



Testimony

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FOREIGN ASSISTANCE

Peru on Track for Free and Fair Elections but Faces Major Challenges

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G A O

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Mr. Chairman and Members of the Subcommittee:

I am pleased to have the opportunity today to discuss the results of our review of U.S. assistance to Peru's efforts to conduct free and fair presidential and congressional elections in 2001.

As you know, last year's Peruvian presidential and congressional elections were considered flawed by Peruvian and international observers. The organizations observing the elections, including the Organization of American States, shared the view that the repeated irregularities in the electoral process prevented the Peruvian citizenry from participating in credible democratic elections. As a result, President Alberto Fujimori began his third presidential term under a cloud of illegitimacy in late July 2000.

In September 2000, President Fujimori's hold on power began to crumble, with the release of videotapes depicting the widespread corruption affecting the Fujimori administration. Further events last fall led to the November congressional ousting of Fujimori, the installation of an interim government headed by President Valentin Paniagua, and preparations for a new round of elections. These new presidential and congressional elections will take place on April 8, 2001, with the likely second round between the top two presidential candidates taking place in May 2001. The new Peruvian President and congress will assume power in late July 2001.

In order to support President Paniagua's efforts to remedy past election abuses and strengthen the electoral process, the United States, through the U.S. Agency for International Development, is providing \$7 million in election-related assistance to Peru. At your request, we (1) identified the steps the current Peruvian government has taken to ensure a free and fair electoral process in Peru; (2) reviewed the U.S. election-related assistance to Peru to determine whether it had been timely, responsive, and coordinated with other donors; and (3) identified some of the major challenges that Peru faces before the first round of presidential and congressional elections.

We based our work on interviews with officials from the Peruvian government, including the three Peruvian electoral agencies and the Ombudsman's Office (Defensoria del Pueblo); members of the news media and public opinion research organizations; leaders from civic, business, and religious institutions; representatives from the State Department, the U.S. Agency for International Development, and the U.S. embassy and agency's mission in Peru; officials from other bilateral and multilateral donor organizations; and representatives from organizations implementing international election-related assistance to support electoral observation efforts, fund technical assistance efforts, and support the delivery of electoral information. We also reviewed key documents assessing the April 2000 Peruvian elections and describing the U.S. and other donors' election-related assistance for the 2001 elections. We visited Peru for 2 weeks, from February 11 to February 24, 2001, and we updated the information collected in Peru by following up on contacts made in Washington, D.C., and Peru.

SUMMARY

The Peruvian government has acted decisively to address the serious problems that affected last year's elections. The Paniagua administration has committed itself to ensuring the neutrality of the government and the armed forces during the upcoming elections, including prohibiting the use of government resources for political purposes. Also, the government named new leaders to two electoral agencies--those responsible for overseeing and implementing the elections--and these leaders have emphasized their full commitment to conducting free and fair elections.

The U.S. Agency for International Development's election-related assistance has been timely, responsive, and coordinated with other donors. For example, the agency has expeditiously programmed and disbursed its election-related assistance to support various aspects of the electoral process. The agency's election-related assistance has also been responsive to Peru's needs by funding electoral observation efforts before and during the elections; supporting technical assistance efforts to the Peruvian electoral agencies; and funding the delivery of election-related information to voters, journalists,

candidates, and political parties. In addition, the agency has coordinated its election-related assistance with the other international donors, such as Canada and the European Union, that are also helping Peru hold democratic elections in 2001.

While Peru appears to be on track to conduct free and fair elections in 2001, Peru faces several important challenges over the next 3-1/2 weeks before the first round of elections. Specifically, these challenges involve the following issues.

The two electoral agencies responsible for, respectively, overseeing and implementing the elections have experienced major changes in leadership and staffing. These new leaders and staff are working hard to overcome their inexperience in overseeing and conducting national elections.

The electoral agency responsible for implementing the elections will continue to face very tight time frames for preparing voting materials, distributing and collecting ballots and related documents, arranging for the development and testing of computer systems for tabulating and transmitting voting results, getting ready for processing voting information on election day, and releasing information on the results of the vote.

The two electoral agencies responsible for overseeing and implementing the elections are in the process of hiring about 15,000 temporary workers. These personnel need to be screened, trained, and put in place throughout the country.

