

Data Sheet

USAID Mission:	Peru
Program Title:	Alternative Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-013
Status:	Continuing
Planned FY 2005 Obligation:	\$53,866,000 ACI
Prior Year Unobligated:	\$280,000 DCA
Proposed FY 2006 Obligation:	\$43,000,000 ACI
Year of Initial Obligation:	2002
Estimated Year of Final Obligation:	2007

Summary: USAID's Alternative Development (AD) Program is a key component of the U.S. Government's comprehensive counternarcotics strategy in Peru. AD interventions are focused on: (1) providing immediate economic and social impact by generating temporary income, supporting basic services, and promoting community organization where coca is voluntarily eradicated; (2) promoting sustainable economic and social development in and around the primary coca-growing areas via infrastructure projects, technical assistance and training to small farmers, private sector entrepreneurs and government entities; (3) improving the policy and institutional framework related to alternative development and counter-narcotics through studies and technical assistance to key allies; and (4) generating political will, encouraging key behavior change, and disseminating accurate information to beneficiaries through a crosscutting communications program.

Inputs, Outputs, Activities:

FY 2005 Program: Develop and Expand Alternative Development: (\$53,866,000 ACI). The amounts listed below include \$2.12 million of administrative expenses associated with managing the AD Program. The program will be implemented through the following sub-components:

Voluntary Eradication (\$27,646,000 ACI). USAID will continue funding small, labor-intensive, infrastructure works, such as roads, bridges, schools, health posts and sanitation systems, as a means of improving local services and providing temporary income for families in communities where coca has been eradicated. USAID will also provide technical assistance for market-oriented crops, and will finance scholarships, land titling, and selected social services in participating communities. Participatory processes to identify and prioritize these projects will be coordinated with local governments. Chemonics is the prime contractor, and multiple local private firms, local nongovernmental organizations (NGOs), specialized Peruvian governmental agencies, and municipalities will act as sub-contractors/grantees.

Sustainable Local/Regional Development (\$17,200,000 ACI). USAID will assist entrepreneurs and small producers with information and technical assistance to link their production to market demand and encourage private investment in licit productive activities. USAID will promote private-public partnerships in economic infrastructure (mainly transportation and electrification) in target areas; and will fund the rehabilitation/maintenance of the Juanjui-Tocache road, and related interventions with communities along the road. 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 facilitate increased state presence and improved governance in target regions. Development Credit Authority funds (including carry-over from FY 2004) will guarantee commercial bank loans to licit economic projects in the priority regions. Major contractors/grantees include Chemonics, the U.S. Army Corps of Engineers, the World Wildlife Fund, the Chicago Field Museum, local NGOs, and specialized government agencies.

National Framework for Counternarcotics/Alternative Development (\$4,200,000 ACI). Specific studies and advocacy efforts will support policy changes related to such issues as precursor chemicals control, control of licit coca leaf production and commercialization, 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 specific costs of the GOP's counternarcotics coordinating body (DEVIDA), and other GOP agencies, to improve its institutional capacity to implement the Peruvian government's counternarcotics strategy. Major contractors/grantees include DEVIDA, Development Alternatives Inc. (DAI), and a new U.S. policy contractor to be selected; with local NGOs and firms acting as sub-contractors/grantees.

Communications/Operational Research (\$4,820,000 ACI). A range of media will be used to: 1) convince families in coca growing areas to embrace a licit lifestyle and reject illegal coca cultivation; 2) increase awareness among the general public of the negative impacts of and links between illegal coca and narco-trafficking; and 3) gain support among decision-makers in favor of AD/counternarcotics-related policy reforms. USAID will finance mechanisms to monitor program implementation and carry out operational research, in order to guide the implementation of counternarcotics and alternative development activities. Work will be carried out primarily by Chemonics, DAI and a new policy contractor, with local NGOs and marketing/communication firms acting as sub-contractors/grantees.

FY 2006 Program: Develop and Expand Alternative Development: (\$43,000,000 ACI). The amounts listed below include administrative expenses associated with managing the AD Program. USAID plans to implement the following sub-components. Major contractors/grantees are not expected to change.

Voluntary Eradication (\$20,000,000 ACI). USAID will continue funding small infrastructure works and productive projects, as well as finance scholarships, land titling, and selected social services in communities and areas where coca is eradicated or which remain coca-free.

Sustainable Local/Regional Development (\$16,000,000 ACI). USAID plans to continue the activities described above.

National Framework for Counternarcotics/Alternative Development (\$3,500,000 ACI). USAID will continue providing support to the GOP to improve its capacity to implement an effective counternarcotics strategy.

Communications/Operational Research (\$3,500,000 ACI). USAID plans to continue the above activities to generate political will, encourage key behavior change, and increase public awareness on counternarcotics issues through a cross-cutting communications program.

Performance and Results: In FY 2004, USAID made significant progress in implementing the AD program, despite major challenges caused by continuing insecurity in target areas. Families participating in the program eradicated 4,919 hectares of coca, accounting for 35% of total eradication. In addition, \$14.8 million in licit products sales were generated in the priority regions, creating 9,688 full-time equivalent jobs. The first phase of rehabilitation of the major thoroughfare running through a traditional coca-growing region (the Juanjui - Tocache Road in San Martin) resulted in the reduction of transit time from 12 to six hours and transport costs by 25-30%. Communications activities generated support for the program, and resulted in approximately 20,000 families entering eradication agreements. Initiatives with the Peruvian press also helped build public support for a new precursor chemical law. USAID-contracted technical experts provided the impetus for the preparation and passage of that law and are building a body of evidence to support effective coca legislation, including a landmark study that officially determined Peru's demand of coca for licit uses.

By FY 2007, if political conditions are propitious under the new government, Peru will control new coca and will have gradually reduced coca in the zones traditionally producing coca for drugs. In the target areas there will be a strengthened licit economy, based on stable links to local and outside markets; farmers' productivity will be increased; and forest resources will be freed from threats associated to illegal crops. Social conditions, including access to quality health and education services, will be substantially improved. The legal, policy and institutional framework at the regional and national levels will provide adequate conditions for controlling licit uses for coca leaf and precursor chemicals, avoiding diversion of such materials for drug elaboration. An increased public awareness about the economic, social and environmental damages caused by illegal crops and narco-trafficking will enhance conditions for sustaining the achieved reduction of illicit crops.

US Financing in Thousands of Dollars

Peru

527-013 Alternative Development	ACI	CSH	DCA
Through September 30, 2003			
Obligations	88,379	200	557
Expenditures	37,316	17	0
Unliquidated	51,063	183	557
Fiscal Year 2004			
Obligations	86,540	0	0
Expenditures	80,614	81	0
Through September 30, 2004			
Obligations	174,919	200	557
Expenditures	117,930	98	0
Unliquidated	56,989	102	557
Prior Year Unobligated Funds			
Obligations	0	0	280
Planned Fiscal Year 2005 NOA			
Obligations	53,866	0	0
Total Planned Fiscal Year 2005			
Obligations	53,866	0	280
Proposed Fiscal Year 2006 NOA			
Obligations	43,000	0	0
Future Obligations	77,178	0	0
Est. Total Cost	348,963	200	837