



Integrated Country Strategy

Peru

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1. Chief of Mission Priorities

Peru's transformation over the past 15 years constitutes a remarkable success story. Peru has emerged as a stable force and partner in a region where international corruption scandals and Venezuela's economic meltdown have created new foreign policy challenges. Since emerging in 2001 from a long battle against domestic terrorism and a decade of authoritarian rule, Peru has seen five peaceful democratic transitions of power. Poverty has fallen by over half nationally, to less than 22 percent today. Trade with the United States has more than doubled under the U.S.-Peru Trade Promotion Agreement, which entered into force in 2009 and consistently generates a U.S. surplus. Peru has embraced a greater leadership role on issues of regional and global importance, for example by hosting the successful April 2018 Summit of the Americas and assuming a position on the UN Security Council for the 2018-2019 period. Peru's growth and development present an opportunity to showcase an emerging partner in the region that is increasingly able to address its own economic and security needs.

Despite recent gains, several challenges remain that threaten Peru's success. Reforms to date have not remedied Peru's historic social and economic inequalities and pervasive corruption. Peru struggles to diversify its predominantly extractive economy and benefit broader portions of the diverse country, accentuating a longstanding divide between Lima and its outer regions. Transnational criminal organizations (TCOs) engage in a wide range of illicit activity by exploiting weak institutions and a lack of State presence in remote areas. Peru's political leadership will be challenged to deliver results across this range of issues.

The United States maintains an interest in a Peru that supports democratic principles regionally and globally, is a strong partner in combating TCOs, and generates broad-based prosperity internally as a foundation for stability. To this end, the U.S. Mission to Peru will prioritize four goals to guide our diplomatic, programmatic, and technical engagement over the 2018-2022 period covered in this strategy.

- First, we will **support Peru's aspirations for regional and global leadership**. This new Mission Goal recognizes ongoing bilateral engagement on issues of international importance, and encourages Peru to continue to play a positive role regionally and within international bodies. A strong and sovereign Peru that upholds democratic institutions, both at home and beyond its borders, serves U.S. interests.
- Second, the United States will continue to help **build Peru's institutional capacity to reduce the influence of transnational criminal organizations**. A lack of state presence in many remote areas and pervasive corruption allow space for TCOs to operate multiple billion dollar illicit industries, from production of illicit drugs to illegal logging and mining, human trafficking, and counterfeit currency. U.S. engagement will focus on helping Peru combat the threats posed by TCOs before they reach U.S. borders.

- The third goal includes efforts to build prosperity in the United States by **promoting economic opportunities for U.S. businesses**. Peru displays sound and predictable management of its economy based on open market principles. Our bilateral trade agreement forms the basis of a free, fair, and reciprocal commercial relationship, and Peru remains an important destination for U.S. trade and investment. In the face of increasing competition in the region, the United States seeks to solidify its position as a trading partner of choice in Peru, while increasing benefits for U.S. businesses and workers.
- Finally, in order to protect U.S. borders and the welfare of U.S. citizens in Peru, the United States partners with Peru to **strengthen citizen safety and security**. We focus on building Peruvian capacity to mitigate the risks posed by natural disasters, crime, and terrorism, and to respond to such events. Additionally, the Mission will build upon existing military-to-military cooperation and strengthen information sharing that protects the U.S. homeland.

Cross-cutting themes throughout these goals include promoting gender integration and protecting Peru's world-renowned environmental resources (especially by addressing environment-related crimes). As we develop, carry out, and evaluate activities across all four issue areas during the period of this strategy, we will seek out ways to advance gender equality, promote opportunities for women and girls, and combat gender-based violence. Additionally, by building Peru's capacity to prosecute environmental crimes and implement its environmental policy in a way that reduces threats to natural resources, we will advance U.S. economic and security interests.

2. Mission Strategic Framework

Mission Goal 1: Support Peru's aspirations for regional and global leadership.

Mission Objective 1.1: The Government of Peru uses its diplomatic and technical leadership to address global and regional challenges in line with our shared values.

