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Democratization in Peru: A Donor Perspective

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Peru's re-democratization processes started in 2000 with the replacement of President Alberto Fujimori (1990-2000) and his authoritarian regime. From that time on, the country has proven minimal standards of democracy by the implementation of free and fair elections, which brought about the presidencies of Alejandro Toledo in 2001 and Alan García in 2006. Nevertheless, as do many other countries in Latin America, Peru still faces enormous problems concerning the deepening of democracy within the state and civil society. Some of these problems are legacies of the numerous military regimes, which predominantly exercised power from the time of the country's independence in 1821 until 1980. Other problems are rooted in the short and unsuccessful period of democratic rule until 1990 or have been created or reinforced during Fujimori's regime, which officially kept a democratic façade but was actually characterized by the controlling and corrupting of state institutions, the bribing and manipulating of private actors, strong centralization as well as the weakening of political parties and civil society organizations. Again, others are linked to more general obstacles of development in Peru such as poverty, social conflict and inadequate standards of education.

Numerous studies have analyzed the ongoing democratization process in Peru by concentrating on developments within state institutions and civil society (Crabtree 2006, Toche/Paredes 2006, McNulty 2006, Tanaka 2005, Pease García 2008, Toche 2008). This paper contributes to the discussion of processes of Peruvian democratization by shedding light on important actors whose opinions have been largely neglected by the existing literature: international development organizations.

The international organizations are investing considerable efforts in the deepening of democracy in the Andean state. They are striving for this goal by financing and implementing programs in areas such as decentralization, political education, political participation and human rights. Depending on their institutional character, they are active on the state level, the civil society level or both. Many of these foreign donors accompanied Peru's peaceful democ-

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raphic transition between 2000 und 2001 under Interim-president Valentín Paniagua and consequently are well grounded in experiences with the country's democratization process.

This paper focuses on these experiences. Based on interviews with 29 German and US aid organizations, it analyzes their evaluations of the present Peruvian democratization process with a focus on the state.² This embraces six areas most often mentioned by the donors: The political party system, the electoral process, the justice system, the decentralization process, the administrative capabilities within state institutions, and corruption.

The German and US development organizations evaluate the Peruvian democratization process through the identification and explanation of problems and positive developments.³ Appropriate questions were asked to them during the interviews in order to create a more comprehensive picture of the country's democratization. Most donors indicated that they discover state related problems and/ or positive developments in one or several of the six previously presented areas. Based on their information, these areas of the Peruvian democratization process shall be discussed in more detail.

The Process of Democratization

Democratization is used in this study as a term for the whole process from non-democratic rule towards a consolidated democracy. The process has been largely discussed in democratic theory (see, for instance, Linz/ Stepan 1996, Grugel 2002, Diamond, 1999, 2008, Sørensen 2008, Pridham 2000, Elliott 2003a). Accordingly, the first phase of democratization, the so-called transition phase, is accomplished with the establishment of the core democratic institution: the electoral process that (usually) meets Robert Dahl's seven institutional requirements.⁴ The implementation of elections is a necessary but by no means a sufficient condition for democracy. There exists broad agreement that it needs additional elements such as strong democratic state institutions, an accountable government, a functioning political party system, the rule of law and a democracy-supporting civil society⁵ in order to make a democratic sys-

² The interviews were personally conducted with representatives of German und US development organizations implementing democracy promoting programs in Peru. The majority of the interviews took place between October 2007 and April 2008 in Lima, Peru, and Washington DC, USA. The participating organizations are listed in the appendix. According to the agreement with the participating donors, any information that could reveal the identity of the representative or the name of the organization in the text is prohibited. Therefore, the citations and appendix list only the year of the interviews and there are no names of representatives listed in the appendix.

³ The aid organizations also mention numerous aspects of democratization, which have their roots in civil society but are not in the focus of this paper.

⁴ Dahl's seven criteria for a representative democracy are elected officials, the right to run for office, free, fair and frequent elections, freedom of expression, access of alternative sources of information, associational autonomy and the right to vote for all adults permanent residing in the country (Dahl 1998: 85-86).

⁵ The role of civil society in democratization has been intensively debated in democratic theory (see, for instance, Pridham 2000, Burnell/ Calvert 2004, Beetham 1994, Diamond 1999, Linz/ Stepan 1996). In its most general usage, the term *civil society* refers to the "space between the family and the state where people associate across

tem work. However, how these elements can be brought about and what they include are the topics of extensive debates among scholars and practitioners. The same goes for the question of when, finally, democracy is consolidated. So far, there is no agreement about a proper definition. A completely democratized state and civil society does not exist. The actual study follows Larry Diamond's (1999: 65) more modest definition that argues that democratic consolidation is achieved when "all significant political actors, at both the elite and mass level, believe that the democratic regime is the most right and appropriate for their society, better than any other realistic alternative they can imagine."

