



# Impact Ecosystem in Turkey: An Insight Report<sup>1</sup>

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## Abstract

*This insight report aims to elaborate the term 'impact' and to explore the landscape of the impact ecosystem in Turkey. The study analyzes the recent literature and the field research consisting of in-depth interviews with 14 individuals from corporations, civil society organizations, public sector institutions and social innovators. The findings suggest there is a need to have a common language around "impact" among different actors. Young population, mature entrepreneurship ecosystem, being agile in crisis, strong supporting mechanisms, network opportunities and individual change makers are the strengths of Turkey for the impact ecosystem whereas, lack of trust, the issue of brain drain, the lack of regulatory frameworks, financing the impact and impact measurement are challenging in Turkey. A cultural change, building inclusive and diverse environments, and providing unorthodox financing solutions can help the impact ecosystem to thrive.*

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In May 2018, SIX<sup>2</sup>Wayfinder Istanbul hosted more than 500 participants from 30 countries to explore how social innovations succeed, and how barriers and challenges can be overcome by sharing global learning and experiences. Three years after the SIX Wayfinder Istanbul event, imece summit invites local and international impact practitioners to explore how individuals and organizations could pioneer a transformation for a better society and planet.

In order to understand the current situation and perspectives of social innovation in Turkey, where SIX Wayfinder took place in 2018, S360 has previously conducted an [insight report](#) to document the landscape of social innovation ecosystem in Turkey. In that report, the highlighted topics were financing social innovation, regulatory frameworks that support and enable social innovation, collaboration that involves multiple sectors, which brings about new approaches and methodologies that enable social innovation across different sectors and within organizations. In addition to those topics, the insight report indicated that the main barriers and challenges that hinder social innovation ecosystem from thriving were lack of collaboration and dialogue, as well as lack of transparency, trust, and accountability between different stakeholders. In order to support the social innovation ecosystem to grow, capacity building for people across different sectors to enhance the knowledge of social innovation, an inviting environment for collaboration and dialogue, encompassing supporting mechanisms, research and common terminology to ground the ecosystem on were needed.

The SIX Wayfinder had two main takeaways: First, in order to help social innovation thrive, one must accept working in an environment where disruption and change is the “new normal”, a term that emerged way before the widespread usage with the pandemic. And second, in order to achieve transformation for a better future, a multi-sector, multicultural, and diverse environment in which actors believe that change is possible is the key.

<sup>2</sup> [Social Innovation Exchange \(SIX\)](#) is a network focusing on social innovation. It works globally with governments, businesses, academics, funders, practitioners, and leading social innovation intermediaries that support social innovation to accelerate the field of social innovation around the world. SIX Wayfinder is a global event focusing on the future of social innovation and how social innovation movement could grow in a particular region.

Two years after that discussion, the year 2020 showed that those two takeaways from SIX Wayfinder are highly relevant with today's challenges. And on March 18-19th 2021, imece summit focuses on how individuals and organizations bring systemic change for a sustainable future. The event is powered by [imece](#), hosted by [Zorlu Holding](#), in knowledge and network partnership with [ATÖLYE](#), [B Lab Europe](#), [BMW Foundation](#), [S360](#), [Social Innovation Exchange \(SIX\)](#) in session partnership with [Açık Açık](#), [Ashoka Turkey](#), [Impact Hub İstanbul](#), [İstasyonTEDU](#), [KUSIF](#), [Mikado](#), [NOW Partners](#), [UNDP Accelerator Labs](#), [SDG Impact Accelerator](#), [Türkiye Sosyal Girişimcilik Ağı](#) and curated by [De-Coder](#).

The summit aims to explore how **communities** mobilize individuals for collaboration and purpose, how **business** could transform for a system-level change, how **leadership** could provide a compass for transformation, how **organizations** from different sectors could play a role towards change, and how **finance** mechanisms help this transformation.

