



Department for
Energy Security
& Net Zero

Climate Finance Accelerator Evaluation

Case studies - Türkiye



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CFA evaluation case study reports - Türkiye

Introduction

This case study for Türkiye provides an in-depth exemplar analysis of how the CFA is implemented in selected partner countries. The longitudinal approach facilitates analysis of the CFA's progress in a country over time and enables us to assess the extent to which the CFA's success depends on context-specific factors.

This final case study for Türkiye is timed after three cohorts of projects have received CFA support and the support for the fourth cohort is nearing completion. The analysis draws on the findings of primary and secondary data collection activities that took place between August and September 2024. These activities are summarised in the table below.

Primary data collected

Table 1: Number of interviews conducted by stakeholder group

No. of interviews	Inception	Mid-term	Final
Project proponents	-	3	9
Financiers	3 ¹	1 ²	2
Policymakers	-	-	-
Delivery partners	2	1 group interview	1
Embassy and DESNZ	1	1	1

Table 2: Number of survey respondents

No. of survey respondents	Inception	Mid-term	Final
Project proponents	9	1	4

¹ Two of the three financiers' interviews in the inception study were finance experts engaged by the delivery partner for the financial landscape review

² Repeated attempts were made to interview other financiers but there was no engagement from them

Secondary data collected

Secondary data to inform the evaluation was collected from programme documentation including: CFA Türkiye Landscape Mapping, CFA Türkiye Stakeholder Mapping, Delivery Approach for Türkiye, and project descriptions. Other secondary sources include preparatory materials for events in Türkiye and London and notes from observation at those events. In addition, the context was drawn from a variety of literature sources referenced in the text.

Country context

The country landscape mapping developed at the start of implementation identified that there was a lack of political drivers and enablers for investments in low carbon projects. Additionally, the general macroeconomic context impacted investments more broadly and there were some specific challenges for low carbon projects. Since the start of the CFA, there have been improvements in all these areas although challenges remain. The interviewees for this final case study mainly referenced ongoing challenges in the financial system and placed less emphasis on the political context as a barrier to financing low carbon projects.

Political context

An updated NDC for Türkiye was submitted in April 2023, which was stronger than the previous NDC but is still rated as critically insufficient by the Climate Action Tracker (CAT).³ Since then, the Climate Change Mitigation Strategy and Action Plans were published in March 2024⁴ and the long-term strategy for Türkiye was approved in November 2024.⁵ These include policy developments that could better enable some types of low carbon projects: 3

- A Roadmap for Renewable Energy to 2035, combined with investments in grid infrastructure
- Improved regulatory environment for investing in renewables, allowing quicker returns on investment
- Investments of USD 20bn to improve energy efficiency by 16% by 2030
- Introduction of an Emissions Trading System (ETS) similar to the EU ETS
- Investments in domestic manufacturing of electric vehicles.

There has also been progress on green finance since the start of CFA implementation. The draft regulation on a taxonomy for green finance, referred to in the mid-term case study has now been published for consultation.⁶ The draft regulation introduces requirements on reporting following Türkiye's Sustainability Reporting Standards. The Banking Regulatory and Supervisory Authority (BRSA) has introduced a draft regulation that includes a mandatory

³ [Türkiye | Climate Action Tracker](#)

⁴ [CLIMATE CHANGE MITIGATION STRATEGY AND ACTION PLAN_EN.pdf](#)

⁵ [Microsoft Word - LTS 11-11-2024-unfcccye gönderilecek.docx](#)

⁶ [Taslaklar - İklim Değişikliği Başkanlığı](#)

measurement of a bank's contribution to the financing of environmentally sustainable economic activities.

These measures are likely to help enable increased financing of low carbon projects in the longer term but are in the early stages now.

