

Why and how?

When I was a child, I received a book that was my favorite for many years: "The Book of Why." I think a comparison with today's tablets is appropriate. I must have been particularly annoying asking the reasons for everything and the book shut me up. Without being remotely aware of it, a habit was born in that moment of adopting a Socratic approach to almost everything in life. It was no different in the case of the PIPA Institute.

Why did we create the institute? Why the focus on art? Why did we create the PIPA Prize? Why four finalists? Why not use an open application system? Why not accept public money or tax incentives? Why, moreover, make it an online prize? How do you make money out of this? Why did you do it?

All these questions, and many others, were raised internally and/or externally, considered and decisions were taken. The vast majority have already been examined on the websites, in the annual catalogues of the PIPA Prize, and in the texts of the institute that accompany the quarterly letters of PIPA Global Investments.

The question that always followed that of "Why?" was, "How does it work or how do you do it?", with a fundamental respect for the limits of our capacity, whether these be of time, energy or financial resources.

Those who have followed us for some time, know how attached we are to the "truck bumper philosophy", certain phrases we collect over life, which form a fundamental group of rules that we take as axiomatic and serve as an initial, automatic "filter" for any initiative.

Two of them are always widely used in the life of the Institute:

1. "More important than being the fastest mountain climber, is being the one who chooses the right mountain to climb."
2. "To get there first, first you have to get there."

So, the institute's design was the object of much research and exchanges of ideas, as was the definition of its vision, mission, strategies and processes - many processes with clear and measurable indicators.

In the vast majority of cases, we studied other initiatives, especially in the 1st world, and considered whether they would work at 40° Celsius. If so, we copied and/or adapted them. We have focused our time and energy on the essential points that we regard as our mission and key elements of the strategy for ten years. I will provide a brief retrospective and update here.

Why did we create the institute?

Everything emerged from a confluence of factors. Between 2006 and 2008, I took a sabbatical with my family and we went to live in England. One of the objectives was to study and reflect on what could be done in the area of the third sector (NGOs, *non-profits*).

From a personal standpoint, despite being very passionate about the process of analysis and management of investments, and having academic training as an engineer, I always found the realm of the capital market extremely "rigid", insular and self-absorbed. As a "personal solution", I have always sought to keep an open mind to the human side, whether it be literature, music or the plastic arts, believing that a more holistic approach would bring advantages and pleasure. After all, it's people who make the decisions in organizations that lead to results.

And finally, the willingness to prove that with a well-thought-out process and discipline, it would be (and is!) possible to create a third sector institution that achieves a relatively large amount with relatively little; without using tax credits or asking anyone for money. A question which I considered to be of the utmost importance in a country where a percentage of institutions, whether public or private, either fail to achieve their ends and/or worse, become the ends in themselves, or even worse, are co-opted by questionable interests.

In the case of the Prize, one indicator that we always follow is the percentage of annual spending that goes to benefit the artists. And we have managed to keep this indicator at around 90% (including donations, catalogs and the website). We have never held a dinner, gala reception or anything like that. The entire infrastructure of the institute was created in the "cloud", based on *open-source* systems. The only "traditional" advertising we paid for was to the *Revista Jacarandá* magazine, of the artists' club of the same name, in addition to some non-traditional advertising on Facebook, when it was still an emerging, cheap and highly effective medium, used by the target audience.

How do we make any money?

The short and direct answer is: in financial terms we don't make a penny. On the contrary, over the years we have donated and continue to donate to the institute a relatively large amount (nothing compared to MoMA, but considerable by Brazilian standards). But focusing on finance is to look in the wrong direction. Our greatest gain is working with younger, creative people, studying, participating and learning in the eternal discussions about art and the third sector which, the older one gets (at least in my case), the more relative importance this acquires.

Why doesn't the institute take my family name? Firstly, because this would be counterproductive in relation to what we want to achieve: as long-lasting an institution as possible, with deep and real ownership by those who participate in it and in which future leaders have complete freedom

to do what is necessary to fulfill its objectives, whilst obviously respecting its fundamental values.

Why create the institute rather than engaging in other existing projects?