Parallel with imece summit's focus, this insight report elaborates the term **"impact"**, and explores the landscape of the impact ecosystem in Turkey. To do so, it analyzes the perceptions and approaches to impact that is aimed at making a transformation towards a sustainable future. Additionally, it aims to understand the main elements that help grow the impact ecosystem in Turkey while discussing the key challenges and barriers which hinder it from thriving. The report also tries to find ways to improve the ecosystem in Turkey.

The report is based on two important questions regarding **impact**:

**What are the strengths and key challenges of the impact ecosystem in Turkey?**

**What can be done to improve the ecosystem?**

It should be kept in mind that the main scope of this report is mainly based on the insights we gained through field research and does not represent the entire impact ecosystem in Turkey. However, it offers a wide perspective regarding the current situation in Turkey by reviewing recent literature in addition to the field work. The field research consisted of 12 in-depth interviews with a total of 14 individuals from corporations, civil society organizations, public sector institutions and supporting mechanisms in the ecosystem as well as individuals who are social innovators between the dates of February 17th – March 1st 2021.

Even though many actors have been creating social and environmental impact by different means throughout the years in Turkey, considering “impact” as a concept has been a new development. Taking how the word “impact” is perceived in Turkey into consideration might be the best way to start this report. Our interviewees assert that considering even the term “sustainability” has only recently entered our common vocabulary, “impact” is relatively a new concept. It has no direct meaning and is understood differently by various actors. For example, impact dominantly refers to financial impact for the private sector. Even for those who are in the “impact” business such as NGOs and social entrepreneurs, impact is output oriented which means that it can be understood as a numeric data such as the number of people reached in a project, rather than the effects of the outputs on the stakeholders. Defining impact from a social perspective may also be problematic, because one can create social impact while causing environmental damage. Also, the term impact does not have a clear time frame; for some people, impact can be an immediate effect, whereas for others it can mean having a long lasting, systemic one.

Although the term “impact” does not have a commonly accepted meaning, in this report, it refers to creating social and environmental impact regardless of the time frame. And to take a holistic approach, the term involves many areas in which impact can be created such as social innovation, social entrepreneurship, community investment programs, business models etc. However, our research has shown that there is a need to have a common language around “impact” among actors in the future, especially for impact measurement.

# What are the strengths of the impact ecosystem in Turkey?

Some of the strengths of the impact ecosystem are based on Turkey's characteristics. Turkey has a very dynamic **young population**. According to TÜİK (Turkish Statistical Institute) the young population at the age group of 15-24 constitutes 15.6% of total population in Turkey, whereas the average proportion of young population for the European Union member countries is 10.7%<sup>3</sup>. Since they were born into climate crisis, the young population have a sense of urgency and motivation to change the status quo. This young population has a big potential for entrepreneurship and because of this, in recent years Turkey's entrepreneurship ecosystem has been growing steadily. A report prepared in 2019 by the British Council and partners shows that there are approximately 9000 social enterprises in Turkey, most of which formed after 2015. Also 47% of those social enterprises have a leader aged 35 or below while this number falls

<sup>3</sup> TÜİK, 2019. "[Youth in Statistics, 2019](#)"

to 21% for traditional establishments.<sup>4</sup> In addition to the high potential in the entrepreneurship ecosystem, young generation has also a transformative impact on business both as workforce and as consumers. Since they seek employment that makes a positive impact on environment and society and make consumption decisions valuing environmental progress, human rights, and transparency, young people are seen as the embodiment of a new type of leadership focused on purpose and impact. Therefore, this population in Turkey is supported in different ways by various mechanisms such as leadership training and mentorship programs that empower them to trigger change in their own ecosystems.

As a developing country, Turkey faces multiple developmental challenges such as access to equal opportunities, unequal distribution of income and access to education. Although this can be seen as a challenging point, having more problems to solve accelerates the speed of **innovation**, and we can see many innovative ideas around social and environmental problems in Turkey. Solving these critical problems in Turkey offers the potential to solve problems seen in similar developing countries as well. This creates a big opportunity for scaling the solutions created in Turkey globally if Turkish entrepreneurs adopt a more global mindset. Additionally, it makes Turkey a very important catalyst for impact investing activities that can tap into both the MENA (Middle East and North Africa) and EECA (Emerging Europe and Central Asia) markets.<sup>5</sup>

Even though impact investing market has not developed fully in Turkey, there are some features which could help the market to grow. First, **entrepreneurship ecosystem is strong** in Turkey which is a great asset to strengthen the social entrepreneurship ecosystem in the region. Since the actors and organizations such as entrepreneurs, investors, business incubators and the supporting mechanisms are already present, there is no need to build an entirely new impact investment ecosystem from scratch. Cultivating an impact mindset to the current ecosystem could help social entrepreneurship ecosystem to grow.