The political context impacts the investment case for low carbon projects directly, with limited or uncertain incentives for the low carbon elements, particularly in the earlier years of the CFA implementation. In addition, the early stage of green finance meant that some Turkish investors have limited experience in evaluating low carbon projects and project proponents have limited experience in demonstrating the social and climate impacts of their project.

Investment context

In previous waves of this case study, the lack of independence of the central bank had been identified as a key reason for economic instability and a difficult investment landscape in Türkiye. This has now eased, following the election in May 2023 and Türkiye has moved into more normalised macroeconomic strategies. However, some structural challenges remain, including high inflation and weak foreign direct investment,⁷ which could impact investment in low carbon projects.

According to the evidence for this and previous case studies, the gaps in finance identified in the initial finance landscape mapping, including lack of venture capital and angel investors, continue. Some project proponents suggested that venture capitalists in Türkiye were particularly reluctant to invest in projects other than those related to software. Additionally, the mismatch between the size of the projects and the involved financiers was highlighted in all the case studies, with banks and institutional investors typically looking for larger investments than those required by CFA projects.

GESI context

The CFA prioritises GESI principles recognising the crucial role of GESI in effective climate action, enhancing project resilience and attracting investment. With regards to GESI, key drivers of marginalisation in Türkiye are gender inequality, regional inequalities, socio-economic inequalities, being an ethnic or religious minority, and being a refugee. There is no evidence that this context has changed significantly since the inception report. This context impacts the access to finance for women and contributes to an ongoing gender disparity between male and female-led businesses. Access to finance for other marginalised groups is not reported.

⁷ [Turkey Overview: Development news, research, data | World Bank](#)

Progress of CFA delivery

There have been four project selection phases in Türkiye. Since the mid-term case study, there have been two further phases. Six and eight projects were selected in Phase 1 and Phase 2 respectively covering a wide range of sectors: food; waste management; biogas; e-mobility; marine pollution and renewable energy. In Phase 3, 10 projects were selected and in Phase 4, 8 projects. In Phase 3, there were three projects in waste management, four in low carbon manufacturing and three in green agriculture. Projects in Phase 4, included three in waste or wastewater, three related to technologies, one in transport and one in industry and manufacturing. The project sizes in Phase 3 and 4 ranged from \$2-20m with most in the range \$2-10m. Unlike previous phases, no London event was organised in the timescales for the Phase 3 and Phase 4 projects and several project proponents highlighted this as a disappointment, particularly as it was not made clear to them at the application stage that no London event was planned.

Findings

Relevance

The CFA programme model in Türkiye has adapted over time to weak political engagement by concentrating on activities involving project proponents and financiers. The adaptation to weak political engagement also extends to the activities relating to embedding the CFA process in Türkiye, with interviewees reporting relevant discussions occurring with financial institutions and not directly with government. No interviewees highlighted that this focus was problematic in Türkiye.

Programme activities provided throughout implementation by the CFA were relevant to the needs of project proponents. The capacity building in particular has improved participants' ability to pitch their projects to investors and addressed areas of weakness specific to some projects to help build a pipeline of bankable low carbon projects. The specific capacity building needed and the role it plays in developing bankable proposals depends on the profile of the project proponent and on the stage of development of the project. As the projects selected within the CFA Türkiye programme were quite varied in both type and stage of development, this reinforces the value of tailoring at least some elements of the capacity building to the needs of the project. This tailoring was delivered in Türkiye through needs assessment interviews with the project proponents. For some project proponents, capacity building addressed underlying weaknesses in the propositions for financiers for example financial modelling, GESI and statement of impact were mentioned specifically in this and the mid-term case study. For others, capacity building strengthened how they present the proposition to financiers. It was suggested in interviews in this and the mid-term case study that even where the topics were understood by the project proponents that there was value in building confidence in the presentation.

The technical solutions being proposed in all phases of the programme are relevant to Türkiye's NDC. Interviews from all three case studies and the context analysis support that

the projects are in sectors that are relevant to the NDC, including energy using sectors (transport, power and industry) and waste. The innovative aspect of the solutions was mentioned by financiers in the current case study.