Over the course of our lives, we have participated in many meetings with people of the highest competence, character and goodwill, seeking to create or associate ourselves with institutions or associations of the third sector in causes that seemed worthy to us. And we noticed four things:

1. That, except on rare occasions, the first meeting was very animated, the second not so much and the third didn't even happen.
2. Often, the enthusiasm and desire were so great that "something" started to happen without even having defined any basic values or a strategy.
3. Lack of focus. Many of the projects had barely started when they began to seek to address other needs. It is virtually impossible to make a value judgment about what cause is more deserving, but it is certain that any organization needs time to consolidate itself and there are many people that can and do help in various fields. The ideal scenario occurs if each of the organizations that are created fulfill its role well.
4. Leadership. Another of the factors we identified was the lack of clear and committed leadership¹, and of a passionate, active person, who devoted 100% of his professional time.

The job of investment manager is a job that only survives in the long term with someone who adopts fundamental values based on reason and an understanding of human nature, who studies each question in depth and develops convictions, but remains open to recognizing changes in conditions and errors. Much is read and heard, but little is done. And who gets it right more than he/she gets it wrong.

Every day there are new challenges and the pleasure of doing the best possible every single day is the greatest pleasure that one could wish for, given that every day brings a new challenge. Even the celebration of a greater achievement must always be controlled, because we know that although the accumulation of victories in the long run has its value, to achieve it, we cannot lose our focus for one day. We seek to adopt the same approach at the Institute.

¹ As the great American investor Warren Buffett often says, "You can understand the difference between involvement and commitment when eating bacon and eggs for breakfast. The chicken is involved, but the pig is committed."

What are our values, vision, mission and basic strategies?

Vision

Creating an institution that, to use the title of a book by Jim Collins, was "Made to last", and that served as a documented experience, always reassessed and updated not only for the art sector, but also for other initiatives in the third sector.

Mission

1. Helping to create an alternative path in the Brazilian arts world, which helps motivate and promote artists and the profession of the artist, working with the organization of the sector and ensuring a greater insertion of Brazilian art into the global scene
2. Participating in the reconstruction of the MAM-Rio collection in parallel with the construction of our own collection, which represents the work and documents the trajectory of rising artists in Brazilian contemporary art from 2010 onwards. This collection is available for exhibitions organized by third parties and based on a critical mass, organized by the Institute itself, initially in Rio² and, in subsequent phases, in other locations in Brazil and abroad.

Basic strategy

A phrase that has influenced us from the start was that of the controversial Roberto Campos: "Action without reason is just agitation". Another was from a beloved high school physics teacher who designed fantastic tests, using the concepts taught, but with questions never addressed. When the class complained, he always offered the same response: "A test is the time for doing, it's not the time for thinking. The time for thinking and understanding is before the test." I think this is where the seeds were planted of always seeking to study and plan to the fullest before starting to do anything.

One of the first things was to adopt, whenever possible, benchmarks of success, wherever they may be. I often joke that I try to stay attuned to the good things that are happening around the world, and imagine if they would melt at 40 degrees. If not, we discuss it and copy it, etc...

Another more conceptual aspect was our being aware that it is impossible to please everyone. Making it very clear what we are looking for and what is beyond our scope has certainly been instrumental in our getting this far. For example, the Prize is focused on supporting Brazilian artists whose careers have been rising in the last ten years. We do not allow censorship of any kind. We do not institutionally issue statements on other matters, no matter how important they may be.

² Since 2018, samples from the Institute's collection have been exhibited under the curatorship of Luiz Camillo Osorio in the *Villa Aymoré* cultural space, in Gloria, Rio de Janeiro.

The establishment of rules and decision-making processes has always been the subject of internal and external conversations. In several cases, we have adopted changes suggested by artists, such as the change in the distribution of donations, both in the second year and now.

