

Data Sheet

USAID Mission:	Peru
Program Title:	Alternative Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-013
Proposed FY 2004 Obligation:	\$50,000,000 ACI
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$50,000,000 ACI
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID's Alternative Development Program (ADP) is a key component of the U.S. Government's comprehensive counternarcotics strategy. It involves a multi-sector, integrated development approach in the seven Peruvian regions where most illicit coca is grown, linking development benefits directly to the commitment to voluntary coca eradication. Interventions focused on: (a) providing immediate economic and social impact via temporary income, community organization and other short-term support in communities where coca is eradicated; (b) promoting sustainable economic and social development in and around the primary coca-growing areas via infrastructure projects, technical assistance and training to local and regional governments, other Government of Peru agencies, private sector entrepreneurs and small farmers; (c) improving the policy and institutional framework related to alternative development and counter-narcotics through studies and technical assistance to key allies; and (d) generating political will, encouraging key behavior change, and disseminating accurate information to beneficiaries through a crosscutting communications program.

Inputs, Outputs, Activities:

FY 2004 Program:

Voluntary eradication (\$27,050,000 ACI). USAID will continue funding small, labor-intensive, infrastructure works, such as schools, health posts, sanitation, roads and bridges, as a means of improving local services and providing temporary income for families in communities where coca is eradicated. USAID will also finance scholarships, land titling, and health/nutrition services in participating communities. Participatory processes to identify and prioritize these projects will be coordinated with municipal and regional governments. A new prime U.S. contractor will be selected through a competitive process by January 2004. Multiple local nongovernmental organizations (NGOs), local private firms, specialized Peruvian governmental agencies, and municipalities will act as sub-contractors/grantees.

Sustainable local/regional development (\$13,900,000 ACI). USAID will assist private entrepreneurs and producers with information and technical assistance to link their production to market demand and encourage private investment in productive licit activities. USAID will promote private-public partnerships in economic infrastructure (mainly roads and electrification) in target areas, and provide improved access to financial services. The program will support sustainable productive forest management, including concession processes and forest product certification, thus protecting the environment and generating jobs and income. USAID will also strengthen local governments and improve the rule of law in coca-growing regions. Major contractors/grantees include an umbrella contractor to be selected, Chemonics, the World Wildlife Fund, The Nature Conservancy, the Chicago Field Museum, local NGOs, and specialized Peruvian government agencies.

National framework for counternarcotics/alternative development (\$4,050,000 ACI). Specific studies and advocacy efforts will support policy changes related to such issues as precursor chemicals control, land titling, and policies and procedures that catalyze greater economic growth and more effective and responsive state presence in the coca producing regions. USAID will continue providing specialized consultancy services and fund selected costs of the Government of Peru's counter-narcotics coordinating

body (DEVIDA) to improve its institutional capacity to implement the Peruvian government's counternarcotics strategy. Major contractors/grantees include DEVIDA, an umbrella contractor to be selected, Development Alternatives Inc, and possibly a new U.S. contractor, with local NGOs and firms acting as sub-contractors/grantees.

Communications/operational research (\$5,000,000 ACI). A range of media will be used to: 1) inform the communities undergoing eradication to better understand the process and mitigate social unrest; 2) change attitudes and practices to contribute to a decrease in coca production; and 3) gain support among decision-makers and the general public for alternative development/counternarcotics measures. USAID funds will be used to monitor and carry out operational research activities to guide the implementation of U.S.Government/GOP counternarcotics and alternative development activities. Work will be carried out primarily by a U.S. prime contractor, with local NGOs and marketing/communication firms acting as sub-contractors/grantees.

FY 2005 Program:

Voluntary eradication (\$30,700,000 ACI). USAID will continue to fund small infrastructure works and finance scholarships, land titling, and health/nutrition services in communities where coca is eradicated. Major contractors/grantees are not expected to change.

Sustainable local/regional development (\$9,800,000 ACI). USAID plans to continue the activities described above. Major contractors/grantees are not expected to change.

National framework for counternarcotics/alternative development (\$4,450,000 ACI). USAID will continue providing support to the GOP's counter-narcotics coordinating body (DEVIDA) to improve its institutional capacity to implement the GOP's counter-narcotics strategy. Major contractors/grantees are not expected to change.

Communications (\$5,050,000 ACI). USAID plans to continue the above activities to generate political will, encourage key behavior change, and disseminate accurate information to beneficiaries through a cross-cutting communications program. Major contractors/grantees are not expected to change.

Performance and Results: Initial USG estimates indicate that coca cultivation was reduced to 31,150 hectares (a 15% cut between June 2002 and June 2003). It is likely that the area dedicated to illicit coca production will decline further by the end of 2003, based largely on the implementation of the new voluntary eradication methodology. USAID directly contributed to coca reduction, with 5,445 hectares of coca auto-eradicated between October 2002 and December 2003. Through all methods, more than 11,000 hectares were eradicated in 2003, far surpassing the target of 8,000, with USAID's community development/auto-eradication program accounting for 40% of this total. In FY 2003, 356 social infrastructure works were initiated or completed; 1,251 kilometers of roads were rehabilitated/maintained; 18 bridges were constructed; and seven electrification works and four irrigation systems were built. The program facilitated value-added sales of \$9.5 million, generating income for over 13,500 producers in target areas. A communications campaign is helping to convince Peruvians that illicit narcotics represent a problem for Peru, as well as for the United States, and successfully countered the disinformation that is routinely disseminated by "cocalero" organizations and the narcotics mafia.

It is expected that Peru's coca production will be reduced to the level required only for licit uses by the end of the strategy period. By FY 2007, there will be a strengthened licit economy in current coca-growing areas and the regions where they are located, based on stable links to local and outside markets; farmers' productivity will be increased; and natural resources will be sustainably managed. Social conditions, including access to quality health and education services will be substantially improved in target areas. The legal, policy, and institutional framework at the regional and national levels will provide adequate conditions for sustained illicit coca elimination by enhancing law enforcement and providing a favorable environment for trade and investment in current coca-growing regions.

US Financing in Thousands of Dollars

Peru

527-013 Alternative Development	ACI	CSH	DCA
Through September 30, 2002			
Obligations	57,500	0	0
Expenditures	4,966	0	0
Unliquidated	52,534	0	0
Fiscal Year 2003			
Obligations	30,879	200	557
Expenditures	32,350	17	0
Through September 30, 2003			
Obligations	88,379	200	557
Expenditures	37,316	17	0
Unliquidated	51,063	183	557
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	50,000	0	0
Total Planned Fiscal Year 2004			
Obligations	50,000	0	0
Proposed Fiscal Year 2005 NOA			
Obligations	50,000	0	0
Future Obligations	0	0	0
Est. Total Cost	188,379	200	557