

Demystifying **Urban Healing and Advancement:** Instruments and Strategies

September 2023

Contents

Page 1	About the Project
Page 2	Highlights
Page 3	Türkiye's Urban Challenges
Page 4	Catalytic Capital
Page 5	GSS Sukuk Issuances
Page 6	Equity Investments
Page 7	Real Estate Investment Funds (REIFs)
Page 8	Place-Based Impact Wholesaler
Page 9	Knowledge Repository



* Photos: Britannica, Brookings Institute, TARKEM, Trakya Development Agency

We express our sincere gratitude for the support provided by the MacArthur Foundation, the Omidyar Network, and the Rockefeller Foundation, as part of their contributions to the Catalytic Capital Consortium Grantmaking, an initiative managed by the New Venture Fund.

About the Project:

Started as a partnership between [The Global Steering Group for Impact Investment \(GSG\)](#) and the [Impact Investing Advisory Board, Türkiye \(EYDK\)](#) following the GSG Leadership Meeting 2022 in Turin, Italy, the project had quickly evolved into the ambitious **“Urban Healing and Advancement Framework”**. Based on evidence, **urban resilience** was already chosen as one of EYDK’s thematic areas back in 2021, alongside women’s empowerment, refugee livelihoods, European Green Deal, and merging faith-based finance with impact investing. GSG’s global call-to-action document, [“Informal Settlements: No Longer Invisible”](#), is a key starting point, which then culminated in the GSG-EYDK sub-grant agreement (within the context of GSG’s larger cooperation with the [Catalytic Capital Consortium](#)).

The project’s first output was [“The Potential of Urban Healing and Advancement in Türkiye: Through the Lens of Impact Investing”](#) report. 75 key representatives attended the **hybrid launch event** on January 31st, 2023. Local partners of the report were [Ankara University, Applied Sciences Faculty](#), [Arz Asset Management](#), [Trakya Development Agency](#), and [TSKB Real Estate Appraisal](#), with [urbanOvation](#) acting as the international workshop partner. This new framework is built on inclusive, tech-driven stakeholder engagement, multi-level urban planning, community building, innovative and sustainable capital allocation and commercial value generation perspectives.

After the launch event, 11 provinces of the country were devastated by a series of earthquakes on February 6th, 2023. This period of grief and helping each other had once again shown the importance of urban resilience for the country going forward. Place-based impact investing can provide solutions for engrained urban challenges, not only in terms of sustainable governance, strategy development and implementation, or impact measurement and management, but also by providing platforms and financial instruments.

Thus, EYDK organised a follow-up hybrid event titled **“Resilient Cities of the Future Workshop”**, which was hosted by the [Habitat Association](#) in strategic partnership with [Harvard Business Review Türkiye](#) on March 23rd, 2023. In panels focusing on “positive social and environmental project value generation”, “financing the impact”, and “creating impact on the ground”, experts from 15 leading institutions exchanged ideas with an audience around 100 stakeholders. Workshop proceedings were issued as a separate report, titled [“Resilient Cities of the Future Workshop: Findings”](#). Here, an overview of the highlighted ideas and approaches, quotations from the experts, inspiring case studies mentioned during the event, and lessons learned for future field work were conveyed in an action-oriented manner.

EYDK’s project was also presented in the **“Impact Investments in the Aftermath of the Earthquake in Türkiye”** event organised at the [Oxford University, St Edmund Hall](#) on April 25th, 2023. The event welcomed a diverse group of international stakeholders (e.g., potential solution partners and financial intermediaries), to explore the capacity and potential of impact investing towards reconstructing Türkiye resiliently. The project was also featured in the **“Impact Investing for Displaced Communities in Türkiye After the Earthquakes”** event organised by the [Refugee Investment Network](#) (May 17th, 2023).

“Demystifying Urban Healing and Advancement: Instruments and Strategies” is the final deliverable in this ambitious project, envisioned as a cornerstone document to mobilise place-based impact capital in Türkiye. Based on the consultations with the representatives of international, public, and private institutions and rigorous literature review, it focuses on the suitable, high-impact approaches and the readily-available financial vehicles in the country.

Impact Investing Advisory Board, Türkiye (EYDK) facilitates the development of a national impact investing ecosystem with its 45 leading institutional members from public, private, and third sectors. EYDK supports Türkiye’s path towards becoming a regional market entry point for impact investing. Focused on awareness raising, capacity building, networking, and policy advocacy, EYDK is a member of the global GSG community

The Global Steering Group for Impact Investment (GSG) brings together influential stakeholders to shift economies to deliver positive outcomes for all people and the planet. For this, the GSG innovates, agitates, advocates, and orchestrates an effective and diverse global impact movement in close partnership with the National Advisory Boards (NABs). NABs currently cover 36 countries

Highlights:

Message 1:

Traditional, one-dimensional solutions are no longer enough on their own

Current market conditions and practices render most real estate developers unable to invest in social and affordable housing, or in most of the impact-driven urban projects. Generally, the proposed solutions tend to be traditional and one-dimensional (e.g., land allocation, support from the central budget, loan subsidies). Innovative, sustainable, and inclusive projects and financial approaches can provide an answer. Here, place-based impact investing in general and 'Urban Healing and Advancement' as a framework provide an essential perspective.

Message 2:

Catalytic capital is key for meaningful, equitable change

It fills in when and where conventional capital cannot. Thus, it catalyses equitable progress, both in debt and equity markets, as well as through guarantees and direct involvement in market building activities. A central theme is the flexible and innovative perspectives provided by catalytic capital. It encompasses upsides such as: longer project and/or financing periods, no full reliance on financial returns (affordability focus or no return expectations at all), prominent social and environmental impact angle, practical and manageable attitude towards risk, suitable for blended finance, and a strategic priority to nurture innovation and new intermediaries in geographies and cases that are most in need.

Message 3:

Türkiye can leverage its geopolitics to become a leading GSS Sukuk issuer

Green, social, and sustainable Sukuk certificate issuances can be a crucial field for Türkiye, which is a G20 nation that is strongly tied to the relevant organisations such as D-8 and OIC. This geopolitical upper hand supports the country in its journey towards becoming a regional impact investing hub that connects the Global North and South. Urban investments (both social, environmental, and tech-driven) are suitable for the Sukuk market. This correlation is also supported both by the Finance Office of the Presidency's and the Capital Markets Board's recent policy actions and commitments.