Then, to establish minimum and maximum boundary conditions. We knew that we wanted:

1. An efficient minimum structure, so that most of the resources directly benefitted the artists.
2. A process that was clearly defined and simplified to the fullest. From this came the idea of, rather than an application process, which would take time to process and evaluate thousands of artists, we would adopt a recommendation process, whereby every year we would invite a group of 20 to 40 people active in Brazilian contemporary art to nominate up to three names (at the beginning it was five, but we noted that the quality sometimes suffered).
3. Intensive use of standard technology, preferably *open-source*.
4. Administrative rigor, both in relation to internal weekly meetings, with monitoring of schedules, discussion of new situations, metrics and *benchmarks*.
5. Constant search for network effects, which is to say, an artist's efforts attracting the interest of people to the site, catalogs and exhibitions, which in turn benefits other artists.
6. Governance: a decision-making structure in which many participate so that no one individual can determine who the finalists and winners will be.
 - a. The Award's board seeks to appoint as nominators competent people who are active in the Brazilian contemporary arts, divided according to two criteria:
 - i. Geography: where they work predominantly (the five regions of Brazil plus those resident abroad); and,
 - ii. Activity: critics, curators, collectors, established artists and, to a very limited extent, gallerists.
 - b. In the selection of the nominators and the jury for the award, we removed ourselves as far as possible from decisions concerning who the winners and nominated candidates would be. Our participation is limited to the Award's board, which determines the nominators of each year. As these number between 20 and 40 and our board comprises critics, curators, collectors and administrators of

institutions, our impact is minimal. At most, we suggest names for the others to evaluate.

7. We are not part of the Award's jury and do not participate in its meetings.

Funding

First, we concluded that avoiding partnerships with government entities would enable us to be more autonomous and efficient. And, on the other hand, we knew that, in accordance with the belief that censorship has no place in art, it would be a complicating factor to have partners or private sponsors, at least until the project was clearer.

Subsequently, we decided that "obvious" alternatives, such as "little stores", the sale of advertising on the site and in the catalog, and the sale of the catalog itself, generate little income, much work and, for a project that is still new, it would harm our image. We then chose to make money where we know we can, in "wholesale", and leave the issue of additional *funding* for when the project was more established. Henceforth, we will start thinking about solutions that allow us to develop other related activities (more commissioning of works and artists' projects, more video content and exhibitions in other territories).

Why focus on Arts?

Deeper investigations and reflections then began concerned with directing our efforts towards art. In a country with so many problems in the areas of security, health, education and corruption, what is the purpose of doing something focused on art? At the time, the idea prevailed that, for better or worse, these other sectors were already the target of much larger NGOs and that the plastic arts were relatively neglected. This, however, was not sufficient. Many other activities were deficient. Was art important?

The question of art x advertising has also always intrigued me. This was the question posed by an investment manager with training in engineering. Within the vast region of native ignorance, amplified by a belief in focus, I thought that the advertisements of large companies, with immense budgets and access to various resources were, in most cases, more beautiful and attractive than the vast majority of works of art. I'm almost ashamed of my past opinion, but I took a 180-degree turn. As I began to study and reflect more on the subject, many different points led me to this change, which given the positive effect they had on me, I would like to share.

The biggest difference I realized, initially, was that of time. Advertising has to be something that grabs you in 30 seconds, at most, and leads to an action (buying). The best works of art seem to me to be those that become more relevant with time, with reflection and with familiarity, and that led to a change in thought.

Subsequently, the question of innovation arose. I heard from one advertising executive that what sells are beautiful women, baby animals (including humans) and *fast action* scenes. Art, at least in principle, has no sales objective, but rather seeks to externalize and explore issues that may be relevant today to an *avant garde* group, but not yet to the majority. For this reason, it is often shocking. The thing "clicked" when I compared it to pure mathematics. Over time, one begins to note that the vast majority of advertisements "are inspired" by works of art.

And finally, the question of censorship. Large companies are extremely conservative by necessity. When innovations occur, especially in matters of positioning associated with good practices and manners, they come from niche companies.

In short, for me, art has become a mixture of religion and therapy, something that brings me peace, reflection and inner growth in relation to "non-practical" issues. My battery recharger, my radar.

There are two phrases of Hans-Ulrich Obrist, the famous Swiss curator, which I think perfectly reflect the importance of art, both in retrospect and due to the fact that, in practice, it is one of the best systems of free thought.

