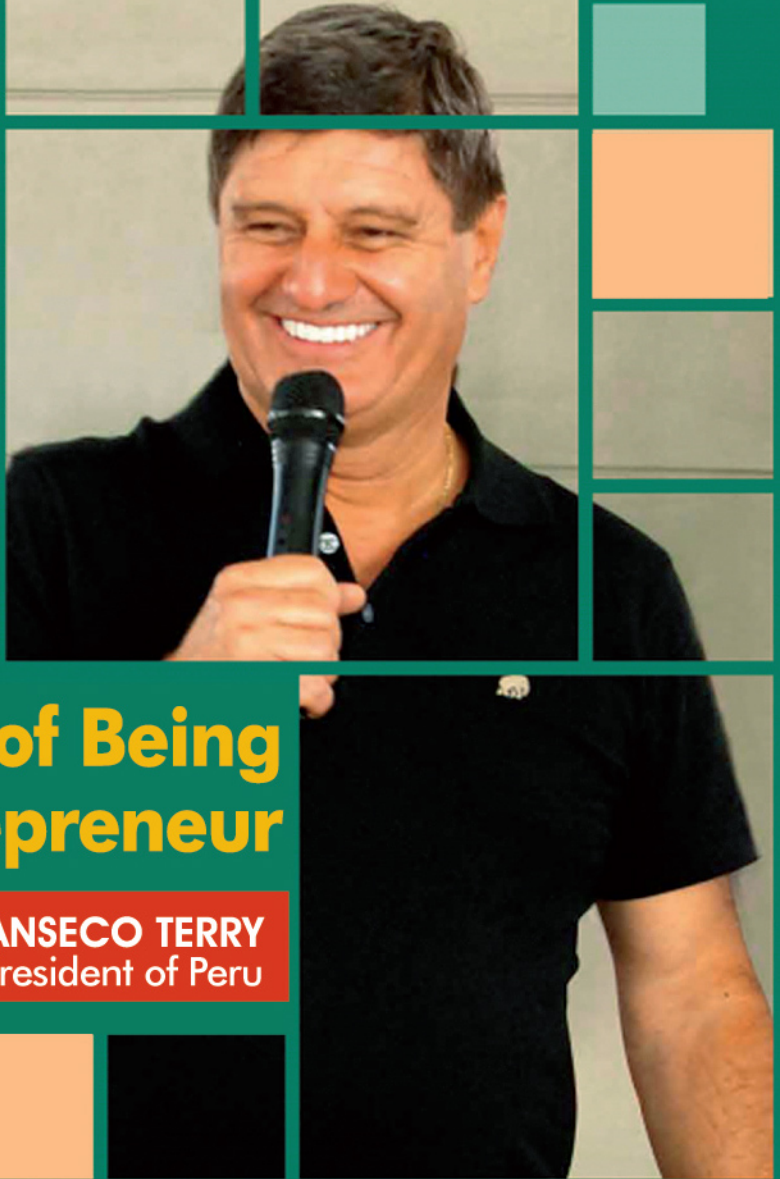


LIMITLESS PASSION FOR YOUNG ENTREPRENEURS

Sixth
edition



The Art of Being an Entrepreneur

RAÚL DIEZ CANSECO TERRY
Former Vice President of Peru

"It is...a book of wisdom from the heart, at a time when wisdom and heart are greatly needed, not only in Peru, but all over the world."

Robert Kiyosaki, author of the worldwide bestseller Rich Dad Poor Dad

Raúl Diez Canseco Terry

The Art of Being an Entrepreneur



UNIVERSIDAD
SAN IGNACIO
DE LOYOLA

Fondo Editorial

THE ART OF BEING AN ENTREPRENEUR
Limitless passion for young entrepreneurs

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“Entrepreneurship is a philosophy of life, a style of existence, a code of conduct that in the quest for an ideal, a goal or a dream to become reality, combines rationality and emotionality, like every art. Entrepreneurship provides the reason for minimizing risk when one undertakes a project with determination, as well as the passion to bring about what others would find impossible.”

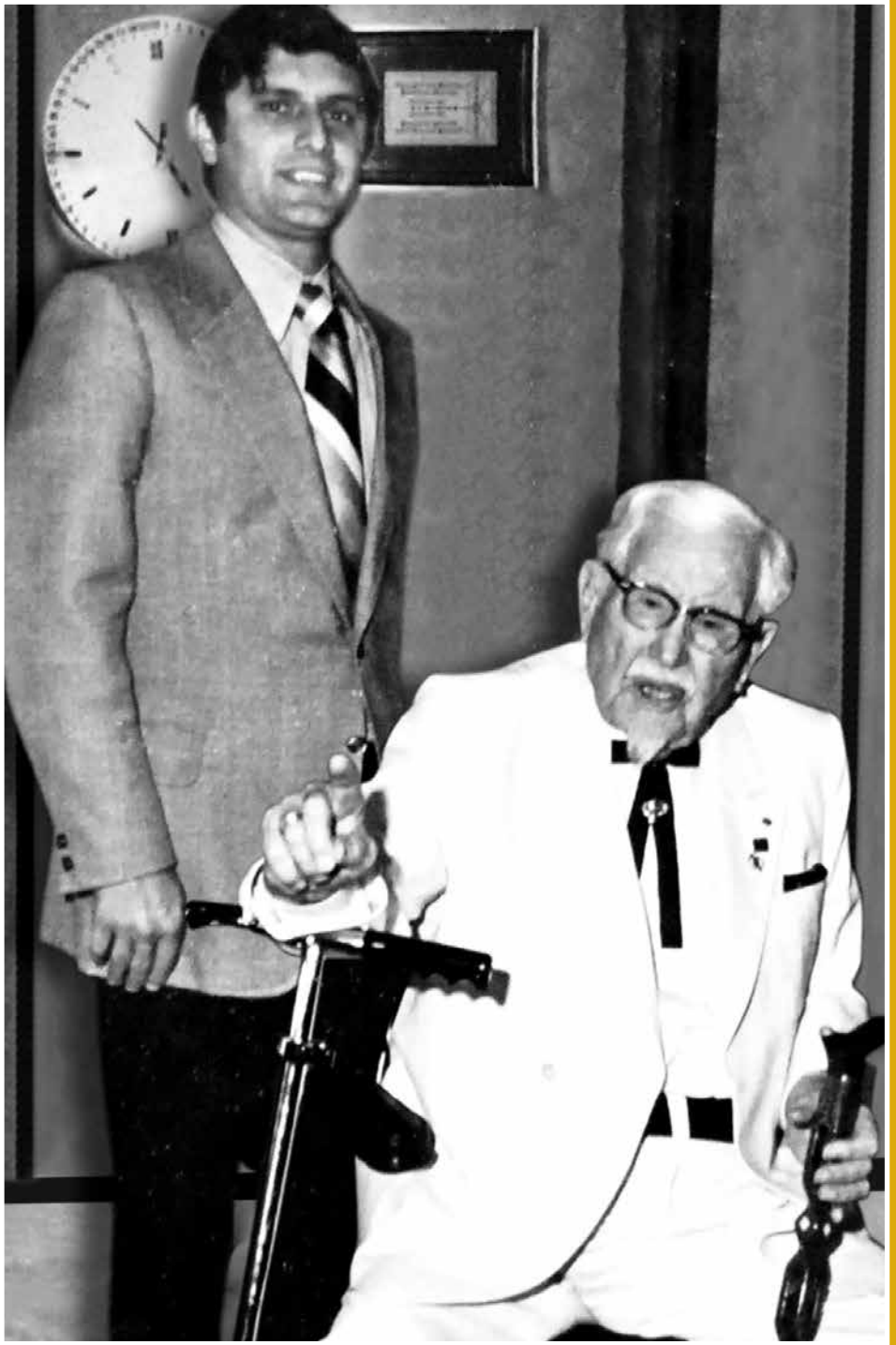
*T*o my wife, Luciana, who had the strength to overcome obstacles and the courage to help me climb the mountain and make my way to the top; and to our two little angels, Ignacio and Cristóbal, who embody the blessings of Almighty God on this earth.

Acknowledgments

I would like to thank my loved ones for offering me their affection and understanding, and everyone else who believed in me and offered their support. They did their best to motivate me and help me gain experience in business and public service, contributing to the formation of know-how for building successful companies and implementing a business model applicable to the transition from the industrial age to the digital age.

I would also like to express my gratitude to the thousands of young people who, from 1998 to 2010, participated as members, promoters or project managers in the successful, national Believe In Order To Create program. Fostered by Universidad San Ignacio de Loyola, this program promotes the entrepreneurial culture and develops executive education programs, spurring entrepreneurial efforts and generating business initiatives. In its first twelve years of fast-paced operations, this program gave rise to the creation of dozens of youth-run businesses and thousands of entrepreneurs who changed their way of thinking about their future, fully understanding that no one will do for them what they are not willing to do for themselves.

Thank you all from the bottom of my heart.



In Louisville, Kentucky in the United States, in 1979 with Colonel Harland Sanders, founder of the Kentucky Fried Chicken restaurant chain.

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Preface

Robert Kiyosaki

Author of the worldwide bestseller "Rich Dad Poor Dad"

I am often asked, "Can anyone become an entrepreneur?"

My answer is, "Yes. The young boy who goes through my neighborhood mowing lawns is technically an entrepreneur."

I then say, "To be a great entrepreneur is a different story. There are only a few who transition from small entrepreneurs to great entrepreneurs."

Raúl Diez Canseco Terry is one of the very few who become great entrepreneurs.

A few years ago, I was hosted in Lima, Peru to do a talk on the world economy. I had heard that Raul was a successful entrepreneur, bringing Kentucky Fried Chicken and other franchises to Peru.



Yet, just success and profitability is not greatness. It was when I visited Universidad San Ignacio de Loyola, that I saw his greatness. Touring his campuses, starting from kindergarten to his university campuses, in Lima as well as in Cuzco, I realized I was in the presence of a great man, a giant of a man with a big heart, committed to a purpose far beyond money and business success. I would place Raul on the same platform as Steve Jobs or Thomas Edison, American entrepreneurs who were driven to greatness by a higher calling.

It is an honor and a privilege to write this forward to this book, *The Art Of Being an Entrepreneur*, a book of wisdom from the heart, at a time when wisdom and heart are greatly needed, not only in Peru, but all over the world.

I have learned a lot reading Raul's book and have begun applying his wisdom to my business.

I trust you find this book as priceless as I have.

Prologue

Dr. Carlos Magariños

Director General of the United Nations Industrial Development Organization from 1997 to 2005

Why does the market economy produce so few entrepreneurs? Why does capitalism produce so few capitalists? These questions may represent the most sensitive historical critique of the organization of the economy based on market rules, on the part of economists advocating greater State intervention, as well as those who preach its virtues and defend its advantages.

This is not a new or recent controversy. Exactly a century ago, Joseph Schumpeter, one of the most brilliant and prolific twentieth-century economists, sparked debate on this topic when he published his *Theory of Economic Development*.

In this book, he wrote about the decisive role of what he called the "entrepreneurial spirit" (*unternehmergeis*) in the creation of wealth and development of the economy.



Introducing innovations of a technical, administrative and financial nature, “entrepreneurs” are responsible for economic progress through what he called a process of “creative destruction” (*schöpferischen Zerstörung*) of the existing order, which facilitates the emergence of new products, markets and business opportunities, thereby transforming the production function.

In my opinion, although academia has acknowledged the central role of entrepreneurs and the entrepreneurial spirit, beyond some respectable individual works, it has not dedicated enough effort to examining sociocultural factors that influence the formation and development of entrepreneurship.

From my point of view, perhaps the best approach to this topic may be found in the works of Alexander Gerschenkron (1962) on the role of the technological capabilities of an economy and its domestic knowledge systems, as well as in the pioneering work of Irma Adelman and Cynthia Morris (1960s)—later continued by Jonathan Temple and Paul Johnson (1998)—on social capacities.

However, this relatively limited attention from academia does not diminish the critical role of entrepreneurs in economic development. This role has become even more relevant with the introduction of new technologies, and I dare to predict that it will be even more important in the economy of the twenty-first century.

I believe that the role of entrepreneurs and the entrepreneurial spirit largely accounts for the American economy’s leadership in the past century, as well as the emergence of new multinational companies in the

emerging economies of India, China, Korea, South Africa and Brazil in the last decade.

How are we going to create the employment we need for a population of some 8.5 billion people in the next 20 years if not through the creative destruction of new companies, new products and markets, and new production methods?

It certainly will not be through the production and employment systems that prevailed in the twentieth century. They have become outdated and their emblematic sectors (such as the automotive, electronics, steel and petrochemical sectors) have been forced to reduce their workforce in order to maintain their competitive edge. Although they remain dynamic, it is unlikely that these production systems will enable us to face the challenges posed by the demographic dynamics of the twenty-first century.

Towards the end of 2011, the world population reached the 7 billion mark. For the first time, nearly a seventh of the world's population was over the age of 60. This situation, which in itself is new, is enhanced by the fact that these individuals are able to live a full and healthy life due to advances in medicine and the fact that they have the funds to pay for their treatments. Many of them want and are able to continue working. In the coming decades, this group will number 2 billion people.

However, our planet is not and will not be a world of older people. Today, people under the age of 25 account for 43% of the world's population and in some countries that percentage is as high as 60%. The percentage of young people in the world population will gradually rise over the coming years.

In addition, the world population will continue migrating to cities. The rural population will decrease even further from the current level of nearly 50% to less than a third.

How will we fulfill the aspirations of an increasingly complex demographic pyramid that has a population with greater longevity (and higher retirement ages) and, at the same time, more young people joining the labor force, with everyone migrating to the cities?

The key lies in the new twenty-first century economy, which will be dominated by new emblematic sectors (such as information technology, telecommunications, biotechnology, renewable energy and nanotechnology). These new sectors operate according to new rules (with more cooperation than competition and more interdependence than self-sufficiency), as new institutions (networks in addition to markets) and new economic agents (such as “prosumers” or global value chains and production networks) emerge.

It is a more complex and sophisticated economy where new work systems emerge (of the “crowdsourcing” type provided by companies such as Mechanical Turk or Prosper’s “crowdfunding” platform) in which thousands of people from different countries interrelate in order to do a job or lend each other money.

That new economy, to a greater degree than Schumpeter’s economy, needs the entrepreneurial spirit of new and young entrepreneurs who introduce those innovations in their countries, in order to unleash the creative destruction process that makes it possible to generate more wealth and prosperity. It also transforms the production function, even taking

that entrepreneurial spirit to the political sphere and that of solidarity in action.

In light of all these factors, I believe that this work by Raúl Diez Canseco Terry is extraordinarily important and I am very honored to present it.

Firstly, because I believe it is an essential and timely contribution that fills a certain void related to the study and analysis of the formation of entrepreneurial spirit and the emergence of entrepreneurs. It is written with humility and courage, providing a first-person summary of the enormous challenges that an entrepreneur faces in emerging economies.

The author relates his experience in a singular phase of the international economy, a demanding and complex phase in which he was to experience the arrival of new technologies, rigidity of the financial system, regulatory challenges, interruption of the political system and the threats of terrorism.

Although the challenges that entrepreneurs of the future face will be of a different nature, readers will find timeless teachings and keys to success applicable to similar situations that will have a positive effect on their potential undertakings.

Secondly, because this work is written by an exceptional entrepreneur who has dedicated his life to shaping entrepreneurs, developing a teaching method specially adapted to this purpose. It synthesizes more than four decades of work shaping entrepreneurs and sharing knowledge with generosity and a vision for his country.

Raúl is a man who has been able to take that entrepreneurial spirit beyond the economy, applying the same entrepreneurship principles to solidarity activities for social development and to the actions of a statesperson, two spheres in which we will surely need many more entrepreneurs in the future.

Nearly a decade of work in the United Nations convinced me that in the near future, countries will face a competition of minds, a competition of ways of thinking about problems and solving them. I believe that in that competition, open and modern minds that find original solutions to problems, while taking the cultural and socioeconomic characteristics of their settings into account, will prevail.

In this regard, I believe that Raúl Diez Canseco Terry's experience is particularly valuable and enriching. Not often does one find people—and it hasn't happened to me frequently despite having travelled the world several times—who have had the opportunity to combine a distinguished, well-known role in the business world with active participation in solidarity actions in the field of cooperation and successful participation in their country's political life.

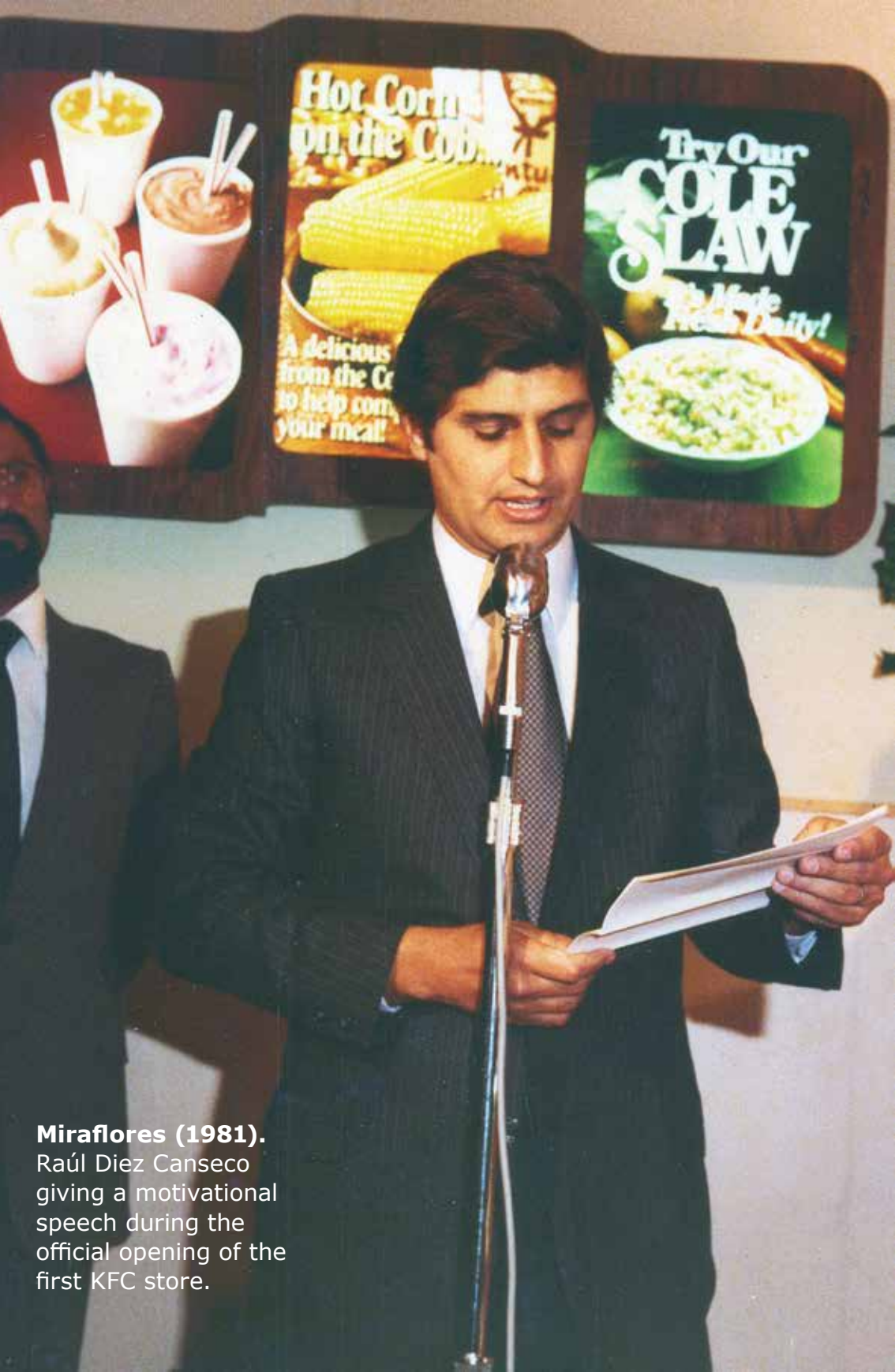
Thirdly, because I find his publication timely and coincident with the emergence of a new economy in the twenty-first century which demands a dynamic and open business culture capable of challenging convention in order to develop new business models.

I have no doubt that the coming years will give rise to a revolution in food and energy production, as well as the development of new business organization models and new systems for the creation of employment.

Only lucid minds that are willing to leave behind the security of conventional arrangements will be able to contribute to the creative destruction that domestic economies will require in order to participate successfully in globalization.

That is precisely the contribution that I have seen Raúl Diez Canseco Terry make throughout his career, which is why I am pleased that he has poured his experience into this essential work.

These reasons lead me to conclude this prologue with the hope that this magnificent, transcendent and exceptional book will feed the creative energy of a new generation of modern, innovative entrepreneurs who are able to transform our countries' economies, generating prosperity and progress for everyone. Latin America needs the vital example of entrepreneurs who believe in the region and its future. This book provides a sample of how much we can accomplish together.



Miraflores (1981).
Raúl Diez Canseco
giving a motivational
speech during the
official opening of the
first KFC store.

Introduction

I remember, as if it were yesterday, the start of an education project that nobody believed in. While most of my friends were getting ready to enjoy the summer weather and the beach, two friends and I were determined to open an academy to prepare students to take the admission test at the university I attended.

I did it to help my family, as we were having financial troubles because my father had lost his job. That was how Academia Preuniversitaria San Ignacio de Loyola (San Ignacio de Loyola College Preparatory Academy) came to be. It was the latter part of the year 1968 and Peru had fallen under the rule of a military regime that had overthrown the democratic government headed by President Fernando Belaunde Terry.

In 2015, we celebrated the 47th anniversary of that memorable day when we laid the foundation and began to build what is now the San Ignacio de Loyola Education Corporation. The corporation comprises several educational institutions offering basic, technical and higher education, including a graduate school.

I mention this institutional anniversary as a milestone on the long, difficult, exciting road, whose course enables us to look to the future with perspective, boldness and hope.

I would like to believe that each USIL anniversary will help us to have greater certainty and confidence in a destiny linked to the entrepreneurial spirit. Despite financial ups and downs and global economic instability, this spirit of self-improvement continues and will continue to drive advances in science, technology and the knowledge economy.

Why do I allude to this very personal and institutional event? Because I would like to show young people with tangible facts that it is possible to start from scratch and make our dreams and projects a reality, embrace success and reach our goals. I didn't have financial capital when I began. However, I had great enthusiasm and, above all, I believed in myself and my dreams.

I was convinced we would succeed, but I could not imagine to what extent and how we would expand our initial undertaking.

These reflections are directed toward enterprising Peruvians, especially the youngest ones, to whom I direct my words with great affection. In a way, we are all entrepreneurs because in our lives we all undertake something: a professional interest, a social initiative, an adventure, etc. However, the young are undoubtedly called upon to risk more because their future is at stake, a future that may be decisive for the country. Peru is a land of entrepreneurs: that is the best thing about this country.

My proposal, which includes education and the entrepreneurial culture, is a call to both business and social entrepreneurs. If we did it, why shouldn't thousands of others—imbued with knowledge, experience and an unwavering desire to get ahead—do the same anywhere in the country or the world?

Try it starting today, young entrepreneur, knowing what you want to do and where you are going. The first step is always difficult, but according to a Chinese proverb, if you know where you're going, you'll know the path to follow. Otherwise, one can run around in a vicious circle, that of the undecided.

After all, entrepreneurship is the result of a personal decision based on the virtues of an entrepreneur, which are factors that drive decisions entailing risk that always lead to a strategy. In order to undertake something, we must have a strategy.

All of this entails a dream, a vision, a life plan and, at the same time, a flight plan that enables us to reach our destination.

For many years, we have fostered entrepreneurial education as the educational support for the changing times in which we live. It is an education model that fosters an entrepreneurial culture which, from pre-school through graduate school, instills the importance of the generation of self-employment and self-reliance for the emergence of a progressive society that grows harmoniously but also sustainably.

Now, following a long academic and business career, I am convinced that the entrepreneurial culture is definitely the lever that moves and will move the world, and that being an entrepreneur is the best answer for creating wealth and managing it for people's benefit.

Hence my social and ethical commitment to continuous improvement of the education system through entrepreneurship. It is a concept that takes science and fuses it with emotion, personality and culture anytime one undertakes a business project or a social cause.

Perhaps this conviction—put into practice in good times and bad—was what led to my receiving the Award for Excellence in Social Entrepreneurship from the Microenterprise Unit of the Inter-American Development Bank (IDB) in the year 2000. Ten years later, on

September 19, 2010, Peruvian entrepreneurship was recognized when I received a Global Award from the Priyadarshni Academy.

On that date, I couldn't help but be impressed by the solemnity of the event during which I received the aforementioned award, which is considered the Indian Nobel Prize by the oriental world. At the time, I was excited to hear the name of Peru, the country of the Incas, applauded by an audience of nearly one thousand, among which were social leaders and personalities from the fields of business and politics in India.

There is always a single message: we must insist on entrepreneurial education to shape entrepreneurs who can change a country's productive map and, at the same time, shape caring global citizens committed to the progress of their society and nation. Taking note of this approach, allow me to explain that I hesitantly accepted my editor's suggestion to include a brief description of my long career as an entrepreneur and business developer which began when I was 20 years old.

In this regard, the information on how we managed to "import" one of the most famous and important franchises in the United States and the world is invaluable. This franchise is Kentucky Fried Chicken, now known simply as KFC. Similarly, I believe that readers will be interested in seeing how much can be done to innovate and transform a Jurassic State into an entrepreneurial State, when one has public responsibilities.

The message I want to get across in the chapters of this book, beyond a review of highlights of my own business experience, is that the conviction and passion

one puts into a project and the creative energy fueled by that driving force or entrepreneurial spirit, are vital factors in achieving our objectives. Naturally, there are other characteristics such as inspiration that wells up suddenly, instinct, a different way of looking at things, boldness and many more. All of these complete the virtuous circle of the art of being an entrepreneur.

On a personal level, dear friends, I must admit two things: the first is that I have no educational or academic intentions in publishing this book; the second is that I've been fortunate to meet thousands of people of different ages and genders from every walk of life. However, I've been happiest and most pleased to meet people from "short and simple annals", as British poet Thomas Gray would say. I am convinced of the importance of human affection. Undoubtedly, this atmosphere of friendship at work and in other undertakings has been highly beneficial to me over more than four decades of business experience. The people who work with me are my friends, my family.

Therefore, I would like to express my eternal gratitude to everyone. I would like to thank those who have helped me to make this new book possible. But I would also like to thank you, young entrepreneur, because this book was written with you in mind: your dreams and the future you need to build for the good of Peru.

Raúl Diez Canseco Terry

March 2016



With my parents, Raúl Diez Canseco Magill
and Eva Terry Montes de Peralta.

Chapter I

Roots

“Are entrepreneurs born or made?” Seeking answers, many have asked this question, especially young people from the generation that has grown up with digital technology, mobile devices and high-speed global communication. In response to this question, in university forums and industry associations, I have repeatedly affirmed that entrepreneurs are born and they are also made. The former case is the result of opportunities and the latter, the result of necessity.

“Is the entrepreneurial spirit inherited?” This is another question I am sometimes asked, and the answer is no, except in unusual cases. Just as talent cannot be delegated, other qualities cannot be bequeathed. Of course, cases of a “chip off the old block” can be found in many areas of real life. In short, one is the owner of his or her own life and, with God’s help, he or she can create his or her own life story.

I admit that I have a genealogical background that to some extent may explain the entrepreneurial stamp that drove my incursion into different areas such as business, politics and volunteering, starting at a young age. My undertakings have entailed great risk; however, I have always tried to remain strong in order to get ahead.

My family tree begins in the seventeenth century—around 1645—when one of my distant relatives on my mother’s side, Domingo Tyrri (now Terry, the Hispanicized spelling), was stripped of an honorary title in Ireland for refusing to renounce his Catholic convictions. As a consequence of his unwavering

position, he would suffer adversity and his heirs, who had to leave Ireland, ended up in Spain in the early eighteenth century.

Later on, in the mid-eighteenth century, Francisco Antonio Terry arrived in Peru to settle here permanently, after overcoming harassment by those who denied him the right to be considered a subject of the Spanish crown, due to his having been born by chance in Italy (1725).

He was followed by José Antonio Terry y Álvarez Campana, and then, Pedro Terry de Salazar, Teodorico Terry and, lastly, Pedro Terry García, my maternal grandfather.

Teodorico Terry, who was a successful farmer in the Nepeña Valley in the department of Áncash located 400 kilometers north of Lima, lost all of his property as a consequence of the war with Chile. However, with what little money he had left, he organized the *Cazadores de Nepeña* battalion and, with it, faced the forces of the invading army a number of times. He was named lieutenant colonel and eventually became the second in command of Battalion N° 1 of the Civil Guard.

Later, he joined forces with General Andrés Avelino Cáceres in opposition to the Ancón Treaty and, as a politician, was elected to Congress twice, forming part of the minority that adamantly opposed the infamous Grace Contract. Because of this position, he was accused of rebellion and jailed. Once he had regained his freedom, he held different public offices and, on more than one occasion, turned down the opportunity to serve in Congress.

After the War with Chile, in the early eighteen eighties, my great-great-uncle, José Benigno Samanez Ocampo, concerned about the imminent annexation of the Peruvian province of Iquitos by Brazil, led an expeditionary force to the jungle region. It was composed of David Samanez Ocampo and brothers José Abel and Adriél Montes Sobrino y Piérola, among others, who felt it was necessary to make a long trip on foot and by canoe to ensure that this would not occur.

My maternal great-grandfather, José Abel Montes Sobrino y Piérola, as a Minister during President Guillermo Billinghurst Angulo's term in office, decreed the "eight-hour work day", a revolutionary idea in the Americas due to the social commitment it reflected.

My great-great-uncle, David Samanez Ocampo Sobrino y Piérola, should also be mentioned. He was a prestigious figure who was called upon to preside over the governing body that ran the country from March to December 1931.

My uncles Jorge and José Terry Montes both had long democratic track records. José Terry, who held the office of "Director General of the Government" during President Belaunde's first term in office (1963-1968), suffered political persecution and exile during the military dictatorship of the nineteen seventies, for defending freedom and democracy.

On my father's side, Generals Pedro, Manuel and Francisco Diez Canseco Corbacho (who were brothers) are my most notorious ancestors. They were extraordinarily loyal men with strong personalities and life-long military careers. They were very similar in appearance, with rugged features and a penetrating

gaze. Upon first impression, they projected seriousness and circumspection, and inspired respect. However, in close contact with others, they exhibited sincerity, cordiality and warm personalities.

When they were called upon to act, the struggle for independence was over and Peru was a free country undergoing early "birth of a nation" turbulence. In those times, they rose to the circumstances, putting national interest above everything else. General Pedro Diez Canseco was Ramón Castilla's brother-in-law and vice president of the country. As such, he served in the highest office on three occasions, in 1863, 1865 and 1868.

The Diez Canseco brothers died much poorer than one might have expected, considering the assets they had inherited from their parents.

Carlos Diez Canseco de la Romaña, my grandfather, was born in Arequipa on September 24, 1880. His parents were Manuel Francisco Diez Canseco and María Josefa de la Romaña. He was the subprefect of the provinces of Cutervo, Jaén, Huari and Dos de Mayo and, subsequently, prefect of the departments of Huancavelica and Huánuco. He was arrested and exiled a number of times for his political activities.

In general terms, this is my family tree, which also includes my parents, Raúl Diez Canseco Magill (son of Carlos Diez Canseco de la Romaña) and Eva Terry Montes (daughter of Pedro Terry García).

Thus, it is evident that the Diez Cansecos and the Terrys have always been involved in national affairs, and politics have never been absent from the ups and

downs of family life. This trend transcended the years and touched my life. I grew up hearing these stories.

So it was that Fernando Belaunde Terry burst onto the national scene when he was working intensely as a catechist, supporting the social work of the Church in the outlying district of Chaclacayo. It was 1956 and I was too young to fully understand what was going on in the family circle; however, I often rode on the back of my mother's motorcycle, passing out flyers and putting up campaign posters. As my mother was Fernando Belaunde's first cousin on his mother's side, all of this effort was made to support my "Uncle Belaunde" in his presidential campaign.

The quiet, always sunny town of Chaclacayo where I lived was where I had that first political "experience". Subsequently, small groups of people and the courtyards of the Colegio Maristas school in San Isidro would witness childish arguments and conversations—many of which were settled with fists—with my "Uncle Belaunde" as the main topic of debate.

Among the many who were touched by these events was my classmate Dr. Francisco Miró Quesada Rada, who would become an outstanding social scientist and professor at Universidad Nacional Mayor de San Marcos. At that time he became my good friend and political ally. With minor differences, we've always shared the same convictions.

Over the years, between military dictatorships and democratic administrations, different types of demonstrations would occur, sparking my interest in getting involved. I had politics in my blood.

All of this definitely led me to become involved in the electoral campaigns of 1962 and 1963. Still a teenager at the time, I participated actively and with strong conviction, distributing flyers, putting up campaign posters and always speaking out in support of my uncle, Fernando Belaunde. He won the election and took office for the first time on July 28, 1963, initiating a set of reforms that made a strong impression on the middle class, as well as on the economically weakest classes.

In a sense, my political life started in those days, although with a low profile and still far removed from the Presidential Palace. I attended every important event organized by Acción Popular, the political party founded by Fernando Belaunde, until 1968 when General Juan Velasco Alvarado led a coup d'état and President Belaunde was exiled.

The long years of military dictatorship would end twelve years later when general elections were held in 1980 and "Uncle Belaunde" took office once again.

There is no better way to close this first chapter than with an article by noted commentator, journalist and editor of Peru's oldest newspaper, El Comercio, Dr. Francisco Miró Quesada Rada. In the newspaper's Sunday supplement on September 20, 1992, he published an article titled "Raúl Diez Canseco rinde cuentas" (Raúl Diez Canseco renders accounts).

He wrote:

"... In addition to friendship, what brought Raúl and I together since we were in school was a long-standing ideological and doctrinal affinity. Both of us were not only sympathizers, but also defenders of Acción Popular.

At that time—I'm talking about 1963—certain sectors viewed active involvement in Acción Popular or support for the party with suspicion.

Those young reformers wanted a new, more just and freer Peru; those young reformers spoke of Peru as a doctrine and were inspired by abandoned and marginalized Peruvians. Some prejudiced individuals arbitrarily labeled us as communists or communist sympathizers, but this was not the case.

Now, following a long and significant history in the party, of having performed systematic and dedicated work in Congress, my school friend who has been extraordinarily successful in business and politics has published his book: *La palabra en acción... (Words in Action).*"

In fact, what we essentially wanted was to change Peru, in freedom and with entrepreneurship. Throughout my life, this is the dream I have pursued.



In 1966, I did my mandatory military service as a seaman aboard the ship BAP Lobitos.

Chapter II

Goodbye to summer: how the San Ignacio de Loyola Education Corporation came to be

"I'm sorry, Raúl, but I won't be able to continue paying your university tuition; you're going to have to help us."

These were the shocking words my father, Raúl Diez Canseco Magill, surprised me with, one otherwise ordinary day in 1968 upon my return from classes at the Universidad del Pacífico School of Economics.

That was over forty years ago, but I remember those words as if I had heard them yesterday. My father's face was contorted; he looked overwhelmed, worried and very sad. The thought of that paternal figure, withered and trapped by powerlessness, will never stop running through my mind; it may have even become a constant source of inspiration to me, to react positively to every adversity. No one likes to see his father overcome by misfortune.

He had suddenly lost his job as the manager of the Fénix cookie and cracker factory, which belonged to the then powerful Prado Group and operated in the district of Surquillo, where a construction material store now stands. In its heyday, it was one of Lima's main industrial centers.

Sorrowfully, with a faltering voice and tears in his eyes, he informed me of his new situation, telling me that he now had to give priority to groceries and household expenses. It was a very hard blow.



His words moved me and for a moment the room was dead silent, as I understood the difficult times that lay ahead for him and my family. My parents and I were alone in the unassuming but cozy living room of our house.

As a boy, he learned the value of money by selling popsicles with his siblings in the summer.



My wonderful mother had many virtues; she was caring, enterprising and a devout Catholic.

Suddenly, my mother, Eva Terry Montes de Peralta, with her soft voice, assurance and extraordinary foresight, suggested, "Why don't you teach classes to high school students preparing to apply to universities?"

My wonderful mother had a very strong personality that made it difficult to get anything past her, but she also had many virtues. She was caring, generous, religious, affectionate, dynamic and enterprising. This innate drive motivated her to engage in a number of small business ventures with which she would obtain additional income to support the family. Every year, she enthusiastically organized little Christmas celebrations for her employees' children.

She founded and ran a small business that she called La Jeunesse (French for 'Youth'), through which she sold sweaters she produced in a workshop set up in our house located on Angamos Avenue in the Miraflores district, a few blocks from the Óvalo Gutiérrez roundabout. Through the mid-seventies at least, Miraflores was the stronghold of a thriving, cultured, enterprising upper middle class. The socialist military junta that ruled Peru from 1968 to 1980 dealt harsh blows to this well off, somewhat aristocratic segment of the population.

Through La Jeunesse, my mother took advantage of every opportunity she found to motivate her children to be honest, polite, hardworking and enterprising, as well as to show solidarity toward just causes and those who were less well off.

Early on, motivated and assisted by our mother, my siblings and I learned to make popsicles and freezer bars in different flavors to sell from the side windows of our house every summer. Personally, I enjoyed selling them.

“Why not teach classes?” I thought about it. Why not? After all, I had a good background in mathematics and I was already giving some private lessons. Several minutes passed and I thought, “Why not form a group of high school seniors and prepare them to take college admission tests?”

Accepting the uncomfortable situation caused by my father’s loss of his job wasn’t easy. A few years before, we had had a frustrating experience when I was not accepted by the prestigious national engineering university, Universidad Nacional de Ingeniería (UNI).

At that time, my father, who was affectionate and stern at the same time, spoke with our relative, President Fernando Belaunde (1963-1968), to arrange for me to work as an assistant surveyor in the middle of the Peruvian jungle. Specifically, this job entailed opening a trail on the Tarapoto-Río Nieva section of the Marginal Highway, now called the Fernando Belaunde Terry Highway.

It was, in a way, something I had to do to make up for not having been accepted by the UNI. I spent six months in the jungle, with its heavy rains, searing heat and variety of insects, some of which could be deadly.

In that lush tropical forest, insect bites can be horrible. One was very harmful to me; my arms and legs broke out in a rash that itched terribly. My condition worsened and I was taken to the emergency room of the San Martín hospital in Tarapoto. I had to spend over a week in bed.

The physician who treated me was surprised at the magnitude of the wounds. Afterward, he told me that once my body had healed, I’d be immune to every type of insect bite for the rest of my life. “After this, nothing will affect you,” he said cheerfully and somewhat jokingly.



When I was young, I worked as an assistant surveyor on the Highway, in the middle of the lush Peruvian jungle.

Time would prove him right. On countless trips through our wonderful tropical forest, no insect bite has ever affected me to the same extent.

Upon my return to the warmth of my home after being away working in the jungle, I thought that the bitter disappointment I had caused my father by not getting

accepted by the prestigious national engineering university would have healed.

However, I was wrong and soon he and my mother went to talk to our relative, the president, again. At first, I felt certain that the purpose of their conversation with my uncle was for me to avoid the draft. As my number had come up, I would be obligated to spend a considerable amount of time in the Peruvian navy. Contrary to my expectations, the meeting had not been to help me get out of the draft, but rather to make sure it was enforced and that I would soon join the navy as a seaman. I was 17 at the time.

The first months, typical of the experience of those at the bottom of the military ladder, were very hard to take. Those on the lowest rung, called “dogs” in Peruvian military jargon, received all kinds of orders and punishments. In my case, just being the nephew of the president was reason enough to be considered an outsider at the naval base in the district of La Punta, in the Port of Callao. They also erroneously assumed I had privileges they didn’t have. From the corporal to the sergeant, nobody ever hesitated to punish me for any reason, just to remind me that that they ranked higher than me in the military hierarchy. They were very strict with me.

For example, during roll call before our weekend leave, when it was my turn and I was just inches away from being out on the street, the officer on duty would give a signal to a subordinate, usually a lieutenant or sergeant, who would surreptitiously step on my shoe and ruin its impeccable military shine. Then I’d hear, “Dirty shoes! You’re not going anywhere!”

This scene was repeated dozens of times, almost as a ritual. The rage, anger and helplessness I felt ran

deep. Some time later, I found out that not letting me circulate in unsavory ports and coves, which were generally frequented by women who engaged in the world's oldest profession, was some officials' way of "watching out" for me.

I had spent a year in active service as a seaman in the Peruvian navy when I was operated on for a hernia, which led to my discharge.

However, I now remember those days as a seaman aboard the BAP Lobitos ship with nostalgia. When I left the military service in 1966, it affected my comrades in arms as much as it did me. They were saying goodbye to someone they had grown to care about in the end. Like a graduate in an academic setting, it was the end of a very exciting and unforgettable phase of my life.

The navy gave me the opportunity to see Peru from the sea and along the coastline, where Peruvians tanned by the sun, sea breeze, and fishing boats and nets were to be found. The poverty anchored in these areas, like that of the Peruvian Andes, touched me to the depths of my being. I will never forget the poverty of those compatriots. All of my life, I've wanted to do something to remedy that situation.

So it was that being an engineer's assistant in the jungle—opening a road!—and then a seaman would mark my life, as well as my professional and business activities. Both experiences helped me to develop an orderly and methodical way of doing things. I acquired discipline and enhanced my aptitude for taking on risks and responsibilities. I learned to work humbly and with social awareness, which enabled me to obtain a broad perspective of the country and life itself.

Therefore, over time I came to understand my parents' attitude, and then I began to dream of my own future and Peru's immense possibilities.

Following those two periods, I decided to study at home because we couldn't afford a university preparatory academy. My new goal was to be accepted by Universidad del Pacífico, which I finally achieved in 1967. There I learned about the humanist philosophy promoted by the Jesuits, in addition to economics and theoretical business management tools.

When the unexpected change in our family life occurred because my father had lost his job, I spoke to the president of the university, Father Raymundo Villagraza, S.J., about my new situation without fear. "Raúl, we'll give you a scholarship," he responded almost immediately.

That was how I received a full scholarship that enabled me to continue earning my degree. Perhaps the main reason I received that aid was my good academic performance. I was in the top 20% of my class and my grades spoke for themselves. If the Jesuits hadn't given me a scholarship, the story of my life would have been different.

