10 Sabancı Foundation
Meeting the dynamic and changing shifts in Turkish society

This chapter paints the portrait of a place, a family, and a foundation. It attempts to tell the story of a ‘traditional’ foundation—one of the first established according to the new Turkish Republic laws after the Ottoman period—and how it has evolved in serving its philanthropic purpose to the greatest extent possible. Today, the Sabancı Foundation is one of the largest in Turkey, with more than €480 million in assets and an annual expenditure of €27 million.

Hacı Ömer Sabancı was a successful businessman and, with his wife Sadika, an active philanthropist. Their six sons not only continued their legacy by building one of Turkey’s largest conglomerates; they also institutionalized the charitable impulse of the family by formally establishing the Sabancı Foundation in 1974. To date, the Foundation has built and restored over 120 facilities for educational, health and cultural purposes, established a new university, provided more than 31,000 scholarships, and distributed 650 achievement awards in the areas of education, sports and culture.

Today, the Sabancı Foundation is one of the largest in Turkey—by European standards it is in the top 50 by expenditure and the top 100 in terms of assets. Looking to the future, the Foundation is strengthening institutional capacity and realigning its strategy to better meet the dynamic context and shifting mandates of Turkish society and the consequent changes in the philanthropic landscape.
The place and the person

There is a saying that you 'can take the boy from the country, but you cannot take the country from the boy'. This saying captures an important starting point in the story of Hacı Ömer Sabancı (1906–66), born in Akçakaya, Kayseri, a province in Central Anatolia. To tell the story of the person, we must also know the place from which he came.

Kayseri has an important place in Turkey's past, present and future. It has been a continuous settlement since 3000 BC and was a vital trade centre due to its location on the Great Silk Road. Ruled by various kingdoms over the years, Kayseri was captured by the Ottomans in the 15th century. Today, it is one of the main centres of industrial growth: 17 of Turkey's top 500 companies are from Kayseri. In July 2004, Kayseri applied to the Guinness Book of Records for the largest number of factories being constructed on a single day (139).1

Aside from its fascinating history, the people of Kayseri are known for the entrepreneurial merchants who have moved on to achieve great success, earning them the title of Anatolian Tigers.2 In addition to its successful business elite, Kayseri is also the hometown of notable political leaders, such as Abdullah Gül, the current President of Turkey.
The Anatolian Tigers of Kayseri are equally well known for their pious and philanthropic nature. People who originate from this province are active benefactors who frequently channel their private wealth for public benefit. In one village, Hacilar, 13 out of the 15 schools have been built with private donations.3

This information about Kayseri sets an important context for understanding the person. Hacı Ömer Sabancı and his six sons – five of whom were born in Kayseri – undoubtedly absorbed the characteristics of their fellow hemşehri (townsmen) in becoming successful businessmen and active philanthropists. They realized these values in many of the communities across Turkey in which they lived and worked. The holding and foundation established by his family would later give back to Kayseri through several economic and philanthropic investments, including an important cultural centre at the Erciyes University4 and a social and training facility for teachers.

‘To give what this land has given to us back to its people . . .’
At the early age of 14, Hacı Ömer left Kayseri for Adana, a province in the Mediterranean region, where he went to work in the cotton fields and subsequently started building his fortune. After only two years, he had saved enough to start a modest commercial venture. From there, through his many enterprising initiatives, he planted the seeds for what would later become the Sabancı Group of Companies, known today as the Sabancı Holding.

Hacı Ömer and his wife Sadıka had six sons – İhsan, Sakıp, Hacı, Şevket, Erol, Özdemir – who took an active role within the Sabancı Group. It was their dedication and support from professional managers that helped to grow the Sabancı business after the loss of their father in 1966. The Sabancı
Holding was formally established in 1967. Today, it is one of Turkey’s most respected and successful enterprises with 70 companies in sectors such as manufacturing, technology, textiles and energy; 52,000 employees; 10 international partnerships (with Toyota and Bridgestone, to name a couple); €12 billion in sales, and €351 million in profit.