1. Art is one of the best warning systems in relation to what is yet to come.
2. Artists are specialists in helping us see the unseen.

To reinforce this, let's consider the argument from the opposite side. If art were not so relevant, why is it historically the primary target of totalitarian regimes? Why did Hitler order the destruction of "degenerate" works of art and, closer to home, why was there so much censorship under the Brazilian military regime of my generation? Moreover, in a world where practically everything has changed, why, at least since our ancestors from the caves of Altamira, 36,000 years ago, has the pursuit of art always been present?

The recent book "Art Dividends" by Darren Henley, the current chairman of the UK Arts Council, lists the benefits of investing in the arts, of which I highlight the following:

1. It encourages creativity
2. It has a positive impact on education
3. It helps to define the identity of cities and states
4. It contributes to economic prosperity.

Indeed, it is impressive to see the importance of the creative sector to the English economy, which is now approaching that of the financial sector. Experience supports this data. One only needs to open the Financial Times any day to see the quantity of exhibitions in museums, public and private galleries, festivals, fairs, auctions and going to these events the audience always

impresses, both in its quantity and its diversity, with special emphasis on the percentage of foreigners, who are increasingly embracing cultural tourism.

Darren Henley's book further states:

"Artists have to be able to challenge established ideas and concepts, to think freely and differently, and create art in new ways. It is only by supporting the diversity of perspectives of each artist that we can ensure that the interests of all are addressed -and that everyone is getting the best out of the arts. "

Incidentally, it is interesting to note that the "Arts Council" was created and led in its early years by John Maynard Keynes, the famous English economist, who at the time stated:

"The artist is he who goes in the direction that the breezes of the spirit take him. We cannot give him direction. Not even he knows it *a priori*. But he directs us to new places and teaches us to appreciate and love things that we at first reject, increasing our sensitivity and refining our instincts. "

And ultimately, because with limited time and financial resources, maintaining a clear focus was even more important.

Why did we start with the Prize?

It didn't take long for a belief to form that the best way to maximize the impact of very limited resources was through the mechanism of an Award, and that if we wanted to substantially increase the chances of effectiveness we should develop a project ourselves³, applying the discipline and concepts we learned during our career as entrepreneur, analyst and investment manager. The familiar projects were, in general, immense and our contribution would be practically irrelevant. Our investor's instinct led us to pursue something with "asymmetric leverage."

One thing that attracted our attention was the fact that friends of my children here (we went back to live in England, without our children, in 2014) with artistic vocations planned to pursue careers in the area, while our Brazilian friends did not even consider such a future. Being an artist was not a viable/acceptable option for them, let alone for their parents. The odds of them being able to sustain themselves in this career were minimal. The idols in Brazil, depending on the area, were mainly football players, drug-traffickers, television artists (mainly from, in my view, the abominable Big Brother Brazil) and, possibly, successful businessmen. Supporting the possibility of an artistic career through a prize that generated publicity and prominence, financial benefits and international experience through residences, seemed to make sense.

³ 100% pro-bono. We never received a penny or work from the Institute. From the "material" point of view, for us, the Institute is a single-handed project.

At the same time, the beloved and highly-respected Luiz Camillo Osorio took over the curatorship of MAM-Rio, which since the tragic fire of 1978, had never recovered its institutional splendor or reassembled its collection.

Certain conversations were essential to the design of the award. One of them was with someone who would later become a member of the Award's board for many years, Flávio Pinheiro, a person of vast accumulated and distilled experience, who advised us to think about how to keep the award active all year. That way, it would not be necessary to start all over again each year.

From this arose the idea of the website, continually updated with works, interviews and texts by the "PIPA artists", and the PIPA Online Award, a subject of much controversy, but we are certain that the positives outweigh the negatives. It was a way of reversing the situation where, if young people, to a great extent, do not go to museums, the arts would come to them through a prize using a tool that, at the time, was starting to become "the" meeting point and place for "kids" to share their ideas.