Message 4:

Place-based impact wholesaler with a two-fund strategy is a game-changer

Türkiye's first impact wholesaler is already operational. The value of a similar intervention in the place-based impact scene will also be immense. Such a wholesaler can simultaneously focus on venture capital and real estate investment funds in line with its impact thesis (i.e., target geographies, themes, and final beneficiaries), leading to a 'two-fund' strategy. This shall enable more depth and diversity. Such a wholesaler can also directly invest in and/or support the likes of social/development impact bonds, microfinance, and social enterprises.

Türkiye's Urban Challenges:

Market Realities and Imminent Risks

Capital flows: the uneven focus on traditional approaches caters the solutions centring around land allocation, support from the central budget, and loan subsidies. The focus can shift to impact-oriented debt and equity instruments and catalytic capital for more depth and variety

Affordable housing, supply and demand mismatch: with high development costs (materials, plot, finance, workforce), more weight has been put into upscale projects for financial returns. This leads to a serious affordability issue, both for home ownership and rental properties

Health and wellbeing premise of the Turkish cities: challenges regarding both infrastructure and superstructure, such as recreational areas, pollution, accessibility, indoor quality, form and function, social services and amenities, are still serious in almost all major urban hubs

Climate Crisis and natural hazards: as a country prone to earthquakes, Türkiye is also facing the likes of heatwaves, droughts, and floods in an increasing and unpredictable manner due to the Climate Crisis. Long-term planning and unhesitating implementation are both necessary

Capacity, Awareness, and Cooperation

Urban resilience know-how: more incentives and activities for awareness raising and capacity building are needed, both at community, expert, and institutional levels. Such a focus is visible at disaster relief approaches, but urban resilience can generate positive impact on a larger scale

Stakeholder cooperation and communities: many stakeholders are working in silos, an issue magnified due to information asymmetries. Leading to the inadequate utilisation of urban value, communities are also unable to involve actively and collectively in an institutional manner

Technical and Ethical Challenges

Planning efficiency and consistency: issues in planning (e.g. plan hierarchy and logical flow, sustainability, and longevity), both on paper and on the ground, require a fresh perspective in Türkiye. Current challenges are magnified by a lack of stakeholder cooperation

Compliance to the zoning and building codes: improved audit and supervision are necessary, which is visible in the collapse of much newer buildings in the recent earthquakes. Constituting a different level of informality, positive progress will also require more awareness and capacity

Catalytic Capital:

Overview

Impact investing is mobilising private capital to achieve the Sustainable Development Goals (SDGs). Annual SDG funding gap is now \$4 trillion per annum for developing countries alone.^[a] Closing this gap requires blending different pools of capital, each with specific regulatory, thematic, financial, and structural mandates tied to their investment strategies. Catalytic capital comes into the picture as an enabling element in this respect. Be it in the form of debt, equity, or guarantees, it has many useful traits over conventional capital:

- **Term:** mostly labelled as 'patient', catalytic capital is known for its prowess in longer investment periods, which is key in balancing risk, return, and impact. This breaks the vicious circle of a dual lack of capital and development that affects most place-based interventions around the world.
- **Tolerance:** easing the risk management aspect empowers projects that are smaller in scale and located in places that desperately need catalytic capital. This is essential for scaling out-of-the-box interventions and for nurturing a new spectrum of project leaders and fund managers.
- **Returns:** concessionality is one of catalytic capital's defining traits. It can take the shape of a grant (100% concessional) or below-market returns. When blended with conventional capital to create a much larger pool, catalytic capital can enable the funding of (more) projects that may not be funded otherwise.
- **Innovation and Evidence:** focusing on positive impact, catalytic capital tends to behave more flexibly in its investment decisions. This leads to business innovation coming from the less fortunate geographies, that can then be scaled based on the initial evidence generated.

Initiatives

Catalytic Capital Consortium (C3)

Committing over \$100 millions for 'a more just, inclusive, and resilient world', C3 is realised by the **MacArthur Foundation**, **The Rockefeller Foundation**, and **Omidyar Network**. In this growing field, the capital is put into use through both equity investments to impact-oriented funds and initiatives, loans to social enterprises, and grants to 'fuel learning and market development', with C3 also prioritising impact measurement and management (IMM).

SDG Outcomes Fund

It is a \$100-million blended finance initiative led by the **UBS Optimus Foundation** and the **Bridges Outcomes Partnerships**. With the reach of its anchor investors, **British International Investment (BII)** and **The U.S. International Development Finance Corporation (DFC)**, the fund has also attracted commitments from private investors (e.g., Legatum and Tsao Family Office). A line of impact projects are already backed in Ghana, Nigeria, and Sierra Leone.

Case Study: Empowering Social Enterprises

Wecyclers (Nigeria)

One of the initial projects backed by the SDG Outcomes Fund, Wecyclers is a for-profit social enterprise that has developed a 'rewards-for-recycling platform', bridging the gap between waste generation and recycling. Its name comes from the cheap local cargo bikes used for this purpose. Subscribers earn points per the recycled waste, exchangeable with essentials like food and household items. Wecyclers plans to reach 33.000 tons of plastic waste and over 700 jobs within five years.

*Why important for Türkiye? reduce, reuse, recycle approach and circular economy transition are no longer discardable in the age of Climate Crisis and in the face of Türkiye's multifaceted urban challenges. UNDP's 'SDG Investor Map Türkiye'^[b] proposes recycling and recovery facilities for solid waste, waste collection and/or sorting facilities, wastewater treatment technologies and facilities among Türkiye's 27 SDG-aligned investment opportunity areas. According to the report, local authorities cannot cope with the growing waste issue and unsustainably allocate a sizeable portion of their revenues to waste management subsidies. **Zero Waste**,^[c] both as a set of regulations and as an awareness raising platform, can be highly supportive in this field. The problem is solvable, and catalytic capital can also play its enabling part here –through supporting social enterprises or capacity building schemes and by investing in infrastructure. Fitting to catalytic capital, economic viability is visible on the horizon, but patience and innovation are needed to reap the fruits of the resulting social, environmental, and economic progress.*

An Overview of Vehicles and Approaches

Green, Social, and Sustainable (GSS) Sukuk issuances at the debt market side and equity investments in the shape of venture capital (VC), private equity (PE), and real estate investment funds (REIFs) are highlighted as the most suitable vehicles for Türkiye. The role of catalytic capital shall be immense to sustain an impact-first perspective and to collectively take the urgent actions needed in the Turkish urban context. This role can be manifested through a place-based impact wholesaler. Next pages have further details.

