



# SABANCI VAKFI

## “Can Philanthropy Change the World?”

Seminar Transcript

10 December 2010

Sabancı Center, Hacı Ömer Conference Room

Istanbul, Turkey

**Speakers:**

**Matthew Bishop**, The Economist

**Luc Tayart De Borms**, King Baudouin Foundation

**Moderator:**

**Filiz Bikmen Bugay**, Sabancı Foundation Manager of Programs

## WELCOME

**Filiz Bikmen Bugay:** Chairman of the Board of Trustees of Sabancı Foundation, Ms. Güler Sabancı, distinguished representatives of the third sector, guests and members of press, welcome to our seminar “Can Philanthropy Change the World?”, organized by the Sabancı Foundation.

This year’s seminar is a special one, as it is being held in honor of the 100<sup>th</sup> anniversary of Sadıka Sabancı’s birth. Sadıka Sabancı donated her entire estate to establish the initial endowment of the Sabancı Foundation. With this endowment, she secured her lifelong contribution to making a difference in people’s lives. As such, we dedicated this year’s seminar in memory of Sadıka Sabancı and her philanthropic values. We prepared a short film to honor her philanthropic passions; so let us watch that film together now.

Please [click here](#) to view the film “Sadıka Sabancı: A Wealth of Heart”

**Filiz Bikmen Bugay:** We remember Sadıka Sabancı with sentiments of respect, love and mercy. Esteemed guests, we have been coming together at the previous Sabancı Foundation Seminars which have been organized since 2007. Together we listened and learned about various topics such as the “Changing Roles of Foundations”, “Making a Difference through Grant Programs” and “Creating Accessible Societies”.

Today we seek the answer to the question “Can philanthropy change the world?”. The phenomenon of philanthropy is a historically familiar concept for many cultures and particularly for Turkey. However, as it is the case with other subjects, approaches and practices pertaining to philanthropy are also changing and evolving over time. Several years ago pioneering philanthropists such as Rockefeller and Carnegie took steps to secure the development of more effective models. Today, many private sector leaders such as Bill Gates are following suit. Yet they are employing new tools and technologies in doing so.

Today we will be discussing the potential and impact of philanthropy, which has become a billion dollar sector. We have two distinguished speakers who are world-renowned experts and opinion leaders to shed light on today’s discussion. On behalf of Sabancı Foundation I would like to express my gratitude to Matthew Bishop from The Economist and Luc Tayart from the King Baudouin Foundation in Belgium for joining us today.

As the moderator of today’s seminar, I’d first like to briefly inform you of today’s program. Following the opening speech by Ms. Güler Sabancı, Chairman of Board of Trustees of Sabancı Foundation, I will introduce our two speakers. Each speaker will take around twenty minutes to deliver their presentation which will be followed by a short break. As we reconvene, the three of us will hold a panel discussion and of course, make time for your valuable questions and comments. Now I would like to invite Ms. Güler Sabancı, Chairman of Board of Trustees of Sabancı Foundation, to make her opening remarks.

## **OPENING REMARK**

**Güler Sabancı:** Dear Representatives of Foundations and NGO's, Distinguished Speakers, Guests, Friends and Esteemed Members of Press,

Welcome to Sabancı Center. As Filiz has mentioned, we are holding the 4<sup>th</sup> of the Sabancı Foundation Seminars today. On behalf of our Foundation, I would like to take this opportunity to thank you all for your participation, especially despite the deterring weather outside.

Today is 10<sup>th</sup> of December, 2010. We had held this seminar on the same date last year. Some of the participants may remember that the topic of last year's seminar was "Creating Accessible Societies". This year we will seek an answer to the question "Can Philanthropy Change the World?", Our speakers are experts from the field and we will be searching for an answer together.

As we have seen the film a moment ago, this year is of special significance for our Foundation since it coincides with the 100<sup>th</sup> birthday anniversary of my grandmother, Sadıka Sabancı. This coincidence allowed us the opportunity to honor Sadıka Sabancı and share more about her with you all. She would not ask for more than that anyway since she always shied away from being too visible...

Yes, my late grandmother laid the foundations of today's Sabancı Foundation 36 years ago donating all her estate. The foundation has continued to thrive until this day with the support of the whole Sabancı family and employees. Sadıka Sabancı, my grandmother whom we remember with respect and longing, was someone who had lived the consequences of two world wars, the founding of the Turkish Republic, migration from the rural to urban areas, a shift from rags to riches. Throughout her life she had acted with acumen but on top of her intelligence she was a hard-working, diligent, patient and provident woman- you heard in the movie that they even turned off the oil lamp to save-, and beyond all, she had a highly constructive personality.

She had a very positive personality. However besides all of those qualities she was genuine, close, and warm. What impresses me most is that despite the fact that she lived with her six sons, six daughters-in-law, grandchildren and very close relatives she could think beyond that the boundaries of family. Even within such a populated family, she would seek and help the needy in her own neighborhood, in Istanbul, in Adana and in her village. She used to encourage them and follow them quietly. We were unaware of most of her activities; we learned upon her passing that she had helped so many other people... In other words, philanthropy was a way of life itself for my grandmother, it was a part of her world.

The second important implication of holding the seminar today on December 10 is linked to the fact that today the world is celebrating United Nations Human Rights Day. We organized the event on the same day last year as we do this year. We all know how vital philanthropy and non-profit work is within the context of human rights.

Today's speakers will address important examples around this issue. Through these seminars we would like share the best examples from around the globe with you, hence we invite the

top-notch people in their area of expertise. Our speakers today are The Economist New York Bureau Chief, Matthew Bishop, and Director of King Baudouin Foundation, Luc Tayart de Borms. I would like to thank them once more on your behalf for being with us today.

There is an adage that I cherish; the words of esteemed American philosopher William James: “The great use of life is to spend it for something that will outlast it”. I believe that is what philanthropy is about. Today we need to take action together. From the days when Sadıka Sabancı pursued philanthropic work in her own right to this day in the 21<sup>st</sup> century, philanthropy requires us to act in concert and leverage on the power of our coalescence. The globalized world order signals that global problems facing us can only be solved through our concerted efforts with NGO’s.

At Sabancı Foundation we take this responsibility seriously. In addition to NGO’s striving to bring social justice, combating against global poverty, education, health and other social issues, we need to affect decision-making mechanisms and assume responsibility around those issues as well.

As Sabancı Foundation, we have been aware of our responsibilities for the past 36 years, and today we are carving a path towards the new era ahead of us. In this new phase, as we have shared with you before, our aim is to concentrate on women, youth, and people with disabilities and to cooperate with NGO’s working in those areas.

As you know we have grant programs in place to serve those ends. In our 2011 grant program, we received 190 applications from a total of 52 provinces in Turkey. This heightened level of attention and interest is very pleasing. It seems to me that as the NGOs in our country flourish, engaging in joint projects becomes easier with each passing day. I see that some of my friends who work in NGOs and foundations are here with us today. Semahat Arsel (Chairman of the Koc Foundation) is with us, always encouraging us; Ayşen Özyeğın (Chairman of the Mother and Child Education Foundation) is here; I also see representatives of the Doğan Foundation; yes, we are all working together and I wholeheartedly believe that our unity will make a difference for our country, Turkey.

We are well aware that such tasks may not be accomplished overnight. You have to put your heart and patience into it. We all know very well that not everything is about money and that money is not the sole measure of support. In that regard I would like to take this opportunity to express my deepest thanks on behalf of everyone, especially to Hüsnu Paçacıođlu from Sabancı Foundation, to Zerrin Koyunsađan, to Filiz Bikmen, and to all my friends at the Sabancı Foundation for their vigorous efforts and voluntary contribution.

On behalf of Sabancı Foundation, thank you all for your participation and for sharing this day with us. I could summarize philanthropy in three words; sharing, support and encouragement. I believe that we will elevate our impact through our concerted efforts. I hope that this seminar will be useful to you all. Thank you very much.

