

# RELEVANCE AND EFFECTIVENESS OF USAID/PERU'S ALTERNATIVE DEVELOPMENT PROGRAM AND STRATEGY



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# **RELEVANCE AND EFFECTIVENESS OF USAID/PERU'S ALTERNATIVE DEVELOPMENT PROGRAM AND STRATEGY FINAL REPORT**

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**DISCLAIMER**

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## List of Abbreviations and Acronyms

AD	Alternative Development
ADP	Alternative Development Program
AED	Academy for Educational Development
CI	Chemonics International
CM	Convenio Marco (agreement signed by the community to eradicate coca)
CEDRO	Centro de Información y Educación para la Prevención del Abuso de Drogas
DAI	Development Alternatives, Inc.
DG	Democracy and Governance
DEVIDA	National Commission for Development and Life without Drugs (Comisión Nacional para el Desarrollo y Vida sin Drogas)
ENACO	Empresa Nacional de la Coca
FFS	Farmer Field School
FONAFE	Fondo Nacional de Financiamiento a la Empresa del Estado
GOP	Government of Peru
MSH	Management Sciences for Health
PDA	Programa de Desarrollo Alternativo
PDAP-II	The second Chemonics ADP contract spanning from 2003 to 2007.
PRA	Poverty Reduction and Alleviation Program
PRODES	Pro Decentralization Program
SOW	Statement of Work
SUNAT	Superintendencia Nacional de Administración Tributaria
USG	United States Government
VE	Voluntary Eradication
VRAE	Valley of the Rivers Apurímac and Ene

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## Executive summary

The objective of this evaluation was to “assess the relevance and effectiveness of the USAID/Peru’s Alternative Development program and strategy to sustainably reduce illicit coca crops in the context of the broader USG counter-narcotics strategy”. The evaluation assessed the effectiveness of the alternative development program and strategy as implemented during the period 2002-2006.

For more than two decades the U.S. Government has supported alternative development programs (ADP) in Peru. The current phase of ADP focuses on prior voluntary reduction of all or nearly all coca leaf production in their communities in exchange for community and income development assistance. This integrated rural development program is implemented by many USAID partners, with Chemonics International under the PDAP-II contract being the key implementing partner for the voluntary eradication program. In addition to carrying out its own assigned areas of responsibility, PDAP-II is also charged to work with and coordinate the activities of many other implementing partners from other sectors. The project focuses on four regions: San Martin, Ucayali, Tingo María, and VRAE (Valley of the Rivers Apurímac and Ene).

The evaluation methodology included a review of key program documents, interviews with key actors in USAID, the U.S. Embassy, Government of Peru, DEVIDA, implementing partners, political and community leaders and members of communities in the four regions, executives of businesses working in the region, and other specialists and interested persons. Site visits were made by team members to the San Martin (Tarapoto/Juanjui) and Ucayali Regions, (Pucallpa/Aguaytía) and key personnel from the VRAE and Tingo María regions were interviewed in person by the team. More than 50 documents were reviewed, about 120 persons were interviewed individually or in small groups, and extensive data from DEVIDA and the ADP program MIS and other sources were analyzed.

### **Is voluntary eradication effective and sustainable?**

As of October 2006 the voluntary eradication (VE) process has significantly facilitated the eradication of 13,531 hectares by 55,360 families living in 697 communities through the provision of an interactive delivery mechanism generating multiple community-based support projects and activities. As of November 11, 2006, 88 percent <sup>1</sup> of the communities engaged in the period 2003-2005 had fully complied with their obligation to eradicate and had the status of coca-free some for as long as three years now. (table 2)

Community-level attitudes regarding the VE process are generally positive and support initial hopes that the innovative approach implemented under the ADP will help to forge a more stable and secure local community leadership structure and base of support that will attract long-term investments and maintain a more family friendly environment. Local residents in every community visited expressed their appreciation for the ADP’s support. Communities that joined the program in 2003 and 2004 are especially beginning to see the infrastructure projects completed and can see the growing trees of cacao, coffee and palm oil and realize that the initial harvests for these licit income crops will begin soon. Improved roads and bridges were especially appreciated because they bring more frequent transport options and faster and lower cost freight, which can result in higher prices to producers.

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<sup>1</sup> USAID reports that as of December 31, 2006 this number has increased to 92 percent.

A community signing the *Convenio Marco*, the agreement to eradicate coca for development support, is a community in transition, often with significant conflicts. Communities said they signed the *Convenio Marco* for the following reasons, listed in the approximate frequency of response:

1. Improved security and safety;
2. Better investment opportunities that improve the economic future of their communities;
3. A more family-friendly environment with improved public and private services;
4. Projects that generate adequate income from productive activities;
5. Benefits of infrastructure and services.

Most communities mentioned reason one above first, as the most important reason for signing the agreement. Reason two was also a frequent answer. The lower frequency for the selection of reason number four was a bit surprising. The communities visited in the regions of San Martin and Ucayali were motivated more by a vision of improved security, safety and new investment opportunities in their communities than for the perceived income potential of the licit crops.

Most of the 25 communities that the evaluation team visited lost a significant portion of their population after eradication; in a few cases the population dropped to nearly half. It was clear that the decision to be coca-free persuaded many inhabitants to depart. Community leadership often changed as a result of the departure of persons closely associated with coca production and the strengthened negotiation by those favoring long-term sustainable investments in the community. The requirement that only coca-free communities receive development benefits strengthens advocates in the community that want to remain coca free. Most communities are still in transition, with continuing conflict among the inhabitants. The ultimate objective of remaining coca-free is a work in progress.

The team believes that a high percentage of the communities will remain coca-free for a period of four to six years after USAID direct community support ends if, the following support is available:

1. Promised benefits are all delivered;
2. Continued community support is available to improve/maintain roads, safety, health, education, communications, water, electricity and other community services;
3. Problems that will arise for supported productive activities are resolved;
4. Resources are available to expand cash generating crops beyond one hectare.

A key tactical element of the VE process toward stimulating coca free sustainability is the introduction of reinforcing ties with corresponding political leaders, thereby stimulating an ever-broadening “ownership” process. Given the limited presence of the national-level institutions, strengthening the only legitimate local-level institutional base at the *Alcalde* (Mayor) level forms a critical underpinning for VE to achieve the SO’s objectives. Rejection by an *Alcalde* does not necessarily derail an agreement otherwise desired by the community, but at least the positions of the parties and their decisions are known.

When the AD program concludes and withdraws, most communities will face another decision whether to return to coca production. Continued support available from other sources will strengthen those community members who favor licit activities only. Engaging the Peruvian government agencies and the business community to continue supporting the communities where coca has been eradicated will provide much needed support for a coca-free community and region.

## **Are productive activities generating reasonable sustained incomes?**

The most common crops supported by PDP-II that generate cash income for producers are: cacao, coffee, palm oil, cotton, corn, rice, plantain, pineapple, and pastures. Cacao was by far the most important crop, with 18,705 new hectares planted by November 2006. Cotton had 5,076 hectares, coffee 4,346 and palm oil 2,565 hectares. For most crops the ADP supported only one hectare of production, providing seeds, seedlings and other inputs and technical assistance. Everyone recognizes that multiple hectares are required to generate a reasonable family income, though how producers will expand production to reach a sustainable income is not addressed by the current ADP project. Nevertheless the offer for crops suitable for licit income was reasonable; the communities signed the *Convenios Marco*. There was little credit available to producers in the region.

In every region visited by the team there was at least one cash crop that can generate reasonable income to encourage communities to remain coca-free. Interviews with persons from other regions not visited in person suggest that similar market and production conditions exist and that the current selection of crops serves adequately in those regions to provide a livable income.

There was a high frequency of complaints from communities regarding the quantity and quality of technical assistance, including the following specific areas:

1. Technical specialists come infrequently, or not at all;
2. They provide training at the table, not in the field;
3. They assist a few producers, the rest are not supported;
4. Some specialists are not well informed or experienced.

Most technical assistance was contracted to Peruvian companies working already in the value chain. The team concurs with that approach because it improves the potential for sustainable assistance after the ADP withdraws from a region. However, the quality of the support provided by these companies was varied. PDAP-II has replaced some providers of technical assistance providers, but complaints remain. There is no mechanism in place for PDAP-II to verify systematically the quality of technical assistance for the major crops supported by the ADP.

More than 18,000 producers have planted cacao and most have received only limited training in production, and virtually no training in post-harvest handling. The Farmer Field Schools (FFS) developed through the World Cacao Foundation represents an excellent methodology for training producers on cacao production and includes much needed community building activities. A pilot implementation of the FFS is now reported as complete by the PDAP-II leadership and that 24 FFS are now underway with 56 more planned. This training is welcome but is coming rather late in the process in the team's opinion. Because the evaluation team was not able to visit a FFS it is not clear if the ADP implementation of the FFS includes the community building exercises, which can have an important impact on in the process of resolving conflict and rebuilding cohesiveness.

The PRA project supports companies in the value chain to improve marketing or processing linking them with PDA producers. PRA has helped with the technical assistance to cotton growers. Most of their work supporting cacao has been with companies or associations wanting to address specialty markets. With more than 18,000 new producers of cacao, the greatest need is to support development of the cacao for the commodity markets. The most obvious omission is the lack of on- or near-farm fermenting and drying facilities including

the training on how to perform these services that are critical to receiving good market prices for cacao<sup>2</sup>.

Continuing long-term support will be needed for the supported crops, much of which will have to come from public sources until the commercial sector provides a complete range of services to small producers, particularly those located in remote areas.

**Is ADP management structure appropriate?**

The ADP is a complex integrated approach that spans across many sectors. The PDAP-II project began with a highly centralized organizational structure. As the number of communities and projects increased this proved unworkable, and a decentralized structure was implemented beginning in late 2005. This decentralized structure brings decision-making closer to the communities and received favorable comments from ADP staff at all levels.

The approach to local communities is now three pronged. The position called “voluntary eradicator” or socializer seeks to “sell” the community on the benefits of signing the *Convenio Marco* (CM), in order to become coca-free. Eighty percent or more of the members of a community typically sign the CM and remove their coca plants. Once the CM is signed, the “Operations group” takes charge to deliver the agreed projects. A “customer service” type position called “local development” was added in 2006 to improve communications with the community, and to watch that all the promised benefits are delivered. This approach has good support from ADP staff and appears to the evaluation team to be an effective one.

The starts and stops of voluntary eradication (sales) and delivery on the commitments to local communities (operations) over the course of the project as priorities shift created uncertainty in the communities served and also among PADP-II staff. The same persons may work in socialization for a period of time and then work in delivery of services during another period.

**What is the contribution of other USAID activities?**

All weather roads provided by USAID are critical for widespread marketability of all of the crops supported by the ADP. Improvement of the road between Juanjui and Tocache was a major benefit to producers, with freight rates from Tarapoto to Lima dropping by half within a few weeks of opening the improved road.

Communities most often mentioned education services through the APRENDES program as benefiting the community; especially mentioned were the Parents’ Committees to guide their local schools. Health services were less evident but were mentioned by a few communities. Support in installing and using the financial information system was mentioned by a few political leaders. This system needs to be used whenever a municipal government is involved in the execution of a project or donation of infrastructure, to better control finances and for greater transparency. Forty eight municipalities have been served by PRODES., which cover a majority of PDA communities (76 percent). To date, environmental activities play only a very small role in the eradication effort, though some communities requested additional support for environment improvement in their areas and the much needed soil fertility activities to regenerate soils eroded by coca crops.

**What are the strengths and weaknesses of ADP communication?**

At the local level communications are focused on two messages that support communities signing the *Convenio Marco* and to better understand their responsibility for economic development of their communities. The messages are:

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<sup>2</sup> PDAP-II leadership states that it is now beginning a process of providing a drying and fermentation box to each beneficiary.

1. Coca-free communities are safer, encourage long-term investments and provide a better living environment.
2. Economic development is primarily the responsibility of the community, not an outside institution. The ADP can help you develop your community.