As there were other needs to be covered, my parents encouraged me to put my skills and abilities to use, reminding me that my knowledge was what would enable me to get ahead.

Heeding my mother's maternal instinct and wise advice, an idea for an activity that could provide income and personal satisfaction emerged: the creation of the San Ignacio de Loyola College Preparatory Academy. I was 20 years old and a sophomore at Universidad del Pacífico at the time.

From the start, I understood that in order for the undertaking to be successful, I would need a strategic alliance with a knowledgeable person whose way of doing things and achieving results would complement mine. In that search, I found a person who was to become my business partner and best friend, who even chose me to be the godfather of one of his daughters.

"Who would believe in us?" he asked me incredulously and skeptically. He was 18 and I was 20. "Who's going to find and convince students?" he continued, challenging me. "I will!" I responded confidently.

The Jesuits, who were extraordinary advisors and even better friends, gave me the opportunity to speak to students at the Colegio de La Inmaculada school in the district of Surco to invite them to attend our classes. I convinced 16 high school seniors and some of them brought along four friends.

The most difficult aspect of attracting students was persuading and satisfying their parents. Due to our own youth, the majority doubted our reliability and capacity. After all, we were university students without experience with any teaching methodology.

"You're crazy! You're too young to teach my son," some parents told me. I received some rebuffs and many doors were closed in my face, but I never lost heart. The enthusiasm with which I spoke about our academic project dispelled doubts. In many cases, following careful consideration, parents' reaction was positive. They placed their trust in us to prepare their sons and daughters for university life.

With 20 students signed up, I returned to speak with Father Villagraza S.J. because I had no place to teach

the courses. With tremendous generosity, Father Villagraza recommended that I go to the Fatima convent in the Miraflores district to tell the good news to Father José Antonio Eguillor, who was also a Jesuit. He kindly agreed to allow me to use one of the retreat rooms at Our Lady of Fatima parish as a classroom. When I told him I didn't have any money to pay rent, he responded, "Don't worry. We're aware of your problem. You, your father and your grandfather, Pedro Terry, have been Jesuit students. Nobody here will charge you."

Like a blessing from God, like manna from heaven, he allowed me to use the room free of charge. That was the beginning of what, after decades of work, blood, sweat and tears, would become what is now the San Ignacio de Loyola Education Corporation.



March, 1969. The first group of San Ignacio de Loyola University Preparatory Academy students accepted to universities.

Starting that summer of 1969, while my friends enjoyed the sun, the sea, the beach, discotheques, etc., those of us involved in the education project were shut in, teaching preparatory courses for admission to Universidad del Pacífico during the day and preparing class materials in the evening. Our summer had ended before it had even started.

Our effort paid off because he who sows reaps. The academy brought us immense joy because, of the 20 students we prepared to take the admission test, 16 were accepted to the best universities with some of the top scores. It was an impressive result to obtain in such a short time! All of the teachers were very young. I remember that my sister, "Charito" Diez Canseco Terry, taught the humanities courses.

Our ages ranged from 18 to 20; that is, none of us had reached the age at which one was legally considered an adult, which was 21 at the time. Our students' ages were about the same as ours. However, with our youth, we contributed all of our knowledge so that our students could gain admission to the university. "I remember the support we received from the parents, which encouraged us to continue in our efforts," remembers Dr. Augusto Sotomayor Bernós, who is now the legal representative of the corporation and who also began working for our corporation very young.

"Without knowing it, I witnessed the birth of the academy..."

My friend whom I mentioned previously, Dr. Francisco Miró Quesada Rada, a well-known commentator on Peruvian politics and the contemporary world, reminds us of another episode from the early days of the San Ignacio de Loyola Education Corporation.

ACADEMIA SAN IGNACIO DE LOYOLA
R.M. 3194-10-11-70

La Academia agradece a todos sus alumnos la confianza depositada en ella y asimismo, se complace en presentar los resultados obtenidos.

UNIVERSIDAD DEL PACIFICO

De los 40 postulantes que aprobaron el Examen de Ingreso, 33 fueron preparados por esta Academia, obteniendo los siguientes puestos:



YOLANDA VELASCO
2do. PUESTO
151 puntos

MARIANA OLAECHEA
1er. PUESTO

154 puntos (récord) sobre un máximo de 180 puntos.



4º Figueroa, Luis
7º Campos, Dóbra
9º Espinoza, Manuel
10º Labrousse, Alberto
11º Zarak, Guillermo
12º Aylón, Carlos
13º Corzaño, Carlos
14º Sologuren, Rosanna
15º García, Carlos
16º Tagliabue, Sara
17º Valdez, Cecilia
18º Martínez, Jorge
19º Lázaro, Alfredo
20º Testino, Mario
21º Buchuk, Roberto

23º Gonzales, José
25º Olarescu, Mihai
26º León Prado, María
28º Alcorta, Ludovico
29º Picasso, Mariella
31º Losno, Juan
32º Cisneros, María
33º Chicot, Liliana
34º Málaga, Marcos
35º Romero, Carlos
36º Finazzi, Roberto
37º Barúa, Alicia
38º Maggi, Fernando
39º Aguirre, Arnaldo
40º Dammert, Carlos



ELIZABETH MERINO
3er. PUESTO
126 puntos

UNIVERSIDAD DE LIMA

De los 56 alumnos preparados por nosotros, ingresaron 54, obteniendo el 2º PUESTO con la señorita GRACIELA ELEJALDE.



UNIVERSIDAD CATOLICA

En Ingeniería, obtuvimos el 100% de ingreso; en Economía el 85% y en Letras, el 50%.

La Dirección de ASIL, agradece la colaboración y dedicación de sus profesores Augusto Sotomayor, Luis Salazar, Gloria Hartinger, Alfredo Llosa, Carlos Diez Canseco, Jorge Pazos, Ricardo Yori, Felipe Penny, Toribio Arce, Carlos Zúñiga, Jorge Tataje, Fernando Bolaña y Giovanni Montalbetti, sin los cuales no hubiera sido posible el éxito que se ha obtenido.

La Academia comunica que el comienzo de sus Ciclos preparatorios para el ingreso a la Universidad Católica (Agosto) y a la Universidad de Lima (Agosto) se iniciarán el lunes 17 de Abril. En lo que respecta al ciclo de preparación para la Universidad del Pacífico, las clases comenzarán el martes 2 de mayo.

El número de vacantes por ciclo es de 25.

MATICULA E INFORMES: AV. AREQUIPA 4310 - MIRAFLORES
Horas de Atención: 9 - 1 p.m. y 3:30 - 7 p.m. TELEFONO 45-6616

RAUL DIEZ CANSECO TERRY
DIRECTOR

Nº 55842

1971. Ad published in a local newspaper showing the outstanding ranking of students from our academy on admission tests.

"It was February of 1970 and I was walking down Choquehuanca Street in San Isidro. To my right stood a building with particular significance to me, Colegio de Maristas San Isidro, my high school. Memories of teachers, classmates and different places in the school ran through my head.

Suddenly, my daydreams dissipated. I looked up and saw a familiar face in the window. It was a former classmate of mine, Raúl Diez Canseco Terry. I decided to go in and say hello and I found him teaching class to a group of enthusiastic young students, so I waited until he was finished.

When his class was over, I approached him and we had a long, fruitful conversation. He told me that he had opened a college preparatory academy and that he was renting two classrooms from the Marist Brothers to pursue the noble job of teaching.

Without knowing it, I had witnessed the birth of what was to become the prestigious San Ignacio de Loyola College Preparatory Academy.

From then on, the academy continued to grow and develop throughout the seventies. By 1983, one of the most interesting times in its institutional life, the academy had over a thousand students.

One of the teachers who accompanied me from the start, María Chamocho Durand, reminds me now that "Each year, more space, more classrooms, more teachers, and new teaching methodologies were needed. We grew. In the eighties, there were more than a thousand students attending classes in two shifts. The activity was hectic and the competition also grew; however, this fact failed to intimidate us."

Undoubtedly, this unforgettable, unique episode in the history of the college preparatory academy demonstrates one of the most important factors in the life of every entrepreneur. You will always have the support of your family to get ahead and the commitment of friends who join you in your dreams and goals. For these important details, I am very grateful to those who gave me a hand so that I could begin building my future.

I will always be thankful to my parents who are now with the Lord. Because they shaped and guided me, I was able to find my way and, early on, became a person with a commitment to myself, my country, its education and its youth. Secondly, I am grateful to the Jesuits who selflessly gave me a hand so that we could begin our project. I will never forget how they opened the doors of their schools so that I could convince their students to study with us. Thirdly, I am thankful to my past and present employees. To those who have accompanied me and those who continue to do so today, I am eternally grateful.

Chapter III

“You’d be crazy to pay that much for a chicken recipe!”

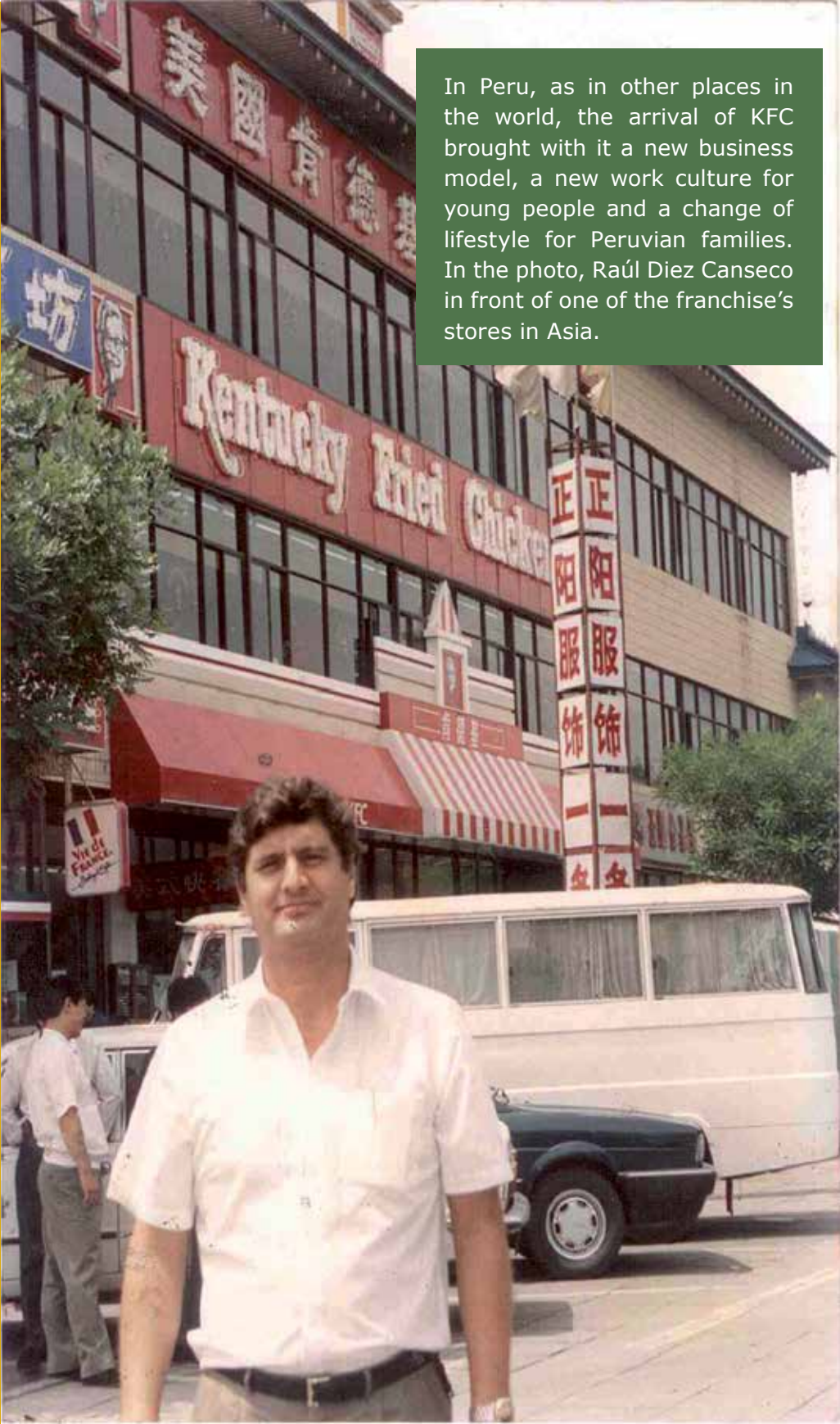
I think this is the most stimulating and exciting chapter of my business career: my encounter and always pleasant and filial relationship with Kentucky Fried Chicken (KFC), the famous United States-based fast food franchise created in 1952 by Colonel Harland Sanders, which provides consumers with high-quality, crispy fried chicken.

This was the way it happened: in the latter half of the seventies, I was living in the welcoming and unforgettable city of Guayaquil, Ecuador’s most populous city, where I had gone for political reasons, as my mother’s family was being harassed by Juan Velasco Alvarado’s military dictatorship. My uncle José Terry, a first cousin to President Fernando Belaunde Terry (who had been forced out of office in 1968), had been imprisoned at the famous El Potao police station in Lima’s Rímac district.

Many Peruvian entrepreneurs who were harassed by the same military junta ended up in Guayaquil, as it was a land of opportunity that was fertile and attractive to tourists, with intensive port, commercial and industrial activity. At the time, an Ecuadorian politician commented that Ecuador’s best ally for promoting investment in his country was the Peruvian Government.

I was living in the middle-class neighborhood of Urdesa in Guayaquil, where I attended noon Mass every Sunday. There was a place near the church that

In Peru, as in other places in the world, the arrival of KFC brought with it a new business model, a new work culture for young people and a change of lifestyle for Peruvian families. In the photo, Raúl Diez Canseco in front of one of the franchise's stores in Asia.



attracted my attention before and after Mass. People crowded together in line there, as a pleasant smell filled the air. It was a food business and, of course, an important element of food is its aroma. Since I went to Mass every Sunday, one day I decided to go early and wait in line to see what it was all about.

So one Sunday, as I approached the place where a number of people were already waiting in line, I discovered its attention-getting logo with a drawing of an elderly man with glasses and a well-groomed beard that stood out on a red background. It was a picture of Harland Sanders, the son of farmers who was born in Indiana in the United States and left school at the age of 12 to help his family by doing odd jobs.

He was already involved in the food business in the nineteen forties when he became famous cooking chicken in a pressure fryer that reduced the time required to prepare fried chicken. I saw and quickly understood that serving customers quickly was of key importance in this business.

I waited in line, paid for several servings of KFC chicken, received a numbered ticket and left. There was such great demand for the product that I went to Mass, returned and had to wait for my order because there were still several orders ahead of mine.

Even with nearly an hour's wait, the customers weren't impatient! That was a good sign. When I tasted the chicken, I understood why there was such demand for it. It was crispy, it had a special flavor and the preparation was spectacular. In addition, a different sales system was used that facilitated rapid customer turnover without reducing the quality of service.

Then I pictured myself in two scenarios that could mean opportunities: 1) My interest in this food and 2) How to go about starting a similar business in Peru. Immediately convinced that it was a good idea, guided by my instinct, and led by my entrepreneurial spirit and interest in doing something new, I proceeded to the research phase together with Luis Salazar, a good friend.

My friend and I went to the United States Consulate in Guayaquil to find out about the organization running KFC, in which countries it operated and how I could establish contact with the corporate office. I was avid about obtaining information on the company and anxious to found out how a franchise business was managed. This was 1978, so we didn't have the Internet, computers or fax machines. Nor did we have cell phones, much less smartphones. None of the modern technology that makes searches for information and decision-making easier and faster was available at the time.

However, we received cordial service at the consulate. The very efficient functionaries there gave us files and thick books with ample commercial and industrial information on the United States. We worked like bookworms until we found what we needed.

Once we had obtained the address of KFC headquarters, we thought about our objectives, outlined a plan, and sent a letter to the owners of KFC, expressing our interest in being their representatives in Peru.

Anyone who thinks that all you have to do is send a letter and they enthusiastically respond in a few days would be mistaken. Thirty days passed and we had

received no response, which made us feel a bit uneasy. I sent a second letter, a third, a fourth and many more letters. We persisted and we always remembered that quotation from Napoleon Bonaparte that "Victory belongs to the most persevering." This way of thinking kept us from giving up.

The problem may have had its roots in the fact that the restaurant chain no longer belonged to the KFC group, but rather to the alcoholic beverage company Heublein which had bought it in the early seventies. The system implemented by Sanders had undergone constant change and renewal of methods and guidelines in order to adapt to the model desired by Heublein. The process would not be completed until 1980, the year that the founder of KFC, Colonel Sanders, died in December. In his honor, Heublein decided to continue using his face on the KFC logo.

In total, I had sent twenty or more letters to senior executives of Heublein by the time they responded six months later, attaching a large, heavy package of forms to complete. It was understandable that before granting a franchise, they requested extensive information on the life and financial situation of the interested party.

The documents were in English, a language I didn't speak and certainly didn't write. I sought the help of a friend to translate them, but instead of offering me support, he tried to talk me out of answering the letter. "You're crazy," he said, "You don't have money and they're not even going to consider you."

However, I insisted, I begged and he gave in. When we got to the financial section, instead of referring to

cash flow or numbers showing assets and liabilities, I decided to replace it with a long, inspired description of what I could do with the KFC business in Peru. I emphasized that if I obtained the franchise, I would work in the kitchen, at the counter, at the cash register and so on myself. In short, I expressed great interest and passion in my application.

Months after I sent my response, I received a call from KFC in Guayaquil telling me that the Heublein regional director for Latin America and the Caribbean had arrived and wanted to meet me as soon as possible.

He was a man of German origin named Guenter Hueschmann. He surprised me by telling me that during his long career as an international executive, he had never received so many letters from an interested party! What impressed him was my attitude and my response in the financial section where, instead of the accounting information requested, I wrote what I could do as a human being if they gave me the opportunity to be their representative in Lima. The truth is that I didn't write anything in the financial section because we didn't have any money.

The Heublein regional director, who would eventually become vice president, added, "From your country, we've received four or five letters from institutions with prestige, power and money. All of them say that they're interested in formalizing a commitment with us after the elections are held in May of 1980."

Among the groups and corporations to which he referred was the powerful Bertello Group. At that time it owned Banco Comercial, one of Peru's largest banks.

I listened to him attentively. Peruvian entrepreneurs and bankers had their reasons; the political scene was not favorable to them and we were still coming out of a military dictatorship that, in its chauvinistic insanity and link with the Soviet sphere of influence, was very critical of and hostile toward the United States Government. It had gone so far as to prohibit the use of commercial names in English, the remittance of royalties abroad, etc.

However, I was convinced that, despite the fact that the polls favored Armando Villanueva, the Aprista party candidate, those elections would be won by Fernando Belaunde, a committed democrat and defender of a State that facilitates and promotes development, as well as a friend of the United States.

I responded, perhaps somewhat anxiously, "Give me the franchise now; let's not wait any longer!" My German friend shook his head and smiled. This was late 1978.

Guenter Hueschmann offered to send a letter to the other Peruvian applicants, including the powerful Bertello Group, notifying them of the deadline to make their decision. If they did not answer the request for an agreement with KFC by then, they would be considered ineligible. The hitch was that the deadline was prior to the 1980 elections.

Subsequently, he opened another door for me that, frankly, was a very good sign: he set a date for a meeting during which he would give me a final answer.

Without waiting for the date of the appointment, I scraped together the money for a ticket and flew to Louisville, Kentucky to visit him. When Guenter Hueschmann walked into his office, he couldn't believe I was there waiting for him. He had offered to give me the option if the others didn't answer, and of course, none of them had.

Still amazed by my presence, insistence and self-confidence in achieving what I wanted, he commented, "We'll make an exception for you, something we've never done in the company. We'll give you 90 days to find partners. We're interested in having someone like you in the business, but you'll have to come up with the 200 thousand dollars required for the investment. It's very important to us to have people who identify with or are passionate about our franchise because that assures us that it will work. The enthusiasm that you put into it will help you succeed; attitude is fundamental, but you'll also have to come up with the money."

Very excited and with my approval letter in hand, I returned to Lima happy. I began talking to my friends one by one to invite them to share my dream. I didn't mind the unbearable heat of that summer or the extreme rigorousness of the protocols. I felt confident and was my usual self: free and spontaneous. I knew the idea was a good one.

However, my joy faded a bit upon hearing one negative response after another. They would say, "You'd be crazy to pay 200 thousand dollars for a formula you say is a secret chicken recipe from abroad, and on top of that, you'd have to pay the Americans!"

In those days, the term "royalty" was not well understood. Nor was the concept of intellectual property or the value

of patents, trademarks and know-how. In addition, they argued that one had to compete here in Peru with the Peruvian-style spit-roasted chicken whose flavor was well-known and widely accepted by consumers.

At that time, broaster chicken was sold locally, but it wasn't the same as KFC's. Despite my tenacity, I had to admit that spit-roasted chicken sold well, since consumers liked that type of chicken typically served with French fries and salad.

In the mid-seventies, the military government had prohibited consumption of beef during the first 15 days of every month, so we had become chicken eaters. The prohibition had to do with conserving foreign currency reserves, since Peru was a big beef importer. Therefore, the arguments against my initiative had a certain logic and seemed sound.

However, stubborn as a mule, I persisted. As one door after another closed, I called a friend to give him a detailed explanation of this franchise opportunity. After listening to me for more than half an hour, he became enthused and agreed to try to convince his father to provide the money required to start the fast food business. "I sense so much enthusiasm in your proposal that I'll talk to my father. We'll see what he says," my friend told me.

He kept his word. When the time arrived, I passionately explained the scope of the project to his father, who willingly agreed to participate and contribute the capital needed to start operations. Subsequently, another friend became involved in the project and I became the minority shareholder. That was how I overcame the first major obstacle, with the help of people I knew.



In March 1981, the activities of the world famous KFC franchise began in Peru. Appearing in the photo (left to right) are the founders and partners: Alfredo de Ferrari Morello (partially hidden), Carlos Zúñiga Quiroz, Luis Salazar Mourré and I.

The second major challenge was finding the right location for the first store. The contract stipulated that the location of the store and the selection of suppliers had to be approved by headquarters. Special studies had to be conducted, because there was no precedent in Peru for this type of business.

As a matter of commercial strategy and per the company's express instructions, the store had to be at the intersection of two well-traveled streets. This required us to apply for the necessary municipal permits to open a store on a street corner.

That was how the first KFC store in Peru opened its doors in 1981, in block 43 of Arequipa Avenue where the San Ignacio de Loyola College Preparatory Academy had been located for a time. In nine months of operations, it sold more than a million dollars worth of chicken, breaking the organization's records in Latin America. That was how KFC got its start in Peru!

After meeting Guenter Hueschmann in Guayaquil and negotiating with him to obtain the KFC franchise, we developed a close friendship, to the point that whenever he came to Lima, he stayed at my house. During our conversations, we discussed many topics: markets, business, politics, social issues, etc.

A topic that interested me was the professional mobility of top American executives. I don't remember exactly when, but he also mentioned the possibility of his leaving KFC. In the United States, the people who eventually hold those positions are men and women with a high level of professionalism. For this reason,

they change companies with ease, so it's not surprising when a vice president changes companies.

One day, I received a letter from my friend, Bert Virrey, telling me that he was no longer with KFC, and that he was working for Pepsi Cola which ran the Pizza Hut franchise.

I responded to his letter, telling him that things were going very well for us with KFC and that we were opening a second store. I was quite surprised when, almost immediately, he offered me the Pizza Hut franchise for Lima. Ecstatic at the news, I agreed to the idea immediately.

Young entrepreneurs, take note! It's so important to be personable, polite and warm in dealing with others! And I can't tell you how important it is to build friendships and business relationships, to project empathy, and so on. At decisive moments, all of this helps.

Do you have any idea what Bert Virrey's gesture meant? It exempted me from paying the US\$ 200 thousand initial franchise fee that we would ordinarily have had to pay, as we did for KFC-money which we didn't have at the time. In the second year of relationship with the world of business franchises, we already had the Pizza Hut franchise.

Later, these two fast-food companies merged. Without imagining it, we became pioneers in the food franchise business in Peru.

Soon, in addition to the KFC (1980) and Pizza Hut (1982) franchises, we obtained the Burger King (1993)

and Chili's (1996) franchises in the nineties. In the entertainment sector, in 1998, we opened Brunswick Bowling-Cosmic Bowling Larco Mar, Señor Frog's, Carlos' n Charlie's and Starbucks Perú, among others.

By then we were clear on the matter of entrepreneurship, a term that wasn't part of Peruvians' everyday vocabulary. Today, entrepreneurship is a concept everyone is talking about. We assimilated it as a philosophy of life, education and culture. It was well worthwhile.



For over five years, different KFC and Pizza Hut stores were targets of terrorist attacks by the Túpac Amaru Revolutionary Movement (known by its Spanish acronym, MRTA). The worst attack occurred early in

Chapter IV

“We’re Peruvian; let us
work in peace”



February of 1991, when 35 kilograms of dynamite left the store on block 43 of Arequipa Avenue in San Isidro in ruins. Our reaction was reflected in the content of the ad shown on the following page. Photo courtesy of Caretas magazine.



We're Peruvian; let us work!

The employees, suppliers and shareholders of the Kentucky Fried Chicken and Pizza Hut restaurants communicate to the general public that we are 100% PERUVIAN companies.

Delosi S.A. and Sigdelo S.A. are companies founded over 10 years ago with Peruvian capital that employ people from hundreds of Peruvian families, paying a licensing fee to Kentucky Fried Chicken and Pizza Hut International to use their trademarks in our country.

Therefore, every attack against one of our places of business is destroying the labor and efforts of hundreds of Peruvians. Delosi S.A. and Sigdelo S.A. are companies made up of people who believe in their country and strive every day to give their children a better future.

We're Peruvian; let us work in peace!

As mentioned previously, the history of franchises in Peru dates back to the early nineteen eighties when we introduced the fast food system to the food-service sector, changing consumption habits, lifestyles and work routines, as well as introducing innovations in management.

However, that new process was no piece of cake. It must be understood that the life of an entrepreneur is full of joy and disappointment, optimism and worry, as well as pleasant and unpleasant surprises. It entails considerable risk and a great deal of adrenaline.

I point this out because the decade of the eighties was very difficult due to the terrorist activity of the Shining Path and the Túpac Amaru Revolutionary Movement (MRTA).

These movements employed what they called “revolutionary violence”. The main objective of their strategy was “the conquest of political power”.

In that context, in which a political campaign was being conducted with the Aprista party candidate, Alan García, favored to win the presidential election, the MRTA launched a battle involving attacks, abductions and death threats to business owners who refused to pay what the subversives called *cupos de guerra* (war contributions).

This was the reason behind the attack on the home of then Minister of Labor Joaquín Leguía in March of 1985. Then on March 20, the MRTA simultaneously attacked and set off explosives at three of our Kentucky Fried Chicken stores.

"Terrorist squad sets three Kentucky Fried Chicken stores on fire. Customers forced out at machine-gunpoint and luxurious chicken restaurants are set on fire," read the headline of an article on page 8 of *La República* newspaper on March 21 of that year.

It went on to say that the terrorist group had begun the escalation of terror at the store located on Javier Prado Avenue, "where they tossed Molotov cocktails from outside, causing panic among customers and employees of the establishment. The attack took place at 20:05 hours."

It further stated that, "A few minutes later, the same terrorist squad entered the store located on block 43 of Arequipa Avenue, where they ordered customers and employees to lie down on the floor, telling them that nothing would happen to them. Then they doused the establishment with gasoline and ordered everyone to leave quietly.

Immediately afterward, they proceeded to set fire to the store. A group of kitchen workers who had taken refuge behind a door had to escape out the windows to avoid the flames..."

The ample coverage of the event gave more details. "Ten minutes later, another attack occurred when the group, armed with machine guns and revolvers, overtook the private security guards outside the store located on block 52 of Benavides Avenue... Unlike the previous attacks, at this store the employees had received an anonymous phone call warning them of an attack on the store, which surprised them, as up to that time operations had been conducted as usual. The attack would take place a few minutes later..."

Terrorist acts occurred all over Lima with many victims. Fear appeared to take hold of Peruvians and many entrepreneurs emigrated to other countries in search of better places to invest. The exodus seemed inevitable and Peru bled from bombs and increasingly bloody murders.

I remember well an incident that left me very intrigued at the time. I was working on a number of projects and programs related to the San Ignacio de Loyola College Preparatory Academy. From there I went to Channel 5 in response to an invitation from reporter Roxana Canedo and TV host Angel Tacchino, to be interviewed. I was going to be on television for the first time in my life and, obviously, I was nervous.

I was on my way down from the eighth or ninth floor of the building on Alejandro Tirado Avenue in the Santa Beatriz neighborhood in downtown Lima where Channel 5 was located, when suddenly Coty Zapata, a clairvoyant, took me by the arm. She looked at my hand and the expression on her face changed. "What have you seen, Coty?" I asked her. "No, nothing," she stammered. I saw panic in her expression from what she had supposedly seen in my hand. "Raúl, please take care of yourself," she said and walked away. I let it go at that and went on my way. I had asked her several times to tell me what she had seen, but Coty would tell me nothing more.

Minutes later, I arrived at KFC on Javier Prado Avenue, which was always noisy, where my secretary handed me a manila envelope with my name on it. I took the envelope, went into my office and opened it with curiosity. It was a letter from the MRTA containing "war bonds" and warning me that if I didn't make contributions, my family would be attacked.

“Unless you pay 50 thousand dollars a week, we will begin to attack your businesses, your family and you,” I was informed by a sentence formed with letters cut out of a newspaper.

The terrorists knew my routines, my children’s routes to their schools, where I lived and other details that indicated they had been stalking me. I was flabbergasted. To further intimidate me, from time to time they would call me on my private phone and make me hear the unsettling crying of a small child on the other end of the line.

I called a longtime close friend, Colonel Ángel Aguilar of the National Police Force, the head of the Southern Zone of the Seventh Region of the Civil Guard, and asked him to do me the favor of visiting me at the KFC offices. With my partners present, I showed him the letter I had received. He was familiar with similar terrorist threats that had been made to Peruvian businessmen. Also present was then-president of the J. Walter Thompson advertising agency, Fernando Otero.

We all analyzed the situation carefully and my partners said, “Let’s pay!” Colonel Aguilar, who would later be promoted to the rank of general (previously serving as President Fernando Belaunde’s aide-de-camp), warned us, “If you pay, you’re going to have problems for the rest of your lives, because you’ll always be blackmailed. What you should do is take security measures and refuse to pay.”

You can imagine what my life was like from then on. Every now and then, a Kentucky Fried Chicken store would be dynamited. In one terrorist attack, at the store on block 43 of Arequipa Avenue, they ordered all of the

customers to get out and then demolished it. There could never be another Kentucky Fried Chicken store there.

At that time, I faced the dilemma of whether to get out of the business or to continue operations. Those times were extremely difficult and a considerable number of entrepreneurs understandably left the country due to harassment from the MRTA, which had centered its operations on the urban area, using abductions and blackmail as its methods. The reign of terror had taken hold.

Faced with a situation that grew worse as the months passed, my partners decided to leave the country in order to protect their families. I remained. "Nobody is chasing me away!" I exclaimed.

During this period, my life was a living hell. My children had to go out with bodyguards in cars specially outfitted in case of a subversive attack. The terrorists continued to call me at two or three in the morning to repeat their threats and make me hear the pitiful crying of a child in pain. "That's what will happen to your children if you don't pay," they would threaten me from time to time.

Action had to be taken. Fernando Otero prepared an advertising campaign and executives from the head office in the United States came to lend their support, since we had their franchise. When criminal acts such as those described occur, they get involved and help out.

The central message of the campaign was, "We're Peruvians; let us work in peace." Fernando wanted to add the interjection "*Carajo!*" (damn it), but eliminated it at my suggestion. The ad was published in all of the Lima newspapers. Up until that time, the store on

Arequipa Avenue, the one in San Luis, the one in San Borja and the one on Javier Prado Avenue had been affected. It was a nightmare.

Fernando Otero vividly remembers those times. "I saw Raúl sporadically in connection with my work, but we began meeting more often due to the attack on the KFC store on Arequipa Avenue during the times of terrorism. It was the eighties and branches of North American companies were the targets of attacks with bombs. Following this incident at KFC, I received an urgent and troubling call from Raúl, inviting me to a meeting to exchange ideas on what we should do in terms of communication to avoid harm to the image of KFC, since the incident could scare customers away from the fast food restaurants. After meeting with my creative group and designing an ad, I went to the meeting with a proposal and a recommendation.

Basically, we needed to confront those who had attacked us and explain our status as Peruvian franchisees, as well as to foster loyalty toward KFC among readers and consumers. The proposed full-page ad read, 'We're Peruvian; let us work in peace, damn it!' in big letters that took up half the page. It went on to provide a brief explanation of the nature of KFC in Peru, stating that it was a franchise obtained by a group of young Peruvians who believed in Peru, gave jobs to young people and used Peruvian ingredients to delight the palates of Peruvians with high-quality products at very reasonable prices."

The ad was published without the word *carajo* (damn it), which had been proposed as a way of showing our irritation, but it worked without this well-known Peruvian word we sometimes use to protest or emphasize something.

I thank God that the explosions didn't damage the building next to the store on Arequipa Avenue, as well as for the fact that no customers were injured despite the shock waves of the powerful bombs. I am also grateful that the public never stopped going to our stores. The entire country gave us its support.

Whenever a store was the target of an attack, 48 hours later it was ready to open again. We would always run an ad announcing the reopening. The results were incredible; the public would fill the store and there would be people waiting in line.

The advertising campaign was strong and made the impact intended. As they had absolutely failed in their purpose, the terrorists left us alone after that.

I relate this story to make the point that in every success story, there are failures, sources of tension, efforts, losses, ups and down. The lesson is to persist, because otherwise you will not achieve your dream. What might have happened if I had succumbed to blackmail by the MRTA?

A long time has passed since that chance encounter with the clairvoyant and I still don't have a logical explanation for her warning. Did she see some danger or was it simply a coincidence? As a practicing Catholic and strong believer, I commended my life to God and, obviously, took some security measures. I did what I could to avoid giving up in the face of adversity.



In 1983, in the Condevilla Señor sector of Lima's San Martín de Porres district, I became involved in the social work led by First Lady Violeta Corrae. Prior to that, I resigned from the position of general manager of KFC in Lima.



*El memorable
alojamiento
de los "Repatriados"
18-1-85*

*A Raúl, personificación
del ideal populista*

*J. Belaunde
23-1-85*

Working on the memorable resettlement of the Cuban "repatriates".
"To Raúl, personification of the populist ideal," reads the dedication
by President Belaunde.

Below, beside him, delivering Christmas presents to Cuban families
settled in the populous Villa María del Triunfo district.



Chapter V

Violeta Correa: inspirational solidarity

From the time she was very young, Violeta Correa Miller, President Fernando Belaunde's wife, had been committed to just causes and to helping the least advantaged segments of the population. For this reason, early on she joined the Movimiento de Protección a la Joven (Movement to Protect Young Girls) and later became a volunteer with the Peruvian Red Cross.

However, it was during Belaunde's first administration (1963-1968) that, from the Office of the Secretary of the Government Palace, Violeta Correa created three important programs with a profound social impact in Lima: the Recreational Parks in Low-income Neighborhoods project, which basically consisted of gardens, playground equipment and sports courts to provide recreation, especially for poor children; the Parque de las Leyendas park and zoo; and the traveling photographic exhibition titled Perú ante el Mundo (Peru in the eyes of the world) that had a profound impact on tourism.

Years later, she expanded the scope of her work. In 1980, rather than taking refuge in a passive or decorative role as First Lady, she preferred to plan, promote and start up a number of social programs financed with a combination of public and private funds. In this manner, she imprinted the spirit of solidarity on the image of the Belaunde administration.

Due to her strong social sensitivity, it would be fair to say that she deeply felt the people's needs and

concerns. At the same time, she offered simple, highly practical solutions. Through diverse initiatives and creative formulas, she included the residents of outlying areas in social assistance programs.

She gave priority to children, women and people living in extreme poverty who suffered the day-to-day effects of poverty. She couldn't stand to see unkempt women with a lost look in their eyes, carrying buckets of water and barefoot children; houses made of straw or cardboard; dusty, poorly maintained roads; or faces tired or disfigured from the inclemency of unfulfilled basic needs. Violeta wanted to fight against sadness, and she did so throughout her life.

It was within this framework that I went to the Government Palace to make a donation of corn to the First Lady, to be distributed through the Family Kitchens program. The corn was fresh and of very good quality, but it wouldn't pass the rigorous quality control of the American franchise. Kentucky Fried Chicken required corn with even-sized kernels in straight rows.

With the energy that characterized her, Violeta graciously accepted the donation of over ten thousand ears of corn and asked me for logistical and administrative support in the food program she had established. She said, "Raúl, I'm not only going to accept the ten thousand ears of corn; I'd also like to ask you to help me use them to benefit the victims of flooding along the banks of the Rimac River in Huachipa (in the Chosica district), where we're organizing a soup kitchen."

The terrible effects of the El Niño phenomenon of 1982-1983 included the destruction of roads, highways, bridges, airfields, airports, homes and other basic infrastructure.

Water and mud had flooded streets, mainly in the northern part of the country. As a result, thousands of poor Peruvian families were left homeless. The inclement weather and the grief it caused spread quickly.

Like never before, the El Niño phenomenon of that year brought with it hunger, anguish, desolation and plagues, auguring a dismal future for many families. It was also disastrous for the Peruvian economy and President Belaunde's administration. According to reliable estimates, Peru lost approximately 990 million dollars due to this phenomenon and its gross domestic product (GDP) decreased 12%.

That is why Violeta Correa decided to focus her social work on helping thousands of victims, especially the residents of marginal neighborhoods in coastal areas who had lost everything.

"I'd like you to accompany me at the launch of a new mass food project," she told me, which I did. When the time came, very enthused, I accompanied the First Lady to a marginal area of the populous Lima district of San Martín de Porres, where a rustic community center and soup kitchen had been set up. On the way there, Mrs. Belaunde told her aide-de-camp to include me as a speaker in the official opening ceremony and to schedule me to speak before her. I had never spoken in public before, so I had to improvise.

Nevertheless, it was easy to explain Violeta's altruistic philosophy: when dealing with extreme poverty, charity is aid for which nothing is expected in return (such as in the case of those affected by El Niño). But when you tell people, "I'll help you with ideas, resources and technology, but you'll be expected to provide the

labor,” (as in the case of the community centers where education and healthcare for poor children and families in the same situation were provided) that is solidarity. This was the topic of my brief speech.

Additionally, she fully agreed with the Chinese proverb that says, “Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.”

Eagerness to contribute to the development of social projects led me to reflect upon my new situation, created as a result of my encounter with President Belaunde’s wife. When faced with excruciating poverty, one has two options: isolate yourself and take refuge in a safe, comfortable, “successful” world removed from reality, or make the decision to become involved and work with others to change the situation. I promised myself I would stop being a spectator and get involved in public service.

That imperative to support a solidarity-based action to help thousands of my countrymen who had suffered the inclemency of the El Niño phenomenon led me to leave my position as the general manager of Kentucky Fried Chicken and Pizza Hut in 1983 to join the world of solidarity in action. Obviously, I requested authorization from Heublein, which owned the KFC franchise at that time, to use their fast food know-how in Violeta’s food projects. Why? I needed a concept of large-scale food service with a quick turnover. Violeta wanted every kitchen to serve a thousand servings per day at a low cost, without sacrificing nutritional value.

My experience in the preparation and management of fast food enabled me to contribute to the development of the kitchens and to discover that there were models

for improving social programs. Therefore, with consent from KFC, I put everything I had learned in the training workshops of the American franchise into practice: how to cut a chicken in nine pieces, how to feed chickens to avoid their having a fishmeal flavor, how to use the most basic surpluses, etc.

With the application of know-how from the franchise, the cost per serving decreased and the expense was very low. We wasted nothing and obtained considerable savings. The family kitchen program, to which I dedicated all my effort, launched a social development model and paved the way for self-management and self-financing of social projects.

Looking back, this is what satisfies me most and I feel nostalgic about those times. This is the model: the State provided the basic infrastructure, technical guidance and equipment (special pots, utensils, refrigerators and freezers, among other kitchen instruments) and the people provided the labor. The kitchens were managed by clubs formed by mothers in a specific community. They would elect an executive committee to manage and operate the kitchen, as well as obtain self-financing. The food products given them by the government only once at the startup of operations were their initial working capital.

Like beehives, the community centers were small production centers where mothers volunteered to cook meals with enthusiasm and great joy for tens of thousands of diners. It was fascinating to see them work starting early in the morning. Their concept of teamwork and the humility with which they performed their tasks greatly enthused me. When Peruvians work together, there is nothing they can't do.

From 1983 to 1985, a total of 106 family kitchens were built and outfitted with public money and donations from private companies. They were not like the *ollas comunes* or community meals prepared during strikes called by unions, for example, but rather a matter of setting up spaces where a thousand meals per day were prepared for families to take home to cover their basic food needs, maintaining family unity. The latter aspect was part of the philosophy that Violeta implemented as a message about how life should be lived: bring the family closer together, because the family is the bedrock of society.

In the capital city of Lima alone, the beneficiaries of the 106 family kitchens exceeded 100 thousand daily. In addition, within the context of its child nutrition program, the Government provided breakfast for 500 children per day at each family kitchen.

It was a wonderful time. I only have a couple of interesting stories left to tell about it. The first of these is about when I took American representatives of the franchises to see Violeta's social work projects. My friends were amazed and captivated by the spirit of solidarity and work that characterized the First Lady. They were also surprised to see how her solidarity brought the Biblical story of the multiplication of loaves and fishes to life.

The other story is about a donation of 20 Canadian trucks that the Peruvian Government received. They were used, but in good condition. "What should we do with them?" Violeta asked me. "That's easy!" I said, "We sectorize Lima in 20 target areas, and then teach the mothers to shop at the wholesale market and make

purchases by food type. That way, we lower costs and increase operating capacity!”

That is what we did, and that entire time was magical and unforgettable. I remember seeing the ladies seated on top of their sacks of food on the trucks, taking care of their cargo at dawn (05:30 a.m.) and then happily transporting the food products to 20 different places in Lima. What we did was to develop in those poor people what they already had in their hearts: the value of solidarity. No one has a stronger sense of solidarity than the poor.

In the solidarity campaigns she led, Violeta Correa could always count on unconditional support from her husband, the president. They acted as one in each noble cause. They were two souls dedicated to social inclusion. For example, I remember President Belaunde’s concern for some Cubans who had arrived in Peru in 1980, after occupying our embassy in Havana in dire conditions and being expelled by Fidel Castro’s dictatorial government.