**Filiz Bikmen Bugay:** I would like to thank Ms. Güler Sabancı for her inspiring speech. Next, I would like to invite the distinguished speakers on stage. We handed out their biographies to

all of you, please ask the hostesses for support if you don't have a copy. You can use the copies to follow since the CV's of our speakers are quite lengthy.

Today's first speaker is **Matthew Bishop**. Matthew Bishop is The Economist America Business World Editor and New York Bureau Chief. Previously member of faculty at London School of Economics, Bishop co-authored three books on subjects related to privatization, regulation and mergers and acquisitions. Bishop is also the co-author of two books with Michael Green: *The Road from Ruin: How to Renew Capitalism* and *Put America Back on Top*, and *Philanthrocapitalism: How Can Giving Save the World?* Bishop had been honored as Young Global Leader in World Economic Forum and acted as the Chair of the Philanthropy and Global Agenda Council in the same Forum. Now, I would like to invite on stage Matthew Bishop, one of the architects of the Philanthrocapitalism approach.

Our second speaker is **Luc Tayart de Borms**. Luc has more than 20 years of experience in the area of philanthropy. He is the Managing Director of King Baudouin Foundation and plays an active role in several other institutions. He is the Director of Board of GuideStar International, the international database of NGOs; member of European Policy Center Advisory Board, member of Board of Trustees in European Venture Philanthropy Association and Treasurer of the of King Baudouin Foundation in the United States. Luc is the author of the book titled "Foundations: Creating Impact in a Globalized World" and is the editor of several books on philanthropy. I would like to invite him on stage to share with us his profound wealth of knowledge in the field of foundations.

After this point we will proceed in English. Headsets are available for those of our guests who would like to follow the seminar in Turkish; hostesses may provide you with assistance if needed.

So, welcome. We had a little bit of a late start but we will continue now not until 12:30 but until 12:45. As I said previously we will give a break in about 45 minutes. So welcome again to Istanbul and to the Sabancı Center, thank you both for being here. Can philanthropy change the world? Such an easy question, quite a lot of time to talk about it! I am sure we can have all the answers by the end. We are very much looking forward to hearing from you. So without further due, Matthew...

## **SPEAKERS OPENING REMARKS**

**Matthew Bishop:** Well, good morning and thank you for having me. As a British person I very much appreciate the trouble you have gone through to get the rain for me so I can feel at home. Also, it was great to have the inspiring movie there about the Sabancı Center and the inspiration that has brought this about.

In June 2006, I had the privilege of being invited to the New York Public Library where Warren Buffet made his famous announcement that he would give away almost all of his wealth over the remainder of his life, most of that money going to the Bill and Melinda Gates Foundation. And this meeting ended with Warren Buffet, Bill and Melinda on stage, shaking hands very vigorously whilst the great and the good of New York cheered wildly. I was also in the audience asking myself many questions about what was going on. How was it that the

two most successful and wealthy business people of our age, certainly in America but perhaps of the world, were standing on stage together, planning to give away most of their wealth – at that time an estimated 70-80 billion USD, towards the poor of the world and those who are facing some of the most perilous and difficult lives.

Why were they doing it? Were they exceptional or were they part of a broader trend? And above all, could they achieve the change that they hoped to achieve through their giving? Warren Buffet at that meeting said “Giving money away is actually much much harder than making money, or at least giving away money effectively; anyone can give it away”. “The difficulty is”, he said, “in business you go after the low hanging fruit, the easy things, the simplest place that you can make money . When you try to do philanthropy effectively your goal is to tackle some of the most difficult and challenging issues facing the world, and to do it in a way that is more effective than some of the great people that have struggled with those issues for decades and centuries before you”.

So, the book Philanthrocapitalism came out of that moment and my desire as a journalist, as a thinker to find out what was really going on. And I spoke to many philanthropists around the world but also to politicians, to people in charities and non-profits, to people in business, to social entrepreneurs with my co-author Michael Green.

And the first thing that is important to say is that this is not just a couple of isolated individuals, isolated billionaires like Warren Buffet or Bill Gates. This is part of a movement. It has become a more formal movement in the past couple of years because of the “giving pledge” that Bill and Warren have established, which has seen them so far sign up 57 billionaires in America who promised to give away at least half of their wealth during their life time. This week we had a number of new announcements including Marc Zuckerberg, the co-founder of Facebook web site, who at 26-years-old has already made a 100 million USD donation to education in Newark, one of the most rundown cities in North America. And now he has promised to give away at least half of his multiple billion dollar wealth at that young age.

But it is also a movement where Bill Gates and Warren Buffet have gone on the road; they were in China recently. I think they scared off a lot of the wealthy, new billionaires of China initially, but they after a while managed to persuade them back to the table and to have a first round of discussions about where philanthropy could go in China. They will be in India next spring, where I think they are expecting, given the great history of philanthropy in India, a really interesting and important discussion with the new, wealthy of India on how to deal with some of that society’s extraordinary social challenges.

We, in our book call it “ Philanthrocapitalism”, because it seems to my co-author and I that what’s happening at the moment is that a new generation of business people are becoming givers and they want their giving to be different to how it has often been in the past. Different because it is going to be much like their business; they are going to bring a strategic vision of change in the world to their giving and they are going to judge their giving by how effective it is in generating social change. I think in the past often philanthropy has not focused so much on strategy, on business methods, on impact; but it has focused more on a celebration of

giving for its own sake. This new generation I think increasingly is concerned about solving problems, making a difference, achieving impact.

This is actually a tradition that we found to be deeply historical. In our research we look back at what we see as 4 great golden ages of wealth creation. Going back to the dawn of capitalism in 15<sup>th</sup> and 16<sup>th</sup> century Europe where each time there has been a wave of great entrepreneurial activity, out of the generation of wealth creators has come at least a few who have tried to use the innovations of their day to change society and address the social problems that the wealth creation process also was part of. So in 15<sup>th</sup> and 16<sup>th</sup> century England, you saw the first of the emerging capitalists start to invest in education and healthcare outside of the traditional provision by the church.

In the 18<sup>th</sup> century you started to see the use of philanthropy echoed the joint stock company, by groups of people sort of investing as shareholders in social enterprises that produced all sorts of interesting changes. 19<sup>th</sup> century England also was I think one of the periods in history where it was really regarded as a responsibility of anyone who made a significant amount of money to get involved in dealing with some of the big social problems of the day. And I know there is a strong historical tradition in this part of the world too of foundation giving that goes back many centuries.

So why is this revolution in philanthropy, this Philanthrocapitalism, happening again today? Well, obviously one reason is that we are in a golden era of wealth creation again. Even when we put aside the dreadful financial crisis of two years ago, which wiped out so much wealth, the world, the underlying trends are still extremely positive. As you know only too well in this country there has been an unleashing of entrepreneurialism, of bringing people into the economy and generating economic growth. We see this in many parts of the world. And the number of billionaires in the world, which is an indicator of where that process is going, is now well over a 1000, having been under 500 a decade ago. So that gives you a sense of perspective on how little difference in a way the financial turmoil of the past two years has made.

But the second reason now is important is that it seems to me that real questions are being asked about how to create societies that work effectively in the 21<sup>st</sup> century. And many of the answers that we tried in the 20<sup>th</sup> century, those that particularly focused on the government as the main source of answers to social problems. We found the limitations of those models and they are increasingly, the government is increasingly unable to solve the sorts of problems that face the society in the 21st century, let alone the problems that face the world when you start to think about the challenges of climate change or terrorism or mass migration and so forth. Then we need new answers, and increasingly those new answers are going to be coming from the private sector, from the same entrepreneurial people who have managed to make successful businesses. Applying that same way of thinking to society's problems and increasingly Philanthrocapitalism is about a celebration of that private sector ingenuity put to work in the public good.

The question we face is, how can we redesign our institutions as a society whether they be in government or in business so that they effectively tap that entrepreneurial dynamism and put it to work for the public good?