There are one or more communications persons in each regional office, although they comment they cannot respond to all of the many needs.

CEDRO (Centro de Información y Educación para la Prevención del Abuso de Drogas) supports local communications by providing accurate and current information relating to legal and illegal activities by strengthening the capacity of local institutions to support the development of licit economy, and to help youth find licit work. Radio programs in the San Martin region were reported to be effectively communicating the benefits of a licit economy.

The ADP national level or “public” communications activities are less focused. USAID did not provide the resources to fund an widespread public relations campaign; public communications of the PDAP-II project are limited. Most of the public communications are coordinated with the U.S. Embassy public relations unit.

Insufficient information from the field staff and *ex-cocaleros* is passed upward to support national communications efforts. A common perception encountered is that the AD program is not effective even; this even though thousands of families in Peru enjoy its benefits. There is a strongly-held belief of the ADP field staff that communities controlled by coca interests for a decade or more are some of the poorest people in Peru. That contrasts with the public perception that the coca producers are better off than non-coca producers. The public believes that “poverty causes narco-trafficking,” whereas the field staff believes that “narco-trafficking causes poverty.”

Finally, the traditional crops of coffee, cotton, cacao, palm oil, corn, pastures and others are labeled “Alternative Development”. Yet these productive activities are, in the opinion of the team, mainstream agriculture in Peru where the producers of these crops far outnumber the producers of coca and these crops are the same crops have sustained them for generations.

**Have USAID interventions improved GOP effectiveness?**

Efforts to strengthen DEVIDA and to have it assume a greater role in the fight against illegal drugs have been disappointing. The change in the national government has opened the opportunity to establish more effective leadership and more clearly define the role of DEVIDA.

Local leaders’ participation in the ADP has increased. The inclusion of municipal governments builds local ownership of infrastructure and other projects. Registering public works projects in the Peru public accounting system is important for transparency and needs continued support. Coordination of health and education services offered to local communities is essential to be sure resources are made available as needed for continued operations. The coordination appears to be occurring. Engagement of national-level institutions will do much to help assure that eradication of coca is sustainable.

**Do monitoring, analysis and research provide adequate decision support?**

Two extensive databases are maintained by DEVIDA and by the ADP. Both have a wide variety of detailed information on activities and results surrounding the ADP program. Both databases are relatively large and complex. Their complexity makes it difficult for non-experienced analysts to access and generate reliable analysis.

Despite these challenges, we heard few complaints from program administrative personnel that key program information was not available for decision-making. Information from the databases appear to adequately support day-to-day operations as well as strategic decision making.

## Introduction

The overall objective of this evaluation was to “assess the relevance and effectiveness of the USAID/Peru’s Alternative Development program and strategy to sustainably reduce illicit coca crops in the context of the broader USG counter-narcotics strategy”. The Mission’s Special Objective of “Sustained Reduction of Coca Crops in target areas of Peru” reflects a long-term USG counter-narcotics effort.

The evaluation focused on the effectiveness and sustainability of the alternative development (AD) program and strategy during the period 2002-2006 to reduce cultivation of illegal coca. The evaluation touched on all of the specific elements of the AD strategy and their contribution towards reaching the program’s strategic objective and intermediate results, and the cost effectiveness of the investments in relation to the results obtained to date.

## Description of the project

For more than two decades the U.S. Government has supported alternative development programs (ADP) in Peru. Initial efforts began in 1981 by supporting crop substitution efforts in the Alto Huallaga Valley. USAID launched the first phase of the ADP in 1995, and by 2002 had reduced coca cultivation in Peru by 70 percent, from 115,000 to 34,000 hectares. This effort resulted in the establishment of 32,000 hectares of licit crops with direct benefits to 18,000 people as well as construction of basic infrastructure that resulted in an increase in the availability of basic community services and strengthened local governance.

The U.S. Government strategy is composed of three inter-dependent key elements:

1. Interdiction (law enforcement) to disrupt the inward flow of precursor chemicals used to manufacture cocaine as well as the outward flow of illegal drugs;
2. Eradication to reduce the area of coca cultivation;
3. Development of alternatives to support communities in abandonment of the coca economy in exchange for immediate and short-term development benefits in a licit economy.

A second phase of the ADP initiated “Sustained Reduction of Illicit Coca Crops through Alternative Development in Target Areas” as a Special Objective supported through a Special Objective Grant Agreement between the United States and the Government of Peru (GOP) in September of 2002. That agreement provided funding “for economic and social activities that will improve the quality of life of populations residing in and around Peru’s coca-growing regions, in order to definitively sever their links to the production of coca leaf for transformation to illicit narcotics.”<sup>3</sup> Two interdependent activities are targeted in the agreement:

1. “Efforts to increase the licit economy and improve access to social services in participating communities, and
2. Law enforcement efforts, including interdiction and eradication aimed at disrupting narcotics trafficking, lowering the farm-gate price of coca leaf, and reducing the area dedicated to coca production.”<sup>4</sup>

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<sup>3</sup> USAID Grant Agreement No. 527-0404 Special Objective Grant Agreement between The Republic of Peru and The United States of America for Sustained Reduction of Illicit Coca Crops Through Alternative Development in Target Areas of Peru. September 12, 2002, page 2.

<sup>4</sup> Ibid. page 3.

USAID's contribution to this agreement was estimated at US\$300 million over the life of the agreement, planned until September 30, 2007. The GOP agreed to "provide an appropriate share of costs of various aspects of efforts against the production, trafficking and consumption of narcotics."<sup>5</sup> "DEVIDA will be USAID's primary counterpart for the purposes of overall program planning, budget allocations and program monitoring and results evaluation. . . . However DEVIDA is not an implementing entity."<sup>6</sup> The implementing agencies would be local and state governments, private enterprises, associations and non-governmental organizations.

The USAID/Peru Mission has identified the sustained reduction of illicit coca cultivation as a mission-wide objective and is focusing "on-the-ground" interventions of other Mission Strategic Objectives (democracy, poverty reduction, health, education and environment and natural resources) in areas where the lack of state presence allows the coca industry and other illicit activities to flourish. Together with its implementing partners the Mission supports integrated (cross-sector) development in these regions including prioritizing communities that have agreed to pursue a coca-free way of life.

There are many implementing agencies for the phase II program as shown in Table 1 below. Chemonics International, under the project PDAP-II, implements key tasks such as voluntary eradication, as well as coordination for all resources, and programs for other activities within the ADP geographic areas of interest. Monitoring and evaluation responsibilities are shared with DEVIDA. DEVIDA and the U.S. Embassy also share responsibility for communications.

The phase II strategy is based on the hypothesis that there are four necessary conditions that lead to the sustained reduction of illicit crops:

1. Effective management of counter narcotics issues;
2. Willingness to reject coca is increased;
3. Licit economic opportunities are available;
4. Perceived value of government is increased.

Present coca producers will leave the business and potential coca producers will not begin coca cultivation as these conditions improve.

## Evaluation methodology

Project interventions and results were evaluated with data from the following sources:

Project and related documents: The team reviewed a broad set of background and implementation documents from USAID, the U.S. Embassy, DEVIDA, the implementing partners, participating GOP agencies, as well as reviews, evaluations, analysis and opinions by external institutions and other interested parties.

Interviews with key actors: The team contacted and interviewed key persons from USAID, the State Department's Narcotics Affairs Section (NAS), GOP, U.S. Embassy and implementing partners in Washington and Peru. Most of these interviews were conducted alone or in small groups. Follow-up contacts were made in person, by telephone or E-mail.

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<sup>5</sup> Ibid. pages 5 and 6. DEVIDA is the Comisión Nacional para el Desarrollo y Vida sin Drogas.

<sup>6</sup> Ibid. page 32.

**Table 1. ADP Implementers and Year(s) of Funding**

Activity	Implementer	USAID Unit	Funding in Year				
			FY O2	FY O3	FY O4	FY O5	FY O6
Participative AD Program: PDAP-I	Chemonics	AD	X	X			
Participative AD Program: PDAP-II	Chemonics	AD		X	X	X	X
Post-forced eradication support (PDAP II modification)	Chemonics	AD				X	X
Post-forced eradication (palm oil, cacao promotion)	UNODC	AD					X
Other infrastructure (old program commitments)	AMRESAM/AMUVRAE	AD	X				
DEVIDA Institutional Strengthening Plan	DEVIDA	AD	X	X	X	X	X
Policy and institutional development (SPIR)	DAI	AD	X	X	X		
Policy and institutional development (MOBIS)	DAI	AD				X	X
New voluntary eradication activity	ACDI/VOCA	AD					X
Promoting licit lifestyles	Cedro	AD				X	X
Coca crops measurement	CADA	AD				X	X
USAID Administration	Diverse	AD	X	X	X	X	X
Poverty reduction and alleviation (PRA)	Chemonics	EG	X	X	X	X	X
Rehabilitation of Juanjui Tocache Highway	USACE	EG	X	X		X	X
Critical maintenance of sections I & IV, J-T highway	MTC	EG				X	
Socialization activities w/ J-T highway communities	AMRESAM	EG		X		X	
Support to SEAF	SEAF	EG	X	X			
Andean Artisan Enterprise Initiative	ATA	EG					X
New Economic opportunities activity	To be determined	EG					
Financial services with DCA guarantee	Cajas Rurales/ Other	EG		X	X		
Cordillera Azul National Park	Chicago Field Museum	ENR	X	X	X	X	X
Joint Environmental Agenda Phase 1	WWF-TNC	ENR	X	X			
Aguaytia – Von Humboldt	WWF	ENR	X	X	X		
CEDEFOR	WWF	ENR	X	X	X	X	
Parks in Peril	TNC	ENR	X				
Technical Assistance to Peru Census	Bureau of Census	PDP		X			
Support to the Ombudsman Office	Defensoria del Pueblo	ODI	X	X			
Decentralization PRODES	ARD	ODI		X	X	X	X
Healthy Municipalities	Pathfinder/ Prisma/MSH	H					X
AprenDes	AED	EDU					X

Source: Annex 1 of RFP No. 527-P-06-010.

**Site visits:** The team traveled to two regions of program implementation, Tarapoto/Juanjui and Pucallpa/Aguaytía, and interviewed ADP program personnel from communities in the VRAE (San Francisco) and Tingo María regions. The team interviewed beneficiaries, key community leaders and other key personnel. Most of these interviews were conducted individually or in small groups; sometimes there were larger groups present. Comments were invited from all members present at group interviews.

The specific institutions, communities and persons visited are identified in Annex. A.

The purposes of the site visits were to:

1. Verify and supplement information in the documents reviewed;
2. Improve understanding of the activities of the various local stakeholders and their coordination;
3. Observe project achievements and shortfalls; and,
4. Gather views from field personnel and beneficiaries regarding project effectiveness and need for follow-up.

Data analysis and testing of hypothesis: The monitoring and evaluation data generated by PDAF-II and DEVIDA was analyzed to evaluate program effectiveness toward meeting the Mission's Special Objective. Data included the tracked status of program interventions, measures of the areas of eradicated coca, the views of beneficiaries and non-beneficiaries about the ADP, and other activities.

Identifying team findings: The team regularly met while site visit activities were ongoing in order to share information and debate findings and conclusions.

Frequent contact with and feedback from the CTO and other USAID personnel clarified objectives and activities and kept all parties informed of the progress of the evaluation, and allowed adjustments to be made to the work plan as needed in order to address key questions and issues.

A six person team conducted the evaluation, supported by an assistant to support administrative tasks.

Dr. Arvin Bunker, the Team Leader, is an agricultural economist with experience in agribusiness, rural finance and project designs and evaluations, including six years AD experience in Bolivia. David Bathrick is a rural development specialist with extensive experience in project designs, administration and evaluation, with many years of Peru experience including alternative development projects. Ms. Veronica Letelier is an agribusiness specialist with extensive agricultural production and agribusiness experience in Latin America. Alberto Troilo is a specialist in rural information and communications with experience in design, development and evaluation of information and communication programs. Mr. Julio Arroyo is an agronomist engineer with a wide range experience in Peruvian rural sector including program administration, teaching, research, and analysis of statistical data relating to the rural and agricultural sectors. Mr. Guillermo Sosa is a Statistical Engineer with extensive experience in databases and statistical analyses of rural sector data. Ana Toledo provided vital administrative support.

