

# Philanthropy to bridge research funding gap



Philanthropy and biomedical research conference

**The kind of medical research being carried out by Luxembourg's biomedical cluster is expensive. In 2008, the Grand Duchy put up some 140 million euros of public money over five years to finance the creation of essential infrastructure such as the Integrated Biobank of Luxembourg, with the goal of supporting research of new treatments for patients. However, between making discoveries in the lab and actually getting the new products approved for patient use lies what participants describe as a "huge funding gap". To discuss a possible solution, a conference was held in mid-February entitled "Advancing Biomedical Research: How can Luxembourg Philanthropy Make a Difference?"**

The term "translational research" is frequently mentioned in discussions of Luxembourg's medical project. "It's fashionable to speak of translational research, which basically means, you have a discovery in the lab and then you want to bring this discovery into the clinic," said Patricia Luchetta, Director for Life Sciences and Technologies with the Ministry of the Economy and Foreign Trade. However, she said, "in order to do that you need to shooz clinical trials, you need to do proof of concept." Such non-research work is not backed by research funding agencies like Luxembourg's Fonds National de la Recherche. And for companies, said Luchetta: "it's too early a stage ... they ask the research groups to fund this part." This gap in funding sources is referred to as "the valley of death," she said.

## Left on the shelf

The risk is that a discovery does not get developed into a treatment. "It is very often left on the shelf, because there no way to finance it," said Luchetta, adding that often research institutions don't have the skill to move their discovery to the product stage. For patients and family members wrestling with diseases, the notion that advances are being left on the lab bench is tragic.

To bridge this gap, especially in the United States and to an extent in the United Kingdom, philanthropic funds have a role. Luchetta acknowledged that most people when they hear 'philanthropy' think 'charity.' "We wanted to show that philanthropy can be much more than that." Luchetta would like this philanthropy to be seen by wealthy investors as a kind of high-risk start-up venture. "You'll find that in biomedical science, philanthropy to



Patricia Luchetta,  
ministry of the economy and foreign trade

some extent fulfils the role of business angels, because of the amounts of money that are needed.”

### Help developing discoveries

Luchetta cited the example of the Arizona, USA based company BioAccel, which she described as a “not-for-profit venture philanthropy fund”. The founder and CEO of ‘BioAccel’, (Biobusiness Accelerator), MaryAnn Guerra, was one of the panellists at the conference. The company provides expertise on intellectual property, business and communication, as well as providing facilities and financial capital to those trying to commercialise discoveries from Arizona-based life science research.

There is a relative lack of such endeavours in Europe, Luchetta said. However, there are examples, such as the Stiftung Charité, a foundation endowed by a German national to advance medical entrepreneurship, which had set up several funds fuelled partly by philanthropy. Stiftung was represented at the conference by Stephan Gutzeit, who was adamant about his view that there should be more of this effort in Europe.

There is already a research laboratory in Luxembourg exclusively funded by private donors, and there is charitable fund-raising for specific illnesses, but the idea of supporting the development of primary medical research results to become approved treatments is new here.

### First-hand experience

Other participants in the conference included Michael Bassoff, president of the TGen Foundation, which supports TGen’s work in finding the genetic components of disease. Bassoff focussed on the importance of individuals and addressing their concerns. Researchers Robert A. Phillips, the CEO of the Integrated Biobank of Luxembourg, and Francis A. Shepherd, a senior staff physician at Princess Margaret Hospital in Toronto, Canada, who holds a chair in lung cancer research, agreed that this sort of funding is crucial in its ability to handle exceptional expenses quickly.

Firoz Ladak, the executive director and a board member of the Edmond de Rothschild Foundations, reassured participants that international philanthropy works well internationally. David Carrington, an independent consultant promoting social investment, with an extensive background in “effective philanthropy” also gave his insights.

Luchetta said philanthropic funding could compensate for when the Luxembourg government funding for biomedical research is either insufficient or too slowly released. At some point, after the start-up phase, it will be realised that “now we need to invest massively to reach another level. She gave the example of a top researcher becoming available with his or her team. There might be a need for new, very expensive equipment, she said.

### Greater flexibility with private giving

With the clear need and real-life examples of philanthropy playing this role, the discussion turned to what kind of vehicle could be created in Luxembourg. “Most of our research projects are international, so you could envisage a vehicle that would finance international research projects,” said Luchetta. There are a variety of legal structures that could fulfil this role, she said, including being a foundation, or perhaps an investment fund seeking profit. One effective model, which doesn’t exist in Luxembourg law is the trust, for

example the UK’s Wellcome Trust.

Luchetta said she hoped the expertise of the Luxembourg financial community could be leveraged to help identify a structure. Luchetta said she found it inspirational that ESSEC, the famous French business school has set up a chair in philanthropy, funded by BNP Paribas.

The philanthropic approach also has several advantages, Luchetta said. While a government picks areas of research with broad appeal and because of their likelihood of bearing fruit, she said, “a philanthropist or a philanthropic foundation will come in with its own views ... a philanthropist might come in and say well my thing is really blood cancer, because my wife died of it - and I’m ready to give 1 million dollars to support the whole project.” Sometimes, philanthropy-funded research give governments ideas. Luchetta cited the example of a situation in Portugal where the state started funding such a project.

### Next step is an organisation

The consensus of the conference participants was that the conjunction of Luxembourg’s life sciences initiative and its financial centre’s competence and renown makes it well-positioned to set up a philanthropic sector, Luchetta explained.

Luchetta said the next step is to create an organisation, separate from the government, to follow the lead of those who are already doing it. “We took away from this event that we definitely have the potential to start an initiative,” said Luchetta. “We will really try to use the momentum we felt at this conference.”

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