

Text Conference in Luxemburg, October 9, 2009

Ladies and gentlemen, dear friends:

Good afternoon, thank you so much to Philippe, the Bank of Luxembourg, Angela de Santiago and Jean Marie Colombani from YOUPHIL and the organizers of this very interesting Symposium..

A little bit about myself: I am a shame of the Harvard Business School: when trying to make money I have lost it, when altruistic (Alianza Editorial, EL PAIS) I have made money.

The Economic Crisis

Let me speak very little about the economic crisis. I think that for foundations the danger of not surviving brings an opportunity for Foundations to become leaner, less bureaucratic and more efficient. As Gerry Salole said this morning, foundations tend to work in their "splendid isolation": the crisis will force them to seek cooperation, look for synergies, even for mergers, even if these mergers cannot be imposed from above but must be the result of developing mutual trust and common work methods.

As a donor, since I have lost a substantial part of my net worth, the crisis forces me to diversify the sources of financing for my foundations and seek others who will embrace my values and my causes.

I will speak very briefly about (a) four lessons I learned from the World Bank, King Juan Carlos, Marti Ahtisaari, and Bechir Ben Yahmed (b) my experience as a donor and "philanthropist" in the 1970s and 2000s, and (c) a "Decalogue" of advice I give young people who want to initiate a project making a contribution to society, which in turn have become some of the criteria I have used in times when I could be a donor, to decide my grants.

(a) Lessons

I will tell you three things that I have learned from the World Bank, King Juan Carlos of Spain, from Martti Ahtisaari, the 2008 Nobel Peace Prize, and from the Harvard Business School.

The World Bank Program for Division Chiefs taught me in 1974 that the only constraint we usually have to optimize work is**fear**. As a President of the US said in the 20th Century, “we have nothing to fear but fear itself”.

The second lesson came in 1993 when, after hearing my Harvard classmates at our 25th Reunion speaking for the first time about globalization, led me to write in EL PAIS a gloomy article about winners and losers, Spain being a loser. Indeed Spain was saddled with no prospects to qualify for the Euro under the Maastricht Treaty, a 25% unemployment rate, a broke pension system, potentially explosive neighbours South of the Mediterranean, mediocre universities, too many civil servants..... I wrote I saw no light at the end of the tunnel.

That evening I had dinner with King Juan Carlos of Spain. As soon as he arrived to the restaurant instead of shaking hands with me or hugging me he hit me very hard in the forearm. He told me:

“I have read your article. Gee, you are very good at finding problems! **Why the hell don't you return to Harvard and find Solutions???**” That lesson has always stayed with me. Indeed, you do a very poor show if you identify a problem and do not find a solution.

The third lesson was what M.A. told me when speaking about the Middle East: that except for death, there is no intractable problem. Martti approach is there is not such a thing as an intractable conflict, be it the Middle East or the Colombian Guerrillas. “Every conflict has a solution”. That is a must attitude. That contrasts with the seemingly pessimistic statement made by Stanley Hoffmann at the 50th Anniversary of Harvard's Center for

International Affairs” when he said: “In my 58 years of teaching I.R. I have come to the following sad conclusion: (a) everybody knows what has to be done” and (b) everybody also knows that what has to be done can’t be done”. He qualified that stern statement with some hopeful signs concerning youth in the US.

Finally a fourth lesson came from Bechir Ben Yahmed, a Tunisian founder of the Jeune Afrique Magazine which has been published since 1958. He told me “Diego, you must think BIG! If you think small your results will be small, only if you are a bit of a megalomaniac and you think big you have a chance of getting big results”. I have always remembered that advice.

(b) Changing the world from bottom upwards or from top downwards

This leads me to tell you briefly about my own experience, as I was an early philanthropist back in the 1970s. I was in my 20s and got an unexpected inheritance of about \$10 million.

What could I do with that money? **Spend it** with Hollywood actresses or buying a luxury boat or houses? **Invest it** in Wall Street and hope to be a rich man in my 70s and 80s? None of that appealed to me and I decided **to do something socially responsible to improve the world.**

My reasoning then was that **poverty** was the only major problem in the world I could cope with, even with the help from the World Bank, where I was the Division Chief responsible for 45 countries in Sub-Saharan Africa. And I could only hope to do it in Africa. I had seen tremendous poverty and inequity in Brazil, but Brazil was not a poor country, that poverty was a result of government policies which I could not fight. There was overwhelming poverty in India, which I knew well, but there my \$10 million would have been like a drop of water in the desert

Thus I created **FRIDA**, a project to which I gave almost my whole inheritance. FRIDA designed to help the smallest and poorest African countries by promoting profitable labour-intensive export-oriented activities and helping them to find markets. This was a project hoping to improve the world at the grass-roots level (from the bottom upwards) with a model that, if successful, could be replicated.