<sup>4</sup> British Council, 2019. "[The State of Social Enterprise in Turkey](#)"

<sup>5</sup> UNDP IICPSD, 2019. "[The Impact Investing Ecosystem in Turkey](#)"

In addition to this aspect, there have been **growing interest in impact investing** especially from the government side. Impact Investing Ecosystem in Turkey report <sup>6</sup> reveals that currently a significant amount of funds in Turkey are used for investments that create social and environmental impact. The report also highlights several areas with the highest opportunities for investment in Turkey: Refugee livelihoods, women's empowerment, health-tech, renewable energy, and financial inclusion. One interviewee stated that impact investing could also be in line with Islamic finance principles, which is seen as a socially responsible investment method. These infrastructures show that with the right regulations and incentives, impact investing can increase rapidly in Turkey.

As a country faced with economic, social, and environmental problems on a regular basis, Turkey is also very **resilient to crises**. This allows Turkish people to live with risks in their mind and prepare for them in advance. Having lived with risks makes the country agile at emergency response and creating positive impact when faced with a new challenge. It was stated by our interviewees that because of this characteristic, Turkey was very quick to respond to problems associated with COVID-19 and help those in need. However, this aspect could make organizations very self-centered and protective of themselves. It was discussed in our interviews that to persuade organizations, especially the private sector, to create social and environmental benefit, financial benefits for the business should be addressed. Once the wins are explicitly demonstrated, the actors are quick to be on board.

Aside from these characteristics, Turkey has been affected by **global developments** around the topic of sustainability, and this has led to both bottom-up and top-down changes. Awareness on issues such as climate crisis, human rights, etc. are increasing especially with COVID-19. Even though still in small numbers, consumers are getting more conscious, and they demand to know the social and environmental impact of organizations. It was pointed out in our interviews that consumers are getting more supportive of businesses that are responsible towards their communities and their

<sup>6</sup> UNDP IICPSD, 2019. "[The Impact Investing Ecosystem in Turkey](#)"

environment. People are better at organizing and coming together for a shared purpose. More people are working towards finding solutions to social and environmental problems that we face today. One of our interviewees pointed out that number of people applying for social innovation programs have increased significantly in recent years. Universities are beginning to carry out activities in the field of social entrepreneurship; 13 out of 203 universities offer social innovation and social entrepreneurship courses while some universities have incubation centers.<sup>7</sup> However, this **bottom-up** progress must be met with top-down changes in order to transform the impact ecosystem.

Albeit slowly, some **top-down** changes have been happening. Global developments such as the Green New Deal, has been forcing organizations to reevaluate their way of doing business because Turkey is an important player in the global supply chain. New incentive mechanisms for social innovation especially financial support from the government has been increasing. Government agencies have created funds and are providing grants focused on developing social innovation and social entrepreneurship. A total of US\$12.2 million for the idea stage and US\$35.7 million for seed and series A startups were contributed by KOSGEB (Small and Medium Enterprises Development Organization of Turkey) and TUBITAK (The Scientific and Technological Research Council of Turkey) in 2018.<sup>8</sup> Government agencies have also been working on developing social cooperatives. According to TÜSEV (Third Sector Foundation of Turkey)'s report in 2018, social cooperatives are not recognized as a legal entity in Turkey but there are cooperatives that identify as social cooperatives and operate in accordance with the social cooperative model. The Ministry of Customs and Trade works with these cooperatives to provide a basis for legislations and to popularize the model.<sup>9</sup>