From this also came the idea of doing things in stages, first announcing the board members of the Award each year, then the members of the nominating committee, succeeded by the announcement of the nominated artists, in several daily newsletters. The latter was also questioned by the artists who claimed to be suffering from a drip-by-drip effect. But we believed that each would have their moment of fame better assured if announced along with four or five others than on a list of 50 or 60 names. As a result, many artists who did not know each other ended up establishing contacts. And each artist, besides having their works, CV, gallerists and critics on their pages, would also be entitled to an interview of approximately three minutes, explaining their decision to become an artist, their process of creation, daily routine, etc... The standardization of the use of Skype eliminated the issue of geography, ensuring that everyone was treated the same, and it ended up being very successful in the promotion of artists from outside the Rio/São Paulo axis.⁴

After ten years, as in the case of PIPA Online, the concept of network externality has shown its strength. The more artists participate, sending material so that we can keep their pages up-to-date, the more the site is accessed by institutions from Brazil and abroad, who in researching one artist, end up discovering others, to the point that we adopted the *tagline* suggested by one curator, who stated that PIPA's website and catalogues had become "The window into Brazilian contemporary art"- "The windows for Brazilian contemporary art".

Another transformative conversation was with the advisor of the first year's Award (which, to our happiness, now returns in its tenth year), Marcelo Mattos Araújo, who demanded as a condition

⁴ Like everything in life, nothing is unanimous. Practically every year some artist asks to redo their video "because the result did not look good", "because they did not like the editing" or because "mom did not like it".

of his involvement, our commitment that it would be a long-term project, a point we already had in mind, but was duly highlighted and recalled with each subsequent decision.

Incidentally, this "impermanence" of the Award's board has always been something deliberate and important. The factor common to everyone has always been character, generosity and love of art. Furthermore, we have always sought to combine maintaining certain people who defend the continuity of the basic values of the Award, with a geographic diversity between those closest to the contemporary art scene and people whose history and life experience created a certain ceremony and helped us to "let our guard down".

It is also important to emphasize that certain board members, even sometimes when not formally on the board, are always consulted due to their common sense and experience. In this category are the aforementioned Flávio Pinheiro and Luis Antônio de Almeida Braga, who formally participated in the selection board during the first year and, like Marcelo Araújo, returns for this tenth edition, and the support of my partner of 30 years, Christiano Fonseca Filho, the so-called "Crico", who gave fundamental support to the idea and kindly participated on the board for many years, bringing a different point of view.

Future

Many people ask, "Since you have lived outside of Brazil for so long, why do you continue to devote so much time and resources to the PIPA Institute?".

This is undoubtedly a valid question, given our general disappointment with the country. But we believe that it is one thing to take a physical risk, and quite another, despite the difficulties, to try to make our contribution to improving things. After all, we lived in Brazil for almost 50 years, and our ability to understand the problems and make some effective contribution to the country is certainly much greater there than elsewhere.

Another reason is based on the study of history, and seeing that greater integration into the world, especially in the field of ideas, produces great gains for everybody. Especially in the world of the arts and sciences. This has been the case since Greece, Alexandria, Baghdad, Cordoba, Toledo, Venice, London, Paris, Silicon Valley, etc.

Another thing they have in common is the fact that they all had their apogee and then became much less important. This leads us to think about the future, since for all the efforts to make it worthwhile, ten years is not enough. And we know that a project is unlikely to be an intergenerational success if it is not well conceived and developed over the years.

New institutional structure

Once again, as a result of much reflection on the experiences of these first ten years and our future ambitions, at the beginning of this 10th year of its existence, we initiated the PIPA Foundation project, a nonprofit entity outside Brazil, but with the same objectives of supporting Brazilian contemporary art.

Motives

The reasons deserve detailing, given that they partly reflect an evolutionary change, that within the scope of the mission of creating and disseminating a *blueprint* of a model for the third sector, are efficient and form part of the start of a potential expansion of the “platform of the PIPA Institute”.

The first reason is **institutional security**. The area of the third sector in Brazil, especially under recent governments, has been the object of unlawful practices and this, combined with a tendency to casuistry and *overreaction*, is something we do not want to have to concern ourselves with.