Years had passed and some families still had no decent place to live. Early in the summer of 1985, the president asked me to look into this problem. A solution was found and they were relocated to a sector of the populous Villa María del Triunfo district. From that time on until he died, Belaunde visited them every Christmas, taking them presents.

Social entrepreneurship

Generally, the term “entrepreneurship” is linked to business, to an entrepreneur who launches a specific plan to create his or her own company and generate wealth. However, the qualities found in a business entrepreneur, the warrior spirit and go-getter drive,

among other virtues or qualities, also pertain, in varying degrees, to social entrepreneurs. A good social entrepreneur undertakes a project of collective interest with decision in order to help others and improve the standard of living of those around him or her.

However, in social entrepreneurship, the ways of helping are not conventional or orthodox. They are formulas that avoid bureaucracy and appeal to people's creativity and decisive participation, activating their only equity: motivation and the desire to overcome poverty in order to improve the socioeconomic level of society.

The case of the Grameen Bank, founded in 1976 in Bangladesh by Nobel Peace Prize winner (2006) Muhammad Yunus, is an example of social entrepreneurship. Its basic function is to give small loans to facilitate microenterprise that helps to mitigate the poverty of those involved in it.

In over 30 years of operations, the Grameen bank has lent money to millions of individuals, generally women who are poor but very responsible about paying their loans. The bank's philosophy is not charity, but rather solidarity and, by activating this value, it takes note of people's dignity and their potential as a competitive force. That is social entrepreneurship.

We know that in any economic crisis, such as the current one in the European Union for example, solidarity collapses firstly because people tend toward egotism, isolation and resistance to losing their positions. Therefore, Yunus' experience has become an example of entrepreneurship with solidarity. Now there is even talk of social "business".

Exemplifying solidarity means many things and one can do this in different ways. States do so when they put the principles of equality and justice into practice; governments do so when they implement policies that help people with very limited resources; companies do so when they take social commitment approaches to the settings in which they operate; and individuals do so when they undertake social projects that do not seek profit as an end, but rather as a means to help.

In another book, I commented on the role of civil society regarding solidarity and people's attitude toward situations that merit support and solidarity. As the saying goes, "Nobody is so poor that he or she has nothing to give, and nobody is so rich that he or she has nothing to receive."

Networks of volunteers have been formed that seek to fulfill a social function with the desire to serve the community. Their work is about social undertakings with



Friday, February 17, 2012. In order to promote the spirit of business solidarity and to mitigate disabilities incurred in the line of duty, we launched the Adopt A Hero program. We did this with the highest-ranking representative of the Peruvian Army (from August 2011 to May 2012), Commanding General Víctor Ripalda Ganoza.

a productive approach. Volunteering is a cornerstone for the development of peoples.

In addition, there are other social undertakings that merit respect. Such is the case of the Adopt A Hero initiative formulated by the Peruvian army through its highest representative, its commanding general, Víctor Ripalda Ganoza.

It is undoubtedly a program that appeals to people's and business institutions' spirit of solidarity in order to mitigate disabilities incurred serving one's country and protecting its citizens. This is the story of the program:

Adopt A Hero

During a pleasant meeting I had in late 2011 at the army general command headquarters, which was attended by Juan Manuel Ostoja, CEO of Universidad San Ignacio de Loyola; Javier Alva García, Vice President of Marketing for the university; Gino Bravo Ardiles, General Coordinator for the Arequipa branch of the USIL Graduate School; and Rodolfo Cremer Alarcón, Dean of the Graduate School, the idea was proposed to undertake a solidarity project whose main purpose would be to help soldiers with combat-related disabilities incurred in the fight against narco-terrorism.

The spokesperson for the initiative was none other than General Víctor Ripalda himself. Upon hearing such a wonderful idea, I immediately proposed that we help one of our ex-combatants. Taking into account that there were 255 soldiers with severe disabilities, whose families needed help, I suggested organizing an event to bring together important members of the Peruvian business community and the community in general

for the purpose of helping these silent defenders of our country in different aspects of their lives (health, education, work, business and overall welfare for them and their families). Their courage has always deserved reward.

With this new initiative, the Adopt A Soldier program took a new approach, and that was how a new undertaking, one I feel particularly proud of, came about: Adopt A Hero.

The objective of this initiative is to foster a culture of respect and solidarity toward our soldiers with disabilities, to awaken a sense of responsibility in the business community and to promote an effective strategy of sustained support that compensates, to some degree, the immense sacrifice of these courageous combatants who fought for the pacification of Peru, for the democracy in which we live, and the safety of our society.

The initiative also seeks to recognize the honor and courage of our soldiers who fought without respite, seeking peace for all Peruvians. For this reason, the Peruvian Army and Universidad San Ignacio de Loyola decided to undertake this new task of providing civic support to combatants with disabilities that cut short their opportunities in the military, limiting their possibilities for personal development and seriously affecting their family situation.

It is not about temporary or rigid "adoption" in terms of responsibilities, but rather a social commitment to provide aid "whenever you can, however you can and according to your possibilities."

In order to focus the initiative and put it into practice as soon as possible, I supported the formation of a committee with Peruvian businesspersons in order to expand the invitation to different sectors. Immediately, the program began to yield results.

Courageous soldiers such as corporals Jaime Bellido, Víctor Alata Gaspar and Fredy Túpac Yupanqui and sergeants Salvador Shupigua and Roberto Lermo Acevedo, were sponsored by caring members of the business community who selflessly joined the cause, thereby recognizing, on behalf of all Peruvians, our soldiers' contribution to a free and sovereign country.

They received immediate support for themselves and their families, which gave them real expectations of a better quality of life. The help they received was not only economic aid. They have also benefited from scholarships for their children, talks, operations, medicine, jobs, services, etc.

The idea of the Adopt A Hero program is to reinsert these soldiers in society so that they can carry on their lives as normally as possible, with dignity and honor, because they are men of honor.

Indelible memories and scars are the price they have paid for their heroic service in defense of the country. However, although they are injured, they are not defeated, and it is our patriotic duty to help them.

Adopt A Hero will move forward, expanding its foundations, participants and coverage. It is a wonderful opportunity for Peruvian civil society to help soldiers who incurred disabilities in the fight against terrorism. Courage goes hand in hand with entrepreneurship, and

Peru must build on these pillars because our heroes are the best example of those who undertake the cause of freedom.



Jaime Bellido García, in the wheelchair donated by Universidad San Ignacio de Loyola, and his daughter, who received a scholarship.

Chapter VI

Fernando Belaunde, teacher and guide

If Violeta Correa's extraordinary social sensitivity and her family kitchens were decisive factors that convinced me to embrace her cause, that of solidarity in action, the greatness of a true democrat such as Fernando Belaunde motivated me to begin a public service career that was so fascinating and transcendent that it changed my life completely.

When President Belaunde had completed his second term, he gave a final speech to Congress on July 28, 1985 that made a deep impression on me. At that historic moment, directing his words to the new Congress, which was starting off with an ample new majority composed of members of Victor Raúl Haya de la Torres' long-established Aprista party, he said, "I turn over freedom to you intact!"

I can't remember another statesman of his stature or democratic nature. It was not in vain that during the ceremony in which our winner of the Nobel Prize for Literature, Mario Vargas Llosa, was granted a doctor honoris causa degree by Universidad San Ignacio de Loyola, he said that Belaunde was "the best thing that could have happened to Peru in the twentieth century."

Indeed, Belaunde was the best thing that could have happened to the cause of freedom. I had the opportunity to accompany President Belaunde that day as he handed over the presidential sash to the new president of Congress, Luis Alberto Sánchez, of the Aprista party. In 1985, the impressive parliamentary majority that Acción Popular had won in 1980 had

been reduced drastically. The loneliness of the loss of power prevailed in some intimate circles within that environment.

What would take place then would forever mark my private life and my business career: my entrance into political activism and institutional politics. Upon the expiration of his term on July 28, 1985, I had the satisfaction of driving President Belaunde in my car to the beautiful tourism circuit of Callejón de Huaylas in the department of Áncash, located 400 kilometers north of Lima at more than three thousand meters above sea level. On the way there and during our stay in Áncash, we talked about family, about his term in office, his frustrations, disappointments and also the future of Acción Popular.

A couple of months later, on September 28 and 29, 1985, the XII National Ordinary Congress of the Acción Popular party was held in Lima to elect a reorganizing commission to determine changes aimed at keeping the spirit of the Acción Popular movement established in 1956 alive. Sandro Mariátegui, son of the great Peruvian sage, José Carlos Mariátegui, was named secretary general. Edmundo del Águila, Jorge Díaz León (now deceased), Raúl Freundt, Javier Velásquez, Graciela Espinoza, Nina Martín, Luis Enrique Gálvez and I were chosen to be members of the commission. My party membership had become reality.

From that time on, active and intensive politics would be the focus of my attention. Toward the end of 1987, I was elected as Acción Popular's departmental secretary for Metropolitan Lima. Then in 1990, with over 50 thousand votes (which meant being the candidate receiving the fourth highest number of votes in the largest electoral district), the majority of which came

from marginal areas of the capital, I was elected as a congressman for Lima on the Frente Democrático (FREDEMO/Democratic Front) ticket headed by our world-renowned writer, Mario Vargas Llosa.

Words in action

I was sworn in as a congressman for Lima on July 28, 1990 and, understanding that I had assumed an enormous responsibility to my country, I began drafting and promoting a number of legislative initiatives for the purpose of trying to reverse the serious economic and institutional crisis gripping Peru. In addition, in an effort to change the traditional “silver tongue” image of politicians, I sought to be the proponent of creative and timely proposals in the spheres of economic, industrial, tourism and social inclusion policy.



As a congressman (from 1990 to 1992), I promoted the modernization of the Law on Duty Free Zones in order to foster investments that would generate employment. This photo was taken as I was being sworn in.

Once I had become familiar with the legislative dynamics of the House of Representatives, I was elected chairman of the Commission on Industry, Trade, Tourism and Integration, which was composed of 19 members of the House with different political views.

We all decided to work in a very flexible manner, focusing on the problems of the sector in order to issue good opinions and bills as soon as possible.

In order to learn about difficulties in our portfolio, we visited factories and sites with tourism potential; we traveled around the country and, above all, we connected with the different industry associations and labor unions in order to know their experiences and expectations.

The work we did on this commission was diligent, accelerated and, much more importantly, it was teamwork. All of the members placed emphasis on seeking consensus rather than allowing political differences to divide us. We were always willing to reach an agreement rather than insisting on a difference. Every opinion was heard, with respect for others' ideas. To undertake a task is to analyze it, listen to everyone, and make the best of each situation.

The changes introduced in the economic model in 1990 affected the sectors in our portfolio (the recession in industry, the exchange rate, surcharges, etc.). As was to be expected, the sectors affected saw Congress as the ideal setting for reevaluating matters, improving them or making changes.

The Law on Duty Free Zones, enacted to involve the private sector in the development of those zones, was one of the most important initiatives resulting from my work as a congressman.

"There is no reason to exclude those who with their investments should foster the process of development. Their presence has been beneficial in other parts of the world and there is no reason to assume that it would not be in Peru," I said when defending substantial changes in the old law on duty free zones (Law 25100), a law with a statist approach passed during Alan García's first term. I was and still am convinced of the need to open the country to the world in order to foster development.

There were other initiatives that we took on and dealt with diligently, such as inclusion of the "tourism zone" concept. All of us believed that the possibility of bolstering the economies of the border departments of Tacna and Tumbes, while at the same time fighting contraband, was essential in order to increase investment in tourism.

I also had the satisfaction of promoting other initiatives, the purpose of which was to foster the development of social tourism, tourists' safety and maintenance of the budget for the Tourism Promotion Fund (FOPTUR). Its elimination in the midst of the economic crisis would have suffocated the development of domestic tourism in the early nineties. Eventually, in 1996, FOPTUR was absorbed by the Commission on the Promotion of Peru (PromPerú).

Times were difficult due to terrorism and the economic crisis, but in the congressional commission I led, the word "consensus" was the pattern of behavior that guided the actions of all of its members.

Notwithstanding ideological differences among the members, we all decided to collaborate on drafting and promoting bills that would reinforce the economic reactivation of the nineties. Perhaps because I

encouraged teamwork and convinced my fellow members that unity was essential in order for the country to progress, I served as chairman of the commission for two consecutive periods, from 1990 to 1991 and from 1991 to 1992.

The democratic and pluralistic spirit of the commission made the presence of several of the Fujimori administration's ministers of State possible without significant complications. Among those who frequently answered our call were then Minister of Transportation and Communications, Jaime Yoshiyama, and then Minister of Industry, Víctor Joy Way. They encountered no obstacles whatsoever in obtaining the green light for their initiatives and proposals.

The Peruvian Congress of the early nineties, despite being maligned by the Fujimori administration, was actually the epitome of cooperation and coordinated work. The majority of the legislators backed the economic reform and continuously proved themselves to be good neighbors.

For example, I remember going around Congress one evening, seat by seat, seeking the signatures necessary for approval of the tax reform bill creating the National Superintendence of Tax Administration (SUNAT). All of the required members of Congress signed without any major difficulties, including the now deceased Aprista party Senator, Abel Salinas.

Their disinterested collaboration was for the sake of good governance, political stability, institution building, the country's development and the welfare of millions of Peruvians. We knew that it was important to work together for the good of the country.

To be clear, since August of 1990, the vast majority of the members of both houses of Congress, including representatives of the administration's party (Cambio 90), as well as those of Acción Popular (AP), Partido Popular Cristiano (PPC) and Movimiento Libertad (Liberty Movement) had agreed to foster reforms for the purpose of transforming the economic structure that had been in place until July 28 of that year. We were all banking on a free market economy and State reform in a democracy.

The reason is simple. In contrast to the cloudy, populist discourse that enabled Alberto Fujimori to win the general elections of 1990, the Frente Democrático (Democratic Front/FREDEMO)—composed of Acción Popular, Partido Popular Cristiano and Movimiento Libertad, under the leadership of our Nobel Prize winner Mario Vargas Llosa—clearly proposed an economic model based on a social market economy during its campaign.

With the exception of some specific extreme policies of a mercantile nature that deformed the vision of that model, the Fujimori administration abandoned its electoral platform and applied a large part of the economic recipe and reforms proposed by Vargas Llosa during his political involvement.

Consequently, the FREDEMO senators and congressmen and women acted in good faith and voted in line with what we had proposed in our platform and programs. Therefore, the Fujimori administration received unconditional support from Acción Popular, PPC and Libertad legislators because we put Peru first.

That is precisely the reason we were unable to understand the persistent attacks and aggression by then president Alberto Fujimori, launched against

the most important institutions for the operation of the democratic system. Congress, the political parties, some media institutions, the judicial branch of the government, etc. were favorite targets of his insults. In short, there was no event over which Fujimori presided during which he did not conduct a premeditated and sustained campaign to convince the public that Congress would not let him govern or that it was obstructionist.

The attacks were very unjust and of such a magnitude that, evidently, they had an underlying purpose. In those days, the now defunct OIGA magazine, whose editor was the outstanding journalist Francisco Igartua, was known for the acuteness and depth of its political analyses. More than once, it had dedicated a cover of its widely-read weekly edition to the threat hovering over our young democracy. "Look out for a coup," warned one such cover. Time would prove the seasoned journalist right.

Secret meeting with Fujimori

With caution and concern, many legislators took note of the turn of events. I decided to take action on an idea I had that I now reveal, after keeping it under wraps for more than 20 years. This true story has remained in the drawer as one of the best kept secrets of my political life. It was about an initiative that led to a very private meeting held at the Government Palace with President Alberto Fujimori. It was a meeting that could have changed history if the president had listened to us.

It was the summer of 1992 when, with some urgency, I contacted the minister of transportation and communications, Jaime Yoshiyama, a man who was very close to the president. I mentioned the interest among a number of legislators, including members of

both houses of Congress from different political parties, in holding a summit meeting with President Fujimori to make him see that the confrontation between the legislative and executive branches could not continue. It could not continue because, in practice, it meant a break with the Constitution and the destruction of democracy in the short term.

Yoshiyama soon informed me that a meeting had been arranged, so I contacted other legislators to go to the meeting at the Government Palace to discuss some points of common interest to us.

At that time, I held a high position in Acción Popular and, as I could not commit the party politically, I had no other alternative than to arrive at the Government Palace almost clandestinely in Jaime Yoshiyama's car and enter through the back door, the one near the Los Desamparados train station.

"Tell us, Mr. President, why do you say that Congress is obstructionist?" I asked him during the meeting. I was seated to his left, while Lourdes Flores was seated to his right.

Fujimori was taking notes and sipping mineral water, but he remained unflinching, reserved. He was impenetrable.

"The executive branch requested extraordinary powers to legislate on tax matters and we granted them," I added.

In general, the over 30 members of Congress attending the meeting with Fujimori at the Palace showed our willingness to back him and support measures to strengthen our economy and modernize Peru. We were

doing it for the country. However, accompanied by some of his closest ministers, the president remained unperturbed, unmoved, sparing with words throughout that evening meeting that lasted until two in the morning. I knew at the time that it foreshadowed disaster.

I was the last one to leave the Palace dining room where we had met with the intention of resolving differences and finding points of agreement between the executive and legislative branches. Our intention was to outline agreements to further promote the reforms Peru needed for harmonious growth and sustained development. It was a meeting for the purpose of ensuring governability and coexistence in democracy.

"I'm glad we were finally able to have this meeting you requested," Fujimori told me when I was saying goodbye. "On the contrary, Mr. President," I responded. "I leave more concerned than ever because you didn't clear up any of our concerns, answer any of our questions or request support on the approval of projects," I told him very disappointedly.

Minutes later, I left the same way I had arrived, accompanied by Jaime Yoshiyama. I had known him for quite some time, as a neighbor and as a collaborator on Mario Vargas Llosa's campaign in the late eighties.

As neighbors, we had both been involved in the La Molina district's Camacho Association, I as its president and he as its vice president. As officers, along with a large group of people, in the late eighties we had formed a committee that arranged for the construction of the Nuestra Señora de la Reconciliación (Our Lady of Reconciliation) parish church in Camacho, one of the

country's largest churches. I had gotten to know him much better during the campaign supporting Mario Vargas Llosa's candidacy. He was a great collaborator. He was and is a good friend, an upstanding person.

In retrospect, I realize that Fujimori agreed to meet with us to distract our attention. Basically, he sought to distract the entire population's attention. He had already decided to prepare for the self-coup that was to take place on April 5, 1992. The decision had already been made.

Consensus could have been reached

The interruption in the democratic system truncated my congressional career along with the careers of many well-intentioned Peruvians. The majority of congressional members, looking forward to serving their country, had won their congressional seats for the first time. According to many experts, due to the professional standing of its members and their commitment to the country, the Congress of 1990 to 1992 was one of the best in the history of the republic.

Outstanding members of the House of Representatives included Roberto Ramírez del Villar Beaumont, Edmundo del Águila Morote, Aurelio Loret de Mola Bomme, Ántero Flores-Aráoz Esparza, Víctor Andrés García Belaunde, Rafael Rey Rey, Lourdes Flores Nano, Jorge Baca Luna, Enrique Gherzi Silva, Pedro Cateriano Bellido, Xavier Barrón Cebreros, Óscar Urviola Hanni, Gonzalo Romero de la Puente, Julio Castro Gómez, Ismael Benavides Ferreyros, Luis Santa María Calderón, Luis Yengle Ventura, Javier Velarde Aspíllaga, Javier Bedoya de Vivanco, Mario Roggero Villena, Fernando Olivera Vega, Dennis Falvy Valdivieso, Ernesto Gamarra Olivares, Jorge del Castillo Gálvez, Carlos Roca

Cáceres, Ricardo Letts Colmenares, Manuel Dammert Ego-Aguirre, Fausto Alvarado Dodero, César Zumaeta Flores, Constantino Colona Valdez and Daniel Quispe Machaca, among others.

Outstanding members of the Senate included Javier Alva Orlandini, Sandro Mariátegui Chiappe, Gastón Acurio Velarde, Miguel Cruchaga Belaunde, Luis Bustamante Belaunde, Manuel Ulloa Elías, Felipe Osterling Parodi, Raúl Ferrero Costa, Miguel Vega Alvear, Manuel Moreyra Loredó, Alberto Borea Odría, Juan Incháustegui Vargas, Beatriz Merino Lucero, Rafael Belaunde Aubry, Ricardo Vega Llona, Luis Bedoya de Vivanco, Andrés Cardó Franco, Mercedes Cabanillas Bustamante, Luis Alberto Sánchez, Armando Villanueva del Campo, Abel Salinas Eyzaguirre, Javier Valle Riestra, José Barba Caballero, Jorge Lozada Stanbury, Máximo San Román, Javier Diez Canseco Cisneros, Jorge del Prado Chávez, Carlos Malpica Silva Santisteban, Gustavo Mohme Llona, Enrique Bernales Ballesteros, Francisco Guerra García Cueva and Edmundo Murrugarra Florián.



June 28, 1990. At the congressional swearing-in session. By my side, Senator for life and former President Fernando Belaunde and then President of Chile, Patricio Aylwin.



As chair of the House of Representatives' Commission on Industry, Commerce, Tourism and Integration (from 1990 to 1992), I promoted laws in favor of inbound tourism.

Senators for life included former presidents Fernando Belaunde Terry and Alan García Pérez. Undoubtedly, this was a legislative period with outstanding players, many of whom were brilliant professionals. Some of the aforementioned members of Congress are no longer with us. They have passed on to eternity.

In mid-1992, based on the political experience I had accumulated up to that time, I published my first book, *La palabra en acción (Words in Action)*, about my legislative work from 1990-1992.

In the final pages of that book, I expressed my profound rejection of the April 5th coup. That disastrous event carried out against the Peruvian Constitution—for the sixth time in the twentieth century—was an attack on democracy, institutional development and the future of millions of Peruvians. "Consensus could have been reached" was the assertion I made in that book. This is what I was thinking at the time:

"The pretexts for the April 5th coup are not much different from those preceding it; nor are the reactions it has provoked in Peruvian society or the foreseeable end awaiting the adventurers involved in this new anti-democratic enterprise.

Like every tyranny in the past, this one needed reasons to justify itself. Reality offered it extraordinary pretexts: terrorism and institutional disorder. In addition, some old pretexts and another reason or two were necessary. The alleged obstruction of Congress, on the one hand, and corruption of the judicial system on the other, served this purpose.

As always, the need for a radical transformation of structures in order to create a 'true' democracy had to be invoked, and of course, a constitutional order in line with these supposed ideals. However, notwithstanding similarities with the past, there are some differences.

It is the first time in the history of Peru that a president elected by the people has toppled the constitutional order. It is also the first time that a tyranny, in its insatiable thirst for power, has put Peru and its institutions in the defendant's chair in the international arena.

A large proportion of the people accepted this break in the constitutional order. That was the fruit of a long campaign that, launched with the pretext of the nationalization of the banks, was taken to the point of paroxysm in the electoral process by 'independents' of all kinds whose devotion to democracy has never been able to resist the temptation of power. They had, and still have, a single objective: to destroy the political parties and tarnish the reputation of 'politicians'; that is, all of the intermediaries between the people and power.

The April 5th coup has been very useful. It has served to show, in all of its starkness, the abandonment in which democracy has lived and currently lives in Peru. Therefore, it is no accident that Peru and Haiti not only share the sad privilege of bringing up the rear in material progress, but also some tendencies that certain Latin American countries abandoned decades ago. Others, such as Ecuador in recent times, have confirmed their will to live in freedom and with rationality, striking down those who, with their improvisation, informality or irresponsibility, intended to emulate their Peruvian counterparts that, unfortunately for Peru and for Lima, won the elections.

An effective, constructive democracy was possible.

These pages contain irrefutable testimonials that show that, at least, from within the ranks of Acción Popular, there was a call not only for consensus, but also, above all, dialogue and respect for the Constitution. That was precisely the first grievance we presented to the Hurtado Miller cabinet. We said that to govern was to seek consensus and bring people together, not to separate, divide or pit Peruvians against each other. We sharply criticized President Fujimori's behavior and, with the unobjectionable right we had as a result of our good faith, we called for dialogue, not to impose our ideas, but rather to seek solutions.

We called for the same from the Torres y Torres Lara cabinet. Once more, President Fujimori provoked a very violent incident with the Senate. His purpose, then and now, was evident: to close the path to any dialogue.

'Reform' was possible.

None of the 'reforms' with which Fujimori has tried to justify the coup d'état were impossible according to

the Constitution. On the contrary, they were perfectly feasible. Moralizing the justice system and even dismissing personnel from the courts, including the Supreme Court or the Office of the Attorney General, was in the government's hands. Congress delegated legislative powers to the executive branch to pass and amend the Organic Law of the Judicial Branch (Laws 25285, 25324 and 25348). In it, the power to ratify the appointment of judges immediately certainly could have (and should have) been included.

However, provision 22 of Legislative Decree 767, issued by President Fujimori in November of 1991, established that the Senate would evaluate Supreme Court judges between August and September of 1995 and, starting in 1996, judges at other levels. If President Fujimori and his administration thought that the judicial branch of the government urgently needed overhauling, moving up the ratification date would have been sufficient. Why didn't the executive branch order that, since the delegation of powers permitted it?

It has been stated that removing the Comptroller General was essential because he was not fulfilling his functions, since he had committed a 'serious offense' that is grounds for removal according to article 146 of the Constitution. If this is the case, why did the government not propose the removal of the Comptroller to the Senate, indicating the grounds for such action? That was and is the responsibility of the executive branch of the government, since according to the Constitution, the executive branch proposes the comptroller's appointment. Once more, it occurs to us to ask, 'Did it refrain from doing so in order to have a new pretext to justify the coup d'état?'

It was also stated that greater force was indispensable to bolster the fight against terrorism and drug

trafficking. To what extent did the laws or Congress impede the actions of the executive branch to take control of the prison facilities under control of detained terrorists? None at all. They could have been taken twenty months earlier, but they were not. Precisely, when the Torres y Torres Lara cabinet was introduced, I spoke these words about the government's inaction in relation with terrorism:

"No argument can explain the unjustifiable fact that the State has ceded over half of its territory to the criminal forces of terror or drug trafficking. Mr. President, it is time to take back the national territory that the State has ceded, neglecting means of communication, abandoning police stations and leaving populations to their fate or troops to take refuge on their bases.

It is not a matter of militarizing the fight against subversion. It is a matter of demonstrating that Peru is capable of winning the war declared by its internal enemies and that it is also capable of providing all Peruvians with the safety and peace to which they have the right.

Today, twenty months into the president's term, not a single inch of the territory under the control of these dark forces of terror and vice has been recuperated. The invisible government of terror continues to spread unrest in the cities, and the forces of law and order have been distracted, dedicating their efforts to political tasks, neglecting this fundamental front where their efforts should have been concentrated.

As the days have gone by, President Fujimori has been outlining, with greater precision, the true objective of the 'revolution of the yes men', which is none other than the destruction of representative democracy and the

creation of a 'publicity ochlocracy' based on 'surveys' and a so-called 'direct' democracy manipulated by those in power. Therefore, it was natural that their main objective was to discredit the political parties, which are the only means that made the construction of modern democracies possible. The historical responsibility that the representatives of the government have assumed is enormous. Not only have they interrupted the longest period of continuous constitutional government in our history, but by doing so, they have also interrupted the affirmation process without which it is impossible to build a democratic system. Precisely therein lies the greatest harm to Peruvian society.

Arbitrariness will not prevail over liberty.

Peruvian democracy has suffered a serious blow. History will not forget this assault on freedom, as the international community has not excused it now.

New generations, which will surely have a more lucid conscience, will also condemn the unscrupulousness of those who interrupted this constitutional process. It is precisely that assurance that gives us the strength to continue in the stubborn and impassioned struggle for democracy and the Constitution, confined like every good person in this old and beloved country of Peru to the productiveness of words inspired by the truth. These are therefore effective ferment for every patriotic and creative action, and of course, for regaining, clean and victorious, democracy which today is trampled on and scoffed at as a symbol and standard of a future in which arbitrariness will never again prevail over liberty. Prior to an eventual constitutional convention, we ask, 'Will the de facto government that trampled the ordinary Congress respect its autonomy? History and Peru expect an unequivocal answer.' Consensus was what Peru needed to save itself." (extracted from *La palabra en acción*, 1992).

Today, many years later, I continue to think that if faith in the country and goodwill had existed, consensus would have been possible. Peru needed unity, not the division that the autocracy brought with it. An entrepreneur has to bring people together and alert society to the potential failures that democracy may suffer. An entrepreneur must also narrate history so that future generations learn the essential lessons that the country needs in its defense of freedom.

With permission from President Belaunde

In 1993, I was an unsuccessful candidate in the race for the office of Mayor of Lima and, in 1995, I ran for the office of president of the country. Each of these invaluable experiences enabled me to become more familiar with every corner of Peru, communicating with young people, students, rural people, fishermen, retired people, etc. Participating in a political campaign is an unforgettable adventure in which one learns a great deal about the country and its people.

After the decade of the nineties, Peru got back on its feet and faced its democratic future. In that challenge, Peruvian democrats had to resolve the political crisis stemming from the fall of the regime of then president Alberto Fujimori. The power vacuum resulting from Fujimori's resignation faxed from Tokyo in the latter part of the year 2000 mobilized all of the political parties and democratic institutions to find a way out of the crisis.

Congress elected Valentín Paniagua Corazao, a lawyer from Cusco, to serve as president for eight months, from December 2000 to July 2001. In his short time in office, Paniagua began the process of restoring democratic institutionality and called for general

elections to choose new political authorities for the executive branch and Congress.

It was at that time that then presidential candidate for the Perú Posible party, Dr. Alejandro Toledo, asked me to join his ticket.

How it happened

Following the fall of the Fujimori regime, during the time when the transitional government was headed by Valentín Paniagua, I received a call from Alejandro Toledo. There were very few days left to submit presidential tickets and he wanted me to run on his. We needed to discuss it, of course, so we agreed to meet at eight o'clock in the morning on January 3, 2001 at the well-known La Tiendecita Blanca café in Lima's Miraflores district.

The leader of Perú Posible understood that including me was not easy because I was an active member of Acción Popular. In addition, he knew that I wouldn't accept any proposal that didn't comply with my party's rules and procedures, and certainly not if it didn't meet with the approval of President Belaunde and his wife, Violeta Correa, with whom I had close ties of friendship, affection and admiration.

Toledo had assumed that would be my reaction, so he told me that before I gave him an answer either way, he would speak to President Belaunde personally to facilitate my decision. "Don't worry. I have an appointment with President Belaunde this morning at nine. During the meeting, I'll formally request his authorization to invite you to join my ticket. I'll give you a call to tell you what he says," he told me.

Half an hour after our meeting had begun, Alejandro and his wife, Eliane Karp, hurriedly left the café for President Belaunde's apartment in San Isidro. There he formally requested authorization for me to join the Perú Posible ticket.

President Belaunde had always had a high opinion of Alejandro Toledo. He had met him years before when the president was lecturing at different universities in the United States in the nineteen seventies, during the time he was unjustly exiled by the military dictatorship.

When a young Toledo had asked for Belaunde's help in earning his master's degree and, subsequently, his doctoral degree, his answer was affirmative. The president supported him in his desire for academic achievement. Belaunde had a big heart and banked on youth.

Years later, in other pressing circumstances, he would not deny Toledo's request for authorization for my candidacy on his party's ticket. Alejandro would later tell me that Belaunde and Violeta wanted to know which office Perú Posible had in mind for me, considering the fact that I had been the Secretary General of Acción Popular and had carried out important responsibilities in elected positions within the party.

When Toledo informed them that I would be running for the position of vice president, Violeta asked him with a smile, "You won't change your mind will you? You won't be sorry later?" "Certainly not, ma'am. I'd be honored to have someone like Raúl accompany me as vice president," he responded.

Once the meeting had ended at President Belaunde's apartment, Alejandro Toledo called me and said,

“President Belaunde is expecting you at his apartment because he wants to talk to you.” “How did it go?” I asked him curiously. Not wanting to give me an answer, he added, “He’ll fill you in.”

I quickly left for his apartment, a place I was quite familiar with because I used to have lunch with Belaunde and his wife, Violeta, every Monday. They welcomed me more enthusiastically than ever, with such big smiles and warmth that I felt overwhelmed. “Raúl, Violeta and I have decided to accept the offer Alejandro Toledo made you. It’s an honor for you. We’ll make the request to the Acción Popular political committee,” Belaunde told me.

Belaunde’s support for Toledo’s request was not surprising. He always put the country’s interests first and he believed that this leader from Áncash was the person best qualified to fight the poverty affecting over 50% of the population of Peru.

Subsequently, President Belaunde brought the matter of my candidacy before the Acción Popular political committee, which was composed of former secretaries general Gastón Acurio Velarde, Javier Arias Stella, Sandro Mariátegui Chiappe and Javier Alva Orlandini, among others. Alejandro Toledo’s request, as well as the corresponding permission proposed by President Belaunde, was unanimously authorized by the highest body of my party. Toledo followed suit with the corresponding levels of his own party, Perú Posible.

Lastly, to complete the presidential ticket, thought was given to including a woman. However, time was short and, following consultations and consideration of alternatives, David Waisman was chosen due to his close ties to small and medium-sized enterprise and to entrepreneurs.

For the young

I dare say that the main reason I was called upon to run on Toledo's presidential ticket was that I had long had ties with the world of education and Peruvian youth. With regard to the former, along with a committed team, I was known for building the San Ignacio de Loyola Organization. Regarding the latter, the rallying power of Pro Bienestar y Desarrollo (PROBIDE/Welfare and Development Association), a non-profit entity created in 1998 to foster contests for young entrepreneurs, was impressive.

This entrepreneurship program gave me the opportunity to travel throughout Peru, visiting public and private universities and institutes. At each stop, during each conference or university forum, I made young people see that it was essential to complement higher education with the teaching of business values. I told them that we needed to bank on financial education and knowledge of management tools for executing a business project.

In this manner, I motivated students throughout the country to study to build their own businesses and I encouraged them to unleash the entrepreneurial spirit they had inside in order to forge their own destiny. I urged them to change their attitudes and ways of thinking. I did this because I saw in them the same desire to get ahead that I had had when it all began.

Every PROBIDE presentation was attended by hundreds of young people of every social status. Naturally, the entrepreneurial message was received with curiosity and, soon afterward, with great enthusiasm. Peru is a country of entrepreneurs. Therefore, from Iquitos to Puerto Maldonado, from Tacna to Tumbes, traveling

to every departmental capital and the main provinces of Peru, there was no part of the country I failed to visit with the dream of sowing a positive message that would change young people's lives. I felt I needed to give back to the country that had given me so much.

Dr. Toledo and I not only coincided on the matter of democratic values, but also on the importance we both gave to the idea of rebuilding the country, opening markets and fighting poverty. Alejandro Toledo's vision of what Peru needed to do to overcome underdevelopment was the core of his party's platform.

Therefore, dreaming of taking entrepreneurship forward throughout Peru, I was elected to the office of vice president of the country. At President Toledo's request, I joined his first cabinet as the Minister of Industry, Tourism, Integration and International Negotiations (from July 2001 to July 2002) and then as the Minister of Foreign Trade and Tourism (from July 2002 to November 2003).

In these sectors, I worked to build a more just country with greater solidarity, growth and development, a country concerned about every one of its inhabitants. In my judgment, that is the true sense of political action. We have to humanize public service and make life decent and better for everyone. That is only possible through a proactive, facilitating, innovative State-in-summary, an entrepreneurial State.

Chapter VII

Entrepreneurial State

“As of this moment, Peru is withdrawing from the G-21!”



March 2002. With the President of the United States, George W. Bush. His visit was of key importance for initiating negotiations on the FTA with Peru.



With President Alejandro Toledo at the ceremony for the launch of the first container within the framework of the ATPDEA, prior to negotiations on the FTA. Shown in the picture are then ministers Javier Silva Ruete and Luis Solari and businessmen Roberto Nesta Brero of the Sociedad Nacional de Industrias (National Society of Industries), Alfonso Velásquez Tuesta of the Asociación de Exportadores del Perú (ADEX-Perú/Peruvian Exporters' Association) and Juan Francisco Raffo of the Sociedad Nacional de Comercio Exterior (Comex-Perú/National Society of Foreign Trade).

"Consider it a Peruvian national policy!" I told the representative of the United States. Then I firmly added, "As of this moment, Peru is withdrawing from the G-21!"

Upon hearing me say this, the representative of the United States in charge of promoting participation in the next round of talks on the Free Trade Area of the Americas (FTAA), who was visiting us on the 17th floor of the Ministry of Foreign Trade and Tourism (known as MINCETUR) building in Lima's San Isidro district, was not only surprised, but also pleased to be defeated. In light of our willingness to compromise, he had to give in. All of his arguments against our desire for an expanded trade agreement were thwarted by our decisive openness. In this manner, progress toward the FTAA was guaranteed. At last, Peru would open up to the world.

My team of advisors and representatives of the different business associations who accompanied me at that meeting were also perplexed.

Seconds passed, and the Americans relaxed their stance and reacted positively. After all, they were dealing with someone who was not only a minister of State, but also Vice President of the country. As such, what I said carried weight.

"How is it that Peru is pushing for greater access to the North American market and yet, at the same time, participates in the G-21 which opposes our trade policies?" the head of the U.S. trade mission had asked us minutes before.

Led by Brazil, India, South Africa and China, the G-21 represented 21 developing countries: Argentina, Chile, Bolivia, Colombia, Mexico, Cuba, Egypt, the Philippines, Guatemala, Indonesia, Nigeria, Pakistan, Peru, Paraguay, Tanzania, Uruguay and Venezuela were members as well. Over time, the objectives of the G-21 would change.

Peru sought to expand its markets through the Andean Free Trade Preference Act (ATPA) and also aspired to invigorate its foreign trade through the FTAA. In this regard, the trade alliance with the United States was key.

“Raúl took his chances! This was the breaking point in our trade relations with the United States,” David Lemor commented later. He was one of the most important negotiators in establishing the Free Trade Agreement with the United States, following a long process.

Upon hearing that Peru would withdraw from the G-21, the United States representative relaxed his critical stance, and an atmosphere of trust grew that favored Peru in the following round of FTAA negotiations.

In addition, all of this had a decisive influence on the United States’ decision to begin the process of negotiating the Free Trade Agreements (FTA) with Peru. The results are obvious. Peru and Colombia are the only countries in the Andean region that have an FTA in force with the United States.

We did the right thing. The country needs to be open to the world. On the one hand, Peru did not waive its right to defend its agricultural interests; on the other, the G-21 was not the only bloc that sought elimination of agricultural subsidies and internal aid. Therefore, I emphasize that our priority was to integrate Peru with

the world, especially with the United States and the European Union, whose markets accounted for over half of our exports.

At one time, Peru, along with other developing countries, had supported the agricultural negotiation methods championed by the G-21. We had demanded the elimination of export subsidies and a reduction in internal aid. All of this distorted agricultural trade, to the detriment of our farmers.

In addition, the relationship between Peru and Brazil, one of the driving forces in the block, went beyond the G-21. As the countries share a long, common border, it took on greater geopolitical importance. Intentions were to improve commercial exchange, developing physical integration through transoceanic highways in the north and the south. These two roads were to be built toward the end of the first decade of the twenty-first century. It was possible and necessary to pursue undertakings on different levels, without giving up cooperation with all of our partners.

The export impetus

At the dawn of the twenty-first century, Peruvian industry was undergoing one of the most critical phases of its history. The erroneous policies of the nineties regarding duties, counterintuitive taxes, the cost of money, the lack of investment, contraband, dumping, falsification and unfair competition slowed the development of Peruvian industry.

The result of such inattention was reflected in the level of per capita industrial production, which in the year 2000 was equivalent to that reached in 1962; that is, the level we had had 38 years before. Growth had decelerated. Our exports totaled a little over six billion

dollars and political instability discouraged every type of investment.

The transitional government of Paniagua took the first steps in the right direction to change national development policy, but it had very little time.

In addition, in those early years of the new century, economic integration processes continued to be revitalized and became fundamental instruments for driving the development of nations. New trade policies and strategies defended free trade in order to bring about more efficient insertion in the world market and therefore, through the development of economies of scale, to boost foreign investment and countries' international prospects in a globalized economy. Peru could not miss the train of history.

For this purpose, it was necessary to work carefully, alongside the private sector. The main objective proposed was to ensure the best conditions for our exports' access to world markets and to defend national commercial interests within the framework of global trade negotiations.

This new policy of commercial entrepreneurship sought to give rise to investment growth and contribute to an increase in exports. Its main objective was to insert the Peruvian economy competitively and dynamically in the world economy, enabling the exportation of goods and services to favor the country's economic development and growth.

In the case of economies such as the Peruvian economy, the domestic market was insufficient to sustain the investment and growth levels necessary to generate the jobs the population demanded. Undertaking the challenge was a matter of life and death.

With that outlook, there was no other alternative. Peru had to join the globalized economy. Only in this manner would it be possible to move forward, generating welfare for its people.

Integration processes, economic cooperation and trade agreements were (and are) effective instruments for insertion in the world market because they enable companies to expand markets and sales, in addition to facilitating a favorable climate for investments, thereby increasing exports to other markets under competitive conditions.

During my time in office, with this global openness approach, Peruvian industry began to emerge from the quicksand in which it had been sinking. We had to look beyond our domestic markets. It was necessary to surpass what had been achieved as of the year 2000. Therefore, a strategic alliance with the United States was important, an alliance embodied in long-term agreements.

Within the framework of bilateral negotiations with this country and following prolonged and complex dealings with the United States Congress and the executive branch, the enactment of the Andean Trade Promotion and Drug Eradication Act (ATPDEA) was achieved. This pact included new products that were excluded from the ATPA, an essential component of the War on Drugs enacted under the George H. W. Bush administration on December 4, 1991.

The inclusion of apparel made with Andean materials was a significant achievement of that successful negotiation. The renewal of the program, which included new products, was passed by the United States Congress as the ATPDEA on October 31, 2002.

The ATPDEA allowed nearly all exportable Peruvian products to enter the United States market duty free. This milestone in our trade history made it possible for entrepreneurs to develop a new supply of products that could be exported to that market, significantly increasing the value of our exports.

In practice, this meant that in a short time, our exports of manufactured products increased 25% compared to the previous year. More importantly, due to the opening of markets, new opportunities arose for entrepreneurs.

In October 2001, when United States Trade Representative Robert Zoellick personally informed me of the Bush administration's interest in signing an FTA with our country, I knew that we were making history. We couldn't miss that opportunity. At last, all of the efforts to expand the horizons of entrepreneurship were bearing fruit.