Moreover, actors have started to **collaborate** more on common social and environmental issues in recent years. This was a rather problematic area a few years ago but as the sense of urgency accelerated with COVID-19, it has become easier for

<sup>7</sup> British Council, 2019. ["The State of Social Enterprise in Turkey"](#)

<sup>8</sup> UNDP IICPSD, 2019. ["The Impact Investing Ecosystem in Turkey"](#)

<sup>9</sup> TÜSEV, 2018. ["Sosyal Kooperatifçilik: Yasal Mevzuat Açısından Avrupa Birliği Örnekleri ve Türkiye'deki Gelişmeler"](#)



actors to come together to create impact. Common goals, such as Sustainable Development Goals (SDGs) has had a huge role to play in this. Many actors are aware of the SDGs and having concrete, measurable targets like them makes it easier to create a community and solve problems together.

Supporting mechanism such as **network platforms** that bring different actors together for creating positive impact have also helped significantly in terms of increasing collaboration. Currently, there are platforms that bring the business world, social entrepreneurs, government initiatives, academia and NGOs together in Turkey. Even though most of these platforms have focused on a certain target group, they include other actors as well to support the ecosystem and transfer their know-how. Especially NGOs are involved for their expertise. COVID-19 has also helped to show that we all depend on each other and in order to create impact we need to work together. All these platforms are aware of this and have especially been designed to include various points of views and strengths. Another point is, with COVID-19, these platforms were able to reach new people and include actors from different backgrounds and different locations through online events with the help of technology.

Currently, many organizations and people are working towards creating social and environmental impact in Turkey. Even though there are many actors, Turkey's biggest strength in the impact ecosystem is based on self-driven, strong **individual change-makers**. These self-driven individuals collaborate with like-minded people and they are responsible for most of the platforms/mechanisms seen that creates positive impact today in Turkey. Through the efforts of these people, **best practices** are beginning to flourish. It is generally observed that, when big actors take a step towards creating positive impact, the others tend to follow. For instance, when big businesses sign a pledge to fulfill targets towards a more sustainable future, it also influences other businesses, and this is what we are observing in Turkey at this moment.

There is also an increase in the number of **local actors** being involved in the projects/programs that aim social and environmental impact. This is made possible with municipalities getting more engaged. Many of our interviewees stated that in the recent years, **municipalities** especially in big cities such as İstanbul, Ankara and İzmir have been very active in the impact ecosystem and have been partnering with social enterprises and NGOs to solve local problems and to create impact. This resulted in a more bottom-up approach to solving problems. Even if it is limited to a certain number of cities for now, other municipalities can follow the example when they see the impact that has been created.

Finally, the fact that **events** such as SIX Wayfinder, imece summit and many others have been increasing in Turkey and bringing people together to create **impact** is in itself a positive development for the ecosystem. Furthermore, **recent reports** on social entrepreneurship, impact investing, social cooperatives and social impact to understand and analyze the current situation in order to make progress along those lines show that a lot of effort is made on this subject.



The major challenge that was expressed by interviewees was the problem concerning the **inclusion of all actors in the business world**. During our interviews, it was repeatedly emphasized that although there is an increasing awareness on sustainability issues in smaller actors of business, the concept of impact is quite unfamiliar. And more notably, our interviewees asserted that large scale companies have more resources to mobilize, have stronger connections with global trends, and have an improved awareness about their positive and negative impact whereas small and medium-sized enterprises (SMEs) neither have this mindset of having long-term plans nor have the resources to have an active role in the impact ecosystem. Large-scale companies, especially those with global links are capable of accessing information and transferring know-how. However, for SMEs mobilizing resources for creating positive social and environmental impact is rather seen as "luxury" and "unnecessary" according to our interviewees.

Considering the predominant form of business and employment in Turkey, SMEs being out of the picture essentially hinders the impact ecosystem from thriving. Our interviewees reminded that SMEs account for about 70% of employment in Turkey<sup>10</sup>. Therefore, a transformation of small and medium-sized enterprises is vital to create a systemic change in the impact ecosystem in Turkey.

