

**Peru's Political Party System
and the Promotion of Pro-Poor Reform**
Synthesis Report
March 2005

The National Democratic Institute for International Affairs

Acknowledgements

The National Democratic Institute for International Affairs (NDI) is a nonprofit organization working to strengthen and expand democracy worldwide. Calling on a global network of volunteer experts, NDI provides practical assistance to civic and political leaders advancing democratic values, practices and institutions. NDI works with democrats in every region of the world to build political and civic organizations, safeguard elections, and to promote citizen participation, openness and accountability in government.

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This report was prepared by NDI with the financial support of DFID. Its findings are based on a combination of in-depth desk and field research and several pilot programs carried out by NDI in Peru in 2004. Key informant interviews were conducted with a wide range of political actors, including women and indigenous group representatives. Between August and December 2004, NDI conducted 26 forums on poverty reform with political party leaders and members.

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Democracy depends on legislatures that represent citizens and oversee the executive, independent judiciaries that safeguard the rule of law, political parties that are open and accountable, and elections in which voters freely choose their representatives in government. Acting as a catalyst for democratic development, NDI bolsters the institutions and processes that allow democracy to flourish.

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Acronyms

AP	Popular Action (Acción Popular)
APRA	American Popular Revolutionary Alliance (Alianza Popular Revolucionaria Americana) or the Partido Aprista
CODE	Democratic Convergence (Convergencia Democrática)
CR/LR	Regional Council/Local Council
CCR/CCL	Regional Coordination Council/Local Coordination Council
DFID	UK Department for International Development
FIM	Independent Moral Front (Frente Independiente Moralizador)
GDP	Gross Domestic Product
IMF	International Monetary Fund
JNE	National Elections Board (Jurado Nacional de Elecciones)
MDG	Millenium Development Goal
NDI	National Democratic Institute for International Affairs
NGO	Non-Governmental Organization
OAS	Organization of American States
PRSP	Poverty Reduction Strategy Paper
UN	National Unity (Unidad Nacional)
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

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Peruano), published in February 2004 for the Pro-Descentralization Project funded by the United States Agency for International Development (USAID) in seven regions of the country on citizen perception of the decentralization process.

⁴² According to individuals interviewed by NDI, information requests require the Council to agree on the date for request of information, and a majority face delays that make the information obsolete by the time it is returned. In cases where there is no response to the request no corrective actions are taken, it does not matter.

⁴³ See Municipal Elections Law (*Ley de Elecciones Municipales*) No. 26864, Articles 25 and 26, and Regional Elections Law (*Ley de Elecciones Regionales*), Article 8.

⁴⁴ The issues that hold for regional governments also occur at municipalities.

⁴⁵ In Ayacucho a number of councilors themselves admitted that they simply lacked training in how to manage, govern etc—in sum, how to do their job. While some organizations, local and international, are providing training and there are some success stories such as Lambaeyque, there is still great need for greater capacity at local levels if a healthy legislative-executive balance is to be achieved. In the four regions that NDI talked with consejeros, including Lima, all asked for basic training on how to analyze and draft legislation, draft development plans etc.

SECTION I

Executive Summary

This paper offers an analysis of Peru's political party system as it affects the ability of democratically elected officials to drive pro-poor change. Although 2004 produced the highest economic growth rates in Peru in more than a decade, the World Bank and the United Nations Development Programme (UNDP) estimate that half of Peru's population still lives in poverty. In the eyes of many domestic and international observers, this is because the state has been unable to move reforms quickly enough to address serious inequality and poverty. Concerned with this trend, the British Department for International Development (DFID) sponsored a combination of in-depth research and pilot programs to investigate and encourage the constructive involvement of political party actors in poverty reduction efforts. This work was undertaken by the National Democratic Institute (NDI), a long-time implementer of democratic development programs in Peru, Latin America, and around the world.

Beginning in early 2004, NDI conducted preliminary desk and field research regarding party structures and the behavior of party activists within government institutions. This information was then used to design program activities that would encourage more practical party engagement on poverty reduction issues. Between August and December 2004, NDI conducted 26 forums on poverty reform with 14 parties, reaching 1,342 party leaders and members. Feedback from political party participants at these events has been integrated into this final synthesis report, which includes both analysis of the political system and recommendations for members of the international community desiring to support poverty reduction in Peru.

Together, NDI research and activities revealed that Peru's political system affects the poverty reduction process directly through three major characteristics: 1) the present structure of political parties as a result of evolution through a series of historic "shocks" to the political system; 2) intense public expectation for poverty alleviation (rather than poverty reduction or investment in human capital); and 3) the cost-benefit structure of individual actors in politically powerful situations. The impact of these factors is evident in internal political party structures, within Congress, and in newly decentralized local government offices.

Based on this analysis, NDI recommends the following types of technical assistance programs to buttress more direct forms of financial or budget assistance:

1. Build capacity among elected officials to fulfill reform-related responsibilities
 - Promote legislative oversight as a monitoring mechanism
 - Strengthen congressional (or municipal) representation of, and accountability to, citizens

- Institutionalize communication mechanisms between local and national government
2. Support political party capacity through targeted technical assistance
 - Build independent party capacity for internal policy development
 - Strengthen party capacity to educate the public through effective constituent outreach
 - Increase transparency of policy processes by increasing party transparency
 - Strengthen capacity of political figures to coordinate implementation of promised reforms
 3. Integrate civic expertise on relevant issues into policy and reform processes
 - Develop or institutionalize links between civic actors and political (party) actors

gradually more evident to parties over the course of multiple elections. The natural need to communicate between headquarters offices and grassroots campaign workers, in some ways, primes mechanisms for future communication. However, this also requires party recognition that national success depends, in large part, on citizens' opinions about party performance or positions on various issues.

³² Here, NDI is referring to the extraneous and obviously political investigations of the fiscalization committee. Several investigations of corruption and abuses by officials in the Fujimori regime are also presently underway. These investigations are critical to Peru's reconciliation with recent political history and must proceed. However, their high profile may have reinforced congressional members' ideas that corruption investigations are the best way to generate negative media coverage of political opponents.

³³ NDI's translation.

³⁴ See Carlos Santiso and Arturo Garcia Belgrano, *The Politics of Public Budgeting in Peru: Legislative Budget Oversight and Public Finance Accountability in Presidential Systems*. SAIS Working Paper Series, January 2004.

³⁵ For example, from the 2001/02 to 2002/03 session, legislative turnover in the following three committees was as follows: Agriculture committee, 7 of 17 members changed; Decentralization, 11 of 16 members changed; Education, 10 of 16 members changed.

³⁶ Obviously, Peruvian congressmen and women are not the only people to fall into this habit. Executive branch offices and the international community have been equally guilty of this assumption in various countries.

³⁷ In 2004, laws with language taken directly from United Nations (UN) draft legislation, and a Colombian congressional bill were uncovered among the laws in the legislative agenda. The plagiarism prompted the media to bemoan congress's tendency to place quantity over quality.

³⁸ As of April 2003, more than 10 percent of members had changed their party affiliation, and, today, even President Toledo's party is unable to consistently secure the legislative votes needed to pass its own initiatives.

³⁹ Despite mutual recriminations, a recent analysis of seven newspapers by Transparency (Transparencia), a watchdog group, from January to March 2004 (Transparency Data, #21, April 2004) showed that, in all cases, neutral to positive coverage of congress as an institution and of MPs as individual legislators outweighed the negative.

⁴⁰ President Toledo could benefit from a credible demonstration that public funds are well managed, while opposition parties could benefit by demonstrating the opposite.

⁴¹ See survey conducted by the Institute for Peruvian Studies (Instituto de Estudios

programs were emphasized. The recent placement of poverty on the public agenda and the discourse adopted by today's political class has its roots in civil society (including the church) and the proposals and agendas of multilateral organizations.

- ²³ For the purposes of this paper, NDI defines poverty alleviation as efforts to diminish the effects of poverty (income indexed transfer payments, free meals, or other handouts, etc.). Poverty reduction includes efforts to increase the human capital or income opportunities of the poor (deregulation and micro-credits, subsidized education, or health care, etc.).
- ²⁴ High and hyper inflation under Alan Garcia, and re-stabilization in Fujimori's early years are still within living memory for a large part of the voting public. In the long run, Fujimori used the creation of various social funds and programs to generate and maintain public support, reinforcing the notion that a military backed regime is much better able to deliver social welfare to the poor.
- ²⁵ For example, President Toledo recently introduced a national program that would give \$30 per month to poor families on the condition that their children go to school and have regular medical examinations. Although this has been criticized as pre-election populism, it marks one of the first concrete initiatives to reduce extreme poverty.
- ²⁶ Many interviewees reported that "ideology is passé" and that technocrats are now needed in government. A similar perception took shape when many insisted that President Toledo not name members of his party to cabinet posts.
- ²⁷ Examples are the various food support programs led by the *Club de Madres* of Peru, including delivery of school breakfasts, subsidized restaurants (*comedores populares*) and "Glass of Milk" (*Vaso de Leche*) (a breakfast for children program) They are highly visible, popular, and have some impact, but have been targeted for reform because they neither reach the poorest of the poor, nor do they have clear criteria for eligibility/exit. Originally thought to be model examples of the poor making decisions on their own behalf, many now see the *Club de Madres* as brokers of special interest who wield great political power. Candidates tried to offer reform ideas in 2000/2001 campaigns but vocal resistance from *Club de Madres* resulted in offers to expand coverage instead.
- ²⁸ NDI defines tactics as the technical policies and specific actions taken to reduce poverty, while strategies refer to the broader ideological approach or order of prioritization.
- ²⁹ APRA is the next closest to having a tactical poverty plan.
- ³⁰ As the oldest party, APRA has developed a greater ability to communicate policy stances from top to bottom. The fact that similar communication mechanisms do not exist in newer parties is not necessarily indicative of a failure, but may rather be an indicator of the parties' relative youth.
- ³¹ It has been NDI's experience that the benefits of intra-party communication are

SECTION II

Methodology

With DFID support, in 2004, NDI initiated a 10-month program to engage the political actors in Peru who—by virtue of their election or political appointment—are best placed to affect poverty reduction programs. The objectives of the work were twofold: to better understand the role of the political party system in Peru's reform process and to engage political parties directly in new activities that would strengthen political commitment to poverty reduction.