This presentation of the evaluation follows the four primary and three secondary questions contained in the Statement of Work (SOW).

## **Question 1: Is voluntary eradication effective and sustainable?**

*Is the voluntary eradication process, including pre and post community agreement activities, effective in obtaining and maintaining commitments to remain coca-free? What was achieved and what is left to be achieved?*

Voluntary eradication (VE) means that a community signs an agreement called a *Convenio Marco* (CM) in which they agree to eradicate all or most of the coca in their community in exchange for development assistance. The development assistance may include support for new economic activities, primarily licit crop production to replace some of the coca-based income; infrastructure such as roads, community water systems, electricity, community centers and others; cash payments for labor provided; and support for health, education, environmental or other services. Once the communities select their preferred benefits the ADP oversees compliance with the agreement terms, both by the community and by the ADP. The primary ADP contractor, Chemonics, may directly deliver the requested benefits, subcontract with other institutions to provide them, or coordinate with other implementing partners.

## Nearly Ninety percent of communities remain coca free after two plus years

As of October 31, 2006 the voluntary eradication (VE) process has resulted in the eradication of 13,531 hectares of coca by 55,360 families located in 697 communities. The interactive negotiation process of the *Convenio Marco* which allows selection by the community and political leaders of the preferred development activities is well received by communities and has helped to generate multiple community-based support networks that help to resist coca replanting and illicit life style pressures.

As of November 11, 2006, 88 percent of the communities engaged in the period 2003-05 had fully complied with the obligation to eradicate and had the status of coca-free.<sup>7</sup> 90 percent of the communities that joined the program in 2003-2004 remained coca free. Some of these communities now have three years of coca-free experience.

**Table 2. Number of participating communities, number of hectares eradicated by period and percent coca-free, as of November 11, 2006**

Period	Number of Participating Communities	Number of Families	Percent of communities in full compliance	Hectares Eradicated	Average Hectares / Community	Average Signatories / Community
2003-04 <sup>8</sup>	379	33,777	90%	9,132.1	24	89
2005 <sup>9</sup>	217	15,770	86%	3,485.4	16	73
2006 <sup>10</sup>	101	5,813	NA	913.3	9	58
<b>2003-06</b>	<b>697</b>	<b>55,360</b>	<b>88%</b>	<b>13,531</b>	<b>19</b>	<b>79</b>

Source: PDA, M&E Information System, November 2006

## Positive attitudes in participating communities

Community-level attitudes regarding the VE process are generally positive and support initial hopes that the innovative approach implemented under the ADP will help to forge a more stable and secure local community leadership structure and support base that will attract long-term investments and promote establishment of a more family friendly environment. The

<sup>7</sup> USAID reports that as of December 31, 2006 this number has increased to 92 percent.

<sup>8</sup> Referred to in the project reporting as R-379 communities.

<sup>9</sup> Referred to in the project reporting as R-217 communities.

<sup>10</sup> Currently referred to in the project reporting as Plan 2006 communities.

evaluation team’s interviews support the quantitative data in Table 2 indicates a high level of support to maintain coca-free communities. Earlier eradicated communities show greater support for a coca-free environment than later eradicated communities. Several factors may be contributing to this greater commitment to remain coca free:

1. Producers anticipate improved incomes by next year because the cacao, coffee and palm oil trees are just now beginning to produce;
2. Communities that signed the *Convenio Marco* in 2003-04 received a greater level of benefits;<sup>11</sup>
3. More of the infrastructure improvements are in place and are attracting additional economic activities.

The last two columns of Table 2 show a progression of fewer hectares eradicated and fewer signatories per community each year. This supports the common perception among the field staff that, except for the areas of high density coca production, the remaining coca production is in smaller and more isolated communities. Continuing to focus eradication in these less densely populated production areas will continue the trend of fewer hectares per *Convenio Marco*. Except for the \$US 2,000 per hectare of offered community benefits, program administrative costs per community are similar regardless of the number of hectares eradicated.

The DEVIDA annual survey of 2005 confirms the generally positive attitude of the members of those communities that are participating in the ADP (table 3). Leoncio Prado and VRAE are areas with relative high density coca production and show a lower than 50 % positive response, however.

**Table 3. Percent of persons that say the ADP generates benefits**

<b>Region</b>	<b>ADP Communities</b>	<b>Non ADP Communities</b>
Juanjui	83.1	49.1
Bajo Huallaga	71.0	37.3
Tocache	50.2	12.3
Leoncio Prado	45.8	8.1
Aguaytia	52.7	41.4
VRAE	46.1	16.4
Pichis Pachitea	60.0	37.3
Palcazu		

Source: DEVIDA, Encuestas de Impacto PDA 2005.

Local residents in every community visited expressed their appreciation of the ADP’s support. In particular, ADP communities implemented in 2003-2004 could demonstrate growing crops, improved schools, completed roads/bridges and other benefits.

A few communities were highly critical of the ADP’s performance, claiming non- or poorly-delivered benefits.<sup>12</sup> However no community that the team visited would state that they were ready to renounce the *Convenio Marco* and return to coca production. Rather their desire, as expressed to the evaluation team, was to make the process work better to deliver the promised benefits for their community.

<sup>11</sup> Many of the resource draining commitments to communities in the 2003-04 era were restricted to approximately \$US 2,000 per hectare of coca eradicated beginning in 2005.

<sup>12</sup> It was not always clear what was the motivation behind complaints of poor ADP performance, especially for those complaints from political leaders. These complaints might have been motivated by poor implementation by the ADP implementing institutions, by poor management of the expectations of the community leaders on what ADP could deliver, and by personal or political interests aligned with cocalero support groups.

Infrastructure improvements, especially roads, were among the most appreciated benefits. Few agriculture products can be effectively marketed without all weather roads, and no one is more aware of these limitations than producers in these communities. Local community members were also appreciative of other infrastructure improvements, such as community centers, better schools and medical facilities, electricity, water distribution systems and others.

## Communities in transition

The decision by a community to give-up coca cultivation is complex and often difficult.<sup>13</sup> Often community leadership changes as does the vision of what will be the community's character and environment. When communities were asked why they decided to sign the *Convenio Marco* they responded:

1. For improved security and safety;
2. For new investment opportunities / for the future of the community;
3. Desire for a more family friendly environment, with improved public and private services, such as water, education, medical services, etc.;
4. Program support to generate adequate income from productive activities;
5. Benefits of infrastructure and services;
6. A trusted local leader gave us a better vision. Usually the local leader was part of the community; occasionally it was an ADP person.

These comments are listed in the approximate frequency they were offered in response to the question. The first response regarding improved security and safety was cited by every community and usually was the first mentioned. Closely behind in frequency was the potential for long-term investments that would improve community services and economic returns.

Replacement income from coca was important, even essential. It would have been difficult to persuade communities to sign the *Convenio Marco* without at least one crop with excellent potential income to replace some of the income lost to coca. The ADP generally offered one crop per community and only one hectare per beneficiary, although three or more are required for a reasonable income.

Communities visited by the team were only partially dependent on coca income; for many this dependency was probably in the range of 25 to 50 percent of their cash income that was generated from coca. For security reasons the team was not able to visit and identify the priorities of response in communities that might have had a higher percentage of income from coca production.

For the areas served by the ADP clearly factors other than the amount of income from the licit crops were much more important in the decision to become coca-free. Every community said their income decreased after eradication and had not yet returned to pre-eradication levels. Still they were committed to a coca-free community. They remained hopeful that their income would improve when the tree crops began production.

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<sup>13</sup>. Initially the ADP required all community members to sign the *Convenio Macro*, allowing one or a very few individuals to control a preference by the majority. Later ADP determined that 80 % of the community members had to sign, which left some communities with a small amount of coca. Over time the tendency was for these communities to eradicate the remaining coca, thus becoming truly coca-free.

Of the 25 communities visited by the team most lost a significant portion of their population after eradication; in a few cases the population dropped to nearly half. The community decision to be coca-free apparently motivated some inhabitants to depart, their destination unknown to the evaluation team. With the departure of persons closely associated with coca production community leadership often changed. Many communities are still in transition, with a significant level of conflict among the inhabitants.

## **Are coca-free communities sustainable?**

The data shows that most communities that participate in the ADP are coca-free, and want to remain so, as was confirmed by the team's interviews with community leaders and members. Remaining coca-free is a work-in-progress and requires continuing support including:

1. Promised benefits are all delivered;
2. Continued support is available to communities to improve/maintain roads, safety, health, education, communications, water, electricity and other community services;
3. Problems that will arise for supported productive activities are resolved;
4. Resources are available to expand cash generating crops beyond the current one hectare provided by the ADP.

The team adopted a definition of sustainability, which is: Negligible replanting of coca within a reasonable period (suggested 4 to 6 years) after USAID direct community support ends.

In our opinion, if the above support is provided a high percentage of the communities will remain coca-free.

**Promised benefits are all delivered:** The ADP contractor is expected to make reasonable attempts to get confirmation from the community that all promised benefits were delivered and are acceptable to the community. Disputes will need to be resolved in a way that continues to support local leadership favoring a coca-free community.

**Continuing support to maintain infrastructure and services:** If a road is washed out it needs to be repaired. If a serious crime occurs there needs to be response from the justice system. Teachers must be assigned to the community's school and show up. These are just three examples of many services that need to continue functioning after ADP withdraws from a community. Most of these are the standard services provided by Peruvian public and private sources. In many of the areas served by the ADP the capacity to deliver these services is limited. If not available from Peruvian sources the ADP may need to provide ongoing support.

The Ministries of the GOP have established criteria that determine the level of public services that can be supported. For communities emerging from the conflict associated with high densities of coca production and committing to remain coca-free, the Ministries may find that relaxing the criteria for the provision of public services for a temporary period will ultimately be an effective use of resources and encourage stability and investments in those communities.

**Resolve production/marketing issues:** To date few serious production or marketing problems have surfaced for the principal crops selected by the communities to generate cash income. But they will, eventually. For example, with more than 18,000 cacao producers currently with one hectare which need to expand to three to five hectares to provide adequate income, the potential exists for Peru to have more than 50,000 hectares of new cacao production within five years. Working through DEVIDA and/or by direct contact with the

appropriate GOP Ministries the ADP could support the development of plans for continuing support in the rural sectors, and to foster improvements that will be needed to remain competitive in world markets over the long-term.

**Resources to expand production areas:** No new producer of one hectare of cacao told the team that they are now expanding planted area. First they have very limited resources and second, they can only hope the marketing sector picks up their beans and offers adequate prices.<sup>14</sup> Support might include development of improved genetic material, subsidized seedlings, support for establishment of collection centers near the farms, credit, and others.

## Reinforce local ownership

The introduction of reinforcing ties with corresponding political leaders that stimulates an ever-broadening “ownership” process is a key tactical element of the sustainability of the VE process. Given the limited presence of services by the state in many of the local communities, strengthening the only legitimate local-level institutional base at the mayor (*Alcalde*) level forms a critical underpinning for VE to achieve the Mission’s Strategic Objectives.

Due to the initial push through early 2004 to negotiate and sign *CMs*, launch eradication, and deliver promised benefits, little attention was given to collaboration with local- and district-level *Alcaldes*. This resulted in uninformed political leaders and bruised relationships, and also complicated the subsequent formal registration of ADP’s “donated” funded projects into the public record.