Because these two electoral agencies had initially disagreed on the nature and extent of oversight that one exercises over the other, these agencies have to ensure that potential disagreements do not interfere with the work of these institutions. Recent reports note an increasing level of cooperation between the leaders of these electoral agencies.

These two electoral agencies need to educate as many as 15 million voters on the recent changes to the electoral system and on how to vote their choices on complicated multiparty and multidistrict ballots.

The presidential and congressional candidates face a major difficulty in getting their messages to the Peruvian public, because public attention is focused on the daily unveiling of videotapes depicting the corruption that permeated the Fujimori regime.

BACKGROUND

Peru's April 2000 elections took place amid a climate of intimidation and corruption that favored the campaign of President Fujimori. Opposition candidates for the presidency and for congress were harassed by the government-controlled media and by government agencies, including tax authorities. Several organizations involved in observing the 2000 Peruvian elections, such as the Organization of American States; the National Democratic Institute/Carter Center; and Transparencia, a Peruvian nongovernmental organization, documented the many abuses of the Fujimori administration's conduct of the election. The National Democratic Institute/Carter Center considered the election to be "among the worst ever observed in this hemisphere."

Although President Fujimori assumed his third term of office in July 2000, his hold on power began to crumble in mid-September 2000 with the release of a videotape revealing an effort to bribe a member of the Peruvian congress. Vladimiro Montesinos, the chief of the National Intelligence Service, had made this and hundreds of other videotapes of high-ranking Peruvian government officials, members of the media, businessmen, and private citizens. Many of these tapes documented the corruption that permeated the Fujimori administration, such as attempts to blackmail or bribe some of these individuals. Montesinos left Peru for Panama in September 2000. After returning to Peru in late October, Montesinos went into hiding and is believed to have left the country. While visiting Japan in late November, President Fujimori resigned from the presidency. The Peruvian congress rejected his resignation and voted to remove him from office.

Valentin Paniagua succeeded to the presidency on November 22, 2000. Also, the Peruvian congress, responding to the popular demand for democratic elections, passed a constitutional reform and a related electoral law in November 2000 scheduling new presidential and congressional elections for April 8, 2001. If no presidential candidate wins over 50 percent of the vote, a second round of elections will take place between the top two presidential candidates in May 2001. The new Peruvian President will assume power on July 28, 2001.

Peru has three electoral agencies--the National Elections Tribunal (Jurado Nacional de Elecciones, JNE), the National Office for Electoral Processes (Oficina Nacional de Procesos Electorales, ONPE), and the National Registry of Identification and Civil Status (Registro Nacional de Identificacion y Estado Civil, RENIEC). The JNE is responsible for overseeing the entire electoral process, including administering justice on electoral matters, maintaining a registry of political organizations, inscribing political candidates, and proclaiming the winners of elections. The ONPE is responsible for organizing and implementing elections, including preparing and distributing ballots and related voting materials, running the elections on election day, and reporting information on the results of the elections. The RENIEC is responsible for preparing the electoral registry; issuing national identification cards; and registering births, deaths, and marriages.

In response to the new opportunity for Peru to conduct credible presidential and congressional elections, the United States and other international donors began supporting efforts to help Peru conduct free and fair elections. Since December 2000, the United States has provided \$7 million to Peru for holding free and fair elections in 2001, more than half of the international assistance provided to Peru for this purpose. The European Union and various European countries have provided the second largest amount of election-related assistance to Peru. (See app. I.)

The U.S. Agency for International Development (USAID), through various implementing organizations, has provided this \$7 million in election-related assistance to Peru. (See app. II.) Specifically, about half of this assistance funds technical assistance for the two

main Peruvian electoral agencies, the JNE and the ONPE. Another third of the assistance supports electoral observation activities conducted by both Peruvian and international organizations. The remaining U.S. assistance funds electoral information activities conducted by Peruvian organizations in support of voters, journalists, political candidates, and political parties. (See app. III for a description of selected organizations mentioned in this statement.)

PERU HAS TAKEN MEASURES NEEDED
TO CONDUCT FREE AND FAIR ELECTIONS IN 2001

Peru's political environment has fundamentally improved since last year's election period, as a result of the collapse of the Fujimori administration and the actions taken by the Paniagua administration and the Peruvian congress since late November 2000.

