

## New President, Old Problems: Corruption and Organised Crime Keep Peru in Crisis

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Christoph Heuser

## New President, Old Problems: Corruption and Organised Crime Keep Peru in Crisis

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Peru's new president, Martín Vizcarra, hardly signals a fresh start for the country. The crisis of the past two years, which brought Vizcarra into office in March this year, is the consequence of long-standing structural problems. Democratic institutions have been eroded and trust in political institutions has reached a new low.

- The legacy of Alberto Fujimori's authoritarian government (1990–2000) still weighs heavily on Peruvian politics. It includes a fragmented party system, weak institutions, and deeply engrained corruption. Fujimori's daughter Keiko is the head of the opposition party, Fuerza Popular, which controls Congress.
- Pervasive corruption is a central problem at all levels of Peruvian politics. Moreover, criminal structures, often related to drug trafficking, have increasingly infiltrated the political system. There is also a widespread perception of insecurity, even though the level of fatal violence is relatively low in regional comparison.
- Polls show low levels of support for democratic structures and a continuous decline in public confidence in the country's political institutions. The new president, Martín Vizcarra, is no exception. His approval rating fell from 52 per cent in May to 37 per cent in June.
- The Vizcarra government will find it difficult to pursue a coherent reform agenda. In June, only three months after taking office, its minister of economics and finance had to resign over mass protests against a tax increase on fuels.

### Policy Implications

*Increased accountability and the professionalisation of institutions will be essential to investigating and prosecuting corruption cases and to reducing the political influence of criminal structures. These are preconditions for rebuilding trust in the state. International commitments such as those made within the OECD framework are important guidelines. However, Peru's deep political and social divisions and its weak government make a quick fix unlikely.*



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## Political Turbulence

In Peru, the year 2017 ended with a bang – not because of the traditional fireworks on 24 December but because on that day then-president Pedro Pablo Kuczynski granted a pardon to ex-president Alberto Fujimori, who was in jail for human rights violations, among other crimes. The pardon came at the end of a politically turbulent year in which a number of ministers had to resign from office, including the minister of finance, the vice president, and the prime minister.

The year 2017 was also when the Odebrecht corruption scandal reached Peru. The Brazilian construction giant has used hundreds of millions of dollars to bribe politicians in Latin America. Accusations of illegal party financing and corruption led to investigations against former presidents Alejandro Toledo and Ollanta Humala, as well as against the sitting president, Kuczynski, who was accused of accepting illicit money through his firm Westfield Capital while a minister in the Toledo administration.

The allegations led to an impeachment process which Kuczynski only survived thanks to Congress representatives from the very same party that had initiated the process. This faction was led by Alberto Fujimori's youngest son, Kenji, who had directly asked the president to pardon his father. When it came to the impeachment vote, Kenji Fujimori and nine other members of the Fuerza Popular abstained, giving Kuczynski the victory necessary to stay in power. Two days later Alberto Fujimori was pardoned. The political bargain was obvious. However, political pressure on Kuczynski remained high. Kuczynski eventually resigned on 21 March of this year, in order to pre-empt his impeachment. His resignation was triggered by the release of videos showing Kenji Fujimori apparently trading political favours to secure support for Kuczynski. Ultimately, Kenji was suspended from Congress on 6 June this year. The suspension of Kenji and Kuczynski's resignation have brought the political upheavals in Peru to an end, at least for the moment.

The new government is led by former vice president Martín Vizcarra. In May 2017 Vizcarra resigned from his office as minister of transportation and communication due to alleged irregularities in the building of the Chinchero international airport. As the new president of Peru, he faces not only the opposition, but also a lack of public trust that he actually represents a break with the corrupt practices of the past. Structurally, his government has to cope with insufficiently reformed democratic institutions and a lack of institutional capacity. Both can be regarded in part as a consequence of the authoritarian Fujimori regime and an incomplete democratic transition. At the same time, Peru's public sector is prone to the influence of corruption and organised crime, which have eroded the legitimacy of the political system. To understand the recent crisis and the challenges ahead, it is helpful to recall the political legacy of the Fujimori regime.