Beginning in 2005 an effort to seek strategic partnerships was launched in response to the consequences of increasingly difficult relationships. Whenever possible local- and district-level *Alcaldes* were included in the *CM* negotiations and agreements. Rejection by an *Alcalde* did not necessarily derail an agreement otherwise desired by the community, but at least the positions of the parties and their decisions were known. Second, USAID’s Pro Decentralization Program (*PRODES*) began to help local and regional governments improve planning and budgeting and to register project activities in the financial controls system (called *SIAF*). Now, with the arrival of possibly new local leaders pursuant to the elections in November, special introductory presentations are being prepared to demonstrate ADP presence and performance to the new *Alcaldes*. Sustainability potential would be strengthened when regional governments include in their annual planning and budgeting funding to maintain the PDA donated infrastructure.

## Summary for Question 1: Is voluntary eradication effective and sustainable?

### Findings and Conclusions

1. Community –level attitudes regarding the VE are generally positive and express hopes for a more secure local community and a better future.
2. Most communities are still in transition, with a significant level of conflict among the inhabitants. The ultimate objective of remaining coca-free is a work in progress.
3. A high percentage of communities have remained coca-free, some for as long as three years. With a reasonable level of ongoing support a high proportion of communities that have eradicated coca will remain coca-free. Continuing the engagement of the

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<sup>14</sup> Some producers who planted cacao trees from earlier assistance programs and that are now selling product confirmed to the team that they are expanding cacao plantings using their own resources.

local and regional governmental entities provides some of this needed support. Finding a way to engage the national level Peruvian governmental agencies will provide much needed additional support during and after the withdrawal of ADP.

4. The current approach of community focused development is a key element to consolidate initial results.
5. For the communities visited by the team security (or safety) was always mentioned and usually the first reason given for why they signed the *Convenio Marco*. Security was far more important than income replacement of offered economic activities. Nevertheless, income replacement is still a necessary component of the program.
6. Effectively managing the ADP withdrawal process will help to sustain current community leadership favoring production of licit products.
7. Every participating community visited said they wanted to remain coca-free. This despite a significant level of complaints about the support of PDA from a few community leaders. Community attitudes regarding the voluntary process are generally positive.
8. Of the 25 communities visited by the team most had lost a significant proportion of their population after the decision to become coca-free.
9. Every community and every family that was asked said their cash income had declined after eradication.

### **Lessons Learned**

1. Removal of corruption and violence so often associated with illicit activities is key to attracting long-term sustainable investments in local communities.
2. The engagement of local political leaders strengthened local “ownership” of the infrastructure projects.
3. The infrastructure projects generated positive impacts starting from the important credibility it provided to the VE process plus supporting development of much needed services.
4. Expenditures for infrastructure and economic activities declined as the program learned what were the critical factors motivating the communities to decide to become coca-free.
5. The current approach of allowing a community to select among several options for infrastructure and economic activities places more “ownership” on the community and strengthens long-term commitment to remain coca free. Of course it is absolutely necessary to provide the community with realistic estimates of costs and expected returns of the possible selections.
6. Register all donated infrastructure in SIAF. Encourage regional governments to budget for the donated infrastructure maintenance.

## **Question 2: Can productive activities generate reasonable incomes?**

*Can the current range of productive activities be expected to permit reasonable sustained income levels to the families participating in the Program (i.e. increased licit incomes)?*

During the life of the ADP several crops that generate cash income for producers have been aggressively promoted. The most common are: cacao, coffee, palm oil, cotton, corn, rice,

plantain, pineapple, and pastures. All of these are important sources of cash income. There were few complaints from producers about the available selection of crops for cash income. There were frequent complaints about the quantity and quality of technical assistance and that ADP support only extended to one hectare, when more hectares were required to provide a reasonable family income.

In most cases ADP support was provided for only one crop per community, forcing all the producers in a community to select that source of cash income, although complaints about this restriction were rare.

For those tree crops that took several years to reach production (cacao, coffee, palm oil) the ADP provided several combinations of intercropping that produced same year income. Typical intercropping suggestions included plantain, papaya, cotton, pineapple and corn. If the primary crop was cacao, plantain and papaya were often favored because of the shade provided to the cacao seedlings. According to producers the income from this temporary intercropping plan was less than the anticipated income from the permanent crop, but apparently acceptable while waiting for the tree crops to reach production.

Table 4 shows estimated income from the four crops with the greatest planted area. Cacao and coffee show

net family income equivalent to about \$US70 to 80 per month per hectare. Comments by producers in Peru and other countries

**Table 4. Hectares, estimated gross and net income, estimated investment, and years to recovery for four principal ADP supported crops**

Crop	Hectares	Estimated Gross Income	Estimated Net Income	Investment per hectare	Years to Recover Investment
Cacao	18,705	NS 4,700	NS 2,900	NS 4,905	1.7
Coffee	4,346	NS 4,000	NS 2,780	NS 4,560	1.7
Palm Oil	2,565	NS 3,380	NS 2,080	NS 6,500	3.1
Cotton	5,076	NS 1,800	NS 1,030	NA	NA

NS = New Soles, Source: ADP data and PDAP-II and DEVIDA personnel.

suggest a family can manage three to five hectares in cacao or coffee with little or no hired labor, with corresponding income ranging from about \$US250 to \$US400 per month.

The investment for cacao and coffee is recovered in a few years; in our view this is sufficient motivation for producers to expand planted area with their own or borrowed resources. One cacao cooperative interviewed was extending credit to producers, but required monthly payments, more useful to producers with cacao trees already in production than new producers.

Compared to cacao and coffee, palm oil requires a larger initial investment and returns a lower net income, about \$55 per hectare per month. Sources with one of the oil processing plant the team visited suggested producers would need at least five hectares for an adequate family income, better if they could produce ten hectares, to generate income from \$US275 to \$US550 per month. The investment is recovered in approximately 3.1 years, sufficient, in the opinion of the evaluation team, to motivate expansion of planted area by producers and to borrow funds.

The DEVIDA survey for 2005 estimates annual average income per family participating in the ADP is S/. 5,161, or about \$US139 per month.

The team found little evidence of credit being offered by the PDA for agricultural production in the regions visited. The projected returns for cacao, coffee and palm oil all suggest the income potential is sufficient for successful credit programs. The team did not attempt to

evaluate the capacity of producers to pay their debts or the quality or value of guarantees that producers might offer to lenders.

Although land titling will help to obtain credit, in most communities visited the value of the land will support only very small loans. This is probably not sufficient to plant the needed two to four additional hectares of cacao or coffee, or the additional four to nine additional hectares of palm oil at one time. The additional plantings will need to be phased over time, unless additional sources of family income are available to support larger loan payments. Unless it is subsidized, credit will probably require periodic payments, at least quarterly, so the borrower will need to have current cash income sources to obtain the intermediate term credit needed for tree crops.

## **At least one cash crop per region**

In the two regions visited there is at least one cash crop that can generate reasonable income to encourage communities to remain coca-free. Discussions with persons from the other regions that the team did not visit (Tingo Maria and VRAE) suggest that similar market and production conditions exist and that the income potential exists to help keep communities coca-free.

The above conclusion depends on some important conditions, which are:

1. Production and processing/marketing problems that arise can be resolved quickly and with minimal disruption to the income producers can receive from existing and upcoming investments;
2. Current market prices for these commodities do not drop significantly for the next few years;
3. The marketing system to gather product from the producers is in place and proper post harvest handling is done.
4. Support for expansion of planted area is available at a reasonable cost;
5. ADP technical advisors to communities and producers have sufficient information and experience to detect when a particular crop desired by producers would not have a high probability of successful production and/or marketing.

Every crop needs ongoing support if it is to be successful over the long term. The private sector will provide most of this support; they will provide most of the inputs, and will provide most of the post harvest processing, transportation and marketing. Efforts to encourage early entry by the private sector are critical.

Availability of additional land on which to expand area of crops does not appear to be a significant problem, as that issue was rarely raised in interviews with producers.

Some of that support for producers is available through the Chemonics PDAP-II contract and with the PRA project at the processing\marketing level. Those efforts to date are helpful but not sufficient as they have not provided all the services and linkages that are needed.

The most obvious omission is the farm-level collection and post-harvest handling for *cacao*. To get best prices, *cacao* must be fermented and dried very soon after harvesting. The fermentation process is easy to learn using simple equipment, but no new-to-cacao farmer the

team visited had that equipment on hand.<sup>15</sup> Over the next three years about 18,000 producers will need to invest in the proper equipment and be trained in post-harvest handling.

The PDAP-II project leadership indicates that they will initiate a process to provide one fermentation box to each cacao producer.

Establishment of local product collection stations that can daily receive small amounts from producers and properly ferment and dry the product can replace or supplement the need for on-farm facilities. The team considers that without proactive interventions by the ADP to get the first level farm-to-market system in place, the time required for the private sector to recognize the market signals and make the needed investments will mean that the early producers of cacao will receive sub-standard prices for their product.

Two of these key products, palm oil and cotton, require a processing plant to be nearby to minimize farm-to-plant transportation costs. Fortunately for the ADP facilities for these two products exist and are operational in selected regions.

## Technical assistance and training

Most technical assistance was contracted to Peruvian companies. An effort was made to find companies already working in the value chain for a particular product. The team concurs with that approach because it improves the potential for sustainable assistance after the ADP withdraws from a region. It became clear in a few instances that even though a company participated in the value chain for a product, they were not necessarily capable of providing adequate technical assistance to producers. So other sources of technical assistance were identified and used in some situations.

In addition, there was a high frequency of complaints from communities regarding the quantity and quality of technical assistance, including the following specific areas:

1. Technical specialists come infrequently, or not at all;
2. They often train at the table, not in the field;
3. They assist a few producers, the rest are not included;
4. Some specialists are not well informed or experienced.
5. Little technical assistance is reaching women.

ADP personnel working directly with communities also received these complaints but had little recourse with which to respond. “They are the experts,” said the Chemonics staffers “and we can only follow their advice.” With responsibility for 18,000 hectares of cacao under their responsibility the team expected Chemonics would have had a “resident expert” of the highest quality available in Peru for their consultation. Field staff could not identify such an expert. Also there is no mechanism in place for Chemonics to systematically monitor the quality of technical assistance for the major crops supported by the ADP.

**Farmer Field School:** The approach of providing technical assistance to a few community leaders and having that knowledge passed to others in the community appears to not be working well. More effective is producer level training for cacao and coffee producers recently observed in a neighboring country with similar environments. The methodology used is called the Farmer Field School (FFS). The PDAP-II leadership says the pilot of the FFS is

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<sup>15</sup> Some farmers visited had planted cacao under earlier donor projects and with producing cacao trees had fermentation facilities and were fermenting product.

complete and their team is in the process of implementing 24 FFS with an additional 56 schools planned.<sup>16</sup>

The FFS is not a top-down training methodology. It is very much participatory, with ample opportunities for community building exercises. It is not clear if the ADP implementation of the FFS includes the community building exercises. The evaluation team did not observe any FFS while in the field.

The Farmer Field School concept was originally developed by the Food and Agricultural Organization and was adapted by the World Cocoa Foundation, and others, to train cacao producers. The technology can be quite easily adapted to train producers of other crops, including training producers in two or more crops within the same group of sessions.

FFS is market-led training, that is, the producer is trained to produce for a particular buyer. Training does not focus on general agricultural production knowledge typical of a university. Groups typically of 20 to 30 producers meet periodically, generally bi-weekly over a period of several months at the farm of one of the participants. Each session is four hours. For the first hour the trainer presents technical information to the participants. For the second hour the group separates into smaller groups of 4 or 5 and practices on the field what they just learned on the host farm. For the third hour the small groups identify the problems they observed in the field, and generate their recommendations for solutions to remedy the problems. The small group then presents their diagnostic and recommendations to the larger group using charts, field samples, and discussions. The producers respond to questions from the larger group.

Throughout the three hours there are sessions of group cohesion activities, so that everyone in the larger group gets to know and interact with other group members. The small groups are reconfigured each session, so during a 12 to 15 session training program they work several times with each person in the larger group. The group decides for each session what will be the learning topic for the next session.

