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Investigation into Government Corruption Expands in Peru

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More than 20 provincial and district mayors in Peru are facing trial or have been sentenced for crimes of corruption, as the number of corruption cases under investigation by the country's justice system has increased by 60% in the past three years.

"I believe that if anything is efficient in Peru, it is corruption," said Ombudsman Walter Gutiérrez during a press conference with foreign correspondent in May.

The number of investigations went from 20,563 in 2013 to 32,925 by the end of 2016, Gutiérrez said as he presented his first report on corruption and announced the creation of an anti-corruption attaché at the ombudsman's office.

Gutiérrez said annual losses from corruption amount to 12 billion soles (approximately US \$3.63 billion) according to figures compiled by Peru's comptroller general. With that money, the government could finance all its social programs for two years or provide food to

1.3 million people who live in poverty for three years.

Of the thousands of cases being investigated in Peru, half relate to embezzlement or diversion of public funds and to collusion (defrauding the state in acquisitions and public contracting of goods). The third most frequent crime is bribery of a judge or public civil servant.

The greatest number of corruption cases—8,994—have taken place in district governments, while 4,985 cases are being investigated in state governments, Gutiérrez said. The national police (Policía Nacional del Perú) follows with 12% of the cases, and regional governments account for 10%.

The Brazilian construction firm Odebrecht is linked to 27 of the cases under investigation ([NotiSur, Aug. 14, 2015](#), and [Jan 13, 2017](#)) part of a bribery scandal that has become known as Lava Jato, or Operation Car Wash. Odebrecht has acknowledged having paid at least US\$29 million between 2005 and 2014 in exchange for access public works contracts.

"The government has not done anything effective in the fight against corruption. The Army has neither anticorruption plans nor a budget for that," Gutiérrez said.

Governors and mayors implicated

At least 14 of the country's 25 regional governors have been linked to crimes of corruption. Wilfredo Ocorima from Ayacucho was sentenced to five years for purchasing machinery and vehicles without calling for bids; he was released from prison on May 17. Enrique Vargas of Ancash was also sentenced to five years for falsifying documents; and Jaime Rodríguez of Moquegua was sentenced to four years for favoring his brother in a social program.

The Prosecutor's Office is investigating nine regional governors, including Juan Luque of Puno, accused of authorizing state purchases for his wife; Omar Jiménez of Tacna, for the illegal naming of officials; and Ricardo Flores of Tumbes for overvaluing expenses in regional purchases.

Felix Moreno, the regional governor of Callao, is in custody while under investigation, accused of having participated in a US\$4 million bribery scheme led by the Brazilian firm Odebrecht led in an effort to obtain the bid for the five-kilometer Callao stretch of the Costa Verde highway extension project. Moreno is the first sitting official detained in the Lava Jato case in Peru.

Walter Mori, who assumed gubernatorial duties in Callao after Moreno's imprisonment, is being investigated for a project on Néstor Gambetta Avenue that was managed by the Consorcio Gambetta, a joint venture of the Brazilian construction firms Queiroz Galvão and Andrade Gutierrez, both involved in the Lava Jato case. Although the Comptroller's Office disqualified Mori from participation in public office for four years, he can stay on the job because he was elected as vice governor on the Moreno ticket.

Other former governors are also being investigated, including Tito Chocano of Tacna, accused of giving government land to two of his children.

This crime stands out in the Ancash region, where three governors are jailed and 17 of the 20 provincial mayors are under investigation for corruption. Due to the high number of complaints, the comptroller has set up two offices in Ancash. The comptroller estimates that between 2007 and 2016, Ancash has lost 200 million soles (approximately US\$61 million) to corruption. In April, the Ministry of Economy and Finance asked the Central Bank and the Banking and Insurance Superintendence to freeze the Ancash regional government's bank accounts.

In Cusco, the Prosecutor's Office is investigating Mayor Carlos Moscoso, as well as Acopia District Mayor Román Nina Huillca, for collusion and illicit enrichment. In Tacna, Provincial Mayor Luis Torres is accused of collusion; and Manuel Oviedo, the provincial mayor of Jorge Basadre, was sentenced to five years in jail for embezzlement.

Jorge Acurio, a former Cusco governor, was ordered to prison on May 17, charged with having accepted from Odebrecht US\$1.2 million in bribes (almost half of what he had requested) in exchange for favoring the company in a project to improve Evitamiento Avenue in the city of Cusco.