Peru had a great commercial, economic and social opportunity through the FTA with the United States and did not fail to take advantage of it. It was not easy to conclude this agreement, eagerly sought by everyone, but it was worth the effort. The United States is one of our country's main partners. It accounts for approximately 25% of our commercial trade (exports and imports) and also 40% of our manufactured exports, which generate greater added value and, therefore, higher employment and growth.

Despite an economic crisis at that time, with 300 million inhabitants and an annual per capita income close to 40 thousand dollars, the United States market continues offering practically unlimited opportunities for our companies to prosper. We needed to penetrate that market.

In fact, a high degree of complementariness can be noted in trade between the United States and Peru.

The US buys a growing proportion of products with added value from us (such as apparel, vegetables, fruit, processed fish and seafood, as well as gold and silver jewelry) that generate employment. We buy machinery, technology and inputs from them that our industries require to produce more and better products. In this manner, we improve our competitiveness and drive development of the economy.

Lastly, if an FTA with the US were not reached, competitor countries such as Chile, Mexico and Central American countries would be in a better position than we were. Investors would have been drawn to those markets from which they could export duty-free to the United States, leaving Peru without a good opportunity for obtaining higher levels of investment and better jobs.

In a context of constant change, of cultural, economic and commercial opening, and of major global alliances designed to overcome the economic crisis, the expansive effect of entrepreneurship is impressive. Today, information technologies enable the world to enjoy the great advantages of globalization. An entrepreneur faces the challenge of penetrating new markets because openness to trade is a first step in the construction of a solid, sustainable country with a prosperous economy that articulates a responsible and sound State dedicated to social inclusion of the poorest of the poor.

Therefore, during the time I oversaw Peruvian foreign trade, I tried to open the country to the world, with full confidence in the talent of my compatriots. I knew that our products were of good quality and could compete to gain new markets. For this reason, exports doubled and tourism began to increase. An unprecedented publicity campaign was begun in other countries and, as a result of the enactment of the Tourism Development Law, a

15-dollar tax was charged on the tickets of foreigners visiting Peru and Peruvians traveling abroad. With that money, we financed part of this model that put Peru in the global show window.

Beyond the FTA, the creation of the Ministry of Foreign Trade and Tourism (MINCETUR) was one of the major contributions of President Alejandro Toledo's administration.

The results exceeded our expectations and are there for everyone to see. The FTA is the permanent continuity of the preferences established in the ATPDEA, and the elimination of nearly 100% of the duties on the products we export to the USA. In addition, it has become the framework for promoting major private investments in our country, investment that has generated jobs, increased foreign currency and been directly responsible for better infrastructure and for growing decentralization of the country. The balance of a country with arms open to the world is always positive. It is necessary to be brave and bold, but also to learn to compete.

"I had the honor of participating with Raúl in dealings with the United States executive branch and Congress that culminated in the renewal of the ATPA, whose name changed to the Andean Trade Promotion and Drug Eradication Act (ATPDEA), which included apparel and other products previously excluded from the preferences. It was a great success for Peru, led by Raúl Diez Canseco as a minister and vice president of the country," recalls David Lemor, an effective collaborator.

Tourism, for example, surpassed expectations, which were low following the terrorist attack of September 11, 2001 on the Twin Towers in New York.

Encouraged by the success of this new model of openness to entrepreneurship, we created the Fund for the Promotion and Development of Tourism, a fund that has brought Peru millions of dollars to promote its identity abroad and improve its tourism infrastructure. Above all, our country's image as a tourist destination has been promoted in the world's major outbound tourism markets.

The 15-dollar 'tourism tax' collected over 43 million dollars in 2011, 70% of which was used to promote Peru's image abroad. The remaining 30% was used for tourism infrastructure in the provinces (i.e., outside the capital). In the first quarter of 2012 alone, more than 11 million dollars were collected.

I am convinced that together we did a good job because adequate regulations were put in place to create the boom in our exports and the driving force behind inbound tourism. The immense possibilities for entrepreneurship can also be applicable to public administration with positive results for the country. An open, transparent, competitive government at the service of the people must act with imagination in order to generate possibilities for success and measurable goals that can be achieved.

Now, several years later, how could I summarize my work as a public servant?

I am a person who acknowledges the positive aspects of his performance, as well as errors, because one learns from both. I believe in public entrepreneurship. As a minister of State and as vice president of the country, I am proud of the creation of the Ministry of Foreign Trade and Tourism (MINCETUR), a driving force that to this day fosters openness to trade, the signing of FTA and inbound tourism. At the ministry, we drafted

the National Tourism and Handcraft Development Plan, developed the “Origin of the Amazon” tourism project (Nauta, Iquitos, Loreto), promoted the image of Arequipa and the Colca Valley (now a leading tourist attraction), and made conservation efforts to preserve the Kuélap fortress (Amazonas), preventing its collapse.

In addition, we improved access roads to our historical monuments. For example, we graveled the road to the Chavín de Huántar archaeological complex (Áncash). I have always believed that we have the obligation to preserve our history. For this reason, I initiated the refurbishment of the San Agustín church (Arequipa), as well as other historical and archaeological monuments: Chan Chan, Huaca El Brujo, Chavín, Ccotos, Wari, etc. Apart from tourism, we launched the national “Housing for Everyone” program on April 5, 2002. We also banked on Peru’s integration with Brazil by means of the Transoceanic Highways that connect the Pacific and Atlantic Oceans.

We started a national program to increase productivity, competitiveness and market access for camelid-fiber textiles. It was fitting for our top-quality exports to be known throughout the world. Therefore, we favored the production of ceramics, leather goods and jewelry. Peru has entrepreneurial artisans capable of competing with the world’s best. Giving them adequate tools and making new technologies available to them was essential. For this purpose, we launched the Technological Innovation Centers (CITE) in Piura, Lambayeque, Puno, Cajamarca, Ayacucho, Cusco and Junín. The CITE were and are important technological allies of companies for the purpose of generating value and providing services such as training, design, high-quality finishing, technical assistance, and quality control for their products. In summary, they provide everything that entrepreneurial

artisans and medium-sized and small-scale producers need to begin competing at the global level.

Around the year 2000, our exports totaled less than US\$ 7 billion. From there, convinced of the benefits of a social market economy, it was necessary to boost foreign trade through mechanisms such as trade agreements that would make it possible. Therefore, in the first decade of the 21st century, the agenda was filled with negotiations on FTAs and integration with our trade partners. For example, with the APEC bloc, US\$ 3 710 million in exports in the year 2000 grew to US\$ 20 088 million in 2014.

The FTA with the United States has been of key importance to the export boom. From 2009 to 2014, our total exports to the United States market grew 26%, while non-traditional exports grew 80%. The FTA allowed thousands of Peruvian companies to gain access to better technology in order to increase their productivity, at a lower cost.

We Peruvians were on target when, at the beginning of the 21st century, we banked on trade without borders and included deep reforms in our industrial development models, reforms based on ample, dynamic, proactive openness to trade. All this was made possible by a facilitating, creative, innovative State; that is, an entrepreneurial and caring State that is willing to work for Peru.



In July of 2002, the creation of the Ministry of Foreign Trade and Tourism (MINCETUR) was made official. The ministry was the driving force behind free trade agreements with many other nations.



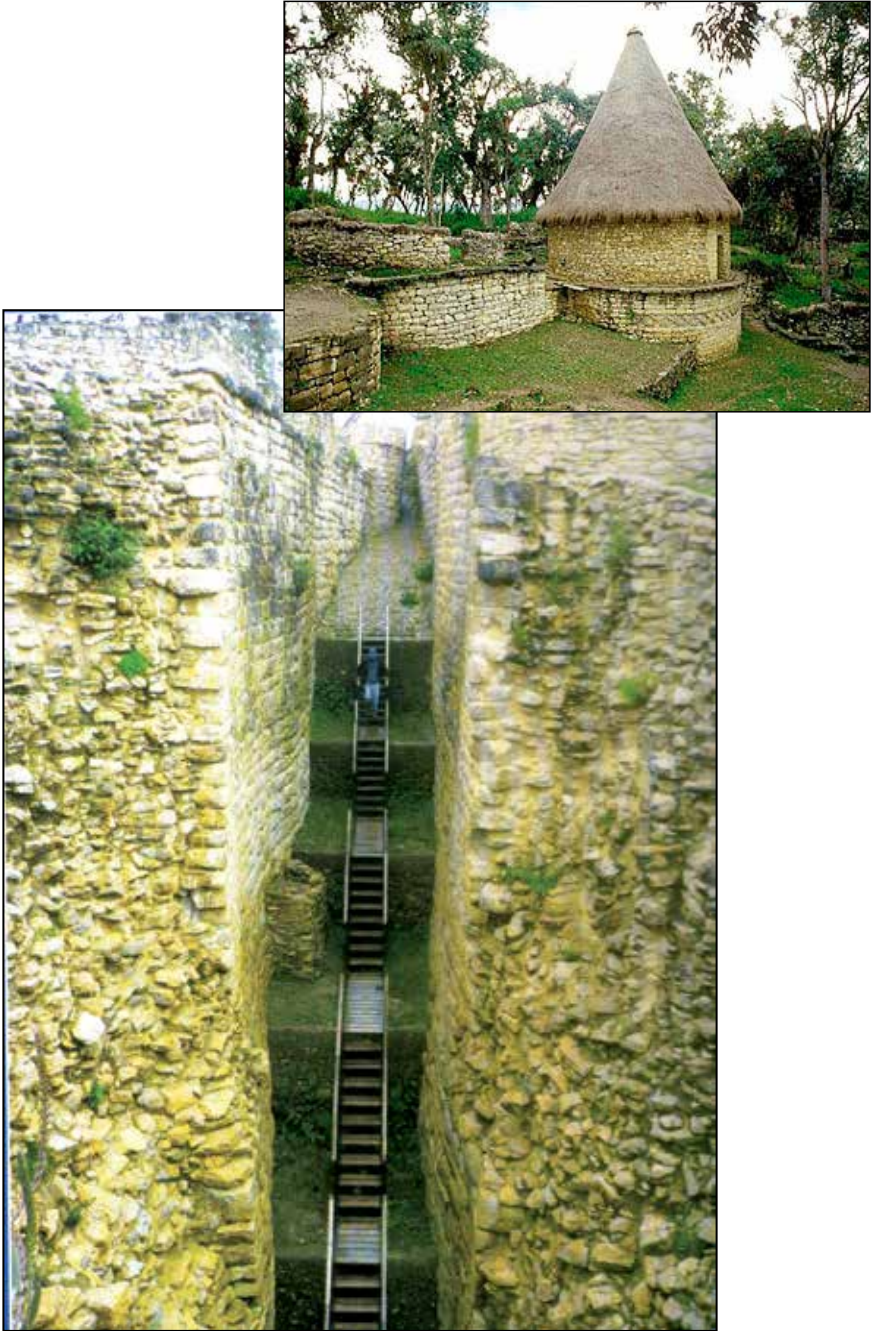
In 2002 UNIDO, headed by Dr. Carlos Magariños, aided 30 thousand alpaca breeding families in Huancavelica and Puno, enabling them to produce export-quality textiles.



Through MINCETUR (2001-2003), numerous tourism infrastructure projects were fostered, with emphasis on handcrafts and the restoration of new tourist destinations such as the Choquequirao archaeological complex. The objective: to attract more tourists.



Thanks to Raúl Diez Canseco's initiative, the Fund and Tax for the Promotion and Development of Domestic Tourism was established in December 2002. The money collected has been used to promote inbound tourism through fairs, workshops, fam trips, advertising, and more. By the end of 2013, over three million foreign visitors had come to Peru. In the photo, RDCT with former Vice Minister of Tourism Ramiro Salas.



The Kuélap fort was restored and has become the second most popular tourist destination in Peru, following Machu Picchu.



In addition, studies have been conducted on the installation of a tramway system at Kuélap.



March 2002. Through the National Housing for Everyone Plan and active participation of the private sector, we changed the focus of the housing sector, starting in 2003. The new policy fostered investment, real estate markets and bonds, thereby facilitating social inclusion, as evidenced by the transformation of vacant lots (above) into housing complexes for dozens of low-income families such as the ones in the Martinetti sector of Barrios Altos (below). In the center photo, representatives of the public and private sectors, brought together by the Mi Vivienda program, the cornerstone of the new public housing policy.





Year 2002. With the private sector, we energetically sought the internationalization of pisco. Also, in coordination with the Ministry of Foreign Relations, we decided that pisco would be served at all of our official events. Only in the last five years, exports of Peru's flagship beverage have risen 168%, totaling more than US\$ 5.5 million in 2014. In the photos: with an approving look from Queen Sofía, King Juan Carlos of Bourbon toasts with a pisco sour at a public event held in Madrid, Spain. On another occasion, Colombian President Andrés Pastrana, together with his wife, Nohra Puyana Bickenbach, tastes different types of pisco at the Jorge Chávez International Airport.

Chapter VIII

United for Peru:



On March 20, 2002. Shining Path terrorists attacked the El Polo shopping center across the street from the United States Embassy in the district of Surco. Days before the visit of U.S. President George W. Bush, a car bomb exploded there, resulting in deaths,

“Mr. President, tell President Bush that we Peruvians are ready to welcome him!”



injuries and considerable material damage. The next day, civil society as a whole repudiated this criminal action. Beside me in the picture is former President Valentín Paniagua. Photo from *El Comercio* newspaper.

In people's lives, there are decisive events that leave their mark and become memorable milestones deep inside one's mind. In my case, due to the public offices I held, those occasions required that I be very careful and use good judgment in deciding what to do—or what not to do—in the case of social contingencies and problems of different sorts that arose on the Peruvian political scene time and again.

The following story partially depicts those tense situations that were so deeply felt and experienced in those adrenaline-filled days. These events involved personalities such as the president of the United States, George W. Bush, and different social groups such as the people of Arequipa, who stood their ground to defend their rights. They are stories that changed my life.

As vice president of the country (2001-2004), for more than 60 days I was directly in charge of the office of the president. In this position—in which I could always count on support from President Toledo, who was travelling the world blazing a trail for our exports and obtaining the investments necessary to create wealth—I undertook important initiatives to make the heavy State machinery work. I also had to intervene in the always delicate issue of public order.

As you will see, taking on and resolving diverse social conflicts and situations entailing risk has direct repercussions on the effectiveness of government management. However, it is essential to do it fearlessly, especially when one has a strong desire to give his all to help his country. As a premise for action, a public entrepreneur must keep the peace and improve the political atmosphere. The setting for entrepreneurship is vital to the success of our initiatives. Without peace in society, entrepreneurship is difficult.

Therefore, one day in mid-June of 2002, I decided to visit the president. I found him deeply concerned. Tension was in the air at his office in the Government Palace.

The headlines of the local newspapers piled on the president's desk said it all: "Arequipa is burning", "Chaos in the White City [Arequipa]", "The strike spreads to the southern part of the country", and "Strikers take over airport, flights cancelled."

At my request, that morning I had a meeting with the president at the Government Palace to tell him that he could count on me and that I was offering to mediate the strike in Arequipa. The people of Arequipa, who had a history of revolution and a non-conformist lineage, had declared an indefinite strike to protest the issuance of an executive order that would lead to the privatization of the electric companies EGASA and EGESUR.

The situation was complicated and threatened to sow doubts about the viability of Peruvian democracy. The president had trusted in a survey conducted in the capital that showed that the Arequipans would accept the privatization of state-owned companies. However, in reality, 90% of Arequipans repudiated the measure, according to the local media.

Those were the circumstances that led me to make the very personal decision to ask the president to allow me to try to mediate the situation. I acted with conviction because I was aware of the danger facing Peru's institutional structures. Conflict in the southern part of the country could destroy what we democrats had built. We could not allow that to happen.



In mid-June 2002, an incident known as the "Arequipazo" took place in southern Peru. It was one of the most significant social uprisings in recent decades and threatened democratic stability.



The Government needed to take action, so it sought dialogue in order to reestablish peace.

On a personal level, I was taking a great risk. Firstly, traveling to Arequipa in the midst of the public upheaval was quite a challenge, a bold move that only duty to Peru could justify. Secondly, as vice president of the country and the president's right-hand man, if I failed in the attempt and an agreement were not reached, I would have to resign. It was that simple.

"Go ahead, Raúl. I have full faith in you!" President Toledo told me.

Therefore, I assumed the responsibility and planned a trip to Arequipa. With great care, we formed a working team that outlined a strategy and clear objectives. The first thing I did was to contact an old friend, Monsignor Fernando Vargas Ruiz de Somocurcio. As the longtime archbishop of Arequipa, he was a friend of the majority of the Arequipans leading the strike and a pastor who was well loved by the people.

A day before we left for the "White City", as Arequipa is called, Monsignor Ruiz de Somocurcio secretly traveled to that city on board a Peruvian Air Force plane, accompanied by one of my employees, who would later be mistaken for a priest in Arequipa. The purpose of his trip was to see for himself how things were and to find out what the leaders of the movement were thinking, away from the hustle and bustle of lights, cameras and reporters.

Monsignor Vargas Ruiz de Somocurcio found that the leaders of the popular uprising headed by Mayor Juan Manuel Guillén, the Assembly of Mayors of Arequipa and the Broad Civic Front, were open to dialogue. They were ready to sit down at a table and negotiate if the Government was willing to give in on some issues, such as the judicial ruling that voided the sale of EGASA and EGESUR.

"Raúl always asks for my help on difficult and complex things, but despite that, I do it with great affection," the Jesuit priest would comment later.

The conditions were right to travel to Arequipa early on Tuesday, June 18, 2002. After being informed of the points on which the government would not give in, we left aboard an Air Force Antonov airplane. On that mission, in addition to functionaries and advisors, I was accompanied by ministers Aurelio Loret de Mola (Defense), Diego García Sayán (Justice), Fernando Carbone (Health) and Nicolás Lynch (Education).

We landed at the Rodríguez Ballón International Airport, one of Peru's major airports, whose main runway had been partially destroyed the night before by a group of protestors. We left the terminal and rapidly boarded the bus that would take us downtown.

The beautiful city of Arequipa, with the imposing Misti volcano overlooking it, is located one thousand kilometers southwest of Lima. It is Peru's second largest city, after the capital. That day we found it practically walled in, taken over by the strikers. Chaos reigned everywhere: it was practically a war zone.

The roads were damaged and signs of teargas could be noted on the horizon. Barricades had been set up everywhere and confrontations between the police and the strikers were frequent.

The death of young Edgar Pinto, which had occurred the day before we arrived, had convulsed the city even further.

As president of the high-level commission, I asked that security measures be increased in order to protect the delegation. The top police officials were apprehensive

and clear in warning us that it was very dangerous to enter the area. However, the decision had been made. It was necessary to negotiate as soon as possible and restore the peace, which had been shattered by the conflict between a State seeking to open itself to the world and a radicalized sector that aspired to maintaining the status quo. To privatize or not to privatize, that was the question.

As we crossed the city, the locals threw rocks at our bus. Several times we had to cover our faces to avoid being hit by rocks or pieces of brick. I remember well the moment when my head of security, a loyal and extraordinary member of the national police force, César Chacaltana, shielded my body with his just in time, as a number of rocks violently hit the windows of the bus. The noise shook the vehicle and we suspected that the worst was yet to come.

Perching in groups on rooftops or crouching behind barricades on both sides of the streets, the protestors did not let up. Tension was high and it was evident that the agitators did not want the official delegation to reach its destination to negotiate.

It took us almost an hour to get to the Colegio San José school on Alfonso Ugarte Avenue in the urban core of Arequipa. Illustrious Peruvians such as José Luis Bustamante y Rivero, President of Peru (1945-1948) and President of the International Court of Justice in The Hague (1967-1969), and Víctor Andrés Belaunde, President of the United Nations General Assembly (1959-1960), had studied at this school run by the Society of Jesus (Jesuits).

Once we were inside the school and the dialogue had begun, protestors surrounded the building. Banging on pots and pans, they chanted union slogans the whole time we were there.

The expectations of Arequipa and Peru as a whole regarding the outcome of the dialogue were overwhelming: we had a great responsibility. The media frequently reported the latest developments. Meanwhile, President Toledo called us every half hour to find out how the dialogue was going.

Finally, after two days of non-stop negotiations, we managed to reach a fair and democratic solution: the five-point "Declaration of Arequipa".

The compromise, in addition to recognizing Arequipa's right to decide the destiny of EGASA and EGESUR "taking into account that a *writ of amparo* is being processed by the judicial branch of the Government", stipulated the reestablishment of order within 48 hours after the signing of the declaration:

"Both parties call upon the country to immediately cease all acts of violence that obstruct the path to social peace, democratic stability of the country and long-awaited national development," stated the agreement.

Remembering those days of democratic anxiety, I believe it was a good decision to ask Monsignor Fernando Vargas Ruiz de Somocurcio to pave the way for dialogue between the executive branch of the government and the people of Arequipa. What would have happened without his mediation? Therefore, I pay my most heartfelt tribute to this great Jesuit priest, who died of a heart attack in 2003 at age 85. His

participation in this social conflict was proverbial and, despite his age, he rolled up his sleeves and rose to the circumstances, like a good Arequipan. He was a shepherd of souls, a man of the people.

On our part, I think that our willingness to negotiate put out the fire of a dangerous social conflict that threatened to expand throughout southern Peru. It was a conflict that endangered the democratic regeneration that had cost every Peruvian dearly.

Fortunately, God enlightened everyone and we were able to achieve the peace that Arequipa and Peru desperately needed.

The car bombs and Bush

On Wednesday, March 20, 2002, the El Polo shopping center, located in the Surco district across the street from the United States Embassy in Lima, was the target of a ferocious and bloody terrorist attack in which two car bombs exploded.

The vehicles, which were parked next to the branch office of a bank, were detonated by four people, three of whom were women.

The explosion, which occurred near midnight, killed 10 people, also causing a number of injuries and considerable material damage. The shock waves destroyed a restaurant, a pharmacy and dozens of windows of stores and nearby houses. Despite this, the United States Embassy suffered no damage whatsoever.

Significantly, the attack took place three days before United States President George W. Bush's visit to Lima.

Precisely during those days, I was in charge of the presidential office because President Alejandro Toledo

DECLARATION OF AREQUIPA

Meeting in the city of Arequipa on June 18 and 19, 2002, the undersigned have reached the following agreements and statement of positions:

ONE: The representatives of the government will apologize for terms or phrases used by government officials and the heads of the departments of Justice and the Interior through the media that the people of Arequipa or their leaders consider offensive. The representatives of the government and of the people of Arequipa jointly deplore and condemn the harm caused to people and the damage caused to public and private property in the city of Arequipa.

TWO: With regard to the privatization of Egasa and Egesur, taking into account that a writ of amparo has been filed with the judicial branch of the government, the parties agreed to abide by the decision on said writ, as well as to respect the autonomy of the judicial branch of the government and other jurisdictional bodies, abiding by their decisions with no interference whatsoever. The representative of the government, with the acceptance – as an immediate measure – of the representatives of the Assembly of Mayors and the Broad Civic Front of Arequipa, formally states its decision to suspend all actions related to the process of the privatization of Egasa and Egesur, including those leading to the signing of the contract, while there is no final decision by the judicial branch of the government and other jurisdictional bodies. The representatives of the government acknowledged that the feelings and opinions of the community of Arequipa are visibly against the privatization process.

THREE: Both parties agreed on the urgency of immediate reestablishment of the public order to permit activities to take place normally. Forty-eight hours after the signing of this declaration, when the public order has been established, the government will call off the state of emergency in force.

FOUR: Both parties call upon the country to immediately cease all acts of violence that obstruct the path to social peace, democratic stability of the country and long-awaited national development.

UNILATERAL STATEMENT:

FIVE: The representatives of the Assembly of Mayors and the Broad Civic Front of Arequipa made their own position clear, stating that the actions taken in the process of privatizing Egasa and Egesur should be voided and the companies' future should be submitted to a public consultation.

The same procedure should be followed in the case of the electric companies serving the southern part of the country.

Signed in three originals in the city of Arequipa, at the Colegio San José school, at 15:00 hours on Wednesday, June 19, 2002.

HUGO NAVARRO
P.A.O.

OSCAR CASHIN
DIPLOMATAS FACA
Asamblea

GEORGINA HOPEL
PTE. F.A.C.A.

ESMERALDA LOPEZ
FACA

ROSA NILCA PACHAS
PTE. FACA

MANUEL
CONTEDEO TRINIDAD
PRES. CESAR RODRIGUEZ

Vice Ministro
T. Vallejo
VIC. MINISTRO

MIRDO FLORES

SECRETARIA
GENERAL
T. Vallejo

Manuel...
Julio...

Caral Diez Canseco Terry
Juan Manuel Guálter Bonavides
Alcalde Provincial Arequipa

Fernando Cabero Campesado

Wednesday, June 19, 2002. Declaration of Arequipa signed following two days of intense negotiations between representatives of the people of Arequipa and the Government.



June 2002. With Monsignor Fernando Vargas Ruiz de Somocurcio.



June 2002. With the Mayor of Arequipa, Juan Manuel Guillén.

was in Monterrey, Mexico, participating in a United Nations summit. The President of the United States was also attending this event.

When I was informed of this incident, I went to the El Polo shopping center to assess the damage, arriving within minutes of the attack.

As I was beginning to analyze the situation, I received a call from President Toledo, who wanted to know the actual effects of the terrorist attack that had occurred that evening. Firstly, Toledo was concerned about the victims. He wanted the Government to help them at once. Then, as we spoke, the matter of the political consequences of the attack came up. It was possible that as a result of the escalation of terrorism, President Bush might reconsider his decision to visit Peru, despite the fact that everything had been planned well in advance.

“Mr. President, I cannot at this time give you a comprehensive picture of the political fallout of the attack,” I told him worriedly.

Immediately, I communicated with then President of the Council of Ministers [the Cabinet], Dr. Roberto Dañino, to inform him of an important decision approved by President Toledo. That very night of the attack, we held an extraordinary meeting of the Council of Ministers to assess the situation and take security measures to facilitate President Bush’s visit. His visit needed to take place with all of the corresponding guarantees.

The cabinet approved a strategy to be followed and also authorized calling upon all political, union and social forces the following day, within the framework of the National Consensus and for the sake of Peru’s image, to show a united national front, supporting democracy and constitutional government.

And that is how it went. The strike planned by the General Confederation of Workers of Peru (CGTP) was cancelled and an atmosphere of labor agitation was impeded. The following day, *El Comercio*, Peru's oldest newspaper, published a front-page photo of the meeting held with all of the country's democratic forces. A picture is worth a thousand words and this one reflected the sentiments of every peace-loving Peruvian: "United for Peru".

The day after the attack on the El Polo shopping center, I was able to assure President Toledo of a favorable atmosphere for President Bush's visit. Organized democrats are always capable of overcoming terror. Convinced of this strength, I told him, "Mr. President, tell President Bush we're ready to welcome him."

It should be noted that not only the image of an emerging, democratic, united country was at stake, but also President Bush's support for a free trade agreement (FTA) between Peru and the United States. The FTA would change regional geopolitics.

The United States President, with resoluteness, good humor and political astuteness, told his Peruvian counterpart, President Toledo, "A bomb explosion will not prevent the U.S. President from visiting Peru!"

Subsequently, on Saturday, March 23, 2002, it was my responsibility to meet President Bush at Jorge Chávez International Airport. His stay in our capital went smoothly and, at the end of his visit, everyone in the Government felt certain that progress had been made toward a free trade agreement with the United States. In addition, thanks to public support in our country, its approval would only be a matter of time. And, in fact, that was how it went.

The Rio Group and the SUTEP

On May 23 and 24, 2003, Cusco, the capital of the ancient Inca culture, was the scene of the XVII Rio Group Summit, which brought together the presidents and representatives of 19 Latin American countries.

However, while the majority of the city's population was enthusiastic about the arrival of such illustrious foreign visitors, the Union of Education Workers of Peru (SUTEP) was exerting pressure on the Government to obtain salary increases.

Due to the radicalism which had characterized the union's protest, President Toledo had seriously considered changing the venue of the Rio Group Summit only days before, from Cusco to some other city in the country.

It was in this context that I went to the Government Palace to discuss issues related to the Ministry of Foreign Trade and Tourism (MINCETUR). There, I happened upon a meeting of the Cabinet led by Toledo himself. They were discussing the possibility of changing the venue for the summit and Lima was mentioned as a likely alternative to Cusco.

As the head of the tourism sector, I intervened in the meeting and defended Cusco as a valid option. I told them that changing the venue would seriously affect national tourism and the global image of our primary destination. I then offered to collaborate to convince the people of Cusco to accept the role of hosts of this event.

"Raúl, assume the responsibility and, once again, I wish you success," President Toledo told me.

I traveled to Cusco one day before this important international event was to begin. The summit brought



May 2003. The XVII Rio Group Summit in Cusco brought together the presidents and representatives of 19 Latin American countries.

together dozens of national and foreign press correspondents, as well as many functionaries and executives from member countries of the Rio Group.

As soon as we landed at Velasco Astete International Airport, I called a meeting of all of the police and military authorities to evaluate the city's social and political situation. I wanted to know what concrete measures we needed to take to provide a calm atmosphere for our visitors, as well as for the people of Cusco.

The matters on the agenda for that meeting were the violent SUTEP protests, the obstruction of the railway that connects Cusco and Machu Picchu, and roadblocks on the main access routes to the region's major tourism centers. We were all gathered in one of the rooms of the Cusco Airport terminal.

Suddenly, I had to issue the first instruction. "General, if the blockade of the railway and the highways affecting tourists continues tomorrow, take note: there will be another one that will affect everyone," I said.

The top police official in the region complied with the order. He understood the seriousness of the situation. We decided to surround the city with strategically placed security forces. In this manner, we managed to isolate the radical protestors, who had taken up a position in the outlying neighborhoods and streets of Cusco, from where they continued their protests. They never slackened. They thought that everything would be resolved with violence, but they didn't have the support of the general public.

Meanwhile, a radio station with a wide urban and rural audience, broadcast commentaries, editorials and telephone calls, in which different personalities attempted to persuade the people of Cusco to maintain the calm and public order during the summit and portray the best feature of Cusco's identity: its hospitality. Radio stations broadcast commentaries such as the following:

"Those who attempt to sabotage the meeting of the Rio Group in our beloved Cusco are mistaken. The presidents and heads of State visiting us are experienced politicians who have become what they are by participating in many social and union struggles, like President Luiz Inácio Lula da Silva. So spoiling the meeting is a blunder..." commented Washington Alosilla, a well-known journalist from Cusco.

At one point, I was able to talk to some of the moderate teachers about the harm that radicalism was causing to their city. We reached an agreement with them to tone down their protests, at least temporarily.

Fortunately, by the morning of May 23, the streets were clear and the local population was able to carry out its activities as usual.

In the end, the summit was held without further complications. There, amid the magnificent Koricancha Palace and the gigantic stones of the Inca fort, Sacsayhuaman, the presidents and representatives of the 19 countries in the Rio Group signed the "Cusco Consensus," strengthening democracy in Latin America and fostering economic development and poverty reduction. Lesson learned: democracy, when organized, is always capable of overcoming radicalism.

Peruvians give each other a hand

Serving the country and working for the common good is the ultimate purpose of every citizen. There are many ways to serve. However, there are extraordinary matters of State that, due to their social significance and political importance, as well as the human worth of those involved, merit mention. It happened that I was a witness to a number of these events.

The fire at Mesa Redonda in downtown Lima, toward the end of 2001, was one of the worst disasters ever to occur in our capital. The tragedy motivated the Government to name me chair of the high-level commission to help the victims of the fire which killed 264 people and caused considerable material losses. Many had lost family members who were the breadwinner of the family. We had to help them.

In that situation, we undertook a large-scale national and international solidarity campaign to benefit the families affected. A number of politicians showed their support immediately. One of these was then Minister of Health Dr. Luis Solari de la Fuente, to whom I am eternally grateful for his decisive support in those times of tragedy.

We residents of the city of Lima owe posthumous recognition to our beloved friend and mayor, the late Alberto Andrade Carmona (1996-2002), for his generous efforts to foster hope and return some sense of tranquility to those who had lost their loved ones. These two politicians helped others selflessly because they always understood that human beings and their dignity are the core or root of every effective policy.

In reaction to this tragedy, on January 12, 2002, a solidarity event was held for the victims of the fire in Mesa Redonda, in which ministers of State, diplomats, entertainers, well-known athletes and the general public participated. With the slogan "Peruvians give each other a hand", the event raised nearly a million soles. Once more, the generosity of the people of Lima surpassed our expectations.

In the solidarity campaign, the hard work of a support group led by Ms. Rosa Silva stood out. Over a 10-day period, together with other women, she provided meals for the majority of the victims, fellow citizens who had lost everything and whom we couldn't abandon.

Similarly, the participation of the owners of small businesses in the Gamarra commercial area, which is an entrepreneurship model for the entire continent, is worth mentioning. In solidarity with the victims from Mesa Redonda—entrepreneurs like themselves—they made t-shirts that were sold for six soles each. Half of the proceeds went to Lima's volunteer fire department, whose members kept the disaster from reaching biblical proportions. As a result of this campaign, over 21 thousand soles were donated to the Peruvian Fire Department, thanks to whom the Mesa Redonda fire was contained.

For the victims in the South

During President Toledo's term in office, a number of cold waves affected the population in the southern part of the country. Once more, the Peruvian people joined in a great chain of solidarity to help the victims in the South and keep more people from dying as a result of the cold weather.

At President Alejandro Toledo's request, I led this initiative, calling upon many organizations, companies and the media. Thousands of victims, dozens of lives lost and the substantial material losses caused by the cold wave that hit the southern departments of Puno, Cuzco, Apurímac, Tacna, Moquegua, Arequipa and Ayacucho: these were more than sufficient reasons for conducting this large-scale solidarity campaign.

On July 20, 2002, all of the country's television channels broadcast a live show put on by entertainers at a Lima park to encourage the city's residents to collaborate with the victims of the cold weather in the south by making a donation.

Donations from the Government, private companies, social organizations and the community at large made it possible to provide timely aid to 11,938 families in the departments affected, who received 534 tons of food, 107 tons of winter clothes, 23,704 blankets (weighing a total of 47.88 tons), approximately three and a half tons of medicine, 5.55 tons of veterinary medicines and a variety of materials for providing shelter.

The populations living in the alpaca-raising areas located at over four thousand meters (roughly 13,000 feet) above sea level tend to be affected by respiratory

diseases, particularly among the elderly and children, as well as the loss of their animals due to disease and lack of forage. To the extent of its capacity, the State tended to their needs with the proceeds from the national solidarity campaigns. This reconfirmed my conviction regarding the need to consolidate an effective, efficient State capable of reaching every corner of the country to provide security to its citizens. We must reinforce inclusive democracy. An entrepreneurial State cannot neglect its citizens who are most in need, because solidarity is undoubtedly its most important undertaking.

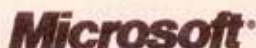
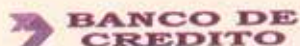
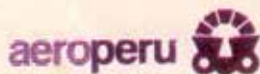


2002. At the Peruvian Government Palace with Tulio Nicolini of the Volunteer Fire Department (to RDCT's right) and leaders of the National Volunteer Center (CENAVOL), led by Karla Prazak (to RDCT's left).



January 2002. With the Mayor of Lima, Alberto Andrade, and other personalities during the "Peruvians give each other a hand" national solidarity campaign.

ESTAS SON LAS EMPRESAS QUE APOYARÁN TU PROYECTO:



INSTITUCIONES COOPERANTES:



AGENCIA ESPAÑOLA DE COOPERACIÓN INTERNACIONAL



COMPAÑÍA FINANCIERA DE DESARROLLO S.A.



1998. List of leading companies and cooperating institutions that facilitated the startup of the Believe In Order To Create program, whose contribution to the national financial system consisted of promoting loans to microbusinesses in order to implement the concept of the trust agreement for the first time in Peru. **Throughout Peru, the program gave rise directly to the creation of 135 youth-run microbusinesses and indirectly to hundreds more.**

Chapter IX

PROBIDE: financial innovation

"You boys are lucky I didn't shoot you! I was in such a hurry that I left my revolver at home."

These words were spoken by Luis del Águila, an entrepreneur from San Martín who had just experienced the fright of his life on a dark street on the outskirts of the city of Tarapoto, where he was intercepted by two young men approaching him rapidly on an old motorcycle.

As it was throughout Peru, living in the tropical jungle city of Tarapoto in the early nineties was living on the edge, with a curfew in effect and constitutional guarantees such as freedom of movement and freedom of assembly suspended. The terrorist activity of the Shining Path and the Túpac Amaru Revolutionary Movement (MRTA) threatened national security, as well as that of millions of Peruvians. This was especially true in the department of San Martín due to the presence of drug trafficking, which was a great ally to the terrorists and an inexhaustible source of financing for all kinds of organized crime.

"Don't worry, sir. We only want to talk business with you," responded Fernando Arévalo and David Gil, two young entrepreneurs and graduates of the College of Agriculture at Universidad Nacional de San Martín and Instituto Agropecuario in Tarapoto. "This is not the right time!" he said, his voice faltering and his face still pale. "I'll be expecting you at nine o'clock in the morning at my house." At his home the following day, he told them, "I thought I was going to be abducted."



October 15, 1998. The Believe In Order To Create program was launched at the National Society of Industries' headquarters. Participating in the event were the Mayor of San Isidro, Gastón Barúa; Ambassador Dennis Jett (United States); the head of INDECOPI, Beatriz Boza; the director of PROBIDE, Alfredo Barnechea; Ambassador Gonzalo de Benito (Spain); and the representative of Banco de Crédito, Álvaro Carulla.

In December 1992, the two young men had decided to start a business for which they needed five thousand dollars of startup capital which they didn't have. Nor did they have any real estate or anything else they could use as collateral. They went to banks, mutual savings banks and savings and loan associations, but had no luck. They approached private lenders, obtaining nothing. In total, they had knocked on 35 doors seeking financing without success. No one was interested in helping them.

However, these young men kept trying. In their attempts, they located Luis del Águila, a businessman who, once he got to know them, was able to ask them a number of questions, placing his trust in them and making the project his own. He became a partner in the business and guaranteed a bank loan with a promissory note.

It was in early 1998 that I heard this story. Following a presentation I made at Universidad Nacional de San Martín in Tarapoto, these young men walked up to talk to me. "Everything you say makes sense, but we did everything you said and still couldn't obtain financing because we didn't have any collateral. Despite everything, we managed to start our company and now we want to grow. What should we do?" they asked me earnestly.

I listened to their concerns and asked to visit their business located on the south side of the noisy city of Tarapoto. Their company, "Nutriselva", turned bananas into flour to sell to schools and children's institutions as a food supplement. At the time, it had annual sales of over a million dollars. I was surprised at the way these young businessmen had realized their dream of owning their own business. They deserved the support of the business community. They deserved the trust of banks.

The questions that immediately came to mind were: Why not identify other entrepreneurs who believe in the potential of youth? Why not persuade them to guarantee loans from financial entities for these young men?

In response to my questions, the Creer para Crear (Believe In Order To Create) program was established with Pro Bienestar y Desarrollo (PROBIDE) as its institutional foundation.

In its initial version as the first national contest for young entrepreneurs, the project had the valuable support of leading companies and institutions in the country and the participation of well-known professionals such as political scientist Alfredo Barnechea, businessman Eduardo Farah, psychologist Roberto Lerner, attorney

Beatriz Mejía and publicist Fernando Otero. In addition, in 1998 and 1999, there was outstanding participation of Beatriz Boza Dibos and her team from INDECOPI.

The leading companies that accompanied us by backing young people's entrepreneurial projects were Banco de Crédito, Banco Wiese, Backus, ALICORP, Pacífico Peruano Suiza, Coca Cola, E. Wong, Graña y Montero, Nestlé, Telefónica del Perú, KFC, Integra AFP, American Airlines, Aero-Perú, Ormeño, Microsoft, Panamericana Televisión and Radio Programas del Perú. They did their part, placing their trust in a new generation of young people who only needed to be given a chance to get ahead.

The cooperating institutions represented several socially responsible corporations and countries. Solidarity has done much for Peru. In this case, we received help from the Spanish Agency for International Development Cooperation (AECID), Lima Chamber of Commerce, National Chamber of Tourism, Financial Development Corporation (COFIDE), Superintendence of Tax Administration (SUNAT), USAID and Cosude-Swisscontact.

I remember well the meeting I had with the Wong brothers at their offices in San Antonio in the Miraflores district. The Wongs had revolutionized the supermarket business in Peru and I was confident that they would be willing to help young people because, like every entrepreneur, they also got their start with great effort and a lot of work.

All of the Wong brothers were there and what I said to them was, "I haven't come to ask you for money, but rather for a vote of confidence in young Peruvians. Because if successful businessmen, visionaries and entrepreneurs such as yourselves don't believe in young people, they have no future."

"What do you propose, Raúl?" Efrain Wong asked me. "I've come to ask you to guarantee financing for young people's entrepreneurial projects that are innovative and require no more than 20 thousand dollars. When the time comes, you can select whichever one interests you. My job is to invite young people to participate in a contest, train them to run small businesses and, lastly, to pre-select projects for you to choose from," I explained. The Wongs banked on young people and placed their trust in them.

I also visited Dionisio Romero, another well-known, successful businessman, who headed Peru's leading bank, Banco de Crédito. He was so enthused about the entrepreneurial project that he involved all of the companies in the Romero Group and arranged appointments with the appropriate individuals in each company. The same occurred with all of the presidents and managers of the companies that contributed to the success of the program, by responding with generosity and commitment. This solidarity network that banked on Peruvian youth was based on the full trust that we all have in our young people's talent. It is a talent that has had to overcome major challenges: terrorism, poverty, lack of help from the State, etc.

With the decisive support of these business leaders, we were able to organize the first contest directed at over 45,000 young people who participated in conferences, seminars and talks aimed at publicizing the program.

Thanks be to God, we were able to spark the creativity of more than 1,500 young people nationwide, who presented 453 projects that underwent the selection and evaluation process. Of the 103 finalists, 32 projects obtained guarantees from sponsoring companies.

These entrepreneurial initiatives were represented by 117 students from all over the country who automatically became the first generation of young entrepreneurs of the PROBIDE project. During the finals held in Lima in July 1999, they had the opportunity to listen to the motivating messages of Josip Piqué (spokesman for the Spanish Government in the late nineties), Enrique Iglesias (president of the Inter-American Development Bank - IDB), and Microsoft Founder Bill Gates.