GSS Sukuk Issuances

- **Why?** As a geopolitical, commercial, and social bridge between the Global North and South with a potential to become a regional impact hub, Türkiye can harbour faith-based finance more naturally and interconnectedly than most other candidates.
- **Where?** In social and affordable housing projects, as well as for the expansion and resilience of the infrastructure, health, and education investments.
- **Who?** Through public-private partnerships, with anchoring and/or guarantees (e.g., by the government, IFIs, DFIs, or through the likes of EFSD+)
- **Catalyse?** To have +10-year issuances with favourable financial terms, catalytic capital can act as a central element that will also ensure further conventional investor interest

Venture Capital (VC) and Private Equity (PE)

- **Why?** Equity is indispensable for emerging markets. Even more so for the SDGs that require innovative solutions that cannot be sufficiently funded through debt alone, confirming the importance of channelling of impact capital by the VCs and PEs.
- **Where?** To early- and late-stage impact enterprises in the fields like PropTech, FinTech, circular economy, renewables, micro- and electric-mobility, education, disaster response
- **Who?** Through the intermediation of asset management and private equity firms that operate funds with a diverse investor base and a high-potential investment portfolio
- **Catalyse?** With catalytic capital becoming LPs in such funds with an impact-first principle, more ambitious solutions by a diverse set of providers can be tested and scaled

Real Estate Investment Funds (REIFs)

- **Why?** With sizeable incentives, REIF market is already quite mature in Türkiye. The vehicle is suitable for faith-based finance, as well as for the securitisation of a traditionally immobile asset class. As a solid way of raising capital for real estate investments, REIFs are prominent
- **Where?** In social and affordable housing projects, for the revitalisation of neighbourhoods, and for investing in green buildings that support the circular economy transition
- **Who?** Through REIFs licensed by the Capital Markets Board of Türkiye. REIFs that can outline and realise solid impact theses shall be a strong addition
- **Catalyse?** With catalytic capital becoming LPs in REIFs with an impact-first principle, projects that will otherwise be dropped for financial potential can be acquired and revitalised

Place-Based Impact Wholesaler

- **Why?** A potential key enabler with its (1) impact capital supply through direct and indirect investments, interventions, and partnerships, (2) room for innovation, (3) use of impact measurement and management, and (4) catalysing role for other investors and partners
- **Where?** All fields suitable for the abovementioned vehicles. Also through market building activities and by directly investing in and/or supporting thematic interventions and platforms
- **Who?** The likes of government, foundations, national and international platforms indirectly through VCs, PEs, REIFs, and GSS Sukuk issuers and directly through the partners on the ground (e.g., microfinance initiatives, social enterprises, social/development impact bonds)
- **Catalyse?** Impact capital supply and market building activities in a multitude of innovative ways through diverse intermediaries and direct partners shall not only solve some urgent urban challenges, but also nurture the local impact economy

GSS Sukuk Issuances:

Sukuk: Green, Social, Sustainable

Sukuk is a burgeoning alternative to interest-bearing bonds and it has the capacity to attract investors from beyond the religious requisites. In its base form, it is a fixed-term certificate that enables its issuer to invest in tangible assets (through asset-based or asset-backed scenarios). This provides Sukuk investors partial ownership and/or beneficiary status in these tangible assets through a tradeable capital market instrument and enjoy financial returns (with either fixed or variable rates).

As it is case in the conventional bond market, a Sukuk certificate can also be a green, social, or sustainable debt instrument, enabling a responsible, specific use of proceeds mandate that shall be validated by second party opinion. The Sukuk market is also experiencing with 'transition' and 'sustainability-linked' issuances, with the latter's key performance indicators have been so far tied only to 'structural characteristics' (i.e., non-financial elements) loosely mentioned in ICMA's Sustainability-Linked Bond Principles. [\[see the principles\]](#)

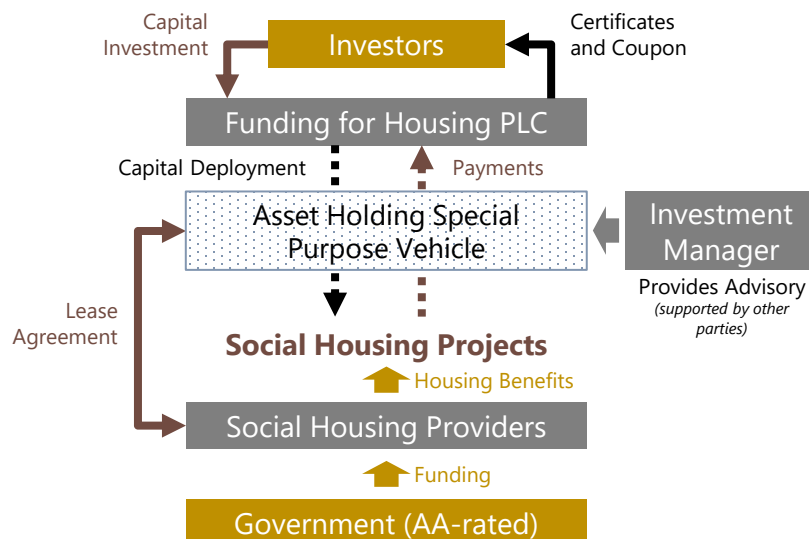
As Islamic-aligned capital surpassing \$4.36 trillion, with sovereign wealth funds amassing 73% and socially responsible funds reaching \$140.5 billion [\[a\]](#), this can be a strategic field for Türkiye, a G20 nation that has a geopolitical upper hand and a set of diversified socioeconomic partnerships (e.g., D-8 and OIC). Accordingly identified as an 'action item' in the Finance Office of the Presidency's 'Participation Finance Strategy Document (2022-25)' [\[b\]](#), issuance of Sukuk certificates based on impact investing by the public sector in areas such as 'climate change, health, and education' acts as an enabling commitment. Guidelines issued by the Capital Markets Board of Türkiye (SPK) [\[c\]](#) on green and sustainable debt instruments and lease certificates, based on ICMA principles, are also an important cornerstone in this respect.

The Role of Real Estate

In 2020, the value of all real estate in the world was \$326.5 trillion, almost quadrupling the global GDP. [\[d\]](#) Most social and economic activities manifest themselves in and around real estate, through public spaces and residential, commercial, and agricultural properties. Real estate is also a prime asset class for faith-based finance (both for debt instruments and equity investments): it is tangible, has predictable income generation patterns, possesses market-based appreciation potential, and its financing can be structured without the obligations deemed uncertain and/or unfair (e.g., derivatives and interest).