The problem of inclusivity also applies to involving **unusual suspects** into the ecosystem. The ecosystem right now is described as an exclusive club that is not very welcoming to outsiders. Generally, the same actors and individual change-makers can be found around impact related activities while people from different backgrounds and locations may not be included as much. For example, social entrepreneurship in Turkey are mainly located in big cities such as İstanbul, Ankara and İzmir since it is harder to find a supportive environment in smaller cities.<sup>11</sup>

As mentioned earlier in this report, collaboration between different parties is extremely important for impact ecosystem to thrive. In order to develop strong collaborations, **trust** is the core principle. However, in Turkey **lack of trust** between different actors is a significant issue that delays collaboration around certain issues. One reason for this delay is the current political atmosphere in Turkey. An interviewee asserted that since a lot of issues are politicized in Turkey, it is hard to develop trust between different parties. Related to this issue, public sector is reluctant to develop collaborations with civil society sector. Another point brought up during the interviews was that stakeholders from different sectors who work in similar areas should gather and share their experiences and recent developments more often. As an example, stakeholders of a municipality focusing on sustainable food and agriculture may not otherwise be informed of a recently developed regulation by the relevant ministry office. And lastly, the importance of multi stakeholder initiatives to tackle the complex social and environmental issues was mentioned during our interviews. In Turkey, there should be more examples of multi stakeholder collaborations where private sector, public sector, civil society organizations and academia to address development

<sup>10</sup> OECD, 2019. "[OECD SME and Entrepreneurship Outlook 2019](#)".

<sup>11</sup> British Council, 2019. "[The State of Social Enterprise in Turkey](#)"

challenges and create positive impact.

Although it was mentioned that young generation in Turkey is a great asset to create impact, **the issue of brain drain** could not be negligible. An interviewee asserted that Turkey currently suffered from a second wave of brain drain. Many skilled individuals who are sensitive regarding various political, social, and environmental challenges are migrating from the country, and they choose to work abroad, since they are feeling "they cannot breathe", "they are in survival mode", and "there is no alternative option", considering the current political atmosphere. It is important to remember that diverse human capital is one of the most significant assets of Turkey and according to TÜİK, 40.8% of people migrated from Turkey are in the age group between 20-34<sup>12</sup>. Losing the young population is a threat to the improvement of our civil society ecosystem, according to one of our interviewees.

One of the most significant topics that was emphasized in the previous insight report is the need of **a regulatory framework that enables and supports the impact ecosystem**. One problem was that the main stakeholder who would be in charge of constituting the legal basis to support the social innovation ecosystem has not been yet determined in the public sector. Second problem, which was related to the first one, was the lack of regulatory framework for enterprises which aims to provide positive impact for their employees, communities, and the environment.

Although the issue is more visible and there is a growing effort from various actors in the public sector, **a regulatory framework has not been defined yet** three years after this report. The Ministry of Customs and Trade's effort to work on the definition of social cooperatives as mentioned in the first part of this report is a positive improvement. Nevertheless, there has not been a significant development about the legal definition of social entrepreneurship in Turkey.

The need of a legal definition is substantial. However, **making definitions without**

<sup>12</sup> TÜİK, 2019. "[Uluslararası Göç İstatistikleri, 2019](#)"

**embracing flexible solutions** while emphasizing basic principles such as social impact evaluation, social and environmental norms, employee rights, and wage ratios for these entities would not solve the problem. One interviewee asserted that in Turkey legal entities are much like “straitjackets” making practices rigid, complex, and complicated for institutions. Although the benefits of a legal entity for social enterprises would be multifold for them in terms of financial incentives, it could also complicate the process of doing business.