I was one of the original founders of EL PAIS, in Spain, back in 1971. By 1999-2000 I became wealthy again, when PRISA, the group that published EL PAIS, went public. By then I had some very powerful or influent friends: not only King Juan Carlos but also Mikhail Gorbachev, Jorge Domínguez and the Harvard Centre for International Affairs, and Bill Clinton at the end of his Presidency. So I decided to try to change the world but instead of doing it from bottom upwards as thirty years before, I wanted to do it from top down; I figured that changing the system had more potential impact than the opposite way.

How did I go about it? First, I tried to identify the **greatest global problems**. I identified five: **poverty** and inequity worsened in Africa and other parts of the world by globalization.; a reversing trend for the so called Third Wave of transition and consolidation of **democracy; threats to peace and security** from war and conflicts, proliferation of *wmd's*, terrorism and the way the world was dealing with it; **environmental problems**, climate change and threats to biodiversity; and, a fifth one: finally, pandemics and threats to global health.

Second, I created a Think Tank which would deal with the first three problems through what I called the “three D’s”, namely development, democracy and dialogue. FRIDE stands for “Fundación para Relaciones Internacionales y Diálogo Exterior”.

Third, I promoted and organized several Major Conferences which resulted in the creation of permanent action tank to deal with the problems.

- Decomposing the problem in elements
- Finding the best world experts in the field and engaging them in a dialogue
- Organizing their work so that their conclusions and recommendations would not be theoretical but practical and implementable.
- Bringing Heads of State and finding a way to have them engage in dialogue with the experts. This was the most difficult part.

FRIDE succeeded in organizing a Summit on Democratic Transition and Consolidation which resulted in the creation of the Club of Madrid. We decomposed the problem of consolidating a democracy in eight interrelated parts: constitutional design, optimal legislature, optimal judiciary power, bureaucratic reform, anti-corruption measures, the military under civilian power, political parties and civil society, and economic and social conditions. Every team of specialists had a leading authority as a coordinator and a former Head of State as moderator to ensure that the experts were not only giving concrete implementable recommendations, but also ones where the question "What's in it for me" inevitably asked mentally by the Heads of State would be answered.

In 2005 we used the same methodology with the problem of terrorism, where the War on Terror was launched by President Bush and more or less underwritten by the international community surprisingly without having consulted experts on each of the root causes of terrorism. Not surprisingly, the almost unanimous conclusions and recommendations of the experts were opposite to the Bush strategy in the "War on Terror".

Both conferences were resounding successes and resulted in the adoption of profound changes in policy. My think tank (FRIDE) and the action tanks subsequently created at its initiative (Club of Madrid, and CITPAX) have been useful and successful. I was deeply involved in their operation but I appointed somebody with experience, objectivity and good judgement to represent me as donor, to encourage the institutions to diversify their sources of

funds so as to become self sufficient, and to decide how and when to gradually unwind from me. I am also proud of other initiatives, like DARA INTERNATIONAL and its HRI which will and is already improving the quality and efficacy of humanitarian aid throughout the world.

I come to the last part of my talk, which is the Decalogue or ten advices that I give to young social entrepreneurs who want to change the world; in addition to pieces of advice, these are also criteria for me to become a donor or to support their project

- (a) **What problem or need are you seeking to remedy?** Is it a priority? Who is going to benefit? Is your solution incremental or transformational?
- (b) Do you have to think small? **Can you think big?** What are the dangers of scaling the project up?
- (c) If you are successful, **what are the possibilities that the project can be replicated** by you or others elsewhere and succeed, thereby multiplying exponentially its impact?
- (d) **What is your methodology?** Are there others doing what you plan to be doing? Will you not be hindering others' efforts? Who is going to help you? Have you studied your environment? Objectives, technological, production, marketing and financial issues? Alternatives? Decision, implementation plan?
- (e) **Follow your passion.** Passion is your comparative advantage over any other person or institution dealing with the issue. Bureaucracies
- (f) **Give yourself the education** and background you need to optimize how you deal with the problem
- (g) **Reality test:** “de vez en cuando mira si alguien te sigue o estás solo”; si nadie te sigue, si no consigues entusiasmar

a otros, es posible que tu proyecto no sea tan bueno. Look back and make sure that you have got others to back you with their work and funds. If nobody else is following you, your project may not be as good as you think.

- (h) **Do not “fill space in the photo”.** The more space you leave for others the more the chances of getting support from people who do want to appear in the media. On the same issue, **do not expect medals, awards or decorations**
- (i) **Do not confuse reality with dreams, avoid wishful thinking.** Do not allow yourself to be fooled (like Lord Hume in Brussels)
- (j) Evaluate the impact before the Project but make careful plans for implementation and follow up. Be able to learn from your mistakes. It is better to have somebody else who will have the competence and objectivity to evaluate your achievements.

(d) Conclusions

I end here with reference to two tangible successes, the Maimona and EFE Foundation, just pointing out at their web pages, www.lossantos.org and www.efefoundation.org and look forward to your questions

Thank you very much