The Sabancı brothers followed in their father’s footsteps in more areas than just business. Both Hacı Ömer and Sadika were active philanthropists during their lifetime and raised their sons with a strong core value of charity and giving back. With this charitable impulse, a generous contribution from their mother, and a desire to formalize their philanthropy, the brothers formally established the Hacı Ömer Sabancı Foundation – known as the Sabancı Foundation – in 1974. The motto of the Foundation is a principle by which their father Hacı Ömer lived his life: ‘To give what this land has given to us back to its people.’

The Foundation has made a constant effort to keep this philosophy alive. ‘Though much has changed over the years, the spirit in which the Sabancı Foundation was established lives on today. We’ve made great efforts to guide our programming with Hacı Ömer Sabancı’s motto and distribute our social investments as broadly as possible,’ says Foundation General Manager Hüsnü Pınarcaşoğlu. To date, the Foundation has made a contribution to over 78 communities in every region of the country.

**Institutionalizing philanthropy – establishing the Sabancı Foundation**

To ensure the growth of the Foundation’s assets, some of the companies of the Sabancı group contribute between 1 and 5 per cent of their annual profit to the Sabancı Foundation, which is allocated to operational and programme activities. The Foundation’s charter requires that it pays out at least 67 per cent of revenue on programmes.

To date, more than €1 billion has been spent to support the aims of the Foundation. As of November 2007, it has more than €480 million in assets and spends about €27 million annually, making it one of the largest foundations in Turkey by both assets and expenditure. The Board of Trustees has seven members, appointed by the Sabancı Holding. The current Chairperson of the Foundation is Güler Sabancı, who is also the current Chairperson of Sabancı Holding. While the governance of the Foundation comprises mainly family and corporate members, they are conscientious in including the voices and opinions of others in developing their Foundation’s strategy.
The Sabanci Foundation’s main aims are to support education, culture and health needs across Turkey. Its most significant programmatic investments to date have been in three areas: construction and restoration of educational, health and cultural facilities in 78 out of 81 provinces; providing more than 31,000 educational scholarships; and presenting more than 650 awards for exceptional achievement in education, culture and sports.

In addition to these investments, the Foundation has been a long-time supporter of the International Adana Film Festival and the National Folk Dance Competition. Recently, it started supporting a private theatre group that travels across the country to perform for young students, many of them from disadvantaged neighbourhoods. In addition to these programmes, the Sabanci Foundation is one of the founding members of TUSEV (Third Sector Foundation of Turkey), a network of foundations and a support organization for the third sector. It has also been a member of the European Foundation Centre and the Council on Foundations for several years.

Sabanci is clearly the leading foundation in the area of building and restoring educational institutions. A majority of the Foundation’s institutions were built or restored between the mid 1980s and early 2000s, characterizing the first phase of the Foundation as one focused greatly on institutional development. As displayed on the Foundation’s website, these institutions provide invaluable services to students, teachers and society as a whole in locations from the most desolate and poor areas of eastern Turkey to the most treasured parts of Istanbul. Each year, an estimated 45,000 students from pre-school to high school study and/or live in schools and dorms built or restored by the Sabanci Foundation.

A number of these institutions fill an important gap in serving the needs of disadvantaged groups. Several members of the Sabanci family as well as partners and employees of the Holding take an active part in these philanthropic endeavours. For example, following the devastating earthquake in 1999, the Sabanci Foundation, together with partners and employees of Sabanci Holding, funded the construction of a primary school in Kocaeli. The Metin Sabanci Centre for Children with Cerebral Palsy serves children with disabilities in a facility unmatched by any other private or state institution in Turkey.

One of the most significant investments of the Sabanci Foundation is the Sabanci University. The design process started in 1995 and the doors officially opened for classes in 1999. The Foundation continues to provide almost €10 million per year in support.
Primary education school in Kocaeli
Sabancı Partners and Employees Primary Education School was built with the fund established within Sabancı Foundation through the contributions of Sabancı Holding, its partners and its employees during the period following the earthquake on 17 August 1999.

The school building comprises three floors with a closed area of 5,000 square metres. Full-time education is provided for 1,500 students in 37 rooms including 29 classrooms, two science laboratories and a foreign language laboratory. There is also a 240-seat capacity auditorium, a gymnasium, cafeteria, library, and administrative sections.