Effectiveness

The convening power of the CFA and investor engagement has increased significantly since the start of implementation. The number of attendees at the events in Türkiye increased year by year, reaching more than 100 (including financiers and project proponents) in the final event. For the most part, interviewees reported that attendees represented a good cross-section of financiers, although a few indicated the need for an overall greater number of financiers. Although there appeared to be a good cross-section of financiers attending, project proponents suggested that there might be better matching of investor types to the profile of the project in some sessions. Some interviewees in both the mid-term and final case studies, including the financiers, suggested that the size of the projects was too small for many of the investors present. Stakeholders from the regulators, from a wider range of banks and from big non-financial companies that might invest in projects were identified by some interviewees in this case study as being valuable additions to consider in future.

Project proponents have made new connections with Turkish early-stage climate financiers but similar to previous case studies' findings, there are only a limited number of such providers, compared to the needs of the projects. There was no evidence identified that the CFA activities have increased the interest of early-stage investors in investing in low-carbon projects over time. Some interviewees suggested that for this type of finance, and more generally, it would be beneficial to include UK financiers in events in Türkiye. This seems to relate to their perception that there is more interest amongst UK investors to invest in low carbon projects, yet it is unclear to the evaluators whether this is practical for the CFA. It was also suggested that Turkish investors would be more likely to invest in a project which has already received international financing.

Evidence from project proponents collected through both the mid-term and this final case study indicates that CFA support improved their presentation of the project for the event and made the presentation more relevant to financiers. In terms of specific areas of improvement, interviewees echoed findings from the mid-term case study which mentioned increased understanding on how to demonstrate social and climate impacts of the projects, how to present the GESI elements and how to set new GESI targets.

“From the GESI webinars [we] learned that chemistry is an area of preference for women in Türkiye so [we] could strengthen targets on percent of women in the staff and as advisors” - Project proponent

The improvement in the GESI component was mentioned in both mid-term and this case study, with 3 out of 4 respondents in the latest survey agreeing that the CFA had helped demonstrate the GESI benefits. Thus, the CFA has improved both the GESI components in some projects and the ability of project proponents to present them. In Türkiye, this was reported to be important to international finance institutions and public funding but there was no evidence

from the interviews in any of the case studies on its importance to wider Turkish financial institutions.

Impact

There is some evidence of progress in securing funding for CFA projects in Türkiye, but experience from across the CFA programme shows that materialisation of investments takes time. According to the CFA Logframe, indicators with evidence from public announcements comprise of three CFA projects in Türkiye which have received investments, to a total value of \$38M. One project was from Phase 1, one from Phase 2 and one from Phase 3. They were each at different stages (feasibility, execution and fund raising) when they applied to the CFA. Unfortunately, interviews with these projects were not secured following these investments so it was not possible to obtain evidence regarding the role CFA played in unlocking these investments. Other projects reported in the latest survey conducted for the evaluation that they had received funding and in one interview that they were in reasonably advanced talks with investors. Evidence suggests that discussions with a range of investors are needed to identify the right ‘fit’ for a project in terms of matching investor and project profile and once a fit has been identified that negotiations on investments often take some time. Project proponents indicated that even with interest from the investor their negotiations had lasted several months. Given this, a lack of secured funding particularly for later cohorts should be expected. There was some, albeit relatively weak, evidence from the latest survey and interviews that the support from CFA had improved the investment proposal.⁸

In Türkiye engagement with policy makers was very limited throughout implementation. There is no evidence of knowledge products being shared with government officials beyond the finance landscape mapping prepared during Phase 1, nor of substantive discussions on the enabling environment. Attendance at the events by government officials was also very limited. Given the variation in the project types, the enablers that were reported as needing addressing were also quite variable and sector specific.