The legacy of PROBIDE

Through its emblematic Believe In Order To Create program, PROBIDE promoted the concept of risk capital as a source of support for business projects and investment opportunities in every sector. It was a new way of undertaking entrepreneurial projects.

More importantly, it introduced the application of the trust agreement to the Peruvian financial system. This was a new concept in Peru, having recently been created by law. Banks were not used to working with this type of financial instrument. The subsequent participation of the IDB and a million-dollar donation from FOMIN motivated the banks to work with projects requiring less than 20 thousand dollars of financing. In this manner, we introduced the concept of small loans to those banks. Over time, it would become vital to many sectors, such as housing, small business, etc.

Since 1998 when it was created, the program has organized five contests in which over five thousand projects were presented. This helped to obtain guarantees for loans from banks and financial institutions, which generously worked with 132 small businesses, the majority of which were in parts of the country outside of Lima. In addition, 150 volunteers

were mobilized and over 16,000 students and 327 undergraduate teachers received training.

The companies founded under this project are operating successfully in 15 regions and provide employment for more than 500 people directly and over 1000 indirectly. In addition, the program has mobilized tens of thousands of university students and young professionals who are convinced that their dreams can come true through entrepreneurial projects.

PROBIDE was created in order to build a culture of entrepreneurship and to encourage young people to make their aspirations of becoming business owners a reality. To this end, PROBIDE obtained financing from cooperating institutions and companies, including the Inter-American Development Bank (IDB), the Andean Development Corporation (CAF), the Community of Madrid and leading Peruvian companies.

In more than a decade of activity, PROBIDE has had a multiplier effect, as there have been governmental and private initiatives to create more microbusinesses. Thus, today banks, as well as municipal and rural savings and loan associations, have divisions and products for this sector.

It has been no small task. The promoters of PROBIDE have dedicated a significant amount of their time to ensuring that the institution reaches, guides and trains young people. Thousands of students of universities and institutes throughout the country were trained over this period of time and are currently executing their projects. Tens of thousands more have attended motivational conferences and talks aimed at providing executive education. They have come to understand that entrepreneurship is essential for our country's development.

The fact that more than one hundred projects have received guarantees and are operating does not mean that the people behind them are the only beneficiaries of the program. Indirectly, it has benefited a large number of young people who started their own micro and medium-sized businesses based on the formulation of their projects and thanks to the different strategic partners they have met within the context of PROBIDE networks.

The first three times that Believe In Order To Create ran, there were projects that could not be guaranteed by PROBIDE, but their participation opened doors for obtaining financing, and today they are as successful as those that received our support. They deserve their success, because they are the product of enterprising people.

PROBIDE now has a well deserved place among the institutions that foster entrepreneurship in Peru. In 2007, it won the HP-2007 award (Hewlett-Packard Perú's Microenterprise Development Program), for which it received 12 computers for its decentralized offices.

Today, thankfully, private companies, the media, banking entities and other institutions are also successfully organizing contests for small and medium-sized business projects. We would like to congratulate everyone who, having verified the importance of competitive small businesses, fosters entrepreneurship and awards the winners. It takes all of us working together to build Peru.

Believe In Order To Create is a window for young people to overcome poverty and break the vicious

cycle of internships without employment benefits. It is an opportunity to succeed. Young people deserve to be the architects of their own destiny.

These are young people who work during the day and study at night. The majority of them earn salaries below the market average, in the hope that once they complete their technical or university education, they will find a better employment opportunity—a hope that often fails to materialize.

PROBIDE now has a new challenge: to consolidate a Latin American support network of young entrepreneurs through Universidad San Ignacio de Loyola Graduate School's Center for Entrepreneurship. We want these young people to find work, whatever it takes.

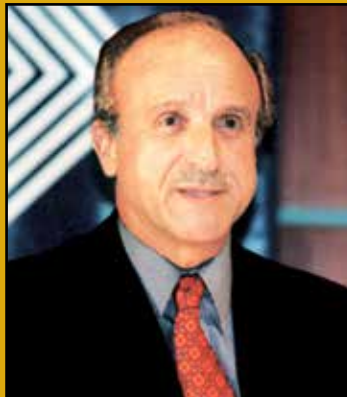
There are many success stories that illustrate the economic, business and social impact of PROBIDE's Believe In Order To Create program. Its promoters show that it is possible for young people to fulfill their dreams of owning their own businesses and growing if they put their minds to it. The following testimonials illustrate three examples of this. We are proud of each one of them.



1999. Raúl Diez Canseco Terry with the winners of the first national Creer para Crear (Believe In Order To Create) contest, with Erasmo Wong of the E. Wong Group.



1999. With Raimundo Morales of Banco de Crédito and Alejandro Demaison of KFC.



1999. Carlos Bentín, General Manager of Unión de Cervecerías Backus y Johnston.

El Automático E.I.R.L. carrot washing service

“I left Lima to be an entrepreneur”

Luis Antezano Vílchez, General Manager

“I never imagined that fulfilling a family responsibility would give me the opportunity to develop my inventiveness and, at the same time, provide the carrot producers of Chupaca, in the Junín region, with a rapid, efficient washing system that would make the work of the people performing that task easier.

It was 1990 and I was working as a programming analyst in the Information Technology department of a cleaning company in Lima. I had studied computer science and business administration and had taken non-credit courses in mechanics, architecture and other fields because I wanted to know how machines were made. In 1991, I received a call from my family in Huancayo, the capital of the Junín region, requesting that I return to oversee our land in my father’s absence. So I left the capital to devote my efforts to farm work.

The family’s property is in the Huayao area of the district of Huáchac, province of Chupaca, approximately seven kilometers from Huancayo. While supervising fieldwork, I began to study how crop productivity could be improved, what new products could be introduced, how to help the workers with some difficult or risky jobs, and how to help commercialize products.

After ruling out several ideas, I thought, “Why not mechanize carrot washing?”, so I invented a washing machine. I spent time searching for information and researching until I had a clear idea how to go about it. I designed a prototype, conducted small-scale tests, and

finally chose the best and most economical alternative. I bought a wooden box measuring one cubic meter, in which I placed an axle. Over the axle, I placed some pieces of wood covered with screening material in an X shape.

I obtained 50 kilos of carrots, deposited them in the recipient with water and turned the axle with a crank for 15 minutes, after which they came out clean. That very moment, I decided to invest my limited savings to produce a washing machine.

It took me eight months to develop the washer, and then I had to make modifications, tests and parts changes. It is demanding work. You spend sleepless nights thinking and testing pieces. The washing machine was my first invention.

I haven't personally received requests to export it, but some foreigners have expressed interest through other people. Its cost is US\$45,000. In its manufacture, I use sheet metal and conveyors. Everything is made of metal.

However, I'm always working on new things, including some that are very difficult to do manually. In the information technology area, I've created programs for inventory, payroll, the chart of accounts, follow-up on gathering units, etc. I'm a very passionate person when I take on the responsibility of creating something new.

Why did I make a carrot-washing machine? I had several projects in mind, but the lack of money was always a stumbling block. Nobody finances a research project; for this reason, I thought of a quick and feasible alternative for making money so that I could also work on other projects.

Now I have some resources and I want to invest in other projects that I've already defined. The Internet helps a lot. There I obtain information on existing projects, what is lacking in the market and what equipment is in the testing phase. At one time, I thought I could never be an inventor, but that's not the case. We Peruvians can be pioneers. I want to travel abroad to see advances in technology.

The road to making the carrot-washing machine a reality was complicated. I began in the Huayao community. When I told them about the project, some local residents said I was crazy and made fun of me. I made this proposal to the community: allow me to use a vacant lot where I can filter water and I'll return it in one year with water canals. They accepted my offer. I began to work and people said that I didn't know how to invest my money because I proposed washing carrots. My aunts and uncles asked my siblings why I didn't plant something instead of dedicating my efforts to such foolishness. Only my sister believed in me and supported my decisions.

At that time, there was a strong need for a machine like mine. I also saw that it would benefit the people doing that job, because our machine protected workers' safety.

The company started its operations formally in February 2003. The first customers were local producers. My plant is in the province of Chupaca and we cover an area with an 18 kilometer radius. We began with 5 tons a day, but its current carrot-washing capacity is 20 tons and we increase that amount each year.

I found out about the existence of PROBIDE by chance. How? When I went to INDECOPI to present my project to patent it, they suggested that I participate in the Believe In Order To Create contest.



Located in the province of Chupaca, in the Junín region, the *El Automático* company provides dozens of jobs to rural residents of the Mantaro Valley.

After preparing the dossier with the help of some friends, I entered the contest and we were selected as finalists in Huancayo. Then I was invited to go to Lima to participate in the final phase of the contest. I remember that my name was the last one to be called. We received backing from the Wong company.

I call the machine the 'mechanized agricultural product washer', although from the start, the people of Huayao have called this machine 'El Automático'. Recently we introduced a radical change: after washing carrots, the equipment is ready to select and immediately bag them.

Why invent that machine? I did it because I like to do new things. There are wonderful ideas that I've discussed with young people in Huancayo, but due to a lack of money, not all of them can be carried out. I tell them to persevere with their initiatives to make them reality. I tell them that undertaking their projects is worth the trouble."

“We created our own source of employment”

Claudia Gonzales Valdivieso, General Manager of Industrias Sisa S.A.C.

“My grandmother, Judith Reátegui del Águila, used to make a delicious soup called *inchicapi*, with peanuts and toasted *sacha inchi*. She also pampered us by making *inchicucho* sauce, which we would spread on boiled manioc; it was a treat. To make those dishes, she toasted *sacha inchi*, which later became known as Inca peanuts.

I remember eating those treats from the time I was four or five years old. It’s still a custom in the jungle, but not as much as before. If any of those ingredients was missing, the dishes didn’t have the same flavor, so my grandmother scrupulously followed the recipes her mother had taught her.

That childhood memory gave me the idea to create six varieties of *sacha inchi* snacks: crispy, natural, cheese, hot pepper, candied and arare. This production line became a reality when I founded Industrias Sisa S.A.C. with my sister and brother, Juliana and Tomás, who are agricultural engineers. I’m an economist and all three of us are graduates of Universidad Nacional Agraria-La Molina.

In early 2005 we took the first step to create our own source of employment. Almost simultaneously, we prepared a line of extra virgin oils enriched with omega 3. These oils, which were made with sesame seeds, Brazil nuts, olives and *sacha inchi*, were launched in 250 ml bottles.

We were able to industrialize this product because we had been familiar with it since we were little, not only because

we ate it, but also because we grew it on my father's land in the Sisa Valley in the province of El Dorado.

Shortly after we founded the company, this initial experience, enriched by advice from our father, Tomás Gonzales, made us realize that the *sachi inchi* oil we made was of excellent quality.

Today, nearly seven years after Industrias Sisa S.A.C. was founded, the star products are pastes, creams and sauces. We export to France, Belgium, Spain and the United States.

Our presence in the market has coincided with the culinary boom. Although its greatest impact is on chefs and consumers, in the not too distant future our food will be better known throughout the world. We want Peruvians living in other countries to say, "Today I want to eat Peruvian-style goat or potatoes with *huancaína* sauce," and they can use our products to prepare them.



Now we want to equip the industrial plant located in the district of Los Olivos. PROBIDE has given us a lot of support with several processes. The Regional Government of San Martín and PromPerú have helped us as well. We are proof that entrepreneurship can have its origins in a family's history."

“Not only Machu Picchu, but also the Cochahuasi Zoo”

Dante Chávez Álvarez, General Manager

“My love for mistreated animals and my desire to make people care about these species a little more were the driving force that activated my entrepreneurial spirit. Over a three-year period, I was able to set up the Cochahuasi Zoo.

I put such passion into the project that I battled with government bureaucracy for more than two years to obtain authorization. I began the paperwork in 2005 and finally received official authorization in 2007. At that time, difficulties arose due to lack of money. I only had a little capital, and when I knocked on the doors of financial institutions, they had requirements I was unable to meet.

While seeking financing, I learned on the Internet about the Believe In Order To Create contest organized by PROBIDE, an institution associated with Universidad San Ignacio de Loyola. However, the deadline for presenting projects had already passed. A few days later, I learned that PROBIDE would be holding an entrepreneurship workshop in Cusco; I attended it and left convinced that I should continue with my dream. I learned how to manage funds and how to carry out an investment project, according to an IDB manual published on the PROBIDE website.

It wasn't easy. It took me six months to conduct the study and design the project. When we had everything ready, I visited PROBIDE. They evaluated the documents and put us in contact with a bank in order to obtain financing.

With the money in hand, we began executing the project in August of 2007 and finished it eight months later. The next step was to rescue some animals that had been illegally trafficked.

The animal sanctuary opened to the public in April of 2008 with two macaws and a turtle as the main attractions. I remember that on opening day, our first visitors were ten children from a neighboring rural school and we earned two soles in entrance fees.

August 2, 2008 is a special day on our calendar. That was the day that the first Andean condor arrived at our center, where special facilities awaited him. The news spread like wildfire and sparked interest among tourism agents. That day we began to earn entrance fees that enabled us to honor our bank loan.

In that phase, PROBIDE again played a decisive role in our short business life, since with its mediation a bank refinanced the loan, lowering the monthly installment. This relieved the pressure we had been under and today we owe only 10% of the loan guaranteed by PROBIDE.

We had wonderful months with a large number of visitors and the problems we had had were becoming a thing of the past, until January of 2010 when the Sacred Valley of the Incas route was closed due to heavy rains that fell for four months. This even affected Machu Picchu.

In those days of uncertainty, the sanctuary suffered damage due to the beating it took from nature. The first wave of flooding entered the cages of the pumas and condors in the lower parts, and a second wave destroyed other facilities and affected a large part of the park. The condors were placed in a cage in a safe



On June 2, 2009, the Cochahuasi Animal Sanctuary opened in Cusco.



place and the pumas remained in their usual place while emergency work was completed.

The other animals were safe, but the river continued to overflow, flooding the lower part and sweeping over the pond for ducks and Andean geese. The same occurred with the trout pond, and the quarantine area where three little foxes were being kept was destroyed.

During those weeks, we had no visitors, which left us nearly bankrupt. The recipe for overcoming the crisis was hope, optimism and certainty that the project was not only a great idea; it was also good for Cusco. That philosophy kept us afloat. We didn't give up in the most difficult times because there was always a light at the end of the tunnel.

Today we conduct educational campaigns geared toward visitors in order to protect animal species, one of the country's most important resources.

The company is well positioned, but we are working on opening a number of stores to sell souvenirs, jewelry and traditional textiles.

The animals, especially the Andean condor, are the main attraction of the sanctuary. Visitors can see them close up; in addition, they can see the condor's majestic flight within a 2,000 square meter space.

The project includes the reproduction of the Andean condor, since it's believed that there are only about 400 left in the Peruvian Andes.

Visitors are accompanied by guides who speak English, French, Portuguese, Italian and Spanish.

Today we can say that Cusco is not only Machu Picchu, Huayna Picchu, Ollantaytambo, Písac and other impressive architectural monuments, but also the Cochahuasi Zoo.”

These stories, dear friends, are concrete proof that entrepreneurs know how to take advantage of opportunities. I believe that PROBIDE has made a contribution. Currently, it is led by economist Daniel Diez Canseco Terry, who has injected new entrepreneurial energy into the Believe In Order To Create program. I know that all of this has a brilliant future because, as long as there are entrepreneurs, we will be there to help them.

EDUCATING TODAY. HOW AND WHAT?



July 2013. The 19th Plenary Session of the Montevideo Circle was held in Lima. Pictured above are Felipe González, former Prime Minister of Spain; Julio María Sanguinetti, former President of Uruguay and President of the foundation; Ricardo Lagos, former President of Chile; and Carlos Slim, Mexican businessman and Executive President of the foundation.

Chapter X

The educational “tsunami”: the entrepreneurial route

Former Harvard professor Martha Nussbaum’s book on education in our times leads to reflection. In her book, *Not for Profit: Why Democracy Needs the Humanities*, she questions education systems’ trend of placing decreasing emphasis on humanities in favor of content geared toward the pursuit of profit which, in her opinion, could turn citizens into “useful machines”.

“Radical changes are occurring in what democratic societies teach the young, and these changes have not been well thought through. Thirsty for national profit, nations, and their systems of education, are heedlessly discarding skills that are needed to keep democracies alive,” writes the American philosopher and recipient of the Prince of Asturias Award for Social Sciences. She is also a champion of the “capabilities approach” to development, understood as “substantial freedom” for human beings to grow and develop their capabilities.

Nussbaum goes on to present different categories of citizens that a profit-oriented education system produces: the robot citizen (I don’t think, I don’t protest), the useful citizen (I produce, therefore I exist), the neoliberal citizen (the world, a market), the childish citizen (I complain, I don’t act), the immediate citizen (achievements at the click of a button), the isolated citizen (others don’t exist), the defenseless citizen (I am who others want me to be), and so on.

Basically, Nussbaum questions the replacement of classical learning (of “knowledge”) with the competence

approach (of “knowing how to do things”); that is, what the market dictates prevails in education. As we know, the market is governed by laws and regulations that are often outside the common interest.

We are talking about nothing less than the end of humanism, which has its supporters and detractors, its pros and cons. However, faced with this Dantesque perspective, there is a different option that I would like to propose. It is a sort of “Third Way” in education. It is what we have proposed since the creation of the Instituto San Ignacio de Loyola (San Ignacio de Loyola Institute) in 1983. We believe in avant-garde education that, firstly, facilitates the development of awareness, understanding and lifelong social commitment. Secondly, it serves as support for a person’s holistic development through his or her capabilities. It is what we call “entrepreneurial education”.

Building a culture for entrepreneurship

The world is in a constant state of change, with exponential growth of knowledge, science and the globalization of technology, which favors the construction of an entrepreneurial culture, understood as an attitude of openness that benefits from innovation. Entrepreneurial education transforms societies that learn and generate their resources in an efficient manner, thereby attaining a relevant position in the domestic and international economic environment.

Education, which is not immune to these dynamics, is the fundamental support for overcoming challenges, consolidating a democratic society, overcoming inequality and building paths to development that foster the country’s inclusion in the new world order. Entrepreneurial education is the catalyst of human

potential, and it is nothing less than the primary tool for our society's progress.

Entrepreneurial education is the ideal vehicle for promoting the development of a culture of entrepreneurship among young people. In this culture, innovation, leadership and cooperation are fundamental ingredients for building a successful business. Therefore, we need to articulate education and social demands, fostering holistic education of human beings that turns schools into spaces for experimentation, innovation and psycho-pedagogical research.

Considering that the educational and personal development process takes place in a context determined by social relations, it is necessary to evaluate the leading role that societies have in education. By the same token, we must assess how society itself, incorporating historical, cultural, linguistic and ethical factors, restructures its system through the generation of knowledge. Therefore, entrepreneurial education is capable of analyzing its cultural context and responding to the needs of its environment.

In synthesis, it is essential that societies and their organizations assume their role as educators and become societies that are open to learning and information. All of this takes place within a framework of education for development and the prevention of violence, transcending the merely informative and seeking the development of our capabilities through education.

Education in Peru has always been a challenge and, at the same time, an opportunity. Therefore, the measures adopted for its improvement must be articulated for a concrete purpose: the common good. This implies a

clear understanding of the most important concepts and a conception of education as a holistic process. An entrepreneur has to learn to have global criteria in order to analyze the entire environment in which he or she operates.

Our job consists of educating our children, young people and adults in entrepreneurship, as well as the identification and exploitation of opportunities. A high-quality education should guarantee equity for the full exercise of citizenship. This entails shaping competent citizens who attain their own personal development and are capable of generating new employment opportunities.

Today, quality in the education system no longer consists of accumulation of knowledge, but rather of the formation of life skills and the pertinence of this formation to a national, regional and local context. We have to educate to fulfill the needs of Peru.

In the San Ignacio de Loyola Education Corporation, we are aware of such demands. For this reason, we have always advocated the great task of building education for social change, as well as for commitment. This education should begin in early childhood, since it has been proven conclusively that the first years of life have a significant impact on cognitive, affective and social development.

Early childhood education for entrepreneurship is necessary for knowing ourselves, as well as for understanding and explaining how our surroundings operate and how we can participate in social life with solidarity.

Educating in early childhood is a fundamental pillar of our country's development. In this regard, early

education is not the conventional early education found in schools, but rather the recovery, use and enrichment of daily situations and practices that make the holistic development of young children possible.

Entrepreneurial education entails turning educators into strategic allies of high-quality learning. That is what I have wanted to do with the San Ignacio de Loyola Education Corporation. Our idea has been to foster holistic programs in which academic excellence is ensured and provide the methodological and technological tools required for teachers to perform their work effectively.

In addition, we want this entrepreneurial education to expand to other geographical areas. For this purpose, we have created complementary educational programs and events to familiarize teachers with the use of information technology tools. We believe in an authentic education revolution. Thousands of teachers have been able to bring their labor situation in line with an emerging Peru that now requires professionals skilled in the use of new types of technological support.

At USIL, the Office of the Vice President of International Relations puts the university's global vision into practice by offering intercultural programs that enrich and bring about learning situations for our students and teachers. Our educational standards are beginning to be competitive and I dream of the day when Peru will become a major education development center for all of Latin America.

For this reason, I believe that commitment to education should be based on the conviction that it is our teachers who sow and cultivate the philosophy of entrepreneurship in the classroom. We believe that an education in entrepreneurship in the classroom. We

believe that an education in entrepreneurship requires highly qualified teachers with cognitive competences that enable them to understand the complexity of our society's economic, production and cultural problems. We need teachers who analyze the course of action our country requires, and who foster students' critical reasoning strategies and capacity, with the support of solid moral principles, since every undertaking should be based on ethics.

Learning to be an entrepreneur through high-quality education guarantees a reduction in equality gaps and opens new opportunities for development through better administration of resources and more efficient consumption alternatives, which ensure the country's sustainable progress.

These considerations have guided us throughout a lifetime dedicated to promoting avant-garde education. We know that university education is not the only road to success, but we are also certain of the importance of education in improving any business aspiring to consolidate its position and grow.

Therefore, when President Fernando Belaunde's administration passed the General Law on Technological Education Institutions in 1983, I decided to open the country's first technological institute of higher education, giving it the name San Ignacio de Loyola.

"University education is not the only road to success," was our marketing slogan. It worked like a charm.

In 1990, in order to foster excellent education at the preschool, primary and secondary school levels, we opened San Ignacio de Recalde School in classrooms adjoining those used by the San Ignacio de Loyola College Preparatory Academy.

We began with the secondary school to take advantage of the experience we had with older students. In its first year of operations, the school had 183 students and, in 1991, one year after it was founded, we opened the primary school. At first it was located in the San Isidro district, then in Miraflores, and finally in San Borja.

Thanks to a wonderful team of entrepreneurs, San Ignacio de Recalde School has become one of the best bilingual schools in Peru, as shown by the awards obtained due to the avant-garde education we provide for our students.

Subsequently, in 1995 we initiated the process of creating Universidad San Ignacio de Loyola under a law passed by President Alberto Fujimori's administration. Since then, to speak of USIL is to refer to years of entrepreneurship and innovation. One such innovation was departing from traditional pencil-and-paper college entrance exams and introducing a variety of new admission schemes based on performance; in addition, we introduced new curricular options in higher education.

USIL opened its doors offering majors that coincided with demand in the global job market with a high level of excellence. Over time, important strategic alliances that other universities in the country did not have were formed for all of its programs, as well as programs at the graduate level.

I am often asked how our corporation got its name. This is and will always be my answer:

"It bears the name of the patron saint of the Jesuit order, Saint Ignatius Loyola (San Ignacio de Loyola), out of gratitude for the spiritual and material support that I've always received from Jesuit priests, as well

as the fact that I attended Colegio de la Inmaculada (a Jesuit school) in primary school.”

The San Ignacio de Loyola College Preparatory Academy opened its doors in an austere classroom in 1968, similar to the way thousands of companies start in a garage. Today, over 45 years later, it has become the robust San Ignacio de Loyola Education Corporation, an institution at the service of Peru and Peruvian entrepreneurs.

Education, a tool for fighting poverty

Yes, dear friends, the best tool to fight poverty is education.

Therefore, I am convinced that only with good education and opportunities for all Peruvians will we gradually win the war against poverty, one of Peru’s endemic problems. As an education organization, we have developed many solidarity-oriented policies that have brought us closer to the least advantaged over more than four decades of institutional life.

We are certain that solidarity rather than charity is the answer. Clearly, the difference between one and the other is that charity is giving everything without asking for anything in return, while solidarity is based on the philosophy of “Don’t give people fish; teach them to fish.”

We need to show our compatriots that entrepreneurship is possible and that if we want to attain development, we must be committed and caring to those who have the least. We can all learn to fish.

Educational technology in Chachapoyas

The San Ignacio de Loyola Corporation will continue to grow in its education work and, even more significantly, in its social commitment, with new initiatives and forms of socially responsible support.

One example of this is our realization, in late 2011, that the only way to take a teacher's knowledge to Kuélap in Amazonas, the most remote location in the country, was through technology. For this reason, we developed a digital platform and tested it that year in the capital of the Amazonas region, Chachapoyas, where we offered an online certificate in Education Management completely free of charge, with the participation of 440 teachers.

Online education is the future of Peruvian education. It is a conquest pending expansion. Education must become available where the people with the least economic resources live.

The coming social tsunami is one of education; it is the gigantic wave produced by the Internet.

Who imagined seeing groups of teachers in remote Chachapoyas with their computers connected to the Internet, the network of networks, taking basic courses from Lima in Economics, Business Administration and Finance, among other subjects?

Peru is a country of opportunities. Naturally, the necessary technological support must be built to facilitate rapid, timely transmission of information. The future of education is online. With so many geographical barriers, Peru has to take advantage of the technological revolution, expanding education coverage to every corner of its national territory.

With the expansion of online education throughout Peru in mind, in mid-October 2011, Universidad San Ignacio de Loyola took 50 executives, deans and professors to Chachapoyas so that they could become acquainted with our national territory and understand why I am so in love with my country.

Although it has abundant natural resources, our country lacks a culture of entrepreneurship. Therefore, we must build a nation of entrepreneurs by penetrating the minds of our countrymen so that they can get ahead.

When we visited the Kuélap fort, we realized that only 10% of this archaeological monument is known. I've visited this lovely place four times.

On one occasion, when I was the Vice President of Peru (2001-2003) and I was filling in for the president, I took several ministers there in order to commit them to the refurbishment of this millenary archaeological monument.

However, bringing it from "ruins" to an actual tourist site is not enough: we must make this monument accessible to the majority of Peruvians, but there is much to do. The Toribio Rodríguez de Mendoza Airport, which President Belaunde built with foresight many years ago, needs to be equipped and modernized to allow planes to take off and land without difficulties.

The State must guarantee payment for empty seats in airplanes with continuous, frequent coverage of this route, because we need flights to Kuélap by way of Chachapoyas. If the capacity of an airplane is 40 passengers and 20 tickets are sold, the other 20 must be covered by the State. President Belaunde applied this formula when the Hoteles de Turistas hotel chain was built fifty years ago.

Wherever Belaunde saw tourism development and growth potential, he had a hotel built. In this manner,

he blazed a trail and advanced where private initiatives had not gone because the business would not have even reached the break-even point. Once the hotels had fulfilled their mission and new tourism destinations were consolidated, Belaunde promoted their privatization.

During my term as Minister of Foreign Trade and Tourism, the construction of an aerial tramway at Kuélap was promoted. The project was never carried out, whether due to lack of foresight, decisiveness or a political agenda. It doesn't matter why. We need to do it and build many other infrastructure projects throughout the country.

When we visited Kuélap with our university executives and academic authorities, it took us two hours to climb to see the fort. By tram, it would have taken eight minutes. Imagine the fort with this rapid means of transportation, with the airport operating every day and with the urban development of Chachapoyas reorganized. This would pave the way for the development of the Amazonas region.

For this purpose, we need entrepreneurial education. Placing the best people in public administration and having the regions' social development managed by the best qualified individuals are also necessary. The Government must pay them well because it would be contradictory to do otherwise. On the one hand, we tell young people, "Study to get ahead," and on the other, "If you get ahead, don't come to work for the Government." The State, the agent of the common good, needs entrepreneurs.

Commitment to regional development

"What will we do for the San Martín region?" a mayor asked me when I was telling him the story of Kuélap and Chachapoyas.

The State needs to bank on the San Martín region. As a university, we fostered the Technological Innovation Center for Cacao (CITE-Cacao San Martín) in Rioja. With this center and aid from the United States Government, the production of over 30 thousand hectares of cacao has improved. Training and technological support will make it possible to obtain excellent chocolate from the cocoa beans in order to show the world the enormous potential we have in many of Peru's regions.

USIL is involved in this ambitious agro-industrial development process, fundamentally in strengthening the skilled labor force.

I am increasingly convinced that public office is not the only position from which one can do nation building. We can also do it from the private sector, especially from the field of education, which is the most important, surest and most effective investment in a country's future.

As an education corporation, we have extension centers in Cusco and Arequipa. Circumstances led us to become involved in education in Amazonas with virtual education programs. The advantage of a virtual network is that it doesn't require physical infrastructure, but rather infrastructure of the soul.

As an institution, USIL is one of the largest in Peru and aspires to be one of Latin America's best, with thousands of international students among our student body. We already have 600 participants in the online distance learning program. The goal for the next three years is to attract 1,000 students from every part of the world. Entrepreneurship goes hand in hand with new technologies. The Internet has opened an entirely new universe for us, and we entrepreneurs will know how to take advantage of it.



2013. San Ignacio College in Miami, Florida USA, which is accredited by the Accrediting Council for Independent Colleges and Schools (ACICS), is the only Peruvian college in the United States. It offers bachelor's degrees in five undergraduate majors. SIC is part of the San Ignacio de Loyola Corporation, which has more than 170 partners throughout the world.



Paraguay, October 14, 2014. A new milestone consolidates our institution's international expansion. The launch ceremony for Universidad San Ignacio de Loyola was held in Asunción, Paraguay, where our corporation has a 21-year history of success that started with the opening of San Ignacio de Loyola School in 1993.

Raúl Díez Canseco Terry



Wednesday, October 22, 2014. Raúl Diez Canseco and Zhou Lie, President of Beijing International Studies University (BISU), officially open the BISU-USIL Peruvian Center for Latin American Studies. Accompanying them are Ramiro Salas, President of USIL, and Juan Carlos Capuñay, Peruvian Ambassador to China.



May 2015, Cambridge, Massachusetts, USA. In line with its strategic pillars of Globalization and Research and Development, USIL signed an agreement with the Massachusetts Institute of Technology (MIT) which, through the Centro de Innovación de Comunidades (Community Innovation Center), will make joint projects possible in the fields of Management, Science and Engineering. In the photo, Carlos Magariños, member of the USIL Board of Directors; Luciana de la Fuente de Diez Canseco, Founding President of Coloring Dreams and Vice Chair of the USIL Board of Directors; Ramiro Salas, Rector of USIL; Leo Rafael Reif Groisman, President of Massachusetts Institute of Technology; and Nicanor Gonzales, Dean of the Graduate School.



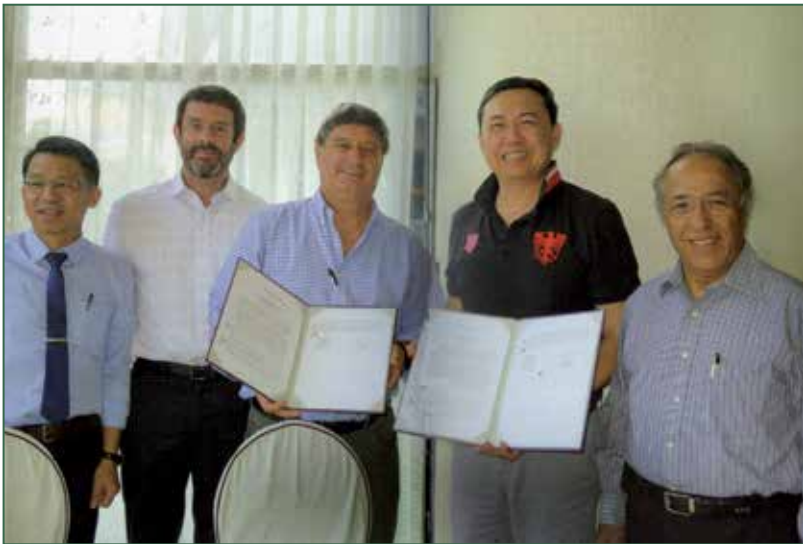
2014, Kuala Lumpur, Malaysia. With Tan Dato'Seri Vincent Tan Chee Yioun, successful Asian Businessman and Founder of Malaysia's Berjaya Corporation Berhad; and Dato'Robin Tan Yeong Ching, President and CEO of the Berjaya Corporation Berhad.



Dubai 2015. Signing of agreement between Universidad San Ignacio de Loyola and the Emirates Academy of Hospitality Management (EAHM) in Dubai. Luis Jeri, USIL Vice President of International Relations; Luciana de la Fuente de Diez Canseco, Executive President of USIL; Raúl Diez Canseco Terry, Founding President of USIL; Dr. Stuart Jauncey, Dean of EAHM; Dr. Ramiro Salas Bravo, Rector of USIL; EAHM student; and Dr. John Fong, Director of Business Development & Consulting at EAHM.



Manila, Philippines, 2014. Raúl Diez Canseco Terry, Founding President of USIL; Dr. Ramiro Salas, Rector of USIL; Esther A. García, President and Chief Academic Officer of University of Manila; and University of the East authorities.



Changghua, Taiwán, 2014. Signing of the complementary Memorandum of Understanding between USIL and Mingdao University. From left to right: Chi-Ching Chang, Vice President of International Relations at Mingdao University; Luis Jeri Mannarelli, USIL Vice President of International Relations; Raúl Diez Canseco Terry, Founding President of USIL; Da-Yung Wang, Founding President of Mingdao University; and Ramiro Salas, Rector of USIL.

Chapter XI

Testimonials

Bill Gates

Founder of Microsoft

Through two key programs, the University Community Program and the University Scholarship Program, Microsoft is investing directly in higher education in Peru.

I would like to thank Dr. Raúl Diez Canseco, Vice President of the Republic of Peru, for the great work he is doing in supporting enterprising young people, the cornerstone of Peru's future success.



Message to young people participating in the second national Believe In Order To Create contest (2001), promoted by Pro Bienestar y Desarrollo (PROBIDE).



Dr. Mario Vargas Llosa

Nobel Prize Winner in Literature 2010

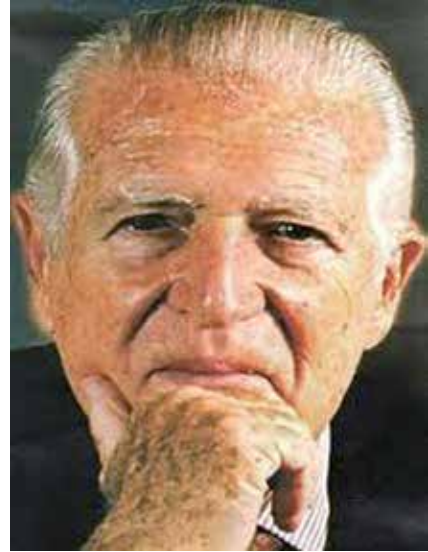
It was with the Acción Popular party that the leaders and supporters of the Movimiento Libertad (Liberty Movement) had the most difficulties in the first phase of coordinating the campaign. Now, however, it was from Acción Popular that I received the strongest signs of support, above all, its diligent young departmental secretary for Lima, Raúl Diez Canseco, who from mid-April until Election Day, worked with me day and night, organizing daily trips to low-income neighborhoods on the outskirts of Lima. I barely knew Raúl; I only knew that he would inevitably get into arguments with Libertad activists during meetings. He was Fernando Belaunde Terry's right-hand man for the mobilization. However, in those two months, I truly came to appreciate him for the way he dedicated his efforts to the cause when, actually, he no longer had any personal reason for doing so, as his seat in Congress was already assured.

He was one of the most enthusiastic, dedicated people I've ever known; he contributed greatly to the execution of organizational tasks, solved problems, and lifted the spirits of those who became discouraged. His conviction about the possibility of victory was contagious and, whether it was real or a put-on, it was an antidote to the defeatism and fatigue that was in the air. He would come to my house very early every morning with a list of squares, corners, markets, schools, cooperatives, and sites of the Surface Water Project that we would be visiting. The entire time we would be out visiting these places, he'd be smiling, making pleasant comments and staying very near me in case of any aggression.

* Excerpt from the book "*El pez en el agua*", pages 489 and 491. Published by Editorial Seix Barral, second printing 1993.

Fernando Belaunde Terry

Two-time President of Peru (from 1963 to 1968 and from 1980 to 1985)



We have considered the need to seek a young candidate for president of Peru, one fully qualified due to his capacity and vocation for service.

The nomination of Raúl Diez Canseco Terry, our Secretary General, not only gives us a candidate who combines youth with personal success but, above all, it gives us one with a deep identification with Peru. He has traveled from one end of the country to the other and during this current campaign, he intends to visit every last village.

A vocation for service and an unfaltering spirit of action will make this new national pulse-taking possible, *in situ*, which will permit the unification of the wide and deep nationalist fabric of the party.

If, as we expect, Raúl achieves in public life what he has achieved so well in his successful private activity, as a man who has been able to get ahead on his own, I think we have good reason for our fervent expectation of the work with which he is entrusted by the party. We have a man educated in Economics who is distinguished by his performance as the driving force behind his own success.

- Excerpt from the speech Belaunde gave in September 1994 when the Acción Popular party announced its electoral ticket headed by Raúl Diez Canseco.

Dr. Javier Pérez de Cuéllar

Secretary General of the United Nations from 1982 to 1991

Many people will be surprised to see that the prologue to this book* by Raúl Diez Canseco Terry, the leader of the Acción Popular party and its presidential candidate in the 1995 elections, was written by one of his opponents—but not an adversary—in that clean game that is, in many countries, a democratic presidential election.

However, it will not surprise those who believe in values such as friendship and respect, as well as their relevance above and beyond party politics.

I am pleased to write the prologue to this book and defer to the generous request of a friend with whom generational distance is not an obstacle to deep political agreement within the framework of our shared devotion to democracy and our shared dream—which we stubbornly believe in—of re-establishing forgotten democratic values in our Peru, through tireless discourse.



Raúl Diez Canseco Terry

That is the discourse that runs admirably through this book, which could have been titled *Hablando al Perú* (Talking to Peru). Raúl's pilgrimage to the farthest corners of the country is passionate and admirable. Without fear of altitudes or latitudes, without giving priority to large cities or disdaining small ones, he transmits his message with a clarity that reflects the depth and sincerity of his conviction. At the same time, he carefully takes note of everything he sees and hears in order to learn and understand with his very Peruvian keenness to find a solution to the longtime needs of millions of men, women and children who so difficultly subsist in our country.

Like him, I have visited our land from Talara to Puno and from Iquitos to Tacna with the perspective of one who hadn't visited it in many years. Mine was the same message with a different voice. I experienced the same painful daily confirmation of the health, education and employment problems affecting our fellow citizens, the state of abandonment of those problems and the deceitful promises they have been offered time and again as a solution.

In Lima, the capital, we both saw the disruption of the State whose institutions were disorganized and discouraged, whose departments and provinces were crushed by loathsome and paralyzing centralism, whose society was virtually ignored by the State.

In this manner, he and I each confirmed the urgency of the full restoration of true rule of law in Peru. However, the deceitful promises of our adversaries strangely turned out to be more persuasive than honest commitments.

* *Hablemos del Perú: Testimonio de un candidato* (Let's talk about Peru: Testimonial of a candidate), published by Editorial Sanilo, 1996.

Dr. Alejandro Toledo Manrique

President of Peru from 2001 to 2006

Raúl Diez Canseco is a person whom I admire for his tireless entrepreneurial capacity and his professional quality in delivering concrete results in matters of State, particularly in benefit of the most vulnerable. However, these are not Raúl's only attributes.

Through his veins flows an unending passion for public service, as well as personal commitment in favor of action rather than meaningless words; reflection rather than improvisation; solidarity rather than exclusion. Finally, he is committed to tolerance, that is, the acceptance of other points of view, as a way of achieving consensus, which is a crucial element in a society as fractured as Peruvian society.

I won't list the numerous public policy initiatives that were successfully carried out—initiatives that had been fostered from the start by Raúl when he was my vice president. Often a visionary needs to head a coalition of wills to promote change and innovation, but few, like Raúl, are willing to sacrifice public applause or professional recognition in order to promote the welfare of Peruvians, working in silence, almost anonymously, seeking —as Fernando Belaunde Terry used to say—to make the last first.

I can attest not only to his personal loyalty, but also to his profound capacity to generate State and government initiatives in benefit of the least advantaged.

Improving the quality of life of Peruvians, without exclusion of any kind, not leaving anyone behind and promoting the entrepreneurial spirit of the deprived, creating programs and platforms that link us to the



best aspects of the world market, unleashing our potential as a nation, have always been Raúl's daily concerns. These have also been the subjects of our ongoing conversations, collectively imagining a better, more inclusive world with more solidarity.

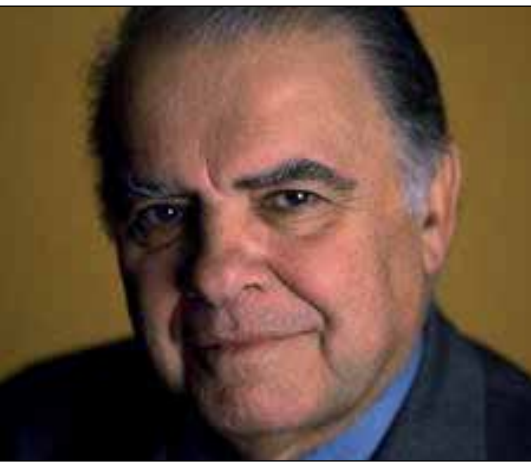
When Raúl accepted my invitation to accompany me on the presidential ticket in 2001, democracy in Peru was emerging from a decade marked by authoritarianism, corruption and violations of human rights. The main task then—one which is still unfinished—was, undoubtedly, to eradicate secondary expressions of a mistaken way of understanding politics. Some examples include believing that eliminating the points of view of one's adversaries is a synonym of governability; affirming that it is better to commission works, even when they are built on the ashes of cadavers or based on brazen robberies from the public treasury; or facilitating, as

many in positions of power did, the empowerment of a few, to the detriment of the great majority; or taking over the media to place them at the service of a dictatorship. This is not democracy and it is the wrong way to engage in politics in Peru and the world.