Metin Sabancı Centre for Children with Cerebral Palsy
The Metin Sabancı Centre for Children with Cerebral Palsy was commissioned in 1996, with the aim to help spastic children and teenagers socialize through early education and training. It provides quality care, treatment and professional education. There are physical therapy rooms, rehabilitation units, a social analysis room, psychological research and observation rooms, hydrotherapy pool, outdoor and indoor sports facility, dorms, workshops, handicrafts exhibition section, workshops, dispensary, daycare centre and administrative buildings. There is also a conference hall for 200 people and a library with 3,500 books available for use by the people who stay and work at the facility. It also includes a grass soccer field, and volleyball and basketball fields with special floors.

Sabancı primary education school in Kocaeli.
Sabanci University

Sabanci University is a private, independent university with a state-of-the-art campus spread over 1,260,000 square metres and located 40 kilometres from Istanbul’s city centre. The University aspires to develop competent and confident individuals, capable of independent and critical reflection, who possess a strong sense of social responsibility. This mission is reflected throughout the entire university, from its interdisciplinary academic programmes to its technology and infrastructure and its research and development projects in industry.

Academic activities operate within the framework of three programmes: the Faculty of Engineering and Natural Sciences, the Faculty of Arts and Social Sciences, and the Faculty of Management. The undergraduate degree programmes are built around a blend of disciplines that leverage new, scientific developments and equip students with a wide diversity of mental tools and skills needed to deal with the increasingly complex, interactive and fast-flowing environment that characterizes today’s world. Graduate programmes, on the other hand, are designed to prepare students for career-specific fields and/or research.

The University is bilingual, using English as its primary language of instruction, but Turkish whenever necessary, for example for courses and readings on Turkish literature or Ottoman history. Sabanci University has fostered an environment conducive to research and has the distinction of being the first university in Turkey accepted for membership in the European Foundation for Quality Management (EFQM).

A museum was established in 2002, where recent exhibitions such as Picasso and Rodin attracted significant interest from the public.

Changes in the landscape of philanthropy usher in new opportunities

Foundations, no matter how private and independent they may be, do not act in a vacuum; or if they do, they are unlikely to maximize their fullest return to society. For years, the Foundation continued to realize its main aims of supporting education, health and culture within a paradigm of ‘traditional’ foundation operations, which lean heavily towards helping to address a need which is primarily the responsibility of the government and funding the construction and/or restoration of schools and hospitals. Yet this has often been the role of foundations in Turkey from the Ottoman era to the present.

However, changes in the landscape of philanthropy in Turkey have allowed foundations to take a different approach to public benefit.
Thirty-four years and €1 billion later, the Foundation leadership started to take note of the significant changes taking place in the field of philanthropy at the national and international level. They initiated a process to determine how programmes and support could be redesigned to address new needs and mandates.

The goal is to build on the original raison d'ètre of the foundation and pursue a new path. Güler Sabancı explains: 'It is time for foundations in Turkey to adapt to the rapidly changing context and take on a leadership role in promoting social transformation and sustainable development.'

Until the early 2000s, the environment and legal frameworks for civil society organizations (CSOs) and foundations were restrictive. Limited wealth and a stagnant market economy meant less philanthropic activity and a highly centralized state meant few non-state actors could do much beyond building schools and other institutions to lessen the burden of social needs and problems.

Yet, the seeds of change that would spark an important shift in these areas started bearing fruit in early 2000. While these positive developments continue through peaks and troughs, political, economic and social reforms have started to shape a more enabling environment for new ideas, actors and approaches to development in the third sector – primarily non-governmental organizations (NGOs) and other actors.

The following major shifts are most pertinent to Sabancı's decision to re-examine its philanthropic strategy:

- Third sector – legal reforms and the democratization process, much of it part of Turkey’s political process and the EU accession efforts.
- Private sector – increased economic development and wealth creation.
- Public sector – shift from centralized/linear to decentralized/integral approach of state policies and social service provisions.