When asked what the most important lessons were learned from the FFS experience the participants said: “We learned how to work together,” and “I now know/talk to my neighbors.” These comments always came ahead of comments about learning technical skills about growing and post harvest handling of cacao.

Communities entering the ADP are essentially “post conflict” communities with damaged trust in leadership and with some other members of the community. They are removing a known primary source of income in the hope of a better community environment and a promise of adequate future incomes. Signing the *Convenio Marco* means one group of community members has won the debate over the future direction of the community, but contrary opinions often remain. Many communities have a high proportion of immigrants, who do not know their neighbors well. Learning to work together and restoring trust among neighbors will be a result from the FFS that is as valuable as the new technical production and post harvest handling skills. Indeed, the communities that had received education support through AprenDes all mentioned how much they appreciated the Parents Committee, where they learned to work together to improve the education of their children.

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<sup>16</sup> All comments by PDAP-II field personnel during field visits by the evaluation team referred to the FFS training as a pilot.

## Income from the licit crop

Farmers worldwide always plant two or more crops that are expected to provide cash income. The security of having some income when one crop fails is more important than maximizing income.

Productive activities by the ADP did not fully replace income lost from coca, yet the offering was sufficiently reasonable for communities to sign the *CM*. Most income replacement is still the responsibility of the producer, with important and critical support for new higher income crops coming from the ADP.

The projection of increased income from the licit crop that is offered by the ADP is critical to the sustainability of the eradication. The ADP has to assure that the projected income materializes into actual income.

With the reduction of cash income from coca many families returned to the production of food crops they had set aside, reducing the need for replacement cash income. One producer told us, “When we grew coca we ate out of a can.” Sometimes the community retail establishments suffer more income loss than the producers, because families in coca-free communities buy less prepared foods.

## Focus on specialty markets

There is much excitement for specialty chocolate, such as organic, rainforest or fair trade certified. However, in Peru the commodity market must be addressed rather than specialty markets as only a small portion of the 18,000 hectares of cacao will meet specialty cacao standards. Current prices for commodity cacao that is properly harvested, fermented and dried is adequate to encourage producers to join the ADP and end coca leaf production. There is no need to use scarce funds to promote specialty cacao. Some producers receiving “commodity” level prices are making investments in new cacao areas using their own funds.

Similarly, the cotton gin visited received most of its production from producers as standard grade product. However, the company is promoting organic cotton and colored cotton as alternate products. Like cacao, the current price of cotton is reasonable to motivate producers to remain coca-free.

On the other hand, specialty coffee is a large and faster growing market than traditional coffee and it would be appropriate and effective to use project funding to promote it.

## Summary for Question 2: Can productive activities generate reasonable incomes?

### Findings and Conclusions

1. Every region has one or more crops or animal products that are anticipated to generate reasonable income to support a coca-free community. While income from licit crops was not the primary motivating factor for communities to sign the *Convenio Marco*, reasonable income is a necessary condition.
2. Continuing investments are required for each crop to ensure reasonable income levels to producers. Few producers are yet expanding beyond 1 hectare, which all must to achieve adequate incomes. The ADP has no plans to support this phase. Most crops

will require intermediate- to long-term public sector support until the commercial market provides a complete range of services;

3. The quality and frequency of technical assistance for production is variable with limited supervision by ADP. Technical assistance for economic activities reaches few women. Given the large number of producers growing new crops, a training component has a late beginning.
4. Harvesting of ADP supported cacao is beginning. Investment is needed in the post-harvest processing and first level gathering from producers. Where it is not absolutely clear that the private sector will immediately provide those services an investment in first-stage collection centers can fill that need.
5. Cacao marketing should focus on delivering good quality beans for “commodity” level pricing, which will reach more producers and provide reasonable income to help communities remain coca-free.

### Lessons Learned

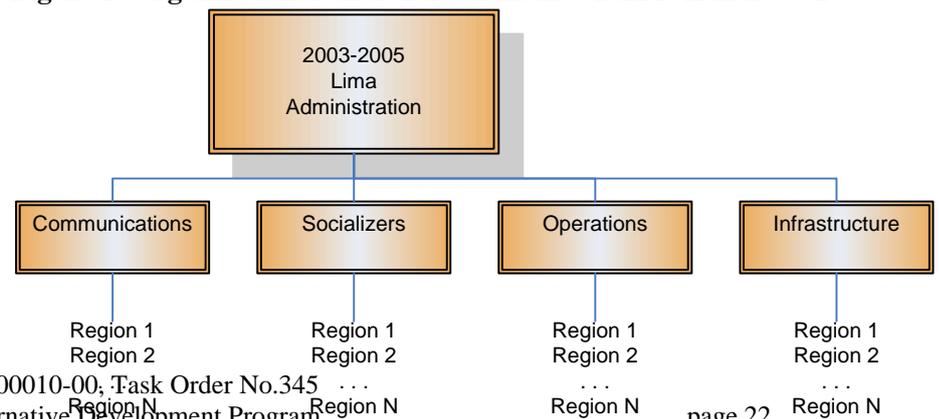
1. Licit crops provided by the ADP provided only a minor proportion of a producers’ previous income from coca, yet the offer was sufficient for communities to sign the *Convenio Marco*.
2. Improvements in infrastructure, especially roads, improved investment opportunities and income for producers. Infrastructure improvements must be maintained to ensure adequate prices for products.
3. Rebuilding community cohesiveness and learning how to work together for community improvements was an important contribution of the ADP. For example, communities expressed great appreciation for the parents’ communities that were organized as part of the education support selected by some communities. These committees, according to the parents, helped them learn to work together for a common good.
4. One cannot assume technical assistance will reach women unless they and their environment are incorporated into the delivery design.
5. Independent crop experts should assess the quality of the technical assistance offered to producers.
6. Coordination with other donors can leverage funding and results.

## Question 3: Is ADP management structure appropriate?

*Is the ADP management structure appropriate to efficiently carry out the program and achieve its objectives?*

The ADP program uses an integrated approach that spans across all SOs to achieve the special objective of “Sustained reduction of illicit coca crops in target areas of Peru”. However question

**Figure 1. Organizational chart for Chemonics PADP-II in 2003-2005.**



number three applies primarily to the PADP-II project implemented by Chemonics International. This contactor has implemented activities under USAID/Peru ADP program since 2002, beginning with a pilot program in the Aguaytía area, Department of Ucayali, to test the Voluntary Eradication approach. The program was modified in 2003 to incorporate lessons learned and it was expanded to include other major coca-growing areas (Central Huallaga-Department of San Martín, Upper Huallaga-Department of Huánuco and Pasco, and Apurímac-Ene River Valleys-Departments of Ayacucho, Cusco and Junín). Chemonics International will continue to implement the program until September 2007.

Beginning in 2003 ADP established its field level activities. At that time all major policy and implementation priorities were established and operating decisions were made in Lima, and prior to sending to USAID for approval. Decisions in Lima ranged from setting policies and operating procedures to technical specifications and sub-project designs for infrastructure and productive projects delivered to communities.

Figure 1 shows a simplified organizational structure for the period 2003-2005, as observed by the evaluation team. A more detailed organizational chart provided by PDAP-II personnel is included in Annex E.

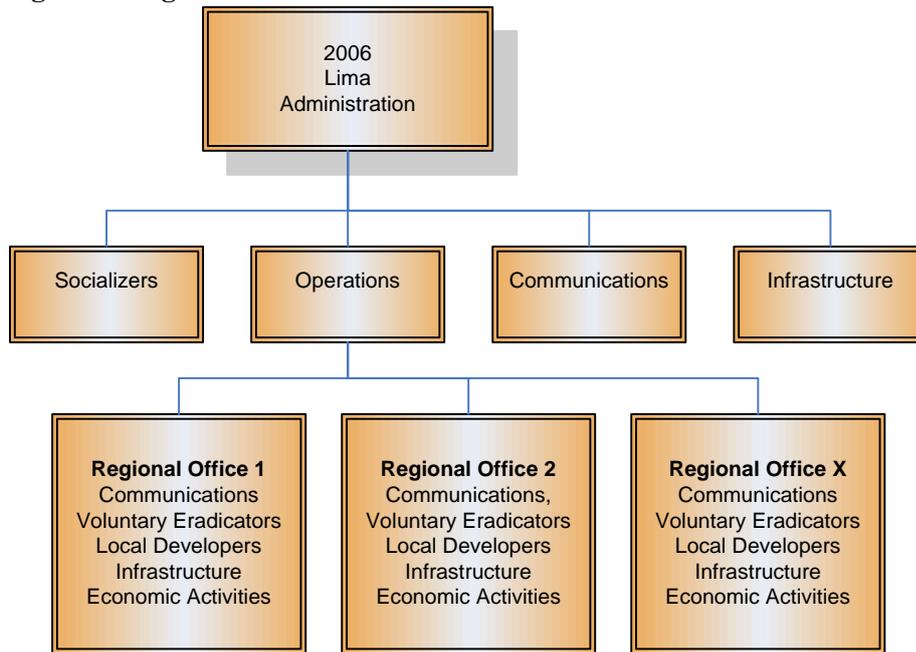
Socializers are the persons that are initially responsible for early interactions with the communities and help them make the decision to eradicate their coca and enter the ADP program.

**Reorganization in late 2005:** As the number of communities signing *Convenios Marco* increased along with the number of ongoing projects, the centralized management structure resulted in increased delays in delivering promised community benefits. In addition, infrequent contact with the communities, caused uncertainty among the beneficiaries whether their community and projects had been abandoned, resulting in increasing numbers of complaints by program beneficiaries. In response, a sweeping reorganization was introduced beginning in late 2005 which relegated major operational responsibilities from key Lima-based units to the regional directors. The key Lima based personnel are now assigned advisory and training roles, with the operational responsibilities assigned to the regional directors. A simplified representation of the reorganized structure was prepared by the evaluation team and shown in Figure 2. A detailed organizational structure provided by PDAP-II project is included in Annex E. The number of international staff working in the project was also reduced.

Under this reorganization headquarters groups were charged to provide mainly advisory and training services related to policy, strategic direction, and technical coordination on high level overall operations and direction. Operational decisions were to be largely decentralized and handled at the regional offices. The Lima central office for PDAP-II continues setting overall policies and operational approaches, communications at the multi-regional and national level, finance and administration support, monitoring and evaluation activities, and review and approvals of contracts including the *Convenio Marcos*.

During field visits and interviews with four regional directors they spoke positively about their new roles and responsibilities. They expressed the opinion that the decentralized organization creates the potential for improved responsiveness to community needs and expectations. They did not view Lima based personnel as exercising undue control or interference with regional decisions, and expressed appreciation for the guidance and training Lima personnel provided.

**Figure 2. Organizational chart for Chemonics PADP-II in 2006.**

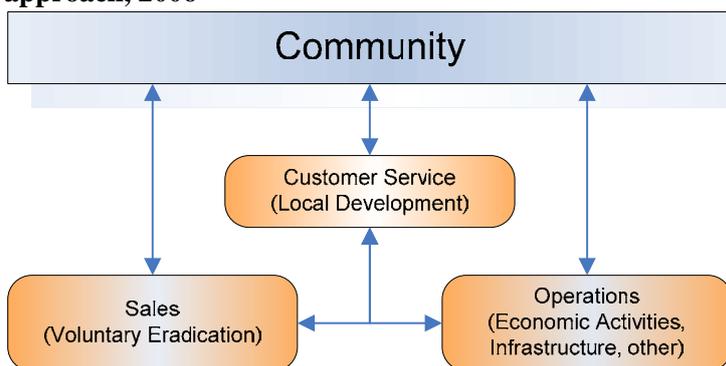


The regional offices added two new groups, local development and economic activities. The position of Local Developer was added to better support the communities during the phase of delivery of program benefits, and to help coordinate response from the communities with the groups that were delivering

infrastructure, productive projects, communications and other project activities. The economic activities group, previously called Productive Projects, focuses on a wide range of support to improve long-term income of the members of the community. The Voluntary Eradicators were previously the Socializers, with a new name to reflect their focus on maximizing the number of hectares eradicated.

