The author provides an overview of developments in the landscape, laws, and perception of civil society organizations in Turkey and the interplay with philanthropy. She points out that Turkish foundations have not yet made the shift from supporting the ‘hardware’ of institutions to ‘software’ community engagement, though there are exceptions budding in recent years. She further argues that a significant challenge ahead is the reform of the tax framework for philanthropy.

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“You have to consider both economy and democracy at the same time. You cannot choose one over another. You have to give both of them priority. If we left out the NGOs, which are the primary elements in democracies, Turkey would not have been able to achieve the success it has in both domestic and foreign policy areas.”

This statement exemplifies a significant turning point and is a testament that civil society organizations (CSOs) in Turkey are finding a new place in society.

Their charitable role has long been a part of Turkish culture – going back as far as the Seljuk and Ottoman eras during which private wealth supported public benefit through a network of over 60,000 foundations. Some brought water to Istanbul, others built and operated schools and hospitals, providing key services which were later replaced through the social welfare state system of the new Republic.

While these organizations continued to play a role in society after the establishment of the Republic, their role was relegated to one of two extremes: Either solely for the purpose of charity – filling the gaps of state services and one-off acts of helping the poor – or, in the other extreme, an anarchistic threat to the unified State.

Yet looking to the recent past and present terms, it is rather clear that landscape of organized civil society is changing significantly. From Bitlis to Bursa, CSOs are increasingly active in tackling issues at the community, regional and national level. Whether they are supporting victims of terror, fighting violence or poverty, conducting technical analysis of education reform, or monitoring the media for gender sensitivity and equality, CSOs have begun to assume a role never quite imagined only two decades ago.

A number of favorable shifts in the political environment have enabled this. Legal reforms mandated by the EU, combined with a more favorable perspective on behalf of policy makers has led to the new Associations Law (# 5253, ratified in 2004), the new Foundations Law (# 5737, ratified in 2008), and a number of other laws which specifically acknowledge civil society, CSOs and their role in society alongside the public and private sectors. While reforms do not assume

flawless implementation, these are important milestones. Initiatives promoting CSO-government collaboration at the local and national levels have also helped to ease tensions and create a stronger sense of mutual benefit in pursuit of a shared goal.

There have also been developments beyond the political arena, notably the increased sensitivity of the private sector for ‘social responsibility’ and volunteerism, and an increase in the visibility of both CSOs and the issues they pursue – such as school enrollment for girls and violence against women. On another front, programs and donors supporting emerging CSOs and their projects – albeit limited – have enabled this growth; as have increased national and international exchanges.

Although these developments clearly merit recognition, there is still much to be done for the continued fostering of civil society. And despite the exciting examples noted above, a majority of the population remains quite unaware of the existence and activities of CSOs, much less joining as a member, volunteer, staff member or donor. (See Box 1).

**Box 1: Snapshot of Civil Society Index Findings**

**Structure of Civil Society (Participation, Inter-linkages, Representation, Capacity):**

- The level of depth and breadth of civic participation in Turkey is significantly low – 7.8 percent of Turks report CSO membership; 1.5 percent report volunteering. The levels are especially low for disadvantaged groups such as women, rural populations, and the poor.
- CSOs experience hardships with regards to obtaining financial support given both lack of fundraising skills and the scarcity of Turkish grant sources from foundations, private sector and government.
- CSOs report limited communication and cooperation with other CSOs both within Turkey and with other international counterparts and networks. CSOs from all regions report a lack of support centers that serve to strengthen skills and provide guidance in their development. Contrary to popular belief, this research does not suggest significant regional disparities regarding the need for capacity building programs and related efforts.

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Environment of Civil Society (Relationships with other sectors, legal and fiscal environment, socio-economic and cultural factors).

- A recent history of economic crises, high inflation, ethnic conflict and severe economic disparities combined with low social capital are perceived to create adverse conditions for the development of a strong and vibrant civil society in Turkey.
- Dialogue between the state and civil society is increasingly improving; yet relationships with the private sector remain quite limited, especially with regards to dialogue and financial support.
- Although recent changes in legislation indicate a positive trend, CSOs continue to experience interference from government officials.
- CSOs report a positive impact of the EU and pre-accession process on the development of civil society in terms of legal frameworks, and promoting certain values. The most significant and positive effects were perceived to promote a more enabling environment (reform of CSO laws) and increase of CSOs ability to promote more democratic values.

Values (Degree to which civil society promotes values in society and practices these values within the civil society sphere and in organizations).

- CSOs in Turkey are most active in promoting values of environmental sustainability and non-violence. CSOs are seen as taking an active role in promoting democracy, however, they report a lack of good governance, such as transparency (especially financial), accountability and decision-making in their own organizations.
- The opposite of this is true with regards to gender equity – CSOs are reported to be rather weak in promoting these values within their own organizations, with a majority of management and leadership positions being held by men and no safeguards to promote women’s participation.