So what is the role of philanthropy in this new world that we think is unfolding all across the world in the 21<sup>st</sup> century? I see philanthropy, the money that is given away, as society's risk capital. If you look at the other institutions of society whether it be government or business, they find it increasingly hard to take long term, risky initiatives to back ideas that are outside of the box, that don't fit easily with conventional wisdom. This is clearly the case with governments in democracies where politicians are increasingly afraid of doing anything that is controversial because they fear that they will be thrown out if they do. So there is a real problem of bureaucratization, a loss of dynamism in the government sector. But I think business is certainly, in stock markets where there is a real focus on short-term profits, it is very hard to follow strategies that might be very positive and profitable in the long run but involve heavy short term hits to profitability. There is a whole spectrum of activities that are not able to be pursued by companies that ought to be pursued by companies.

So philanthropy ought to play the role of risk capital, because there is no obligation to any short-term interests. The money can be used to do anything, and so it should take risks. But it is not just about the money. It is about the creativity of the people who are giving the money away, to bring their entrepreneurial mindsets to bear on society's problems.

So very briefly, I just want to run down a few areas where I see there is to be great opportunity. And the underlying message is that the goal of giving ought to be to take risks in areas where there is an opportunity for leverage, where your money can achieve an outsized impact by finding bottlenecks in the system or tipping points where a small amount of money applied cleverly can make a massive difference.

I was very struck by talking to Bill Gates. Bill Gates has given away probably more money than any person in history. I think his foundation gave away 4 billion USD last year alone in grants. And he said to me, "We are a very tiny organization. The amount of money we can give is very small compared to the amounts of money that governments spend or even that a big, multinational business would spend. And therefore, I have to think really hard about how do I use my money to the greatest effect?"

And if that is the biggest philanthropist in the world the same challenges apply to every other philanthropist. How do you use your money in a way to generate leverage? And so one way in which people are increasingly clever I think, as we report in the book, is to use their money to engage in the battle of ideas, to try and change the way the public thinks, which in turn will influence through public opinion what governments do.

A very interesting initiative in America, one example based around a movie called Waiting for Superman, which is really about how do you change education policy in America which is failing very badly. America is now 26<sup>th</sup> I think, in the OECD rankings for education. And the movie highlights the problems. It is accompanied by a text, phone number to get people as soon as they watch the movie to text in, to join a non-profit mass organization is focused on education policy. There is a book published alongside the movie. The book contains a number

that you can go to a web site where a philanthropist has provided money that individuals can give to a program in a classroom in America. So you have this sort of multimedia strategy working with non-profits, partnerships with governments, partnerships with other organizations to really change policy.

You see the Gates Foundation is working in both education and in dealing with diseases in the developing world where again has changed the agenda of World Health Organization. Michael Bloomberg became Mayor of New York because he thought he could run the city like a business in terms of efficiency and found he couldn't. So he had to create outside of government a kind of organization new policies could be tried out and experiments could take place and philanthropists funded the experiments that were too risky to get through the political process. When the experiments worked they could be brought in and scaled up by the government through the city budget.

In business also companies like Wal-Mart and Coca Cola have changed their strategies because they now understand that they need to engage with society in dealing with problems like climate change and water shortages so that they can actually make sure that they are on the side of progress, not on the side of problems.

There is also a focus now on actually providing what I call the soft infrastructure of the wealth creation process. We all understand hard infrastructure, you know, bridges, tunnels, roads and so forth and how important those are to economic growth. But increasingly the evidence is that in the 21<sup>st</sup> century you need the soft infrastructure of civil society of entrepreneurs, of knowledge sharing and so forth. And the philanthropists can play a very important role in generating that soft infrastructure. Here I know the Endeavor organization is very good at recruiting high impact entrepreneurs who require the network of connections to grow from being small businesses into great businesses. That is one of the many examples I see. Also we see a focus in investing in entrepreneurs in Africa as a way of trying to help those economies that are currently very impoverished to generate wealth.

My last point, I know time is very short, is that this is not just about the rich. One of the most exciting phenomena I think that is going on at the moment is what we call "crowd power" or "mass Philanthrocapitalism". The internet has facilitated much more effective giving by the ordinary public and I am very excited to see a lot of American philanthrocapitalists investing in helping that process along, working in partnership with mass movements of giving to really change the way the whole world is working around, traditional charity becoming more strategic and impact-focused. And anyone who doesn't know the organization Kiva, which is about lending to small entrepreneurs around the world should look at that organization as a sort of model of how the future of mass charity is going to go. That is an organization that is supported by a number of prominent philanthropists.

So I want to close by saying that this is an extraordinary moment in history. I think at stake now is the future of society in the 21<sup>st</sup> century. It could go two ways and it is in the enlightened self-interest I believe of the wealthy to really focus hard on this question of how can we through philanthropy play a positive long-term role in building societies that are inclusive and based on human rights and based on effectiveness for the 21<sup>st</sup> century. Those

countries where the successful entrepreneurs do engage in that process are going to be in much better shape in 10-20 years time than those societies where the wealthy do not engage in that process. On that note, thank you very much.

**Filiz Bikmen Bugay:** Thank you Matthew. Full of lively examples, I should just show the book now to all of you, *Philanthrocapitalism: How Giving Can Save the World?*, available at the bookstore. This is a book full of many of the examples that Matthew referred to and many many more with a foreword written by Bill Clinton. And it really is inspiring, and I love that you mentioned *Waiting for Superman*. It is the same director of the film that Al Gore also put together on climate change, *An Inconvenient Truth*. And so we will talk a little bit more about the founding CEO of e-bay, Jeff Skoll's Participant Media company which is for profit but develops films like this to raise awareness around key social issues.

So, thank you Matthew. The floor is yours Luc. Let me before, Luc, you start, just also flash Luc's book, *Foundations Creating Impact in a Globalized World*, also full of very rich examples of foundations. We look forward to hearing from you.

**Luc Tavart De Borms:** Thank you Filiz. First of all thank you for inviting me, and congratulations on your already impressive track record and your legacy. I think that Sabanci family is a real example. Also thank you to Matthew. I mean, how often does it happen that a journalist is defending something in a positive way, in a very constructive way, and really going around the world saying how great philanthropy is. So, we have, in the philanthropic sector, to be very very grateful for him.

I am going to talk a little bit about the other side of the coin. He is saying a lot of new people, philanthropists are coming in which is absolutely great and to applaud, I am going, as you have been saying Matthew, a little bit on the other side, it is very difficult to spend money. And so let me look a little bit at that.

I want to go back to my university years. Apparently there was a kind of a predestination why I would end up in a foundation. I wrote a thesis and somewhere in that thesis at the end I used the story to show which types of choice you have before you in life when you want to work for public good and what to do. It was a story about boat races. There were boat races before a coast, and there were a lot of people on the beach. There were people in the water. People because of those boat races were drowning and some people on the beach didn't do anything; that is what has happened in society but a lot of people did something. Some people went in and saved one person, which is great. Another group of people tried to find a boat, went into the water and saved 20 people. Another group of people went to the organizers and stopped the boat races so that no longer people would drown. And another type of people said this cannot happen again, so we have to change this. We have to make sure that in the future those boat races don't come that close to the coast anymore, so let's try to eventually regulate that or auto-regulate that, (that is another discussion), who is going to decide what to do.

I think this is a good image to keep in mind because it is the type of choice we all face when we want to do public good is where do we situate ourselves? I would like to stress that everything that has been done in this story is good, so there is no value judgment to say that one is better than the other. But it is a choice. So what can we learn from this in my opinion

about philanthropy and that is what we see, is that there is a lot of diversity in philanthropy. People are making different choices, how to function and how to operate. We have the people who, like, the first two groups who saved one or saved a group of people who are funding service delivery. They are making sure that some people are saved, that some people have food, that some people are cured, that some families have a future.