The project consisted of two principal phases. In the first phase, NDI conducted an assessment of the incentive structures that affect Peruvian political elites' pursuit of pro-poor reform. This was carried out through both field and preliminary desk research. Building on already-established relationships with Peruvian political parties, NDI conducted key informant interviews to complement its analysis of the political factors that motivate parties to act as drivers of change or obstacles to reform.

To complement this field research, NDI commissioned the writing of two reports to evaluate different aspects of political party development and poverty reduction in Peru: *Political Elites, Development and Poverty in Peru*, prepared by Carlos Fernández Fontenoy; and *The Political Party System in Peru and the Promotion of Pro-Poor Reform: A Historical Context*, prepared by Ricardo Portocarrero Grados.

The second phase, based on the assessment findings, consisted of workshop activities with political parties that addressed the need for increased internal party communication and coordination regarding poverty reduction. A total of 26 forums were held, which included participation from 14 parties and reached 1,342 party leaders and activists. Originally, activities focused on parties with representation in Congress, but NDI later expanded the program to include several major regional movements, as well as emerging organizations. The workshops were held in various cities in Peru, and attended by a range of political actors, from young party members to congressmen and women. Enrique Quedena summarized feedback from participants in these activities in his report, *Project on the Political Party System in Peru and the Promotion of Pro-Poor Reform: A Balance of Experiences (Proyecto Sistema De Partidos Políticos Del Perú Y Reformas Para La Superación De La Pobreza: Balance De La Experiencia.)*

The following analysis draws on:

- NDI's experience over the last decade working with political actors in Peru;
- A series of program activities prompting political party debate on poverty policies;

- A series of interviews with political party leaders, activists, elected officials, civil leaders, and academic analysts;
- A set of academic essays commissioned to review Peru's political evolution; and
- NDI's work supporting political party development around the world.

To discuss final project results, NDI hosted a roundtable entitled "Political Parties and International Cooperation: a Dialogue on Pro-Poor Reforms" on December 9, 2004, reaching 100 party, civil society, and university leaders. Participants included representatives from all of the parties participating in the program.

- ¹³ As Alan Garcia's successful presidential campaign also relied on promises of social spending and economic growth, it is safe to assume that the population was at least somewhat receptive to anti-poverty rhetoric during this period of time.
- ¹⁴ The paucity of political party "accomplishments" is reinforced by civil society delivery of social services to a large portion of the population.
- ¹⁵ At present, all members of this movement are in prison for occupying a police station in Andahuaylas in January 2004. At the time, the movement demanded the resignation of Toledo and his government. After a brief standoff, the movement's leadership was arrested and imprisoned.
- ¹⁶ According to previous interviews for the NDI-DFID party finance initiative conducted in Peru in 2003.
- ¹⁷ In NDI interviews with recent candidates for various levels of political office, a few indicated that the party had secured some media time for them, but that was the extent of the support.
- ¹⁸ Parties are not realistically able to serve as a domestic fundraising mechanism due to the paucity of legitimate fundraising targets, i.e., there are not enough wealthy citizens willing to donate money to parties without expecting overt patronage in return.
- ¹⁹ Some would call these networks 'patron client relationships' and in many cases this is an accurate description. As the state evolved, it was increasingly viewed as the distributor of assets, income opportunities, political appointments, etc.
- ²⁰ See Sachs, 1991 or Prezworski, 1991.
- ²¹ A 2002 World Bank analysis on restoring fiscal discipline for poverty reduction in Peru, reported that most targeted social programs have reached less than 40 percent of the intended poorest population groups. It suggests that the myriad of social programs in Peru should be ranked, and that those with substantial mis-targeting such as the "Glass of Milk Program," or the school breakfast program (part of the national food assistance program, a legacy of Fujimori) be redesigned, merged or closed. Fiscal savings generated from such exercises could thus be used to increase coverage of more effective programs. *Peru: Restoring Fiscal Discipline for Poverty Reduction*, Public Expenditure Review, June 28, 2002. Online at: http://www1.worldbank.org/wbiep/decentralization/laclib/peru_summary.pdf.
- ²² Poverty first appears in political party discourse in the 1980s. Prior to then, public discussion focused on rights and perceived injustice for workers—a group that included a majority of the population. The crisis of parties in the 1980's prompted parties to address poverty out of necessity; with their basis in the labor unions, large scale unemployment meant that parties had to incorporate poverty into their platforms to retain membership. At the time, however, the issue was simply to mitigate symptoms of poverty, rather than resolve causal factors; therefore, social

Notes

- ¹ Latinobarometro is carried out by Corporación Latinobarometro, an NGO based in Santiago, Chile. It is an annual public opinion poll of over 19,000 people in 18 Latin American countries, representing a total population of over 400 million people.
- ² Corporación Latinobarometro, *Latinobarometro 2004 - Summary Report*. Santiago Chile, August 13, 2004.
- ³ “Statement by IMF Managing Director Rodrigo de Rato at the Conclusion of his Visit to Peru.” International Monetary Fund, February 19, 2005. (<http://www.imf.org/external/np/sec/pr/2005/pr0537.htm>); World Bank and UNDP reports on poverty statistics.
- ⁴ Even when parties move from government to opposition, there are strong incentives to maintain a policy platform that is responsive to the needs of the public. For governing parties the strategy is needed to coordinate pursuit of policy agendas and demonstrate good governance. For opposition parties, a platform serves to show the public that they are a viable alternative to the government.
- ⁵ Definition of pro-poor reform excerpted directly from: *Drivers of Pro-poor Change in Nigeria?*, component one of DFID’s “Drivers of Change Initiative” in Nigeria, 2003, compiled by a core team from Oxford Policy Management comprising Stephen Jones (Team Leader), Evelyn Dietsche (Political Scientist), Tim Ruffer (Economist), Kathryn Nwajiaku (Political Scientist) and Astrid Cox (Research Assistant).
- ⁶ Here, the term ‘shock’ is used to mean a political, military, or economic event of sufficient depth to force everything else to adjust to it. Examples include wars to defend or preserve the territorial state, ex-President García’s experiment with heterodox economic policies, and the ensuing hyperinflation.
- ⁷ APRA and Popular Action developed a national presence only after 1940.
- ⁸ The conclusion of wars for independence prompted greater foreign capital investment in Latin America. This financed industrialization and railroad construction to increase agricultural and mineral trade.
- ⁹ Examples include, specifically, the oil crisis of the 1970s and the rise in international interest rates that coincided with deficit spending.
- ¹⁰ Reinhart and Savastano, 2003.
- ¹¹ Price deregulation typically creates a tremendous increase in the price of basic consumption goods such as food and fuel. Since poorer families spend a majority of their income on absolute necessities, a sudden increase in the price of these goods often means they must simply reduce their consumption.
- ¹² Terrorism: Questions and Answers, Council on Foreign Relations web site. Online at: <http://cfrterrorism.org/groups/shiningpath.html>.

SECTION III**Conceptual Framework**

Despite a great deal of media focus on President Toledo’s single-digit public approval ratings, Peru’s larger problem is that citizens are dissatisfied with political leadership in general. According to Latinobarometro,¹ only 7% of the Peruvians surveyed in 2004 reported feeling “satisfied with the way democracy works in this country.”² Public dissatisfaction has strong economic roots: although 2004 brought Peru its highest economic growth in a decade, the World Bank and the UNDP estimate that half of the population still lives in poverty.³ In the eyes of many, this is because the state has been unable to move reforms quickly enough to address serious inequality or poverty. In light of this reality, NDI undertook an analysis of the role Peru’s political party system played in pursuing pro-poor reform, with support from DFID.

Why Examine the Political Party System?

In balanced democracies, political parties play a number of key roles for one simple reason: consolidated parties are motivated by the desire to secure elected office. As a result, parties’ actions are designed to increase their candidates’ chances of being elected. Although it is most obvious during campaigns, there are a variety of ways parties may try to convince voters that their party or their candidate is best able to govern by demonstrating success in the offices they already hold. In places with serious poverty, “successful governing” is often equated with improving the quality of citizens’ lives through poverty reduction or alleviation. Consequently, once a party member achieves an elected position, that political party has a sustained incentive to choose and implement poverty-reducing policies. A party with national and local office-holders has an additional incentive to coordinate successful policies among those members, so as to build the party’s reputation as a whole.

Similarly, a party that is in the opposition has an incentive to point out government failures and articulate alternative policies, so as to increase the likelihood that voters will see the opposition party as a credible alternative government and vote for it in the next election. In this way, competition among political parties offers a sustainable mechanism for countries to select, test, and reject or adopt policy options—including poverty-reduction measures. Furthermore, politically motivated use of oversight functions such as legislative investigations, or publicly available cost- and impact-analysis, is part of what keeps democracy stable but responsive. Governing parties know that the opposition will publicize their policy errors or failure to respond to public need. When elections are based on political competition, this knowledge serves as an incentive for the governing party to promote sound policy, to implement it as promised, and to adjust it when it needs change.

Competitive party politics is also the mechanism by which society chooses from among possible policy options. Parties with roots in social and ideological arguments (conservatism, liberalism, socialism, etc.) base their policy responses on specific ideals—thus, the process of electing them is, in many ways, a decision about the direction of national economic policy. The presence of political parties with diverse ideologies offers citizens a range of options for economic management. Once elected, parties are expected to translate their ideological approaches into policies. This means that parties can serve, not only as a coordination mechanism between elected officials at national and local levels, but also as a means to provide policy continuity over time.⁴

Despite these practical roles for political parties in national poverty reduction processes, incentive structures in transitional political systems can prevent parties from performing these functions. In Peru, modern political parties have evolved to their current configuration due to a number of historic shocks to the political system. Furthermore, public expectations for social spending to alleviate the symptoms of poverty—without necessarily altering the causes—have been ingrained over time. Together, these factors form a situation in which the political costs of pursuing poverty reduction may appear to individual political leaders to be much greater than the potential benefits of seeing such policies through.