## Fujimori's Legacy

The Peruvian state's territorial control as well as its institutional structures have historically been weak (Cotler 2005). Since the late 1960s the country has seen several transitions. The military regime of General Velasco Alvarado and Morales Bermúdez ended the oligarchic order and initiated land reforms, but these leftist-

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oriented reforms mostly failed. After a democratic transition in 1979/1980, several challenges such as accelerated social change, inequality, and the improvement of the country's infrastructure had to be addressed. The subsequent governments of Belaúnde Terry (1980–1985) and Alan García (1985–1990) could not resolve these challenges. By the end of Alan García's term, the country faced massive problems including inflation and left-wing guerrilla groups that terrorised many Andean communities and challenged the state.

Peru was thus in an economic and political crisis when a political outsider was elected president in 1990. At first Alberto Fujimori, a former university president in Lima, managed to stabilise the country; moreover, he was successful in the fight against the main guerrilla group, Sendero Luminoso, capturing its leader and virtually defeating the rebels. However, Fujimori also transformed the political system into an authoritarian one.

Fujimori blamed the “old” parties as being responsible for the political crisis and established his own legitimacy via anti-establishment rhetoric. With a “self-coup” in 1992 he dissolved parliament and jailed critical journalists. Fujimori deprived political institutions of power and destroyed democratic checks and balances. Power was concentrated in the hands of the president and the head of intelligence. Several human rights violations took place under his government, including the crimes of the infamous Colina group, a government-sponsored death squad responsible for the massacre of civilians in the early 1990s. Actions against journalists also included phone tapping or the kidnapping of regime critics. In later years, a variety of other activities came to light, including the forced sterilisation of women in order to “fight poverty.”

Various criminal acts were also linked to the Fujimori regime. For example, drug trafficking and coca production appeared to decrease under the Fujimori government, but evidence suggests that drug trafficking was in fact organised and controlled by the head of the intelligence service, Vladimiro Montesinos. Montesinos accumulated extraordinary power through a dense network of corruption and intimidation. However, by the end of the 1990s, the government's illegal acts became more visible, the economy stagnated, and support for Fujimori decreased. His re-election in 2000 was accompanied by national and international protests, and the results were disputed due to accusations of electoral fraud.

The Fujimori government was already weak when in 2000 a massive corruption scandal unfolded. Videos were leaked showing Montesinos bribing congresspeople. Seeing his power fade, Fujimori resigned at the end of 2000 – via fax from Japan. He remained in Japan until 2005, when he travelled to Chile. There he was arrested and later extradited to Peru. In 2009 he was sentenced to 25 years in prison for human rights violations.

In the aftermath of the Fujimori regime the extent of Peru's corruption networks became apparent. They involved not only members of Congress, the judiciary, and the military, but also arms dealers and drug traffickers (Quiroz 2008). The Fujimori regime had a devastating effect on Peru's political environment, leaving behind weak democratic institutions and a highly corrupt political system that was distrusted by the population. By the end of Fujimori's tenure in 2000 the party system was dispersed, weakened, and candidate-centred (Levitsky and Cameron 2003). A transition to democracy was needed and was expected by society.

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## Low Public Trust, Weak Parties

One of the main tasks during the post-Fujimori transition has been the reform of an autocratic and corrupt regime. High expectations for democratic renewal and the improvement of living conditions have accompanied this transition phase. However, even 18 years after the beginning of the transition, trust in the political system remains weak due to low political commitment, poor accountability, and high levels of corruption.

Over the last two decades, Peru has undoubtedly made important improvements in healthcare, education, and poverty reduction. The poverty rate declined from 54.7 per cent in 2001 to 20.7 per cent in 2016 (INEI 2017a). In recent years infrastructure and state presence have been improved in marginalised regions, where the only state representation had previously been the police or the military (vom Hau and Biffi 2014). Former military officials from the Fujimori regime have been removed from office and the infamous intelligence service has been reformed.

Since the beginning of the new millennium, the conditions for reform have been good. A growing economy since 2000 has provided opportunities for public investment. Governments have come into power with the promise of reforming state institutions and improving the population's living conditions. But these hopes have always been disappointed, and all presidents since Fujimori have quickly lost support once in office.