Six Areas of the Peruvian Democratization Process

The German and US aid organizations analyze developments and effects in six state related areas which, in their perspective, are crucial for the deepening of democracy in Peru. The study starts with the political party system, followed by the electoral process, the justice system, the decentralization process, the administrative capabilities and corruption.

The Political Party System

The political parties are the connectors between the state and civil society in the democratic system. The aid organizations explain that they are responsible for the representation of the citizens, the mediation of interests between state and civil society, the legislation, the congressional control of the government, and, finally, the nomination and promotion of candidates for highest government positions on the different state levels. Due to the importance of the tasks, donors argue that one needs strong and functioning political parties to fulfill them. However, this is not the case in Peru by far. The donors complain that the country's political party system maintains an extreme fragility, which in many cases complicates or even prevents the fulfillment of their designated tasks in the democratic system. They, therefore, conclude that the fragility of the political party system represents a major obstacle to the Peruvian democratization process.

The majority of the aid organizations indicate during the interviews that, with exception of President García's *APRA*⁶, there exists no political group on the national, regional and local level which could be considered political party. Therefore, many donors prefer to speak about political movements, alliances or groupings rather than political parties in Peru. The

ties of kinship, aside from the market, and independent of the state" (Elliott 2003b: 7-8). A democracy supporting civil society provides the basis for democratic values and attitudes as well as mechanisms through which state power is restrained, influenced and monitored (Pridham 2000: 222, Diamond 1999: 239-250).

⁶ Alianza Popular Revolucionaria Americana/ The American Popular Revolutionary Alliance.

representative of a German political foundation explains: “Party in our [the foundation’s] sense means that there is a history, an ideology, a doctrine, an anchoring in the society and that there are several personalities within a party who are able to organize and lead such an institution” (Personal interview: 2007). On the contrary, the political movements are often missing these characteristics with devastating consequences for the institutionalization of a party system. The donors’ main concern is that the movements and alliances are electoral vehicles for single candidates which appear in huge numbers in upcoming elections and very often disappear again in the case of the candidate failing to enter Congress⁷, the presidential office or other subordinated state positions. Further problems such as the movements’ lack of an ideology, an extensive political program, an internal organization, political and administrative experiences, an anchoring in civil society and an effective representation of the citizens are seen as consequences of this development.

The donors identify several causes explaining the miserable condition of the present Peruvian party system. First is the absence of a democratic tradition in Peru. In its republican history the country was ruled under more military than democratic governments, which prevented the long-term development of political parties. A second cause is the collapse of the party system under Alberto Fujimori. Even though the former president understood his rule as democratic, he enormously weakened the existing political parties. In the view of the donors, this happened through the temporary closing of Congress in 1992, the corruption and manipulation of members of Congress, the abolition of regional elections as well as his permanent rhetorical attacks against the political opposition. Only the *APRA* could survive this period. Third is the missing of democratic structures within the movements. As a representative of an American political foundation explains: “The political movements are still close circles where it is very difficult to get to the top. New members are easily frustrated because of the missing of medium-term perspectives within the organizations. That leads them to the establishment of new movements. However, finally both sides will loose: the existing movement because it loses members, and the new movement because it needs to start from scratch. Additionally, in order to have a chance in the upcoming elections, the new movement will follow the example of the others and also have very centralized structures. So, we will have the same problems again” (Personal interview: 2007).

The German and US donors expect serious consequences for the democratization in Peru due to the non-existence of a consolidated party system. One of them concerns the possibility that unknown outsiders can enter the highest positions of the state as happened in the

⁷ The Peruvian Congress is a one-chamber parliament consisting of 120 delegates.

case of the former presidents Alberto Fujimori and Alejandro Toledo. In the 2006 presidential elections, Ollanta Humala⁸ almost continued this tradition. The outsiders apply a very populist style during their electoral campaigns and, due to this they are able to find temporarily broad public support. Several donors fear that unknown outsiders are able to enter public offices through these mechanisms who hold strong nationalistic and to some extent anti-democratic views, such as Humala, or are even able to change the democratic system as happened under Fujimori. A statement by a representative of an American political foundation illustrates this: “Populists such as Humala are causing trouble in the democratization process because they prevent institutionalization. Usually they stage populist electoral adventures and have no solutions for the central problems of the country” (Personal interview: 2007).