The Paniagua administration is committed to ensuring the neutrality of the government and the armed forces during the elections. For example, the Paniagua administration forbade the use of public office or government resources for political purposes. Also, President Paniagua removed many high-ranking military officers and government officials from their positions due to their allegiance to the Fujimori regime and in order to ensure his control over the government.

The Peruvian government replaced the heads of the two major electoral agencies, which are in charge of overseeing and implementing the elections, because these agencies had played a central part in last year's election abuses. The new head of the electoral agency in charge of implementing the elections (the ONPE) subsequently fired about 80 percent of the agency's 200 permanent staff. According to Peruvian media representatives, these restructured electoral agencies are more trusted by the electorate.

To strengthen the rule of law, President Paniagua replaced the Attorney General and emphasized the independence of the Attorney General position. The government of Peru also reinstated three justices of the Constitutional Tribunal who had been removed from

office because they opposed a law authorizing President Fujimori to seek a third term. In addition, the Peruvian government addressed various deficiencies of the justice system, such as eliminating the use of temporary judges who had seriously compromised the independence of the judiciary.

Also, a special congressional commission and an independent prosecutor began investigating the illicit activities carried out by the Fujimori administration. They have paid special attention to the hundreds of videotapes that were seized from Vladimiro Montesino's house (referred to as "Vladivideos"). Tapes have been released almost daily and played on television for everyone to see.

In addition, the Paniagua administration and the Peruvian congress have improved the electoral legislation. To increase the representation of local interests in the congress, congressional representatives will now be selected not from a single district, but from 25 electoral districts. The proportion of women candidates legally required on party lists per district increased from 25 percent to 30 percent. Also, all political parties and groups participating in the elections are receiving 10 free minutes per day on the broadcast media during the 60 days preceding election day, with government funds covering the cost of the free time.

Moreover, in contrast to last year's election period, the government is providing no direction and exercising no influence over the news media, according to all our contacts in Peru. The government also returned television channels 2 and 13, which had opposed the Fujimori regime, to their rightful owners.

However, we met with numerous observers who were concerned about the potential for remnants of the Fujimori regime to influence the election atmosphere and results. In particular, these observers expressed concerns that Montesinos' domestic network would try to find ways to discredit or sabotage the elections.

For these reasons, we would describe the current political atmosphere in Peru as improved but somewhat uneasy about possible threats from remnants of the Fujimori regime. In this context, the presence of the international donor community serves to contribute to the stability of the interim administration and the conduct of free and fair elections.

U.S. ELECTION-RELATED ASSISTANCE TO PERU
HAS BEEN TIMELY, RESPONSIVE, AND COORDINATED

The \$7 million in U.S. election-related assistance to Peru has been provided on time, has been responsive to Peruvian needs, and has been coordinated with other donors.

The United States has provided its election-related assistance to Peru on a timely basis, according to representatives from the three Peruvian electoral agencies, other donors providing similar assistance to Peru, and organizations implementing the U.S. and other donors' assistance. In December 2000, the electoral agencies responsible for overseeing and implementing the elections started to get organized. During this period, USAID started to work with subcontractors to design the needed assistance efforts. USAID also supported an independent evaluation in late December of the electoral registry that will be used during the 2001 elections. This evaluation was requested by the electoral agency responsible for overseeing the electoral process, and it was conducted by a Peruvian nongovernmental organization funded by USAID. Based on this review, officials from the electoral agencies are confident that the electoral registry is adequate and comparable to electoral registries used in other countries in the region.

In January 2001, while the two electoral agencies responsible for respectively overseeing and implementing the elections were undertaking major reorganization efforts, USAID started to provide technical assistance to both agencies. USAID began providing the bulk of its technical assistance to these agencies through two international contractors in February 2001. Later that month, USAID provided additional funding for technical assistance directly to the ONPE. Although USAID was ready to start providing the

funding earlier, the agency had to delay delivering this funding until the ONPE had all the required internal controls and qualified staff in place, according to U.S. and Peruvian officials.