In summary, eradicating the “mafia” components of Peruvian political life continues to be an ongoing task of our fledgling democracy. Raúl’s courage consisted of placing himself at the service of democratic forces and fighting in the streets on the side of those of us who collectively defied the rot that emanated from the sewer of a government hijacked by a band of crooks.

However, apart from his undeniable democratic credentials, as I mentioned previously, Raúl is a highly competent businessman.

His public service was undoubtedly excellent. The creation of the Ministry of Foreign Trade and Tourism (MINCETUR) to foster trade agreements (FTA) and inbound tourism; the implementation of the national Housing for Everyone plan; and, above all, the creation of a program that generates 40 million dollars annually through his innovative proposal of charging 15 dollars on the airline ticket of each visitor to Peru for the purpose of raising funds to enhance Peru’s image in outbound tourism markets are only a few of the concrete, successful initiatives resulting from his work in public administration.



Dr. Enrique Iglesias García

*President of the
Inter-American Development
Bank (IDB, from 1988 to
2005)*

I met and worked with my friend, Raúl Diez Canseco Terry, during the time I was the President of the Inter-American Development Bank (IDB) and he was Vice President of Peru.

Apart from closely following the Bank's activities in Peru at the time, I had occasion to become familiar with the vice president's achievements, particularly with regard to the promotion of initiatives involving youth.

I was particularly impressed with the mobilization of young Peruvian entrepreneurs. The vice president's call to action visibly brought the matter of youth-run business to the public's attention in Peru. Their experiences inspired me to promote similar programs in other countries in the region.

I also had an excellent impression of Raúl Diez Canseco's energy and creativity, as well as his capacity to make contacts and organize projects related to higher education and professional education for young people, areas in which the vice president contributed his wealth of experience.

I have special appreciation and admiration for Peru, and the contact I had with the vice president further enhanced my feelings.

* Excerpt from the book *Gestión de Estado*, page 134, first edition.
Published by Editorial Tarea Asociación Gráfica y Educativa.

Dr. Enrique García Rodríguez

*President of the Andean Development Corporation (CAF)
now Latin American Development Bank*

From 2001 to 2003, as Executive President of the Andean Development Corporation, I was fortunate to have the opportunity to work with the former Vice President and Minister of Foreign Trade and Tourism, Mr. Raúl Diez Canseco, who at that time served as the CAF director representing Peru. Specifically, in 2003, he demonstrated great leadership as the president of the board of directors, as well as in the shareholders' assembly of the international financial institution.

I should point out that, with regard to democratic values, the promotion of regional integration and the sustainable development of Latin America were always common meeting points. Similarly, we share a genuine interest in the construction of a more prosperous Peru and an undeniable affection for this nation that I know in all of its dimensions and have followed closely for several decades in different capacities and professional roles.

As a member of the board of directors, he consistently oversaw compliance with the provisions of the articles of agreement and the general regulations of the CAF. Additionally, as president of the board of directors and the shareholders' assembly, he adeptly led these meetings and assemblies. In summary, his actions were relevant, made an impact and were of great value in the achievement of the goals established by the CAF with the objective of strengthening the institution and increasing its international prospects.

In this context, due to the excellent relations established between the institution and the Peruvian Government, in 2003 and 2004, operations amounting to 633 and



604 million dollars respectively were approved for Peru. Social investment, transportation, energy, improvement in productivity, competitiveness, governability and infrastructure were the areas on which emphasis was placed in the loan portfolio, especially projects related to key areas with a high social impact.

Allocations to the energy sector in 2003 stand out, with 125 million dollars being allocated to two important projects: the transportation of gas from Camisea and the construction of the Yuncán Hydroelectric Power Plant. In the case of the Camisea project, the objective was the construction of a pipeline to transport gas extracted from the southern Peruvian jungle to the coast for distribution in Lima and other cities, as well as for exportation to Mexico and the United States. Additionally, the CAF approved five million dollars for environmental and social management of this initiative.

Similarly, an operation was approved to improve fiscal discipline and strengthen the macroeconomic stability policy adopted by the Peruvian Government in 2004.

Complementarily, through CAF technical cooperation funds, operations with non-reimbursable resources were approved for that year in the amount of three million dollars. This amount was allocated to fundamental areas for the country's integral development, such as governability, competitiveness, integration, cultural development and microfinance.

In addition, Vice President Raúl Diez Canseco showed strong leadership in the promotion of the integration and sustainable development of Latin America, as well as clear foresight regarding the main challenges it faces.

He drew attention to his deep belief in the value of education and its contribution to the construction of more prosperous and equitable societies. His modern, holistic approach to education has made a decisive contribution to the development of Peru and the generation of tomorrow's citizens and entrepreneurs. I would like to point out that we have always shared the view that the challenges our region faces are numerous and complex, but they are also an opportunity for real progress and for laying the foundations of development that benefits the majority of Latin Americans.

The joint work we performed through CAF was definitely a gratifying professional experience that left pleasant and indelible memories. Mr. Diez Canseco's commitment and dedication made it possible to strengthen our excellent relations with Peru, as well as to progress in our on-going mission for the welfare of the region and its people.

* Excerpt from the book *Gestión de Estado*, pages 138-139, first edition. Published by Editorial Tarea Asociación Gráfica y Educativa.

Dr. Luis Lauredo

Former United States Ambassador to the Organization of American States (OAS)

I met Raúl Diez Canseco Terry in 1996 in Chicago during the Democratic Party's convention where Bill Clinton was nominated for re-election, to which Latin American leaders were invited. However, I got to know him better during a very difficult period in the history of Peru: that is, in 1998 and 1999 when Peru was fighting to protect public freedoms and, subsequently, when support was required for the transition to democracy.

What impressed me about Diez Canseco was the passion with which he advocated democratic principles in his country. [To use a Biblical phrase] His was one of few voices crying out in the wilderness and he spoke with great courage, since there were considerable risks in those times. To a certain extent, he was a pioneer in trying to change the American perception of the Fujimori administration, which had clear dictatorial tendencies.

I was very involved in United States foreign policy, representing my country in the Organization of American States (OAS), and I served as an interpreter in the attempt to influence both U.S. leaders and that multilateral organization. It wasn't easy to change the perception that, due to misinformation and ignorance, they had of the Fujimori administration. This regime had a good image internationally, specifically in the United States. It was my responsibility to help and we were able to internationalize the problem in Peru in order to restore constitutional guarantees and freedoms.

Subsequently, I saw how President Alejandro Toledo and his Vice President, Raúl Diez Canseco, with great foresight, were able to achieve the internationalization of Peru.

Above all, they increased its tourism potential, making tourism a major pillar of the Peruvian economy today; additionally, they were the driving force behind the FTA with the United States. It is curious that Peru has an FTA with the USA and Colombia doesn't, although Colombia had begun negotiations on an FTA before Peru. Ecuador was also left behind.

Raúl is tough when it comes to demanding excellence, but he has a big heart and his interest in youth, especially the disadvantaged, made a strong impact on me. His concept of giving back as a businessman is laudable.

The personality of the author of this book might be summarized in the following three words: passionate, modern and caring. To elaborate briefly on each: he is (1) *passionate* about everything he does; (2) *modern* in the clarity of his ideas, the vision he holds of his country, and the message he transmits regarding that vision; and (3) *caring* because of his special concern for the underprivileged and economically vulnerable.





Dr. Allan Wagner

*Peruvian career diplomat
and former Minister
of state (Defense and
Foreign Relations)*

Raúl Diez Canseco Terry and I had a shared vision of Peru's international insertion and regional relations, consisting of expanding markets and achieving a new geostrategic position for Peru in South America through a privileged relationship with Brazil.

President Alejandro Toledo fully shared that vision. Our working agenda, from July 2002 to November 2003, had to do with more dynamic international insertion for Peru that fundamentally depended on opening external markets and the establishment of a legal framework that fostered trade and investment.

A fundamental task in this regard was taking the necessary steps for the expansion and renewal of the United States' Andean Trade Preference Act (ATPA) and the groundwork of the Free Trade Agreement (FTA) with the United States. The new ATPA was approved and the visit that then President George Bush made to Peru (with the presence of the presidents of Colombia, Ecuador and Bolivia) was fundamental in paving the way for the FTA.

Peru's new geostrategic position in the region was established by promoting South American integration, starting with an alliance between Peru and Brazil.

This led to our active participation in the Initiative for the Integration of Regional Infrastructure in South America (IIRSA), with a three-pronged integration and development approach to connect Peru and Brazil. It also involved the negotiation of a free trade agreement between Peru and Brazil, which was established within the framework of Mercosur. Finally, a bilateral political cooperation and inquiry system was established, with the gradual incorporation of Peru into the Amazon Surveillance System / Amazon Protection System (SIVAN-SIPAM) as one of its main outcomes.

The strategic alliance between Peru and Brazil was established on the occasion of President Lula da Silva's State visit to Peru.

In both international and regional tasks, joint work between the Ministry of Foreign Relations and the Ministry of Foreign Trade and Tourism (MINCETUR) was fundamental. These efforts were strengthened by the excellent personal relationship that Raúl Diez Canseco and I had, as well as the leadership that President Toledo brought to that agenda.

Raúl has an enormous capacity for work and enthusiasm that is contagious to those around him. He has a modern vision of Peru and its future that guides his actions.

* Excerpt from the book *Gestión de Estado*, pages 148-149, first edition. Published by Editorial Tarea Asociación Gráfica y Educativa.



Dr. Roberto Dañino

Former Prime Minister of Peru (2001-2002) and member of the board of directors of different companies

Raúl Diez Canseco Terry has been a friend of mine since we were teenagers. Over the years, that relationship has been enhanced by our faith in Peru and our democratic convictions, especially our great admiration for Fernando Belaunde Terry and his role in the democratic development of our country.

Both times that we have worked in the public sector, it was when democracy was being re-established. The first time was during the Belaunde administration beginning in 1980 and the second was during the Toledo administration beginning in 2001. From the time we were very young, I've admired Raúl's entrepreneurial capacity, his belief in the free market and his great success as a businessman.

During Alejandro Toledo's administration, my fundamental concern as prime minister was to create a consensus-building space that would lead to the creation of a set of clear, consistent rules to be followed by the government over the next 20 years. Those State policies focused on four fundamental issues: democracy and the rule of law; equity and social justice; the country's competitiveness; and an efficient, transparent, decentralized State. These were the lines of action of the National Agreement and the government's action that we executed with President Toledo and Vice President Diez Canseco.

With these clear lines of action, it's not surprising that the expected results were achieved to a large degree. Based on that platform, the foundations for economic growth and social development that our country has experienced since 2001 were laid.

The vice president and I worked very closely on pioneering commercial agreements, beginning with the renewal and expansion of the Andean Trade Promotion and Drug Eradication Act (ATPDEA) and, above all, the launch of the bilateral trade agreement with the United States (FTA). In order to institutionalize these efforts, the Ministry of Foreign Trade and Tourism (MINCETUR) was created as a personal initiative of Raúl Diez Canseco's.

Our current level of traditional and non-traditional exports is a very clear indicator of the results, although there is still much to do to improve our country's competitiveness in the global market.

In addition to his democratic convictions and his faith in the free market, he is distinguished by his authentic vocation for public service, as well as the enormous energy and tenacity he shows in all of his endeavors. It is because of these qualities that he has achieved so much in business, education and the public sector, always demonstrating a high level of leadership, enthusiasm and integrity.

He demonstrated his energy and capacity to act on many occasions during his time in office. For example, on one of the many occasions when he filled in for the president, there was a terrorist attack on the eve of President George W. Bush's first visit to Peru. On that occasion, Raúl Diez Canseco Terry showed great mettle and quick political reflexes in his handling of the situation, including a unanimous pronouncement of the National Agreement repudiating the attack. Thanks to this, the State visit was able to take place successfully.

Leopoldo Scheelje Martin

Former President of the Peruvian Chamber of Construction (CAPECO) and the National Confederation of Private Business Institutions (CONFIEP)



My relationship with Raúl Diez Canseco Terry began because, coincidentally, during Dr. Alejandro Toledo's term, I was the President of the Peruvian Chamber of Construction (Capeco) and also the President of the National Confederation of Private Business Institutions (CONFIEP), and he was in charge of promoting housing policies. We had further occasion for collaboration through the implementation of the National Agreement, for example, when the Toledo administration's approval rating was 10%. I think the most important aspect of my work was supporting the democratic government 100%, calling upon the opposition to calm things down.

In the specific case of housing policy, there was an important change with the creation of the Ministry of Housing in July of 2002 to deal with the problem of self-construction and to implement a new housing policy with several programs. However, the driving force behind its success was the Mi Vivienda (My Home) program, which was very successful under the Toledo administration as a result of the way it was managed. My own involvement was as a member of the Executive Committee of the fund and director of the same.

Housing construction brings with it a chain reaction, of sorts, in the construction industry, to the point that there is a lack of engineers and skilled labor. The multiplying effect of construction is that for every dollar invested in construction, there are two going into the economy. Construction involves intensive labor and requires domestic industry (cement, iron rods, sanitary fixtures, etc.).

With the exception of some points that didn't go well such as the matter of labor or unions, I think that the Toledo administration did a great deal for the country through people such as Diez Canseco, who were placed in charge of getting things done. Everything that was done during that period is still being done today and will continue to be done in Peru. That is the good thing about it: the things that were done by a democratic government have lasted until today and, as they are on the right track, I think they are going to last many more years.

Incidentally, at that time Peru required a 20-year outlook to plan for the future, and that perspective with sights on 2021, our bicentennial year, is materializing in the 31 state policies of the National Agreement that Toledo supported at the beginning of his term.

Under the following administration, the economy continued to grow as a result of things that had been done well. We established objectives in line with the world in which we live: a modern world undergoing development that believes in less doctrinary and more practical things. That is where we are now and credit must be given to those who governed us at that time.

Getting back to Diez Canseco, one doesn't get into politics because he or she is not an entrepreneur or

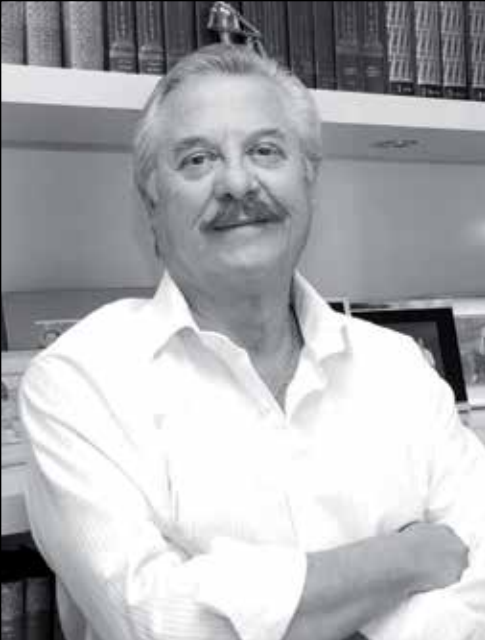
professional, but because it comes naturally to him or her, regardless of one's profession. For example, President Fernando Belaunde Terry dedicated his life to politics more than to his profession.

In this field, one is born with a desire to serve his/her country and a vocation for interfering in situations in which he or she has not been asked to become involved. Why? It's because such people want to improve things. Raúl Diez Canseco Terry is one of those people. Beyond the fact that he is an entrepreneur, economist or educator, he is a person with the desire to do things for his country.

If there was one characteristic I noted in him when dealing with matters of State, it was his vehemence. He was vehement in everything he did.

He needed to see everything get done very quickly, which is both a virtue and a defect. In politics, one must be very patient and cautious because people have different opinions and conciliation is necessary, but people who turn ideas into concrete actions are needed as well.

* Excerpt from the book *Gestión de Estado*, pages 157-158, first edition. Published by Editorial Tarea Asociación Gráfica y Educativa.



Manuel Ízaga

Former President of the Sociedad Nacional de Industrias del Perú (SNI / National Society of Industries of Peru)

The first contact I had with Raúl Diez Canseco Terry was during then candidate Alejandro Toledo's campaign when, at Jorge Mufarech's house, we felt the need to hear something concrete. "Who are his technical people? Who's working with him?" I asked.

I remember clearly that Diez Canseco, who was always with Toledo, took note of what I was saying. Subsequently, when I was President of the National Society of Industries, I had more contact with him because the problems we were facing were due to the fact that for decades the Government had not been concerned about industry.

Diez Canseco's role was important because he brought the industrial sector and the Government closer together and outlined an agenda. I remember that he and I promoted a historic meeting held at SNI headquarters during which President Toledo said, "In me, you have a leader who has decided to bank on industry." I believe that was in late 2001. At that meeting, the "Create Jobs, Buy Peruvian Products" campaign was launched.

Several points were covered at that meeting: preference in State purchases, the implementation of 20 points for rating every tender in favor of domestic industry, and all-out war on falsification and contraband.

Adherence to these and other points by the Government was a big step forward achieved with Raúl's support.

It should be understood that we were recovering from an international crisis that began in Asian countries in the late nineties. In addition, we had a difficult battle to wage against Peruvian technocrats who believed that Peruvian industrial companies need to fend for themselves with no need for legislation. However, we managed to get the Law to Foster Industry extended. This law established certain preferences for industrial companies with regard to State purchases, as well as Reactivation through Tax Amnesty (RESIT) that flexibilized tax-related debts and helped to keep some companies from going bankrupt.

In short, Diez Canseco was a great facilitator. Unfortunately, he encountered strong resistance and it was difficult to make everything turn out the way he wanted. He's a person who, when he picks up the telephone, begins to push, and he pushes hard.

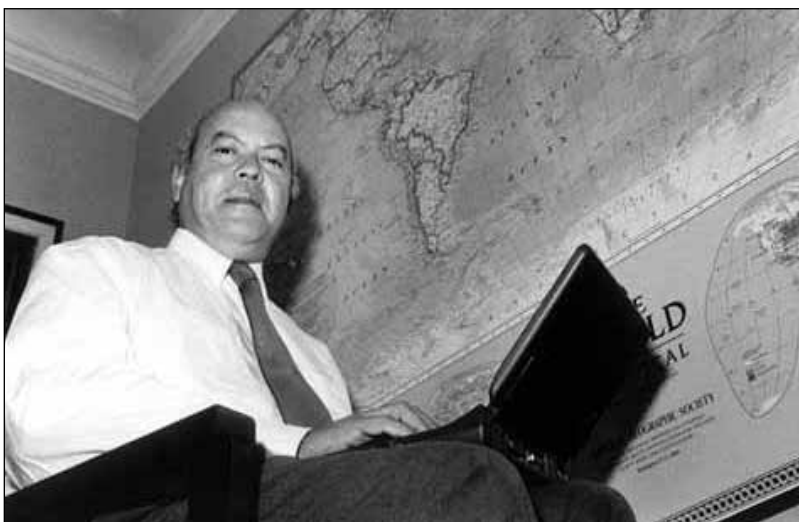
* Excerpt from the book *Gestión de Estado*, pages 150-151, first edition. Published by Editorial Tarea Asociación Gráfica y Educativa.

Dr. Miguel Vega Alvear

Former President of CONFIEP and the Sociedad Nacional de Industrias (SNI / National Society of Industries)

I've known Raúl Diez Canseco Terry since the late eighties, when the Movimiento Libertad (Liberty Movement) and the PPC and Acción Popular parties formed the FREDEMO alliance whose presidential candidate was Mario Vargas Llosa. At that time, we obtained the participation of thousands of high-level professionals who formulated a plan to transform Peru into a modern country, despite the fact that in 1990 most Peruvians' political choice was different. Nevertheless, in Congress, I had further contact with him when he was a member of the House of Representatives and I was a member of the Senate.

By that time, it was clear that Peru needed to become a strategic point on South America's Pacific coast in order to benefit from the impressive development of the so-called "Asian Tigers", as well as China and India.



Raúl Diez Canseco Terry

Because it could not do it alone, the idea of having Brazil as an industrial and technological partner began to gain support from the majority of local strategists.

When Dr. Alejandro Toledo took office in July of 2001, the foundation for that alliance had already been laid, as former Brazilian President Enrique Cardoso had promoted it in Brasilia. There, 10 South American countries decided to start 32 physical integration projects, including the Initiative for the Integration of Regional Infrastructure in South America (IIRSA).

The presence of then Vice President Raúl Diez Canseco Terry, Chancellor Allan Wagner and Minister of Transportation and Communications Javier Reátegui in the executive branch of the Government provided the impulse and energy that the alliance needed. There were many in the business community opposed to it and the Government was not yet fully convinced. However, the Peru-Brazil alliance became reality in 2003 and financing for the IIRSA was consolidated in 2005.

Raúl Diez Canseco's work reminds me of something President Nicolás de Piérola (1895-1899) said: "The country progresses at night, when the politicians are asleep."

When I would arrive early, at seven or eight o'clock in the morning, for meetings called and led by the vice president, he had already made 15 phone calls and arrangements for several initiatives and orders. When the rest of the country and its bureaucratic machine were slowly getting started at 9 o'clock in the morning, Diez Canseco had already made tremendous progress with energy, speed and efficiency.

* Excerpt from the book *Gestión de Estado*, pages 160-161, first edition. Published by Editorial Tarea Asociación Gráfica y Educativa.

José Koechlin

President of the Inkaterra hotel chain and the Sociedad de Hoteles del Perú (Peruvian Hotel Association)



Raúl Diez Canseco Terry has been the government leader most committed to tourism, the one who has given it the most importance and the one who has done the best job in the sector. His education, his being an educator and entrepreneur, and his having traveled throughout the country enabled him to understand tourism thoroughly and foster its development.

What do we appreciate most about his work? The law that made it possible to obtain 15 dollars per passenger arriving in Peru. This revenue does not depend on the national treasury and gives the sector more direct management capacity. Similarly, his having brought public administration and the work of the private sector together stands out: there was smooth dialogue for interaction and joint action. That is what brought results.

Tourism should become State policy, as it was when Raúl Diez Canseco Terry was minister of the sector, and this is what we have been requesting for years. It should be understood by the Government as a cross-cutting activity. Therefore, there should be a Ministry of Tourism to make it possible to bring order to this industry and facilitate its development.

In this regard, there is much to be done. Among matters still pending are: a law allowing a tourism package to be considered an export; a law that stimulates private investment in historical monuments by means of tax deductions; and the need to create a formal domestic market.

We should also create stimuli for education in tourism. In other nations, such as Malaysia for example, these initiatives are deducted as expenses. We should establish incentives for pioneers who create a new [tourism] theme or promote an alliance to open new physical or thematic fields, as Japan has; aid for airlines that contribute to improvement in domestic connectivity by air, covering new tourist routes; and stimuli for regional and local governments and investors that promote new tourism niches.

We should focus on luxury tourism, which entails the most spending per day. Additionally, we should become involved in activities in which Peru has a comparative advantage, such as the specialized tourism markets for birds, butterflies, orchids, cuisine, fishing, yoga, thermalism and mystical tourism. Finally, we should provide facilities so that retired foreigners can have a residence in Peru with real estate investments such as the project underway in the Asia beach area south of Lima. This is a good example that should be replicated throughout Peru.

Tourism is an element of social cohesion, of a renewed appreciation of national identity. Therefore, we should orient it toward our originality and authenticity, directing it toward good tourism products that are sustainable over time. In this regard, with education and information on the benefits of the tourism industry, we should improve the perception that Peruvians have of this activity. Of course, parallel to tourism development, the promotion of handcrafts should receive greater support.

The future surpasses our imagination. We are used to looking at the future of tourism as a function of small variables. When we look at the number of passengers who travel throughout the world and the number that comes to Peru, we see that we are off the map.

When we enter the global circuit, when our presence in the world is noted, it will be such a major presence that the amount of investment required internally is difficult to imagine today. The same holds true for both public and private management. What is occurring with hotel investments is a sign of what is to come.

* Excerpt from the book *Gestión de Estado*, pages 166-167, first edition.
Published by Editorial Tarea Asociación Gráfica y Educativa.



Johnny Schuler

*Businessman and promoter
of Peruvian pisco*

What has been achieved in relation to pisco has its roots in the initiative and the stimulus it received from then Vice President of the Republic and head of MINCETUR, Raúl Diez Canseco (2001-2003). In less than a decade we've seen the international defense of the appellation of origin, its revitalization in the domestic market and promotion of the product abroad, among other aspects. It was Diez Canseco who made the State aware of the importance of pisco as a flagship product.

With affection and emotion, I remember different moments of that effort. For example, there was the first trip to Madrid, Spain made by a delegation of producers to promote pisco among Spanish importers. That was when the first commercial contacts were made: today it constitutes a significant, continuing business platform for pisco and the pisco sour in the Spanish market.

However, what broke with protocol entirely was the technical stop that former Colombian President Andrés Pastrana made at the Air Force Group N° 8 facilities at Jorge Chávez Airport in the latter part of the year 2001.

On the way to an event in Chile, he politely asked to be served a pisco sour. There was no one around to prepare one, so Raúl asked me to make a pisco sour to offer to our distinguished visitor when, returning to his country, he stopped at the Lima airport again. So I did, and what was to be a 20-minute technical stop turned into a long and cordial visit. President Pastrana was very personable; he didn't want to return to his country without tasting our drink. This event drew media attention that reached beyond our borders.

Another outcome of his work as a minister was the consolidation of national pisco contests, as there was great support for them. He gave the pisco industry the boost it needed to get off the ground. Efforts had been made previously, but not with the strength and open support received from Diez Canseco.

What explains this support? He was a person involved with tourism and considered cuisine and pisco to be matters related to the sector. He was and is a person determined to develop tourism because he knows it well.

The pisco industry is growing and domestic consumption is increasing every year. In the early years of this decade, we were producing a million liters annually. Seven years later, we produce over five million, which is a spectacular figure. Still, there's a long way to go when you compare our per capita consumption to Chile, which produces over 40 million liters. For this reason, it is necessary to help small producers to associate and form production chains. Pisco has a future and every year, domestic consumption will continue to increase. At the national level, we are progressing hand in hand with the culinary expansion Peru is experiencing today.

It was Minister Raúl Diez Canseco who, bringing back policy established by the Sánchez Cerro administration (1930-1933), ordered that pisco sour be served at official events and ceremonies, both in Peru and at our embassies. This was how the custom of serving pisco sour in place of wine was established: it was all extraordinary, but it is only a part of everything that happened.

Regarding tourism, a solid foundation was laid that has enabled the ministers who have succeeded Raúl to continue with the majority of the initiatives.

Lastly, getting back to pisco, what is most important is that along with its promotion we have awakened national pride. Peruvians have a new appreciation of all things Peruvian. For this reason, pisco is more than a flagship product; it is part of our nature and our identity. We are like pisco or pisco is like us. It has been with us for 450 years, we drink it and we enjoy it. It took us some time to recover it, but now we are unstoppable.

* Excerpt from the book *Gestión de Estado*, pages 169-170, first edition. Published by Editorial Tarea Asociación Gráfica y Educativa.



**Dr. Francisco
Miró Quesada Rada**

*Former editor of El Comercio
newspaper published in
Lima, Peru*

The title of his book, *La palabra en acción** (Words in Action), describes him well, because Raúl is essentially a practical person. However, practice is not free; it is accompanied by theorization, since man is a theoretical being that creates a conceptual scheme to explain reality or to justify a set of attitudes and principles.

Raúl's theoretical conceptualization is linked to continuous action. He is a man of action who has been able to make it on his own; he doesn't spare any effort or speculate much because his thoughts must become reality.

That is the great "production" that brings concrete results. That is the great drive that has contributed to the transformation and modernization of the world.

However, dedicating one's efforts to business and being a man of action does not mean that one lacks social sensitivity. That is, when this man of action perceives and understands great human problems, his action tends to produce collective results. For this reason, he entered politics as a noble task, at the service of others.

In his book, Diez Canseco states that human beings are the supreme end of society and the State. He notes the differences that exist between formal and real inequality, explaining that it is easy to end formal inequality, but changing real inequality with legislation is impossible.

In this context, democracy must not only be just, but also effective. Therefore, according to the author, we must ensure that we seek a social and economic system that enables us to preserve freedom and ensure everyone's welfare. In addition, we must build a democracy that is effective not only economically, but also socially, one that ensures for all Peruvians a just, plural and caring society that gives everyone equal opportunity to fulfill their destiny.

Underlying these words are the characteristic elements of the ideology of the Acción Popular party: humanism, democracy, social justice and solidarity.

When Diez Canseco debates the age-old controversy about protectionism and liberalism, he assumes an equidistant, realistic and pragmatic position.

In other words, he seeks the middle ground between two lines of thought: "It is not fair to protect a sector at the cost of divorcing the countryside and the city, industry and primary sectors; nor is it fair to strike down industry to ensure the growth of other sectors."

In just two years, Diez Canseco put through well thought-out, significant legislation, without resorting to belligerent demagoguery.

He is responsible for a set of legislative initiatives for national development, such as the law that created the

Investment Promotion Fund (FOPRIN), the purpose of which is to promote national economic development by attracting domestic or foreign private investment.

The Law to Protect Domestic and Foreign Tourism, the Law to Foster the Development of Tourism Services and the Social Tourism Law are a legislative trio of great importance to the progress of this sector.

Other issues that concerned Raúl were the need to modify the Law on Duty Free Zones and the defense of these zones as a vehicle for development and investment.

Attentive to the economic and social problems that affect most Peruvians as a result of the crisis, especially people living in low-income neighborhoods and marginal areas of the capital and other parts of the country, Raúl Diez Canseco put together a social compensation program, justifying it from a humanist perspective by highlighting the “primacy of human beings”, which is stated in the preamble of the Constitution.

Based on this principle, he deduces the importance of social compensation, a proposal to be extended to municipalities.

Among his goals and proposals are consumer defense, the proposed law that would regulate rates for public services and the law on shared investment for telephone services, the purpose of which is to “provide a set of facilities to connect the rest of the country with marginal urban areas”.

The relationship between the Government and the governed should be transparent, dynamic and

democratic. One of the elements of this relationship is that legislators must inform the citizenry about their work, establishing what Fernando Belaunde Terry called “man-information equilibrium” in the ideology of Acción Popular.

In constitutional law, this relationship is called accountability. Through *La palabra en acción* (*Words in Action*), Raúl Diez Canseco has rendered accounts to the country and maintained an equilibrium between political decision and every human being’s right to be informed by the authority responsible for that decision.

Here direct democracy that reinforces representative democracy is expressed. The people vote and thereby place their trust in candidates. Diez Canseco has been worthy of this trust.

It is a behavior model that modern democracy calls for, where the legislator-citizen relationship is a constant and an inalienable right.

* Excerpt from the book *La palabra en acción*, 1993.



Dr. Luis Solari de la Fuente

Former Prime Minister, Minister of Health and member of Congress (2001-2006)

Despite being the nephew of a great figure in Peruvian politics, Fernando Belaunde Terry, there was no way that Raúl Diez Canseco Terry could have foreseen that he would one day be the acting President of the country.

Nor would it have occurred to me when Raúl and I were students at Colegio de la Inmaculada, a school run by Jesuit priests. I've often remembered how he was as a mischievous child and tried to reconcile that memory with the successful entrepreneur, educator and circumspect vice president he had become by the year 2001.

Life's hard knocks eliminate one's mischievousness. In his case, they made him a disciplined individual willing to take on challenges. What they didn't take away from him was his stubbornness, which is a good thing when there are challenges to overcome, although it is not so good for bringing people together. Having shared the same educational background was what essentially facilitated our shared identity.

With a new, post-dictatorial administration with a new cabinet, there wasn't much time for sharing, until reality imposed itself on the tedious technocratic routine. The sadly memorable fire in the Mesa Redonda commercial area in late December 2001, in which close to 300

people lost their lives, shocked everyone in Peru. I was Minister of Health. The President and the Prime Minister were out of town when the bodies of large numbers of victims began arriving at the Lima morgue.

A “bridge” was quickly established between this establishment and the ample rooms of the neighboring School of Medicine at Universidad Nacional Mayor de San Marcos.

One of the first people I heard from was Raúl, who in addition to expressing his concern as vice president, placed himself at my service for whatever was necessary. This is a somewhat unusual offer for a vice president to make to a minister. The seriousness of the situation put everyone to the test.

When he filled in for the president, which he did for periods totaling seventy-six days, he was not a ‘paper pusher’. His work went beyond that; he called coordination meetings and made us start the day early with working breakfasts. He did what life had taught him to do: roll up his sleeves and get to work.

Today we are proud of the image our country has for international tourism, as well as our achievements in foreign trade following several years of negative trade balances. Raúl deserves credit for his contribution to the Ministry of Foreign Trade and Tourism, as the minister for the sector during the early years of the first decade of the 21st century. He laid the foundations for the achievements we enjoy today.

It is difficult to be a public official in a country plagued with injustice, as our country is. Justifiably, people have become highly demanding of their authorities. In addition to successful public administration, people need to see more results, many more, in order to give you their trust.

Luis Salazar Mourré

Businessman and former partner of Raúl Diez Canseco

I was a student in one of the first classes of the San Ignacio de Loyola College Preparatory Academy and, when I took the admission test for Universidad del Pacífico, I placed among the applicants with the top five scores. Later on, I was asked to teach Math at the academy, which I did. Eventually, I became the assistant director of the academy and then the director. Our performance with Raúl Diez Canseco was good because, in a short time, the results were spectacular. During the time I was there, nearly 70% of the students accepted by Universidad del Pacífico and Universidad de Lima were from our institution. The results for Universidad Católica were similar—all of these, Peru's top universities.

Obviously, we had a good promoter: Raúl. He was always very enterprising, hyperactive and restless, never at a stand-still. He would not be himself if he were not involved in several projects. Anything he does, he does well.

He is admirable, persistent and tenacious, which is why he is successful. Raúl has that artistic urge of one who creates and does so without thinking about time, or even about earning more money. That spirit is just the way he is. He wants to continue innovating, undertaking projects, growing and creating wealth to contribute to the country's development. Basically, that is his dream: to leave a mark on the country that gave him the opportunity to be what he is.



REPÚBLICA DEL PERÚ



Jurado Nacional de Elecciones

Credencial

Don Raúl Díez Canseco Terry

ha sido elegido y proclamado
Primer Vicepresidente Constitucional de la República
para el período 2001-2006

Lima, Junio 2001

Handwritten signature of Manuel Sánchez-Palacios Paredes.

Manuel Sánchez-Palacios Paredes
Presidente

Handwritten signature of Adelinda Bellón.

Adelinda Bellón

Handwritten signature of Carlos Valdivia.

Carlos Valdivia

Handwritten signature of Gerardo Jara.

Gerardo Jara

Handwritten signature of Raimundo Le Valdivia.

Raimundo Le Valdivia

Handwritten signature of Fernando Bulla-Landa.

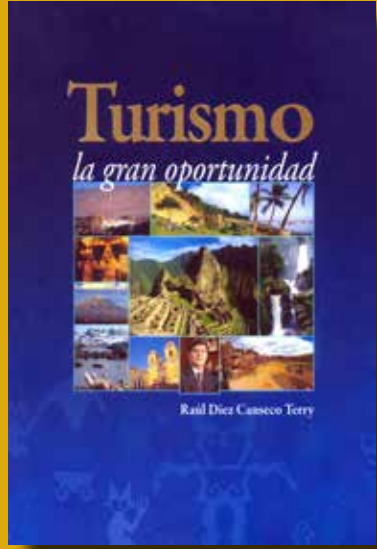
Fernando Bulla-Landa Córdova
Secretario General

Resolution issued by the National Election Board in **June 2001**,
declaring Raúl Díez Canseco Vice President of the Republic of Peru.



Distinctions received over the course of his professional, business and political career.

Books published by Raúl Diez Canseco





Bombay, India, 2010. receiving the Priyadarshini Academy Global Award, considered the Indian equivalent of a Nobel Prize.



In 2003 with Pope John Paul II.



2009. With IDB President, Luis Alberto Moreno, and former President of Colombia, Álvaro Uribe.



May 3, 2010. With prominent Peruvian businessman Dionisio Romero and his son, Dionisio Romero Paoletti.



Year 2002. With Brazilian President, Fernando Henrique Cardoso.



August 2003, in Lima. With Brazilian President, Luiz Inácio Lula da Silva.



September 27, 2010. With 2006 Nobel Peace Prize recipient Muhammad Yunus.



September 2009. With UN Secretary General Ban Ki-moon.



November 2013. Guangzhou, China. With former President of the United States, Bill Clinton.



2013. With Colombian President, Juan Manuel Santos.



January, 2013. With Dr. Leonel Fernández, twice President of the Dominican Republic, and Mauricio Macri, Mayor of Buenos Aires, Argentina [President of Argentina as of 2015].



February, 2013. With Dr. Luis Alberto Lacalle, President of Uruguay from 1991 to 1996.



1984. With President Fernando Belaunde Terry and First Lady Violeta Correa, during the president's visit to the United Nations.



October 2009. With patriarchs of Peruvian democracy Dr. Javier Pérez de Cuéllar (Former Secretary General of the UN); philosopher Francisco Miró Quesada Cantuarias; Armando Villanueva del Campo, leader of the Aprista party; and Luis Bedoya Reyes, Founder of the Partido Popular Cristiano party.



Tribute to Belaunde (Thursday, October 18, 2012).

In an emotional and well-attended ceremony held on the Universidad San Ignacio de Loyola campus, four former South American presidents remembered the political legacy of Fernando Belaunde, in commemoration of the centennial of his birth (1912-2012). He was twice President of Peru (from 1963 to 1968 and from 1980 to 1985). His respect for democracy, his vision as a statesman, his love for Peru and his desire for regional integration were highlighted in speeches made by former presidents of Paraguay, Juan Carlos Wasmosy; of Colombia, Andrés Pastrana; of Ecuador, Gustavo Noboa; of Bolivia, Jaime Paz Zamora; and of Peru, Alejandro Toledo. Tributes were also given by Congressman Ricardo Alfonsín, son of former President of Argentina, Raúl Alfonsín, and by former Vice President Raúl Diez Canseco, who credited President Belaunde as being his mentor and example for large-scale undertakings in the social and political arena. The ceremony was also attended by ministers of State, judicial branch authorities, members of the diplomatic corps, and political and academic personalities.



2014. With John Ellis "Jeb" Bush, American politician, member of the Republican Party and former Governor of Florida.



2014. With Marco Rubio, U.S. Senator from Florida.



September, 2014.
With Juan Orlando
Hernández, President
of Honduras.



December, 2013. With
Li Yong, Director General
of the United Nations
Industrial Development
Organization.



February 2013. In Peru with President Ollanta Humala, following the ceremony to award scholarships from the regional government of Callao to the best students in the region. Universidad San Ignacio de Loyola participates in this scholarship program.



With former President of Peru, Alan García (2006-2011).



2014. With Luciana de la Fuente, USIL executive President and Founding President of Coloring Dreams; Hillary Clinton, former U.S. Secretary of State; and Luis Alberto Moreno, President of the Inter-American Development Bank (IDB).



June 2015. Madrid, Spain. With the President of Paraguay, Horacio Cartes.

Epilogue

The time for doers

Dear reader,

Presenting a very personal book is and always will be a great challenge because it entails exposing oneself to the implacable judgment of others which, human nature being what it is, will always be subjective. The baggage of errors, the luck of successes, the joy of dreams, the frustrations and unfulfilled dreams, along with the events, are all part of one's story.

However, it is even more complicated when what one is writing about has to do with our God-given abilities and the manner in which we activate, develop and enhance them in order to face the challenges that destiny places in our path.

When one turns 65, as is my case, he has been climbing the mountain of life for quite some time. How many more years will the Lord give us? Who knows? That is why it is important not to lose sight of our mission and try to share life's lessons with others, especially the young.

This we do, firstly, so that young people, upon assimilating the teachings we offer, have a more manageable life plan and, secondly, so that they stop thinking that luck or chance is what determines one's destiny.

Time and again, I have told young people that luck doesn't exist and that success is the result of having passion and grit in life, clear goals and the attitude to achieve them with "blood, sweat and tears" as Winston Churchill did during the Second World War.

If there is one thing the young and the young at heart need to understand clearly, it is that nothing is easy and that, most likely, success will come following a string of failures and after having gotten up again repeatedly. Therefore, it is necessary to reflect deeply in order to avoid making the same mistakes or tripping twice on the same stone. As they say, if you fall down seven times, get up eight!

The wonderful thing is that when we start over again following a failure, we are not in the same situation as when we failed. In some way, we are on a higher step from which we can look back and see, in perspective, what could have been and wasn't, as well as what should and will be.

On the long road we travel, carrying our baggage on our backs, of course we encounter many other frustrations, such as the loss of loved ones, but there will always be a new dawn and new lights to show us the way along our path.

This book, written from the bottom of my soul, attempts to explain to you, my friends and young readers, that despite all of the obstacles we may encounter along the long road of life, there is nothing that can't be done. Anything is possible if we really want it, if we want it with all our hearts.

If I have convinced you to pursue your dreams and to persevere to fulfill them, then it will have been worthwhile to spend some time going over part of my experience in business and public service, in a life that has always received God's blessing to achieve success.

Often we believe that success is measured in money or material wealth. Personally, I don't believe that. Real

success is that which is measured by the joy of being able to share what God has given us. On that path, when you least expect it, everything else comes along, almost endlessly.

Of course, many of you will also achieve material success. However, when this occurs, the best part is when you learn to share it with others. I believe that the more you give, the more you receive.

I reiterate my gratitude to all of the wonderful people who, over these 65 years, have accompanied me with great patience, who have given me a hand in difficult times and who, despite my errors, never lost faith in the idea that it was possible to start over.

To the young, who have our country's future in your hands, I know that we live in a world full of contradictions and conflicts. Even so, believing the Arab proverb that says that it is "better to light a candle than to curse the darkness", I ask you not to lose faith and to always maintain the hope of wanting. To want to do something is to be able to do it.

Only if you maintain this positive attitude will frustrations become wonderful opportunities to take advantage of for yourself and the country.

May God bless you and give you strength so that your dream, that vision or perspective that moves mountains, motivates and drives you to attain success and happiness.