Costs - Every time we have to pay an expense abroad, whether it is the residence of an artist or storage of the websites and things of this nature, we pay a 50% tax. It is important to remember that our funds are voluntary, without tax benefits. On the contrary, they have been previously taxed.

The possibilities for other and/or greater initiatives within the same scope, taking Brazilian art abroad, promoting research, exchanges, residences and exhibitions are increasingly presenting themselves. However, if we have to pay a 50% tax on overseas expenses, none of this is feasible.

And finally, perhaps the most important reason, to build a board for the Institute, unlike the current one, which is focused on the Award, which will further help the process of the Institute’s international insertion and bring new experiences and ideas.

Governance & Succession

Above all, our basic goal is to continue doing even better what we have been doing up to the present: through the PIPA Award, buying and commissioning works and projects, encouraging and supporting rising contemporary Brazilian artists. To this end, we already have structured *funding* for at least ten more years. But for the PIPA to continue to exist for 50 years, for example⁵, the process of institutionalization now has to begin. We need to attract more *seniors*,

⁵ The Royal Academy of Arts recently celebrated 250 years...

experienced and passionate about art, so that they feel, and indeed are, leaders of this project (of expansion or not) for the long-term.

Over these first ten years, the objective has been defined and we have enjoyed the commitment of people of the highest quality, from Luiz Camillo Osorio, Luiz Motta and Lucrezia Vinhaes, leading and coordinating the day-to-day work, the Award's board members, in addition to the previously-cited Moacir dos Anjos and Kiki Mazzucchelli, encompassing the loyal daily warriors Catarina Schedel and Maria Espírito Santo, and including their current colleagues Thaysa Paulo and Patrícia Bello, not to mention the volunteers who have given and continue to give their contributions, such as general assistant Eleina Coutinho, Gustavo Dalcin Ballvé, who ran much of the IT in the early years (and is now happy and content in Canada), our very dear Helio Sussekind and the infallible "Mr Fixit" Marival Fontes dos Santos.

But the challenge of preparing the succession (we are not getting any younger...) is fundamental. Our experience is that it is something which should be done when it is not yet critical. We have to start thinking about and evaluating younger candidates who can replace us. This takes time and, in general, is a process of trial and error. The aim is to determine who will make the important decisions, always considering the short and long term⁶, in terms of what to do or not, how and with what funding sources. How to deal with the changes that will surely come, on a wide variety of fronts. In the event of an inescapable crisis, to which institution will the institute's collection be donated, and on what conditions (maintenance of the prize and maintenance of the collection)? We seek people who are able to develop what we are doing, respecting the vision and mission, obviously in accordance with wholly inelastic ethical standards, and who do not feel slaves to other people's expectations.

New ideas/projects under study

The issue of governance also strongly arises in relation to what to do more of, or not. Given our experience, infrastructure, contacts and the institutional weakness of the arts sector in Brazil, interesting ideas and projects arise all the time, which we are tempted to undertake, as long as they do not compromise what has already been done successfully.

This, combined with a deep desire to increase the possibility of its continuity for many, many years (at least one more generation) has led us to develop our structure with the creation of an international non-profit association and an institutional board, mainly focused on the medium and long term that, without compromising what has already been done (award, websites, catalogs, building of the collection through commissioning and supporting artists' projects and acquisitions), allows us to do more. The implementation of this institution and the definition of its *modus operandi*, its board members and associates, is one of the principal projects for 2019.

⁶ If there is something in which humans, generally, err it is in emphasizing the short term over the long term.

Conclusion

Finally, we arrive at a philosophically complex question: "If it is not for money, is it for altruism?", but in response to which we strongly believe in our answer: a resounding 'No'. The definition of altruism is something done for the benefit of third parties, involving self-sacrifice. We don't believe in altruism as something that "solves itself". Does it require work? Yes. Does it cost money? Yes. But these are small, **voluntary** sacrifices.

The satisfaction of being able to help hundreds of struggling and talented people, who have not had our luck, is immense, but these are proximal causes. The distal cause is that we are able to provide this happiness, and trying to do more and better is what motivates us at the deepest level.