One of the most important milestones in the development of civil society and foundations in Turkey is the law reform process that took on great momentum in 2001. During this period, laws governing the third sector were amended and in some cases drafted anew with an ethos of empowerment and encouragement. Most notably, the new Associations Law in 2004, and other important amendments to foundations law (although a new draft law specifically for foundations is still pending in Parliament), allowed citizen groups and CSOs to take on a more active role in service delivery and in developing local and national policy. Up to this point, foundations such as
Sabancı and others were fewer in number and thus carried more weight in addressing the social needs of the country. This momentum, coupled with EU funding and greater pressure for the government to loosen the strings on civil society, led to the regeneration and new establishment of hundreds of CSOs and foundations. These organizations focus on 'traditional' philanthropic areas such as education, culture and health, as well as new areas such as human rights, environment, women’s issues and disadvantaged groups. As a result, foundations such as Sabancı, which were once alone in their mission, now have a broader and more vibrant group of organizations to partner and cooperate with to achieve their objectives for social change.

The emergence of new wealth
In addition to the expansion of the third sector, this recent period has been one of rapid economic growth. While the seeds of privatization were planted back in the mid 1980s, the bulk of Turkey’s impressive economic growth has taken place over the past six years. Indicators show that GDP per capita increased from just over €1,370 to more than €3,770 between 2001 and 2006, with an average economic growth of approximately 7 per cent per annum. As a result, Turkey has also witnessed the emergence of new wealth, and thus more philanthropy and public goods.

Hüsnü Özyeğin, who made the bulk of his wealth a few years ago by selling the Finansbank enterprise, is an example of this trend. He is now transferring his private wealth for public good and ambitiously building dorms and schools across the country. Now more than ever, there are ‘new generation’ successful business people who are keen to give to causes that the Sabancı Foundation has already contributed to most prominently: building and restoring institutions that are transferred to ministries (education, culture and health) and providing educational scholarships for needy students.

State-centred approach undergoes a paradigm shift
In the public sector, significant change is taking place in the state’s approach to development. The establishment of the Turkish Republic in 1923 brought with it a very state-centred approach to modernization and development, an approach which crowded out private actors. Organizations such as the Sabancı Foundation were relegated to giving scholarships and building and restoring facilities, which would then be run under the auspices of the state.
At the same time, with the emergence of a new – and in many aspects more progressive era – the state has adopted a more integrative approach. This paradigm shift is leading to three major epiphanies:

- Increasingly challenging development mandates require more private initiative and investment.
- Private actors can add value beyond providing physical (hardware) bricks-and-mortar contributions.
- Public policy debate and development is a *sine qua non* for effective and democratic public administration systems.

This is not to say that the ‘hardware’ – the building of schools, dorms and hospitals – is a thing of the past. However, it is now augmented by the recognition that ‘software’ – education reform, protecting and promoting the rights of disadvantaged groups, and the development of a more participatory policy development/service delivery system – is essential to furthering the modernization and democratization of Turkey.

*Looking towards the software of society*

The influx of new CSOs in service delivery and advocacy, the increase in wealth and contributions from local industrialists and ‘new’ philanthropists, and the state’s shift from a linear and centralized method to a more integrated approach to development, are all important factors that have led the Sabanci Foundation to reassess its role and investments in supporting the development of Turkish society. The Foundation is looking more towards the software of society and issues such as women’s and human rights. As a result, the fundamental programme areas of the Foundation are currently undergoing significant changes in direction.

*Taking into account global changes*

All of these developments are seemingly nation-centric, happening within the borders of the country. However, it is also possible to establish linkages to the globalized nature of change in many countries today. Just as no foundation operates in a vacuum, no single country operates in a vacuum either. Thus, the development of civil society, increase in wealth and ‘new’ philanthropists, and the shift in role of the state are also international trends. The process of European accession has undoubtedly played a critical role in generating new perspectives in the area of social development.

In this light, the Sabanci Foundation is also taking into account the changing role of foundations in Europe and at the global level, and looking to leading organizations to benchmark its own process of change.
First things first – strengthening capacity

Prior to its strategic assessment activities, the Foundation made some essential internal changes. They moved the headquarters from Adana to Istanbul in 2006 to be closer to the Sabanci Holding headquarters, and upgraded the infrastructure of the Foundation. An intranet was developed to digitalize all documents and decisions, and compile business processes for HR, finance and legal departments as well as scholarship and facility administration. A website was created to share more information about the Foundation, as well as to increase transparency and accountability.