Inspiring Examples

Indonesia issued the world's first green sovereign Sukuk in 2018, with the proceeds being directed to areas such as energy, transportation, waste management, and climate resilience. [\[e\]](#) [\[f\]](#) These are indispensable for urban networks and their sustainable development, as 75% of the energy-related CO2 emissions are caused by the world's cities. [\[g\]](#) The social side is also gaining momentum. For example, Funding For Housing PLC has just secured the equivalent of \$95 million to realise social housing projects in the UK through a build to rent model compliant with ICMA Social Bond Principles, having an implied AA-rating due to central government funding in the shape of long-term, inflation-linked rental incomes. [\[h\]](#) This is the initial stage in an ambitious scheme for issuing 20-year, 3% + CPI profit share, GBP- and USD-denominated Sukuk certificates. [\[i\]](#)



Equity Investments:

Market Outlook

In 2022, on the shoulders of the fast delivery, gaming, and FinTech startups, the Turkish venture capital (VC) ecosystem recorded almost \$1.6 billion in 300 deals across seed, early, and late stages, making Istanbul the 6th most active among European cities.^[a] Even though private equity (PE) side was rather silent in 2022 with around \$383 million in 14 deals,^[b] the recent news such as DHL's high-profile acquisition of MNG Kargo, a portfolio firm of Turkven, shows that there is a case for long-term investments in larger ticket sizes.

Base for Impact

Türkiye's first early-stage impact fund Founder One, the first impact wholesaler by the Ankara Development Agency, and idacapital's new Accelerator Fund had all been announced in 2022. At the PE side, Turkven is a signatory to the Operating Principles for Impact Management, while Mediterra being a signatory to the Principles of Responsible Investment (PRI), with most other PEs at least committing to a general strategy of responsible investing. This resonates with the latest global trends, where even the large limited partners (LPs) get more and more committed to impact, both because of a wider range of available products thanks to proactive general partners (GPs) and due to the long-term trends supporting market rate return potential.^[c]

Why Equity?

According to a World Bank policy research paper^[d] analysing the historical performance of the IFC's equity investments across emerging markets, (1) each 1% increase in cumulative annualised GDP growth leads to an additional 6.62% return on investment, (2) more populous markets tend to produce higher returns, but (3) relaxed capital controls and an advanced banking systems lower the return on investment. On a positive note, IFC's long-term investments in emerging markets outperformed the S&P 500 index by 15%. As a paramount emerging market that can highlight its global connections and the size and depth of its market against potentially higher returns in much less integrated, up-and-coming markets, there is still an effective narrative for Türkiye to attract more equity investments.

Connection to Urban Healing and Advancement

One of the core elements of Urban Healing and Advancement is its wider, more diversified perspective that looks beyond conventional real estate and infrastructure investments. It encompasses all stakeholders that can help achieve a more sustainable future. For example, startups, from Proptech and FinTech to food security and education fields, and social enterprises can also make a change within the urban context.

A New Era in Food Security with ForFarming Receiving \$150.000 Investment from Founder One (May 2023)

High population growth combined with diminishing resources and arable areas make 'smart applications of vertical and greenhouse farming' a viable option for a sustainable future. In four years, ForFarming has managed to save 64.000 tons of water and prevented the use of 600.000 litres of fertilizers, while expanding its business to over 140 farms across 15 countries

Kale Group Supports Social Entrepreneurs to Help the Communities Affected by the Earthquakes (June 2023)

In solidarity with the communities affected by the earthquakes that claimed over 50.000 lives in Türkiye, Ibrahim Bodur Social Entrepreneurship Program partnered with social entrepreneurs (capital contributions of \$6.000-\$13.000 each) for developing interventions to support the local youth and children and to recover the socioeconomic life in the affected region

Incentives

Mandating pension funds to invest at least 1% of their portfolio into VC funds has been a crucial element in the recent growth of the Turkish startup ecosystem. Starting in 2022, this was supported by mandating companies that enjoy R&D, innovation, and design spending exceptions (of over TRY 1 million per annum) to direct 2% of such exceptions to VC funds, VC investment trusts, or startups in incubation centres. Thus, advocating for a similar incentive regarding the allocations based on place-based impact investing shall be an important next step. Venture capital and real estate investment funds can be utilised together with a holistic, integrated place-based strategy. It should be noted that such funds already have rather sizeable tax incentives (in most cases being tax-free or having a low withholding tax).

Real Estate Investment Funds (REIFs):

Overview

Entrusted with the same tax incentives available for the VC funds, REIFs are important capital market vehicles to invest in existing real estate (in addition to the under-development projects that have the public sector as a partner). As of Q1 2023, 128 REIFs accumulated a portfolio value of almost \$2 billion in Türkiye.^[a] Qualified investors can acquire REIF shares to benefit from: rental or sales income and appreciation in the portfolio value. In this respect, REIFs are also highly suitable for faith-based finance, as well as for the securitisation of a traditionally immobile asset class.

Base for Impact

Humanity needs all types of public spaces and buildings for shelter, wellbeing, commerce, and socialising. Thus, a place-based impact investing strategy without a proper real estate perspective shall not be complete. Accordingly, structuring a two-fund strategy (a VC fund working in tandem with a REIF) can create enhanced impact. Additionally, both the exception for investing in under-development public sector projects and the incentive to seek for asset value increase (attainable through sustainable renovation and repurposing of the assets) make REIFs a viable option to reach the tipping point of impact, risk, and return. Achieving impact is possible in all levels, from a single household to entire neighbourhoods. Some key fields of interest:

Providing Civilised
Social and Affordable
Housing Supply

Social, Economic, and
Spatial Revitalisation of
Neighbourhoods

Transition to
Green Buildings and
Circular Economy

Example: Resonance Homelessness Property Funds^[b] (The UK)

Build to rent is still uncharted territory in Türkiye, while in the UK, actors such as Resonance utilise its advantages. It does not only create a monthly, predictable cash flow, but also enables the potential beneficiaries of social and affordable housing to get on board much easier (since it removes the need for downpayments and mortgages). While for social housing, incentives such as government benefits are inevitably needed, this is not the case for affordable housing (where market rate returns are more probable). Mixing different income groups and needs within the same fund structure and/or urban project can also create a strong impact case, while mitigating risks and securing financial returns.