With this in mind, it is logical that the international donor community, when working with a country that has experienced as many distinct economic approaches as Peru has experienced, would wish to examine the overlapping structural, institutional, and behavioral factors that shape political incentives. When these situations are better understood, donors who are considering direct budget support can have a better sense of how the political context will shape the management of those additional funds. Donors planning on accompanying their support with technical assistance can also tailor their technical programs in a way that does not disrupt Peru's evolving political system or its ability to institutionalize the practices necessary for sustainable economic development.

Starting Points

This research is premised on the basic assumption that, in Peru, democratically elected government officials have a key role to play developing and implementing national reform strategies. As public office-holders and administrators, their day-to-day decisions directly impact the pace and content of reform in Peru. In a country attempting to drive poverty reduction through state-led reform and improved governance, the actions of these officials have an even greater impact. Their incentive to act is, in turn, shaped by the political system itself. To understand the nature of Peru's reform process, it is therefore necessary to understand the factors that influence the decision-making of Peru's elected officials – specifically the structures, institutions, and traditions that surround elected officials, and how these shape their capacities to drive pro-poor change.

tries, prefects, etc.); and 3) training or technical assistance to civic groups on gathering and presenting information in a way that can be used in existing political processes.

Foster political actors' ability and willingness to involve civic expertise and feedback

This might include training or workshops on how to make use of non-government information, relationships with civil society, or facilitated collaboration between relevant political officials and civic experts.

Strengthen party capacity to educate the public through effective constituent outreach

Program activities in this area could include training on message development and external communication, as well as work with parties to build their own internal capacity to train on outreach and communication, particularly crisis communication, and communication to educate constituents.

Increase transparency of policy processes by increasing party transparency

This type of programming may include technical assistance or consultations on development of internal regulations and structures that facilitate greater transparency; or on implementing and enforcing transparency or ethics regulations within the party.

Strengthen the capacity of political figures to coordinate implementation of promised reforms

This area of support is particularly important in light of ongoing decentralization efforts. Activities could focus on developing internal communication mechanisms and structures that will allow parties to educate their elected officials on how to implement reforms that the party supports. Communication on the “how to” of specific reforms would bring technical information through political channels, thus gaining more attention from local actors. It could also include consultations with party coordinators on assessing the resources available to different levels of party actors, cataloging the types of support parties could actually provide for local officials in need of assistance, and strategizing about how best to mobilize these resources to improve performance while in office.

Integrate Civic Expertise on Relevant Issues into Policy and Reform Processes

Finally, the international community may wish to support technical assistance that helps to officially integrate Peruvian expertise from the civic sector into the formal policy process. For political parties attempting to increase the depth of their own involvement in poverty related issues, civic expertise can be a useful tool. While Peru's civic sector has a tremendous amount of expertise and knowledge about grassroots issues, much of that information does not find its way into party policy-making processes. Programs to address this disconnect and strengthen party involvement with specific issues would, therefore, need to include work with both civic and political actors.

Develop or institutionalize links between civic actors and political (party) actors

This could entail: 1) workshops for civic groups on the budget and policy cycles and on the political motivations of various government actors (at the legislative, executive, and local levels); 2) strategic planning seminars for think tanks to develop plans for engaging political actors who are actively involved in relevant policy decisions (committees, minis-

WHAT IS PRO-POOR REFORM IN PERU?

The nature of ‘pro-poor’ reform depends heavily on the nature of poverty in a country, but it is generally understood to be reform that creates, increases, or institutionalizes economic opportunities for the poor.⁵ Pro-poor change thus addresses the roots of poverty—such as minimal human capital or economic exclusion—rather than the symptoms of poverty such as inadequate nutrition or sub-standard housing.

Peru has an economic history that combines elite capture of economic institutions with populist social spending to generate public support among the poor. Additionally, more recent market-oriented reforms in the 1990s stabilized a spiraling economy, but left poorer Peruvians in dire straits. Against this backdrop, Peru's national debate on the nature or direction of poverty reduction may be understood as a debate informed by a broad array of economic experiments. It is an ongoing debate among a variety of politically and ideologically motivated actors.

This document, however, is concerned with the way that political actors pursue their notion of poverty reduction once they have access to the levers of state power. Consequently, while it examines the way poverty reduction policies have been designed and implemented, it does not judge their content.

In undertaking this research, NDI operated with three interlocking assumptions:

- **Competitive democratic politics enables sustainable, and pro-poor, reform.** In an established democracy, the presence of political parties across an ideological spectrum guarantees that debate, negotiation, and compromise will necessarily precede major reform. Consequently, this process tends to produce more moderate policies, which are socially optimal in the long-run. This aspect of democratic politics has particular relevance for Peru, where economic reform has repeatedly swung back and forth between experimental populism and fundamental free-market restructuring. With this in mind, NDI's research starts with the belief that policies that are negotiated through democratic compromise can reduce the severity of economic turmoil by smoothing out abrupt switches from one reform ideology to another. The smoother reform process benefits poorer members of society because they are also the most economically vulnerable to abrupt changes.
- **Democratic governance requires active political parties.** If a population is to see democratic institutions as preferable to authoritarian forms of government, then democratic political parties and leaders must be visibly involved in making policy improvements. This means partisan engagement in the details of designing, negotiating, and implementing poverty reduction initiatives. This is particularly important in countries like Peru, where public faith in governing institutions is low.
- **Elected officials have party allegiances.** The decisions of elected or politically appointed officials are just as influenced by political party concerns as they are by concern for public good, personal interest, or other factors.

Organization of the Paper

The aspects of Peru's political party system that shape individual political incentives to engage in—or abstain from—pro-poor reform are overlapping and mutually reinforcing phenomena. Consequently, this document identifies specific characteristics that affect the nature and pace of reform, and highlights their impact on the actions of parties themselves, Congress, and local government offices. The major characteristics under analysis are as follows:

- **Party evolution through repeated “shocks” to the political system.** Peru's political history includes several deep economic and military disruptions. Since independence, the military has intervened on multiple occasions to “rescue the state.” As a result, surviving political parties have evolved with specific—and in some ways defensive—characteristics: personalization; regional strength; association with the military, the church, or other nationwide structure; and an emphasis on the ideological questions of poverty reduction.
- **Public expectations and preferences for poverty alleviation.** Public beliefs about how to fix a problem can make a meaningful reform politically problematic—particularly for elected officials who are still building credibility (or suffering from a lack of credibility). This is not unique to Peru, but the tension between short- and long-term answers has a mutually reinforcing relationship with public skepticism about political parties' ability to manage the economy.
- **Political cost-benefit analysis makes poverty reduction appear too costly.** As a consequence of the preceding factors, most elected officials find that pursuing meaningful poverty reduction is both politically and personally challenging. In addition to public skepticism, individuals receive only limited assistance or recognition from their party structures for creative design or successful implementation of pro-poor policies. As a result the effort required to truly pursue reform seems to overshadow its potential political benefit.

After describing the evolution and current nature of these characteristics within parties, the paper assesses their impact in Congress, and the ability of local government structures to formulate and implement pro-poor reform in Peru. Finally, the report describes recommendations for international donors designing programs to support sustainable poverty reduction.

Promote legislative oversight as a monitoring mechanism

This can be done by: 1) strengthening sector-specific committees' oversight capacity through briefing for committee chairs and members regarding the links between their committee business and larger development strategies (Millennium Development Goals (MDGs), Poverty Reduction Strategy Papers (PRSP), National Dialogue outcomes, etc.); 2) providing training for staff on supporting committee work through research, procedure, and recordkeeping; or 3) providing technical assistance to increase transparency of committee proceedings.

Strengthen congressional (or municipal) representation of, and accountability to, citizens

Legislators and local officials are the link between government development decisions and the needs of the people. Program activities to strengthen elected officials' representative capacity may include: 1) training or consultations for officials on using the mechanisms of a legislature or municipal council to pursue specific reforms; 2) technical assistance on how to educate constituents about national-level policy changes and their impacts; 3) training for elected officials on tactics for dealing constructively with frustrated and angry constituents; or 4) technical assistance on measuring and applying public opinion information to policy priorities.

Institutionalize communication mechanisms between local and national governments

Communication mechanisms could facilitate more effective implementation of national development efforts at local levels by allowing the central government to be apprised of extreme success or failure when it occurs. These communication mechanisms could be organized in a non-partisan manner around the offices of elected officials, but are likely to be more practical if they are undertaken as an internal communication program for individual parties' elected officials. It may also include basic training for elected officials on inter and intra-office communication.

Support Political Party Capacity through Targeted Technical Assistance

Party leaders expressed a need to be more politically involved in the policy-level details of poverty reduction programs. This can be supported through targeted programs that enable parties to more effectively formulate reform policies, educate the public about reform processes or increase the transparency of their own decision-making processes.

Build independent party capacity for internal policy development

Efforts to build party capacity for policy development could include: 1) activities to expose political party leadership, as well as mid- or local-level party officials, to options for addressing specific issues; or 2) activities to build internal information-gathering capacity (essentially two-way communication between local and national levels) so parties know what supporters need at local levels and can respond.

SECTION VI

Conclusions and Program Recommendations

The rise of regional parties and public dissatisfaction with the present administration offers some evidence that the Peruvian public will demand more effective governance in return for electoral support. The challenge, therefore, is to shift toward “benefit,” individual political leaders’ own cost-benefit analysis of pursuing poverty reduction. This can be done by strengthening each party’s belief that competition for public office can and should be based on its own capacity to govern well or offer alternative responses to citizens’ needs. This will require parties to strengthen their internal capacities to coordinate the policy responses necessary to govern well at national and local levels.

The international donor community, therefore, must recognize that while political transition necessarily slows down many reform processes, it also makes those reforms more sustainable. The political party system in Peru is still undergoing transformation. Not only are democratic institutions like the legislature and local governments still feeling out their new authorities, but many political activists and leaders are new to their positions as well. At the same time, Peru is attempting to pursue strategic poverty reduction measures that are not only effective, but also sustainable. Such policies are difficult to manage politically in the most mature democracies. In Peru, politics is not yet competitive enough to support a virtuous cycle of political competition.