**Financing impact** is a central topic that is discussed by our key stakeholders. Access to finance is perceived as the biggest challenge for social enterprises in Turkey,<sup>13</sup> since there is a **lack of functioning market** that supports impact investment. It was discussed in our interviews that the biggest problem in Turkey regarding the issue is not lack of capital for impact investment but the absence of strategic priorities as well as innovative instruments to fund social enterprises. It is not easy to direct the current flow of capital into impact enterprises since generally investors in Turkey have a short-sighted approach to investing. Therefore, they demand to see immediate returns. Impact investments have the potential to create better returns compared to traditional market averages but investors in Turkey do not prefer them, because such investments require patience. In this respect, in order to unlock the potential to create resources for impact investing increasing awareness and developing a standardized framework are necessary. Additionally, building capacity and know-how for designing and managing impact investment is crucial for investors and impact-oriented organizations.<sup>14</sup>

**Understanding and measuring impact** was one of the most mentioned topics during **our interviews. Measuring impact is essential** for impact ecosystem to thrive. Experts suggest that social impact measurement is a very vague concept for almost all actors. It is also an emerging yet rapidly evolving practice at international level; however, it is widely abstract in Turkey. One interviewee argued that a common mistake was to assume that social impact measurement was identical with tracking

<sup>13-14</sup> UNDP IICPSD, 2019. [“The Impact Investing Ecosystem in Turkey”](#)

key performance or satisfaction metrics. A study conducted by KUSİF (Koç University Social Impact Forum) in 2014 showed that only 28% of NGOs measure their social impact. When the same question was asked to social entrepreneurs in 2019, 57% stated they measured their social or environmental impact among 241 enterprises.<sup>15</sup>



<sup>15</sup> British Council, 2019. ["The State of Social Enterprise in Turkey"](#)



# What can be done to improve the ecosystem?

Since 2018, when the SIX Wayfinder event took place, there have been several improvements such as greater collaboration, bottom-up and top-down support, local actors getting involved and increased best-practices. Most importantly, with COVID-19, we have accepted disruption and living in a constantly changing environment as normal, which was essential for social innovation to thrive. However, problems which were present then, such as access to finance, lack of regulatory framework and the issue of trust, are still problematic areas today. We can offer several suggestions based on our field work to improve the impact ecosystem.

First, **a mindset shift** is needed to create long-term and systemic impact. One of our interviewees stated that alleviating the pain caused by a problem instead of a systemic approach to remove the cause is the more common approach in Turkey. To shift the mindset, all the actors in the ecosystem should embrace a long-term strategy prioritizing creating positive impact.



**Analyzing challenges from a wider perspective** is needed in contrast to the more focused approach Turkey has adopted. Specific areas such as waste, education and gender equality are selected for creating positive impact but most of these problems are related to each other. Therefore, a more cross-sectional approach is required. A similar situation arises when it comes to SDGs. Generally, actors concentrate on a few targets or sometimes just a single one; however, it is important to look at all the targets together and see how they all affect each other in order to create a systemic impact.

**Science-based innovation** could be a key to foster the impact ecosystem in Turkey. There is a lack of scientific entrepreneurship ecosystem where applying fundamental sciences into innovative products and services is effective. Collaboration of academia with private and public sector is very important in this regard. Research capabilities are great assets to create bigger impact.

To improve the impact ecosystem, the system should be more **inclusive**. In order to increase inclusivity, a more welcoming and inclusive language that allows dialogue between different people should be adopted. Especially for the network platforms that bring different actors together, platforms need to be designed so that unusual suspects can also join and bring their views to the subject at hand. For instance, some programs that are aimed at creating impact are designed so that only people between certain ages can apply. On top of that, women can be unequally affected by these age limits because they may enter the world of social entrepreneurship at a later age. If the system becomes truly inclusive, we can hear different voices and the system will be stronger.

Inclusivity is an important matter also for **supporting diverse actors in the ecosystem**. If only the best practices are supported, actors that want to improve themselves cannot move forward in the process. According to one of our interviewees, platforms supporting social entrepreneurs could alter their evaluation methods so that

enterprises that are promising but have not achieved perfect practices in terms of creating positive social and environmental impact could be supported as well. Embracing an inclusive approach to empower different actors, allowed those enterprises to learn from the best practices and transform themselves for the better.

When looking at it from the business perspective, **SMEs need the support of big companies** so that they can transform their businesses for the better. Big companies usually have access to global networks hence have better know-how and resources. In that respect, supply chains could be the key. Large companies could have an impact on SMEs through their supply chain, by sharing knowledge and experience and increasing their awareness on impact. It should be remembered that systemic change will not happen unless every actor is involved.