Homelessness Issue in the UK

- 1 million people on the social housing waiting list
- 96.000 households in unaffordable temporary housing
- Over 11.000 people 'sleeping rough' in London alone

Fund Overview and Progress

- In a decade, raised \$310 million equivalent in 5 funds
- 935 properties, 100% tenancy sustainment
- 1.885 people are currently housed (48% children)
- 32 investors, 11 housing partners
- Rental income relying on housing benefits
- 17.2% reduction in unemployment among tenants
- One of the newer funds, NHPF2, has a solo target of raising approx. \$380 million to house 16.000 people

Example: Re-Pie Izmir Historical Kemeraltı Neighbourhood REIF (Türkiye)

Izmir is the 3rd largest Turkish city with immense historical, cultural, natural, and commercial value. Kemeraltı neighbourhood is one of its traditional hotspots with 15.000 establishments (predominantly SMEs). TARKEM, a company that is a unique blend of private investors, business associations, civil society, and the public authorities, is working on revitalising Kemeraltı for over a decade. Yet, the momentum has been achieved only after TARKEM's partnership with Re-Pie (the largest REIF asset management firm in Türkiye as per its portfolio value) to establish the impact-oriented REIF in 2023. Sustainability approach, spatial revitalisation, and repurposing the properties that went into disrepair are among the REIFs core elements. The investment threshold is also rather low at \$1.850 per share, encouraging final beneficiaries to become the shareholders of change. One of the motivations behind the REIF is to secure a permanent spot for Kemeraltı in the UNESCO World Heritage List. Commercial properties offer more flexibility, a potential to have a higher cumulated long-term income, and a more opportunistic property value appreciation.

Place-Based Impact Wholesaler:

Definition of Impact Wholesaler via the GSG Working Group Report^[a]

Invests indirectly (e.g. through funds) and directly (e.g. in social enterprises) for impact

Catalyses capital from other investors (such as foundations and other private investors)

Measures, manages, and reports impact and financial data at all levels

Develops the market (i.e., capacity building, policy advocacy, promoting new intermediaries)

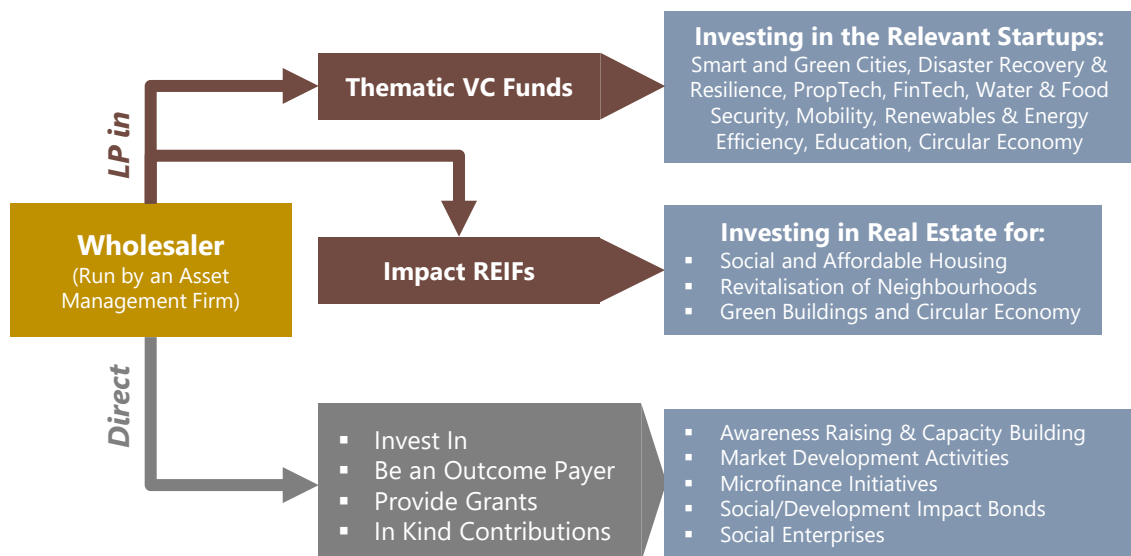
Türkiye's First Impact Wholesaler: Ankara Development Agency

The \$10-million impact wholesaler^[b] is a pilot for the things to come. In tandem with other incentives and enabling regulations in the venture capital scene, this initiative has attracted much interest, even though its maximum commitment per impact fund shall be limited to approx. \$1.1 million (at most 25% of the applicant fund's volume, which leads to a quadrupled total financial contribution to the ecosystem). Coordinated by the General Directorate of Development Agencies (Ministry of Industry and Technology), the agency's diverse board of directors is also igniting interest, as it contains the Mayor and the Governor of Ankara, presidents of the chambers of commerce and industry, the president of MUSIAD business association's Ankara branch, the chairperson of OSTIM, a large industrial zone, and the general manager of ODTÜ Teknokent, a key technology development zone. Exclusively targeting Ankara and the earthquake zone, the wholesaler is already place-based in a general sense.

The first wholesaler does not have a return-on-investment target and is only asking for an exit in 10 years (5 years for investing, 5 years for exit), with most of the application guideline being focused on the impact propositions. On top of its region-specific approach, the wholesaler is (1) positioning itself as catalytic capital and (2) a useful early case of blended finance in the equity investments scene.