The essential components of the community service approach at the time of this evaluation as perceived by the evaluation team are shown in Figure 3. A sales function, called voluntary eradication group works to persuade the community to sign the Convenio Marco. Once

**Figure 3. Essential components of the community service approach, 2006**



signed the agreement is implemented by the operations group. Many diverse activities need to be implemented including economic activities (income earning projects), infrastructure, cash payments to community members, communications and others.

In response to complaints a customer service group was formed in order to watch

over all aspects of the agreement, to see that the community fulfills their obligations, to observe whether the ADP fulfills their obligations and serve as a constant presence as the teams phase in and out. Additional key functions include keeping the community informed of the progress on the activities delivered by the ADP and receiving feedback from the community as the work progresses.

The decentralization is a work in progress; it is too soon to assess results. Some community-level comments and complaints were received about the ADP not meeting their expectations and their desire to have more transparency on sub-project fund management, implementation and construction matters.

While the coordination at the community level is said to have improved with the decentralization and the implementation of the local development group, the evaluation team did not receive convincing evidence that all is well. Several communities commented that the delivery of infrastructure had improved from one year ago, but it was not clear if these comments were motivated from better information delivered by the local developers, or from the advance in completion of the infrastructure projects.

Comments by communities about the delivery of technical assistance do not suggest substantial improvements in delivery of technical assistance over the last year in delivery of technical assistance. Local developers responded that they have little or no control over the quality or even the frequency of visits by the technical assistance providers. They assumed that “the company providing the technical assistance knew what they were doing”.

The evaluation team was not introduced to any persons that were described as national or international “experts” on any of the productive activities (cacao, coffee, etc) who were part of the PDAP-II staff or that were hired on a temporary basis to supervise the companies providing the technical assistance. ADP field personnel could sometimes name a person who they considered knew more than they about a specific crop, but they did not characterize them as Peru’s “most experienced” or “recognized” specialist. With more than 18,000 new hectares of cacao planted under the PDA program, the team did not observe a massive training program for producers or investment in post harvest infrastructure on farms or in local communities, though PDAP-II leadership claims one is now underway.

The number of local development staff is limited; almost every one mentioned being in charge of 30 or more communities. This means that some communities may not be visited as often as the community wishes. The evaluation team did not attempt to assess the proper number of communities that can be visited for each local development professional, but the role of the local development person is critical to smooth operation of a complex task.

## **Investments for economic activities and infrastructure**

About 20 economic activities have received nearly S/. 48 million (Nuevos Soles) of support. The crops receiving the largest amount of support were cacao, café, cotton, plantain, pastures, corn and palm oil receiving the largest amount of support (table 5). Support for cacao, the most frequently selected licit crop, averaged S/.1,187 per hectare. Pineapple averaged S/. 5,187 of support per hectare, followed by Papaya at S/. 3,447 and Plantain at 3,447 of support per hectare. Papaya and Plantain were the most common intermediate -term crops that were intercropped with cacao.

The Ucayali region received the greatest amount of investment at S/. 13.7 million, representing 28 percent of the investments in economic activities (table 6). The Ucayali region also had the highest amount of investment per beneficiary at S/. 1,791, followed closely by VRAE at S/. 1,602. San Martin had the lowest investment per beneficiary. The San Martin region had the lowest average investment per beneficiary.

**Table 5. Disbursement by crop all years, all regions.**

	<b>Amount S/</b>	<b>Percent</b>	<b>Hectares</b>	<b>Investment per Hectare</b>
Algodon	5,054,648	10%	5,076	996
Arroz	609,223	1%	689	884
Cacao	26,083,988	53%	21,967	1,187
Café	5,964,744	12%	4,502	1,325
Camu Camu	125,503	0%	60	2,100
Citricos	500,175	1%	271	1,846
Frijol	13,263	0%	21	632
Maiz	1,866,597	4%	2,027	921
Mani	256,930	1%	276	932
Mejoramiento de ?	42,820	0%	4	NA
Modulo de Pi?	146,853	0%	NA	NA
Molino de grano	335	0%	NA	NA
Palma Aceitera	1,714,462	3%	1,156	1,483
Palmito	226,356	0%	133	1,702
Papaya	75,844	0%	22	3,447 /a
Pastos	2,426,966	5%	5,991	405
Pijuayo	83,386	0%	163	512
Pina	424,935	1%	82	5,187 /b
Platano	3,363,284	7%	1,513	2,224
Porcinos	7,548	0%	NA	NA
<b>Total by crop</b>	<b>48,987,860</b>	<b>100%</b>	<b>43,951</b>	<b>1,115</b>

a/ Because of degraded soils after coca cultivation the costs for papaya included the incorporation of organic matter and fertilizers to the soils, plus costs of the local association providing the technical assistance.

b/ Piña is an intensive crop that requires specific inputs and relatively high costs. Each producer of piña was supported with one fourth hectare.

A total of 560 infrastructure projects were implemented for an investment to date of S/.100 million (table 7). The Ucayali region was the recipient of 32 percent of the investments in infrastructure, Tocache received 10 percent of the investment in infrastructure.

**Table 6. Investment by regions, all years**

	<b>Amount /S.</b>	<b>Percent</b>	<b>No. of Beneficiaries</b>	<b>Amount per Beneficiary</b>
San Martin	9,923,569	20%	11,581	857
Tingo Maria/Aguaytia	11,527,487	24%	8,423	1,369
Tocache	3,113,189	6%	2,470	1,260
Ucayali	13,744,630	28%	7,673	1,791
VRAE	10,678,985	22%	6,668	1,602
<b>Total all regions</b>	<b>48,987,860</b>	<b>100%</b>	<b>36,815</b>	<b>1,331</b>

Schools or rooms for schools were the most common infrastructure support request by the communities, followed by multiple use facilities (table 8). Only three health posts were constructed. Three rural electrification projects were requested. Generally multiple communities participated in a rural electrification project.

	<b>Number</b>	<b>Percent</b>	<b>Amount S/.</b>	<b>Percent</b>
San Martin	91	16	14,141,896	14
Tingo Maria/Aguaytia	167	30	31,461,135	31
Tocache	45	8	10,368,775	10
Ucayali	189	34	32,213,523	32
VRAE	68	12	11,807,552	12
<b>Total all regions</b>	<b>560</b>	<b>100</b>	<b>99,992,882</b>	<b>100</b>

	<b>Number</b>	<b>Investment</b>	<b>Percent of Investment</b>
Schools and rooms	147	19,195,214	19
Local roads	64	29,729,790	30
Rural electrification	14	2,896,875	3
Potable water	81	13,675,865	14
Multiple use facilities	129	13,455,937	13
Health posts or training	14	2,856,797	3
Community infrastructure	11	1,017,405	1
Others	97	17,174,999	17
<b>Total</b>	<b>560</b>	<b>99,992,882</b>	<b>100</b>

### **Summary for Question 3: Is ADP management structure appropriate?**

#### **Findings and Conclusions**

1. At the local level an effective approach for community development has evolved and is in place.
2. The approach of focusing on community development should also serve for working in post eradication areas, always maintaining flexibility to respond to the specific needs and decisions of the communities served. Decentralization and reorganization that took place in October 2005 is working better at managing and implementing PDA activities.
3. PDA has limited ability to verify the quality of technical assistance or to resolve arising issues for the primary crops supported by the project. This is a worrisome situation with such large numbers of producers depending on the ADP assistance for success.
4. Local development group plays an important role at managing communities' expectations.

## Lessons Learned

1. The starts and stops of voluntary eradication (sales) and delivery on the commitments to local communities (operations) have created uncertainty in the communities served and also among PADP-II staff.
2. The decentralization has the potential to respond better to community needs and feedback.
3. Decentralizing authority to local/regional units make the negotiations more inclusive of community interests and often bring investment and support from local resources.

## Question 4: Contribution of other USAID activities?

*Have other USAID activities being implemented in the same areas as ADP substantially contributed to creating an economic, social and institutional environment conducive to the sustainability of coca reduction?*

The multi-sector approach used by ADP is highly valued by the communities. Most of the communities are located in remote areas and have received little or no infrastructure from the GOP. The ADP invested in new roads to connect communities to markets. Improvements to the highway between Tocache and Juanjui was a key improvement, reducing freight costs from Tarapoto to Lima by half within weeks of opening the highway. Local road improvements opened up communities to faster, more reliable transport with lower costs. Lower freight rates translate into higher prices to farmers. The new roads greatly brightened the prospects for growing commercial crops in several communities that previously were mostly dependent on river transport. During the municipal elections, the team observed entire communities crowding aboard local transport vehicles to attend regional political rallies to listen to the proposals of the several candidates.

Other sectors contributing to the PDA program include:

**Education activities** are implemented through the APRENDES project and perceived by the communities as increasing its cohesiveness. Parents cite increased satisfaction with local schools. Parent committees bring parent together to solve education issues. And most teachers appreciate the education materials.

**Health activities** are implemented through the Healthy Communities initiative. The Healthy Communities initiative teaches preventive measures that communities can take to reduce or eliminate health issues. The initiative empowers community members to take greater control over their own health. This program is still new in most PDA communities but where it is in operation, it is perceived favorably.

While many communities mentioned they valued improved health services and several requested additional health services from the ADP program, no community that the team interviewed listed the health benefits offered by ADP as a contributing reason for signing the *Convenio Marco*. The relationship between the ADP and Management Sciences for Health (MSH), the current implementer for community health services, appears to be in development. In one region the MSH program claimed to be actively supporting communities that have requested health assistance.

**Democracy and governance (DG) activities** are implemented through the PRODES (Pro Decentralization program) project. The activities take place in 48 PDA municipal

governments. All of them have installed the SIAF (financial controls) software and 92 % have finished diagnostics and prioritization.

DG helps local governments take greater ownership of infrastructure projects, and encourages local governments to be more participatory and transparent. The evaluation team identified a strong need for institutional strengthening at the local and regional levels. With new officials entering after the recent elections some of the municipalities will need retraining. The program needs to ensure this is covered by either PDA or PRODES.

Some concerns were raised by communities, by project personnel and by DEVIDA personnel that project donations are not registered in local accounts to help provide controls and accountability. Chemonics PADP-II regional leaders indicated they are beginning to address this issue. DEVIDA is encouraging the PDA to work through political leaders and register project activities in the public information system.

**Economic growth activities** are implemented through the PRA project. PRA support activities are located primarily in the sierra regions. For the eastern lowlands PRA has been helpful in finding buyers in selected sectors such as cotton, cacao and palm hearts.

PRA's philosophy is to work only with established companies, helping them to improve their access to markets. Consequently most of PRA's work in cacao concentrated on finding buyers in the specialty market. This is an expected result for the small cacao marketing companies in the zone that view their strength in specialty markets rather than in commodity markets.

However, most producers will supply the commodity market for which current prices are adequate to motivate producers to increase the area planted. PRA assumes that the private sector will provide farm level collection centers and first stage post harvest handling. PRA will provide to interested potential cacao buyers a list of producers so that they know where to go to purchase and collect product.

Team members believe that the private sector will eventually respond and provide post harvest and collection services. It is unlikely however, that the private sector will identify the price signals and make the investment and effort soon enough to provide optimum prices to producers, especially for those producers who will begin harvesting in the next few months.<sup>17</sup>

One potential option to improve post harvest processing and collection of cacao is to support producers who are willing to organize and establish local collection and post harvest handling facilities. Because PRA focuses on supporting established companies and because it has less experience in organizing and training producer led companies it may not be the best alternative to support this option.

**Environmental activities** are primarily related to the certifications and management of forest concessions. The PRA project has helped a few companies add international forestry management certifications to their concessions. A few communities in the area served by ADP are in the process of adding certifications to areas within their area of supervision.