In light of the above findings, the following recommendations have been outlined for donors who are contemplating direct budget support as their primary means of economic assistance. The emphasis here is on immediate technical assistance that contributes to greater political stability while retaining the policy flexibility needed for sustainable poverty reduction. As rapid economic reforms (even when they encourage long-term growth) can be politically destabilizing, however, these options may also be appropriate technical complements for donors that are intending to use conditional mechanisms for assistance.

Build Capacity Among Elected Officials to Fulfill Reform-related Responsibilities

Public perceptions that political parties are unable to deliver on reform promises have a historical basis. While there is sufficient technical capacity in Peru to administer poverty reduction programs, elected officials have less experience managing the political dimension of reform. Technical assistance that strengthens elected officials’ abilities to use the authority of their offices for political gains and that also provide a public good is one of the best ways to foster a positive politicization of poverty. Options include the following:

SECTION IV

Characteristics of Peru's Political System

Politics, economic reform and the distribution of wealth are deeply interrelated in Peru. While Peru’s political system is the result of multiple intertwined elements, NDI believes the role of politics in pro-poor reform in Peru can be best understood by examining three major themes: political evolution through a series of “shocks;” tangible public expectation for poverty alleviation (rather than poverty reduction or investment in human capital); and the nature of cost-benefit analysis by individual actors in politically powerful offices.

Repeated Shocks To The Political System Have Shaped Today's Parties

Peru’s political party system has evolved through several significant “shocks,” which disrupted the consolidation of democratic political parties.⁶ Not only were these “continuous ruptures” often marked with violent conflict, but political parties typically were blamed for allowing the crises to emerge.

Military interventions, Sendero Luminoso, and anti-party sentiment

Following the war for independence, political groups initially organized around individual competing leaders who made efforts to fill the political vacuum left by Spanish colonial structures. As the modern state emerged, the military played a highly visible role guaranteeing the state’s territorial integrity. Once a precedent for military intervention was established, however, it became much easier for military leaders to justify peace-time coups as an intervention to save the state from economic decline. As a result, reforms originally introduced by elected leaders have been regularly interrupted and then implemented by the military. For example, although it was civilian President Fernando Belaunde who first introduced socio-economic reforms to benefit peasants and workers after his election in 1963, it was General Juan Velasco Alvarado who implemented a majority of the reforms after he deposed Belaunde in 1968. Velasco Alvarado’s agrarian reform and nationalization of the major mining companies, industries, railways, banks, and other vital public services was much more tangible than the negotiated policies of Belaunde, giving the impression that military leadership can affect change more rapidly than elected civilian leaders. This perception was further reinforced in the late 1990’s when the economic chaos of Alan Garcia’s civilian government was compared with relatively rapid stabilization under Alberto Fujimori’s state of emergency.

Because military involvement often brought stability to Peru, military leaders established national recognition, while civilian political movements primarily generated stronger regional support.⁷ This tendency also has roots in the late 20th century, when regionally organized political parties had helped to consolidate political power in the hands of re-

gional business interests. At that point, economic transformation was driven by new foreign capital investment, railroad construction, and industrialization. It yielded substantial region- and sector-specific benefits.⁸ As a result, political parties were increasingly perceived as elite machines designed to garner personal benefits, but not necessarily to govern in the interests of the Peruvian majority. This further reinforced the personality-driven nature of political party organization.

Peru has experienced several cycles of authority in which a military government ceded power to an elected administration, which then experienced severe economic decline (due to mismanagement or unfortunate international circumstances⁹), precipitating re-empowerment the military. In its most recent iteration, Peru witnessed the national elections of 1980, President Alan Garcia's severe economic mismanagement between 1985 and 1990, the concurrent appearances of The Shining Path's violent campaign and chronically high inflation, President Fujimori's rise to power, and, ultimately, the declaration of martial law. Once in office, Fujimori also assumed an anti-party position for the duration of his tenure. In addition to stripping previously elected officials of authority, Fujimori publicly blamed the political parties for Peru's economic crises and the violence of The Shining Path.

The Shining Path's campaign of violence and anti-system rhetoric also contributed to pervasive anti-party sentiment in Peru. Although it cannot be considered a movement of the poor, The Shining Path was able to generate some support among an impoverished "forgotten" population by using the language of justice and reward for the nation's poor as

PERU'S ECONOMIC TRAUMA: 1987-1990

In August 1990, the 12 month inflation rate peaked at 12,378 percent. Annual inflation had not fallen below 40 percent for the preceding 12 years and, even after stabilization measures were put in place, remained above 40 percent until 1993.¹⁰

In 1985, the Garcia government faced slowed growth trends; reduced foreign reserves; expectations generated by a series of previous shifts in economic strategy; and limited capital stock, infrastructure, or human capital. Against this background, it announced the intention to pursue expansionary growth financed by domestic private investment. The government abruptly reduced debt servicing to no more than 10 percent of GDP, established interest rate caps, and reduced public investment. Minimal success led it to nationalize the banking system, increase price controls, distort the real wage severely through minimum wage requirements, and descend into what some economists have called "macroeconomic disorder and a complete lack of development strategy." By 1987, Peru was printing money to finance most of its expenditures - inflation skyrocketed. The government attempted various adjustment mechanisms, but none were sufficiently sustained, and none addressed the governments' own disruptive role in price adjustment.

Despite campaigning against economic shock therapy, Alberto Fujimori initiated "Fujishock," a drastic stabilization policy, immediately upon taking office in 1990. It took three painful years for the economy to even out and inflation to fall to bearable levels. The necessary elimination of price controls inevitably harmed the poor more than any other group.¹¹

that can be compatible with the traditional culture of "exchanging favors." To some extent, functional politics relies on all actors' ability to negotiate or trade "favors," but there is the danger that this exchange will become the defining characteristic of decentralized offices if councilors see oversight activities as something they can relinquish in return for funding or development projects in their districts. Until councilors believe they are able to secure deliverables for their constituents through other legislative mechanisms, several may bargain away oversight intentions because it is an easier (and proven) method.⁴⁴

Among the politicians NDI interviewed, a lack of staff and personal technical capacity also discouraged councilors' active pursuit of pro-poor reform at a local level.⁴⁵ Given the speed with which decentralization occurred, few regions were able to recruit a pool of professionals whose skill sets were transferable to the work of councils. According to some regional officials, the effect is that legislative drafting for local laws or regulations often occurs in regional offices, which further skews local officials' understanding of their responsibilities and sets a precedent for excluding the Council from policy processes. Against a backdrop of national governance by frequent presidential decree, these precedents may greatly impact local politicians' perception of the role of the Council.

Although the decentralization process is not yet sufficiently established to yield sustainable reform or poverty reduction, the ongoing process creates opportunities for elected officials (and their parties) to bridge the growing gap between citizens and elected government. Various inconsistencies structured into municipal institutions at the beginning of the decentralization process, and a lack of experience with locally vested political authority will make these opportunities to re-establish popular faith in government more difficult, but not impossible. Gradually, decentralization may provide a visible way for political actors to address local poverty issues, particularly those relating to poverty reduction and quality of life.

NATIONAL PROBLEMS FILTER DOWN

According to some local officials, there is no incentive to work on strategic policy development or poverty reduction at local levels because of problems with the central government. Many councilors feel that critical problems are not being sufficiently addressed by the national government. As a result, local branches want to discuss privatization and concessions (which must be resolved at a national level), and experience many of the same problems as national parties in establishing specific priorities or vision. One local official noted, “[people] are very concerned with survival [and want to talk about] how to get money from private companies, not how to budget national resources.”

biernos Locales). Only after significant pressure from civil society was the law amended to include them.

Regional and national political parties are required to interact in these newly-established regional and local councils. In keeping with Peru's tradition of supporting independents and outsiders, the first local elections under the new framework produced nine (of 25) regional presidents and vice presidents from new regional parties. Although some groups also ran candidates in neighboring regions, none of them have representation in congress or any other political presence or voice. In the regional legislatures (CRs), however, 67% of councilors are from national parties (those with representation in congress). If this pattern continues, opposition party groups in the CRs could press for transparency and active legislative oversight at regional levels. For the time being, however, the mechanisms that could be used for this purpose are too new to function fluidly. For example, the access to information law was passed in 2002 and amended in 2003, but problems with implementation have hampered oversight of newly decentralized authorities.⁴² Individual councilors (and thus political party groupings) have the legal right to ask for information, but requests from the council as a whole are given priority over individual requests, so this option has yet to factor into individual (or party) political strategies effectively.

In addition to the unsettled nature of transparency or oversight processes at local levels, oversight has no traditional roots in local administration, a problem reinforced by the electoral configuration.⁴³ Each party list includes candidates for the posts of president, vice-president, and councilors, and the winning list is allocated 50 percent plus one of the seats on the council. This not only produces an automatic majority for the president's party, but complicates political matters further by establishing the president and vice president as a legal, voting part of the councils. Such an arrangement obviously stifles willingness to exercise oversight among governing party members, but also inhibits the development of a legislative identity that is separate from the executive branch. Without this distinct identity, it is more difficult for opposition party members to see the councils as an arena in which they can affect positive political action through oversight activities. Finally, many observers noted that it will take time for elected officials to see oversight as something

part of their recruitment and public image. Between 1980 and 2000, human rights groups estimate The Shining Path killed close to 30,000 people.¹² While the guerilla movement was feared and despised by a majority of the population, the fact remains that for a generation, The Shining Path paired tremendous rural violence with a rhetoric that demonized political leadership in general and proposed the overthrow of all government and radical re-distribution as a solution to economic inequality. In response, the government launched a military offensive that killed nearly as many civilians as the guerillas themselves. The combination makes it easy for a population to believe that enduring poverty and the ensuing violence are, at least in part, a consequence of political failure to “do something” about economic need.¹³

In this context, Fujimori's anti-party campaign found fertile ground in a population historically prepared to consider modern political parties skeptically. As a result, surviving parties have evolved with specific—and in some ways, defensive—characteristics.