U.S. officials noted that the USAID election-related assistance to Peru had been programmed, approved, and delivered faster than any other USAID assistance to Peru this year. Officials from other donors' institutions commended the level and the speed of the election-related assistance that the United States gave to Peru, highlighting that this U.S. assistance had been provided much more quickly than the assistance their institutions gave.

The U.S. election-related assistance has been responsive to the current needs of Peru in the areas of technical assistance, electoral observation, and electoral information, according to representatives from the three Peruvian electoral agencies, other donors providing similar assistance to Peru, and organizations implementing the U.S. and other donors' assistance. According to these representatives, the United States has provided an appropriate mix of different types of electoral assistance to Peru. The technical assistance directly helps the agencies overseeing and conducting the elections; the electoral information activities benefit the voters; and the assistance for observation efforts helps ensure the transparency and legitimacy of the elections.

USAID's \$7 million in assistance includes the following:

-- \$3.3 million in technical assistance, including

\$1.52 million to the ONPE for training pollworkers, educating citizens, setting up the new Voter Ombudsman in coordination with the Ombudsman's Office, and setting up the International Cooperation Office to help the ONPE strengthen its ability to manage donor contributions for the elections.

\$1.3 million to the International Foundation for Electoral Systems to help the ONPE in the areas of election administration, information management, and electoral

education and training. This organization is also providing limited assistance to the JNE in the areas of electoral training; design of electoral education programs and materials; and reconstruction of the computer systems, which were destroyed in a fire in July 2000.

\$478,438 to the Centro de Asesoría y Promoción Electoral to help the JNE carry out its oversight role during the elections.

-- \$2.4 million to support electoral observations, including

\$767,349 to the National Democratic Institute/Carter Center to fund two pre-electoral assessments, an international observation mission on election day, and a small, on-the-ground presence during the pre-electoral period.

\$602,534 to Transparencia to fund a comprehensive, Peruvian observation effort during the pre-electoral period, field 20,000 observers on election day, and conduct a quick count of the results of the presidential race.

\$600,000 to the Organization of American States to support an international electoral observation mission throughout the pre-electoral period and on election day.

\$400,000 to the Ombudsman's Office to fund 15 supervision modules/units around Peru focused on receipt and follow-up of election-related complaints prior to the elections and election day, and a random supervision of election day activities.

-- \$1.3 million to fund the electoral information activities, including

\$429,949 to Promujer to conduct electoral education focused on women and to promote the participation of women candidates in television programs, discussion forums, and debates.

\$394,315 to Servicios Educativos Rurales to train a network of election promoters who will develop orientation and electoral education activities and materials in 37 provinces in rural areas.

\$294,382 to the Instituto de Diálogo y Propuestas, in collaboration with two other Peruvian nongovernmental organizations, to fund a national campaign for responsible

and informed voting through intensive and massive use of local radio and regional television networks and a special campaign aimed at younger voters.

\$189,300 to Transparencia to inform and educate trainers, party pollwatchers, pollworkers, and election observers from Transparencia in the electoral process.

The United States has regularly coordinated its election-related assistance with the other donors. The organizations responsible for implementing the technical assistance provided by the international community to the two main Peruvian electoral agencies also coordinate their activities. Since December 2000, a donor coordinating committee has met weekly to coordinate international election-related assistance efforts. While conducting fieldwork in Peru, we attended a donor coordinating committee meeting and a coordinating meeting of the organizations responsible for implementing the donors' assistance. We observed that the donors were aware of each other's specific activities and that the donors and the implementing organizations exchanged information and discussed current issues.

PERU'S ELECTORAL CHALLENGES

The challenges facing Peru at this point are primarily managerial and logistical, although the undercurrent of political uneasiness about the possible continued influence of Montesinos and his network affects the election atmosphere.

First Challenge

The initial challenge for the new leaders of the electoral agencies has been the need to learn the day-to-day tasks of how to conduct elections, while reorganizing their agencies. The new head of the ONPE is a recognized university professor who is an expert on election systems, but he first started at the ONPE only on December 8, 2000. He had to fire over 80 percent of the ONPE staff, screen and hire replacement staff, and begin arranging all the election preparations. The top leadership at the JNE was also replaced

and has had to decide how to carry out its oversight role in the electoral process, because in last year's election the JNE played virtually no oversight role.