A hug from your friend,
Raúl

Addendum

Raúl Díez Canseco Terry

ENTREPRENEURSHIP WITHOUT BORDERS



EE:
Ex vicepresidente peruano desvela en libro las claves del buen emprendedor
martes, 19/03/13 - 20:10
El emprendimiento es "una filosofía de vida" que requiere una personalidad fuerte, asegura el ex vicepresidente peruano Raúl Díez Canseco Terry, que hoy presentó su libro "El arte de emprender".
Madrid, 19 mar. - El emprendimiento es "una filosofía de vida" que requiere una personalidad fuerte, asegura el ex vicepresidente peruano Raúl Díez Canseco Terry, que hoy presentó su libro "El arte de emprender".
En una entrevista con **EE** prevé el año organizado en la C...
afirma que el emprendedor "nace por no conformidad y se hace por el afán".
"Yo siempre he dicho que hay que hacer nada y el que se le ocurre, que lo que consigue cambiarlo", afirma.
Por ello aseguró que las universidades y academias se fundaron por él misión en 1995, como la Universidad de los Andes.
En su libro, Díez Canseco expone cada uno de los factores que impulsan la innovación y la ley.
Estado desde prelación de tecnología, la era digital y la presencia de la guerra, como vivir la pasión y la guerra, y de la situación.
Díez Canseco explicó que la situación que "EE" vive un desarrollo, como "Yo defiendo que precisamente desarrollar proyectos", señaló sus ideas.
El ex vicepresidente peruano fomenta el emprendimiento, pero también, como que proyección.
Díez Canseco afirmó.

EL PAÍS
ECONOMÍA
Ex vicepresidente peruano desvela en un libro las claves del buen emprendedor
Por E. GARCÍA / Madrid / 19 MARZO 2013 - 21:45
El emprendimiento es "una filosofía de vida" que requiere personalidad fuerte, asegura el ex vicepresidente peruano Raúl Díez Canseco Terry, que hoy presentó en Madrid su libro "El arte de emprender".
En una entrevista con **El País** prevé el año organizado en la C...
afirma que el emprendedor "nace por no conformidad y se hace por el afán".
"Yo siempre he dicho que hay tres spots de jóvenes, el que no sabe lo que pasa en el mundo, el que lo sabe pero no hace nada y el que sí se interesa e intenta hacer algo. Este último es el que consigue cambiarlo", afirmó.
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Book presentation in Madrid, Spain La Casa de América

Tuesday, March 19, 2013. In front of a full auditorium at Casa de América, in Madrid, Spain, Raúl Diez Canseco Terry presents his book, *The Art of Being an Entrepreneur*. "Entrepreneurship is a philosophy of life, a style of existence, a code of factors combining reason and passion in the quest to make a goal or a dream reality..." he said.

"I'm sorry, Raúl, but I won't be able to continue paying your tuition. You're going to have to help us." It was 1968 and Raúl Diez Canseco was a 20-year-old Economics student at University del Pacífico in Peru. His father, who had been the manager of a cookie and cracker factory, had just lost his job. This was the beginning of a new life for Diez Canseco, who found an opportunity in what could have been a traumatic experience. Following his mother's advice, he began teaching math classes to students just two years younger than himself who were preparing to take university admission tests.

What began in one classroom with a couple dozen young men is now an institution, Universidad San Ignacio de Loyola, with more than 15,000 students and national

prestige. Diez Canseco, former Vice President of Peru under President Alejandro Toledo, is a living example of an entrepreneur.

Curious, decisive and persistent, he discovered a place that emanated a delicious smell when he was on the way to Mass in the mid-seventies in Guayaquil (Ecuador), where he was living at the time. There, people waited in line for an hour to eat chicken. The place was Kentucky Fried Chicken, the chain founded in the USA in 1952 by Colonel Harland Sanders.

That day, Diez Canseco decided to take that business to his country. Courageous and inexperienced, but with great faith, he wrote over 30 letters to the owners of the business in the United States before finally achieving the nearly impossible goal of obtaining the franchise and the partners he needed to get started. Later on, he would obtain other franchises such as Pizza Hut, Burger King and Starbucks, billing hundreds of millions of dollars.

While he lauded the Spanish Government for fostering a law to promote entrepreneurship among young people, he stated that this law should be very clear about three things:

"Firstly, a financing mechanism needs to be created. Call it State guarantees for the banking system. Call it whatever you like. But the State should bank on young people, for example, with the guarantee—the backing—of universities. In Spain, there are very good universities. They must be made to compete. They should be universities that guarantee the viability of projects. And with guarantees from the State, young people go to the bank to apply for a loan, with affordable

interest rates, grace periods, whatever is necessary. And the university that approved it follows up on it."

*In this manner, the Madrid press summarized the speech given by Raúl Diez Canseco Terry, who along with former Spanish Prime Minister José María Aznar, former President of the Inter-American Development Bank Enrique Iglesias, and the Director General of La Casa de América, Tomás Poveda Ortega, presented the Spanish version of his book, *The Art of Being an Entrepreneur*, on Tuesday, April 19, 2013.*

Diez Canseco's message in Spain was clear: "States should establish an adequate legal framework that guarantees entrepreneurship. We have to live in an open economy to be able to give every facility to entrepreneurs. They have to be pragmatic, as was Deng Xiaoping in opening the Chinese economy to the world after Mao. There also has to be meritocracy, where personal effort rather than favoritism counts. And of course, the legal framework is important. Finally, governments must educate youth. Knowledge is required for entrepreneurship, and knowledge comes from education."

Some tips on entrepreneurship:

- Entrepreneurship is "a philosophy of life that has its roots in need in some cases and opportunity in others", so what is needed in order to exercise this art is a favorable environment that fosters the creation of companies, in addition to a strong personality and virtues such as being passionate and having grit.

- Universities are crucial when it comes to shaping future entrepreneurs.
- Young people need to forget the idea of studying in order to be hired by the State. **One should study to develop his or her own projects**, to get ahead on one's own.
- Factors that favor entrepreneurship are: an open economy in a global market, the existence of a meritocracy, a State where justice and the law prevail, education that shapes good managers, and the existence of technology, the digital era.
- Young people are the leading players who can reverse the status quo.
- Crises are great opportunities and good times for young people to carry out their projects.
- Today's technology favors entrepreneurship. Young people master the devices and the social networks perfectly.
- We should not be afraid to climb the mountain. We will slip and fall, but with persistence we will make it to the top.

The Art of Being an Entrepreneur presents his philosophy of life, condensing his entrepreneurial story that takes place over 45 years of academic and business life, undertaking challenges in the fields of politics, education and development.

Summarizing his message, he ended his speech with these words: "Entrepreneurship is a philosophy of life, a style of existence, a code of conduct that in the quest to make an ideal, a goal or a dream reality, combines rationality and emotionality, like every art. [It is] the reason for minimizing risk when one undertakes a project with determination and the passion to do whatever it takes."

Excerpts from the speeches:

Tomás Póveda Ortega

Director General of Casa de América

At this historic moment, Europe and our country have to carry out a socioeconomic revolution. We have to go from being a dependent society to a society of entrepreneurs. Mr. Diez Canseco brings us at least two messages: the need for optimism, especially at a complicated time in our country, and the importance of the culture of entrepreneurship.

We have to go further and create a true entrepreneurial culture starting in the first years of a child's education and, of course, in university education. This does not necessarily mean that a child ends up being a business owner, but it does mean that he or she has the possibility of fully developing his or her abilities, whether in the world of culture, in business or in any other field. There must be clear support, social support for entrepreneurs, as well as promotion of a culture of sacrifice, of effort, of a second chance; failure should not be a drama.

Enrique Iglesias

Secretary General of the Ibero-American Cooperation Secretariat

The book is about the life and entrepreneurial work of Raúl Diez Canseco, whom I met when he was serving as vice president of Peru and was also acting on his commitment to young people through education. Many programs we carried out through the Inter-American Development Bank (IDB) were inspired by things the author of this work did.

The book is an easy-to-read, important work. Firstly, because it relates experience gained over many years

and because of the human message it transmits in these difficult times. Secondly, the book is about entrepreneurship. Is one born an entrepreneur or does one become an entrepreneur? To some extent, academia has forgotten this dimension of entrepreneurship, which is more than starting a company. It is about a spirit that takes on risks, innovates and creates. For this reason, I like the title of the book, because art has a great deal to do with knowledge and the awakening of a creative spirit.

Thirdly, it places us in the dimensions of the modern world and the enormous challenge of changing the world's society, where the words "change", "innovation" and "competitiveness" are in constant use. The world of the future will be nothing more than the one we leave behind. It will be different and it will be a world where innovation becomes a great secret.

José María Aznar

Former Prime Minister of Spain

The Art of Being an Entrepreneur is an excellent book. I believe that Raúl is a person who could be defined as an "all-around player," in sports terminology. In politics, he has held high positions, fulfilling his responsibilities efficiently and effectively. In the field of education, he has founded prestigious institutions.

Entrepreneurship is a human quality. It is not a gift given to a privileged few or a skill found only in certain countries or parts of the world. It is an attitude toward work and life. We can all be entrepreneurs if we have the will. Anyone can be an entrepreneur if he or she sets her mind to it. However, entrepreneurship needs an institutional framework that fosters the creation of companies.

Entrepreneurship is a public as well as private virtue that societies need and should encourage. Fostering entrepreneurship should not be strictly about business or the bottom line; it must be long-term. Undoubtedly, what makes doing business possible is an adequate fiscal framework, simple and clear commercial regulations, and a favorable environment for innovation and initiative. In Spain, a favorable environment, an institutional context and a political and civic culture are lacking. Now we must choose between fostering that culture and stifling it.

Raúl Díez Canseco Terry

Former Vice President of Peru

There can be no doubt that entrepreneurship is the recurring theme that has gotten Peruvians and Latin Americans out of the crisis and will surely lift Spain out of the crisis in which it is immersed. This reminds us that after a dark night, there is always a beautiful dawn, and that major development projects emerge following a crisis.

I have always told young people that we have to learn to make decisions in life and that we need a goal that enables us to develop our skills. However, that's not all; we must have conviction about what we do, in addition to great passion, the kind that led Spain to win the World Soccer Cup or the kind that drives a young man to win the love of a young woman. But passion is not everything; one also needs perseverance.

In order for entrepreneurship to work, the seven pillars of western wisdom must exist: a free market economy open to the world, meritocracy that acknowledges personal effort, well-developed pragmatism such as that we see in China, a culture of peace, rule of law, high-quality education and science and technology.



From left to right: Tomás Póveda, Director General of Casa de América; José María Aznar, former Prime Minister of Spain; Raúl Diez Canseco Terry, Founding President of Universidad San Ignacio de Loyola; and Enrique Iglesias García, Secretary General of the Ibero-American Cooperation Secretariat.

Spain will overcome the crisis gripping it. The crisis will end, but young people will be sorry if they fail to take advantage of it to get ahead on their own, and that takes persistence.

My Spanish friends, when you return to your homes, take a look in the mirror and ask what you are doing for yourselves. What you do yourselves, you do for Spain. Because nobody will do for Spain what Spain will not do [for itself].

**Universidad Abierta Interamericana
Buenos Aires, Argentina
Thursday, April 11, 2013**



For his long career as an entrepreneur and his contributions to politics and the common good, the President of the World Confederation of Private Education (COMEP), Dr. Edgardo Néstor De Vincenzi, and the President of Universidad Abierta Interamericana, Rodolfo De Vincenzi, grant Raúl Diez Canseco Terry a Doctor Honoris Causa degree on behalf of Universidad Abierta Interamericana, giving him a diploma and a commemorative plaque.

For his leadership in entrepreneurial education and his achievements in business, Raúl Diez Canseco Terry received a Doctor Honoris Causa degree from the Universidad Abierta Interamericana in Argentina.

The President of the World Confederation of Private Education, Edgardo Néstor De Vincenzi, awarded him the degree in front of an auditorium full of representatives of academia and business, as well as political figures.

Diez Canseco Terry expressed his gratitude for the distinction and highlighted the historical fraternal relations between our countries. "We are responsible for what happens in the future and our primary task is to prepare the coming generations with technology and education for entrepreneurship within a competence-based framework," he stated. Subsequently, he presented his book, *The Art of Being an Entrepreneur*.

Edgardo Néstor De Vincenzi

President of the World Confederation of Private Education

Today we are very pleased and proud to award a Doctor Honoris Causa degree to Raúl Diez Canseco Terry.

Life on earth, the period during which we wander between the ports of birth and death, is actually a time when what we are is determined by our experiences. Specifically, what we are is determined by our achievements, which go beyond our words, as the Roman aphorism "*Acta non verba*" states: that is, "Actions, not words". Because in this global village, this world belongs to those who make things happen. Words are not enough; actions are what count.

There is an old indigenous adage—I don't remember whether it's Incan or Aztec—that says that you are only born once, you are only a child once, you only live once, and each moment is unique and finite. Today, I want to bring the message of this adage to Raúl Diez Canseco Terry: moments like those we are going to establish are never forgotten. They are moments that nourish self-esteem in order to continue to be motivated, because it's about never arriving in life, but rather always continuing to climb.

Rodolfo De Vincenzi

President of Universidad Abierta Interamericana

As you know, our honoree, Raúl Diez Canseco Terry, who is being honored today by Universidad Abierta Interamericana with this Doctor Honoris Causa degree, is Peruvian. In a few brief words, I am going to try to contextualize the framework within which our university grants this distinction.

Please allow me to begin by quoting what José de San Martín said on July 28, 1821: "From this moment on, Peru is free and independent, by the general will of the people and the justice of its cause that God defends. Long live the homeland! Long live freedom! Long live our independence!".

In this manner, the history of the people of Argentina and Peru was joined for eternity, in one voice, with a single idea. San Martín, whom our country cannot claim as its own because he was a citizen of Latin America, was a good man who, through his acts, steadfastly simplified human beings' ability to change reality: that reality that to many seems unconquerable, unalterable.

Men like San Martín light the way, charting new directions for their people with the firm idea of collective and social improvement. There have been others in more recent times who have also been great agents of social change, such as Juan Domingo Perón or Raúl Alfonsín. These personalities are present day to day in the freedom we breathe, in the future we build to create a better land; history has given our peoples brotherhood and a sense of mutual support.

Peru has left an indelible mark on our national culture through the Inca civilization, and specifically the Quechua language, which is still spoken in northern Argentina. Peru has also left us innumerable customs inherited from that great empire. Through its leaders, Peru has been a friend and an unconditional ally to our country.

Fernando Belaunde Terry, our honoree's uncle and two-time President of Peru, openly supported our country at our time of greatest need during the Malvinas War, even sending fighter planes to battle alongside the Argentine Air Force. This unconditional support continues today. That extraordinary President of our sister nation, Peru, once said that history has taught us that every great accomplishment in the past was achieved through the efforts of those involved, based on community spirit, generosity and solidarity, which are values that are compatible with those of our university.

Those words and his acts inspire Universidad Abierta Interamericana to award a Doctor Honoris Causa degree to personalities such as Raúl Diez Canseco Terry. Because we believe that those who change reality for both followers and detractors, for the purpose of improving society through their involvement in politics, education or daily business should be honored. Leaving

their mark on this earth is the best way to reflect the philosophy of our university. Beyond Raúl Diez Canseco Terry's career in politics as Vice President of Peru, in business as an innovative entrepreneur in the nineteen eighties, in education from the time when he began preparing students to take university admission tests through the creation of Universidad San Ignacio de Loyola, in social development as the Founder and Chairman of the Board of Directors of Asociación Pro Bienestar y Desarrollo (Welfare and Development Association): what this university is honoring is the man behind the acts, the man behind the deeds.

These degrees are undoubtedly the consequence of an accurate search for a better future for everyone. As our liberator said, "Undertakings are for the brave." Throughout his life, Raúl has demonstrated that courage is a virtue he has a superhuman amount of, like all of the great men in our history. Therefore, we thank you, Raúl, for your presence at our university. Thank you for choosing us as the communication channel for your work, which will be presented this evening, and thank you for accepting this distinction that we are proud to award you.

Ricardo Alfonsín

Member of the Argentine Congress

Politics is in Raúl's blood. His family has always been involved in the struggle for democracy, freedom, human rights and development. He is not only a nephew of Fernando Belaunde Terry's, but also of other important Peruvian politicians. Therefore, his book also reflects on the potential we all have to take part in politics. As he said at the end of his speech, one should always keep in mind that we must not disassociate ourselves from social

issues, but rather allow all that potential—the resources that are found in a special way among the young—to be developed in benefit of our collective development.

When you begin reading his book, *The Art of Being an Entrepreneur*, you won't want to put it down. You won't want to finish it quickly either, because it will captivate you, enthuse you and give you hope. What does it mean to be an entrepreneur? At one time, the word was used to refer to a romantic, adventurous spirit; to those who engaged in difficult undertakings, full of challenges that appeared impossible to overcome. Then it was extended to the economic field, and those who were capable of innovating and seeing opportunities where others don't see them were referred to as "entrepreneurs". These things have to do with daring, imagination, optimism, attitude and intelligence for dealing with and solving problems.

All of this applies to the author of the book. It's interesting to see how he has evolved since he founded the college preparatory academy and became what he is now. However, what is noteworthy about the book is that it reveals that these characteristics that entrepreneurs have are not only useful in the field of business. They are also useful in the social and political spheres. He sets an example; he is an entrepreneurial businessman and also an entrepreneur in the social and political spheres. You'll have to read about all the things he has done in Peru, in Peruvian education and in the fast food business, which grew exponentially despite terrorist attacks. He was also an entrepreneur in the field of solidarity when he used his business know-how in social programs led by the wife of President Fernando Belaunde, as well as in the Believe In Order To Create program, which helps young people who

lack the resources they need to start companies. In the field of public policy, when he was the Vice President of Peru, he applied his business experience to the creation of a ministry to promote Peruvian trade and tourism. I assure you that you will find the message of this book interesting.

Juan Schiaretti

Former Governor of the province of Córdoba

Reading the book, I discovered one of the important Peruvian personalities and one of the architects of State policy in this country. Raúl's career as an entrepreneur speaks clearly of a piece of recent Peruvian history, during which severe difficulties such as terrorism and social fractures had to be overcome. In Peru, it is understood that the state must arbitrate and make amends for social injustices. It is also clear that the State must not smother creative private initiative.

The Art of Being an Entrepreneur is not intended to be a classic *vademecum*. It is a straightforward book written in simple language. It relates the personal experience of a successful entrepreneur. If there is something that is clear to me after reading this book, it is that it transmits the teaching that by being entrepreneurial in the activity one decides to engage in, he or she always works for the common good and always achieves success.

Carlos Magariños

The Art of Being an Entrepreneur is a book that summarizes the career and experiences of an entrepreneur who has worked in three different fields—in politics, social entrepreneurship and business—at

a turbulent, changing time that increasingly appears to be a true change of era. Over the next eight years, we are going to have an economic configuration and a world configuration that are completely different from what we have seen up until now. We are going to see the emergence of a new global class that will definitely displace the power of consumption and investments and pose challenges in the manner in which we organize our daily lives. For this reason, I believe it is important for us to pay attention to and understand the relevance of the messages contained in Raúl Diez Canseco's book.

I met Raúl when I headed a United Nations agency. I was impressed to see a man determined to produce concrete results in order to change the conditions in which Peruvians lived. In the early part of the year 2000, he took me to Huancavelica, the poorest place in Peru, and introduced me to vicuña, llama and alpaca breeders. At that time, they sold their animals' wool by weight. He explained the problem to me, but to tell the truth, I didn't know how to solve it. We worked together for months designing a program. As a result, twelve years later, those producers were exporting yarn classified by its thickness and earning twelve to fifteen times what they received when they sold their wool by weight.

That's what I'm talking about when I say that in the future, in the change of era, we will need entrepreneurs in politics, in business and in the social sphere. At that time, I didn't know whether to classify Raúl as a social entrepreneur, a political entrepreneur or a business entrepreneur. What I can say is that he solved a concrete problem that affected many people in need. I had thought the problem couldn't be solved. I had visited Peru many times. It's impossible to solve

each country's problems from an office in New York, no matter how powerful a multinational organization may be. Leadership and determination are needed on the part of people willing to talk and listen to people. We didn't find those solutions by proposing them from a desk, but rather by visiting the breeders, talking with them, seeing how they sheared their animals with pieces of broken glass, and buying new machinery. I believe that this book offers a road map.

Raúl Diez Canseco

How difficult it is to convince young Argentines to play the leading role in their own destiny, considering that what we inherited from Argentina is what is most valuable to Peru: our independence. Now, in the 21st century, it is time for Peruvians and Argentines to work together. What can divide us when we have the same agenda of fighting poverty? There are more things in our history that unite us than separate us. Therefore, as a close relative of President Fernando Belaunde, it was not surprising to me that as commander in chief of the armed forces, he did not hesitate to sign a secret decree ordering support for our sister nation, Argentina, during the war with England over the Malvinas Islands. As a result of that order, Mirage planes and Exocet missiles, one of which sank a British ship, arrived here. For this reason, President Raúl Alfonsín traveled to Peru at the end of President Belaunde's term to award him the highest honor of the Argentine Republic. Therefore, on April 5th, on the occasion of the 31st anniversary of that war, a Peruvian has come here to tell you that because the Malvinas belong to Argentina, Peru will always support your cause.

Studying history a bit, I found that according to Mario Grondona, in the year 1908, the GDP of Argentina was higher than that of Germany, France, Japan or the Netherlands. That leads one to wonder what could have happened to keep that world leadership from being consolidated over time. Certainly it is not the time to try to determine who was at fault and I don't have the authority to do that. However, we can look to the future and assume responsibility for what happens from now on—especially you young people, because you have changed the world. You have led the digital revolution and that of the social networks, whose impact is tremendous, as the collapse of dictatorial governments has demonstrated.

This book, which I present to you with great affection, has to do with the art of being an entrepreneur. Now more than ever, you know that finding employment is increasingly difficult because, due to the speed of communications and the new economy, the world has become globalized and there is more competition. Consequently, it is necessary to be an entrepreneur and head in new directions that lead us to new challenges and achievements that only a combination of reason and passion make possible. Some are born entrepreneurs, while others become entrepreneurs. Entrepreneurship is born out of opportunity and created out of necessity. I have experienced both cases in my own life. However, one must be decisive, as my wife Luciana taught me, in order to climb the mountain that God sets before us the day we are born. We can only scale it to the extent that we have conviction, perseverance, dedication and passion. Remember this: there is no way we can succeed in life without knowing where we want to go. I am one of those people who believes that you grow old the day you stop dreaming.

When you return home, I want you to take the message

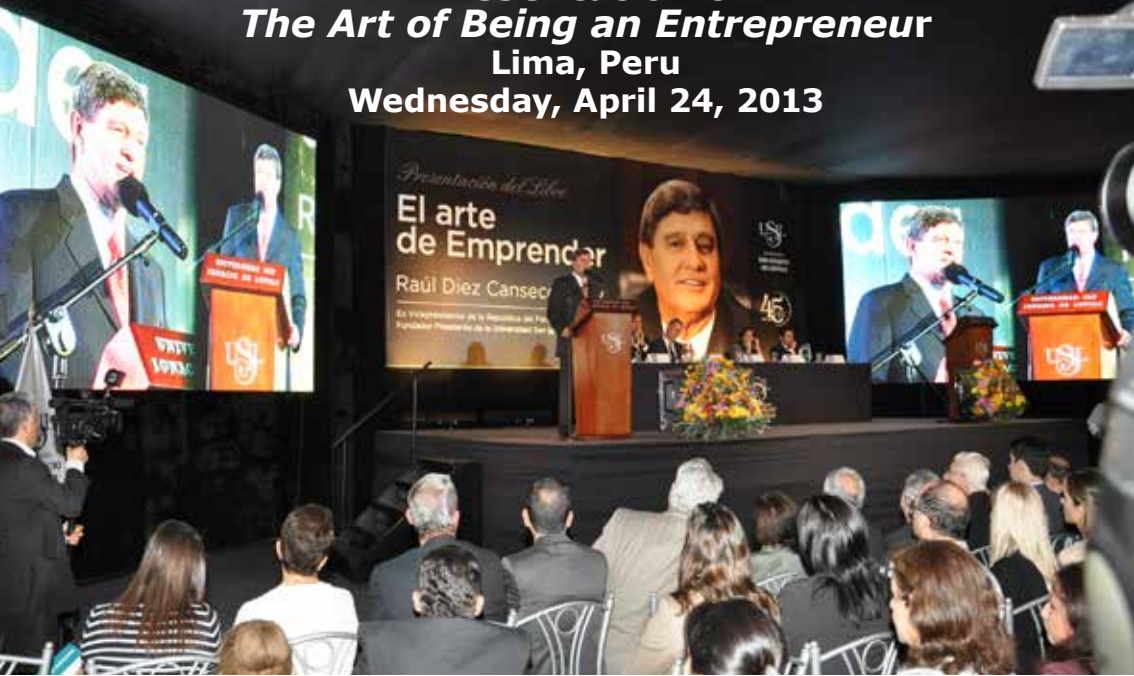
of the book with you as a small reminder of this ceremony. On my part, I am infinitely grateful for the high distinction conferred upon me by this university. I'll keep it in my soul, because it's good to know that although I'm 65 years old, in my lifetime I've received a doctor honoris causa degree. This is the first time I've been awarded one. In a way, I think it is the award that Belaunde never received in his lifetime. He received a medal from President Alfonsín, but now someone from the same bloodline is receiving this honor.

Look in the mirror, young people, and ask what you are doing for yourselves, because what you do for yourselves, you do for the beautiful country of Argentina.



From left to right: Hugo Flores, representative of the IDB; Dr. Carlos Magariños, CEO-Global Business Development Network; Rodolfo De Vincenzi, President of UAI; Raúl Diez Canseco Terry, former Vice President of Peru; Luciana de la Fuente de Diez Canseco, Universidad San Ignacio de Loyola director; Ignacio Diez Canseco; Cristóbal Diez Canseco; Dr. Edgardo De Vincenzi, President of the World Confederation of Private Education; Cecilia Plorutti de Alfonsín; Raúl Alfonsín, member of the Argentine Congress; and Juan Schiaretti, former Governor of the province of Córdoba.

**Presentation of
The Art of Being an Entrepreneur
Lima, Peru
Wednesday, April 24, 2013**



RDC gives, from the podium, the keys to success contained in his book.

"If I can convince you young people that you can be the driving force behind your own success, then I will have realized my dream: to make Peru a country of entrepreneurs."

On the evening of Wednesday, April 24, on the Universidad San Ignacio de Loyola campus in the Lima district of La Molina, this institution's education community gathered in an auditorium filled with personalities from the academic, business, diplomatic, political, ecclesiastical and other spheres. The occasion was the presentation of the book titled *The Art of Being an Entrepreneur*.

At the start of the event, those present observed a minute of silence in honor of the recently deceased historical leader of the Partido Aprista Peruano political party, Armando Villanueva del Campo. His daughter, Lucía Villanueva, thanked them for the gesture and for the distinctions he had received in life.

The key moment was when speeches were given by Lourdes Flores Nano, former Peruvian presidential candidate and leader of the Partido Popular Cristiano (PPC) political party; Luis Lauredo, consultant on international relations and former U.S. Ambassador to the Organization of American States; and Carlos Magariños, former Director General of the United Nations Industrial Development Organization.

Lourdes Flores Nano

Former candidate to the Presidency of Peru

The Art of Being an Entrepreneur is an autobiographical work that tells us about different facets of Raúl Diez Canseco's life. However, it has the quality of putting each circumstance into perspective and discussing it objectively. Of course, the book begins with his entrepreneurial passion in the field of education: the San Ignacio de Loyola Organization. How important it is to see a continuously evolving private entrepreneurial undertaking with plans for the future in our country, which so urgently needs high quality education. This educational undertaking with its four-decade long history perfectly portrays the author, and the book portrays it with enormous passion.

In this book, Raúl also tells us about the other field in which he was entrepreneurial and innovative: the franchise business, a field that draws upon business experiences in other countries and replicates them according to strict standards. Raúl's career in business was innovative in this aspect. Today, franchises are multiplying in every field.

The book does not relate what is happening now, but rather what took place 30 to 40 years ago when the

franchise business was new in Peru, when the country was not yet looking at the world as a setting in which to operate. The book teaches us and shows us the success that comes from being entrepreneurial, making Peru a place where capital investors can come to deal with domestic investors, bringing with them high standards of quality that this work also discusses.

As one would expect of him, in this book Raúl opens his heart and tells of his passion for politics, showing generosity and gratitude toward two people whose example has always guided him: Fernando Belaunde Terry and Violeta Correa de Belaunde. I invite you to read the pages on which a grateful disciple expresses veneration and respect for his mentors.

The Art of Being an Entrepreneur is a magnificent message for the young people here this evening. Many of you are probably aware of Fernando Belaunde as a relevant historical figure who will not be forgotten. But let's not forget other pivotal figures, such as longtime leader Armando Villanueva. He was one of those politicians that defend ideas and values, those who would give their lives for a political cause for the common good. That is the kind of politics we must recover, that of greatness, of noble thought, of ideals to defend.

Raúl, the pages of this book show the greatness of a man who governed Peru on two occasions, Fernando Belaunde Terry, as well as that of an extraordinary woman who accompanied him, doing much and saying little, fulfilling her role and winning the hearts of Peruvians and foreigners, our well-remembered and well-loved Violeta Correa.

This book also tells about Raúl Diez Canseco as the Vice President of Peru, narrating the challenges, ups and downs, and difficulties of those times. Two aspects of that short, complicated period particularly made an impression on me. The first was his work with the United States as Vice President and Minister of Foreign trade in relation with the preliminary negotiations on the APTDA, an agreement that paved the way for the free trade agreement. Once more, this is one of those things worth looking back on, because once they have been accomplished and seem natural, the initial steps are frequently forgotten. In that regard, this book is an extremely valuable historical record of a moment in our economic life when we let go of our complexes and fears and decided to be winners in the world.

Looking back on those times that are not so distant, but were important due to the political decision to take a different direction, is useful for remembering that path taken by Peru which should be irreversible. That line of economic correction and openness to the world should not be abandoned, and we Peruvians should thank those such as Raúl Diez Canseco whose public service opened that road, breaking down barriers, establishing criteria and taking bold steps that fortunately led to the opening up of the nation.

No less interesting and impactful are the pages that describe a complex phenomenon that also left its mark on the national destiny: the *Arequipazo*, the protest held in Arequipa against the privatization of the hydroelectric plants in southern Peru, specifically in Arequipa. It was a very important and difficult time for a statesman who offered to be a negotiator, travelling to Arequipa with a delegation to get to the root of the problems hindering a solution. It was a fundamental

moment because it reflected the work our country still has ahead on such enormous problems as violence. Here there are lessons from a statesman who learned to make decisions on his feet.

Raúl was quite right to call this *The Art of Being an Entrepreneur* and to show us his dedication, effort, drive and entrepreneurship in the field of education and business, as well as in his equally entrepreneurial work as a statesman. That is what it means to be an entrepreneur. Being an entrepreneur is daring to begin. It is moving things forward, breaking with the *status quo*. It is looking forward, and this university wants its young graduates to leave its classrooms prepared for that challenge. In this book, specifically in pragmatic matters and events that have occurred over our short history, aspiring entrepreneurs can find lessons, teachings and the challenges that lie ahead.

I believe this work is the message of a man of action, of an entrepreneur. It is the autobiographical testimonial of a life dedicated to entrepreneurship, as well as a call to youth to never stop being entrepreneurial. It is a call to make our country a great country of entrepreneurs, of men and women shaped by their work, shaped by their effort, taking on challenges, believing in ideals and defending them. Your work inspires all of this, Raúl, and we thank you for that. *The Art of Being an Entrepreneur* will undoubtedly be a terrific manual for those who really want to be entrepreneurs in Peru.

Carlos Magariños

I sincerely invite you to take advantage of this work because it is a good way to connect with the direct experiences of someone who has had the privilege and

has known how to take advantage of the opportunity to produce changes and implement initiatives in different fields. In the future, I believe we are going to need more and more entrepreneurs in politics, not only to formulate good policies, but also to implement them, to introduce innovations, to expand citizens' social and political rights in the economy and in private enterprise, to find new forms of cooperation between companies and between business and the public sector, to increase investment, commerce and business opportunities. We are also going to need more and better entrepreneurs in social action, social entrepreneurs who without seeking financial gain, manipulate the strengths of communities to improve the performance and results of those who live in them.

In his book, Raúl gives us many examples of how that can be done, through politics, business or social action. I would like to tell this story in particular: the story of alpaca and vicuña yarn producers in Huancavelica. Because that was what caught my attention in the first meeting I had with him. I was beginning my second term as Director General; Raúl came to greet me as a matter of protocol and took the opportunity to mention the case of the wool producers in Huancavelica.

I wondered where Huancavelica was. At that time I didn't know that that was where some of the poorest farmers and livestock breeders in Peru lived and worked. But this man convinced me to visit that place and invest money to change the way those people worked. They sheared their animals with pieces of broken glass and sold the fleece by weight. I confess that, as a result of this program, I became very famous in London and in many countries that import vicuña and alpaca fleece, and those producers began to earn more money.

They increased their income due to the introduction of machinery that enabled them to sort yarn according to its thickness instead of selling it by weight. That, I believe, is the important message of this book: being an entrepreneur means bringing about change to generate social, economic or political gain.

I was able to see and participate in many of the initiatives that Raúl implemented in the public sector, and now I also have the privilege of accompanying him in many of his initiatives in the private sector, which always have a purpose and a significant social responsibility component. Therefore, I invite you to read this book, because it is an extremely relevant book for understanding how these matters can be articulated in a practical manner to generate concrete benefits for people.

However, there is another reason for inviting you to read this book, one that has to do with one of the longest-running discussions: Why does the market economy produce so few entrepreneurs? Why does capitalism produce so few capitalists?

Last year was the hundredth anniversary of the work of Joseph Schumpeter on this subject, in which he told us that the most important part of a market economy is the “creative destruction” that entrepreneurs carry out. Those changes in production processes and business models, the incorporation of technologies (...) They have a different way of seeing things. Where we all see a problem, they see an opportunity, a way to change the dynamics that generates gains (economic or social), changing the way in which things work. I see this as a first-person contribution, a humble, generous contribution, related to how entrepreneurs are shaped

and how they grow, based on enormous will. In addition to what we learn at the university (which is considerable, very valuable and very necessary), one needs tenacity, decisiveness, commitment and courage to overcome challenges. I see this book as a great, very valuable, heartfelt testimonial, because it has not been easy for Raúl to overcome those obstacles in his career.

In the future, I am sure we will need many more entrepreneurs, because we are living in times of rapid change, where new technologies that change the economic model appear. Where the categories established yesterday are no longer valid. Where there are new information and communication technologies, new technological developments that are applied to other sciences and fertilize technological developments in other sectors. Entrepreneurs are called upon to bring order to that process, generating social and economic gain. I believe it will be essential, because we live in an era of change, a true change of era.

Today, you face a completely different situation, a world where, for the past four years, seventy percent of the world economy has been based on emerging economies. A world where a period of great stability in the more advanced industrial economies is over and the debt super cycle has ended, where any explosion of an asset bubble could be financed by recurring to a new level of indebtedness. It is a world where a new global middle class based in emerging countries is forming.

If you calculate the middle class population as of the year 2010, people who spend from 10 to 100 dollars per day, you will find that 54% of that population lived in Europe and the United States in that year. In the year 2020 (in only 7 years), when you have graduated from

the university and are embarking upon your careers, the world middle class will have grown 60%, from 2 billion people in 2010 to 3.2 billion people, and 54% of those people will live in Asia. They will be asking for new business models, new products, and, once again, there will be entrepreneurs to deal with those new business models.

Perhaps you remember the names of some truly surprising business models you have read about in economic journals or English language magazines. For example, remember this name: Mechanical Turk. It is a company that didn't exist six years ago and that today employs half a million people in 118 countries who work when they choose, for the amount of time they choose and who are not subject to the ordinary operating routine of a traditional company. Or perhaps you remember this other name: Ali Baba. This company, which in two or three years may become the most valuable company in history, is simply a company dedicated to electronic commerce on the Internet.

Therefore, I think it is important that Raúl Diez Canseco has poured his professional experience in politics and social action into this book.

Luis Lauredo

Consultant on international relations and former U.S. Ambassador to the OAS

Leonardo Da Vinci said that brevity is a virtue, so I'll only say two things. I've known Raúl during his best times and his worst, but much more importantly, I've known him during normal times, which are the majority of the years and truly define a human being.

If the true joy of living is not being successful, but rather being fruitful, then Raúl, you must be the happiest man in the world. As this book reflects, your life has been nothing but sowing and reaping, in your family life, friendships, companies, public service and devotion to God. It is the result of opening doors.

I congratulate you, Raúl, because your art of being an entrepreneur has made it possible to build cathedrals.

Raúl Diez Canseco Terry

I will never forget the ceremony during which this university paid tribute to the patriarchs of Peruvian democracy, among whom was Armando Villanueva del Campo, the historic leader of the Aprista party and whom we remember again today following his passing. The presence of those wonderful personalities motivated me to state that Peru had to find major points of agreement to strengthen our democracy and make Peru a feasible country. This was the common ground between Armando Villanueva and me in recent times and through his last days. Almost every week, he invited me to his house to insist stubbornly, "Raúl, you have to look for points of agreement. Don't forget that it's necessary to seek that common ground that brings Peruvians together."

And that search is what brings us together tonight, because it's about education. For this reason, our good friends from the Scholarship 18 program and the Callao Region must understand that if there was someone who was deeply moved to see them when we welcomed them not many days ago, it was I. At this university, there are more than 500 students from the Scholarship 18 program and 100 more scholarship recipients from the VRAE, which is the poorest part of Peru comprising the departments of Ayacucho, Apurímac, Huancavelica

and Cuzco. And what is the Scholarship 18 program? It is a program open to the poorest high school seniors in Peru. They are outstanding students who are hard-working, entrepreneurial and persistent.

I wanted to begin with the issue of education because without it, there is no future. President Belaunde taught us the only way to distribute wealth in a poor country like Peru is through the fair and equitable distribution of knowledge. Without knowledge, there is no future. It is something that isn't given to you; it is something you acquire, that you learn and that is the result of your effort to be observant because you have opportunities right around the corner.

It has been said that entrepreneurship is born out of necessity or opportunity. Undoubtedly this is true. I can bear witness to it. My father lost his job and I had to do something, but what could a 20-year-old do? It is not something easy to determine, but a clear goal was needed, so we decided to prepare 20 students to take their university admission tests. In the end, 16 of those 20 were accepted to the university. I remember well that while many of my friends from the university spent the summer going to the beach and having fun, my sister, Charito, and I had to teach classes Sunday through Monday, since admission tests were given on Sundays.

Subsequently, during the times of persecution by the military regime headed by General Juan Velasco in the seventies, I left the country to live in Ecuador. There, I noticed the Kentucky Fried Chicken business and thought, "If this is a success in Ecuador, it could work in Peru." I put great effort into learning about the business. In those days, we didn't have computers or the Internet, so I had to go to the United States

consulate to find out who the owners were. After several days of searching for information, I found out who owned the business and wrote them some 30 to 40 letters. Don't think that when you write to one of these big companies, they'll answer you the next day. It's not going to happen. However, I was persistent and after I don't know how many letters, they sent me a large packet of papers indicating their requirements.

Of course, the letter informed me that in my country, Peru, there were many important people who had already requested the franchise. The form had to be filled out in English and there was a very important section where they asked how much money you had to invest. A franchise is an investment and I didn't have money, so rather than completing that part, I decided to tell them the story of my life and the reasons I wanted to bring the Kentucky Fried Chicken franchise to Peru. I told them that if they gave me the franchise, I would run the business myself. I realized that in those days, the Americans were not so interested in finding someone with money, but rather someone committed to the franchise. When the Kentucky Fried Chicken representative came to Guayaquil for an inspection visit, I met him and we became good friends.

He said to me, "Raúl, we're going to send a letter to the interested parties in Peru before the 1980 elections." However, nobody wanted to invest in Peru at the time; they wanted to see what happened as a consequence of those elections. I told him that if they gave me the franchise, I was definitely going to open a store and I would do the cooking myself. So he set a date. I didn't wait for another letter; I made a trip to Kentucky Fried Chicken headquarters. That day, when he saw me sitting there waiting for him, he couldn't believe it. He

knew I didn't have the money, so he gave me an option. "Raúl, you have 90 days to find a partner." Upon my return to Peru, I found no takers. "You're crazy!" people would tell me. "You want somebody to give you 200 thousand dollars to bring a system here to cook chicken when Peru already has El Rancho, La Granja Azul, broaster chicken, and grilled chicken on every corner..." I persevered until I was able to convince someone and we obtained the franchise.

In nine months, sales totaled over a million dollars. Later on, there would be another stroke of fortune. My contact, with whom I had a good relationship, left Kentucky Fried Chicken and became the vice president of Pizza Hut. Later on, both would be owned by PepsiCo, but that was not the case at the time. He had seen the effort I had put into the business; I had gone to the United States for six months to learn how they cooked chicken, how they cut it into nine pieces, etc. For this reason, I was given the Pizza Hut franchise practically for free and, less than a year later, I was given another franchise. To make a long story short, Burger King came next. Burger King sold so many hamburgers the first year that there were no Peruvian bakeries that could keep up with our demand. We had to fly hamburger buns in from another country because the local production was not enough to fulfill our needs.

Bembos did not exist yet. Chili's was a franchise that we saw operating in Ecuador and we brought it to Peru; the last franchise we brought was Starbucks. I'll never forget that when we spoke with the Americans, they said it was expensive coffee and that it would have to be sold in the Miraflores or San Isidro districts. "We'll give it to you, but that's the market," they said. Well, now Starbucks is in north Lima, where the products are sold at the same prices and in higher volumes than in Miraflores or San Isidro.

Peru changed, and young people, I want to transmit the message that success has nothing to do with money, but rather with opportunities, conviction and, above all, passion and grit. I say this because at some point you are going to fall. Luciana taught me not to be afraid to climb the mountain, and when she talked to me about mountains, she was trying to illustrate the dilemma that arises when one is climbing to the top and falls. You have two paths. You say, "This is it," and go no farther, or you pick yourself up, take a deep breath, and continue on until you reach your goal. There is nothing in this world that can't be achieved with effort and perseverance.

Today this university, whose foundations were laid 45 years ago with 20 students, has more than 15 thousand students in different programs. Do you know why we haven't been able to grow more? Due to a lack of infrastructure and, of course, economic resources. But there is good news. Tomorrow, the President of the Inter-American Development Bank (IDB) is coming to sign a loan agreement with Universidad San Ignacio de Loyola. This is the first time a private university in Latin America has received such a loan. And why is it being given to us? Because we have had a certificate of good conduct, thanks to our faculty and especially to our students. When we told the President of the IDB about the social responsibility work we do with young people in the Callao Region and the Apurímac and Ene River Valleys (VRAE), he couldn't believe it.

We have a great challenge ahead, and keeping Peru moving forward will depend on us. We must understand that there is no way to sustain growth without skilled labor and adequate human resources. Therefore, we are concerned when we look toward the provinces outside the capital because their growth from year to year is incredible. Go to Trujillo, Chiclayo, Junín.