There was consistent evidence through the mid-term and this case study from the project proponents that the main barrier for their project is access to finance, which is why they applied to the CFA. Although the context for investments has improved since the beginning of CFA implementation (see [Country Context](#)), one financier highlighted that it can still be difficult to make the business case for low-carbon investments.

“Some of the ideas are attractive technically but the commercial business case is not there. This is a serious issue not confined to the CFA projects” - Financier

Another interviewee mentioned that greater engagement of CFA with regulators could help improve the enabling environment for investments in low carbon projects.

New connections are being made through the CFA, between financiers and project proponents and between project proponents, with evidence supporting this from the

⁸ Survey question wording: “My organisation has improved our proposal for investment thanks to support received through the CFA”; 3 out of 4 respondents somewhat agreed and 1 somewhat disagreed]

mid-term and final case studies. These connections are leading to discussions and, in some cases, to introductions being made to financiers better suited to finance the project e.g. to a department within a financial institution specialising in SME finance. Connections between project proponents also brought benefits in terms of combining project ideas or sparking new ones. A few project proponents reported that they were able to improve the financial components and/or the environmental and social components of their proposals following their interactions with financiers. Some also identified in the interviews for this case study that they needed more resources than provided by the CFA, particularly on the financial component and have hired external support. One financier interviewed for this case study commented that exposure to the projects has provided input to their internal strategic discussions on the need for smaller investments and new products such as risk sharing. However, others indicated that organisational strategies have not been affected by the organisation's involvement in CFA.

Sustainability

Round table discussions have been carried out on embedding with three financial institutions in both Phase 3 and Phase 4 events, although no specific decisions have been made. As discussed earlier, given the weak engagement with government, the discussions on embedding so far have been with mainly financial institutions including Turkish banks and international financiers including the World Bank. While there was interest, no specific outcomes have been achieved so far. Two Turkish banks were interested but would need financial resources and had concerns about competition laws. The Turkish Banking Association has been invited to support in addressing those concerns. The World Bank would need a government request for involvement in embedding.

Coherence

The number of similar donor programmes and initiatives in Türkiye continues to be limited. There is an EBRD Green Economy Financing Facility (GEFF) mentioned in the previous Türkiye case studies. The World Bank also has a country programme which invests in low carbon and climate related projects in Türkiye, although at a larger scale than the CFA projects. Although the overlap between these programmes and the CFA is relatively limited, representatives from both the GEFF and the World Bank have been involved in the programme from at least phase 2, which is likely to enhance coherence. Several interviewees participating in interviews for this case study mentioned that there are other incubators and technology labs being run in Türkiye by local banks and public or quasi-public organisations. Although there is some overlap in terms of building the ability of projects to develop financial proposals, most of these are not focused on low carbon projects.

Efficiency

The evidence collected from project proponents and financiers for this final evaluation is mixed on whether the benefits of participation in the CFA outweighs the opportunity costs of that participation. This aspect was not specifically considered in the previous case studies. The latest survey of project proponents (although with only 4 respondents) had about equal numbers agreeing and disagreeing with the statement about opportunity costs. For

financiers interviewed in this case study, even where this was the case, the benefits were in networking rather than commercial benefits.

Mini project case study - CIRCULA

Overview

The project was part of the Phase 3 cohort and is a start-up for the manufacture of furniture made from biobased materials. It was developed as part of an incubator at the Technical University of Istanbul. The project had previously applied to an earlier round of the CFA and had been rejected. At that time, the project had been at a very early stage, without a prototype prepared; however, when the proponents applied to the CFA again, they had advanced and developed the prototype. The investment was needed to set up their own manufacturing facility and for R&D of materials. The project reduces greenhouse gas emissions by replacing fossil-fuel based plastics with bioplastic and applying additive manufacturing (3D printing).