Politics are defined by conflict

As described, Peruvian politics have been seen as a power struggle, rather than as a contest to determine who could best lead the country. From racial segregation and imposed rule under a colonial administration, through multiple military coups to establish order, to the Fujimori-led “war on terror” against The Shining Path, Peruvian political periods have nearly always been characterized by overt conflict. Over generations, the rhetoric of conflict has cultivated a political system in which victory for one party is achieved by damaging the other party. Such a system obstructs reform and poverty reduction because political parties concentrate their efforts on damaging their opponents, rather than demonstrating their own capacity. Furthermore, what parties may be able to do well is over-shadowed by what other groups point out they have done poorly—especially if the party is unable to point out evidence of what it has accomplished.¹⁴ The fact that nearly all traditional parties approach political contests in this manner prompts even newer actors to perceive aggressive criticism as the best possible strategy.

There is continuing inter- and intra-party evidence of a conflict-basis for Peruvian politics. Congress is conducting some genuine oversight of policy implementation, but observers note that it is the Congressional Oversight Committee (*Comisión de Fiscalización*) that drives political discussion through its highly publicized investigations of relatively insignificant actions of different executive branch officials. More rigorous oversight of specific expenditures or policies receives less attention and, therefore, is the lesser of political priorities. The fact that a position on the Oversight Committee is the most coveted assignment in Congress further illustrates the perceived personal/career value of political point-scoring. Apparent media delight in reporting personal scandals reinforces this tendency.

THE USE OF OPPOSITION POLITICAL TACTICS SHOULD NOT BE MISTAKEN FOR A CRISIS OF LEGITIMACY

The presence of competitive politics necessitates disagreement over issues and prompts parties to take political advantage of negative situations. In this light, it should not be surprising that Peruvian opposition parties regularly point to President Toledo's 7% approval rating as evidence that he should not be running the government.

Parties have lost credibility regarding their ability to improve quality of life and make reforms. An ubiquitous string of corruption cases has also reduced popular opinion of the current political leadership. However, public dissatisfaction with a government is not necessarily a crisis of government. It is a warning to the governing party that steps should be taken to perform better and to communicate the success of its policies and leadership more effectively. It is also an opportunity for opposition parties to present their own strategies to resolve national problems. Similarly, investigation of corruption cases has set a precedent for punishing large scale corruption at senior levels of government. Though it maintains a negative public image of politicians, it could also be an opening through which to encourage ethics in governing or to build oversight capacity within relevant political structures.

High profile conflict is also evident within political parties, particularly the governing party, with public confrontation occurring at regional and municipal levels. In some municipalities, public party splits have gone so far as to handicap the local government—half of one party's municipal councilors is publicly allied with the regional president, while the other half is allied with the party's senior congress member for the district. In addition to regular public confrontation, the split means that regional government no longer meets regularly. Similarly, but at a national level, the caucus spokesperson for Peru Possible (*Perú Posible*) frequently contradicts statements by the party's own ministers, while senior officials publicly criticize Toledo's choice of advisors. Even within one's own party, conflict and criticism is seen as a valuable way to earn media coverage and move ahead.

Ideologically informed economic perspectives and few practical proposals

As evidenced by campaign themes in the 2001 election, nearly every party recognizes the need to talk about reform during electoral campaigns. However, in work with NDI, several party leaders and activists noted that they had not established internal measures to address poverty as a tangible issue requiring technical policies. Party groups that emphasized poverty reduction as a matter of ideological orientation explained that they had created a technical secretariat to manage policy formulation, but that this secretariat had little to no communication with party branches or other local officials. This is problematic in that it isolates the policy-making function of the party from the representation and communication functions of the party's local officials. Technical experts suffer from a lack of details about citizen needs, while local party activists remain unable use party-sponsored reform to advance local needs. As a result, the party as a whole is unable to demonstrate to local citizens that its platform is responsive or that it is capable of managing effective poverty reduction.

costs of investigating implementation or moving complex legislation are high because there is insufficient institutional capacity or established processes to support individual member efforts. Despite the potential benefits of conducting real oversight for both governing and opposition political parties, individual members of congress simply do not see party benefits as sufficiently valuable to warrant the level of personal effort required.⁴⁰ Until they do, the legislative role in reform process will likely remain limited.

Local Government Authority Is Still Evolving

Decentralization of authority to local governments may be new to Peru, but region-specific support for political leaders has deep roots. Consequently, emerging local- and municipal-level efforts to formulate and implement policies for poverty reduction may provide one of the most fruitful political spaces in which to encourage greater pro-poor reform. Despite declining citizen approval of national political authorities, voter surveys indicate that citizens have greater confidence in their local authorities and are more likely to believe that the authority "closest" to them (such as the mayor) is doing good work.⁴¹ This does not completely counteract public expectations for poverty alleviation, but gives a creative political leader additional space in which to work. As a result, the potential costs of pursuing pro-poor reform are slightly diminished, while the potential benefits (greater local support) are somewhat elevated. Cost-benefit analysis is thus more likely to sway toward the positive side at a local level. The increasing popularity of regional parties seems to provide further evidence of this trend.

Political actors are still learning how to pursue both personal and public good

With many official local structures so recently defined, it remains difficult for actors to identify and systematically pursue political benefits. Unlike national offices that have evolved through various administrations and regimes, the specific institutions and relationships of regional and municipal authorities are extraordinarily new. Consequently, many of the challenges reported can to a large degree be attributed to a lack of capacity or experience. This is unsurprising given the hurried nature of the process, in which an election timetable was set and officials elected before their functions had been defined by law. Representatives to the executive (*Presidencia*) and legislative bodies at the regional and provincial level (regional and local councils, or *Consejos regionales* (CR), and *Consejos locales* (CL), respectively) were elected in November 2002, yet significant amendments to basic legal frameworks such as the Organic Law on Regional Governments (*Ley Orgánica de Gobiernos Regionales, Law No. 27867*) were still being made in January 2003—even after officials had assumed their functions. Further, regional and local Coordination Councils (*consejos de coordinación*, or CCRs and CCLs) which are composed of mayors, councilors, and several civil society members, remained a controversial addition to the decentralization framework, and Congress initially voted against them in late 2002 in the Organic Law on Regional Governments and the Law on Local Governments (*Ley de Go-*

personal legislation.³⁸ Since elected officials find little value in tending to their party affiliation after elections, parliamentary party caucuses are unable to demand the discipline needed to marshal votes or pursue a coherent reform strategy. Furthermore, despite the ostensible opportunity to exercise influence through control of committee activities, parties are unable to make use of their committee chairmanships because they can not reward successful leadership with longer terms of office (and they have yet to reward such leadership with other political favors such as more prominent list positions or greater campaign support). Since accomplishing party goals does not further one's political career, mid- to junior-level caucus members see few benefits to maintaining party discipline. This lack of responsiveness to party goals makes it difficult for party leaders to develop strategic reform initiatives because they can not guarantee voting support for negotiated agreements with other parties or the executive.

Ambivalent relationships with the media

In interviews with NDI, several members of congress asserted that the media exacerbates scandals and makes legislative work harder by, for example, showing pictures of legislators asleep at their desk or singing at a karaoke bar. The media itself claims that until congress begins acting responsibly, coverage will continue to reflect bad behavior. Conversely, political observers note that media coverage tends to center on superficial, but photogenic problems such as congress's recent refusal to approve President Toledo's international travel.³⁹ While polls and public opinion research indicate that the Peruvian population is increasingly unimpressed with such congressional activity, legislators have learned that it is through these stories that they can gain personal publicity.

Despite dissatisfaction with the media's portrayal of their work, members of congress also demonstrated to NDI a deep desire to gain as much personal press coverage as possible. In the context of limited campaign finance and public discontent with political parties, their quest for personal media coverage makes sense. The net result is that members are simultaneously dissatisfied by what the media chooses to report, but are delighted to receive coverage at all. Unfortunately, this media cycle also reinforces a public image of politicians as completely disconnected from the realities of poverty or the need for reform.

Individual political cost-benefit analysis

In combination, the above mentioned structural, capacity, and political constraints create an environment in which individual members estimate that the personal cost of pursuing reform through legislative mechanisms far outweighs the personal benefit of accomplishing those reforms. The rewards of participating in high profile investigations are tangible (the opponent looks bad and the member is credited with uncovering corruption) and outweigh the yet-to-be-demonstrated political benefit of introducing meaningful legislation or tracking government expenditure of poverty reduction funds. Furthermore, the personal

In discussions with NDI, it was apparent that both citizens and political activists recognize the distance between the ideological level of political discourse and the economic reality confronting most of the population. This is thrown into relief in moments of local crisis, such as the demonstration that led to the lynching and death of a governor in southeastern Peru, or the recent activities of the Andahuaylas movement.¹⁵ As a result, political party members express concern about this distance and its long-term impact on society in Peru. However, when public leaders need assistance or support to pursue their goals few report turning to political party connections first. In the absence of strong party communication and management structures, mayors, ministers, and congressmen and women each weaken the coordination potential of the party system by turning to personal connections rather than to political party leaders to advocate for their positions. With this behavior visible among political leaders, civic groups active in poverty reduction or alleviation also turn to non-partisan actors or personal connections. This tendency strengthens patronage networks and diminishes parties' specialization and intermediation capacities.

With little post-election communication or interaction, parties that wish to develop anti-poverty platforms find themselves primarily operating at an ideological level (endorsing a spectrum of theoretical economic approaches), with little capacity to discuss policy specific details, successful initiatives, or failed reform attempts. In some ways, this is reinforced by a historic notion that "the state," and not the parties, is responsible for generating technical poverty reduction plans. However, parties' failure to prepare such plans ultimately handicaps their own ability to execute reform measures once they are in office (and, thus, technically in control of "the state").

Party finance structures tend to recruit candidates with accumulated wealth

Candidate recruitment shapes the pace of reform in Peru because it determines which citizens are ultimately in a position to make community-wide decisions or commitments to certain types of reform. Although 2001 saw a greater number of women and indigenous candidates, for the most part, candidates are recruited from among a group of men with considerable financial resources. According to both observers and party officials, party leadership handpicks candidates based on an analysis of who could bring the most valuable resources to the party's electoral campaign.¹⁶

While many party systems recruit wealthy candidates who are then expected to bear most of the costs of their own campaigns, in Peru this is exacerbated by the fact that candidates are often required to contribute their own resources to support national campaigns (for the president or parliamentary list) as well. Rather than the party using its national campaigns as a tool for fundraising to support poorly funded local level politicians, the party relies on contributions from local candidates to finance the national campaign. Locally elected officials interviewed by NDI reported that Peru's political parties offer little more than their nominal affiliation.¹⁷

CHANGES IN PARTY RECRUITING?

