



## ALTERNATIVE DEVELOPMENT

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USAID assistance helps ex-coca growers move toward high-paying export crops, such as the cacao pictured in the photo in Huayhuantillo, Tingo María.

**Implementing Partners:** National Commission for Development and Life without Drugs (DEVIDA), Chemonics International, CEDRO (Peruvian non-governmental organization), and United Nations (UN) as well as a host of sub-contractors and sub-grantees that include municipalities, Peruvian NGOs and private firms.

**Partners:** FONAFE (National Fund for Financing Governmental Entrepreneurial Activity), Ministry of Production and Ministry of Interior.

Peru is a traditional producer of coca, the plant used to make cocaine. Under certain circumstances, however, a limited amount of coca is also grown legally in Peru for traditional and industrial uses. Recent studies have shown that 9 out of 10 coca leaves produced in Peru are destined to become cocaine and that Peru supplies 28% of the world's cocaine. The cultivation and processing of illicit coca for cocaine, and the violence, insecurity, and organized crime that accompany it, impede social and economic development in areas where coca is grown and pose a threat to the democratic development of Peru as a nation.

Illicit coca production and processing thrive in already impoverished areas with little or no government presence, bringing violence and lawlessness and providing a source of financing for remnants of terrorist groups. Education, health, and private investment projects are very costly and difficult to implement, given the charged and threatening atmosphere of narco-trafficking in these areas, and lack of police presence. USAID helps strengthen state presence in these areas through a multi-pronged approach, promoting viable alternatives to growing coca, while strengthening local governments, building community capabilities, promoting sustainable use of natural resources, building social and economic infrastructure works, and improving access to health and education services.

A key component of the USG's comprehensive counter-narcotics strategy, USAID/Peru's Alternative Development Program operates in concert with other U.S. Government agencies, including the State Department's Narcotics Affairs Section and the U.S. Drug Enforcement Administration, as well as the Government of Peru (GOP), to promote licit development in formerly coca growing areas and sustain coca reduction achieved with eradication programs. USAID works in close coordination with the Narcotics Affairs Section to identify potential communities where programmed eradication by the GOP has taken place. Those communities are offered the opportunity to sign no replanting agreements in which they commit to remaining coca free and USAID and the GOP commit to support their transition to a licit livelihood with a package of assistance tailored to each community's priorities and needs – thereby making programmed eradication sustainable.

As the program expands into new areas in support of programmed eradication activities, USAID simultaneously continues to support the growth and sustainability of a licit economy and lifestyle for the long term in previously-assisted communities that maintain an ongoing relationship with the program. USAID support to these communities has evolved to focus on the consolidation of the economic and social gains made in previous years, to make them sustainable for the long term. This means increasing the productivity of installed cacao, café, and oil palm, helping farmers access credit to expand their crop production, strengthening producer associations and cooperatives to ensure optimum prices and access to local and international markets, and working closely with producers and communities to build their capacity for collective action and self-advocacy. Women's well-being and gender equity

are also important components of the program, emphasizing creative, participatory approaches for inclusion of women in economic activities and overall consciousness raising in communities, to ensure that both genders have equal access to program benefits and an improving quality of life.

The economic development activities of the program draw the interest of the private sector in target areas, increasing investments and making national and international businesses stakeholders in Alternative Development. Many of the specific investments in community infrastructure also leverage state presence where it did not exist previously. A new school brought the Ministry of Education; a health center, the Ministry of Health; a bridge or a road impels the local government to maintain the infrastructure. These links with local government have taken root and brought these formerly disenfranchised communities back into Peruvian society. Alternative Development-supported projects provide an opening for government entities to establish themselves in the communities and begin to provide traditional services to the local population

Future expansion of the post programmed eradication component will include new communities, as the GOP programmed eradication activities evolve.

Since 2002, alternative development results include:

- **More than 15,117 hectares of illicit coca have been voluntarily eradicated by former coca growers, equivalent to approximately 80,000 kilos of annual cocaine production with a street value of \$8 billion.**
- **The program has had a major development impact in communities that have been eradicated.** Since 2002, the program has completed 719 infrastructure projects, including 197 schools, 112 potable water systems, 15 health clinics, 147 community multi-purpose buildings, 45 bridges, and 91 rehabilitated rural roads. Over 48,119 families have received assistance with licit crops, such as cacao, coffee, cotton, corn and palm oil and pijuayo for palmitos, on more than 58,000 hectares. In addition, the program invested nearly \$30 million in rehabilitating 90 kms of a major thoroughfare between Juanjui and Tocache, eliminating a major bottleneck and connecting isolated jungle communities economically and socially to the rest of the country.
- **More than \$10 million dollars in sales of cacao were reported in FY 2008, expected to triple in value by 2010.** The equivalency of more than 2,500 jobs were created through farm labor in PDA communities.
- **More than 42 municipalities have been strengthened through training programs, management improvement, and technical assistance.** The impact of this touches all citizens who benefit from improved local government in these remote rural areas.
- **New credit products have been designed that will link credit-worthy alternative development farmers to formal financial institutions for the first time.** Through alliances with private banking institutions, program interventions made investments in credit feasible by lowering risk for banks through improved information and pre-vetted clients for revolving credit accounts for investments in crop expansion.



*This bridge in Uchiza, San Martin department, was built by USAID to support the surrounding communities' transition to a licit lifestyle.*



*Pineapple is another crop being adopted in ex-coca growing communities with USAID assistance, such as the one pictured in the photo in Shambillo, Ucayali department.*