The donors further explain that the fragility of the political party system leads to a loss of credibility that complicates their support first and finally the deepening of democracy in the civil society. In this context, many of them refer to surveys that document the low public support for political parties and the Peruvian parliament in general. Others point to the regional elections in November 2006, where mostly independent movements won the presidential offices, or they mention the high chances of outsiders in national presidential elections. According to them, the examples show that the congressional parties often do not have the confidence of the people. The representative of an American governmental organization explains this loss of credibility with the movements’ neglect of public representation: “The citizens feel that the political movements in no way represent their interests. [...] And if you have a party system that is broken it is extremely difficult to have people think they have a vested interest in what happens there” (Personal interview: 2007). The representative of a German political foundation argues in a similar way: “Everything becomes blurred after the elections. The members of Congress mostly stay in Lima [the capital] and hardly go back to their villages and cities. They are inflexible for the basis. That does not cause a good impression of them and their political movements in the civil society” (Personal interview: 2007). However, many donors emphasize that the bad reputation of the political parties and movements is not only due to structural problems, but also to historic circumstances and the performances of elected politicians in Congress and in the government. In this context, they refer to the citizens’ shocking experiences with *Shining Path* terrorism and economic decline worsened under *APRA* rule during the second half of the 1980s, Fujimori’s rhetorical attacks against the con-

⁸ Humala (approximately 47 % of the total votes) lost in the runoff of the 2006 presidential elections against the actual President García (approximately 53 %). His alliance *Unión por el Perú/ Union for Peru* won with approximately 21 % of the total votes the majority in the 2006 congressional elections.

gressional opposition during the 1990s, as well as the in the public's existing impression of extensive corruption, mismanagement and enrichment in the political class.

Concerning congressional politics, the consequences of an unconsolidated party system are seen in the failure of *checks and balances*. Some donors complain that the political movements in Congress are not able to represent a counter-balance to the government due to their weak structures. According to them, this implicates that Congress, as an institution, is not able to sufficiently control and oppose the executive in the democratic system. The representative of a German governmental organization⁹ identifies another negative consequence with regard to the quality of legislation: "Many laws are qualitatively bad and one can notice that many laws and regulations experience multiple changes which in some cases even lead to judicial inconsistencies. [...] I think this is very problematic with regard to legal certainty and democratization in Peru." He explains: "This is surely a consequence of an insufficient competence of Congressmen. Many of them are new and the fluctuation is high. [...] In this context, the absence of consolidated parties and factions plays an important role because the bills are not sufficiently discussed there" (Personal interview: 2007).

Even though the donors identify numerous problems and negative effects of the political party system the representative of an American political foundation mentions some positive developments "We [the foundation] are happy to observe an awakening of the congressional political parties. After the 2006 elections, they immediately started to make a medium-term planning. That is a good information" (Personal interview: 2007). She also recognizes a positive development in the emergence of a political youth. "There exists a group of young people in Peruvian politics who are interested and who want to achieve something. That let me think optimistically." Her colleague from an American NGO adds with a view to the participation of political movements in the 2006 regional elections: "It is positive that there were some more institutionalized political groupings and not only single leaders who founded a movement shortly before the elections. That is a good sign for the development of a party system on the regional level" (Personal interview: 2007).

The Electoral Process

The election of Congressmen and political leaders at the different state levels represents the core institution of the democratic system. During the interviews, none of the aid organizations indicates problems concerning the electoral process in Peru. Some of them, instead emphasize

⁹ In Germany, there are several privately registered organizations, the so-called *Durchführungsorganisationen*, which are state owned and mostly work on behalf of the German Federal Ministry of Economic Cooperation and Development. To simplify matters, the study calls these institutions governmental organizations, too.

that the present existence of elections on the different state levels, eight years after the end of the Fujimori regime, is a success for the Peruvian democratization process. For example, the representative of a German governmental organization argues with regard to the presidential and congressional elections in 2006: “The fact that there were political discussions, electoral campaigns and that, finally, one party won was very positive and it shows that democratization goes on in Peru” (Personal interview: 2007). On the other hand, his colleague from an American political foundation points to the implementation of regional elections: “The fact that we nowadays have elected regional presidents is an important step in the democratic direction” (Personal interview: 2007). Some donors additionally refer to two reforms of the electoral law concerning national elections since 2006 which, in their perspective, represent a progress in terms of democratization. First, there is the introduction of a suffrage for members of the military and the police. Before, this group was excluded from voting. Second is the introduction of an electoral barrier of four percent in congressional elections, which, according to the donors, might counteract the fragmentation of political movements and support their institutionalization.