Mission Objective 1.2: Peru's emphasis on market-based policy catalyzes positive economic and commercial outcomes outside its borders, including through Peru's role in multilateral economic institutions and mechanisms.

Mission Goal 2: Build Peru's institutional capacity to reduce the influence of transnational criminal organizations (TCOs) on Peruvian politics, the economy, and society.

Mission Objective 2.1: The Government of Peru strengthens its legal framework, enforcement and prosecutorial capacity, and the rule of law to reduce human trafficking, smuggling, and environmental and financial crimes. (Incorporates USAID CDCS DO3)

Mission Objective 2.2: Peru sustains coca and cocaine reduction through coordinated eradication, alternative development, and cocaine interdiction. (Incorporates USAID CDCS DO1)

Mission Goal 3: Promote economic opportunities for U.S. businesses.

Mission Objective 3.1: Peru expands inclusive economic opportunity and improves the business climate for U.S. trade and investment, creating a market for U.S. goods and services.

Mission Objective 3.2: Peru strengthens good governance efforts to prevent corruption and increase government transparency, inclusiveness, and accountability. (Incorporates USAID CDCS DO2)

Mission Goal 4: Strengthen citizen safety and security.

Mission Objective 4.1: Peru enhances institutional effectiveness to ensure citizen and border security.

Mission Objective 4.2: Peru continues to modernize its security and justice institutions to combat terrorism and other threats.

Mission Objective 4.3: Peru builds resilience and response capacity to address natural and manmade disasters and global health threats. (Incorporates USAID CDCS DO3)

Management Objective 1: Build an agile management platform that cost-effectively meets the needs of the U.S. government presence in Peru.

Management Objective 2: Create a work environment that allows personnel to achieve Mission goals safely and securely.

3. Mission Goals and Objectives

Mission Goal 1: Support Peru's aspirations for regional and global leadership.

Description and Linkages: The United States supports Peru's growing role on regional and global issues. By upholding democratic institutions within and beyond its borders, Peru projects a positive role in the hemisphere and international bodies. This ultimately shapes a hemisphere that is receptive to U.S. leadership and values, consistent with the Joint Regional Strategy. Peru began a two-year term as a non-permanent member of the United Nations Security Council in January 2018. This is the fifth time since 1955 that Peru has assumed the position, handling complex global crises that threaten global peace and security as well as America's borders. Peru is also the progenitor of the multilateral "Lima Group" of nations in the Western Hemisphere, formed following the Lima Declaration of August 8, 2017. The Lima Group aims for a peaceful resolution to the crisis in Venezuela and an end to the violence in Nicaragua, objectives that align with the National Security Strategy vision of advancing American influence in favor of sovereign nations that coexist in prosperity, freedom, and peace. On the path to meeting the requirements for accession to the Organization for Economic Co-operation and Development (OECD), Peru's 2021 Bicentennial goal to provide for all of its population propels the country's impetus toward reforms. The United States seeks partner countries that promote healthy, educated, and productive populations to drive inclusive and sustainable development, open new markets, and support U.S. prosperity and security objectives per the State-USAID Joint Strategic Plan.

Mission Objective 1.1: The Government of Peru uses its diplomatic and technical leadership to address global and regional challenges in line with our shared values.

Justification: The Government of Peru took a regional leadership role by hosting the April 2018 Summit of the Americas and bringing the region together on a consensus outcome document for the first time in over a decade. We will build on the Summit outcome "Lima Commitment on Democratic Governance against Corruption," and work with Peru to expand its regional leadership in technical areas where it has gained expertise, such as natural resources management, health security, the provision of humanitarian assistance to migrants, and combating illegal mining. Peru has taken strong actions on countries of concern, such as expelling diplomats from North Korea and Venezuela. We should continue to work with Peru, particularly in its capacity as a non-permanent member of the UN Security Council and leader within the Lima Group, to continue to advance shared priorities. We should also strive to continue to increase Peru's voting coincidence with the United States at the United Nations on matters of shared concern.

Mission Objective 1.2: Peru's emphasis on market-based policy catalyzes positive economic and commercial outcomes outside its borders, including through Peru's role in multilateral economic institutions and mechanisms.