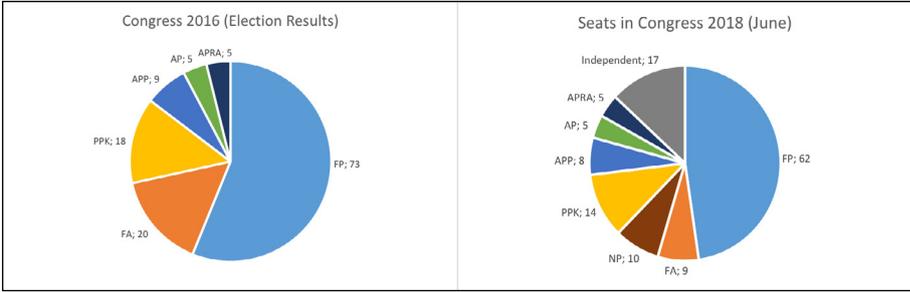
Economic policy has mainly followed the neo-liberal course initiated under Fujimori. Core problems such as the large informal sector or massive social inequality have not improved. Although poverty has been reduced overall, the rural–urban divide and significant regional disparities remain. The share of the population considered poor in 2016 was 12.8 per cent in the coastal regions, 31.7 per cent in the Andes (the “Sierra”), and 27.4 per cent in the Amazon basin in the east (the “Selva” regions) (INEI 2017a). Outside of the capital Lima and the coastal regions, accessing public institutions is difficult for wide sectors of society, and many people don't feel represented by them. Despite some improvements, in “post-Fujimori” Peru state capacity remains limited, institutions are weak, the political party system is fragmented, and reform processes are stagnant.

Peru's judicial system has one of the lowest levels of public trust within Latin America (Latinobarómetro 2017) and is characterised as inefficient, difficult to access, and undermined by corruption. Many people do not even bother to use the judicial system but instead seek alternative mechanisms (BTI 2016: 11). A common perception is that wealthy and powerful people stand above the law. Also, the Peruvian police do not have a good reputation in society. They were responsible for severe human rights violations during the 1980s and 1990s under the guise of fighting insurgencies (CVR 2003). After the end of the Fujimori administration, an initial reform in 2001 sought to transform the police from a tool at the service of an authoritarian government into a trusted and accountable institution. This attempt, however, was only partially successful (Costa and Neild 2005). The police are still marked by a lack of professionalism and limited resources. Furthermore, extrajudicial killings, corruption, and police involvement in drug trafficking contribute to low levels of public trust (e.g. *El Comercio* 2017).

Fujimori systematically weakened the political party system, which is very fragmented today. Political parties are often highly personalised, with little ideological

or programmatic grounding and weak organisational structures. Since the 1980s the share of swing votes has been approximately 50 per cent (Thierry 2016: 173).

Congress is dominated by relatively new parties. In the last elections for Congress the Fujimori party, Fuerza Popular (FP; founded in 2010), obtained more than 30 per cent of the votes. The left-wing party Frente Amplio (FA; 2013) obtained 14 per cent of the votes, and the government party, Peruanos Por el Kambio (PPK; 2014), obtained 16.5 per cent of the votes. Peru’s oldest political party, the American Popular Revolutionary Alliance (APRA), founded in 1924, only received 8.3 per cent. However, the representatives of the “new” parties are often from the established political elite, and party discipline is low. In the current term there have already been numerous changes in Congress including the separation of party alliances, which has resulted in even more extensive party fragmentation (see Figure 1). Similarly to the case for the Kuczynski government, it will remain difficult to for the new administration to form political alliances.



**Figure 1.**  
**Party Representation in Congress**  
Source: Author’s compilation.

The political discussion in Peru is highly personalised. The party system is volatile and political agendas are characterised by incoherence and a low level of continuity. This leads to short-term populist promises rather than long-term political goals. Instead of having a clear policy agenda of their own, most presidential candidates have presented themselves as “anti-Fujimori,” even though he had, until recently, been in prison for more than 10 years. In addition to these institutional and structural shortcomings, two major challenges further undermine the political system and exacerbate public distrust in the state: high levels of corruption and the collusion of organised crime with politics.