The Justice System

The weakness of the Peruvian justice system represents another problem area for democratization in Peru. The aid organizations that mention the judiciary argue that it is characterized by a missing independence, by corruption, by discrimination of the poor and ineffectiveness. With these factors in mind, the representative of a German governmental organization summarizes the state of the Peruvian judiciary as follows: “I have said once that the Peruvian judiciary basically practices two functions: First, it does not apply those laws which exist [...] and, second, it activates demanded rights which according to the law do not exist, so the exact opposite. Of course, this is a little bit exaggerated but to some extent this is the reality” (Personal interview: 2007).

The donors identify several reasons why the Peruvian justice system demonstrates these enormous weaknesses. First, opaque processes within the system promote corruption and make it difficult for outsiders to follow the jurisdictions. Second, there exists an extensive penchant for corruption among both the judges as well as the lawyers and individuals who buy the rulings. Third, there are no effective and fast mechanisms within the system to correct erroneous judicial decisions. Fourth, there continues to be an absence of well-educated judges. According to the donors, well-educated jurists seldom find their way into the court system. They generally fear the bad working conditions, the miserable reputation of the judiciary, and

the cooperation of lower qualified colleagues who are responsible for often questionable jurisdictions. Finally, some donors doubt the political will of the government to face the problems of the judiciary since its reformation goes extremely slow. Others explain that the delay is due to insufficient capabilities of the public administration to implement the judicial reforms.

The miserable state of the justice system causes serious consequences for the Peruvian democratization. On the one hand, the donors point to the impairment of the rule of law, which is an essential element of democracy. On the other hand, they recognize that the lack of an independent and effective judiciary is responsible for its very low reputation among the public. The representative of an American NGO explains: “Everyone [in the civil society] believes that the judges are corrupt and do not provide a good jurisdiction” (Personal interview: 2007). His colleague from an American political foundation argues in a similar way: “The people are generally doubting the efficiency of the judiciary. [...] One believes that it causes high costs and little results” (Personal interview: 2007). The aid organizations are convinced that the judiciary’s low reputation in the civil society automatically implicates negative effects for the reputation of the democratic institutions in general.

The donors hardly state positive developments concerning the Peruvian justice sector. The representative of a German governmental organization has the impression that some reforms of the justice system are very slowly starting to take effect. In his view, this concerns the reform of the criminal procedure.

The Decentralization Process

The majority of the aid organizations criticize the strong centralization of power in the Peruvian government, which, according to them, is mostly the result of the long tradition of military rule and the efforts of the authoritarian Fujimori regime. They present several explanations why centralization complicates the Peruvian democratization process. First, the lack of their own competencies makes it very difficult for the regions to build a vertical counterbalance towards the central government and to influence national decision-making. Due to this, power cannot be shared and controlled in the democratic system. Second, centralization prevents both independent decision-making and political accountability of elected officials on the regional and local level. In the view of the donors, this complicates the deepening of democracy on these state levels. Third, centralization complicates the development of public trust in the democratic state. The representative of a German governmental organization explains: “As long as there are no important competences decentralized, the citizens do not

really believe in the democratic state because they experience it as centralized and rather anti-democratic” (Personal interview: 2007).

The Toledo government started a decentralization¹⁰ process that the García government has announced it plans to continue. The aid organizations evaluate the results so far. Concerning the transfer of competences to the regional and local state level none of the actors recognizes major improvements. Accordingly, many donors criticize the missing efforts of the present government to decentralize and to give up power. For example, the representative of a German governmental organization argues: ”The [decentralization] reforms are going very slow and I think nobody would claim that something fundamentally changed” (Personal interview: 2007). His colleague from another German governmental organization adds: “The decentralization of functions is not a very serious undertaking. One has defined 185 functions¹¹ and the majority of them are *fantasmas* [ghosts] functions, which have never been implemented in the reality. These functions were transferred [to the regions]. On the other hand, there exists no systematic analysis about what entities and functions can be centralized. As long as this does not happen, we cannot speak about decentralization” (Personal interview: 2007).

A few donors state that they are carefully optimistic about the future transfer of competencies to the subordinated state levels. In this context, the representative of a German political foundation argues: “I believe that the García government is more serious about decentralization than the previous Toledo administration. This concerns both the transfer of competences and financial resources. It just goes very slow” (Personal interview: 2007). The representative of an American church organization points to the fact that the regions are presently able to decide independently about certain expenditures, even though their highest amount is very limited. He explains: “I can see a change here” (Personal interview: 2007). The representative of an American governmental organization adds that “one need to consider that the Peruvian government attempts to decentralize and modernize the state at the same time. I am not saying give them [the government] a break but do not underestimate the difficulty of trying to do those things and trying to do them in parallel” (Personal interview: 2007).

