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Educar -- An Entrepreneur Applies His Talents to Philanthropy Martin Varsavsky Helps Bring the Internet to Schools in Argentina

A few years ago just 4% of Argentina's schools were wired for the Internet. Right now it's about 25%. And in about three years, that number should at least triple. Why so much progress so quickly? You can credit **Martin Varsavsky**, an Argentinean telecommunications entrepreneur based in Spain. He has focused much of his seemingly limitless energy this past year on creating **Educar** (www.educ.ar), an educational Internet portal that has rapidly garnered international attention and imitators.

But it's not just another business for Varsavsky -- it's philanthropy. And he has applied his ability to turn ideas into reality in much the way that he launched successful businesses -- at least six of them -- since he was 24: energetically and head-on. This year he turned 41.

Creating Educar was a particular triumph for Varsavsky. He was a teenager when his family fled Argentina in the 1970s because of political repression by the military regime. He settled with his parents and studied in the United States before eventually making a home for himself in Spain. His rapid successes made international news and drew the attention of **Argentina's president, Fernando de la Rúa**. Now he is a national figure in his homeland.

Moving into philanthropy

Here's how it happened. Last year, attending a **World Economic Forum** (www.weforum.org) conference in Davos, Switzerland, President de la Rúa approached Varsavsky, one of WEF's **Global Leaders for Tomorrow**, for help on one of his priority projects: to bring Argentina's schools on-line and offer educational materials on the Internet. Varsavsky's business acumen was well-known. He currently runs Jazztel Telecommunications, Iberia's second largest alternative CLEC (Competitive Local Exchange Carrier), and he founded Ya.com, one of the 10 largest Spanish-language Internet portals in Europe.

President de la Rúa felt that Internet literacy was essential for Argentina's children to cope in the 21st Century. But the challenge was enormous. With limited funds and infrastructure, and a flagging economy, Argentina couldn't do it alone. With Varsavsky's know-how and energy he felt sure the project could get off the ground. Varsavsky agreed to look into it.

Ultimately de la Rúa got not only Varsavsky's expertise but his money, too: a donation of more than \$11 million, or \$1 for every student in Argentina. Varsavsky's gift was then leveraged with a \$237 million loan from the **Inter-American Development Bank** and donations of computers and software from companies such as **Microsoft**, **Sun Microsystems** and other firms in the US and elsewhere. (Although de la Rúa has been aiming for 100% coverage by 2004, Varsavsky projects a more realistic figure of 70% of schools wired, with 90% of students having access. The remaining schools are in isolated rural communities. In the longer term, Varsavsky believes that wireless technology now in development could even serve schools that lack electricity.)

Educar spin-offs soon followed Varsavsky partnered with **Stephan Schmidheiny** of the **Avina Foundation** (www.avina.net), and donated \$500,000, to create Educar Chile, which is up and running. Similar projects are under way in Bolivia and Costa Rica. **George Soros** has expressed interest in developing a model in Russia. (Varsavsky calls Schmidheiny his principal philanthropic role model. "He has taken philanthropy to a level of enterprise which is very efficient," Varsavsky notes, and says that Schmidheiny has helped him learn how to measure the impact of philanthropy.)

In India, a group of young business leaders consulted with Varsavsky about importing his model. Their program, **Shiksha** (www.shiksha.com), was launched this year (*shiksha* is Hindi for "educate") . Varsavsky did not donate funds to Shiksha but met with business leaders in India and helped them develop a business plan. "When people copy you in business, you get angry," he notes. "But when

they copy you in philanthropy you get happy! I would never go to another country and tell people what I do in business, but here I wanted them to see my model."

Philanthropy from an entrepreneurial point of view

Varsavsky's approach to philanthropy draws directly on his entrepreneurial background. Here's what it involves: First, the philanthropist needs a plan -- much like the business plan he provided to Shiksha -- with concrete objectives to achieve sustainable change, not just patch up a situation. Entrepreneurial philanthropists can instigate permanent change through their experience in addressing problems directly and solve them. "In my case it's improving education through new technologies," he says.

Second, he believes that philanthropists should be absolutely committed to the concept of "giving back" -- but in a form that enables people to become self-sufficient in the long term rather than providing temporary aid, or *limosna* ("hand-outs"). "Justice isn't made when you have \$100 million and others remain very poor," Varsavsky says. "So you use your skills to redress basic imbalances in the world among the haves and have-nots." Educar precisely addresses Varsavsky's vision by providing tools to Argentina's youth, no matter what economic background they come from, and it aims at producing long-term results, much like the immensely profitable businesses he has created.

Third, it is important for the philanthropy to be focused. For the time being, Varsavsky is concentrating on making Educar a success and is not active to such a hands-on degree with any other philanthropic initiatives. His other major involvement is as a board member and donor to **Endeavor** (www.endeavor.org), a New York-based nonprofit that supports small business development in various countries in Latin America. He also takes part in civic activities in Madrid. Overall, Varsavsky says he spends about three-fourths of his time "making money" and the rest in various not-for-profit activities, including speaking and writing as well as philanthropy.

New image

Varsavsky is better known in Argentina as a philanthropist, while people in Europe know him principally as a business leader. "I'd been a very private person until doing this project. It has made me a public person -- there was a massive reaction -- and it's a super-well-known activity," he says. "So in Argentina I'm not a private person anymore."

In addition, being able to come back to Argentina as a guest of the president was a particularly poignant moment in his life. "I'd been thrown out and now I came back with a big gift and it was very positive," he says. "They hang my pictures in schools -- it moved people in Argentina. I might meet an Argentine who doesn't know who I am, but everyone knows Educar because it became a national plan of the government and is going to be in every school. It has had incredible impact."

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