If I take an example in Congo and in Burundi or other countries in Africa there is a Swiss Foundation who works on HIV AIDS. What they are doing is selecting 100 families every time, they call it a village, it is not a real village, it is 100 families. And they are following those people and those families for 3 years. Following means, they make sure that they are tested first of all if they are HIV positive or not. They make sure they have the medicine, they make sure that they have the food and the right alimentation. But at the same time they are helping mostly women as often the case, that the women are starting a micro micro-business, so they are loaning money , they are going to the market. And after three years they are making sure, I mean that is the result, that is the impact, that those 100 families are economically independent. They are of course not rich, but at least they have food, their children go to school and they have medicine followed up. This is very important. This is service delivery and you help a lot of people.

Other people, and Matthew has been already signaling it out, work on ideas, on change of attitudes, get more information as societies about new things. It is quite ambitious and it is very difficult. That is I think I am all for to use as maximum of business methods in philanthropy. But changing the world or changing society is a longer term thing. So you cannot be on short shareholder or stakeholder value. You have to think the long term.

If I have to take example of my foundation we in Belgium, as the rest of Europe in fact, see our population aging, which means that problems of Dementia, Alzheimer is there more and more. There is a huge problem with Alzheimer and Dementia. Of course from the medical side, but there is also an attitude problem. It is a little bit like cancer 40 years ago; when you say to youth today you have Alzheimer, they think it is the end of life. My life is finished, I cannot do anything. That is happening also; judges are making statements that they cannot drive a car anymore, that they can have no access to money anymore; notaries are saying you cannot deal with your will. It is not so simple medically.

So we put as an objective to change the attitude towards- so you have to work with media, you have to partner up. But we know that it will take 10-15 years. We know that we have to use different methods. We will give grants to civil society organizations who are working with those patients. We work with local authorities to make sure that the police and other people are better informed when they find somebody on the street who is lost. We work with media companies to do campaigns about it. We also have research funds to make sure that the research is moving on. But it shows that you cannot use one method if you want really leverage to change something in the society. It shows that you have to be patient. But it shows also that you have to think. You have to think what you are doing. You have to think about your change theory.

The third thing is of course the most ambitious thing. It is that you really change paradigms or you change policies in society. And that is even more complicated because there we have to work with the other partners who have the power, the legitimacy which means a lot governments, which means the corporate sector. We are tiny, as Matthew has also already said but we can do things.

I look back at what we did more than 10 years ago for quite a long time. It was then called social economy, today we call it social entrepreneurs. We supported a lot of social entrepreneurs, hundreds of them. But we made sure we made seminars, learnings, we made sure that it became a regulation so that there was a new legal form even for this type of organization, this type of enterprise which have a mixed tenancy, public and private.

So as a foundation you can move things but it takes time. So, in that context, what does it mean changing the world or save the world? It can mean many different things. And what I use a lot these days is a phrase which is less pretention and more ambition. Less pretention and more ambition. I think we have to be modest. We are small but very important players because we have the flexibility, we are free to act, we can bring in new ideas. So we have to be extremely ambitious. But we are not the ones who are not going to do it alone. We can't do it alone. The problems are too big, we are too small, societies are too complex.

So when we speak about impact in philanthropy, it depends also on what type of work you are doing. And again I think there is no judgment. People are working in culture, people have museums, people are saving arts, it is important. It is as important as other things. So it is not to say changing the world and helping the poor in Africa is more important than saving arts. I think it is a choice, you have to respect those choices.

You have people who are in science. If you look to the Wellcome Trust in the UK, which is one of the biggest foundations in Europe and pretty close to Gates, they are in medical research. Thanks to the Wellcome Trust the human genome project which they financed, this human genetic, what we know about ourselves is now public. It is not only in private hands. They made sure that they had a parallel research system which was there for public benefit, for the public good and not only in the hands of corporate sector. What a huge, important thing that they did there. Because it made sure for the future that this was not something which would have been seen simply as a pure commercial product. An incredible impact to have there.

Some people work on civil society. As been said, it is great to work on the capacity building of civil society organizations who work for example with disabled people. This is extremely important but it is not the only way as we have shown. There are people who work only on policy. They have militant philanthropic organizations who believe that there is one solution to a problem. This can be done when you have one funder who believes in something. I would say in a certain way. That Soros is a very militant funder; he knows how it should be in the future. I cannot agree on certain things, but OK, it is his money. He has the freedom, that is in democracy the case, he can express that, he does that. So philanthropy is not one thing. So please let us try not to be reductionist and lose a lot of discussions, debates in spending time

to say who is the best. I think there are combinations of methods which are extremely important.

Also not a discussion about old and new. The example of San Paolo in Italy, Matthew has mentioned the fact that in Europe it goes also a very long time. San Paolo in Italy was created by seven laymen, who wanted to do something in their village Turin, who helped poor people. They made a hospital, they made a house for people who are without a home to do something which in a way was a little bit microfinance. Because of that they became a bank. It is amazing, isn't it? And then they became privatized and they are again a philanthropy. So you see over the history how things can change. So less pretention and more attention and not this type of fight between this is old and this is new.

I have to stop apparently but we have a debate following, so I will stop it here. I think it is a great sector to work in. It is great that new people are coming in. It is not easy to do this work, but it is a fantastic way, it is fantastic feeling if you can help by working together to make this a better world. Thank you.

## **DISSCUSSION**

**Filiz Bikmen Bugay:** Thank you Luc. I was just mentioning how Matthew's book, the foreword is written by Bill Clinton; the foreword of your book was written by Stephan Schmidheiny who is actually one of these Philanthrocapitalists, right? One of the entrepreneurs earning their money in the business world but also doing some really radical and different things.

So perhaps 10 minutes before we break we could talk a little bit about the stories that have inspired you the most. You spend a lot of time each putting these books together. If philanthropy can change the world, and I sense your answer is yes, but what have been the most effective stories and examples that you have seen about philanthropy changing the world? Matthew, shall we start with you?

**Matthew Bishop:** You know, I think firstly historical stories. If we look at the history of Rockefeller Foundation's support of Borlaug and the whole green revolution that arguably saved billion lives in Asia through improving agricultural productivity. That is probably the single biggest contribution of philanthropy made so systematically investing in a whole field of knowledge and the distribution of that knowledge around the world. Earlier with the role of Carnegie helping to set up a number of inquires that thought about the whole development of solutions for poverty in America at the start of the 20<sup>th</sup> century.

More recently I really got turned on to this potential of Philanthrocapitalism by meeting Bill Gates back in 2001 when he was really just getting started as a philanthropist and being struck by how passionate he was about it, how he said that basically at that point of his life he was going to parties and people would always avoid him because they knew that he would talk about tuberculosis and the need to do something about it. So he becomes sort of obsessed by that issue. He really believed it was within the possibility of philanthropy to actually save tens of millions of lives in developing world through using that of money to work systematically. I had not really seen philanthropy as having that potential until I had had that conversation.

So for me, if you look at the results that are already happening through vaccination programs that have been funded by Gates, clearly they have saved millions of lives. I think over the next 5-10 years the results we are going to see out of that money are going to be phenomenal. I think they are going to make a lot of people aware of how much they could do if they started to use their money in a strategic way.

**Filiz Bikmen Bugay:** Thank you. Luc, you are also the editor of two books, of stories of philanthropy in Europe. I know a lot of the attention in the media and the global press tends to highlight a lot of what happens in America around philanthropy, and you have a collection of very good examples to share from Europe. What is happening with Europe? Are there Philanthrocapitalist movements in Europe? What are some of the most inspiring things happening in Europe in that angle?

**Luc Tayart De Borms:** I think that is one of the things... I prepared some more points, so let me pick that up. I think one of the important things to keep in mind is that philanthropy- and it is such an evidence but a lot of people don't think about it that way- is contextual. It means it depends on what type of society you are in, which economic system you are in, which socioeconomic, socio-cultural, religious... It is such an evidence, but we tend to think that philanthropy needs to have the same expression everywhere.