**Corruption – “What is happening in Peru?”**

When Pope Francis visited Peru in January this year, he asked, “What is happening in Peru, where each time a president leaves office he is put in jail?” (*El País* 2018). The pope was referring to the fallout from the widespread corruption scandals that had affected various Latin American countries, and which in 2017 also hit Peru. The pope’s remarks came even before President Kuczynski had to resign from office. Weak justice systems and an absence of penalising mechanisms fuel this situation not only in Peru but in a number of other Latin American countries as well (Casa-Zamora and Carter 2017; Kurtenbach and Nolte 2017).

The Odebrecht scandal revealed corruption at the highest echelons of Peruvian politics and extending to all presidents after Fujimori. It involved illegal party financing, a strategy widely used by the Brazilian construction company, as well

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as personal payments to presidents. The first president elected after Alberto Fujimori's resignation, Alejandro Toledo, is accused of having received USD 20 million from Odebrecht; he is currently evading trial and residing in the USA. His case is particularly noteworthy since he came into office based on expectations that he would change the corrupt system Fujimori left behind.

Keiko Fujimori, Alberto Fujimori's daughter and currently the leader of the biggest opposition party, is under investigation for illegal campaign financing from Odebrecht for the 2011 presidential elections. There are also strong allegations against two-time president Alan Garcia that he received money from Odebrecht. Kuczynski's predecessor, Humala, was in custody for nine months together with his wife for allegedly receiving illegal campaign financing in 2011. They were released at the end of April this year but the investigation against them continues (IDL-Reporteros 2018).

Finally, President Kuczynski came under pressure at the end of 2017 due to payments from Odebrecht to his company Westfield Capital while he was minister of economy and finance between 2004 and 2006. These allegations were used to initiate the impeachment process against him. However, it would be over-optimistic to see the impeachment process as a sign of improved accountability on the part of the Peruvian government; rather, it was motivated by narrower political interests.

Hundreds of cases at the regional and municipal levels have also revealed high levels of corruption in local politics (Carrión, Zaráte and Zechmeister 2015). Today corruption appears to be a far more decentralised and widespread problem than before. According to the latest figures from Peru's national statistics agency, the majority of the population thinks that corruption is the biggest problem in Peru at the moment, ahead of crime (INEI 2017b). In the 2016 Transparency International Corruption Perception Index Peru fell 13 ranks from the year before (101 of 176). While a commission has been established to identify solutions in the fight against corruption, its recommendations have only been partially implemented.

Such cases of large-scale corruption are not new to Peru but are rather inherent to the country's history. Income from the country's resources, such as gold or guano, have always seeped away into the pockets of officials (Quiroz 2008). The Fujimori regime developed a centralised system and a dense network of corruption led by the highest political figures of the state. This led to the creation of various anti-corruption institutions, such as the Comisión de Alto Nivel Anticorrupcion (CAN), specialised prosecutors, and anti-corruption plans.

Institutional improvements in the fight against corruption as well as the incarceration of Fujimori and high-ranking officials nurtured hopes of effectively combating corruption. However, we now see that these activities could not prevent corruption in the political sphere. While the revelation and investigation of recent corruption cases could, in theory, signal that the fight against corruption is being taken more seriously, the general perception is actually that these cases are just the tip of the iceberg. In addition, the low accountability of institutions and public servants is facilitating organised criminals' increased influence in politics.

In a recent interview with *The Economist*, Peru's new president Vizcarra said, "We need to rebuild trust by showing that public management can be done transparently and honestly" (*The Economist* 2018). Recent police operations seem to underscore this approach. On 22 May the police targeted an alleged corruption ring led by the mayor of the Ricardo Palma municipality in Lima, Ismael Zenón Fernández

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Cavero. The corruption scheme included officials and businessmen and involved the awarding of public contracts for inflated prices. This law-enforcement action has been presented as an early success for the Vizcarra administration and the new interior minister, Mauro Medina. However, long-term commitment and structural changes – including capacity building, financial support, and the increased autonomy of judicial institutions – are needed to fight corruption in the public sector.