Justification: The Peruvian government's desire to align with and participate robustly in market-friendly international fora (OECD, WTO, APEC, Pacific Alliance, etc.) provides opportunities to push for regional and global reforms that further our bilateral goals. These include shared objectives on international trade and development, anti-corruption, global health, and regional resource management objectives. Peru took over as chair of the Pacific Alliance in July 2018. We will support Peru's efforts to use this platform to improve economic and trade policy regionally, including through the Pacific Alliance's coordination with Mercosur, which supports U.S. jobs and investment.

Mission Goal 2: Build Peru's institutional capacity to reduce the influence of transnational criminal organizations (TCOs) on Peruvian politics, the economy, and society.

Description and Linkages: The National Security Strategy identifies TCOs as the most immediate threat to our hemisphere. Peru, as the second largest producer of cocaine and cultivator of coca in the world, remains at the center of the fight against TCOs. Embassy Lima's three-pronged strategy of eradication, interdiction, and alternative development has achieved successes and has inspired the Peruvian state to take a majority stake in funding the fight against TCOs. The problem is complex, however, and TCOs continue to evolve and adapt. They have expanded into the multi-billion dollar ventures of illegal gold mining, trafficking in persons, illegal logging, counterfeiting and piracy, and wildlife trafficking. In Peru, illicit proceeds from illegal mining alone now exceed those of the cocaine trade. Sophisticated money laundering organizations, tied to TCOs, utilize complex methods to mask illicitly derived gains. Local and national-level corruption help facilitate these illicit activities. Our efforts to counter drug trafficking and other transnational organized crime (TOC) help to effectively manage transnational threats before they reach U.S. borders and negatively impact U.S. citizens and businesses. Mission Peru's efforts to reduce the influence of TCOs in Peru advance our security objectives, as outlined in the National Security Strategy, the State-USAID Joint Strategic Plan, and Administration priorities such as the Executive Order on Transnational Organized Crime and the Comprehensive Opioid Response Initiative.

Mission Objective 2.1: The Government of Peru strengthens its legal framework, enforcement and prosecutorial capacity, and the rule of law to reduce human trafficking, smuggling, and environmental and financial crimes.

Justification: TCOs generate billions in revenue from drug trafficking, illegal gold mining, illegal logging, counterfeiting and piracy, and wildlife trafficking. TCOs involved in these activities often launder their proceeds through the United States, where it harms our legitimate businesses and exploits our financial system. Sophisticated money laundering organizations tied to TCOs utilize complex methods to mask illicitly derived gains. Peru is the top producer of counterfeit currency in the world, with \$23 million seized by police during the first seven months of 2018. Porous borders and the lack of state presence in remote areas facilitate trafficking in persons, forced and child labor, and the smuggling of special interest aliens transiting Peru. TCOs also use similar trafficking routes to transport contraband and cultural

antiquities. Combating illicit activities in Peru requires a range of interventions in several sectors. To address environmental crimes, especially in the Amazon Basin, Peru needs strengthened regulatory and institutional capacity, improved forest governance to support sustainable, legal, profitable, and inclusive growth; and strong indigenous communities to with sustainable activities that also enable them to monitor natural resources management. Peru has a national plan to combat human trafficking, but much remains to implement it and to build the capacity of local government services to prevent trafficking and help victims. Peru is implementing a new Criminal Procedure Code that requires the country's full transition to the accusatory legal system by 2020. The transition calls for major changes in the way judges, prosecutors, and police investigate and prosecute TOC cases. Mission Peru supports the Peruvian government in addressing TCOs and other challenges through criminal justice, civil sector, and law enforcement professionalization; the creation of adequate legal and regulatory regimes; and the expansion of an effective state presence that improves social conditions and increases economic opportunities for vulnerable populations in remote areas.

Mission Objective 2.2: Peru sustains coca and cocaine reduction through coordinated eradication, alternative development, and cocaine interdiction.