Focusing on another area of decentralization, several donors argue that the regions are presently not able to build a vertical counter-balance to the central government and, thus to effectively influence national decision-making in their interest, due to the lack of compe-

¹⁰ There exist several working definitions of *decentralization* in the literature (see, for instance, Rodden 2004, Rondinelli 1989, Manor 1999). The study employs the World Bank’s, which states that *decentralization* is the “transfer of authority and responsibility for public functions from the central government to intermediate and local governments or quasi-independent government organizations and/or the private sector” (World Bank 2008).

¹¹ The functions are defined in the Organic Law on Regional Governments - N° 27867 (2002).

tences, administrative capacities and organization. However, some donors refer to initial developments that might strengthen the regions' positions towards the central government. For example, the representative of a German church organization welcomes attempts to build alliances: "I believe that the regions and municipalities are starting to understand that they need to strengthen and unite themselves if they want to get a foot in the door on the national level. Small initiatives as *REMURPE*¹² are going into the right direction. [...] So far they are just a ray of hope. However, it is good that they [the regions and municipalities] try to build alliances and that they strategically try to push their interests towards the central government as a counter-balance" (Personal interview: 2007). Her colleague of a German political foundation mentions the establishment of an assembly of the regions¹³. He argues: "The regions do not speak with one voice so far. [...] However, they created an assembly to present their interests on the national level. This institution still has low profile but it is good that it exists. It can be an organ for the regions. The assembly is also good for the government because it can use it as a contact for the problems of the regions" (Personal interview: 2007). Finally, the representative of a German governmental organization recognizes a growing self-confidence of the regions. He explains: "Even though Peru is very centralized, there is a growing consciousness in the regions that it is right and reasonable to take certain decisions on the regional level. [...] And there are some regional governments which already express this demand very self-confident. Such regions are, for example, Arequipa or Lambayeque. This is surely positive for the building of a counter-balance towards the central government and the continuation of the decentralization process in general" (Personal interview: 2007).

The third mentioned area of the Peruvian decentralization process concerns the participation of civil society in public decision-making. According to the aid organizations, public participation represents an important element of democratization because, in the optimal case, it facilitates the direct consideration of civic interest in state politics, it contributes to the development of a democratic consciousness in the state and civil society and it promotes the building of public trust in the democratic state, especially on the regional and local level.

The donors mention several forms of public participation in Peru which all have an exclusively advisory character. Thus, their decisions are not binding for the participating state institutions. First is the *Mesa de Concertación de la Lucha Contra la Pobreza*.¹⁴ This institution was established on the national level during the interim-government of President Pani-

¹² The *Red de Municipalidades Rurales del Perú/ Network of Rural Municipalities* in Peru represents a national organization which associates rural municipalities of 19 Peruvian regions. Its task is to support the decentralization process.

¹³ Asamblea de Gobiernos Regionales.

¹⁴ Roundtables for the Fight Against Poverty.

agua in 2001 and followed by the creation of roundtables on the regional and local level. Its objective is to reach consensus solutions between representatives of the state and civil society regarding the design and implementation of anti-poverty strategies, and to provide oversight to what extent they have been carried out. Second is the *Acuerdo Nacional*.¹⁵ The institution was established during Toledo's presidency and consists of representatives of the Peruvian government, the congressional political parties and the civil society. It seeks to be a forum for consensus-building in a variety of policy fields such as economic and social development, decentralization and transparency. Third are the *Consejos de Coordinación Regional/ Local (CCR/Ls)*.¹⁶ Unlike the two previously mentioned institutions, the coordination councils are regulated by law. They came into being in 2003 as consultative organizations for regional and local governments. The objective of these institutions is to reach agreements between state authorities and representatives of the civil society on regional/local development and on the annual investment budget. The law dictates that 40 percent of the members are representatives of the civil society and 60 percent are members appointed by the regional or local governments. Fourth are the *presupuestos participativos*.¹⁷ Similar to the coordination councils, the participatory budgets were established during Toledo's presidency and are regulated by law. Accordingly, a small percentage of the regional and local budget is invested on the basis of agreements between the state and civil society. In this case, members of any legally registered civil society organization are allowed to participate and to present project proposals.

The development organizations positively evaluate the existence of these opportunities for public participation on the different state levels. For example, the representative of a German governmental organization states: "The fact that the civil society has opportunities to participate in state politics is an important element for a sustainable democratization process. These are experiences and processes that one cannot turn back" (Personal interview: 12/2007). His colleague from a German NGO argues with a view to the participatory budgets that "they are instruments with high potential because the people can make democratic experiences there" (Personal interview: 2008) Concerning the *Acuerdo Nacional*, the representative of an American political foundation states: "One of the figures I defend the most in this democratization process is the *Acuerdo Nacional*. I believe that the idea of constituting such an institution is very positive for the deepening of democracy" (Personal interview: 2007).

