

Data Sheet

USAID Mission:	Peru
Program Title:	Alternative Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-013
Status:	Continuing
Planned FY 2006 Obligation:	\$48,510,000 ACI
Prior Year Unobligated:	\$111,000 DCA
Proposed FY 2007 Obligation:	\$42,500,000 ACI
Year of Initial Obligation:	2002
Estimated Year of Final Obligation:	2007

Summary: USAID's Alternative Development program is a key component of the U.S. Government's comprehensive counter narcotics strategy in Peru. Alternative Development interventions are focused on: providing immediate economic and social impact by generating temporary income, supporting basic services, and promoting local organizations and improved governance in areas where voluntary or forced coca eradication has taken place; promoting sustainable economic and social development in and around the primary coca growing areas via infrastructure projects, technical assistance and training to small farmers and private sector entrepreneurs and government entities; improving the policy and institutional framework related to alternative development and counter narcotics through studies and technical assistance to key allies; and generating political will, encouraging behavior changes in target populations, and disseminating accurate information to beneficiaries through a crosscutting communications program.

Inputs, Outputs, Activities:

FY 2006 Program:

Develop and expand alternative development: (\$48,510,000 ACI). The program will be implemented through the following subcomponents:

Voluntary and forced eradication (\$34,762,000 ACI). USAID supports communities or areas where coca has been eradicated through a variety of interventions including: funding small, labor-intensive, infrastructure works, such as roads and bridges, schools, health posts and sanitation systems, as a means of improving local services and providing temporary income; technical assistance and inputs for market oriented crops; scholarships; and conflict mitigation interventions. Principal implementers: Chemonics, local nongovernmental organizations (NGOs), specialized Peruvian governmental agencies, other implementers to be determined through a competitive process.

Sustainable local/regional development (\$5,000,000 ACI; \$111,000 DCA). Information and technical assistance from USAID assists entrepreneurs and small producers to link production to market demand and encourage private investment in licit productive activities. USAID promotes private-public partnerships in economic infrastructure, mainly transportation in targeted areas; and provides final funding to the completed rehabilitation/maintenance of the Juanjui-Tocache road. Technical assistance and training for national park management and neighboring communities supports sustainable management of protected forest areas to prevent illegal coca planting. USAID technical assistance and training to local/regional governments facilitates expanded state presence, improved governance, and better access to and quality of education/health/nutrition services in target regions. Development Credit Authority (DCA) FY 2004 carry over funds guarantee loans from specialized institutions to licit economic projects in the priority regions. USAID's resources also leverage private sector resources through DCA agreements for loan portfolio guarantees with strategic lending institutions or portable guarantees with strategic enterprises. Principal implementers: Academy for Educational Development (AED), Associates in Rural Development (ARD), Chemonics, Chicago Field Museum, Pathfinder International, U.S Army Corps of Engineers, local non-governmental organizations, and specialized government agencies.

National framework for counter narcotics/alternative development (\$2,386,000 ACI). Specific studies, technical assistance and advocacy efforts continue supporting policy and institutional changes related to

such issues as precursor chemical control, and the control of licit coca leaf production and commercialization. Further assistance is being provided to the Government of Peru's (GOP) counter narcotics coordinating entity - DEVIDA, to strengthen its institutional capacity to improve implementation of the GOP's counter narcotics strategy. Principal implementer: Development Alternatives Inc. (DAI) and DEVIDA.

Communications (\$6,362,000 ACI). A range of media is used to: convince families in coca growing areas to embrace a licit lifestyle and reject illegal coca cultivation; enhance awareness among the general public of the negative impacts of and links between illegal coca and narco-trafficking; and gain support among decision makers in favor of alternative development and counter narcotics related policy reforms. Principal implementers: CEDRO (Peruvian non-governmental organization), Chemonics, and DAI.

FY 2007 Program:

Develop and expand alternative development: (\$42,500,000 ACI). USAID plans to implement the following sub-components during FY 2007:

Voluntary and forced eradication (\$32,600,000 ACI). USAID funding for small infrastructure works and productive projects will continue, as well as funding for scholarships and conflict mitigation in communities and areas where coca is eradicated or which remain coca free.

Sustainable local/regional development (\$3,500,000 ACI). Continued support to licit businesses and promotion of economic opportunities in target areas is planned. A new activity will be designed and an implementing counterpart selected for this. USAID will continue to support local governance and the improvement of education, health and nutrition services.

National framework for counter narcotics and alternative development (\$2,800,000 ACI). USAID will continue providing support to the GOP to improve its institutional capacity to implement an effective counter-narcotics strategy.

Communications (\$3,600,000 ACI). USAID plans to continue the above activities to foster political will, encourage key behavior change, and increase public awareness of counter narcotics issues through a cross cutting communications program.

Principal implementers: To be determined through a competitive process.

Performance and Results: USAID made remarkable progress in sustaining hard won advances; continuing the geographic expansion of the Alternative Development Program while consolidating prior concentrations of communities, all in the face of increasing insecurity in areas of program operations. Families participating in the program eradicated 1,614 hectares of coca in FY 2005. Over 2,500 additional hectares were eradicated after the close of FY 2005. A total of \$18.6 million in licit product sales were generated, creating 8,508 full-time equivalent jobs. Rehabilitation of the Juanjui-Tocache Road was completed, slashing transport time and costs and spurring the competitiveness of licit products in the region. Communication activities succeeded in promoting attitude change in the target population, where 46.7% of families now hold the opinion that coca should be eliminated in their communities as compared to 43.2% in the previous year. USAID supported the passage of regulations for the precursor chemical law and attained official GOP recognition on basic coca leaf demand and production facts that will provide the foundation for better control of coca production and commercialization.

By the end of the strategy period, it is expected that illicit coca will be basically eliminated from several areas in Peru including areas along the Huallaga Valley and Aguaytia. In these areas there will be a strengthened licit economy, based on stable links to local and outside markets; farmers' productivity will be increased; and key protected forest areas will be freed from threats associated with illegal crops. Social conditions, including access to quality health and education services, will be substantially improved in those areas. An improved legal, policy and institutional framework at regional and national levels will allow for better control of lawful uses of coca leaf and precursor chemicals.

US Financing in Thousands of Dollars

Peru

527-013 Alternative Development	ACI	CSH	DCA
Through September 30, 2004			
Obligations	174,920	200	557
Expenditures	107,299	98	0
Unliquidated	67,621	102	557
Fiscal Year 2005			
Obligations	51,192	0	169
Expenditures	75,356	90	25
Through September 30, 2005			
Obligations	226,112	200	726
Expenditures	182,655	188	25
Unliquidated	43,457	12	701
Prior Year Unobligated Funds			
Obligations	0	0	111
Planned Fiscal Year 2006 NOA			
Obligations	48,510	0	0
Total Planned Fiscal Year 2006			
Obligations	48,510	0	111
Proposed Fiscal Year 2007 NOA			
Obligations	42,500	0	0
Future Obligations	30,979	0	0
Est. Total Cost	348,101	200	837