It is also important to create **self-sufficient systems**. Currently, the impact ecosystem is based on a few self-motivated leaders as opposed to organizations. To create lasting impact, systems need to survive on their own through strong organizations independent from individual efforts. Persistently **sharing good examples and transferring know-how** is very important in this regard. Communities need to be designed in a way that fosters long-term relationships and learning from each other. And in order to scale good examples, systems should be designed in a way that can be replicated elsewhere. Since one size does not fit all, a solution that works for somewhere may not work for another. However, allowing for local adaptation while keeping the essential structures can lead to change spreading across. The same applies to good leaders in organizations. When a purpose driven leader is trying to transform an organization, stories of these leaders should be shared throughout the ecosystem. **Storytelling** can be an important tool to put these stories into the spotlight.

To make the systems self-sufficient they should also be **financially stable**. Creating finance for impact is a critical aspect of the impact ecosystem. According to our previous insight report, among the conventional business lines, millions of dollars are being spent on various corporate social responsibility projects, whereas very few of the projects are using innovative methods, alternative business cases and approaches let alone realizing their social impact. For reaching the needed finance, private sector **can buy goods and services from social enterprises**. Considering the social and environmental impact of private sectors' purchasing decisions, buying social could leverage impact ecosystem by helping social enterprises in Turkey.

More support is needed from the top-down to meet the progress from the bottom-up. First, we need more **impact focused leaders**. Government agencies can work closely with other actors to solve problems and see this as an opportunity for themselves. To do this, social entrepreneurship ecosystem should be prioritized with national policies. With their talent and unique way of looking at problems, social enterprises can solve problems at a much lower cost than the government. Therefore, social entrepreneurs in Turkey should have better access to development agencies and grant based funds. Additionally, the examples of municipalities which are very active in the impact ecosystem and partnering with social enterprises and NGOs to solve local problems should also spread throughout Turkey.

**A strong impact investment** market is crucial to improve the ecosystem and it starts with raising awareness and know-how about impact investment. Investors in Turkey generally have myopic behavior; they mostly care about immediate returns without considering the long-term effect of their investments. Impact investment ecosystem needs **"patient" investors** with longer time horizons for return on investment. Additionally, investors should include another lens in their perspectives in addition to risks and returns, which is impact. They need to ask themselves what kind of impact their investment will create.

Aside from raising awareness and building capacity and know-how for designing and managing impact investment, **creating a legal identity** for transactions falling under impact investing and **providing financial incentives** are necessary.<sup>16</sup> One interviewee asserted that, to direct capital market to invest in social enterprises, incentives such as establishing impact focused venture capital investment funds are needed. Also, different ways of encouragement from the government like exempting from stoppage tax or introducing tax incentives can be effective. Currently no legal entity is defined for social enterprises or organizations that create impact. However, incentive mechanisms can be designed for organizations that are working towards a more sustainable future. For example, offering certain benefits for organizations with certifications such as Benefit Corporations could be an important first step in this regard. One interviewee highlighted that the role of B Corps is essential to create an impact in business. These organizations build credibility and trust by sharing their values and commitment to consider their impact on people and the planet.

**Impact measurement** is another significant aspect to improve the ecosystem and to adopt a common language. To measure impact, stakeholders and beneficiaries need to be included more into the process and the impact created should be listened from their perspective. This way, a more bottom-up approach to problems can be embraced as well. If institutions that offer grants require reports regarding impact measurement<sup>17</sup>, then we can expect to see them much more commonly in the future. Also, actors need to be educated on impact measurement. From the business perspective, measuring impact with solid metrics is very significant to attract investment. In order to help impact ecosystem to thrive, mainstreaming impact measurement tools and approaches are vital.

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<sup>16</sup> UNDP IICPSD, 2019. "[The Impact Investing Ecosystem in Turkey](#)"

<sup>17</sup> KUSİF, 2015. "[Sosyal Etki Ölçümlemesi: KUSİF 4 Adım Yaklaşımı](#)"



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