Justification: U.S. counternarcotics assistance supports the Peruvian-led strategy of eradication, interdiction, and alternative development, which has achieved impressive success with increasing investment from the Peruvian government. Results are more sustainable, however, in areas where the three lines of strategy are implemented; effective coordination requires inter-agency discipline. In the Monzón Valley, a former drug-trafficking stronghold, U.S. and Peruvian efforts defeated the local faction of the Shining Path, reduced coca cultivation by 94 percent, and catalyzed private and public investment. While U.S. funding used to exceed Peruvian expenditures on counternarcotics programming, the Peruvian government has dramatically increased its counternarcotics budget, which now surpasses U.S. funding. U.S. efforts will focus on strengthening the Peruvian government's institutional capacity to take on TCOs and successfully implement its national counternarcotics strategy. In doing so, we will support Peru's efforts to consolidate its hard-won gains to integrate previously ungoverned regions into Peru's formal economy and body politic.

Mission Goal 3: Promote economic opportunities for U.S. businesses.

Description and Linkages: Peru has established a durable market-friendly orientation under diverse recent governments, and our compatible economic worldviews have facilitated strong commercial relations. With a bond formed by our bilateral trade agreement, Peru continues to be a key export market and destination for U.S. investment beneficial to the people of both countries. Increasing competition in the region, however, means we need to redouble efforts to confirm the U.S. position as a trading partner of choice in Peru, while utilizing available bilateral and multilateral mechanisms to increase the benefits of our partnership for U.S. business and workers. These efforts help to renew America's competitive advantage, as outlined in the State-USAID Joint Strategic plan, and further the National Security Strategy goal of promoting American prosperity. Many of the bottlenecks to Peru's economic development – such as corruption and pressure on natural resources – create conditions that hinder U.S. business development and pose potential threats to both Peruvian and U.S. security. We will continue to work closely with Peru to address alternative economic development, governance, labor issues, and resource-protection needs, thereby improving the business climate in the short run while helping resolve longer-term economic and security threats.

Mission Objective 3.1: Peru expands inclusive economic opportunity and improves the business climate for U.S. trade and investment, creating a market for U.S. goods and services.

Justification: Peru continues to be a dynamic like-minded economic, commercial, and development partner. We will therefore work closely through private sector, civil society, and bilateral channels to promote inclusive economic growth in Peru, supporting Peru's efforts to move past middle-income economic status. Recognizing, however, the continued appeal of populist measures and potential for non-compliance with international and bilateral commitments, we will prioritize efforts to advocate alongside local partners for economic, environmental, labor, and other policy reforms in support of U.S. interests. We will also emphasize growing U.S. business presence in Peru, in large part by addressing the governance challenges that hurt Peru's own development. This effort includes, as needed, providing technical assistance to help Peru meet commitments on difficult issues such as addressing illegal logging, illegal mining, fair labor standards, and small business development. By helping to expand economic opportunity in Peru's vulnerable populations, we reduce the risk from destabilized communities. Through trade missions, people-to-people partnerships, and other mechanisms, we will also seek to link U.S. citizens and communities with opportunities in Peru.

Mission Objective 3.2: Peru strengthens good governance efforts to prevent corruption and increase government transparency, inclusiveness, and accountability.

Justification: Peruvian governance systems face challenges in promoting transparency and accountability, thereby weakening the overall business climate and prospects for continued inclusive economic growth and societal development. To help Peru overcome these challenges, the U.S. government will build on commitments Peru has made to combat corruption and increase transparency. We will work to improve implementation of transparency initiatives and increase the capacity of the Peruvian government to monitor compliance of its entities with sound processes. We will encourage private enterprises and civil society to support anti-corruption and transparency initiatives.

Mission Goal 4: Strengthen citizen safety and security.