Second Challenge

A second key challenge facing the new electoral authorities is the need to adhere to an extremely tight timetable for setting up electoral processes, preparing voting materials, planning the logistics of distributing and collecting the ballots, and arranging for the development and testing of computer software for counting the ballots. Peru is a country where voting is mandatory for all citizens between the ages of 18 and 70 (with certain exceptions, for example, excluding the military and the police from voting). It is also a country where its mix of mountainous, jungle, and coastal terrain presents special logistical problems for conducting elections. We were told that in numerous areas of the mountains and jungles, Peruvians may have to walk a full day or more in order to get to a voting station. And distributing and collecting the ballots to the approximately 90,000 voting stations around Peru is a difficult task that may require the use of military personnel and vehicles to reach some rural locations. The ONPE has established its timetable for accomplishing its specific goals, and while the agency is proceeding on schedule, it has little room in the schedule to accommodate unexpected delays. We note that the ONPE has built into this timetable measures designed to help ensure the smooth running of the elections. These include, for example, provisions for running two simulations of the vote counting, 1 and 2 weeks before the election, in order to test the vote tabulation processes, including the new computer software.

Third Challenge

A related, third challenge is the need for the ONPE and the JNE to hire and train about 15,000 temporary workers to staff their regional offices around the country and the voting stations and collection points on election day. These workers are needed only during the election period. Because last year's elections were so corrupt, the ONPE and the JNE have had to screen the lists of potential new staff to make sure the new workers

were not involved with previous electoral abuses. Screening this many new people in such a short period of time is a difficult task, and there is concern among observers in Peru that Montesinos' network may still find a way to infiltrate the electoral processes.

Fourth Challenge

A fourth, management-related challenge lies in the need for the JNE and the ONPE to continue to agree on the nature and extent of oversight that the former can exercise on the latter, so that no disagreements emerge that may interfere with the work of these organizations. The JNE, as the top electoral agency responsible for announcing the official results of the election, has recently sought to exercise its oversight responsibilities over the overall electoral process, including the ONPE's efforts to conduct the elections. Due to the very tight timetable for this election, the two agencies need to continue working together closely and cooperatively to accomplish their shared goals expeditiously.

Fifth Challenge

A fifth challenge is to educate up to 15 million voters on the recent changes to the electoral process and on how to vote their choices for the presidency and congress. Peru recently moved from a single electoral district to 25 electoral districts to expand the representation of local interests. The ballot is a complicated, multiparty ballot with several choices for the presidency and for the congress. The voter actually votes for a political party associated with a presidential candidate and a political party associated with a list of congressional candidates. In the President's section of the ballot, the voter chooses a President by marking a party symbol that is next to a picture of the candidate. The ballot does not have the names of the presidential candidates. In the congress' part of the ballot, the voter can choose at the most two representatives in most districts by marking a party symbol that is associated with a party list of candidates. If the voter wants to pick particular candidates from the party list, the voter must write in two boxes next to the party symbol the numbers linked to the names of the candidates in the list.

At a minimum, voters need basic information on where to vote and how to vote for the presidency and the congress, in addition to having information about the candidates. In addition, as oversight and implementing organizations are aware, special attention is needed to find ways to provide such information to illiterate and non-Spanish-speaking voters in Peru.

Sixth Challenge

Finally, daily revelations of the Fujimori regime's corruption scandals have made it difficult for the candidates to get the voters' attention on specific issues important to Peru's future. According to numerous observers, the frequent release of new videos depicting the flagrant corruption of the previous regime has heightened public cynicism, distrust, and alienation. However, the completely different political climate surrounding this election is evident in all the media and in the atmosphere of free political expression.

While recognizing the challenges that Peru faces, we are nevertheless encouraged by the decisive actions of the interim government in promoting an open political environment and an impartial government approach during the electoral period. The electoral authorities are regarded as honest and hard working, and they have sought to meet high standards for the conduct of the election. Election day may not be free of imperfections, of course, but it will be important to distinguish between the kind of intentional fraud and intimidation that arose last year and the type of incidental mistakes that can arise in any large election. Once the elections take place and are judged to be fully credible and legitimate, it will be important for Peru's new government to continue on the path toward strengthening Peru's democratic institutions. Free and fair elections are only the first step on this path.