## Organised Crime Is Undermining Democracy

A second threat to Peruvian democracy today is the growing influence of organised crime. Activities such as illegal logging, illegal mining, and drug production and trafficking have severe consequences at both the local and national levels. In marginalised areas these illicit economies are the only economic income for many people. Local communities lack not only economic opportunities but often also protection by the state. The *organised criminals* who take the lion's share of the economic profits and who have considerable influence at the regional and national levels often do not reside in the production zones. They use the banking system, among other channels, to launder their money.

Since 2016 Peru has been on the USA's black list for money laundering, which is mainly the result of drug trafficking. A report by the US Department of State criticises the fact that Peru's prosecutorial and judicial capacities are insufficient to confront the challenges of money laundering and the new fields of activity contributing to it, such as illegal mining, illegal logging, and counterfeiting (INCSR 2017: 144). The state's inability to cope with these challenges is most apparent in relation to the country's biggest illicit business, the drug economy.

Peru is the historical centre for the production of cocaine. Since the first decade of this century, the influence of drug organisations has been on the rise. Official estimates calculate that 400 metric tonnes of cocaine are produced annually. The consequences of the illicit drug trade include police corruption, urban violence, and the dependency of entire regions on drug revenues.

Public anti-drug policies have shown limited success. After a slight decrease in production in 2015, the land used for coca plantations increased to 55,000 hectares in 2016. Restrictive anti-drug policies are ineffective in reducing production, since valid alternatives to drug production are scarce and farmers stick to the higher revenues made with the coca crop. The most prominent example is the valley of the rivers Apurímac, Ene and Mantaro (VRAEM), where the majority of coca is produced. Although the VRAEM is heavily militarised, with thousands of police and military officials on hand, success in the fight against drug trafficking has been marginal at best. Similarly, interdiction operations against drug trafficking have been ineffective, with less than 7 per cent of all drugs seized by the police and mostly small-scale traffickers jailed. No less than 25 per cent of Peru's prison population has been incarcerated because of drug offenses, which represent the second most frequent reason for jail sentences following property crime (38 per cent) and contribute to prison overcrowding (Dammert and Dammert 2015: 7).

In recent years, the effect of organised crime on politics has become particularly visible; however, the collusion of organised criminals and politicians is not a new phenomenon in Peru. As noted above, under the Fujimori government Vladimiro

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Montesinos created what nearly amounted to a shadow state that was deeply involved in drug trafficking and corruption (Quiroz 2008). As head of the Peruvian intelligence service, Montesinos not only controlled a wide corruption network, but statements from ex-drug traffickers also indicate that he personally cooperated with drug traffickers (*La Republica* 2016). In addition to being accused for drug trafficking, Montesinos was charged with selling arms to the Colombian FARC guerrillas and human rights violations. While in the 1990s the “collusion” of crime and politics was centralised in Montesinos’ hands, today a broad variety of local politicians and regional governors are linked to criminal actors and involved in money laundering and drug trafficking (Ojo Público 2017).

Such examples are manifold, and 68 per cent of Peruvians hold that politics is “highly infiltrated” by organised crime, especially through the illegal financing of elections (*Proética* 2017). A number of cases have shown the connection of broader parts of the political sphere with criminal activities. In 2013 the Peruvian anti-drug police found 100 kilos of pure cocaine in a warehouse of a firm co-owned by Kenji Fujimori, the son of Alberto Fujimori. Despite these allegations, Kenji was elected to Congress in 2016 with the highest number of votes. Furthermore, in the party’s eight years of existence, three Fuerza Popular general secretaries were investigated for receiving illegal party funding, money laundering for drug trafficking, and similar charges. In the “narcoindultos” scandal, former president Alan García granted 1,167 pardons to people who had been convicted of possessing more than 10 kilos of cocaine or being members of criminal gangs (see also Dammert 2017).

A recent publication by the investigative journalist platform Ojo Público revealed that 856 persons connected to organised crime, drug trafficking, money laundering, or similar crimes had direct or indirect links to Peruvian political parties. More than half of them had links to Alan García’s APRA, and 59 people were linked to the Fujimori party Fuerza Popular (Ojo Público 2017). These connections are mostly through party and campaign financing. Also, during the 2016 national elections reports revealed several money laundering cases related to political parties (Insight Crime 2016).