Today, the Sabanci Foundation is one of the only foundations in Turkey to publicly share information about its financial status.

The Foundation also took stock of what it had contributed to date by creating a detailed inventory of the more than 120 facilities and institutions built or restored since 1974. Site visits were conducted and a system developed to manage the physical infrastructure improvement process. While all facilities are officially run under the auspices of government agencies, lack of public financing for infrastructure requires that the Sabanci Foundation continue covering these costs, which amount to more than €1.3 million per year. Foundation staff also established closer relationships with the school managers, principals and teachers, and created more open lines of communication with key stakeholders.

Exploring new programme areas

While the main focus of this phase was increasing internal capacity, new programme areas were also being explored. In 2006, the Sabanci Foundation entered into a partnership with all of the United Nations (UN) agencies in Turkey and the Ministry of Interior to support a Joint Programme on the Protection and Promotion of the Human Rights of Women and Girl Children in Turkey. The Foundation also started making grants to NGOs such as the Mother Child Literacy Foundation and contributed support for the Daddy Take Me to School campaign.

The detailed strategy and programmatic design phase gathered momentum in the second phase. However, these initial efforts were important in creating a new infrastructure and direction for the Sabanci Foundation. Taken together, these changes would pave the way for developing a formal programme strategy for maximizing its contribution and value to society.
Protecting and Promoting the Human Rights of Women and Girl Children in Turkey

The UN Joint Programme (UNJP) is designed to address persistent gender inequalities by improving the national policy environment, building local government and NGO capacity, designing service models for women and girls, and raising awareness about women and girls’ rights. It targets national level decision-makers as well as local governments, NGOs and the general public in six cities: Izmir, Kars, Nevşehir, Şanlıurfa, Trabzon and Van. The cities were chosen according to their capacity to participate in the programme, perceived needs, and the commitment of municipalities as expressed in preliminary city visits. They were selected to demonstrate how participatory and coordinated cross-sectoral partnerships could improve services, change policy, augment resource availability and improve the lives of girls and women.

Activities include identifying the needs of women and girls through a participatory planning process involving all stakeholders. By the end of the programme, the pilot cities will be evaluated for certification as ‘Women Friendly Cities’. The Sabancı Foundation is providing grants to projects developed jointly by CSOs and local governments that align with UNJP priorities. Key partners include all UN agencies in Turkey; Ministry of Interior; Sabancı Foundation; Sabancı University; mayors and governors of Izmir, Kars, Nevşehir, Şanlıurfa, Trabzon and Van; and donor governments – Canada, Denmark, Finland, France, Germany, Norway, Sweden, Switzerland and the United Kingdom.

Designing a new strategy

The next steps were to start working towards a new strategic framework. This included four main actions:

- Assessing strengths, weaknesses, opportunities and threats.
- Undertaking a benchmarking process vis-à-vis Turkish and international foundations.
- Developing a new strategic framework – identifying potential programme areas and new vehicles for support such as grantmaking and fellowships.
- Organizing consultative meetings with thought leaders from different sectors to discuss the way forward.

The internal assessment revealed that the Foundation had positive name recognition in the philanthropic sector and a very strong track record in the
area of education. But it also revealed that it was lacking a formal strategy. The benchmarking process exposed quite interesting results: foundations similar to Sabanci were doing more or less the same things but the Sabanci Foundation was a leader by far in the number of institutions and facilities it had helped build and/or restore in areas all over Turkey. It was also the only one to have diversified its programming by launching a formal grantmaking programme (see above).

The benchmarking with foundations in Europe and America revealed three important outcomes for the Sabanci Foundation to consider. European and American programme strategies are more clearly designed; programme areas address other ‘soft’ issues such as rights and empowerment; and they use more diverse types of support in achieving programmatic goals.

The outputs of the benchmarking exercise fed into a new strategic framework that included a revised mission statement to ‘promote the well-being of society and encourage social awareness’. New potential programme areas were identified together with new vehicles such as grantmaking, fellowships and other mechanisms that could be used to accomplish programme objectives.