¹⁵ National Accord.

¹⁶ Regional and Local Coordination Councils. See Organic Law on Regional Governments - N° 27867 (2002) and Law N° 27902 (which modifies Law 27867); Organic Law of the Municipalities - N° 27972 (2003).

¹⁷ Participatory budgets. See Framework Law N° 28056 (2003).

However, while analyzing practical experiences, many donors are skeptical about the current effects of these institutions on the country's democratization process. For example, the representative of a German governmental organization argues with view of the *CCR/Ls* and *presupuestos participativos*: "So far we have ritualized procedures regulated by law which in many cases have not substantially contributed to the deepening of democracy" (Personal interview: 2007).

The aid organizations most often reason their argumentation with the fact that the functioning of public participation highly depends on the will of state officials to implement the agreements. For example, the representative of the American political foundation who previously mentioned the *Acuerdo Nacional* adds to his comment: "The implementation of decisions has depended on each government and, above all, the will of each prime minister. So far one has not given the *Acuerdo Nacional* the attention which it should have received as a factor bringing together the forces" (Personal interview: 2007). The representative of a German church organization similarly argues with a view to the participatory budgets on the local level: "In many cases this is just a farce because the mayor does not implement the decided project. Afterwards he says, for example, that he needed the money to build a road and, thus, there would be no money left for the project. Actually, he is not allowed to decide this by his own but in practice that happens. Then, of course the frustration [in the civil society] is very high" (Personal interview: 2007). The representative of an American NGO adds that in surveys many state officials on the regional and local level regard the participation as a problem. She explains: "They argue that participation only extends the administrative processes. These state officials complicate the functioning of public participation because they show that they do not take it seriously" (Personal interview: 2007).

The representative of a German church organization identifies another problem in the existence of parallel structures. She explains: "The *mesas* are spaces which have been created by the people themselves. The *CCR/Ls* and the *presupuestos participativos* were later established and represented an attempt to regulate opportunities of participation by law. However, suddenly they became competing events what has led to much confusion in the civil society. This has complicated their functioning" (Personal interview: 2007). Other aid organizations indicate that the missing of know-how of both state and civil society representatives as well as public mistrust towards state officials are complicating the implementation of public participation, especially on the local level. Finally, some donors criticize that women, young and very poor people are often not sufficiently represented in these events what complicates or prevents the consideration of their interests.

The donors agree that these problems need to be reduced in order to facilitate the effective participation of civil society in public decision-making. They are also convinced that it will take time to do this. However, many are optimistic that processes within forms of public participation will improve in the long run. For example, the representative of a German church organization argues with view of the participatory budgets: “The process is still very young and the people do not have much experiences so far. However, if one talks to people who participated two or three times in the these events they say: ‘Yes, the last time the regional and local authorities could easily convince us but this time we have learned to be better prepared.’ Then, also the state officials will be better prepared. I believe if this development goes on, these forms of participation have chances” (Personal interview: 2007).

The Administrative Capabilities

A topic closely related to the decentralization process is the building of administrative capabilities on the regional and local state level. Numerous aid organizations complain that the staff of regional governments and municipalities often do not have the experiences and qualifications to sufficiently fulfill already existing tasks and services. They argue that this lack of know-how complicates the functioning of democratic institutions and thus prevents their long-term strengthening. Further, it contributes to a negative image of democratically elected regional and local governments because the citizens get frustrated about the insufficient provision of public services and the delay of public investments. Finally, it endangers the continuation of the decentralization process. The representative of a German church organization warns that the missing of administrative know-how on the subordinated state levels supports those voices in the central government that prefer to stop or slow down decentralization. According to her, these state officials argue “true to the motto: ‘Look, it does not work! We cannot transfer competences to regional and local governments because they are not able to fulfill their tasks’.” (Personal interview: 2007).

According to the donors, there are four examples frequently recognizable on the subordinated state levels, which demonstrate this lack of administrative capabilities. First, newly elected regional presidents and mayors enter office and do not know how to invest their money. In the worst cases this means that they need to retransfer money allocated by the central government because they cannot spend it after a certain time. Second, state employees, especially of local entities, do not have the qualifications to prepare applications for project funding. Third, the administrative staff does not have the experiences to organize and monitor the implementation of investment projects in such a way that they come to a successful con-

clusion. Fourth, the lack of administrative expertise is responsible for creating a situation in which regional governments and municipalities are not able to provide proper public services.