Connections to crime and money laundering are visible not only for the bigger national parties but also for young political movements. During the local and regional elections of 2010 more than 670 candidates had criminal backgrounds. Similarly, in the 2014 elections, 124 candidates had been investigated or convicted on charges of drug trafficking and more than 750 candidates had convictions for violent crimes (Dammert 2017: 139-141). Despite the publicity surrounding cases linking drug money and its influence in political parties, judicial consequences remain rare. However, there are signs of improvement. In 2017 and 2018, Congress ratified new laws that restrain collusion between organised crime and politics, including restrictions on the acceptance of donations from people condemned for drug trafficking or corruption as well as anonymous donations. This year’s regional and municipal elections on 7 October will put the effectiveness of the new laws to the test.

Although the influence of illicit economies is significant, Peru is relatively peaceful compared to other countries of the region, which leads the global homicide statistics. The country’s homicide rate has grown only marginally in recent years and is, at approximately 7.7 homicides per 100,000 inhabitants, still among the lowest in Latin America. Nevertheless, crime and violence are central topics in the public debate. This debate is paradoxical, given the relatively low levels of violence

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but strong perceptions of insecurity among the population: 50 per cent of Peruvians indicate that they are constantly or nearly constantly afraid of becoming a victim of violence, and 37 per cent indicate that crime is the most important issue in the country at the moment (compared to 20 per cent in the region) (Latinobarómetro 2016/2017). In the urban regions of Peru, 87 per cent of people expect that they could become a victim of crime in the next 12 months (INEI 2018: 147).

These figures may be related to the depiction of violence in media. Even if the rates of violence are relatively low, acts of violent crime are overrepresented in local news. At the same time, other acts of crime and violence, such as domestic violence, are underrepresented (Mujica, Vizcarra and Zevallos 2016). The perception of limited support from state institutions fuels a general sense of insecurity. The level of trust in the police is among the lowest in Latin America (Latinobarómetro 2017). The state's inability to provide security and the collusion of parts of the political elite with organised criminals further contribute to the erosion of the Peruvian democratic order.

## Consequences for Peruvian Democracy

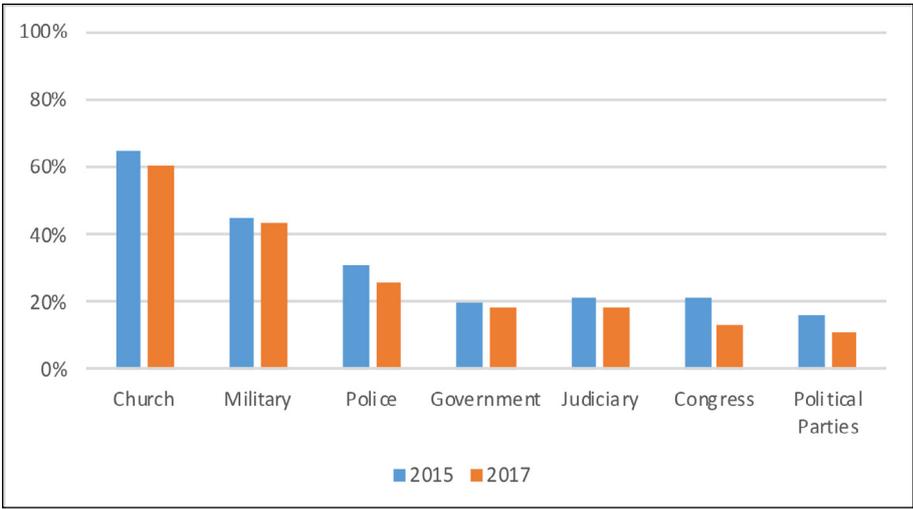
Since 2000 Peru has held four presidential elections and four regional elections; the country has become a relatively stable democracy. At the same time, Peruvian democracy has come under pressure due to critical challenges and incomplete institutional reforms. Corruption and organised crime are undermining democracy by decreasing trust in public institutions, and through the collusion of criminals with politicians. These criminal practices also have economic consequences, which further threaten the stability of democracy by aggravating social and economic inequalities. The country lacks strong institutions that are able to effectively confront these challenges. The marginalised sectors of society feel particularly neglected by the state. Fujimori's legacy still weighs heavily, while the legitimacy of the political system has been damaged by recent scandals and unfulfilled promises.