In relation to Philanthrocapitalism I think in continental Europe in general there is of course already a different relation to money and a different relation to success. It is not something you show off when you are successful and rich in a lot of European countries. It is something you hide even more. Because it is not a positive thing; the media are critical, people are always looking at you... so you don't have the same type of need of people to say "I was successful and now I am going to give back to society".

The second thing is, because also our socioeconomic system and I would say, market system which is not the same as in the US, is that of course, because of the tax system and all that you don't have that many people who get that rich in such a short time period. Like, if you take, the guy from Facebook. So I don't think there will be the same type of big philanthropists but they are there but they don't show themselves that often.

Now, in relation to that, I want to add perhaps this, because you asked for good examples which impressed me, is that we have to pay attention to what I call the Gates Syndrome or the Giving Pledge Syndrome, is the idea that now in society you can only give or be a successful philanthropist when you are hugely rich, and it is not true. And I think it is the wrong image. Again, it is not against those people who do that, that is great, but let's also pay attention for those many people with less money to do fantastic things.

We recently had somebody of a small village, Valonia in Belgium. It was a man of more than 80 years old. He was living in his village. He lived there with two of his sisters and himself. He had no children himself. He was the biggest farmer in the village for two-three centuries. This family has been supporting on a local level, everything which happens socio-culturally from the football to helping the poor people, to the music, chapel, to whatever. And he said what will happen when I am no longer there any my family is no longer there? Who is going to support all these people? So he said I am going to give you the money, but you have the

mission to make sure that this village can continue, yeah, continue like we have for centuries. That is very impressive in my opinion. And it is not Bill Gates. It is a man, a very modest man who has been living in a small village. So I think we have to look at his phenomenon, and it is very important but don't forget all the other things which happen.

We have to pay attention to make one definition of philanthropy. People have been traditionally giving in different ways in China, in India, in Africa and we don't always define or they don't fall always in what we call philanthropy. But we should be open about it.

**Matthew Bishop:** Can I just comment on that?

**Luc Tayart De Borms:** Please.

**Matthew Bishop:** I was nervous as soon as you started saying "the giving pledge syndrome", because I mean that is a classic European attitude to anyone doing anything constructive. It just seems to me, how can we call that a syndrome? It has to be a good thing, this has to be something that we feel positive about. And I agree with you, individuals, everyone can be doing something, and one of the most exciting things that is going on at the moment now is how the Internet in particular in the whole world increases the ability of people with very little resources to suddenly to have an idea that takes off.

One of my favorite charities at the moment is called "Movember" where basically it was a group of Australians who wanted to grow moustaches to annoy their girlfriends decided they would raise some money by growing moustache during the month of November each year. And this has now spread around the world through YouTube videos and so forth. So they picked a cause to raise money for prostate cancer research. That organization is now the single largest source of private funding of prostate cancer research. In just 6 years it has reached that level. But now it is working closely with things like the Milken Institute, billionaire philanthropists like Michael Milken is also in research, with the Livestrong Foundation created by Lance Armstrong.

So there is this extraordinary network now that is out there that is forming, becoming global, that allows people with no resources to take an idea and scale it up and achieve massive impact. I think we need to recognize that these are not opposites, they are part of a general ecosystem that is growing.

**Luc Tayart:** I think that I said that. But I want to stress- especially to the media-I got yesterday when I was driving from the airport to here, a call from a Belgian journalist from an economic newspaper because of Zuckerberg's gift. Again philanthropy came up and that's great, but it would be a little bit reductionist if we only look at what is happening there. I think there is a lot of people doing fantastic things also as you say, the moustache thing is only individuals. And we have to celebrate all this type of philanthropists.

And the good thing is that the philanthrocapitalists let's say bring philanthropy on the agenda. I like to use that to also show that there are also other things that are also valuable.

**Filiz Bikmen Bugay:** Just before we go to the break, can I ask Matthew, can you tell us all what the Giving Pledge is?

**Matthew Bishop:** So the Giving Pledge is that Warren Buffet and Bill Gates created a web site where any billionaire who wishes to make a pledge and would give away at least half of their wealth during their life time can post that letter and make that pledge public. Bill Gates and Warren Buffet are actually calling a lot of the billionaires on the Forbes list and so forth and others that didn't make it on the list but they know to be wealthy and trying to get them to sign the pledge and go public with that commitment.

The reason they wanted to be public is that they feel two things would happen: One is, this would be leadership by example, that it would become, and I think it already is becoming the norm, that as you become wealthy, giving becomes part of what makes you a respected wealthy person rather than one that is not respected.

Secondly, once people go public with that commitment, it then leads to a conversation about how do you do this giving in a way that is effective. And so that is going to be the next step, I think people will go public and then there will be a conversation going on about what are you doing, why are you doing it, what are you trying to achieve with your money, which I think will be very healthy because philanthropy is a very opaque field at the moment. People don't really know what's going on and what anyone else is doing and what works and what doesn't work. So there is a real move to kind of make it a much more transparent, open discussion.

They are actually going... as I said they went to China a couple of months ago, Warren Buffet and Bill Gates, to actually meet the new wealthy of China. They are going to India in March. They are trying to make this Giving Pledge a global movement rather than just an American movement. So far they have got 57 American billionaires out of about 500 signed up, and there is going to be another set of announcements early in the New Year.

So it is actually going quite well. Bill Gates is particularly pleased that he managed to get Larry Ellis, the founder of Oracle to actually sign the Pledge, because they are famous rivals. So I think they are now going off to Steve Jobs to try and sign him up as well from Apple.

**Filiz Bikmen Bugay:** Right. It will certainly be interesting to see in 5 or 10 years time how much they have given, what they done and what kind of impact it has had.

So, we are just getting ready for our coffee break now. When we come back we will transition and maybe start with the subject of government. Matthew Bishop is a very active "tweeter". I am following him on Twitter. Yesterday you talked about the UK's 'Big Society' plans about creating a matching fund. They have done this in the past for higher education and they would like to do it for arts to get philanthropy more involved. So maybe there is a role that government can play in getting everyone, not only the rich to give. Maybe we can start talking about that when we come back in 15 minutes. Thank you.

## COFFEE BREAK

**Filiz Bikmen Bugay:** Welcome back. So, let's pick up on where we left off on very brief opinions and thoughts on the role that governments can play in creating a culture of giving as you wrote, or motivating this to take place more often.

I just want to make a very brief note though, before we get started about the program, we will be ending at 12:40. So that gives us about 25 more minutes. Soon we will be getting into the question and answer with the audience as well. Yes, governments, can it motivate philanthropy, should it motivate philanthropy?

**Matthew Bishop:** Well, I think one of the points that Luc has made very powerfully is that you can't generalize too much about- you have to understand the specific context of each country. So I think that question raises a lot of questions that every individual country has to come up with its own answers.

However there is a set of questions around what are your tax incentives towards giving. It is clear that America and Britain have very positive tax incentives but nonetheless America, because of the way you file a tax return in America you can deduct your charity or donations before you pay any taxes whereas in Britain the way it is structured the charity has to pay the money back and you have to sign a form so that you don't get the same direct connection between your giving and the tax reduction. And it seems like even relatively subtle things like that make a huge difference in other parts of the world there aren't the tax incentives at all to give, so that is one whole set of areas that you have to look at.

The government – we are writing about matching, the extent to which governments are now looking at the idea of, say, if there is a donation from the private sector we will match it with public spending. The British government has tried that with the university sector where they put a 100 million of public spending that was available to be sent into the university sector if the universities could raise it from the alumni. That's actually worked pretty well. What it has done it, it has not been just a neutral thing, it has been a positive thing in that it caused the universities to invest far more money in figuring out who their alumni are, building up the connections with their alumni, finding out what their alumni care about and then actually hiring some fundraisers and things.