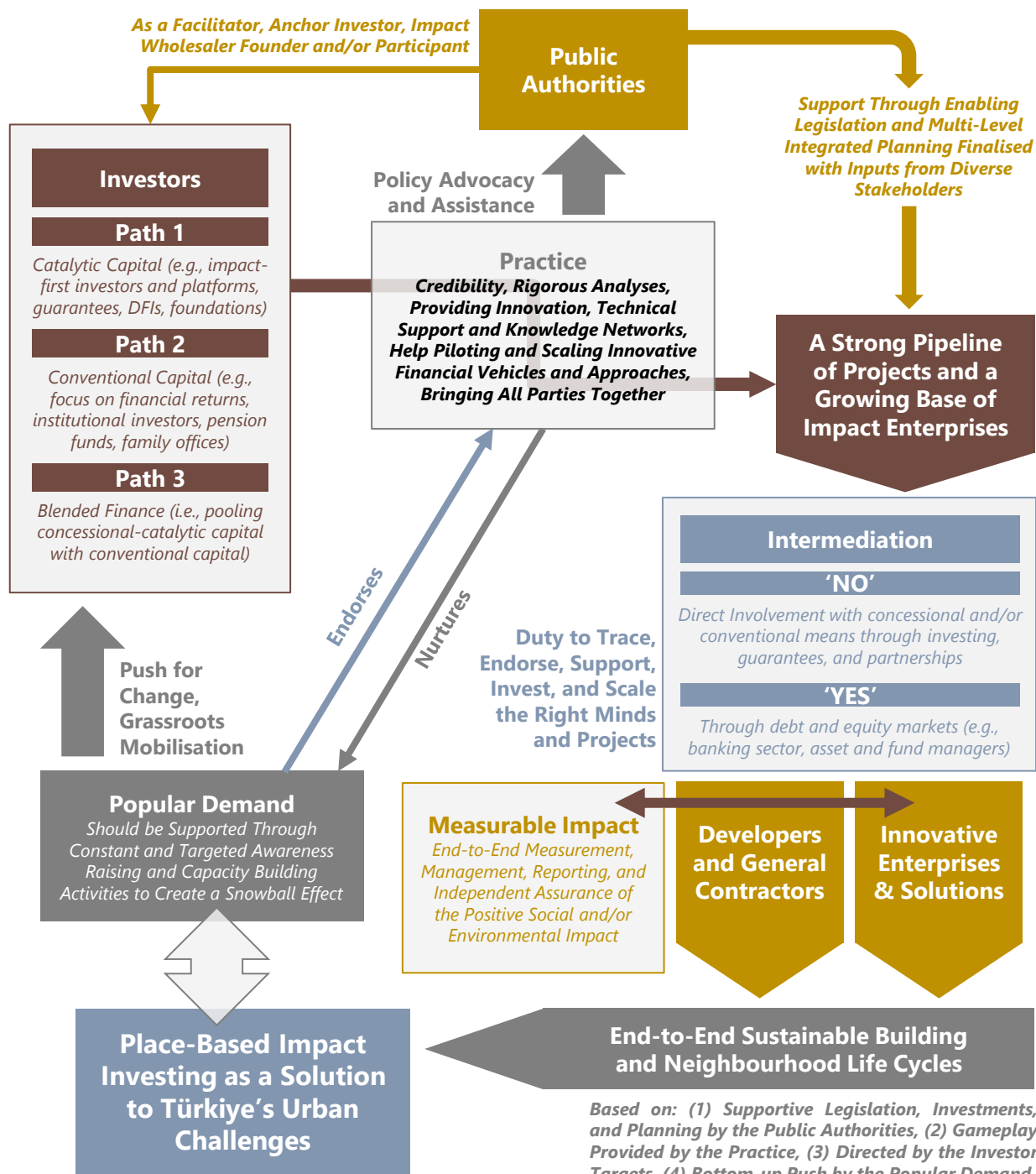
Proposal: Two-Fund Strategy for a Place-Based Impact Wholesaler

A place-based impact wholesaler operating in Türkiye with a well-crafted geographic and thematic strategy can simultaneously invest in VC funds and REIFs, while also fortifying its agenda by catalysing additional capital, by directly investing in the ecosystem (e.g., matching philanthropy capital, expanding into the social and development impact bonds scene, conventionally or concessionally funding enterprises), or through its other market development activities (e.g., supporting know-how generation and networking). Such a signal flare entity can operate as follows:



Roles for Implementation:

Revisiting the inaugural report in this series^[a], the Stakeholder Circle of ‘Urban Healing and Advancement’ is comprised of Planet, People (i.e., all the way from society to the individual), Policy (i.e., global, national, and municipal levels of policymaking and action), Private (i.e., developers, financiers, general contractors, and investors of the urban context), and Practice (i.e., from enablers and civil society to academia and experts). This final report highlights the indispensable role of catalytic capital, while also focusing on the most suitable vehicles and approaches to realise ‘Urban Healing and Advancement’ in Türkiye (e.g., GSS Sukuk issuances, equity investments, REIFs, and place-based impact wholesalers). In order to ensure wider, more inclusive, and sustainable adoption of the proposed framework, different actors must undertake a variety of critical, interrelated roles. To that end, a visual overview is provided below.



Roles for Implementation:

Recalling the 'Urban Healing and Advancement Framework':

Based on the principles of place-based impact investing, the proposed framework offers to bring all parties together (either project-based or as a larger movement) on an online Project Management and Stakeholder Engagement Platform ('Platform') to inclusively and transparently discuss, develop, and deliver: (1) a three-level, integrated, holistic planning approach, (2) a fresh, comprehensive look at community building and institutionalisation, (3) innovative financial instruments and commercial structures, and (4) a new urban toolkit both for project managers and real estate appraisers.

How Can Financial Intermediaries Utilise the Framework?

Establishing and running the 'Platform' is the first solid step towards adopting the framework. On this online platform, the related multidisciplinary experts and decision-makers can come together with the investors and communities to channel the contributions in kind and capital in the most impactful, organised, and holistic way. For example, in a neighbourhood revitalisation case, the 'Platform' may enable:

- The discussions on the zoning, which must be both in harmony with the rest of the related urban network and in support of the proposed impact thesis and business case, to find a path that will:
 1. *Measurably uplift the maximum number of final beneficiaries (coming from diverse backgrounds) without causing gentrification and/or a hurtful loss of social or cultural capital,*
 2. *Comply with the wants and needs of the local communities,*
 3. *Find the most suitable and sustainable ways and means for financing the project in hand.*
- The shift from informal communal gatherings to community institutionalisation (under for- and/or non-profit entities). Such entities can take an active role in tailor-made interventions on the ground, but more importantly, they can become shareholders and decision-makers of the actual investment.
- A transparent flow of information, a democratic medium of exchange, and an essential source for data gathering. Beyond its social benefits, such an approach is also important for tracking and executing the most suitable investments. This notion is sadly missing both in the current 'urban transformation' and real estate development practice and, to a lesser extent, in equity markets.
- The emergence of a shared understanding regarding the interrelated environmental and financial impacts associated with the circular economy transition, green buildings, smart cities, climate risk management and mitigation, and natural hazard resilience and response. In the traditional approach, such major issues are mostly considered only at the 'mega project' scale. This is neither sufficient nor sustainable.
- The development, showcase, and use of potential urban tools (e.g., surveys and checklists for project managers, appraisal methodology based on the SDGs). Wider adoption of such urban tools will support impact measurement and management efforts across the country.

Relatedly, the 'Platform' must contain periodic impact reports and updates. As previously discussed, based on the capabilities and investment cases, the scope, depth, and style of reporting may differ. Yet, as long as being conducted in a transparent, objective, and evidence-based manner, impact reporting shall remain as a defining element.

How to Develop a Promising Project Pipeline?

This is a colossal responsibility that must be shared by all stakeholders. While a promising project pipeline is surely reliant on previous success stories and a fair investment environment (for which the public authorities must continue to realise market-making actions), it is more about (1) gathering reliable data throughout the country (collaboration with a diverse set of partners is essential), (2) applying the same set of metrics and perspectives to have an extensive but still to-the-point list comprised of comparable and sortable projects, (3) showcasing the pipeline at different mediums and platforms, while ensuring their conceptual coherence with the national strategy documents, legislation, and regional and/or provincial (development) plans. In this respect, 'SDG Investments Türkiye'^[a], a collaboration between UNDP and EYDK, and 'Yatırıma Destek'^[b] by the Ministry of Industry and Technology are two promising platforms that can be further developed.