The aid organizations present different explanations for the lack of administrative capabilities in regional and local state entities. One of them concerns the absence of an institutionalized civil service. The representative of a German political foundation explains that every time there are elections on the different state levels, numerous employees of ministries, regional governments and municipalities are changing in case of a new political leadership. Due to this, “there is always a stop or backslide in the development of state institutions because the administrative capabilities which have been built cannot exist any longer” (Personal interview: 2007). Many donors summarize this state as “extremely inefficient.” They add that this loss of capabilities especially affects the regional governments and municipalities because it is much more difficult for them to find qualified candidates for administrative positions. As a consequence, numerous subordinated state entities hire unqualified staff who need to get trained first. The representative of an American governmental organization describes this situation with the words: “You are permanently reinventing wheel” (Personal interview: 2007).

At the same time, the regional and local governments do not receive sufficient support from the central government concerning the training of administrative staff. Some of the donors mention that the Peruvian government is developing an extensive plan¹⁸ to provide administrative training to staff in leading positions of regional and local governments, so the administrations are better able to fulfill decentralized functions. However, its implementation has not started yet. Currently, international donors are often providing the training for the administrative staff on the regional and local level.

The representative of an American NGO reports that cronyism plays an important role when analyzing the reasons for low administrative capabilities. “One can see that people get jobs in public administrations who have the trust of the political leaders, however, who do not have the education and experiences to fulfill the requirements of their positions” (Personal interview: 2007).

The aid organizations emphasize that the dearth of administrative know-how also exists on the national level, mostly due to the previously mentioned non-institutionalization of the civil service. Insofar, the consequences for the strengthening and the reputation of democ-

¹⁸ Plan Nacional de Desarrollo de Capacidades en Gestión Pública/ National Plan for the Development of Public Leadership Capacities. The plan also includes the training of staff of national administrations in context of the decentralization process. For further information see <http://sd.pcm.gob.pe/contenido/789/-Plan%20-Nacional-%20Desarrollo%20Capacidades%202008-2011%20-%20Diapositivas.pdf>.

matic state institutions apply here again. On the national level, the aid organizations hold the missing administrative capabilities jointly responsible for the slow reformation and modernization of the Peruvian state. The comment of the representative of an American governmental organization illustrates this: “There is a lot of speculation about the political will of the government to modernize the state. [...] However, part of the slow reform process is capacity of the government. There are a lot of very good people but I think that is a pretty thin layer. So when you take on these massive state reform issues, it does not go very deep. You may have good ideas and good pronouncements. However, the ability of the state to implement that is extremely weak” (Personal interview: 2007).

The foreign donors hardly mention positive developments concerning the long-term building of administrative capabilities. Some of them welcome that the central government develops the previously mentioned plan for the training of administrative staff. However, many donors argue that it requires an institutionalization of the civil service first in order to keep the qualifications within state entities over a longer period of time. Otherwise, they agree that it will be very difficult to strengthen these institutions and to improve their tasks and services in a sustainable way.

The Corruption

The majority of the donors indicates that extensive corruption¹⁹ in all levels of the state and civil society represents an obstacle to the Peruvian democratization process. They reason it in duplicate respects: First, corruption considerably complicates efforts to strengthen and improve the functioning of democratic institutions and, second, it contributes to the loss of public confidence in them.

In their analysis, the aid organizations identify different explanations for the enormous corruption in Peru. The representative of an American NGO points to the previous Fujimori regime, which deliberately supported a “culture of corruption” (Personal interview: 2007). She also believes that the centralization of executive power supports this phenomenon. According to her, “there are numerous interests which advocate the centralization of power and this game of interests is responsible for the high corruption” (Personal interview: 2007). Her colleague of a German governmental organization argues with the willingness in the state and civil society to ignore the laws: “On the one hand, there exists a high willingness of officials in state institutions to ignore the laws if they contradict political, institutional or personal interests. On the other hand, there is the same high willingness in the population to ignore the

¹⁹ The study understands *corruption* as the “misuse of entrusted power for private gain” (Transparency International 2008).

laws because it is advantageous or simply because it does not matter. In such an environment, it is logical that corruption flourishes” (Personal interview: 2007). The representative of another German governmental organization believes that corruption in state institutions is able to spread because large parts of the poor majority of the population tolerates it “true to the motto: ‘It does not matter if the mayor is corrupt. The main thing is that he is doing something for us’.” (Personal interview: 2007). The representative of a German church organization adds to the previous comment: “The problem is that the people often do not understand that corruption also affects their money. They rather have the feeling that it is money which is anywhere in the state and it is normal that state officials take it to enrich themselves. And as soon as someone builds a road or a new public school for them they rapidly excuse the corruption. The low level of education plays an essential role there” (Personal interview: 2007).