So there is a feeling that you have actually tipped the fundraising system differently in the university sector in Britain so that it will be much more effective going forward even though the matching funds are no longer going to be available. And they now are looking at doing that in the arts.

But there are other ways. Britain set up something called a social investment task force about 10 years ago under Tony Blair's government. And the idea was how do we use tax incentives and government contracts to encourage much more private money to come into solving social problems. That has actually had a number of interesting consequences including what I think the new conservative liberal coalition in Britain will do, the creation of a Big Society bank which will be a bank that is really looking specifically to help the charities, non-profits and

social entrepreneurs to scale up what they are doing to help and bring more money in to replace what would have been by the government in the past.

So there is a whole lot of other experimentation there, every country is going to do it in different ways, but the fundamental point where I think you can generalize is that governments everywhere are realizing that they can't solve these problems on their own. Simply raising taxes is no longer the answer- that there are so many demands for them from the public that they have to somehow figure out how to get the private sector engaged in different ways. And if they can't do that they are going to be in real trouble. So everyone is grappling with this problem in different ways.

**Filiz Bikmen Bugay:** OK. Luc, what is happening in Europe?

**Luc Tayart De Borms:** With Matthew on what he said I just want to add different things which asks on one hand with the legitimacy of the sector, this means we can be naïve about it unfortunately that it is not a given that the governments are positive about philanthropy. It has to do also with traditions of, if you have the private sector and public sector, which base is given to civil society. In the French tradition, some of the French traditions came to Turkey at a certain moment- but in the French tradition you have the state and the church and in between there was nothing. I am simplifying. And if there was something it was controlled by either one of them, which they called "la priorité est la politique", which means the priority is the politics. The people who are voted in have the real legitimacy.

So we cannot take it as a given that governments will look at this as positive and so implying that they will create an able environment. I am not only thinking about Europe. When you look at Singapore, it is more a state capitalism system, they have now decided that philanthropy is a big thing, so they will do it but it is purely government-driven. Not speaking China, because that is an even other context.

So we have as a sector and as philanthropists to continue to make a point that we have this place in society which is a valid place, which gives added value, which can work together with government. And also perhaps there is some hubris or less pretention from the philanthropic sector would also help, not always bashing governments. In the sense that in the Balkan region we have worked on human trafficking, so we worked with also NGO's there, but a lot of NGO's, with all my due respect to my US colleagues, were brainwashed to say the government is the enemy. How can you work in an effective way with impact on human trafficking if you don't want to talk to the police and the justice?

So you need to know what space you have and you need to dialogue with corporate and government sector. But they have to give you that spot, that place, and that is still a challenge in a lot of countries. It is not a given. And it has nothing to do necessarily with what kind of ideology they have, it is a lot of cultural background in it also. I mean look at China, and the way they look at certain things. Their ethics, Confucianism, is a different type of ethics than the Protestant one, so it has its implications.

So as Matthew said, it is a complex issue. But as philanthropists of course we want our space, we want that its tax use is friendly to us and that we can do matching things. That's why also

we have been working with the European Foundation Center and fighting to make the European Commission understand that we can work together, that we don't have to be paid for our overhead but that we can just pull money together and be more effective. We want the European Commission to understand that it is still difficult to work as a Foundation in different parts of Europe which is why we need a European Foundation statute. It is amazing but it is still the case. There are a lot of challenges when it is about the governments.

**Matthew Bishop:** Just to add, it does seem I think there are different categories of countries. There are some, I think I have been talking about those countries that are broadly democratic, that want to put to use high-functioning, effective societies for 21<sup>st</sup> century. There are other societies where their agenda is very different. It is about protecting the powerful, the elite in place and so forth. So, picking a random example, Russia, the new wealthy of Russia are all becoming philanthropists but that includes strategies like when Vladimir Putin told Faberge Egg to be returned to Moscow and I need someone to buy it for us. That is the philanthropists would do that. Another billionaire that doesn't want to be arrested, he owns a football club in London, it will help his political strategy.

So each society has different roles but I think at its best what it (philanthropy) can do is not replicate what the government is doing but actually help bring innovation to bear. And I think that's what I am sure you are all looking at in Turkey, how can you make the system work more efficiently and effectively and there I think the role of philanthropy should be less about just providing money to do things that the government should be doing and more about how to drive innovation and change.

**Luc Tayart De Borms:** That implies, because we speak about legitimacy, we often speak about legal stuff, but there is also an attitude as a foundation to have I think in every society but in a different way is to have the conversation with all what is called stakeholders in society is that you don't work as a foundation on your own. You have when you work on a certain subject you bring in people from the government, you bring in people from academia, you work on a certain subject, you bring in people from the NGO sector and you say, 'OK we are faced with this problem, how can we solve it?'. We will bring it to the table. It needs this dialogue.

In certain societies who are less democratic I suppose it is a different place. I think I can use this example, although it is an example from the past, it is still very good, it is the Gulbenkian Foundation. If you take Gulbenkian Foundation during the dictatorship of Salazar they were the only place in Portugal where there was a free space for intellectuals and artists. And there was a kind of deal with the government in a strange way that they could do that, but they were the only window from Portugal with access outside of Portugal. So Gulbenkian played an incredible role in making sure that after the dictatorships there were enough leads ready to take it up. I mean they were not the only ones again but they had a fantastic role in that. So even in difficult times, in relation to governments foundations achieve sometimes very critical roles.

## QUESTION AND ANSWER

**Filiz Bikmen Bugay:** So speaking of dialogue let's turn now to our audience. We have our first question. You are free to express your question in either Turkish or in English. Our guests have headphones.

**Meral Tamer:** Meral Tamer, from Milliyet newspaper. First I would like to thank Sabanci Foundation. In the last four years they have been bringing the latest trends in philanthropy to Turkey, giving us the opportunity to learn. Perhaps because of the daily hustle and bustle I had personally skipped the news about Warren Buffet and Bill Gates holding hands and visiting China, India and around the world to do something together. I learned it here and I will follow up on that.

I hope that China says no because I am sure that in poverty-stricken China the new wealthy can do something for their own poor populations scattered around many regions of China. Furthermore, China does a lot of good work in Africa, they engage in lasting investments for the development of Africa and enhance the level of prosperity in a sustainable manner in numerous African countries.

As a colleague of Matthew, I notice that this book has Bill Gates in from its foreword to its ending note. I wonder if he has ever considered this following point: Several years ago at a Davos summit Bill Gates and Melinda Gates were talking in a session about all their investments for the poor, especially the poor in Africa, with great passion and enthusiasm. In another room they were holding a session that tackled the monopolistic approach of Microsoft trying to stem the tide of Linux.

As a journalist, I also consider that all this effort may have the dimension of image polishing; have you ever thought about that? In concluding, I would like to argue that the Europeans approach and what Luc said resonates with me more and seems to me as real philanthropy. Thank you.

**Filiz Bikmen Bugay:** Thank you. There is a lot of content.

**Matthew Bishop:** There is a lot of content. First of all, so let me be clear, when Bill Gates and Warren Buffet go around the world they are not asking for the money to be given to the Bill and Melinda Gates Foundation. They are asking people to give the money however they see fit through their own foundations. They are just merely trying to say it is a good thing for the wealthy of the world to publicly come out and make clear that they are going to be giving their money away. That's what they are trying to do, to wherever they want to do, to whatever cause is most close to their heart and wherever they are.

Now in China, I think they had been encouraged to go there by the Chinese government because the Chinese government is accurately aware that it has enormous social problems. And currently the behavior of its wealthy has not been in any sense socially harmonious, which is the word they like to use, that it has been very much conspicuous consumption and so forth. And they want to actually say, part of the process of becoming a modern wealthy prosperous economy is that their entrepreneurs ought to be people who are giving back to society, and that does fit into a harmonious, Confucian view of the world. That's why they are

encouraging philanthropy. It was interesting in the earthquake a couple of years ago, it was the first real moment where having been very very suspicious of civil society in all its forms. The Chinese government for the first time said we are going to encourage wealthy and our businesses to be involved in the humanitarian effort after the earthquake.