Mock Investment Scenario:

Analysing the market is a key first step for establishing an operable impact thesis and investment strategy. Newcomers to place-based impact investing may find great value in running a mock investment scenario, before the actual investment and/or intervention decision. A step-by-step approach is provided below.

(1) Market Research, Establishing the Evidence Base

Each unique urban context demands a tailor-made approach. Thus, before full commitment, an actor must first establish its evidence base through rigorous market research. Who shall be in its value network? Which geographies, target groups, and thematic areas to target –based on which parameters? Does the pipeline look promising? Do negative externalities pose a risk? Is it possible to attract further contributions in kind and capital to scale positive impact? Is it feasibly possible to measure and manage the proposed impact? What is the financial potential? Is there a solid business case? How is the regulatory environment? To answer these key questions, an actor may consider collaborating with the Practice side (both for- and non-profits).

(2) Building and Nurturing a Competent Inner Circle

Human capital and partnerships are central themes. Impact economy has one key advantage in this respect: there is a colossal repository of free knowledge (in the shape of online courses, reports, case studies, impact measurement and management frameworks, standards, and metrics). An actor must encourage the members of its investment committee, its executives and employees, and its partners in the value chain to use this wealth of knowledge at the very minimum. The inner circle should also include national and/or international experts and advocates who are already seasoned in the field. A type of governance that is both strong, inclusive, and transparent is needed to maximise the potential of such an inner circle.

(3) Theory of Change, Roadmap for Achieving Positive Impact

While the evidence-based strategic perspective is gradually taking shape, formulating a Theory of Change emerges as a natural need. A mock chart filled for a hypothetical place-based impact wholesaler with a two-fund strategy that is planning to focus on revitalising the historical Yayla neighbourhood in the Kırklareli province (Thrace region) is provided below. Please refer to the inaugural report in this series for more information regarding the region and Yayla neighbourhood.^[a]

(1) Identifying the Core Problems and Needs, Together with Their Root Causes	<i>Thrace region has a strong and diverse base for agricultural and industrial production, as well as high cultural and touristic value. However, neither the local market is sufficient for MSMEs to grow, nor the tourism angle can be fully utilised. Yayla neighbourhood has the potential to be the new commercial and cultural hub of the province that can lead to a larger, more connected market, as well as to enhanced tourism. Benefits to be diversely shared in an egalitarian manner</i>
(2) Designing the Intervention Base that Will Lead the Change and Address the Needs	<ul style="list-style-type: none">▪ Through REIFs, acquire the historical buildings in disrepair and find partners for renovation and repurposing (e.g., shop, office, hotel, gastronomy, community hub, production facilities)▪ Through VCs, invest in impact entrepreneurs that would provide the essential connections and services for local actors to scale (e-commerce, FinTech, logistics, PropTech, education)▪ Direct contributions in kind and capital to local NGOs, cooperatives, and social enterprises
(3) Anticipating the Short-to-Mid-Term Positive Situational and Systemic Outcomes	<ul style="list-style-type: none">▪ Providing the space for impact entrepreneurs, social enterprises, and NGOs to pilot the next generation interventions. Proven concepts shall then catalyse the needed growth capital▪ Revitalisation of a historical neighbourhood in disrepair is succeeded without gentrification▪ Property values and tax revenues go up, while the long-term public spending is reduced▪ Local actors gaining access to proper infrastructure, buildings, and means to be competitive
(4) Long-Term, Wide-Scale Positive Impact Proposition of the Intervention Base	<ul style="list-style-type: none">▪ Creating a new hub that shall inclusively boost the local economy, social life, and tourism. Putting the province on the map for further investments and sustainable development▪ With REIF and VC investments, laying the foundation of enhanced intercommunal relations and egalitarian incentives to stay in the Thrace region. Long-term socioeconomic benefits by growing the local market and providing access to larger markets (trade, tourism)

Mock Investment Scenario:

(4) Connection to the SDGs

Impact thesis must be logically, attainably, and measurably connected to the SDGs. Such a connection to the global guiding principles shall be essential. For the same hypothetical place-based impact wholesaler in Step 3, potential SDG targets can be provided as follows:



Through the VC investments and by providing a new commercial and touristic hub for the local communities, an improved and diversified economic base can be generated. REIF action may lead to a beneficial tourism scenario that is also protecting the local cultural heritage, which in turn supports inclusive and sustainable urbanisation

(5) Becoming a Part of the Impact Ecosystem

An actor must devise plans beyond its internal capabilities, strategies, and governance to have a lasting impact in the market, especially for opportunistic but complex cases like Türkiye and its surrounding region. This requires active participation in the local, regional, and global impact ecosystems. To give an example, once again through the same hypothetical place-based impact wholesaler mentioned above:

- Cooperation and coordination with the local authorities (e.g., municipalities, governor's office, Thrace Development Agency) to ensure a holistic approach (i.e., multidisciplinary and integrated planning)
- Establishing partnerships with the local communities, MSMEs, cooperatives, NGOs, and academia (e.g., Kırklareli University, Kırklareli Social Cooperation Centre SODAM) to develop tailored interventions
- Following and/or supporting national initiatives (e.g., platforms such as a National Advisory Board, EYDK for Türkiye's case, Türkiye Social Entrepreneurship Network), as well as international ones (e.g., GSG, GIIN)
- Launching a stakeholder platform to embrace and inform all related parties, where the proposals and needs of all stakeholders are valued, discussed, and potentially integrated into decision-making

(6) Impact Measurement and Management

Each actor needs a tailored approach for measuring, managing, transparently reporting, and independently assuring their social and/or environmental impact. Internal capabilities, market maturity and the availability of trusted data, types, means, and scale of investments and interventions, the nature of the proposed place-based impact (i.e., geography, target groups, themes), and the specific alignment to the SDGs can all affect the proper modus operandi. Potential paths, that can also be simultaneously applied in many cases, are:

Macro Commitments, Covering the Essentials	Capacity Development, Governance, and Strategy
Become a signatory of likes of Operating Principles for Impact Management and/or Principles for Responsible Investment (PRI)	Enhance capacity through the likes of SDG Impact Standards Train-the-Trainer Course or SROI Practitioner Training and utilise the learnings in governance and strategy
Defining Impact in Financial Terms	Developing an In-House Reporting Scheme
In advanced cases, use approaches that assign a monetary value to impact such as Impact-Weighted Accounts or SROI	Utilise free metrics such as GIIN IRIS+ for an in-house scheme and use the likes of ICMA Principles and UNCTAD Voluntary Sustainability Standards Assessment

Next Steps:

Complementing and building on the preceding ‘Roles for Implementation’ and ‘Mock Investment Scenario’ chapters, two specialised approaches can be proposed for two different levels of ecosystem participants: beginners and scalers. On top of that, a ‘roundtable’ perspective can be used for: (1) inclusively gathering and analysing data and (2) developing and realising an ecosystem-wide action plan. For the entire process, policy advocacy shall also be extremely crucial. Details for the next steps are provided below.