There are signs that two things may be ameliorating political parties' troubled recruitment process: gradual implementation of the political party law and the local focus of regional parties. Passed in 2003, implementation of the political parties' law has been slow to date, but is one indicator that the political party system is still evolving. In order to retain party status (and thus be able to put forward candidates for national or local office), the law requires parties to register, maintain parliamentary representation or at least 5 percent of the national vote in regional and local elections, establish and maintain committees of at least 50 members in two thirds of Peru's 24 regions, and hold internal elections for leadership and candidate selection. At the moment, several parties are in the process of holding internal elections to ensure conformity with the law. To some extent, the local focus of regional parties may also move parties away from recruiting local candidates on the basis of wealth to finance national elections. So far, regional parties have recruited candidates who have some management or administrative experience from previous jobs. Although the consensus among political observers seems to be that the majority of regional, independent parties are replicating the errors of their national counterparts, the necessarily regional focus means that candidates are also less likely to be asked to contribute financial resources beyond their own campaign.

This financial arrangement is sustainable because candidates (at local, regional, or parliamentary levels) are constitutionally required to have the support of a registered political party in order to stand for office. The preferential list system for legislative elections reinforces a predominantly financial recruitment process by rewarding the candidates able to contribute the most money with the most desirable (electable) seats on the party list. Driven in part by the economic reality of Peruvian society,¹⁸ this arrangement has two major effects: independently wealthy candidates easily crowd out others who may be more committed to reform processes; and the need to raise one's own funds means that money raised through less legitimate mechanisms can tie candidates to specific interests and overwhelm incentives to remain connected with citizen bases. Although low cost, successful campaigns are possible, they are quite rare. Most candidates are unfamiliar with direct outreach or voter mobilization mechanisms.

This problem is compounded by the difficulty of recruiting (and retaining) candidates or support staff with relevant technical expertise or management experience. Rooted in years of failure to deliver inclusive economic improvement and capped by a decade of anti-party rhetoric under Fujimori, the negative public image of political party affiliation is an obstacle for candidate recruitment. Even at a national level, the governing party has had difficulty filling ministerial positions and reported to NDI that the Ministry of the Interior went without leadership for some time simply because no one wanted to accept the ministerial appointment.

Internal communication and management structures are not efficient for pursuing reform

Most modern Peruvian parties have retained their original internal structures, including regional strength and an emphasis on individual leaders. This personalization enables strong

tenure also provides public cover for a members' lack of legislative leadership experience. As congress continues to evolve in the post Fujimori-era and congressional career tracks become more solidified, this rotational system may wane. In the meantime, it may perpetuate the traditional logic of conceptualizing social programs to benefit certain communities as "projects." Because this system provides guaranteed media coverage and publicity for nearly all members at some point in their term, it has broad support among members.

Emphasis on legislative quantity

A broad emphasis on the quantity of legislation passed as a measure of personal or congressional accomplishment reinforces the lack of issue-oriented expertise. Between 2001 and 2003, 9,401 bills were presented, of which, 2,051 were approved. Several observers told NDI that many of the numerous laws passed are simply resolutions or declarations. They attribute this to two major factors: uncertainty among political officials about how to actually resolve the challenges of poverty; and a pervasive belief that passing legislation is the only way for legislators to effect change.

Because poverty related problems are often so complex, that there is a tendency to hope that the revision of specific laws or regulations will prompt solutions to fall into place.³⁶ Until very recently, this tendency was supported by the public's belief that numerous laws needed to be created or reformed or to protect the public and regulate state activities in the aftermath of the Fujimori era. Consequently, many non-governmental organizations (NGOs) and the media relied on the quantity of legislative actions as a proxy for measuring the "democratic success" of the Peruvian congress. However, public discontent and NGO rhetoric now show signs that this quantity-equals-quality mindset is changing. NGOs are beginning to report on the problem of excess legislation, and recent media coverage of plagiarized legislative text prompted Congress to revise its own rules of procedure.³⁷ As of mid 2004, legislative initiatives can not be introduced without the support of a parliamentary caucus or at least two additional legislators.

Lack of party cohesion within caucuses

Insufficient party caucus organization or discipline also contributes to excessive legislation, as caucuses can not prevent individual legislators from introducing arbitrary or

NEW TO THE LEGISLATURE

Some observers noted that in light of the high percentage of first-time legislators, it may be that they are simply more comfortable drafting, proposing, and passing resolutions than dealing with the technical details of other legislative business. In the current Congress, 74 of the 120 Members are new (36 reflected from most recent legislature), 27 of the 45 members of the governing party, Peru Posible are new, and in the Somos Peru caucus, all 4 are new members. Because so many of the legislators are inexperienced, congressional staff with technical and issue expertise may be even more valuable.

PRO-POOR CONTENT OF LEGISLATIVE AGENDAS

Without consistent explanations of purpose, or legislative cost-benefit analysis, it is difficult to ascertain which items on the legislative agenda could be construed 'poverty reduction measures'. NDI evaluated Peruvian legislative agendas from 2002 to 2004, to identify bills falling into at least one of the following nine poverty-reduction related categories.

- | | |
|--------------------------------------|-------------------------|
| 1) decentralization and state reform | 6) housing |
| 2) children's issues | 7) labor and employment |
| 3) environmental issues | 8) agriculture |
| 4) micro-enterprise | 9) disabilities |
| 5) women's issues | |

Legislative Period 2002-2003:

- 1st legislature: from July 2002-January 2003: Of the 67 bills on the agenda, 14 were related to the nine above mentioned themes and only one was converted into law, the Ley Organica de Regions.
- 2nd legislature: from Feb 2003 to July 2003. The agenda had 101 bills of which 20 fit the above poverty reduction definition. Twelve of these were approved, five of which were linked to decentralization, two to labor, one to housing, one to agriculture and one related to the environment.

Legislative Period 2003 – 2004:

- 1st legislature: 48 bills of which 15 dealt with the possibly poverty related issues outlined above. Three were approved relating to public sector employment, handicaps and children. A number of others remained pending.

lack of party cohesion in caucuses; ambivalent relationships with the media; and individual political cost-benefit analysis.

Rotation of leadership positions

Congressional committee presidents determine the order of the agenda and the bills that will be reviewed, and have fairly effective control over committee business for the term of their office. The nature of an individual president's impact on reform processes, however, is limited by legislative rules that allow committee leadership (and membership) to rotate every six to twelve months. The effect of this system is two-fold. First, rotating presidencies discourage members of congress from developing issue-specific expertise or cultivating a political image that includes leadership or advocacy in specific issue areas. Secondly, and in combination with limited legislative capacity, this rotation encourages committee presidents to gain recognition by focusing on high profile legislation that is so easily agreed upon as to move through the legislative process quickly, yielding the previously described resolutions of little practical value. Changes in leadership are further reinforced by a similar rotation among committee memberships.³⁵

Despite the negative medium- and long-term consequences of this tradition (the practice is allowed—but not mandated—by legislative rules) members support the practice for a number of reasons. Not only does the rotation allow every member a chance to participate in committees with heavy media coverage (such as the fiscalization committee), but the short

individual leaders to move through the ranks by way of personal networks, but provides no support structure for locally or regionally elected officials.¹⁹ Furthermore, the personality-driven basis of party networks has precluded more systematic ways of communicating about policy issues. Parties as a whole are left with few tools to identify constituent needs, determine appropriate policy response, or evaluate the impact of an attempted policy.

In more consolidated systems, political parties attempt to coordinate pursuit of party goals or agendas by facilitating communication across levels of government (or between different offices), and by coordinating policy research and publicizing party positions on specific issues. Interviewees in Peru, however, report very little in the way of training for newly elected members and a paucity of technical resources to draw on for establishing responses to local community needs. Some officials felt that party affiliation was no longer useful once the campaign was complete. The fact that there were no coordinated mechanisms for regional mayors or other officials from the same party to meet, exchange information, or collaborate on projects and administrative business prompted most elected officials to view party affiliation as useless after coming into office.

The lack of policy coordination or technical research support is rooted, in part, in a human resource flight from political party structures over the course of the 1990's. This effectively shifted many of Peru's great thinkers, economists, intellectuals, and technical experts to civil society. Parties will remain a clear presence as long as the election law requires candidates to have a party affiliation, but the flight of *partisan intellectuals* means that party structures no longer have consistent access to human resources with the technical capacity to deal with many reform issues. Party leaders, members, and observers all note that most officials lack the technical expertise to develop policy alternatives that reduce poverty and have no alternative technical resources, such as think tanks or partisan staff, to draw on.

Tremendous differences in the needs of geographically distinct regions have also reinforced a regional political orientation over time, with region-specific parties winning more and more local offices. This is likely to be reinforced as Peru continues to decentralize the responsibilities of local government and citizens turn to their local or regional officials

COMPETING DEMANDS ON POLITICIANS

Competing demands on the time of mid-level party officials was clearly apparent to NDI throughout this project. The people most willing and able to coordinate a party event to debate or improve national responses to poverty often also had multiple other responsibilities. Because immediate political crises (media or otherwise) always demand primary attention, parties without a poverty policy team or platform process were less able to follow poverty policy development through to operational levels.

more frequently. While it may help to make local responses to poverty more effective in the long-run, it presents a compound challenge to national party leadership because policy platforms are developed at the headquarters level. National parties have historically maintained primarily ideological economic perspectives, and it is already difficult for central leadership to propose and pursue policies that reflect practical incremental reform. If citizens increasingly turn to their local officials for political solutions, then parties will need strong internal communication structures to carry information from local branches to the center so that they can develop policies that are responsive to their own local electorate. However, since Peru's party system evolved as a way to apply personal and regional power more effectively, these communication systems have not been institutionalized.