Impact (Degree to which civil society plays a role in various areas and their relative impact on policy issues).

- CSOs in Turkey take on a particularly active role in environmental protection and social service provision. In terms of policy impact, CSOs were observed to have an important impact on policies regarding human rights and Penal Code reform (especially with regards to women’s rights). However, CSOs, especially those working on rights-based issues, feel they are still not given enough space and voice in policy related matters.
- Social policy and national budgeting were areas in which emerging efforts of CSOs were observed. Yet, with the dynamic context of Turkey, these are two areas in which increased activity will likely take place in the coming years. More disconcerting are the low levels of activity and impact on holding the state and private sector accountable.
Given this context, the handful of CSOs which have persevered today to earn the acclaim of PM Erdoğan’s statement have done so with a great struggle – legal, human, financial and technical. Looking more closely at the dynamics of this sector in Turkey, there are only a few organizations which fund CSO initiatives. And needless to say, CSOs can only produce a limited amount of action and impact without further support.

**Where are the Donors?**

This issue of funding for civil society in Turkey – or in other words, the missing ‘donor’ sector – has been a seriously neglected point in both policy and practice. We tend to assume that funding CSOs is only for American and other ‘foreign’ organizations; and worse, the media has fueled public option to assume that recipients merit inclusion on the ‘traitors of the State’ list. Yet few actually talk about the potential resources that could be mobilized within Turkey, and the value these resources can add to building healthier communities and a more democratic society.

Unlike regions such as Central Asia and Africa, the shortage of Turkish donors is certainly not for a lack of financial resources per se – indeed there are several private foundations, companies and individuals that have both the propensity and means to give. Few would dispute this, especially given the number of significantly endowed Turkish foundations and recent economic upturns have added several zeros to earning statements.

It appears to be more a lack of vision, technical skills and strategy to look beyond the traditional forms of philanthropy and be more progressive in supporting this important sector. For most endowed foundations and individuals, options for giving do not go beyond building schools or giving scholarships. While ‘Corporate Social Responsibility’ projects attract companies and their PR advisors, the level of private sector support remains far lower than its actual potential and its strategic outlook is questionable.

However, as the landscape of civil society changes, so must the role and approach of philanthropy. There are three key issues which must be raised in the public agenda to help address this gap:

1) Encouraging Turkish foundations to adopt strategic funding programs,
2) Engaging and guiding new donors, and
3) Promoting policies to encourage philanthropy.
A New Role for Turkish Foundations

Turkish foundations, some of which have endowments estimated to be over one billion USD have made notable contributions to Turkish society over the years. Some of the best universities, schools, hospitals and museums and thousands of scholarships are just some of the critical investments of foundations such as Koç, Sabancı and more recently, Özyeğin.

Similar to counterparts across the Atlantic in the 1920s and 1930s (e.g. Rockefeller, Ford), Turkish foundations have invested mainly in the establishment of public institutions.5 But unlike their counterparts, Turkish foundations have not yet made the shift from supporting the ‘hardware’ of institutions to the ‘software’ community engagement, policy reform and other CSO initiatives.6

To be fair, two or three decades ago there may not have been much of a “civil society sector” to fund in Turkey, nor did the landscape mandate such an approach. But times have changed. With an increasingly active and able sector of CSOs, both Turkish foundations and CSOs have a great deal of value to obtain from the strategic grantmaking approach. Beyond the simple transfer of funds, foundations offer CSOs many non-financial forms of support. Although no organization is without flaw, international institutions such as the Ford Foundation and the cohort of other major grantmakers have a great deal of practice and knowledge to share on how foundations can be more strategic by building expert teams and systems to guide and support the organizations they fund, and leveraging their ‘name brands’ to increase the visibility of CSOs and important causes they back.

This strategic approach to grantmaking adds great value in yet another way. A survey of CSOs in Turkey- and elsewhere- would likely reveal that the project proposal process can be taxing, frustrating and laden with paperwork. But it would also likely show that this process facilitates a more analytical approach to devising a proposed solution and approach for complex social problems they aim to address. These processes offer a great deal of capacity building for CSOs whether or not they are awarded the grant.

Foundations also have a great deal to learn and explore through the expertise of their CSO partners who work directly in the field with beneficiaries and have deep knowledge of the issues affecting the communities they serve. By making grants to CSOs, foundations expand the scope of their work and knowledge, thus increasing programmatic impact. Rather than bringing on more staff to operate programs, foundations can empower community organizations and achieve important results in the process.