Description and Linkages: The safety, security, and provision of aid to U.S. citizens are the Mission's most immediate priorities. Approximately 570,000 U.S. tourists visit Peru each year, and the majority visit locations beyond Lima. Between tourists and residents, we estimate 59,000 U.S. citizens are present in Peru at any given time. A resilient Peru that mitigates the risks posed by natural disasters (e.g., earthquakes, flooding, and drought), crime, and terrorism, will provide increased safety and security for U.S. and Peruvian citizens. To protect the welfare of both Americans and Peruvians, we will support Peruvian government efforts to build capabilities to respond to these challenges, including search-and-rescue activities in geographically challenging areas. We will advocate for the consideration of U.S. firms in government tenders related to natural disaster reconstruction. We will build upon institutional relationships, including existing military-to-military cooperation and the promotion of acquisition of U.S. military equipment. These activities will strengthen Peruvian sovereignty and enhance information sharing that protects U.S. security both at home and abroad, as outlined in the National Security Strategy and State-USAID Joint Strategic Plan. Finally, we will partner with Peru to mobilize available resources to combat gender-based violence, and to protect women and vulnerable populations.

Mission Objective 4.1: Peru enhances institutional effectiveness to ensure citizen and border security.

Justification: By strengthening Peruvian security and justice institutions, and promoting good leadership practices within those institutions, we enhance security within Peru and enable the protection of U.S. citizens. In order to protect its territory, Peru must rely on strong institutions with the necessary autonomy and resources to carry out their mission. Through increased bilateral training opportunities and enhanced border security and disaster response tools, we can help Peru work toward achieving this goal.

Mission Objective 4.2: Peru continues to modernize its security and justice institutions to combat terrorism and other threats.

Justification: The modernization of Peru's security forces and justice institutions is an essential component of Peru's long-term stability. Other security challenges include the need to modernize equipment to facilitate interagency communication. Peru has developed plans and programs to modernize and improve such communications, but in many cases lacks the necessary resources or support from other institutions, such as the Ministry of Economy and Finance. This objective seeks to build that capacity and assist Peru in modernizing its infrastructure and processes for intra-governmental and bilateral communication.

Mission Objective 4.3: Peru builds resilience and response capacity to address natural and manmade disasters and global health threats.

Justification: Peru's many environmental challenges, both natural and manmade, impact the development and long-term security of the zones affected throughout the country. The 2017 El Niño event caused significant damage and a humanitarian crisis, especially in coastal regions. The effects of environmental changes have caused rapid glacial melt in the Andes, which threatens water security for the population and economic activities in large cities and rural areas of Andean watersheds. Illegal mining, logging, and drug trafficking have caused significant environmental damage in the jungle regions of Peru. Infectious diseases such as malaria, acute diarrheal diseases, and cutaneous leishmaniasis remain endemic and can pose risks to the local population as well as to U.S. citizens who reside in the region. Through partnerships, modernization, and bilateral programs, we can work to meet those challenges and reverse some harmful effects to the overall environment and the people who live in affected areas.

4. Management Objectives

Management Objective 1: Build an agile management platform that cost-effectively meets the needs of the U.S. government presence in Peru.

Justification: Mission Lima's ICS goals demand a strong and agile management support platform. Over the past ten years, resources for management support functions have not kept pace with Mission growth; Embassy Lima's ratio of customers to service providers stands at more than 50 to 1, the highest in the region and one of the three highest in the world. The ratio at similarly sized Missions is 32 to 1. At the same time, Post receives a high number of official visits, which demand considerable support. Post is past the point where it can do "more with less" in ensuring that limited resources – human and financial – support the most important Mission goals. Applying the principles of the Department's Collaborative Management Initiative (CMI), an Embassy Quality Team will enable the Management Section to improve performance and efficiency by measuring its activities against uniform service standards and other metrics. This will eliminate non-value-added steps and processes and redirect resources to where they are most needed.

Management Objective 2: Create a work environment that allows personnel to achieve Mission goals safely and securely.

Justification: Achieving the first Management Objective requires a physical infrastructure that promotes operational efficiency, consistent with greening goals, while taking into account an operating environment that is subject to disruption from natural events. Success depends on a workforce that understands and is fully invested in the principles of preparedness, whether for addressing everyday tasks more effectively or for responding to emergencies, and well versed in the use of technology for information sharing and collaboration across sections and agencies in furtherance of overarching Mission goals.