OUR APPROACH:

Taking "Our Approach A3.1.2" one step further, not all national themes could feasibly have their own individual working groups either. For this initial term, EYDK could efficiently operate four working groups at the most. With Corporate Communications Working Group already under operation, and with this report has already identified the potential working groups of Impact Partnerships and Capacity Building, other major themes could be organised under the umbrella potential working group of Sustainable Development & Policymaking. It would work on supporting the impact investing ecosystem predominantly on the three major themes of European Green Deal, Refugee Livelihoods, and Women's Empowerment.

Potential EYDK Working Group Structure

With theory and practice analysed, and with the survey and roundtable discussion results in hand, the potential working group structure below could be a viable way for EYDK to create impact:

Corporate Communications

Established as the first working group for EYDK's corporate identity and communication, it will be reorganized into a visibility enabler for the larger impact ecosystem.

Capacity Building

Shall help nurture knowledge creation and adoption at all levels. Capacity building in IMM would be the key component.

Sustainable Development & Policymaking

Designed to focus on strategic global impact trends and national agenda topics (European Green Deal, women's empowerment, refugee livelihoods, etc.).

Impact Partnerships

In cooperation with other three working groups, it would facilitate and grow local and global partnerships (network & knowledge exchange).

EYDK Milestones

Turkey adopted the “2030 Agenda for Sustainable Development” and has been working with its stakeholders for serving its part in the global efforts. Turkey has also been integrating SDGs into its national development plans and sectoral strategies. Turkey is also a long-time member of WTO, GATT and the EU Customs Union in addition to numerous bilateral free trade deals. These all show the value bestowed upon global integration, growth and cooperation. Turkey’s official agenda focuses on the country’s centennial in 2023; a benchmark date that would shape the mid-to-long-term national trajectory.

NOVEMBER 2019

“The Impact Investing Ecosystem in Turkey” report, which was prepared in cooperation with the Investment Office of the Presidency and UNDP IICPSD, was published and launched at the 10th Bosphorus Summit.

DECEMBER 2019

A workshop was organised with the call of the Ministry of Foreign Affairs, and was hosted by the Development and Investment Bank of Turkey. The workshop had brought together the public and private sector representatives. The report’s findings regarding the necessity of nurturing a national impact investing ecosystem were affirmed during this workshop. The next steps that had been laid out in the workshop were:

Establishing a Turkish National Advisory Board and pushing forward with the GSG processes
Sharing the workshop outputs with an extended list of stakeholders by UNDP IICPSD
Realizing the Turkish SDG Investor Mapping Study by UNDP IICPSD in close cooperation with the stakeholders based on UNDP’s pilot scheme in Brazil.

In line with these decisions, SDG Investor Mapping Study was then completed by UNDP IICPSD.

JUNE 2020

Etkiyap also became a member of the Global Impact Investing Network (GIIN) and a partner of Social Value International (SVI) and the IMP+ACT Alliance.

The Investment Office of Presidency, Etkiyap, Development Investment Bank of Turkey, UNDP IICPSD and UNDP Turkey came together as key stakeholders in impact investment.

SEPTEMBER 2020

Etkiyap brought together the experts in impact management and measurement and hosted a panel at Social Value Matters 2020 conference.

OCTOBER 2020

A consensus among the key stakeholders of the Turkish impact investing ecosystem regarding the EYDK’s formation was reached. Etkiyap became designated as the lead facilitator for this process.

NOVEMBER 2020

The first Task Force meeting was held with members from (alphabetically) Development and Investment Bank of Turkey, Impact Investing Platform (Etkiyap), Investment Office of the Presidency, UNDP Istanbul International Center for Private Sector in Development (IICPSD) and UNDP Turkey.

DECEMBER 2020

Meetings and information sharing with GSG and other country NABs became a part of the process.

In the meanwhile, UNDP IICPSD finalised the SDG Investors Map for Turkey; having identified impactful business models and investment opportunity areas for the SDG financing.

JANUARY 2021

Task Force started preparation for forming the EYDK.

EYDK Milestones

FEBRUARY 2021

The Task Force started the process of identifying and interviewing the founding members of the EYDK that was scheduled to be formed in May 2021.

The initial term of the EYDK members was comprised to be via invitation.

The Task Force finalized the preparation of the legal charter, governance structure and the budget for the EYDK.

APRIL 2021

The Task Force meeting was held for the last time and the list of EYDK members were confirmed at the meeting.

The Task Force's duty ended with the formation of the EYDK.

JUNE 2021

Inaugural EYDK survey had been conducted as the first step towards determining the board's strategic priorities

SEPTEMBER 2021

The second EYDK board meeting took place, as well as the launch of "EYDK as a Catalyser" report that was built on previous national reports, the EYDK survey and the roundtable discussions. Through an evidence-based approach, "EYDK as a Catalyser" report identified four thematic working groups that would execute EYDK's strategic priorities.

MARCH 2021

Meetings and interviews were made with potential members of the EYDK.

MAY 2021

The EYDK was formed and preparatory meetings were held with EYDK members. The president and vice presidents were selected.

Applying to GSG was accepted unanimously.

AUGUST 2021

Based on the survey findings, EYDK organised two roundtable events on August 19th and 24th respectively with international attendance. Events provided valuable insights into EYDK's action plan and working group structure



EY
DK

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