As a result, internal parties are not internally organized to serve as efficient engines for coordinating policy formulation and implementation. This handicaps Peru's national poverty reduction process because it means elected officials are attempting to implement national reform measures without the benefit of one of democracy's most effective policy coordination mechanisms: politically motivated efforts to gain public support by demonstrating the capacity to resolve public needs.

Public Expectations Challenge Good Governance

Many countries face popular expectations above and beyond what is economically feasible. In Peru, however, a historic combination of social spending, concentrated poverty, experimental economics, and military efficiency have given deep roots to the notion that if the state is being managed appropriately, it is able to remedy economic challenges while maintaining welfare payments.

Military efficiency and populist economics create unrealistic expectations

Historic experiences with military regimes cultivated an expectation that implementation of new policies should be as simple as passing an order down the chain of command. The slower pace of democratic processes (particularly when inhibited further by inexperienced political leaders) can be incomprehensible in comparison with the efficiency of military practice. The expectation has been further reinforced through recent experience with populist economics.

PARTY IDENTITY UNDERMINED BY CAMPAIGN FINANCING

The challenge of party coordination and identity is also reinforced by the fluid nature of candidate recruitment. Because parties are approaching wealthy, popular candidates (often without political experience) with a request to join their electoral list, they are electing individuals who have little or no sense of identification with a larger, shared party ideology or platform. While few Peruvian parties have yet defined themselves ideologically or developed a clear platform, the problem is exacerbated by tenuous links between parties and the officials they help to elect. One observer compared parties' recruitment of candidates to soccer teams that continually buy and trade players.

not yet been brought to bear in a consistent manner; a situation created in part by structural constraints, in part by capacity constraint, and in part by institutionalized behavior patterns. Together, these factors make legislative involvement in substantial poverty reduction efforts too politically costly for individual members to pursue.

Congress's failure to deal with substantive issues is well documented: constitutional reform stalled in mid-2003 after months of legislative discussion over whether the constitution of 1992 or of 1979 should serve as the starting document; accreditation was delayed numerous times; and congress even delegated its tax authority to the prime minister. There is no poverty reduction working group within congress, and the initiative most closely linked to national poverty reduction, the Legal Framework for a Poverty Reduction Strategy (*Ley de Bases para la Estrategia de Superación de la Pobreza*), was elaborated by the executive and promulgated as a supreme decree in February 2004. Instead of poverty, congress has appeared focused on such issues as member benefits (e.g., debating whether they should receive an additional salary or "educational bonus"), resolution-style legislation with no practical impact (e.g., declaring "ceviche" a Peruvian dish), and overtly political investigation of executive branch figures (the citizenship of the minister of economy, the first lady's role as honorary chair of a recently-audited quasi-governmental institution, etc.).³²

Congress's failure to address critical issues is partly due to institutionalized aspects of such key processes as budget review and taxation policy, and partly due to pure capacity constraints. By way of brief illustration, their combined impact on congressional capacity to drive change is clearly visible in the language of congressionally authored cost-benefit analyses of pending legislation. A bill to privatize ports in the Amazon (bill number 2626; 2002) reads simply, "The current legal initiative will not incur any national cost; on the contrary it will promote private internal and external capital in port works that will open possibilities for development in the Amazon."³³ While some bills go beyond this, vague language is common. Civil society groups have argued (and congress has acknowledged) that for the most part, the required cost-benefit analysis is followed in name only and that a lack of sufficient time within the budget process, technical capacity, or other resources make it virtually impossible to comply with the requirement. Consequently, the legislature's ability to provide meaningful oversight on executive pursuit and implementation of poverty reduction measures is severely limited.

Capacity constraint and institutionalized process flaws have been documented effectively elsewhere, with particular attention given to the budget process.³⁴ Consequently, this assessment attempts to explain the obstacles to politically driven reform by focusing more on certain institutionalized behaviors within congress. NDI has identified five inter-related types of institutionalized behaviors or relationships that prevent congress from serving as a driver of change: rotation of leadership positions; an emphasis on legislative quantity;

NEGATIVE PRECEDENT FOR PUBLIC POVERTY DEBATE

While The Shining Path had very specific political goals, it gathered strength by recruiting among rural villages “forgotten” by the central government. It also successfully used rhetoric to define itself as supporting radical redistribution in opposition to a government that favored an elite-oriented status quo. APRA's presidential campaign for Alan Garcia in 1985 also relied on rhetorical appeals to popular redistribution sentiments. This precedent of elevated rhetoric makes it even more difficult for government-oriented parties to launch practical debates on poverty reducing policies.

academic actors in such discussions instead of those with clear political affiliations. For this reason, the NDI's program was particularly well received as the opening of a new political space for dialogue among the political groups.

At the root of party coordination troubles is the lack of effective, regular internal communication mechanisms. Other than American Popular Revolutionary Alliance (Alianza Popular Revolucionaria Americana, or APRA), party leaders interviewed by NDI were unable to describe the internal mechanisms used to communicate party policy, goals, or positions among their elected members.³⁰ Although the mechanisms used to communicate vary tremendously among parties, a group's ability to convey information between decision makers or technical centers, and implementers or branch offices is key to its reform capacity. When functional, this communication works in two directions. Local officials are able to communicate regional problems through party networks in pursuit of national level solutions, feedback on political or technical management tactics, or connections with other local officials who have successfully dealt with that issue in the past. Conversely, national officials use internal communication mechanisms to disseminate party positions on specific issues, gather information about the concerns of supporters (voters) across the country, and select national priorities and leadership candidates. When used by all elected members of a party, there can be tremendous political benefits for both national and regional participants in party communication systems. However, without participation at all levels, the benefits of internal communication are much smaller. For example, if national leaders feel that they have no need to gather information from the branches, they are not likely to be responsive to branch requests.³¹

Institutionalized Behaviors in Congress Create Obstacles for Reform

Congress also has great formal potential to be an institutional driver of change in Peru. Not only does it have a constitutionally mandated role to play in national reform processes, but, as a body of elected representatives, congress also serves as a forum in which political parties can negotiate compromises to keep the reform process moving. An institutionalized forum for party debate, congress also has the technical authority to amend legislation, review budget allocation, and oversee executive expenditure of national poverty reduction funds. To date, however, most of these legislative powers have

ROLE OF THE MILITARY AND THE CHURCH

In addition to the military in Peru, the Catholic Church has regularly filled a variety of power vacuums, most notably in the organization and delivery of social services. As a result, social programs have been consistently delivered to the most poor, regardless of state involvement. In some cases, the Church has initiated poverty reduction efforts, but a majority of its efforts have been focused on alleviating the most difficult symptoms of poverty. This further reinforces popular perception of direct aid as the most appropriate form of anti-poverty work.

Like many of its neighbors, Peru has experienced a series of what Jeffery Sachs and Adam Przeworski refer to as “populist cycles.”²⁰ Intended to demonstrate commitment to the public, these cycles typically are initiated by a series of re-distributive policies into play almost immediately after a new government has been elected to office. For Peru, these policies culminated in President Garcia's “heterodox macroeconomic experiment” in the late 1980's. Rooted in a desire to base Peru's economic success on domestic capital investment and economic growth, Garcia financed social spending with domestic debt (local bond sales) and monetary expansion (printing money).

Over time, what began as a heterodox approach to macroeconomic development devolved into a personalized set of interventions in the economy. Ensuing hyper-inflation ultimately left the entire population worse-off in the long run, particularly the poor. However, for the first two years, the macroeconomic strategy—combined with price and wage controls—had the intended redistribution effects. Real wages grew tremendously while inflation diminished the value of accumulated wealth if it was held in Peruvian currency. This left the impression among lower income citizens that rapid, re-distributive economic growth is, in fact, possible. While wealthier Peruvians will primarily remember hyperinflation and the financial crisis of the late 1980s, wage-laborers are also likely to recall that the first two years were “well managed” in that their quality of life improved.

A history of poverty alleviation leads the public to expect large-scale handouts

After coming to power, Fujimori's government reinforced public anticipation of large-scale handouts to meet basic social needs by regularly distributing food and cash. Described as emergency responses to mitigate the effects of International Monetary Fund (IMF)/World Bank structural adjustment programs, Fujimori initiated a number of social assistance programs that quickly became part of a strategy of political control through a client-patron relationship between citizens and the state. Since these programs have been relatively effective in stabilizing quality of life for areas or groups hit hardest by structural adjustments, they remain massively popular today. Unfortunately, deficit financing for these programs required tremendous economic growth to be stable in the long run, a requirement that Peru's economy has been unable to meet. Many of the programs now require reform, restructuring, or additional funds if they are to continue alleviating the problems of Peru's poorest citizens.²¹

In addition to reinforcing the expectation of handouts, Fujimori's administration further primed Peruvians to expect speed from the political leadership by regularly criticizing the parties in congress, claiming they were inefficient and announcing that their internal "bickering" was an obstacle for presidential policies. Despite the fact that this criticism was often prompted by legitimate opposition to Fujimori's plans, the image of a dithering congress in comparison with a rapidly moving executive branch made Fujimori's attack on the parties a powerful and effective critique. The timing of this anti-party campaign was also particularly damaging, as political parties had only begun to fully incorporate poverty into their platforms and literature in the early 1990s. This shift in political focus was the cumulative result of an agrarian crisis, urbanization, and intense inflation from the late 1980s to early 1990s. However, after Fujimori's auto coup in 1992, and the subsequent exclusion of political parties from questions of national government, parties had little space to integrate technically practical aspects of poverty reduction or policy capacity into their operational structures.²²

As a result, public preferences for poverty alleviation, instead of poverty reduction, haunt incumbent and incoming governments.²³ As parties have been historically labeled "ineffective," they are obligated to take public steps to retain popular support and be seen as "managing well." In some cases, this includes maintenance of social spending to which citizens have become accustomed. Without these programs, already tenuous party support would decline even further as the population is primed to believe that parties cannot effectively manage state finances.²⁴ This creates a dilemma for elected officials who are aware that an increasing number of Peruvians are disillusioned with elected officials in general and will see any cuts in social spending as evidence of new mismanagement. Much of the "defensive" behavior of politicians, such as using the media and other public spaces primarily to disparage opponents, can be better understood as a combined reaction to this dilemma.