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Mr. Chairman and Members of the Subcommittee, this concludes my prepared testimony. I would be happy to respond to any questions you or other Members may have.

CONTACT AND ACKNOWLEDGMENTS

For future contacts regarding this testimony, please contact me at (202) 512-4128.

Individuals making key contributions to this testimony included Virginia Hughes, Juan Tapia-Videla, La Verne Tharpes, and Venecia Kenah.

U.S. AND OTHER DONORS' ELECTION-RELATED ASSISTANCE TO PERU,
FISCAL YEAR 2001

Donor	Amount	Percent of total
United States	\$7,000,000	51.2
European Union	1,661,550	12.2
Germany	1,200,000 ^a	8.8
United Kingdom	1,000,000 ^a	7.3
United Nations	1,000,000	7.3
Canada	500,000	3.6
Japan	500,000	3.6
Switzerland	500,000	3.6
Sweden	111,000	0.8
Spain	100,000	0.7
The Netherlands	65,000	0.5
Finland	25,000	0.2
Total	\$13,662,550	

^aThese funds are supporting election and other democracy-related efforts in Peru.

Source: GAO analysis of U.S. Agency for International Development (USAID) data.

USAID ELECTION-RELATED ASSISTANCE TO PERU,
FISCAL YEAR 2001

Type of assistance and implementing organization	Amount
Technical assistance	\$3,298,438
Oficina Nacional de Procesos Electorales	1,520,000
International Foundation for Election Systems	1,300,000
Centro de Asesoría y Promoción Electoral	478,438
Electoral observation	\$2,382,673
National Democratic Institute/Carter Center	767,349
Transparencia	602,534
Organization of American States	600,000
Ombudsman's Office	400,000
Assistance to be determined	12,790
Election information	\$1,318,889
Promujer	429,949
Servicios Educativos Rurales	394,315
Instituto Dialogo y Propuestas	294,382
Transparencia	189,300
Assistance to be determined	10,943
Total	\$7,000,000

Source: GAO analysis of USAID data.

SELECTED LIST AND DESCRIPTION OF ORGANIZATIONS
INVOLVED IN THE 2001 PERUVIAN ELECTIONS

Organization	Description
Centro de Asesoría y Promoción Electoral	A component of the Inter-American Institute for Human Rights based in Costa Rica that conducts electoral observation missions, provides technical assistance to electoral agencies, and disseminates electoral information to the public.
Defensoría del Pueblo (Ombudsman's Office)	An autonomous Peruvian government agency established to protect and defend the constitutional rights of all Peruvians and to ensure that the state fulfills its responsibilities in providing services to the public.
International Foundation for Election Systems	A U.S. nongovernmental organization that provides technical assistance for democratic development and good governance to elections commissions, governmental entities, private institutions, and civil society organizations.
Instituto de Diálogo y Propuestas	A Peruvian nongovernmental organization dedicated to the promotion of citizen development.
Jurado Nacional de Elecciones (JNE)	An autonomous Peruvian government agency responsible for overseeing the entire electoral process, including ruling on all matters regarding the election process, maintaining a registry of political organizations, inscribing political candidates, and proclaiming the winners of elections.
National Democratic Institute/Carter Center	U.S. nongovernmental organizations that have conducted more than 100 impartial pre-election, election-day, and post-election observation missions around the globe.
Oficina Nacional de Procesos Electorales (ONPE)	An autonomous Peruvian government agency responsible for organizing and implementing elections, including preparing and distributing ballots and related voting materials, running the elections on election day, and reporting information on the results of the elections.

Promujer	A consortium of four Peruvian nongovernmental organizations that promote women's political participation at the national and local levels.
Registro Nacional de Identificación y Estado Civil (RENIEC)	An autonomous Peruvian government agency responsible for preparing the electoral registry; issuing national identification cards; and registering births, deaths, and marriages.
Servicios Educativos Rurales	A Peruvian nongovernmental organization that focuses on expanding the opportunities of citizens in rural areas.
Transparencia	A Peruvian nongovernmental organization that focuses on strengthening the electoral legislation and processes and increasing citizenry participation in elections.

Source: GAO analysis based on information from organizations in the list.