The extensive corruption represents an area where the donors do not mention any improvements. Accordingly, they are not very optimistic about its quick reduction. For example, the representative of a German political foundation states: “The country will need to live with this evil for some time and it does not matter if one establishes certain institutions to fight it” (Personal interview: 2007). The previously mentioned representative of an American NGO adds: “This culture [of corruption] one still cannot erase in our country” (Personal interview: 2007). And the representative of an American political foundation concludes her analysis with the words: “The corruption is a huge challenge for the democracy [in Peru]” (Personal interview: 2007).

Conclusion

The German and US development organizations are observing a very difficult democratization process in Peru characterized by numerous problems and comparatively little positive developments. In their perspective, five of the six analyzed areas represent huge challenges for the deepening of democracy: The political party system, the justice system, the decentralization process, the administrative capabilities and corruption. The political party system shows an extreme fragility and is in many cases insufficiently able to fulfill its designated tasks in the democratic system. The judiciary is very weak with devastating consequences for the rule of law. At the same time, both Congress and the judiciary are not able to control and oppose the executive. The power is still centralized in the national government and its decentralization goes very slowly. A vertical counter-balance of the regions is hardly recognizable and forms of public participation often have serious problems influencing executive decision-making. The state institutions generally suffer on all levels under the lack of administrative capabilities

and extensive corruption, both of which considerably complicate their strengthening and functioning. Finally, all aforementioned problems contribute to a public loss of confidence in the democratic state and, thus, cause difficulties for the deepening of democracy in the Peruvian civil society.

On the other hand, the donors identify some positive developments in Peru that give hope for the continuation of the democratization process. This concerns, first of all, the only area where they do not state negative developments during the interviews: The implementation of elections on the different state levels. According to the donors, the fact that the post-authoritarian presidencies have not shown intentions to change this form of government represents an important success of the democratization process, even though one still cannot exclude the possibility of a new Fujimori entering the highest government positions. The aid organizations also evaluate the introduction of a suffrage for members of the police and the military as well as an electoral barrier of four percent in congressional elections as democratic improvements in Peru. Further, they indicate a number of initial developments in the five problem areas that might have positive effects on the country's democratization. This includes careful attempts to institutionalize political movements or a growing regional self-confidence and the creation of an assembly of the regions which both increase the chances of subordinated state entities to influence national decision-making. Other examples embrace the potentials of forms of public participation or the central government's plan to provide training to the staff of regional and local governments to make them better able to fulfill present and future decentralized functions.

Nevertheless, the evaluations of the aid organizations demonstrate that there is still a long way to go to consolidate democracy in Peru. In the following years, much will depend on the willingness and the capability of political actors to continue this process. According to the donors, the tasks are enormous. With regard to the six analyzed state related areas, they include: the serious continuation of the decentralization process, the modernization of the justice sector, the institutionalization of a public service and the building of administrative capabilities on the different state levels, the strengthening of political movements, the fight against corruption and, the building of public trust in the democratic state. The dimension of these challenges and the little improvements so far could give reason to be skeptic about the future perspectives of the Peruvian democratization process. On the other hand, one can argue that the enormous challenges demonstrate the urgency for reform. This is the way the German and US development organizations look at them.

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Appendix

List of participating German and US aid organizations and year of the interviews:

German “Durchführungsorganisationen:”

Deutsche Gesellschaft für Technische Zusammenarbeit (2007),
DW-Akademie (2007),
German Development Service (2007),
InWent (2007),
KfW Entwicklungsbank (2007)

German Political Foundations:

Friedrich-Ebert-Foundation (2007),
Hanns-Seidel-Foundation (2007)

German Church Organizations:

Adveniat (2007),
Church Development Service (2007),
Kolping International (2007),
Misereor (2007)

German NGOs:

Amnesty International/ Regional Group Bochum (2007),
Deutsche Welthungerhilfe (2007),
Lateinamerika-Zentrum (2007),
terre des homes (2007),
Town Twinning Berlin-Treptow-Köpenick/ Cajamarca (2007)

US Governmental Organizations:

Inter-American Foundation (2008),
Millennium Challenge Corporation (2008),
USAID (2007)

US Political Foundations and NED:

International Republican Institute (2007),
National Democratic Institute (2007),
National Endowment for Democracy (2008)

US Church Organizations:

Adventist Development and Relief Agency (2007),
Catholic Relief Services (2007),
Lutheran World Relief (2007)

US NGOs:

Care Peru (2007),
Heifer International (2007),
Oxfam America (2007),
Pathfinder International (2007)