Political Cost-benefit Analysis:

Involvement in Poverty Reduction is Too Costly

The result of these historically rooted party structures and public expectation for direct poverty alleviation is a cost-benefit structure that makes political efforts to pursue poverty reduction appear particularly costly. This cost-benefit analysis plays out differently across the levels of government, but has similar characteristics and roots. The personal nature of politics means that parties often are not able to reward innovative reform or good governance in national or central positions. At the same time, decentralized government has not been in place long enough to reward new local officials for pro-poor policies either. In some ways, the rise of regional political parties may speed this process, but it is not yet clear. In the eyes of traditional politicians, potential benefits are just that: potential.

PARTIES ARE NEEDED FOR FOUR THINGS

Meaningful poverty reduction will require elected officials to develop politically sustainable policy coordination mechanisms. Democratic political parties will ultimately have four major roles to play if Peru is to develop a political system that can be consistently responsive to the needs of Peruvians:

- Pursuit and coordination of policies/platforms that address specific needs of the electorate;
- Outreach to the public to investigate citizen needs or communicate pending reforms;
- Oversight of government implementation and/or proposition of alternative plans; and
- Promotion of effective, competent leadership to public office.

- **Parties are unsure how much they can discuss with each other, as they are at different stages in the policy development process.** In addition to the ideological split between parties who believe in incremental reform and those who seek radical change, the policy proposals themselves undergo very different development processes. Some appoint a technical committee, others follow the writings of well-known individuals, and still others rely on the work of senior members in a more ad hoc manner. While consensus on the tactics needed for poverty reduction would be unusual for a politically diverse country such as Peru, the technically different starting points for policy development present an additional challenge for constructive inter-party debate or negotiation in policy processes.

- **The public does not want to hear about technical details.** For the most part, citizens—poor or otherwise—are more interested in a party's thematic approach to poverty reduction than about practical policy options. One unfortunate result is that, in avoiding technical details, parties turn to ideological rhetoric and concepts that alienate citizens. For example, a proposal is condemned as "neo-liberal" or "communist" instead of explained in terms of its significant consequences. This is particularly problematic in advance of elections, but some party actors have noted that there may be greater interest in the details of policy response to poverty at local levels when elections have passed.

- **Aggregate information about constituent needs is not easily available to partisan actors.** Parties indicated that they did not have access to diagnostics or other useful information. For example, household survey data is available to the Ministry of Economics and Finance but is not necessarily publicly available. Data extrapolated from the most recent census (taken in 1993) is available for a fee, but many parties complained that the 12-year lag makes those figures inaccurate. Most illustrative, however, was several parties' perception that, although the issue of poverty is regularly discussed, the international community typically prefers to include civic and

SECTION V

Implications for Policy Formulation and Implementation

The institutional practices of varying government offices and the political/personal motivations of individual officials influence each other simultaneously. Since individually elected or appointed officials work within government institutions, their actions are constrained by the formal and informal rules of those bodies. At the same time, those politically motivated individuals develop purposeful behavior patterns that gradually become part of the institution itself. The mutually influential nature of this relationship is visible in aspects of several institutions of the Peruvian state, particularly because so many of them are still experiencing changes and adaptations, a product of the “democratic transition” in the post-Fujimori era. This assessment focuses specifically on the parties’ own policy coordination measures, the evolving capacity of the national legislature, and the still decentralizing local and regional governments.

Parties are Internally Unable to Coordinate Policy

To coordinate and implement the series of party-specific poverty roundtables and poverty-platform development events in late 2004 with DFID support, NDI worked directly with senior- and mid-level party leaders. Through this collaboration, it became apparent that parties recognize that poverty is not just an issue to be confronted in the long-run, but one that will play a critical role in the 2006 election campaigns. However, a majority of the political parties presently holding office are relatively new and will need to make internal organizational changes if they are to develop their own strategies for pursuing reform or poverty reduction. If the heart of a functional democracy is that citizens are able to elect a government from among candidates and parties who offer different visions for the country, then they must individually develop competing plans.

Party leaders openly discussed the range of challenges they believe they face in this regard:

- **Internal party debate is limited to the extent that parties have developed a specific platform.** Party interlocutors reiterated their frustration with the lack of practical political engagement with poverty, noting that even when parties have access to technical expertise, its involvement is often limited to discussion of the ideological priorities. Inter-party debates on the appropriate tactics (as opposed to strategies)²⁸ for poverty reduction are limited by the fact that only the National Union is recognized as having a tactical-level plan to fight poverty.²⁹ The lack of official communication in general creates an additional obstacle for officials who are genuinely interested in poverty reduction, but unsure about how their reform initiatives may be received by party leaders, or whether they have been attempted elsewhere.

PARTIES NATURALLY DIFFER IN THEIR PERSPECTIVES ON POVERTY

Peru has undertaken a wide variety of economic reform programs, reflected in the ideological positions of its parties. Today, parties seem to fall into one of three categories when it comes to their position on the problem of poverty.

- The first group sees poverty reduction as a matter of increasing gross national income. For these parties, investment and increased production rates are the logical solution, while welfare policies are simply an interim measure to meet immediate needs. These parties also seem to express a moral imperative to improve the lives of those living in poverty.
- A second set of parties believes that poverty must be confronted with radical reform for any real change to occur. They believe that general economic growth benefits a small circle, and therefore, poverty reduction requires substantial state involvement in the distribution of resources and revenue.
- The final group of parties agrees that economic growth alone is not sufficient to reduce poverty. However, they do not support radical changes in the role of the state. Instead, they argue for an accompanying series of internal adjustments that relieve the harshest aspects of poverty but do not necessarily alter the status quo.

These are the types of ideological differences one would expect to find across a broad party spectrum. While not all platforms are necessarily “Pro-poor” from the development community’s perspective, they cover the full range of potential economic responses to the question of “poverty.”

On the other hand, the political costs of pursuing innovative but unsuccessful poverty reduction programs are large and apparent: hyperinflation and the rise of The Shining Path marked the failure of the Garcia reform program all too clearly. While current officials do not expect costs on that scale, they are sensitive to anti-party sentiment and do not wish to exacerbate public mistrust by risking new reforms that may not deliver immediate results. Add to this the energy and political capital costs of an official who must develop local reform plans, mobilize support from local colleagues, and manage the implementation of a new program without party support or endorsement, and creative poverty reduction measures become quite costly.²⁵

In this context, few elected officials feel that they can pursue reform in a way that guarantees large-scale, positive political returns worth their time investment. Consequently, use of the office for personal enrichment or distribution of patronage appears to be a more viable mechanism to ensure continued political support. It costs little to nothing to maintain the status quo, and benefits may include personal access to State authority, contracts and business. Although client-patron relationships are not necessarily the primary driver of political decision-making, they are one of the tangible benefits of status quo. In this light, those benefits far outstrip the benefits of innovative local policy reform.

Local and international preferences for non-partisan reform discourage party development

Peru’s political system functions in an environment of capacity constraints, political inex-

perience, and weak party identity among office holders. Against that backdrop, domestic and international preferences for reform that is driven by non-partisan actors – or by multi-party actors – further weakens parties' capacity to drive reform through political competition. In consolidated democracies, it is the pursuit of partisan interests themselves that encourage political parties to develop, coordinate, and ensure implementation of effective policies. Because Peru's history has afforded very few spaces in which parties are able to compete for popular support – or for office – by pursuing partisan goals, it will take time for political competition to settle into a productive cycle of parties proposing and pursuing alternative types of reforms to address constituent concerns.

In interviews with NDI, observers agreed that political parties in Peru have yet to demonstrate that they are capable of driving reform or poverty reduction. Moreover, public trust in parties is at an all time low, prompting the growing popular perception that reform in Peru will require non-partisan action.²⁶ This is reinforced by the visible strength of traditional civic actors, particularly those that have been providing social services in impoverished areas for years.²⁷ In response, many political officials told NDI that they recognize that “once you get to office, you need to drop all partisan agendas.” For officials who see little benefit to party affiliation once elected, public pressure to appear “non-partisan” has no counter-weight. As a result, elected officials neither seek out public participation in party networks nor publicly associate their accomplishments with their party for fear of generating public cynicism. With no evidence of positive party accomplishments, the public continues to view parties as an unnecessary vehicle for “real” reform. While this cycle is less problematic at local levels (where coordination and shared agendas can be more easily managed through common local interest and needs), efforts to implement national reform falter when there is no behind-the-scenes coordination mechanism.

From the international community's perspective, partisanship has often been considered an obstacle to broad national reform, and efforts are made to avoid engagement with explicitly partisan actors. In countries where elected officials have strong party identities

CIVIL SOCIETY BENEFITS FROM STRONGER PARTIES

Recently, civil society groups interested in influencing public policy have begun to publicly recognize that weak parties not only make advocacy more difficult, but that sustainable democracy requires strong ideologically based groups with popular support. Parties themselves have begun to speak about reform and have tried to expand their support bases to recruit traditionally marginalized groups. The recently passed political party law, a joint effort by civil society and political parties, has been both emblematic and symptomatic of the renewal effort. The party law, which creates funding incentives and legal requirements for internal democracy and nationwide representation, has forced parties to publicly reflect on how they can improve their public image and support.

and the political system is extremely polarized, this approach may be effective. In Peru however, an international preference for avoiding partisanship further discourages elected officials from turning to their political party to coordinate strategies or develop policies. For inexperienced officials with little to no prior governing experience, inability to turn to one's party for issue support or policy guidance can handicap reform. Despite the negative public image of political parties, in a country whose political system is still transitioning to democratic competition, parties must develop the capacity to articulate priorities, the strategies to pursue those goals, and the ability to coordinate implementation if they are to function as a viable government. However, because domestic audiences respond negatively to partisan identities, and the international community structures assistance programs to avoid roles for partisan actors (the Poverty Reduction Strategy Paper (PRSP) process, technical training programs for non-political staff, an emphasis on incorporating the expertise of non-partisan NGOs, etc.), politicians have little incentive to cultivate that capacity within their parties.