Everything I have done in my life has been in search of solutions to problems, like when I went to see Violeta Correa at the beginning of President Belaunde's second term to offer her corn. I had over 10,000 ears of corn that had not passed the quality control process that KFC required of its suppliers. They were not spoiled, but the kernels were not in complete straight rows as required. My mother had suggested that I offer them to Violeta. In those times, there were floods in the northern part of the country and droughts in the south. Remember that the El Niño phenomenon destroyed half the country in 1983 and the GDP fell 10 points that year. Violeta told me, "Thank you, Raúl, but I want to ask you a favor. You have experience with Kentucky Fried Chicken and you know how a large-scale food system should be run." I told her I would help her and she added, "I want you to consult with the Americans as to how I can go about getting them to transfer technology to my family kitchens program because I want to provide 100 thousand servings per day."

Do you know what I did, in addition to asking permission from Kentucky Fried Chicken to use their know-how? The following day, I resigned from the position of general manager of Kentucky Fried Chicken and went to work with Violeta Correa.

It is time for us to look in the mirror and think seriously about what we are doing for ourselves, because from what we do for ourselves, our country benefits as well. If I can convince you young people a little bit that you can be successful by having principles and values and always being observant, I will have accomplished my mission. Only then will I realize my dream: to make Peru a country of entrepreneurs.



From left to right: Luis Lauredo, former U.S. Ambassador to the OAS; Raúl Diez Canseco, Founding President of USIL; Dr. Lourdes Flores Nano, member of the Board of Directors of USIL; and Dr. Carlos Magariños, CEO of Global Business Development Network.

SMEs Employ 67% of the World's Workforce Guangzhou, China, November 2013



At the Global Summit of SME (Small and Medium-Sized Enterprises) Leaders.

Small and medium-sized enterprises employ 67% of the world's workforce; that is, nearly seven out of 10 people in the workforce develop their potential in this business network, which means that it is necessary to promote new global and interactive mechanisms for the worldwide creation of more SMEs.

So stated former Vice President of Peru Raúl Diez Canseco Terry, within the framework of the Global Summit of SME Leaders (GASME). The summit held in Guangzhou, China brought together Chinese business

leaders and world political leaders, including Bill Clinton, former President of the United States; Jean-Pierre Raffarin, former Prime Minister of France; John William Ashe, President of the United Nations General Assembly; and Carlos Magariños, former Director General of the United Nations Industrial Development Organization (UNIDO).

Developing and emerging economies promote debate and discussion in relation to the search for creative, pragmatic policies aimed at solving new global problems facing micro, small and medium-sized enterprises. That is GASME's objective.

"Consequently, pragmatic policies are necessary in order to improve the ecosystems in which SMEs are created, as well to establish financial resources that make it possible to foster them," he remarked, adding that "China is the best example of a pragmatic development model. Following the death of the leader of the Chinese revolution, Mao Zedong, the pragmatic route promoted by Deng Xiaoping prevailed in the 90s. At the end of the day, being pragmatic has meant more than two decades of continuous growth to the Asian giant. Ideological sympathy gave way some time ago to professionalism and competition as the prevailing criteria."

Raúl Díez Canseco, who is also the Founding President of the San Ignacio de Loyola Education Organization based in Lima, Peru, expanded upon his comments, maintaining that micro and small enterprises are the productive network of modern nations. He said that this was understood early on by countries like the United States, whose Small Business Administration fosters small enterprises.

"In a global society, the State fulfills its role by facilitating free trade agreements, connecting market niches, and strengthening training, technical assistance, and

the universities' entrepreneurial movement. This is because entrepreneurship needs the institutionality of support and laws that give it a legal framework. Some call it the adequate ecosystem," he explained.

During his speech, he also stated that if there are no State policies, there will be little that can be done to help entrepreneurs grow. "State policies must provide for the development of a business mechanism where the State becomes the broker of MSEs and SMEs. What does this mean? It means that it must facilitate the process of establishing closer ties with different markets."

On another occasion during his visit to China, he presented his book, *The Art of Being an Entrepreneur*, at Beijing International Studies University. There, in front of an auditorium full of students, he indicated the keys to entrepreneurship. In addition to willingness to learn to be an entrepreneur, one needs foresight, passion, creativity, perseverance and capacity for teamwork.



November 2013. Raúl Diez Canseco presents his book, *The Art of Being an Entrepreneur*, at Beijing International Studies University.

The Future of Europe Should be Based on Entrepreneurship

Paris, France

Friday, January 10, 2014



With authorities and members of the Institut Supérieur du Commerce (ISC), led by Andrés Atenza, Director General of ISC Paris, with which San Ignacio College in Miami, Florida, USA signed a cooperation agreement. The Rector of USIL, Ramiro Salas, is also pictured.

In front of an auditorium full of young students of the Institut Supérieur du Commerce in Paris, France, the Founding President of the San Ignacio de Loyola Education Corporation (Lima, Peru), Raúl Diez Canseco Terry, presented his book, *The Art of Being an Entrepreneur*, in which he passionately relates accounts of his entrepreneurial experiences and successful cases over his 45-year career in business.

“France refreshes the ideals of liberty, equality and brotherhood for us, and renews the spirit, inspiring us with its foresight and man’s role in the global task of promoting entrepreneurship as an alternative for

eradicating poverty and unemployment, especially among the young,” he said at the beginning of his speech.

“The future of Europe’s 500 million inhabitants should be based on entrepreneurship,” he continued. “This great nation, the continent’s fifth largest economy, in addition to its historic relevance, continues to be the most popular tourist destination on the planet. A study conducted in August of this year by the World Tourism Organization revealed that 83 million people visited France in 2012, which shows its competitive spirit in this field.” Diez Canseco Terry, who is also a former Vice President of Peru, was accompanied by Andrés Atezana and Michael Dolan, Director General and Director of the International Department of ISC Paris, respectively. Also accompanying him was the rector of USIL, Ramiro Salas. ISC Paris has a campus in Beijing, China, and ties with 172 universities in 56 countries.

As more than 500 young people listened closely, Diez Canseco supported his statement. “Aware that fostering popular capitalism is the solution to its biggest problem, unemployment, Europe sponsors—for example—the biggest SME financing program, as well as research and innovation programs such as Horizon 2020, with over 15 billion euros for the first two years.

To my knowledge, it is the largest-scale European program ever, with a 77-billion-euro budget and seven-year duration, providing financing for every phase of the innovation process, from basic research through product placement on the market. In this manner, SMEs and entrepreneurship receive special attention and recognition as a significant source of innovation, growth and employment in Europe.

At the end of his speech, he received an enthusiastic round of applause. Earlier, Raúl Diez Canseco had signed an alliance agreement with ISC Paris on the opening of a branch of the French school in Miami.

His talk in Paris followed successful presentations in Madrid, Spain; Buenos Aires, Argentina; Panama City, Panama; Beijing, China; Washington D.C., U.S.A.; and Lima, Peru.

Diez Canseco currently oversees a number of mechanisms geared toward disseminating the entrepreneurial culture and promoting the business spirit among the world's young people through global initiatives such as Foresight 2020, a member of the Global Business Development Network (GBDN).



At ISC in Paris, France.

Presentation of *The Art of Being an Entrepreneur* Panama, July 15, 2013



Among those pictured above are Noela Pantoja Crespo, Consul General of Peru in Panama; Ramiro Salas, Rector of USIL; Luciana de La Fuente, wife of RDC; and Rogelio Clark, Assistant Director General of the Instituto para la Formación y Aprovechamiento de Recursos Humanos de Panamá (IFARHU).

Raúl Diez Canseco receives the keys to the city from Roxana Méndez de Obarrio, Mayor of the district of Panama, Republic of Panama.

ENTREPRENUERSHIP, THE KEY TO THE FUTURE OF NATIONS

Beijing, Wednesday, October 22, 2014



At the Shanghai Institute of Tourism, in front of hundreds of Chinese students, the Mandarin version of the book titled *The Art of Being an Entrepreneur* was presented. Raúl Diez Canseco was welcomed by the President of SIT, Professor Nian Kang.



Raúl Diez Canseco Terry



Napoleon Bonaparte, that great politician and French military figure who lived during the late 17th and early 18th centuries, was also a great visionary who foresaw the potential of this great nation early on.

“When China awakes the whole world will tremble,” is the famous statement he made 200 years ago. But what has made this country awaken with nearly all of its potential? I propose two answers:

First, its pragmatic vision of what needs to be done to progress. Former Chinese leader Deng Xiaoping was clear about it. “It doesn’t matter whether a cat is white or black, as long as it catches mice,” he said.

Therefore, in the 1980s, the Chinese people undertook economic reforms that, in three decades, have enabled them to attain impressive continuous growth figures. Analysts and experts say China is poised to become the leading world power soon.

Secondly, the driving force of its entrepreneurs, who have created millions of micro, small and medium-sized

enterprises. Meanwhile, its global companies conquer and expand their markets and are listed on stock exchanges.

In addition to being an agricultural power, China has become the world's largest electronic trade market. In 2013, online purchases totaled over 270 billion dollars.

However, there is something extraordinary that merits mention: its inward focus. The Chinese people are intensely living their own dream; they know that tomorrow will be better than today and that the day after tomorrow will be even better for them.

Its immense population of 1.3 billion, led by a burgeoning and growing middle class, is changing consumption patterns and there is improvement in people's income.

Obviously, China has a phenomenal challenge facing it: feeding 20% of the world's population with only 5% of its water reserves and 7% of its arable land. China, with its millenary wisdom, will undoubtedly rise to the challenge.

In conclusion, Deng Xiaoping turned China into a middle-income country, and now its current leaders' challenge is to lay the foundations for the attainment of a developed nation, and to do so with stability and without social unrest.

Peru and China

I would like to express my satisfaction with the very good relations Peru has with China. We have a free trade agreement with China, which has propelled our exports over the past four years.

In the last ten years, this commercial exchange has increased exponentially, from around two billion dollars in 2004, to over 15 billion dollars in 2013.

The Peru-China FTA has also enabled us to create 637 new companies that export to China, of which 36% are microenterprises.

An interesting piece of data: in the first semester of 2014, China overtook the U.S.A. as Peru's number one trading partner.

At the same time, demand has increased for our non-traditional products, such as grapes, squid, fishery products, quinoa and maca, which together account for half of Peruvian non-traditional exports to this great country.

In summary, the Chinese market has great potential for our exports that should be explored even further.

Entrepreneurship: the key to the future

That said, I'll move on to my main topic, which is to offer this select audience the fundamental ideas presented in my book, *The Art of Being an Entrepreneur*.

It has already been presented in Madrid, Spain; Paris, France; Buenos Aires, Argentina; Panama City, Panama; Washington DC, U.S.A.; and in different parts of my country, Peru.

It is a contribution to the literature that addresses a fundamental matter in the modern world: entrepreneurship.

What lessons can the Chinese people learn from a Latin American entrepreneur and native of a country one fortieth the size of China?

I begin by stating that our profiles have something in common that in some way enables us to identify with each other: our ancient cultures.

I am from Peru, which has the legacy of the Inca civilization, the culture that contributed the domestication of some food crops that are important in modern man's diet: potatoes and quinoa.

That society also gained worldwide admiration for its engineering, as the Incas managed to cultivate rough land high in the Andes Mountains.

Inca technology is impressive due to its creativity and simplicity. Machu Picchu, which along with the majestic Great Wall of China was named one of the Seven Wonders of the World, is a true expression of our identity, strength, creativity and ingenuity.

I mention this because there is talent and a creative force that come from millenary pre-Hispanic and Hispanic cultures. I am an educator by vocation and an entrepreneur by nature. My country, I reiterate, is a developing one that is now a full member of the Pacific Alliance.

The Pacific Alliance

The Pacific Alliance (PA) is currently made up of Chile, Colombia, Mexico and Peru. It is an initiative that banks on increasing commercial and financial integration between countries that already have similar economic policies.

The four countries that make up the PA represent the sixth largest world economy, behind Germany and ahead of Russia and Brazil.

Even more importantly, the PA will be the economy making the fourth largest contribution to world growth over the next ten years, behind only China, India and the United States.

Therefore, the PA is emerging as the true Latin American giant.

However, size isn't everything. The type of policies the countries are expected to implement is also important, and here the PA also stands out for banking on integration, not only between its members, but also with the global economy.

The countries in the alliance are the emerging economies that have the largest number of free trade agreements, including, in the case of Peru and Chile, agreements with the four major economic areas: the United States, the European Union, Japan and China. This is in contrast to Brazil, for example, which does not have free trade agreements with any of them.

There is also a clear commitment to openness to foreign direct investment (FDI). According to the UNCTAD, the countries in the PA are ranked among the highest with regard to potential for attracting FDI. Although it is true that integration in terms of portfolio flows is still in the early stages, initiatives such as the Integrated Latin American Market (MILA) have the potential to create a stock exchange with a capitalization similar to that of Brazil's.

What is the long-term economic outlook for the PA?

Although the region still faces significant challenges (a high level of informality, lack of infrastructure, low quality of education), in recent years it has been heading in the right direction. A determined commitment to reforms in those areas could further increase its already high growth potential.

The presidents of Mexico, Colombia, Peru and Chile formed this bloc in April of 2011 with the intention of eliminating customs duties between their countries and as a strong, inclusive integration mechanism. Its primary objective is to create a space where free movement of goods, services, people and capital prospers.

Together, we make up the world's eighth largest economy and the seventh largest exporter. We contribute 36% of Latin America's GDP, conduct 50% of the region's trade with other parts of the world and received more than 70 billion dollars in foreign direct investment in 2012: that is, 41% of total investment in the region.

In addition, the four countries are home to a population of 209 million people, the majority of whom are young, with which there is a significant source of productive human capital.

Through regional integration, the countries in the alliance seek to generate greater development opportunities for their peoples and proclaim it an open, inclusive mechanism.

“Our mutual understanding and comprehensive agreements are focused on thorough integration of an economic, commercial and cooperative nature. Our geographic proximity, sense of multiple belonging and common language, among other factors, will foster progress,” reads an official statement issued in September of 2013.

In relation to that objective, negotiations were concluded on a 100% duty exemption, with 92% effective immediately and 8% in the short and medium term.

A trade agreement was also reached that includes chapters on market access, rules of origin, trade facilitation, sanitary and phytosanitary measures, technical obstacles, public procurement, cross-border services, telecommunications, maritime service, air transportation services, electronic commerce, investment and dispute-resolution mechanisms.

This agreement serves as a strong institutional and legal framework that gives certainty to investments free trade, and more.

The art of being an entrepreneur

This book, called *The Art of Being an Entrepreneur*, seeks to draw attention to what I consider the three factors of global change: entrepreneurship as a philosophy of life, an enterprising attitude to bring about change, and the entrepreneur as the creator of ideas for business or for social or political undertakings.

These three components interact in a global, hyper-interactive setting where nothing exists that cannot be changed, where everything has a beginning, but the end is unknown.

But what is the world map of every entrepreneur? Which ecosystem should be taken into account? It is clear that, for now, the world rests on seven pillars, which some people summarize as Western wisdom, although there will be certain differences here in China.

They are paradigms on whose framework the free, democratic, global world is sustained.

- 1. The free market economy.** The free market economy is the socioeconomic model that prevails functionally over every other model. Respected economists indicate that despite past recessions or paradigms of economic growth in an environment of globalization and structural change, market forces are what drive economic growth. There is no other way to generate productive employment and emphasize job skills other than by integrating both factors in the global economy with more investment and trade.
- 2. Culture of pragmatism.** There is no better example than China as a model of pragmatic development. This approach has brought the Asian giant over two decades of continuous growth. Today, the presence of Westerners is rarely disconcerting to anyone. Ideological sympathy has long given way to professionalism and competence as the prevailing criteria.

- 3. Meritocracy.** Those with the highest level of competencies, knowledge and effort should have positions of responsibility in the public sector. It is desirable that a meritocracy provide equal compensation for men and women with equal capacity, and that there be no need to be a relative of high-ranking individuals in the government to obtain public employment. Meritocracy guarantees the institutionality that should prevail in every guarantor State.
- 4. The culture of peace.** Gandhi said, "Violence will prevail over violence only when someone can prove to me that darkness can be dispelled by darkness." An atmosphere of peace is important not only for human coexistence, but also for attracting fresh investment and boosting a country's economy. Who invests in an unsafe, unstable country? Nobody.
- 5. The rule of law.** A factor of harmonious growth and sustainable development is the capacity to maintain sustainable public finances. In order to achieve and maintain this factor, the rule of law that guarantees fair play among economic agents is necessary.
- 6. Education.** We all know the role education plays in modern societies. It is the only way to build talent and create awareness about the world in which we want to live. Education is what is most important for every person, society or nation. Little progress can be made in this strategic field without high-quality, avant-garde education.
- 7. Knowledge of science and technology.** Scientific and technological advances have undoubtedly made it possible to improve the lives of billions of people. Here it is important to highlight the role of science, technology and innovation. China knows this.

Epilogue

The complex world in which we live, as well as incredible technological advances that transport us to an unforeseen modernity, lead us to wonder what the future holds in store for us and how we should face it.

History teaches us that no nation on its own can guarantee the stability of the world system under which we coexist.

The challenges are enormous: for instance, the demands of a growing population estimated to reach 9 billion by 2050.

Therefore, it is important to find and continuously explore bridges that join nations and peoples, rather than walls that divide them.

American civil rights leader Martin Luther King said, "Our lives begin to end the day we remain silent about things that matter."

I believe, dear young people, that universal principles, such as respect, solidarity and a commitment to dialogue as the best means to build coexistence and better institutions, are the first thing that should matter to us.

Next, we should foster entrepreneurship as a philosophy of life and financial education as a tool for the creation of wealth.

Let's not forget that the main factor of inequality in the world is unemployment, and the best weapon for restoring equality is job creation.

This is useful for every country and continent, certainly much more so in this great country whose rural areas have 400 million inhabitants to serve.

This is my message wherever I go: cities, academies, institutions, and more. Today, I've had the opportunity to convey it here at this prestigious university, in the marvelous city of Beijing, the capital of China.

Blessings to you all, from the bottom of my heart.
International Forum of Entrepreneurs.

**EDUCATING, INNOVATING, BEING
ENTERPRISING
THE CHALLENGES OF THE NEW WORLD
Córdoba, Argentina, May 2014**

Good afternoon, young people of Argentina, Latin America and the world.

I'd like to express my gratitude to the Junior Achievement Education Foundation for inviting me to participate in this important youth forum in the beautiful, historical, colonial, stately, cultural city of Córdoba, capital of the province of the same name.

Those of us who have strong spiritual and emotional ties to the Jesuits through our patron saint, Saint Ignatius of Loyola, cannot help but appreciate Córdoba for its historical significance.

It was here in Córdoba that the Society of Jesus began its missionary activity in America in 1589. For that very reason, the Jesuit estancias and centuries-old churches, along with other attractions, are highly valued by the world and have been declared a World Heritage site.

Beyond the city's social and economic significance to Argentina, here there is a portion of the historical legacy of the Jesuits that transcends borders. Therefore, it stands out as an international tourism destination.

In my country, it is well known that famous men from Argentina and other nations have strong ties to this province of Córdoba. Among them are Manuel Belgrano, José de San Martín, Pablo Neruda and Atahualpa Yupanqui. These are only some of the noteworthy personalities who have left their mark on Latin American history.

Now, here we are at the sixteenth edition of the International Forum of Entrepreneurs organized by Junior Achievement.

In the San Ignacio de Loyola Education Corporation, we identify with JA's mission and pursue its objective of educating, of instilling values and virtues in young people, and of inspiring students to develop their aptitudes and attitudes.

Above all, we believe in fostering entrepreneurial aptitudes and activities. That is the way it has been since 1996 when the San Ignacio de Loyola Corporation joined JAW.

We also share the vision and mission of fostering innovation and change in organizations and governments.

Therefore, events such as this one make it possible to exchange information and knowledge, as well as to reflect upon education, entrepreneurship, the global economy, the socioeconomic uncertainties our countries and Latin America as a whole face, and more.

Here with us are experts on these topics who will help us to generate and foster new ideas for a global world, an interconnected and fiercely competitive global world. It is a world that is interconnected by social networks, and hyper-competitive due to the power of large corporations.

I would like to speak briefly about this topic, which pertains to this century and your generation.

The technological revolution

I reiterate: we live immersed in an information explosion without precedent in human history.

In the last two years alone, 90 percent of the information in existence has been generated, and this trend is growing exponentially.

The birth of an interconnected society has led to the digitization of every aspect of human activity, through networks and mobile devices.

This digital revolution has given rise and continues to give rise to mountains of data, the majority of which is unstructured, in the form of blogs, videos, voice recordings, photographs, electronic mail messages, etc., waiting to be exploited.

Companies such as Google, Amazon, Facebook, Yahoo or Twitter burst onto the scene. These companies based their business model on the development of the capacities necessary to analyze these data and acquire differential knowledge that enables them to obtain a sustainable competitive advantage over their competitors.

They have achieved this through the development of a new technological ecosystem that makes it possible to analyze large volumes of data that are quite varied in form or structure at great speed. This is what is meant by big data technologies, which are often mentioned these days.

This phenomenon has motivated traditional industries such as banking, retailing, telecommunications, energy and consumer products to explore how these new technologies can be used as a key for opening the enormous data banks available, in order to find new solutions to old business challenges. Consequently, they are transforming their processes and developing new organizations and strategies geared toward decision making.

This digital revolution not only affects the business world: it entirely changes our society. You, the young, are the leading actors in this digital revolution.

The Arab Spring, an effect of this revolution, caused the fall of Arab rulers and dictators. The social networks were the new platforms for society's struggle for democracy.

In addition, the digital revolution activates artificial intelligence systems that help healthcare professionals to diagnose diseases and detect deadly epidemics in their

early stages. They also aid in the creation of new music applications every day that analyze our tastes in order to determine which song we might like to hear at any given time, among other uses.

All of this is fascinating, and these are only a few examples of how the digital revolution is evident in our daily lives.

The digital revolution also drives the analytical revolution that, in turn, enables specialized firms to come closer to predicting your future.

For example, companies such as Gartner—an information technology and advisory firm based in Stamford, Connecticut, with clients in 85 countries—estimate that 5.4 million jobs will need to be created worldwide through 2015 in order to take advantage of the opportunities offered by the digital revolution.

McKinsey, another firm which conducts studies on human capital, predicts that the major problem companies will face in the coming years is being unable to find professionals with the analytical skills they require.

I'd like to point out a very interesting detail to you. On the one hand, around the world there is talk of the grave crisis mankind faces due to the problem of unemployment, while on the other, a scarcity of skilled labor is predicted.

"What's going on?" we all wonder. What is occurring is that the world is entering a new age. We are crossing a bridge that will inexorably lead us to the knowledge society, which is a concept different from the information society. In the latter, cold data take precedence.

Take, for example, the information a given survey provides us. The survey reveals figures and numbers (information) that will serve in the design of strategies (knowledge) for growth and development.

In the knowledge society, only the workers with the best aptitude and attitude, more education, more creativity, more innovation and more entrepreneurship will do well.

This situation that is occurring and will occur with us as individuals will also have implications or influence on every society, region and nation. There is no escape. As thinkers say, there is no room for the weak, only for innovators.

Corporate wealth

In addition to awareness of the digital revolution that is transforming our lives, there is another fact that needs to be mentioned: the wealth of large corporations.

The worst financial crisis since the stock market crash of 1929 shook the business world in recent years. However, the large international companies have managed to weather the storm and even come out of it stronger. In some cases, such as Apple and Google, companies have taken off during these years of crisis and are currently in a privileged position for conducting their corporate operations.

According to Bloomberg data in the news, at the end of 2007, Apple had a market capitalization of 118.92 billion euros and was not ranked among the 20 largest companies.

Today, it is the largest company in the world, with a market capitalization of 370 billion, more than triple what it had seven years ago. If we convert the euros to dollars, Apple's capitalization is close to the gross domestic product (GDP) of Argentina, which is US\$ 490 billion.

Google is the third largest company according to the ranking, with a market capitalization of 259.761 billion euros. From the perspective of the origin of companies,

according to Bloomberg, U.S.-based tech companies held the top positions in the ranking of the world's 50 largest companies in terms of market capitalization, at the close of 2014.

In second place, between Apple and Google, is the oil company ExxonMobil, with a capitalization of 318.1 billion euros. These companies are followed by Microsoft, Berkshire Hathaway (the company headed by American business magnate Warren Buffet) and the multinational Johnson & Johnson, which ranks sixth.

The world's seventh largest company is General Electric. The pharmaceutical sector worldwide is also undergoing a concentration process, with large companies seeking to grow even further by buying out competitors, etc.

The annual Forbes ranking of the world's 200 largest companies includes Chinese companies. The Asian giant has five companies, the majority of which are financial entities, among the top ten.

A Chinese bank, ICBC, tops the Forbes list with a market value of 142.17 billion euros. That is, this Chinese bank is worth approximately the GDP of my country, Peru, at over 200 billion dollars.

Another Chinese bank, China Construction Bank, is the second most valuable company in the world. PetroChina and the Bank of China are also listed among the top ten.

Dear entrepreneurs

I make these points because every entrepreneur, whether business or socially-oriented, needs to take note of the global, regional and local ecosystems in which he or she operates.

This is fundamental because it is the sheet music the orchestra must follow. It has to do with business opportunities, market trends, changes in consumer preferences, labor costs, etc.

Familiarization with the global ecosystem is critical because the market is the world.

Let's take a brief look at the status of the global engines:

Global engines

That China would overtake the United States in the long term was a safe bet that experts were already predicting at the beginning of the 21st century. However, that it could occur this soon was not easily predictable at that time.

According to data gathered through 2011 by the World Bank, the GDP of China, adjusted for purchasing power parity, is much higher than previously calculated. By the end of 2011, the Chinese GDP was equivalent to 87% of that of the United States.

Only six years before, that figure was 72%. The International Monetary Fund estimates that from 2011 to 2014, China will have cumulative growth of 24%, compared to 7.6% for the United States.

This means that China would surpass the U.S.A. as the world's largest economy this year.

To everyone's surprise, the National Bureau of Statistics of China has criticized the methodology used in the calculations, and different sources of information indicate that its authorities refute the results. Apparently, Beijing is not anxious to be the leading world power.

Techniques for interpreting charts and statistics aside, in the real world the influence of the Asian giant is highly important for the world's supply of all sorts of goods and the economic activity of emerging nations.

More than 1.3 billion consumers and a middle class on the rise lead us to think about the potential of Chinese economic

power, and even more so about the potential of the Chinese market. If we also consider India and its population of over a billion, the possibilities are very appealing.

Undoubtedly, China continues to be a poorer country than some other nations. For example, China's per capita income is only one fifth that of the United States. However, there is no doubt that it now tacitly exercises global leadership in a number of ways.

Europe

Europe is the other world engine. However, currently, its economic recovery is fragile, unsteady and fragmented. Of course, there is disparity in this situation; while Germany maintains moderate but steady growth rates, France, Spain and Italy appear to be facing a situation of nearly zero growth.

Their GDP is increasing very little, and job creation is very limited or nonexistent. This is the social and economic landscape depicted by European Commission forecasts. The European monetary area has definitely split into two large blocs. On the one hand, there is Germany, and on the other, almost every other country.

The main reason for the fragile recovery with very little new employment is the economic austerity imposed by economic policies that increase spending, investment and monetary flexibility during periods of low growth, such as the current one.

The results of the austerity measures imposed by the European Central Bank provide cause for reflection. A wide gap has been opened between the welfare of central and peripheral countries. This is evident in the fact that the increase in Germany's GDP is 13.8 points higher than that of other European economies.

U.S.A.

The third major engine is the U.S.A. It is undoubtedly the leading player in the global financial system and will continue to be for the foreseeable future. In spite of everything, the U.S. economy is still twice the size of the Chinese economy.

Janet Yellen, chair of the Federal Reserve, has established economic limits. The transition process from the origin of the financial crisis of 2007 to monetary normality in the United States will be gradual, in addition to adherence to the plan to eliminate subsidies.

Dear young people

As we know, unemployment is the number one concern throughout the world, and the recovery has been insufficient to bring about growth. We need more powerful recovery and development in the world in order for unemployment to drop.

What should be done? We believe that as the world changes, so do customer needs. Companies' services are geared toward strategy, technology and the digital world.

Why do people, especially statespersons, businesspersons and entrepreneurs need to carefully review what is going on in the world? I reiterate: because the **market is the world** and everything is globalized... even organized crime and its negative effects on societies.

That said, I will tell you what entrepreneurship means to me. I discuss this in my book, *The Art of Being an Entrepreneur*. Entrepreneurship is a philosophy of life, a way of being, a code of conduct that, in the effort to make an ideal, an objective or a dream a reality, combines rationality and emotion, as in every art.

Why reason? Why Passion? Reason, in order to minimize risk when one takes on a project with resolve, and passion in order to make possible what others see as impossible. Entrepreneurship is the alternative or response to the challenges of the 21st century: strikes, unemployment, poverty, inequality, social and technological gaps, etc.

That is how those governing and those governed now see it, which is why State policies have been put in place to foster entrepreneurship.

Epilogue

Becoming educated, innovating and being enterprising are the challenges we need to meet in order to face the new world.

Without high-quality education, there is no progress. In this global village, the education of human capital is closely related to economic growth. We should not forget that.

One only has to look at academic results from Asian countries. The majority of those holding foreign doctoral degrees in science and technology in the United States are from China, Japan, Korea and Southeast Asia.

Obviously, contributing to this phenomenon are institutional factors such as bonuses and incentives for the top students, who attend leading universities from which public as well as private sector leaders graduate.

Adam Smith discussed the relation between human capital and economic growth in *The Wealth of Nations* (1776). In this work, he stated that the fundamental source of progress and welfare is improvement in workers' qualifications.

However, the concept of "human capital," which refers to the productive capacities of people as generators of wealth, as a result of expansion of their knowledge, was not formalized until the 20th century.

Since then, studies have only confirmed that the key to all growth is high-quality education at universities, research centers and business schools.

Therefore, we can state that the key to economic growth is the education acquired at institutions of higher education. One only has to look at the partnerships between Silicon Valley, SMEs, Hollywood and science to see the impact of university-company partnerships.

This situation also exists here in Argentina, most clearly in the field of biotechnology. There is certainly much to be done, but it is now being done. Companies and States run the risk of stagnating even in productive stages if there is no ongoing self-analysis.

Friends, what I have described are challenges which the new world—that world in “unstable equilibrium” in which we live—presents us in the fields of knowledge and competitiveness.

These are the challenges that obligate us to continue striving and to build solid human capital that is increasingly united and essential for a better future.

I'll close, as I do in innumerable talks and conferences I give throughout the world, with words spoken by President John F. Kennedy in 1961 when he was inaugurated as the president of the United States:

“Ask not what your country can do for you; ask what you can do for your country.”

God bless you.



Displaying 2 copies of *El arte de emprender* (*The Art of Being an Entrepreneur*), Luis Alberto Moreno, President of the Inter-American Development Bank (since July 2005), and the Founding President of the San Ignacio de Loyola Education Corporation. Dr. Moreno remarked, "Few people have as much to teach in terms of capacity for entrepreneurship in Peru as Raúl Diez Canseco. *The Art of Being an Entrepreneur* is a book that gives a detailed account of the story of a young man who had a dream, went after it and didn't stop until he had made it a reality. Moreover, it is the life story of an entrepreneur who, inspired by great personalities and not satisfied with having created new businesses, continued pursuing new horizons to help his community, as he has done with Universidad San Ignacio de Loyola."



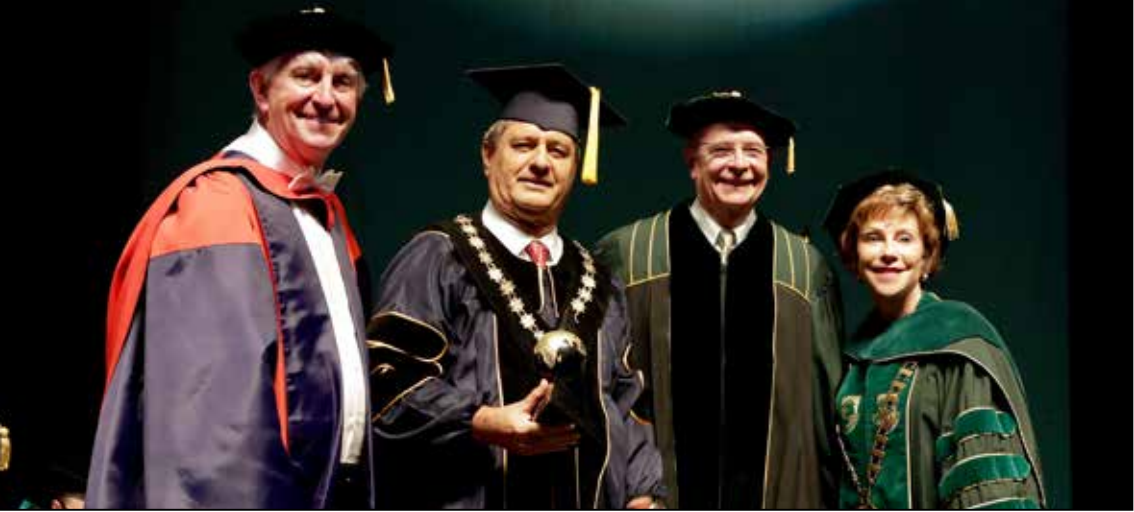
Events

March 2014, Sao Paulo, Brazil. Speech given at the international seminar organized by the Spanish Foundation for Analysis and Social Studies (FAES): "Democratic responses to social demands from the reformist center". Former Prime Minister of Spain José María Aznar is the President of FAES.



Monday, June 8, 2015. International conference titled "Water and Sanitation: a shared challenge in Latin America", organized by the Spanish Government and the Inter-American Development Bank (IDB). The event was officially opened by His Majesty King Felipe VI. Top Latin American authorities were also present to publicize the Water and Sanitation Cooperation Fund (FCAS), created eight years ago as an innovative Spanish cooperation instrument. Since its creation, the fund has fostered more than 66 programs in 19 countries in Latin America and the Caribbean, with 1.276 billion euros in investments. The FCAS is expected to benefit a total of 3 million people directly.

USIL recognizes global leadership in education



August 8, 2015. Filled with emotion, as he is every time he sees the Peruvian flag waving at important international events, Raúl Diez Canseco Terry waved his country's flag from the University of South Florida (USF) podium, upon receiving the President's Global Leadership Award from USF President Judy Genshaft. At this impressive event, the Founding President of USIL was honored for his contribution to leadership and innovation in education at the global level. The President's Global Leadership Award is the highest international honor USF awards, recognizing the work of those who create innovative educational programs that provide greater academic opportunities for young people. "I'm very pleased to be able to display the Peruvian flag, that red and white flag that symbolizes struggle, the struggle that contributes to and embodies knowledge and development," said a visibly moved Raúl Diez Canseco Terry, upon becoming the first Peruvian to receive the Global Leadership Award. "Here, from a podium in the country of the 'American dream', I want to tell Peru's youth that you have the opportunity to achieve greatness in this changing world. The message is that you need to be enterprising, and that is the leitmotiv of this institution," he added. The event took place on Saturday, August 8, with over 2,800 students from the University of South Florida and more than 10 thousand guests in attendance, including family members and friends of recent graduates. USF is located in the city of Tampa, on the west coast of the U.S. state of Florida. It is part of the Florida university system and, according

to *The Princeton Review*, one of the nation's 50 best value public universities. Among those present for the event were USIL authorities, including the Rector, Ramiro Salas Bravo; Executive President Luciana de la Fuente; and CEO Juan Manuel Ostoja, among others.



With Kristi Breen, Vice President of Walt Disney International, and Ramiro Salas, rector of Universidad San Ignacio de Loyola.



With George Kalogridis, President of the Walt Disney World Resort.



January 2014, Xalapa, Veracruz, Mexico. Meeting of the Atlantic Basin Initiative organized by Johns Hopkins University's Center for Transatlantic Relations, during which topics such as economic development, cultures of lawfulness, and migratory flows were discussed.



June 2015. From June 3-5, the Atlantic Business Forum, organized by the Atlantic Basin Initiative and Universidad ABISAIS Johns Hopkins, was held in Estoril, Cascais, Portugal. This network includes around 100 political leaders, intellectuals and businesspersons, with 20 former heads of State among them. The initiative, which fosters cooperation in order to generate sustainable, integrated

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growth to provide greater access to energy and foster both human development and security, was launched by the prestigious School of Advanced International Studies, a division of Johns Hopkins University headed by former Prime Minister of Spain, José María Aznar, and the Director of the Center for Transatlantic Relations, Dan Hamilton.



July 2015. Participation in the Global New Fortune Forum held on July 5 in the city of Hangzhou, China. The event was a valuable opportunity for leaders, politicians, academics and experts to exchange views on recent trends regarding the direction of the global economy, particularly the challenges China faces in maintaining its economic leadership.

WONDERFUL QUINOA Hope for a world without hunger



October 8, 2015. Miami, Florida, United States. Peru was able to place the golden grain of the Incas, quinoa, in the Guinness Book of World Records by preparing the world's largest bowl of quinoa. Participating in the event were Peruvian chef Rosa Polo; San Ignacio College chef Nitza Mendoza; Luciana de la Fuente de Diez Canseco, President of San Ignacio College; Carlos Martínez, official Guinness World Records judge; Raúl Diez Canseco Terry, Founding President of Universidad San Ignacio de Loyola; and Dr. Mark B. Rosenberg, President of Florida International University.

Without a doubt, quinoa, the Andean grain that throughout history has contributed to optimal health and was the notable sustenance of our ancestors who built one of the world's most important civilizations, is slowly but surely transforming world cuisine, giving added value to its nutritional wealth. Simultaneously, it boosts economic activity in our rural communities, thereby improving their standard of living.

Hence the importance of this event. It reflects the socio-academic-business commitment of the San Ignacio Education Corporation to the "golden grain of the Incas." The Guinness record is only the beginning of the formalization of this new institutional work.

World-class Personalities on USIL International Advisory Committee



September 2015. The installation of the USIL International Advisory Committee, made up of outstanding, world-class professionals from the fields of education, politics, science and economics, was an important step in Universidad San Ignacio de Loyola's institutional and global consolidation. The committee's mission is to guide USIL in achieving excellence in higher education and the leadership needed to face new challenges and undergo the transformation required by the knowledge society.

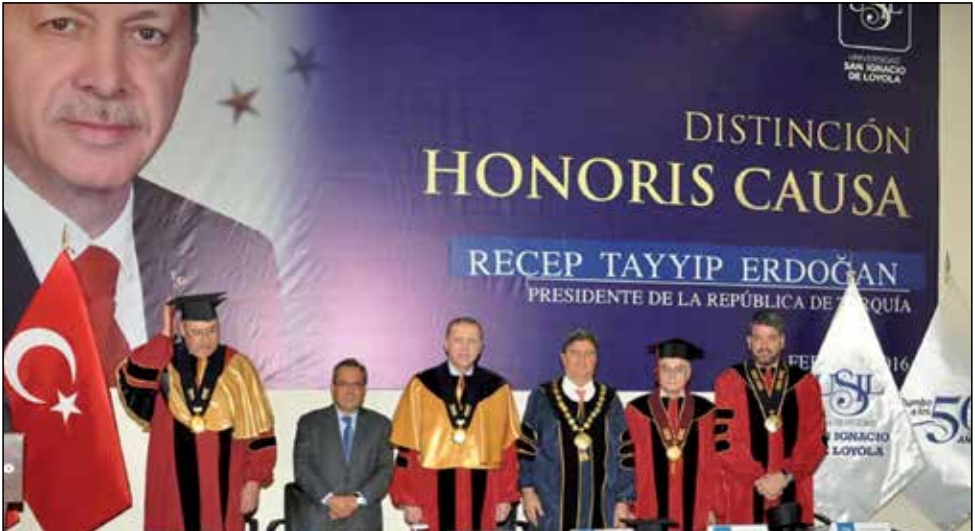
The USIL International Advisory Committee is chaired by Allan Wagner Tizón, former Minister of International Relations and Peru's representative before the International Court of Justice in The Hague in the definition of the maritime boundary between Peru and Chile. Accompanying him on the committee are José María Aznar, former Prime Minister of Spain; Enrique Iglesias, former President of the Inter-American Development Bank; Enrique García Rodríguez, Executive President of the Andean Development Corporation (CAF); Beatriz Merino Lucero, former President of the Peruvian Council of Ministers and Public Ombudsman; and Ismael Benavides

Ferreyros, former Peruvian Minister of Agriculture and of Economy and Finance; Kaye Chon, Dean of the School of Hotel and Tourism Management at Hong Kong Polytechnic University; Carlos Magariños, former Director General of UNIDO; Raúl Delgado Sayán, Founding President of CESELSA; and Modesto Montoya Zavaleta, former President of the Instituto Peruano de Energía Nuclear (Peruvian Institute of Nuclear Energy).

During the ceremony, José María Aznar applauded USIL's concern about the direction its expansion takes, saying, "This committee is a good initiative; it's another step forward in its development. USIL is a university undergoing rapid development and expansion. It is aware of the world surrounding it and the circumstances under which it must operate, and it is prepared to achieve increasingly higher goals."

Enrique Iglesias highlighted the role universities have played throughout history in the education of professionals and social and political leaders in Latin America. The ceremony concluded with a speech by the Founding President of USIL, Raúl Diez Canseco Terry, who commented on the professional and academic background of the members of the Advisory Committee and emphasized USIL's commitment to the country's development. "Everything we have done at this university has been and will continue to be for the advancement of our country's youth."

USIL Awards Doctor Honoris Causa Degree to the President of Turkey



February 2016. The President of the Republic of Turkey, Recep Tayyip Erdogan, was awarded a Doctor Honoris Causa degree by Universidad San Ignacio de Loyola, in recognition of his outstanding political career, leading his country in a complex geopolitical and economic context.

“I’m very pleased and proud to receive this distinction, and greet you with my heartfelt affection and respect,” said the Turkish dignitary during the ceremony, which was attended by the official committee accompanying him on his South American tour.

The Founding President of USIL, Raúl Diez Canseco Terry, commented that Tayyip Erdogan’s visit was an ideal opportunity to strengthen economic and educational ties “between two peoples with ancient cultures.” He added, “Turkey and Peru are two countries with a common tradition and destiny, with growing economies and good international prospects. We need to build a partnership of civilizations capable of fostering peace, equity and stability in this globalized world.”

Also in attendance were Ambassador Allan Wagner, member of the USIL Board of Directors, and Minister of Education, Jaime Saavedra, among other well-known personalities in the fields of academics and diplomacy in our country.