The strategic framework was then taken to the field and debated with thought leaders from academia, non-profit organizations, foundations, government and the private sector. ARAMA consulting group was commissioned to organize ‘search conferences’ and a ‘decision conference’. The aim of these facilitated brainstorming sessions was to bring together different stakeholders and integrate suggestions and ideas for future strategies. Focus groups were conducted – Education, Social and Economic Development, and Civil Society and Social Investment. Each brought together 25–30 individuals for one day to discuss and prioritize the main issues in these fields and develop suggestions about what the Foundation should focus on.

Next, a ‘decision model’ was developed. The final group reviewed the general objective of the Foundation and prioritized general goals and programme areas. This was done using an algorithmic decision-making model called AHP. Given Sabanci’s high regard for international perspectives and thirst for diverse views, individuals from the foundation sector outside of Turkey were also invited to participate.

The Sabanci Foundation also organized a large seminar with more than 200 participants. This created a forum for global perspectives in the field and opened people’s minds to what could be done differently. In
her opening speech, Güler Sabancı stated the importance of change for foundations and the value of developing new strategies collectively.

'Turkey is in the midst of significant economic growth and prosperity, displaying rapid integration and increased competitiveness in the global economy,' she said. 'We are facing new challenges, new mandates in the development of our society. We are now witnessing a surge of new civil society organizations and other key actors that play an increasingly important role. Sabancı Foundation is searching for a strategy with innovative and unique programmes that will support these initiatives. But the most critical part of this journey is to share different ideas and perspectives and generate a "collective wisdom".'

The benchmarking, strategic framework and stakeholder consultations provided the Sabancı Foundation leadership with a clear picture of how to move ahead. The next step is expected to be to design a detailed programme in the areas of youth, women and disadvantaged/disabled individuals, and to explore potential needs in teacher training and community development in Istanbul. These areas will be developed in the coming year and will establish a new road map for the future.

**Creating a new legacy of foundations in Turkey**

For centuries, foundations have been established in Turkey and have performed thousands of charitable acts and deeds, with much blessing and appreciation. Most people living in Turkey still regard the foundation sector in this way – performing simple, kind, charitable acts, focused on alleviating the immediate needs brought about by economic injustices, or, in the history of the modern Republic, addressing societal needs that the state could not.

Yet, for those closer to these issues, the reality is quite different. The story of the Sabancı Foundation reflects the evolution of this change. It began with the philanthropic impulse of Hacı Ömer and Sadika, and continued with their sons, who translated this impulse into perpetuity with the establishment of the Foundation. This continues today in an ongoing quest to make a difference and fulfil its philanthropic obligation. This quest is likely to result in a very different approach from that of the past and will mark the beginning of yet another new phase for the Foundation.

This paradigm shift also marks an important milestone for the foundation sector in Turkey, which is likely to continue with this significant momentum of change in the coming years. This new vision will lead to an important realization that while foundations are indeed valuable legacies of Ottoman-Turkish-Islamic culture, they must not be imprisoned in their own
history. Foundations must be encouraged to move into the present, be open to new possibilities and approaches, and address injustices and the root causes of social challenges.

As the title of this book suggests, foundations in Europe have a rich past and a promising future. Once new ways are unlocked to allow foundations to foster the future development of Turkish society— as Sabanci Foundation has started to do—their contributions will most certainly leave a legacy as worthy as that of their Ottoman ancestors, who are so revered today.


2 A term used to refer to several provinces in Turkey which have grown economically without significant government investment, and thus are known for individuals who built businesses (mainly those which started as merchants and SMEs) which have achieved significant success. Source: ‘Anatolian Tigers or Islamic Capital: Prospects and Challenges’, Middle Eastern Studies, Volume 40, Issue 6, 2004.

3 Ibid.

4 Sabanci Cultural Complex at Erciyes University, Kayseri.


7 Decision Conference® is a participatory decision-making methodology implemented by ARAMA. Analytic Hierarchy Process (AHP) is a participatory method developed based on system thinking and group dynamics theories. Decision Conference® uses AHP to add qualitative and quantitative factors to the decision-making process. AHP was developed by Thomas Saaty and is one of the most frequently used and accepted methods in the world. Decision Conference® has been used by many holdings, associations, sector organizations, public organizations and corporations in Turkey for the last 10 years.

8 See www.sabancivakfi.org for more on the seminar and a podcast of the event.