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United States Department of State

Washington, D. C. 20520

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ACTION MEMORANDUM <sup>8/6</sup>  
S/S

TO: The Acting Secretary  
THROUGH: P - Mr. Kanter <sup>Mc</sup>  
T - Ambassador Wisner <sup>AS</sup>  
FROM: ARA - Bernard Aronsen <sup>BA</sup>  
INM - Melvyn Levitsky <sup>ML</sup>  
H - Janet Mullins  
AID - James Michel <sup>JM</sup>  
HA - Jim Bishop, Acting <sup>JB</sup>  
SUBJECT: ESF for Constituent Assembly Elections in Peru

ISSUE FOR DECISION

Whether to provide \$7 million in 1992 ESF to the OAS for the November 22 constituent assembly elections in Peru.

ESSENTIAL FACTORS

The U.S. suspended most ESF and FMF when President Fujimori seized power on April 4. At U.S. urging, the Japanese also held back their aid. Since that date, we have provided limited incentives to move Fujimori back to democracy. We have urged the government and the political parties to try to reach a consensus on the modalities of a return to democratic government.

As a result of international pressure, Fujimori announced at the May 18 OAS ministerial you attended that he would hold constituent assembly elections. The GOP took some steps toward a dialogue with the political parties on a new election law, but two major parties have refused to participate and three others have now withdrawn. After initially postponing municipal elections, Fujimori announced July 17 that they would be held the first quarter of 1993.

While much remains to be done to restore Peru to democracy, the national elections, scheduled for November 22, are the necessary first step. To gain the kind of acceptance needed for successful elections, we are pressing Fujimori to obtain

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consensus on the rules of the game all parties will follow and to set a firm date for the municipal elections. To be in a position to provide assistance to conduct the national elections, we must notify Congress of our proposed aid soon. The GOP lacks the resources to hold a national election with adequate security, to redistrict, and to develop new voter lists.

Five million dollars will cover one-third the costs of the electoral commission, including printing ballots and preparing voter lists and identification cards. Two million would pay for OAS observers and technical assistance, such as OAS training of officials who work at voting tables, poll watchers, and voter education. We will assure that our funds will be disbursed only as long as the elections are truly democratic and allow all legitimate political forces, specifically including the traditional political parties, full freedom to compete. We will not lend support to a process that does not represent a full and free expression of popular will.

Given our problems with Fujimori's government and our interest in internationalizing the elections, all assistance will be channelled through the OAS. We will encourage other donors to contribute. This would be our first major ESF disbursement to assist Peru since April 5.

We have allocated about \$130 million in FY-1991 and FY-1992 ESF for Peru under NSD-18. We believe use of these funds as the source for assistance in these forthcoming elections is in accordance with the provisions of NSD-18. Under the Andean counterdrug initiative set out in NSD-18, ESF is to be used for "broad-based economic assistance" pursuant to Objective IV. Objective IV states that "the evolution of democratic societies are indispensable to the achievement of U.S. counterdrug objectives."

We do not believe that counternarcotics conditionality should be attached to the use of these funds. This would be a stricter standard than we have used for past disbursements of ESF in the Andean countries. The Deputies Committee on counter-narcotics agreed on July 9 that counter-narcotics conditionality would not be appropriate.

The Brooke Amendment (Section 518 of the FY 91 Foreign Operations Appropriations Act, P.L. 102-145, as amended) currently precludes the provision of foreign assistance generally for Peru due to its being in default of payment of its U.S. loans for more than one year. Brooke contains an Andean-specific waiver of its prohibition only for narcotics-related assistance. The Brooke constraint would be

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