So I think this is the part of the growing up process of a country like China as it becomes a constructive player in the world. And there is going to be all sorts of debates about things like Africa and China's role in Africa that are going to go on at the same time as this other process of trying to bring the entrepreneurs into the social problem solving process goes on.

As a journalist I feel my obligation is to ask questions and to report what I see. The philosophy of the Economist has always been to take part in a battle of ideas and we come at the ideas of the world from a belief that human inquiry, engagement in argument and debate will produce a better world. So we are believers in human improvement. There is a philosophy of change and progress at the heart of that reporting. And I cover these issues of the world from that perspective. I think you are right, there are certainly questions to be asked about the behavior of Microsoft as a monopolist. In fact we had a cover story on the Economist saying "Delete Microsoft?", exploring and arguing that Microsoft should have been broken up to encourage competition.

The fact that Gates is doing indeed should make news like suspicious when he starts to become a philanthropist you do ask a question, is this philanthropy just about image polishing? That's why I am so focused in what I am writing. In getting away from the fact that someone has made a commitment to give away money, to ask the question "Ok, what are they doing with their strategy, are they actually making a difference"? And that is where I think journalists tend to have not reported the world of philanthropy at all. They have just tended to say, it is all image, it is all vanity, it is all rubbish when in fact the history of philanthropy is full of extraordinary stories of this money making a huge difference to support all sorts of social movements, liberal sorts of change. And I think it is our responsibility as journalists not to be, you know sort of gooey-eyed and soft about it, but actually talk to these people about what they are doing, finding out whether it works, report on what works well and report on what doesn't work well. And I am very struck as a journalist by how little information and little serious reporting goes on about this vast and important sector. It is going to be even more important going forward.

So I would say as a journalist it is our responsibility to go and ask the tough questions on philanthropy just as we would ask the tough questions in business. But simply to say that someone because they do something in business that we are not entirely happy with means that everything else they do is not going to make a difference or is going to be bad or it is just about image. I think it is a bit simplistic.

**Luc Tayart De Borms:** Of course. I would like to make the difference between corporate social responsibility when it is a corporate who gets into a certain philosophy of giving. And the risks are, you know I think often that corporates are taking higher risks to do that, because it demands a big type of discipline inside the organization. Otherwise you are going to have more negative return than positive return. If you take BP, it is a classical example these days

but they did great work in reshaping their image and beyond petroleum and a lot of also philanthropic programs, and then something like that happens and so everything is down the drain. They lost an enormous amount of credibility. So if you go into that you really have to be very aware that all your organization has to follow in absolute consistency. It doesn't exist of course but it becomes part of your risk management if you do that, because it is going to have huge effects.

But you have others where you have family foundation linked to philanthropy and to the corporate. I mean in Europe for the moment there is a big discussion with the Bertelsmann Foundation which is a huge media group. And there comes a book out, from a journalist criticizing the Bertelsmann family and how they use the foundation and how they use to promote certain ideas which help the company and all that. So it is a big challenge for business people to go into philanthropy. They have to be very aware of that, but I don't think it is absolutely possible. And you have to not start from the critical side and the negative side but if I would be a person like that you have to go through that exercise, because people cannot be naïve about it and that is I think the message. They cannot be naïve about it and they have to take a lot of things into account which are perhaps not that much fun.

And from my perspective and from the perspective of philanthropy professionals between brackets is that of course a scandal in one organization can really spoil the reputation of all the others. And that is a huge challenge for something like European Foundation Center and TÜSEV here in Turkey you are also working with risk, that somebody in the sector is doing something bad and then it affects all of you. That is why there is a need for associations and foundations and there is a need, let's call it, for self-regulation, self-reflection and the exchange of good practice and how you can do things better. Because I think this is one of the big challenges that Matthew referred to with the Pledge, is that of course a lot of people are giving now but they don't know yet how and they don't know yet what and how it is strategically going to be, but I hope that there is in fact this accompanying coaching structure next to it so there are not going to be, perhaps damages done which can affect all the sector. But again it doesn't mean it is bad, but you have to be aware of that.

**Filiz Bikmen Bugay:** There was also a question about, other part of Meral Tamer's question was about Europe seeming very much like Turkey. It wasn't a question actually, it was a comment. What do you have to say about the way that Europe is going with all of that in general, the way that it looks at companies and philanthropy and corporate involvement. Is it also matching or encouraging, is philanthropy finding its place?

**Luc Tayart De Borms:** We have the challenge, just like Matthew was saying, it is an amazing fact that so little is written and so little is known about philanthropy. Now a lot of it is our responsibility. I mean the European foundation sector is bigger than the US one. It is older and bigger but nobody knows that. And it has to do with our mentality, I don't know if it is constructive but it is a different way of functioning in our societies. So yes, we are there, but we have to fight with the European Commission, just to give that example, to show that associations and foundations are not the same thing. They want to give us the same status. Associations are about members, to put it simply and foundations are about money. It is quite a different thing, it is quite a different governance structure. So yes, there is a long road to go

and it depends on the countries; the UK, Spain are ahead of other countries. Holland has a system which I think has risks because it is so broad, they have a lot of people in the church and at a certain moment it is going to be a problem there I think.

**Filiz Bikmen Bugay:** OK, we have another question. Here, here and here. I hope we have time for all these questions.

**Nail Yılmaz:** Prof. Nail Yılmaz, I am the Deputy President of Cerrahpaşa School of Medicine Foundation. I would like to welcome our guests. I would like to say a word about the title of the seminar, “Can Philanthropy Change the World?”; yes, it can. Anything that changes humankind can change the world. I have a suggestion and a question within it: I suggest that foundations pioneer scientific projects that work to benefit humankind. Would they agree with that? At the moment those sciences are communication and biologic sciences. As a professor of biologic sciences I believe that around 51% of the questions in our field are resolved. There is a saying, “health prevails all”. All the distinguished members of Sabancı Foundation have pioneered in this area and have also helped our foundation around those issues. Can we improve philanthropy by focusing on some unresolved projects in biologic and health sciences? Can our civilization move on to a better place with such focus? I would like to hear the opinions of distinguished speakers.

**Filiz Bikmen Bugay:** Thank you. I am going to take a few more questions because we are running out of time.

**Batuhan Aydagül:** My name is Batuhan Aydagül and I am a development specialist working in Education Reform Initiative and Mother-Child Education Foundation. My question is not whether philanthropy can change the world but more like how? And more specifically how can philanthropy mobilize social change? Because the amount of funds that are being accumulated through campaigns is on the one hand promising but on the other hand it worries me as a development specialist, because I know how little absorption capacity development countries or recipient countries have.

I worked in an African country and in a year or two we could not spend even 14 million USD because of the procurement procedures in place. In health it is easier, because vaccination and medical interventions are straightforward. You can actually plan, execute and see the results. But in education for example it is much more difficult. You can make children go to school but you cannot ensure necessarily that they actually learn something. And in that philanthropy can change the world as far as it reaches the people and creates change agents in these countries. My question is, do you see anything Matthew that actually differs from the previous developmental processes in the US within this whole new paradigm? And to Luc, as coming from a foundation who actually provides grants what will be the critical factor in actually making sure these funds reach to people and empower them to be their own change agents in their own settings? Thank you.

**Davit Okutçu:** My name is Davit Okutçu. I represent the Darüşşafaka Association , an association which has been providing free education to orphans of this country for the past 150 years. I want to thank both speakers for their excellent presentations, very enlightening. But during your speech you concentrated mainly on the philanthropic activities of the wealthy

few if I may say so. Could you share some of your experience with the community foundations? Whether success stories or pitfalls in that respect? Thank you.