Although this field is rather new in Turkey, there have been some recent examples of Turkish foundations looking beyond their traditional modes of operating by engaging in joint projects with international organizations like the UN agencies, or exploring rural development projects. But they remain on the operational side and strategic grantmaking is not a part of their programs. The Sabancı Foundation has been pioneering the way in terms of developing a strategic approach to grantmaking and building this into a well-defined program strategy—thus pacing the way for a burgeoning Turkish grantmaking practice.

Having started a grants program in 2006 to support projects from Urfa, Van, Kars, Izmir, Trabzon, and Nevşehir, the Sabancı Foundation is now undertaking a program strategy design to create new grant programs for youth, women and the disabled. This is a critically important step in taking the civil society sector forward. Hopefully, lessons learned from this experience will encourage other foundations to adopt focused program and grantmaking strategies and discover the kind of impact this support can have in Turkish society.

**Expanding the Base of Philanthropy**

Turkey’s very first quantitative public opinion research on the issue of giving and philanthropy was conducted in 2004 and revealed some very striking results (see Box 2). While this sample covered the spectrum of Turkish public (most of which provide very small amounts of donations), we know very little about the current tendencies and practices regarding individuals of wealth or companies, which tend to have different goals and objectives in making philanthropic contributions.

**Box 2 Snapshot of Philanthropy and Giving in Turkey**

- 44 percent of respondents report making a donation, but tend to make them directly to the person in need (87 percent) as opposed to charitable organizations/CSOs (12 percent).
- People regard philanthropy as: Providing Assistance (41 percent), Sadaka (36 percent), Making a Donation (33 percent), Zekat (33 percent), Volunteering (32 percent).
- Donations tend to be given to relatives/people in need (87 percent) or through organizations such as NGOs and other institutions (12 percent). Main reason for this is attributed to the small amount of donation (53 percent).
- Factors that are important when making donations: Trust (90 percent), Transparency (80 percent), Tax Deductibility (76 percent).
- Preferred issues which merit the most assistance when making donations to foundations/NGOs: Helping the poor/needy (29 percent) Education (16 percent).

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A majority of the respondents in the public opinion study perceive the state as responsible for helping the poor (38 percent). Yet, almost one in two respondents assert that civil society organizations (53 percent) and foundations (39 percent) can make a positive contribution to the social and economic development of Turkey.

Assuming that all direct aid reported pertains to the whole household, about 53 USD, or 0.9 percent, of yearly household income is given in direct aid (using 6,147 USD as the yearly household income reported). The total of such aid for all 12.5 million households in Turkey sums up to 662.5 million USD or 0.1 percent of GDP.

Beyond the limited slate of a few well-established NGOs that accept donations for their own programs, there are no organizations positioned to provide potential donors with insight and know-how on how and where to channel valuable philanthropic contributions. TÜSEV (Third Sector Foundation of Turkey) is one of the only non-profit advisories that helps, on an ad-hoc basis, individuals and companies determine how to set up foundations and offers advice on good practice.9

In the U.S., the practice of donor advisory started with community foundations in the early 1900s.10 These organizations are non-profit, and act as an ‘intermediary’ between the donor and the CSOs in a particular community. Rather than establish a separate legal entity (managing a foundation is not a cheap or easy effort), donors establish ‘funds’ which are managed by the community foundation, and paid out in grants to CSOs according the cause which interests the donor most. Although no community foundation is a mirror image of another, they do share these three basic functions:

1) Fund development and donor advisory services to help donors determine their philanthropic interests and then to facilitate their giving,
2) Grantmaking to effectively channel those funds to qualified CSOs,
3) Convening different actors within the community to determine priorities and goals for development.

As of 2008, the community foundation movement has spread far beyond the U.S. There are now over 1000 community foundations all across the world11 with inspiring initiatives from Kenya to Korea which continue to engage donors and fund community/CSO efforts. The wave has reached the shores of Turkey. In May of 2008, the Bolu Community Foundation (Bolu Başıçılар Vakfı) was established with technical support from TÜSEV. This foundation will, like its peers across the world, operate to pool funds from donors in Bolu and elsewhere.

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9 http://www.tusev.org.tr/
11 http://www.egitimedestek.meb.gov.tr/ednedir.php
and channel this support to CSO projects for community development. This is the first community foundation to be legally established in Turkey and as such, is an important precedent and operational model for other communities to consider.

Yet another encouraging development is the new Turkish Philanthropic Fund (TPF), established in 2007 and based in New York City, which aims to advise and facilitate philanthropic contributions from individuals and companies based in the U.S. to civil society initiatives in Turkey. TPF was modeled on many organizations which precede it, such as the America India Foundation and the Brazil Foundation which share similar aims: promote philanthropy for development in their ‘home’ countries.

At the moment, both of these initiatives are in their very early stages of development. Yet their future success will be critical to the creation of new ventures that will increase both the amount and effectiveness of philanthropic contributions for civil society programs in Turkey.