Impact of participating

The project applied to the CFA in part to validate their approach to defining the investment case for the project. The capacity building provided by CFA was perceived as very helpful to the project team in providing some new information and giving them confidence in some of their assumptions underlying the business case. However, they had hoped for deeper capacity building on financial simulation so that they would be better able to answer investor questions. While there was a relevant presentation on financial simulations it was not specific to the project. In terms of other parts of the capacity building, the project proponent felt that the component on GESI was too extended as they have found this not to be important to the investors they are engaging with. The capacity building on representing climate impact was useful, influencing the way the project represents greenhouse gas savings and giving confidence in the values used.

At the event, the project proponent found that many of the investors left early and speculated that investors found presentations too long and/or there was a lack of interest in the investors in particular projects and that affected their ability to engage with financiers.

The project proponent built relationships with investors and with other project proponents that could be useful in future (see below for one example). The presentation template suggested by CFA was reported by the project proponent to be a useful discipline to organise the way the project is presented but they felt that the long version was too long. They have used the short version in discussions.

The most significant outcome for the project which they could attribute to the CFA was an introduction to an important client who had originally considered investing in them. It was decided to proceed with a client relationship as the project proponent considered that the

fact that the project had a customer already would make the project more attractive to investors. This illustrates one of the difficulties for early-stage projects in that financing is needed to bring in customers, but finance is difficult without customers.

Lessons learned and recommendations

- The presentation length may not be suitable for all investors so it would be useful to test it out on different investor types.
- There needs to be a better match of type of financier with projects to avoid them leaving before hearing all the projects.
- There is interest from the project proponent in continuing support for alumni. If new elements are added to the programme, particularly the capacity building, engaging with alumni could have a beneficial impact for them to prepare bankable proposals in future.

Conclusions and recommendations

Both the political and economic context in Türkiye have improved towards investments in low carbon projects during CFA implementation, although both still present some challenges to improvements in CFA objective areas.

CFA activities in Türkiye have improved the ability of project proponents to present their projects to financiers and where needed addressed weaknesses in their proposals (evidence from the mid-term and final case study). Some projects in Türkiye have received investments since participating in CFA, although this evaluation has not been able to collect evidence to determine the contribution of CFA to this.

Through CFA, connections have been made between financiers and project proponents, and between project proponents, which have the potential to lead to financing and to new project ideas (evidence from the mid-term and final case study). Connections between the CFA programme and government and regulators have been more limited.

The wide variety of projects in terms of sector, size and stage of development brings some challenges to achieving CFA objectives. These include the matching of financier profile to the project – better matching would enable the time in events to be used more effectively to progress discussions further. A second challenge is that the enablers for each project are different, which means engaging effectively with policy makers is more difficult as there could for example be multiple departments involved.

The convening power of the CFA has increased over the years of its delivery in Türkiye and engagement with financiers has improved. There is insufficient evidence through the evaluation to assess whether this has resulted in an increase in the willingness of financiers to invest in low carbon projects across the Turkish finance sector. However, it appears that there is a gap in early-stage finance in Türkiye willing to invest in low carbon projects.

Recommendations

- If the project selection criteria are adjusted as discussed in the main evaluation report and there is a more focused cohort, it would be useful to revisit engagement with government on enablers. This could be informed by which enablers will be important to the projects and the most effective modes of engagement with the government based on the lessons learned so far in Türkiye and from other countries. If the current approach to project selection is maintained, consider concentrating activities in Türkiye on financiers, financial regulators and projects.
- Engage with regulators such as the Banking Regulation and Supervision Agency in Türkiye as they are important in steering the investments from the Turkish banking sector.
- Consider connecting UK investors (particularly but not limited to early-stage investors) to the CFA programme in Türkiye, including bring them to events and taking Turkish VCs to London. This could have a beneficial impact on the projects by providing a different source of funding, for Türkiye by increasing foreign direct investment, and for the willingness of Turkish investors to invest in low carbon projects.
- The recommendations in the main report on format for the events and regarding a London event also apply to Türkiye.

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