**Yavuz Baydar:** Yavuz Baydar, journalist. My question is also somewhat related to Mr. Okutçu's question. What is your reading on the role of religion rather specifically the religious networks, and sub-networks and pious networks or sub-networks if you will in this context; is it being redefined in today's world, in the globe? Are they becoming more assertive and influential? In this context that you are speaking about, what is the level of interreligious network cooperation in this context?

**Filiz Bikmen Bugay:** All right, now, that is a lot of questions to answer in about 3 or 5 minutes, but you are experienced speakers, so we can move on. There was a question about the role of philanthropy and foundations in health, specifically there was a question about philanthropy and foundations being able to mobilize social change and if somehow Philanthrocapitalism or venture philanthropy is shifting the way that developmental work is being done in developing countries. There is a question about community foundations which I am very happy to hear, and the question about religion and the impact and the dynamics of religion. So, wherever you want to start. Luc, let's start with you this time.

**Luc Tayart De Borms:** OK. Let me start with the first question. I think you are absolutely right, foundations have a role in that. But I would just illustrate that you can go beyond research funding which is very important, which we are moving on a modest level. I didn't speak about that but in my opinion foundations have an important role in what I call convening, bringing people together from different backgrounds and trying to move the ideas and come to some conclusions you can bring further.

In science, if you take brain science for example, one of the things we did was we did in 9 European countries something which is a deliberative process, where we brought citizens together in 3 weekends. The first weekend you explain to them what the scientific evolution is, what the challenges are; ethically, legally and all that. The second, they can invite whoever they want to get more information and the third, they come to conclusion. The scientists said we were crazy to do that. They were afraid, because they thought the citizens are going to block our research effort because we are going to say attention here attention there. We said to them pay attention, do this exercise, otherwise you are going to have the fear reaction as on GMO's, as on genetic stuff. When people are not informed they give emotional reactions and then you are in problem, so try to anticipate.

Big surprise, we did that in 9 European countries, big surprise and applause from the scientific sector is that the citizens when they were informed were extremely positive. They thought there has to be more fundamental research. They had their concerns but at least we know now their concerns. It is qualitative information you can use. So quick one, research is important but there is also the link to research in society where foundations can play a role.

Secondly, your difficult question about, all questions are difficult, about education...The fact is that raising a child is not like building a house. And so you have to accept that, you can't do the same thing. In general I think in philanthropy there are still Newton types. You think you

go from A to B, from B to C and that it is all simple causality. It is not the fact; it is chaotic, more chaotic, it is organic. And when you are with human beings it is even more the case.

And this means you cannot do anything alone. So two quick examples: One, there is a problem in European societies to explain what poverty means to young people. You can say there is that much poverty there, but it is all abstract. Now we have developed a game together with Gulbenkian Foundation and Bosch which is called PING, "Poverty is Not a Game" which is a game, where young people get into the game and there is always one figure a generation poor and the other gets poor because of the circumstances. Now this gives the young people a feel what it means to be poor and what it means to take decisions which makes you poor, just a big example.

Another thing is, we work at a museum on democracy and history. We have more than 300 classes passing by. But you cannot only do that with the visit; you have to have the schools with you.

So the last one, community philanthropy, I don't call it community foundations. I don't think it is cut and paste from the US, that doesn't work, it is community philanthropy, local philanthropy. It is extremely important. We have more than 400 associations who can have through us tax-deductible gifts and we give them for free without any fee. And there we see the enormous amount, as Matthew said through the Internet, but we also see enormous amount of generosity of the people. The individual people in their neighborhood projects they are like from the professional side. We have more than 300 funds which are created through legacies. That has been the last 100 funds created in recent years, so it is going up enormously. There is an enormous drive, there is an enormous capacity and conviction of people that you can do something.

About the religious aspect I think it is partly linked to it. Of course European countries and specifically Belgium are very secularized. Religious giving has been there for a long time but it has been structured also for a long time. Take the Catholic ones, they have gone beyond their own communities, let's say. Now that is interesting that we have a big Turkish community and of course we try also to involve them in their giving and try to help them in that. But everything for the moment is around the mosque, which is a normal thing because that's where they see each other, they gather. We try to dialogue with them so that we can help them also in their philanthropy in the neighborhoods where they are, in the city but also back to Turkey eventually.

So, it is a short time. I spoke too quickly for the translators.

**Filiz Bikmen Bugay:** Are they doing OK? I hope so. All right, Matthew.

**Matthew Bishop:** I will just start with the religion point. I do think that it depends whether you are talking about the individual level or the institutional level. Clearly all the major religions have very strong giving messages in the heart of them, and many of the philanthropists we interview clearly have religious faith in some way or tradition has been one of the major motivators of their giving although others experience exposure to particular problems through their personal family members getting ill or seeing something in the course

of their business or whatever that has shocked them. But I think as a motivator it is a very good thing.

Institutionally again you divide it between religion as a service deliverer, providing soup kitchens or assistance to the elderly. Where I think again you are seeing the Salvation Army in America is now working with a number of high net worth individuals to try new forms of social assistance, so it is open to this new movement of Philanthrocapitalism in quite an interesting way.

But on the other hand if it is the battle of ideas religion tends to be at the institutional level a more of a conservative force rather than a progressive force, that is probably a generalization we can debate for years. But insofar as doing that I think often the philanthrocapitalists will be on the other side to the established religious authorities. So there is something interesting battles, but the techniques of Philanthrocapitalism may well have been used by the traditional religions to, example, change public opinion, target government policies, set up organizations that are mass member organizations or cells of activists. So I think it is not very black and white, it is very overlapping.

I think in general, about the other three points, I do think where the philanthrocapitalists are doing things differently to governments and other sources of funding as in they tend to go after things that are neglected by the mainstream. So Bill Gates and others are looking at health, you know going after the parts of the research where they feel there are new approaches to be followed or that there is not enough money has gone in the past. So Gates focuses on neglected diseases or diseases of the poor which are not necessarily getting funds that are going to the diseases of the rich world.

And in general, in terms of development assistance and so forth, I think the business world is generally much more switched on to the potential of new technology than has traditionally been the case for governments of traditional, non-profit organizations. So clearly the last 10 years has seen this extraordinary positive impact of the cell phone, mobile phone, technology and of software around that.

And one of the one example I have been struck by, is transforming education in India at the moment. You know India has 1 million teachers that don't turn up for work. So think about that, 1 million teachers employed by the government don't bother turning up for work and so no wonder they have an education problem. So someone has now this pilot project whereby the children in the classroom are given a cell phone. And the project is, photograph your teacher every day and post it on the Internet. So suddenly the attendance of teachers at schools is increasing dramatically. It has cost them very little money to do that but if you think about the potential once they have turned up they might as well teach. So you just think about the educational- and I just think that that is the sort of initiative that you are much more likely from a private entrepreneur or social entrepreneur on the ground coming up with an idea and suddenly that can become a huge idea that transforms a whole system. Then you are going to get it the old way. So I think there is a lot of change.

I think the other thing is we do need a lot more. I do think the world is becoming more transparent. The Wikileaks thing this week highlights that. And there is going to be a lot of

debate on whether that is a positive or a negative thing. But on balance I think we have to assume that the world is going to become much more transparent and on the whole that is going to lead us to do better and hopefully we will have much more informed debate by journalists and others about what is working in development what is working healthcare what is working in social change and what doesn't work that we have had in the past. That is why I am so optimistic about this whole process.

**Filiz Bikmen Bugay:** Well, then that means we can end our seminar on an optimistic note. There was a quote that I think was in your book Matthew, from Ted Turner talking about how 'It is not just giving, it is investing in humanity'. And so hopefully today we had a discussion that was fruitful, useful and informative for all of you about how we can both give and invest in humanity, and what the future of that may be. I would like to thank Matthew Bishop and Luc Tayart again for being here with us. And thank you all for coming and your excellent questions. And again I would highly recommend picking up these books and having a look at some of the great stories and learnings in them. Thank you again.