

## USAID

### POLICY DETERMINATION

#### NARCOTICS

Section 126 of the Foreign Assistance Act instructs USAID to "give priority consideration to programs which would help reduce illicit narcotics cultivation by stimulating broader development opportunities." Given this mandate, it is USAID's policy to seek out opportunities to design projects that provide economic alternatives to farmers in narcotics growing areas. USAID's projects should also reflect the interest of the host government to increase enforcement under existing bans and more generally, to affect the climate favorably for extension of government administration and services into an area. The situation is complicated by social and cultural traditions that make sustained broadly based development efforts that address economic and quality of life concerns one vehicle to facilitate the acceptance of alternative crops. We must realize that no single crop is likely to provide a viable economic alternative for traditional drug producers. Missions are encouraged to include research components for developing and testing alternative crops in programs designed to assist development efforts in narcotics growing areas. To be successful, the application of these efforts must be accompanied by parallel eradication programs designed to enforce bans on cultivation of illegal narcotic crops. Other USG agencies and not USAID are responsible for funding and monitoring of these enforcement and eradication programs. USAID's role is to identify, fund and implement appropriate development programs in narcotics producing areas. Obviously, both efforts require coordination in planning and implementation at the country team level and with the recipient host government. Accordingly, it is the policy of USAID to develop programs and projects to help reduce illicit cultivation by providing incentives for alternative sources of income generation. USAID Missions are instructed to consider seriously income substitution projects and other development assistance activities in illicit narcotics producing areas using development assistance and/or economic support fund monies. These areas must be ones in which the host government is able to provide for the safe movement of USAID personnel.

Assistance must meet standard development criteria and priorities and will be funded within country levels. Standard project analysis will be followed although it is anticipated that relevant project papers will contain more analysis pertaining to the social, economic, cultural and institutional mores of producers of illicit narcotics. Projects must receive full host government support and USAID Missions should encourage their inclusion into host government's overall development plan as an indication of that support. Inclusion in long term development plans also facilitates multilateral development bank and other donor financing.

Following are elements of USAID policy on narcotics:

1. USAID will seek out every appropriate opportunity to encourage strongly the United Nations specialized agencies, multilateral institutions and other bilateral donors to channel economic assistance to narcotics producing areas for the purpose of discouraging illicit narcotics cultivation. Independently and in cooperation with other U.S. Government agencies, U.S. representatives in multilateral forums will be encouraged to support activities and projects that further USAID narcotics objectives.
2. USAID will work with appropriate USG agencies to collect, analyze, disseminate and utilize information pertaining to its development activities directly related to the control of illicit narcotics through a recently revised Inter-agency Agreement For The Sharing of Information Concerning The Narcotics Producing Regions of the World. (Annex 1) USAIDs contribution in this area is intended to be an important component in the increased demand for quantitative and qualitative data on activities related to alternative income generating schemes that will assist in determining future project directions.
3. In order to fulfill the Inter-agency Agreement requirement, learn more about the interrelationships between narcotics and development activities and develop a realistic narcotics strategy framework, a yearly USAID narcotics analysis will be conducted by affected Missions, in collaboration with State INM officials. Further guidance will be forwarded by PPC, with regional bureau input.
4. USAID will support the participation of private voluntary agencies in development of alternative sources of income in narcotics producing areas, where appropriate.
5. Depending upon the type and location of project or projects undertaken, it may be both feasible and necessary to obtain an assurance from the host government, either as a part of the project agreement or in a side letter, that narcotics production will not be permitted within the area of a project(s) assisted by USAID The agreement should provide for termination of USAID funding (at USAID's option) if the host government does not comply with its eradication commitment. The use of "poppy/coca clauses" would most likely be incorporated in projects which could enhance the production of illicit narcotic crops, e.g., irrigation, etc. These clauses aim at retaining USAIDs flexibility, raising the consciousness level of the host government to our concerns and assures that USAID funded projects do not contribute to an increase in the production of illicit narcotics. It should be noted, however, that while poppy/coca clauses may be an important tool, they offer limited leverage per se in the behavior of governments. Missions, along with State officials, are encouraged to educate host governments on the scope and depth of the narcotics problem--both within their country and internationally--so that enforcement is more likely. Projects involving basic health, education, and other such activities not directly related to the cultivation of narcotics will not be affected.

6. U.S. involvement in narcotics control and enforcement programs overseas is the responsibility of the Department of State. State will provide needed assistance in this field and give guidance as USAID projects are designed to ensure that host government plans and capabilities are both appropriate and adequate to meet requirements. USAID recognizes that enforcement of narcotics laws is a function of the host government and looks to the State Department to monitor host government performance in the enforcement field.

7. The Department of State, through its Bureau of International Narcotics Matters will continue to plan, finance and implement programs that can have a developmental focus. These projects are generally "pilot" in nature designed to determine the feasibility of a broad program that would provide an alternative source of income for the narcotics producer and enhance the host government's ability to enforce its anti-narcotics laws in the area. The Department of Agriculture, a new signatory to the Inter-agency Agreement, will cooperate with USAID in this effort by continuing research on crop substitution measures. USAID Missions should monitor the progress of pilot income substitution programs to assure that positive results are taken into consideration in host government development planning and programs and, as appropriate, in USAID programs and projects. substitutions of alternative crops. In addition, the United States representatives in the multilateral development banks, where appropriate, will strongly support provisions in loan agreements designed to ensure that the proposed projects do not contribute to narcotics production within the project area. The failure to include such provisions in the loan agreement will be taken into consideration along with other factors in determining the appropriate United States position and vote.