Several of the communities the evaluation team visited asked about help improving their environment. These requests included improved quality of water in the streams and rivers, reforestation to help maintain adequate rainfall for their watershed, soil fertility and more options for chemical-free production of crops. No community that the team visited included an environmentally related priority when signing the *Convenio Marco*.

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<sup>17</sup> See additional discussion on this topic in Question 2.

## Summary for Question 4: What is the contribution of other USAID activities?

### Findings and Conclusions

1. All weather access roads are critical for most licit crops.
2. Lower freight rates translate to higher prices for producers.
3. Lack of transparency when channeling infrastructure projects through the municipal governments does not appear to be a serious problem in ADP, but it was noticed and mentioned by the communities served.
4. Education and health services were welcomed services by the communities. Of these only education was mentioned as one of the motivations for signing the *Convenio Marco*.
5. The value chain support provided by the PRA project was helpful in a few instances, but the large task of proper post harvest handling and gathering for cacao and coffee is far from complete.
6. Support by PRODES was highly appreciated by a few of the political leaders. PRODES has provided services to 48 municipal governments. Data was not available to determine how many communities participating in ADP are benefited through PRODES activities.
7. To date environmental activities did not motivate communities to sign the *Convenio Marco* nor were they high on their priorities for new investments in their communities. Improved community water supplies or protection of water quality were mentioned as a need by several communities.

### Lessons Learned

1. Improved education was mentioned as a motivating factor in signing the *Convenio Marco*. The parents' committee was praised in every community where education support was included.
2. Support for education and health in the local communities must be coordinated with national level institutions to be sure the need ongoing support is available.
3. Health services were not mentioned as a motivating factor so sign the *Convenio Marco*.
4. Improved roads are essential for many communities to access markets for licit crops.

## Question 5: Strengths and weaknesses of ADP communications?

*What are the strengths and weaknesses of the ADP communications program, strategic, operational or otherwise, and what action can USAID take to reinforce the impact of these activities?*

USAID began the first ADP communication program in 2003 in recognition of the fact that achieving sustained coca reduction ultimately meant that families must be convinced that growing coca prejudices themselves and their communities. The communications strategy was revamped in mid-2004 when an assessment identified a series of problems in the articulation of the strategy to support field implementation. Under the redesign communications operations were separated into two areas; local communications to promote

signing of the *Convenio Marcos* and “public opinion” communications to address national and region wide issues related to coca production and anti narcotics measures. The objective is to promote leaders’ opinions in addressing messages regarding eradication of illegal coca and the control of illegal drug operations.

Responsibility for local communications is shared between Chemonics PDAP-II and CEDRO. The public opinion communications is carried out partly under the Chemonics PDAP II contract and partly by DAI/Tironi.

The team’s perception is that local communications have improved since the reorganization in August of 2004. However, much remains to be implemented. Each region has one person responsible for community communication, and with most of them have been only recently hired. The communications group expressed complaints about insufficient time and resources to support the many institutions and messages needed to persuade communities to sign the *Convenio Marco* as well as operations support for the hundreds of ongoing community development projects.

## Local communications

Local communications through PDAP II focus on two specific messages that support the objectives of the ADP and to support operations:

1. Coca-free communities are safer, encourage long-term investments and provide a better living environment.
2. Economic development is primarily the responsibility of the community, not an outside institution. The ADP can help you develop your community.

The first message is widely believed by the persons working in the ADP and coincides with the team’s finding that the transformation to a safe and secure environment is the primary motivation for a community to choose to become coca-free. Said an ADP regional director, “When we enter a community that has been controlled by narco-traffickers for extended periods, we find the poorest people in Peru.” Said another way by Tironi Asociados, “Narco-trafficking causes poverty, poverty does not cause narco-trafficking.” However, this strongly held belief by participants in the ADP, who have endured over the long-term living in coca-dominated communities, is not reflected in the national “public opinion” communications.

The second message is designed to support an issue encountered almost daily by local development personnel; the ADP is available to help your community with its social and economic development. Local communities which take responsibility for their own development will improve their economic situation more than those communities that relegate responsibility for their development activities to outside institutions.

A lesson learned during the interviews with community leaders is that community cohesiveness is destroyed by narco-trafficking, and it takes great effort and time to rebuild trust in other community members and in public institutions. For example, when communities spoke of the ADP support for their schools, they spoke most enthusiastically about the parents’ committee and that they were working together as a community to improve the education of their children. In contrast, AprenDes personnel emphasized the training of teachers and of the workbooks and school supplies provided, as the most important services provided to the communities and hardly mentioned the parents’ committees.

**CEDRO:** Local communication support provided by CEDRO is directed at the general population, community leaders and young journalists in the Eastern valleys where coca is

produced. CEDRO has been reinforcing messages such as “most of the coca leaves are going to the pozas de maceración”, “the (illegal) drugs are destroying life and nature” and “production, trafficking and consumption of drugs (illegal) generates violence and criminality”. The communication program has three components:

1. Support operations of the ADP by providing public media with accurate and current information relating to legal and illegal activities. This support is delivered utilizing a network of youth journalists and focusing efforts on communications within the ADP’s high priority areas.
2. Strengthen the capacity of local institutions that support licit economic development activities.
3. Support youth to find rewarding legal employment, and to separate them from coca and drug production.

The Network of Youth Journalists working with CEDRO is responsible for producing and broadcasting the messages through local radio. Although the youth network is quite active, members are frequently replaced so outreach must be continual. In San Martin the radio program “*El Vocero del Huallaga*” devotes a big portion of the program duration to coverage of PDA-DEVIDA and USAID supported projects through interviews, news and a call-in talk show.

## Public opinion communications

ADP public opinion communications are shared between DEVIDA, Chemonics through the PDAP-II contract, and the DAI contract often using Tironi Asociados. The Public Affairs section of the U.S. Embassy also meets to coordinate activities, respond to attacks by *cocalero* (coca producers) support groups and address complaints by the public on eradication activities. Personnel from DAI and Chemonics PDAP-II often participate in these meetings.

The coordination among DEVIDA, the U.S. Embassy, USAID and its implementing partners were reported by several participants to have resulted in improved consistency and effectiveness of public service messages.

Systematic work with community leaders has also improved awareness of illegal coca cultivation and narco-trafficking issues.

Public opinion poll data in Table 5.1 indicates that the connections between Narco-trafficking, social violence, and terrorism are widely recognized and the public considers the coca producers to be impoverished and exempt

from any responsibility for the consequences of their activities. However data from leaders in more than 500 Peruvian communities contradict these conclusions; and instead indicates that

**Table 5-1. Do you agree with the following statements related to the narco-trafficking problem? Percent of answers that are Yes.**

Statement	2004	2005
The fight against narco-trafficking is necessary for the tranquility and security of Peruvians.	83.7	87.2
Growing coca leaves for narco-trafficking generates violence and corruption.	82.7	87.2
The fight against narco-trafficking is not only the responsibility of the government, but also of the social society.	85.6	85.6
The control and reduction of coca plantations are necessary for the tranquility and security of Peruvians.	75.2	78.5
There exist linkages or agreements between terrorist groups and the narco-traffickers.	67.8	77.2

Source: TIRONI Asociados, Peru, presentation January 2006, slide 30.

these leaders believe that coca-free communities are better off and that the poorest communities in Peru are those where coca leaves are cultivated and sold to narco-traffickers. These strongly held divergent beliefs are not reflected in the public service communications.

Insufficient information from the field staff and ex-cocaleros is passed upward to support national communication efforts. In 2005, 57 percent of the population in selected cities believed that the AD program was a failure, compared to 37 % that considered the program successful.<sup>18 19</sup> Nevertheless there are thousands of families in Peru who benefit from AD activities in their community. In our interviews nearly every family said AD was working for their community and for their family unit. Technical and scientific information on production and marketing of crops and other products is seldom available to other communities that are exploring options for sustainable income from alternative crops.

**Table 5-2. Public opinions about coca production and the associated communities**

Statement	Yes	No	Don't Know
Percent of persons that believe that growing illicit coca served to improve the economic situation of the coca growers.	65.6	33.5	0.9
Percent of persons that believe that in the future the communities that have stopped growing coca will return to grow coca.	81.7	17.1	1.2

Source: PDA, presentation June 2005 Línea de Base, slides 9 and 14. The survey included beneficiaries in Aguaytía, Tingo María, Tocache, and San Francisco; and residents of Lima, Tingo María, Tocache, San Francisco, Aguaytía, Huamanga, Pucallpa and Huanuco,

While only a very small percentage of producers grow coca, millions grow traditional crops including cotton, corn, pineapple, coffee, cacao, pastures and other crops supported by the ADP. Yet these productive activities are labeled as “alternative development,” when

in the opinion of the evaluation team they are mainstream agriculture in Peru and has sustained them for generations.

The Abejaico community in the Aguaytía region prepared a series of charts describing their collective history, current leadership, and created maps representing the past, present and future visions for their community. These charts visually represent the desired transformation, as well as a list of behavioral norms that were accepted by the community and are included in Annex D.

## Summary for Question 5: Strengths and weaknesses of ADP communications?

### Findings and Conclusions

1. Some of the key local opinions about the impact of ADP community development efforts are very different from public opinions about the ADP program. There is a public perception that AD is not effective when thousands of families find it works for their community.

<sup>18</sup> Cities surveyed included Lima, Ayacucho, Pucallpa, Aguaytía, Huanuco and Cusco. Source: TIRONI Asociados, January 2006, slides 3 and 14.

<sup>19</sup> Some persons interviewed suggested this message is designed and fueled by cocaleros and narco-traffickers, that they are extremely well-funded and that their message is not based on any real evaluation of benefits provided.

2. The mid-term assessment helped to focus local communications on the key messages that directly support ADP objectives of generating as many hectares eradicated as possible and the effective delivery of services and products defined in the *Convenios Marco*. This change is improving local communications.
3. Insufficient information from field staff and ex-cocaleros is passed upward to support national communications efforts. Some of the widely accepted knowledge about the benefits and costs of coca-dominated communities does not rise to the attention of those guiding national communications. Testimonies the team listened to about the changes and successes of the coca-free communities were not seen in the national level communications.
4. CEDRO provides important support for presenting to the public information about the ADP program. Their diverse mix of sources of information for the public helps offset contrary messages by pro-coca forces.
5. The communications staff working in field locations feels overwhelmed with the task of creating messages to support ADP project objectives and at the same time responding to issues relating to the coca sector arising from local media and institutions.

### **Lessons Learned**

1. The focus of local communications on two key messages facilitated ADP operations. The two key messages are:
  - a. Coca-free communities are safer, encourage long-term investments and provide a better living environment.
  - b. Economic development is primarily the responsibility of the community, not an outside institution. The ADP can help you develop your community.

## **Question 6: Have USAID interventions improved GOP effectiveness?**

*Have USAID counter-narcotics policy and institutional development interventions improved Peru's management of counter-narcotics issue to make coca reduction more sustainable?*

In this area DEVIDA receives limited but important USAID support under the Peru Policy and Institutional Development Component of the ADP. Beginning in July 2005, Development Alternatives, Inc. (DAI) has provided institutional support and technical assistance services across various, highly specialized sectors. Through this component targeted opportunities were provided through the ADP to assist DEVIDA under the Toledo administration, though actual support was limited to funding for a few technical specialists.

The monitoring and evaluation activities supported by USAID funding for DEVIDA also assist policy and institutional development. A decentralized system has also regularly collected ADP-local and national illegal drug related data, including periodic attitudinal surveys for more than a decade under GOP mechanisms. However, except for recent DAI policy-related presentations such as "*Perú: Introducción al Mercado de la Hoja de Coca*," there have been precious few serious studies employing this rich data bank. DEVIDA's limited analytical and strategic planning capacities result in underutilization of available knowledge resources for improved policy, regulatory, and institutional reforms.