Polls on the level of support for democracy and political parties show the consequences of these developments: only 16 per cent of the population is satisfied with Peru's democratic system, significantly below the already low regional average of 30 per cent; 45 per cent support democracy, a significant decline compared to 2016 and 2015 (53 per cent and 56 per cent, respectively). The majority believe that clientelism is highly prevalent, and 80 per cent say the country is governed by a few powerful people for their own benefit (Latinobarómetro 2017). In consequence, trust in all branches of the political system is lower than trust in other institutions, including the police.

It will be difficult to re-establish public trust in Peru's democratic system, institutions, and politicians – including the new government. The divide between the public and the political sphere is significant, and the situation is tense. Right after the new government took office, polls showed relatively stable approval ratings, but this stability had ended by June, when the new minister of economics and finance had to resign. The new minister, Carlos Oliva Neyra, is the fifth person to hold this position in the last two years.

Trust in the new president and other politicians is already shrinking. Vizcarra's approval rating fell from 52 per cent in May to 37 per cent in June. Since the turn of

the century presidential approval ratings in Peru have also been low in comparison to other Latin American countries, something which is itself a strong sign of dissatisfaction. However, the rate at which Vizcarra has already lost support after less than 100 days in office is striking. After the same amount of time in office Kuczynski's approval rating was still at 55 per cent (*El Comercio* 2018).



**Figure 2.**  
**Trust in Institutions in Peru**  
*Source: Latino-barómetro 2017.*

Martín Vizcarra aims to continue on a rather neo-liberal course to foster economic growth. His cabinet is composed mainly of technocrats with little political experience. While their previous work in state institutions might be beneficial in drafting and implementing reforms, in the current political situation this lack of experience may also be a burden. Before it can govern effectively, the new government needs to secure support in Congress. Vizcarra faces problems similar to those of the previous government, with its minority in Congress and in its search for coalition partners. But he also lacks full support within his own party and will have to make compromises. Communication with Fujimori's Fuerza Popular has improved, but opposition remains strong, making it difficult for the new administration to implement reforms. Fuerza Popular still holds 62 seats in Congress, even though several congresspeople left the party together with Kenji Fujimori – who turned against his sister – and despite the loss of the absolute majority. The government party will be dependent on the goodwill of the opposition. The next presidential elections are scheduled for 2021, but it is already clear that it will not be easy for Vizcarra to reach that date.

Despite good economic growth rates, Peru has failed to strengthen key institutions and carry out much needed reforms. Furthermore, deficits in terms of infrastructure, economic diversification, and the reduction of inequality remain high. Corruption scandals and the collusion of organised crime and politics have further alienated society from the political sphere and curtailed hope of change. Unequal development and injustice have left many disappointed, and political apathy prevails. The weak government appears to be unable to confront these challenges. In such a situation the rise of populists who promise easy solutions to complicated questions is a probable threat. Nearly 30 years ago a similar situation led people to vote for the political outsider Fujimori, with devastating consequences for democracy in Peru.

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Peru's international commitments are a positive sign in the fight against corruption. For example, this year on 27 July Peru will become the forty-fourth party to the OECD Anti-Bribery Convention and will put into force an OECD convention that seeks greater transparency and international cooperation on tax matters. International initiatives provide important points of reference and obligate the country to promote accountability and transparency.

These initiatives also foster cooperation and support Peru in its efforts. Commitments to international standards as well as continued international cooperation in the fight against drug trafficking and organised crime are important steps, but they need to be accompanied by concrete measures on the part of the Peruvian government. Policies should include, for example, the strengthening of existing institutions such as the CAN, improving the judiciary and securing its independence, and improving coordination and cooperation between institutions. Moreover, as long as there are no clear signs of improvement in the accountability and transparency of political processes, distrust in democracy and the political parties will increase further. Fighting corruption and reducing the influence of organised criminal actors while at the same time strengthening the accountability of public servants should therefore be high on the government's agenda. Otherwise Peru will remain in crisis mode.

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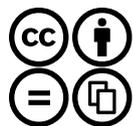
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