3. The Agency for International Development will continue to review its assistance program in drug producing countries in order to maximize its development efforts in drug producing areas, consistent with development assistance criteria and priorities.

4. The Department of Agriculture will use the data in planning the expenditure of its resources for crop substitution research and the eradication of illicit narcotic crops. Such coordination will lay the ground work for effective integrated rural development projects in illicit narcotics producing regions.

5. The Department of State will exercise appropriate diplomatic initiatives with the United Nations, other countries, and relevant international organizations to reduce narcotics cultivation.

1982

PD-1  
August 5,

6. All parties to this agreement will appropriately safeguard all information gathered or disseminated pursuant to this agreement.

This Agreement becomes effective on the 1st day of June, 1982.

Deputy Secretary of State

Associate Attorney General

Deputy Secretary of the  
Treasury

Administrator, Agency for  
International Development

Acting Administrator, ARS  
U. S . Department of Agriculture

ANNEX I  
INTERAGENCY AGREEMENT FOR THE SHARING OF INFORMATION  
CONCERNING THE NARCOTICS PRODUCING REGIONS OF THE WORLD

1. Objective

The purpose of this agreement is to improve the availability of information about narcotics growing areas of the world to those agencies and officials of the United States Government who participate in international development loans and projects. Such information will help them to channel economic development for narcotics producing areas into alternative crops and rural development, thus reducing the amount of narcotics available for non-medical drug use.

Illicit drugs have a corrosive impact on American society, especially the nation's youth. These substances also have a complex negative, domestic effect in the producing countries that, on balance, inhibits both economic and social development. It is no coincidence that the traditional narcotics-producing countries have internal drug abuse problems that are a drain on their own societies and economies.

Most of the world's illicit drugs are produced in the least developed countries and, within them, often in remote areas where governmental administrative controls, as well as services, are essentially non-existent. Economic development of these areas can serve as the first step in providing viable alternatives to illicit drug production and enhance official drug control efforts.

The United States participates on its own, through the international financial institutions and the United Nations in extensive economic assistance and loan programs throughout the world. These programs frequently involve the financing of agricultural and rural development. The signatories to this agreement believe that the economic assistance programs are one way of encouraging the substitution of alternative crops for narcotics.

In 1979 a mechanism was established to provide economic assistance and development agencies with the information required to target assistance programs so as to contribute to reducing narcotics cultivation. The purpose of this agreement is to reaffirm and enhance this mechanism so that the concerned USG agencies receive timely and accurate information on narcotics producing regions of the world and on actual or potential economic development projects in those areas.

The agreement does not require any agency to undertake new or additional responsibilities but rather, ensures that maximum potential be realized from those functions already being performed through agency cooperation in sharing essential information.

## II. Responsibilities

### A. Collection of Data

1. The Drug Enforcement Administration, the Department of State, and other appropriate agencies, as tasked by the Department of State, shall compile current data relating to the locations of narcotics growing regions of the primary and potential source countries. This data shall be forwarded annually to the Assistant Secretary of State for International Narcotics Matters, Department of State. The Agencies shall also identify any developmental assistance programs which may affect narcotics cultivation and report this information in a timely manner.
2. Participating agencies shall report to the Bureau of International Narcotics Matters any relevant information concerning actual or potential agricultural and rural development projects which could reduce narcotics cultivation, or conversely could encourage it; a listing of all projects and loans involving source countries; and a description of all projects in narcotics growing regions.

### B. Dissemination of Data

1. The Bureau of International Narcotics Matters, Department of State, shall collect the data provided by the Drug Enforcement Administration, the Department of the Treasury, the Department of Agriculture, the Agency for International Development, other appropriate agencies, and other Bureaus within the Department of State and shall annually disseminate data to the signatory agencies and other USG officials concerning:
  - a. The nature, extent and location of narcotics production in source countries;

b. Political factors and attitudes of the source countries regarding crop substitution and narcotics eradication programs;

c. Lists of assistance projects or loans provided to source countries by the United Nations, the United States, the multilateral development banks, and other countries, including a description of any projects located in the narcotics growing regions of the source countries.

d. Recommendations for actions which might be considered by the various agencies involved.

2. The information detailed may also be provided, when appropriate, to concerned agencies within the United Nations and other international organizations.

C. Utilization of Data

1. The signatory agencies shall take the aforementioned data into consideration when reviewing proposed agricultural and rural development projects. In the case of bilateral programs, if the proposed projects are in narcotics producing regions, the agencies involved will take whatever steps are necessary to ensure that such projects do not enhance narcotics cultivation but rather contribute to the substitution of economic alternatives. The results of all actions shall be reported to the Department of State.

2. The Treasury Department will continue to work closely with the multilateral development banks. When supplied with information on the geographic regions within narcotics producing recipients of multilateral development bank loans and credits, the Treasury Department will review the proposed agricultural and rural development projects with the United States Executive Director's Office of the particular MDB before the project comes before the Board of Directors for consideration. If the proposed project is in a narcotics producing region of the borrowing country, consultations with the management and staff will take place to obtain assurances that such lending does not contribute to the production of narcotics and, where appropriate and feasible, contributes to the

3. The responsibility for continuing the policy dialogue on narcotics and development within USAID will be centralized through the Coordinator for Narcotics Affairs, located in the Bureau for Program and Policy Coordination. The regional bureaus will continue to discharge the responsibilities for project implementation and evaluation.

Attachment

Annex 1 - Interagency Agreement for the  
Sharing of Information Concerning  
The Narcotics Producing Regions  
of the World August 5, 1982

M. Peter McPherson

Date