Beginners: this level contains the actors that have a more generalised understanding of impact economy and that are willing to develop more capacity, reach a larger stakeholder network, and commit contributions in kind and/or capital for the first time. It must be noted that, even though urban resilience is a critical topic for Türkiye, most of the stakeholders are still at this early stage. Solid next steps can be:

<i>Step</i>	<i>Upside</i>	<i>Step</i>	<i>Upside</i>
Join Thematic, National and/or International Platforms	Practical access to a fitting network and their knowledge base, alongside grasping the project pipeline and emerging trends. More awareness at an institutional level is also a plus	Become a Minor LP in a Fund or a Partner in an Impact Initiative	First-hand understanding of the core workings of impact investing before largescale commitment. Partnerships can provide a similar benefit just with contributions in kind

Scalers: more knowledgeable, systematic emphasis can be given to the catalytic capital perspective, once the crucial expertise and track record are established, alongside size and diversity regarding contributions in kind and capital. These actors are ‘scalers’ that shall build on their strong foundations, enabling measurable, positive social and/or environmental impact within the urban context. Solid next steps can be:

<i>Step</i>	<i>Upside</i>	<i>Step</i>	<i>Upside</i>
Formulate a Thematic and Geographical Trajectory	At this stage, focusing on well-defined challenges in targeted regions through a tailored Theory of Change will be at the core of place-based impact at scale and higher sophistication	Lead a Larger Place-Based Impact Initiative	After observation and partial commitment phases, with a competent inner circle and network, an actor can launch a larger collaborative endeavour to realise meaningful change

A Note on the Roundtable Perspective and Policy Advocacy: organising a set of structured roundtable meetings can provide the much-needed platform to a diverse set of stakeholders for voicing their concerns, introducing opportunities, and sharing their experiences. These meetings can also include the communities, alongside public, private, and third sector stakeholders. EYDK’s **“Resilient Cities of the Future Workshop”**, realised following the 2023 earthquake disaster in Türkiye, is a good example in this respect. For sustained success, the local value chain should be mapped, complete with the connections between the major challenges, financial instruments and commercial structures, partners, themes, and geographies. These meetings are to be moderated, recorded, and then unpacked, providing a roadmap. A key element in such a roadmap will be the policy advocacy angle. Its importance becomes clearer once the roles of the public sector are recalled: (1) being an ecosystem facilitator, anchor investor, impact wholesaler founder and/or participant, while also (2) spearheading an enabling regulative base and a multi-level, integrated, inclusive urban planning perspective.

Proposal Going Forward: Situation Analysis to Establish Working Groups

The place-based approach includes many intersecting elements, issues, and stakeholders, necessitating a more in-depth perspective and tailored actions. Thus, assessing the need for establishing permanent, thematic working groups can be conducted as an important next step. Such groups will have the upside of supporting the larger ecosystem and unearthing an attractive project pipeline, while also providing meaningful and measurable solutions to major urban challenges. In the quest for catalysing ‘Urban Healing and Advancement’, collaborative diversity and focus are essential. Such groups also have the capacity to bring together certain key actors (e.g., construction companies, real estate developers, facility managers) that may otherwise remain out of the loop. This is a good way of addressing the endless and colossal (re)invention, construction, and maintenance phases of actual urban settlements, as well as the constantly evolving social, ecological, and economic needs, which are indispensable, mostly physical, and real-time variables.

Knowledge Repository:

Reports on Impact Investing: Launched in Türkiye

- [November 2019, UNDP – Impact Investing Ecosystem in Türkiye](#)
- [April 2021, UNDP – SDG Investor Map Türkiye](#)
- [September 2021, EYDK – EYDK as a Catalyser](#)
- [December 2021, EYDK, Etkiyap, UNDP – White Paper on Impact Measurement and Management](#)
- [January 2022, EYDK – “Unity is Strength” Strategic Report](#)
- [March 2022, EYDK, EU Presidency – Impact Investing and Civil Society Conference Report](#)
- [December 2022, UNDP – Impact Investing Guideline](#)
- [December 2022, EYDK – Joint Forces for Impact Investing: The Potential of MIKTA Countries](#)
- [January 2023, EYDK – The Potential of Urban Healing Advancement in Türkiye](#)
- [April 2023, EYDK – Resilient Cities of the Future Workshop: Findings](#)

Global Resources on Impact Investing

- [October 2018, GSG – The Impact Principle](#)
- [April 2019, IFC – Creating Impact: The Promise of Impact Investing](#)
- [November 2019, KPMG – Understanding Impact Investing](#)
- [October 2020, Rockefeller Philanthropy Advisors – Impact Investing Handbook](#)
- [July 2021, IFC – Investing for Impact: The Global Impact Investing Market 2020](#)
- [September 2021, Saïd Business School, GSG – Impact Measurement & Management \(IMM\)](#)
- [December 2021, ITF – Time to Deliver](#)
- [September 2022, Saïd Business School – Oxford Faith-Aligned Impact Finance Project Phase 1 Report](#)
- [December 2022, EVPA – Accelerating Impact](#)
- [December 2022, GSG – Driving Impact Policy Making](#)
- [June 2023, GIIN – 2023 GIINsights:](#)
 - [Impact Investor Demographics](#)
 - [Impact Investing Allocations, Activity & Performance](#)
 - [Impact Measurement & Management Practice](#)
 - [Emerging Trends in Impact Investing](#)

Global Resources on Place-Based Impact Investing

- [May 2021, The Good Economy, Impact Investing Institute, Pensions for Purpose – Scaling Up Institutional Investment for Place-Based Impact: White Paper](#)
- [November 2021, Impact Investing Institute – Building Strong Places](#)
- [March 2022, Impact Investing Institute – Originating Place-Based Impact Investments](#)
- [July 2022, GSG – Informal Settlements: No Longer Invisible](#)
- [September 2022, Impact Investing Institute – Bridging Capital into Communities](#)