Former presidents involved

As if having governors and mayors involved in corruption was not enough, the Prosecutor's Office is investigating three former presidents for allegedly having received bribes from Brazilian firms. They are Alejandro Toledo (2001-2006), now living in the US; Alan García (1985-1990 and 2006-2011), who is in Spain; and Ollanta Humala (2011-2016).

As explained on the website Ojo Público, the main mega-projects of the 21st century in Peru have been built by the Brazilian companies Odebrecht, Camargo Corrêa, Andrade Gutierrez, Queiroz Galvão, UTC, OAS, and Engevix. The projects include the Interoceánica Highway (IIRSA Sur), linking the Pacific and Atlantic oceans; the Camisea gas pipeline from Cusco; as well as Lima's electric train. Other enterprises involve hydroelectric plants, port infrastructures, potable water service, as well as sewage, irrigation, and mining projects with companies such as Yanacocha, Antamina, and Cerro Verde.

Toledo is linked to the IIRSA Sur project, along with President Pedro Pablo Kuczynski, who was prime minister and economic minister during the Toledo administration. At issue is whether there were illegalities when they signed off on the law that allowed Odebrecht to be awarded contracts for portions of the highway.

Toledo is under investigation for allegedly receiving a bribe of US\$20 million from Odebrecht in exchange for the contract for two parts of the highway, according to testimony given by Jorge Simões Barata, former executive director of Odebrecht in Peru. The judiciary ordered 18-month of preventative imprisonment for Toledo, but the former president is in the US and is considered a fugitive from Peruvian justice. As for President Kuczynski, on March 30, Carlos Puma, who specializes in money laundering for the Prosecutor's Office, dismissed the request from the ad hoc prosecutor in the Lava Jato case to open an investigation, citing insufficient evidence.

García is being investigated by the Prosecutor's Office for possible participation in the bribery scheme led by Odebrecht to acquire Metro Line 1. Humala is charged with having received US\$3 million from Odebrecht for his 2011 presidential campaign. Humala's wife, former first lady Nadine Heredia, is also under investigation in that case. Humala and Heredia are also accused of money laundering.

Former presidential candidate Keiko Fujimori Higuchi, the leader of the Fuerza Popular party, has not escaped scrutiny. In mid-February, Deputy Prosecutor Sara Vidal Vargas launched an investigation seeking to determine whether she had used companies owned by Joaquín Ramírez, former congressman and Fuerza Popular secretary general, to launder as much as US\$15 million.

In February, a branch of the Prosecutor's Office opened a preliminary investigation of her siblings—Hiro, Sachi, and Kenji, who is a member of Congress—also in relation to money laundering. The investigation seeks to clarify the large capital increase of Logística Integral Marítima Andina S.A. (LIMASA), a company owned by Keiko Fujimori's three siblings.

Their father, Alberto Fujimori, who is now in prison, siphoned some US\$1.2 billion from the state during his term as president, according to the Anti-Corruption Office. Of that amount, barely US\$83 has been recovered from accounts in Switzerland, the US, and other countries.

Oscar Solórzano, a lawyer who represents the Basel Institute on Governance in Lima, said that Peru has forgotten to recover money in corruption cases. "The criminal prosecution of a delinquent not only aims to put a person in jail, but also to recover the money obtained through corruption," Solórzano said in an interview with the Lima daily *El Comercio*.

Ombudsman Gutiérrez points out that corruption is probably Peru's greatest problem. "And this involves the entire government," he said. "It's not about investigating, judging, and punishing; it also has to do with prevention, and there the executive plays an important role."

Avoiding corruption has been a goal as the country launches projects related to the reconstruction work in areas of northern Peru recently damaged by intense rains and flooding ([NotiSur, April 28, 2017](#)). The Ministry of Economy and Finance on March 29 modified the law regulating public-private partnerships (*asociaciones público-privadas*, APP) to require all infrastructure projects be put out to bid and that all APP contracts have an anti-corruption clause.

It was also reported that the agency that promotes private investment, Proinversión, would create a unit to watch over integrity and transparency and to prevent corruption.

It is hoped these steps won't exist only on paper, especially knowing that the Prosecutor's Office recently linked nine government officials to the collapse of bridges in Lima whose recently built bases were unable to withstand a surge in the water of the Rímac River and the overflowing of its banks. Only one company participated in the bidding process for that construction project.

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