**Policy for Philanthropy: Incentives for Giving**

Turkish grantmaking foundations and the emergence of new mechanisms to promote and engage philanthropists are important for energizing the donor sector in Turkey. Yet just as enabling laws have fostered the growth of civil society, there is a great need for policies which promote philanthropy by providing donors with incentives, CSOs with tax discounts and an auditing system to prevent abuse of these benefits.

The Turkish government is well aware that incentives for giving are important to engaging would-be philanthropists. In fact, this is the main purpose of Law # 4842 ratified in 2003 to encourage more donations for the building of schools in Turkey. The law allows donors a 100 percent deduction if they build a school and donate it to the Ministry of Education, or make a contribution of computers or other supplies. This rate was increased from the average five percent which is the standard limit for deductions for all other public benefit organizations.

The purpose of tax incentives for nonprofit organizations and donors is in simple terms, government ‘compensation’ for voluntary funds allocated to public services and goods. As such, most countries’ tax code defines the extent to which organizations and their donors can benefit from certain deductions. Not surprisingly, countries under the social welfare state system tend to offer less incentives as opposed to those such as the United States where taxes are lower, and the expectation of nongovernmental organizations to produce public goods are higher.\(^\text{12}\) In Turkey, foundations and associations are not subject to corporate

tax, but they are subject to most others. In fact, before the old foundations law required a tax to be paid upon the establishment of a foundation.

At present, only organizations with a ‘public benefit status’ can offer their donors a five percent deduction in Turkey. Qualification criteria for public benefit status differ for associations and foundations. Whereas the area of activity (health, education, etc) is more broadly defined for associations, in order to qualify, foundations must be operating in areas of education, health, arts, culture and environment. The process of application and approval is lengthy, complicated and not transparent. Ultimately, the Council of Ministers offers the official blessing, leaving the process very open to political influence- not to mention open ended.

According to the International Center for Not for Profit Law (ICNL), best practice in tax policies to promote philanthropy vary greatly from country to country. However, a joint report issued by ICNL and TÜSEV in 2004 recommends Turkish policy makers consider five important changes:

1) Review and enlarge the scope of activities to be considered of ‘public benefit’, especially for foundations
2) Create a transparent and streamlined application process
3) Expand tax benefits for organizations (e.g. no stamp tax, no VAT)
4) Expand tax benefits for donors (e.g. increasing the deductibility rate)
5) Create a special process of accountability for organizations with this status so as to ensure full disclosure of statements to the public and increase scrutiny by public officials to prevent corruption.

Although TÜSEV has worked on this issue for several years, little progress has been made. One possible reason for this is that Associations and Foundations Law reform efforts were a priority- as they should be- and dominated the civil society law reform agenda. However, the issue of tax incentives will likely to be a much more nebulous area to achieve reform for many reasons, including the reluctance of government to decrease their tax income as well as fears of corruption and abuse of such benefits. While expert organizations such as TÜSEV continue their efforts, it will also be necessary to raise this issue for public discourse and debate and create more demand for reform.

A Roadmap for the Future

So what can be done to achieve these three specific goals – more grantmaking foundations in Turkey, new mechanisms to promote philanthropy, and better

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policies for giving? Three things: increase visibility, invest in strategy and be more forceful about policy change.

**Visibility:** The media can help to highlight the value added by CSOs and increase the visibility of the civil society sector. While print media is important, TV viewer rates are much, much higher than newspaper readership – so public service announcements (AÇEV’s recent series on DIGITURK is a great example) are one way media can help add value in this respect. What this sector needs is to be seen and heard so that existing and potential donors can consider supporting them.

**Investing in strategy:** There are more than a handful of Turkish foundations which have the funds to invest in strategy and develop grant programs which support CSOs. They also have the funds to hire professional staff with background and to their luck, employees from the private sector are increasingly eager to be working in the third sector. Foundations should harness these opportunities and rethink their future work in alignment with the new dynamics and context.

**And finally, policy change:** The process of reform for association and foundation law was certainly not ‘easy’ by any means; but their basis on civil rights of freedom of association, assembly, expression made these two laws highly political in terms of domestic and European policy debates and the backing of EU certainly helped move things along.

Tax law reform for philanthropy, on the other hand, is not likely to get the same level of ‘political’ backing. This is a piece of legislation that civil society and donors will have to make a strong financial case for. As such, the sector must invest in the research to justify why these benefits should be granted by proving the value of the sector, for example, by measuring its contribution to GDP and how services contribute to serving public benefit.

The third sector must not shy away from being visionary and proactive in pursuing these agendas. Given the current context, the odds of success are high and the stakes rather low. As clearly stated by Erdoğan, this sector is a priority. It is up to us to make that work in our favor to enable progressive philanthropy in Turkey.