Some key policy related interventions have been undertaken by the DAI project such as special studies and conferences. This ADP project component was launched to respond to Peru's outdated legal and regulatory structure that has remained largely unchanged since the mid 1970s. This project has focused on the rationale, development, and approval of a critically important law to control precursor chemicals used to produce coca-based drug products. ADP helped advance the law and the development of the essential regulatory and training materials. This includes the management information system for SUNAT's (Superintendencia Nacional de Administración Tributaria) implementation of this control mechanism to control production and technical assistance to the Ministry of Production for developing the new management information system. The new system to be launched July 2007 should enhance the effectiveness of the GOP's interdiction efforts.

Technical assistance to FONAFE for an initial study and development of policy options to control of the legal market for coca is another example of support through advising policy and building institutional capacity. The study analyzed coca and drug production and its conclusions resulted in a series of institutional development, legal and regulatory structures for illegal coca interventions. These include staffing and training issues and policy development themes related to FONAFE (Fondo Nacional de Financiamiento a la Empresa del Estado) and ENACO (Empresa Nacional de la Coca). Important issues of this study were disseminated through presentations at advocacy forums, media and discussion groups, and communicated to the newly elected Executive and Congress leaders.

Peru has legal and regulatory structures that have changed little since 1978. These structures result in inadequate control of the legal coca market, and do not make clear distinctions between legal and illegal coca. Efforts to update regulations on this as well as other related matters were initiated in the Congress during President Toledo's tenure. Commissions were formed to update the geographic areas defined for legal production and establish provisions for legal registration and land title. Control and monitoring of this land by GPS technology has been used in these increasingly disputed areas. Related legislation was introduced to change the units of measure from legal hectares per region to actual total production limits in recognition of crop productivity improvements. ENACO's role was also to be appropriately updated. Various commissions have reviewed and debated these increasingly sensitive issues, supported by the DAI team that provided impartial information.

Given the antiquated state of the coca legislation and related regulatory framework, increasingly weakened GOP capacities and the expanded presence of narco-related and financed groups, interventions that target this area form an important element to better advance SO objectives.

DEVIDA is tasked with signing the *Convenio Marco* with the communities. This requirement puts the legal face on the agreement, though DEVIDA has no resources to deliver the promised benefits should the ADP default. DEVIDA does provide a alternate source for program participants to express their complaints, and for ADP personnel to capture feedback from local communities about their work.

Health and education contractors funded through the ADP have been working with national level ministries to be sure the support provided to local communities to improve medical and education services gets incorporated into the Peruvian government planning and support systems. New or upgraded medical or school facilities requested by the community need to be negotiated with the appropriate governmental authorities to be sure ongoing support will be available. Those consultations now appear to be occurring as needed. The work books distributed by AprendDes are pending approval by the Ministry of Education. Meanwhile

they are well received by the local schools and the team observed the workbooks being used by students.

## Local interventions with public institutions

The disappointing results of working with national level institutions is somewhat offset by the success of working with local and regional municipal officers and government leaders. Despite initial discouragement, local ADP staff from the beginning has worked with local and regional municipal officials when possible.<sup>20</sup> Working with these leaders was often difficult, especially in the early years. But as more communities signed on and the impact of infrastructure and productive projects began to show results possibilities are enhanced for closer cooperation.

Today the PDAP-II implementation team always attempts to include municipal leaders in the negotiations with communities of the *Convenio Marco* and, as appropriate, have the local government officials assume the responsibility of guiding the implementation of the infrastructure improvement projects. This is a much improved approach for the project's local eradicators development personnel and is expected to increase project participation by local governments.

When local government leaders seek to stop or delay the ADP from working with local communities without well founded objections, the ADP staff still continues to work with the community. Local government leaders rarely cease supporting a community that wants to be coca-free.

The presence of national level institutions in the ADP participating communities is practically non-existent. When community leaders were asked what role the state had in their economic development the most common response was “*nada*” or “*no hay presente.*” Activities by the Ministry of Agriculture, which is charged with rural development in the coca communities by the Supreme Decree 044, was only mentioned to team members in relation to developing improved varieties of cotton. Much remains to be done to build support systems for the rapidly expanding areas of cacao, palm oil, coffee and cotton. In the east there are also many hectares of improved pastures that will support a growing livestock sector.

PRODES has had a limited but important impact working with local municipalities. To date, support has been provided to 48 municipalities, all of which have installed the SIAF system (for financial controls) and 92 percent of those municipalities have completed their diagnostic and prioritizing of activities in their operating plan. They also encourage and help local government to be more participatory and transparent in financial management and operations.

Members of the communities and project personnel expressed concern that the infrastructure works that are executed through the municipal governments do not exhibit adequate transparency and controls of expenditures. Getting the financial controls for those works that are currently tracked in the Chemonics PDAP-II information system entered into the municipal system is a work in progress and needs continued support.

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<sup>20</sup> For about the first 18 months USAID instructions to the Chemonics PDAP-II leadership was to not become involved with municipal leaders, to not provide training or technical assistance to them - other implementers would do that, to not include them in the negotiations with communities, and not have them participate in the implementation of infrastructure projects. PDAP-II field personnel reported that during this period they engaged local municipal officials with reservations, but found such contacts useful in many cases

## Summary for Question 6: Have USAID interventions improved GOP effectiveness?

### Findings and Conclusions

1. Efforts to strengthen DEVIDA and to have it assume a greater role in the fight against illegal drugs has been disappointing. It appears that the political will of the prior national government to deal with the issues was limited.
2. The change in national government has opened the opportunity to establish more effective leadership for DEVIDA and to more clearly define how they can achieve their mission. Early statements by the incoming DEVIDA leadership are positive but the ultimate outcome is unknown. DEVIDA leadership is requesting large funding increases to support improved and expanded interventions in the anti-illegal drug sector.
3. Registering public works projects in the Peru public accounting system is a needed step and needs continued support. With the recent elections and pending changes in governments for many areas, the training may need to be repeated for some locations.
4. Coordination of health and education services offered to local communities is essential to be sure resources are made available as needed for continued operations. The coordination appears to be occurring.

### Lessons Learned

1. The widening inclusion of local governmental leaders is a positive step and helps to build local ownership of the infrastructure and other projects.
2. Local political leaders will contribute from their resources to the infrastructure projects when they have available resources and know how to contribute.
3. Transparent project and funds administration is essential to maintain the trust of the community members in ADP project activities.

## Question 7: Does monitoring, analysis, research support decision-making?

Two extensive databases are maintained by DEVIDA and by the ADP. Both have a wide variety of detailed information on activities and results surrounding the ADP program. Both databases are relatively large for development projects. Their complexity makes it difficult for non-experienced analysts to access and generate reliable analysis.

Despite these challenges, we heard few complaints from program administrative personnel that key program information was not available for decision-making. Information from the databases appears to adequately support day-to-day operations as well as strategic decision making.

USAID PDA's monitoring and evaluation team has made significant efforts in working with DEVIDA and CI to standardize the indicators their systems measure.

At the PDA management level, there is still a challenge at trying to incorporate indicators when dealing with several SOs and other implementing partners.

There is little data sharing between the several ADP implementers. DAI has no access to PDAP-II, PRODES does not know what PDAP-II monitors, and so some of the data collected

by PDAP-II and DEVIDA are not being used by other implementers to leverage their contributions to the PDA program.

## **Summary for Question 7: Does monitoring, analysis, research support decision-making?**

### **Findings and Conclusions**

1. DEVIDA's monitoring and impact surveys play an important role in managing and evaluating the changes in behavior at the community level.
2. The two principal data sets can make available a wide range of reports on program operations, though experience is needed to understand what the variables represent and to generate reliable reports.
3. Little data sharing occurs between the several implementers of the ADP.

### **Lessons Learned**

1. Projects with the large number of activities like the ADP will have relatively complex monitoring systems, requiring trained personnel to provide ongoing support and to provide reports for decision-makers.

## Annexes

### Annex A: Contacts by the evaluation team

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Rocio ??	Chemonics	
Lourdes ??	Chemonics	
Olga ??	Chemonics	

Fidel Tuesta	DEVIDA	
Six people Cecilia Gonzalez	San Roque Cumbaza Community	
4 farmers	Chiricyaku Community	
7 people	Aviacion Community	
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	Community of Alto el Sol, about 6 people	
	Alcalde of Hanover Rojas de Pachiza	
	Community of Balsayacu	
Belo Arauco, Director Regional	Community of Bajo Junao	
Donativo Chuquilin Ramos	Gobernador of the community of Dos Unidos, about 10 people	
E. Isla Acuña, Agente Municipal		
Juan More Aquela, leader	Dos Unidos	
??? Perez, Teniente Gobernador	Community Costa Rica, about 50 persons present	
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# Annex B: Evaluation team scope of work

## SECTION C – DESCRIPTION / SPECIFICATIONS/STATEMENT OF WORK C.1 BACKGROUND

The USAID/Peru' Special Objective of "Sustained Reduction of illicit Coca Crops in target areas of Peru" reflects a long-term USG counter-narcotics strategy composed of two interdependent elements: 1) law enforcement, interdiction and eradication aimed at disrupting narcotics trafficking and lowering the farm-gate price of coca leaf; and 2) Alternative Development interventions aimed at increasing the licit economy and social stability in the target areas. Both work together to convince poor, rural farm families cultivating the coca plant to abandon the illicit coca economy by eradicating their coca and participating in development activities that produce results in the shortest timeframe possible.

The strategy, which started to be implemented in 2002, is based on the hypothesis that: **There are four necessary conditions that lead to the strategic objective of "Sustained reduction of illicit crops in target areas of Peru":**

- IR 1. Effective management of counternarcotics issues
- IR 2. Willingness to reject coca increased
- IR 3. Licit economic opportunities available
- IR 4. Perceived value of government increased

Present coca producers will leave the business and potential coca producers will not begin coca cultivation to the extent that there are improvements in all of these conditions.

Because the conflict and instability engendered and exploited by the illicit narcotics industry stymies investment and thus undermines Peru's development efforts, USAID has identified the sustained reduction of illicit coca cultivation as a mission-wide objective. For this purpose, USAID started to concentrate its "on-the-ground" development interventions, which were contributing to other Mission Strategic Objectives (Democracy, Poverty Reduction, health, education, environment), in areas where the lack of state presence allows the coca industry, illegal logging and other illicit activities to flourish. Specifically, all USAID field activities are being implemented in the seven regions of: San Martin, Huanuco, Ucayali, Pasco, Junin, Ayacucho, and Cusco. The Mission started to work with all its implementing partners to promote integrated (cross - sector) development in these regions, as well as to prioritize the delivery of benefits to communities that have agreed to pursue a coca-free way of life. This focus is intended to generate synergies among the activities implemented in support of different strategic objectives in order to create an enabling environment to achieve an accelerated and sustained elimination of illicit coca cultivation.

Funds from the Andean Counternarcotic Initiative (ACI) were used to finance a) Alternative Development Program activities, and b) sustainable development activities, implemented by other SOs that will contribute to the sustainable reduction of illicit crops.

The Alternative Development Program (ADP) contributes to the Strategic Objective, by working with communities committed to voluntarily eradicating their illicit coca production, providing them an integrated package of activities aimed at improving their quality of life and maintaining their independence from the illicit coca industry.

As mentioned above, the AD Program uses a multi-sector, integrated rural development approach that spans across all SOs to achieve the special objective of "Sustained reduction

of illicit coca crops in target areas of Peru". Results essential to achieving this objective include improving the effective management of counternarcotics issues, both through improved policy and legislation at the national level and implementation of these policies and laws throughout the seven departments where the coca leaf is grown; the availability of licit economic opportunities both on and off-farm; increasing the value of local and central government to residents of the coca areas through effective social governance that engages citizens with their elected officials and civil society organizations; all contributing to a public willingness to permanently reject illicit coca cultivation. These are reinforcing and indivisible and, when programmed and implemented, create synergies among activities.

Communications to influence policy and behavior change, operations research, and monitoring and evaluation interventions support activities at all levels.

The principal Government of Peru (GOP) counterpart for alternative development implementation is the "Comisión Nacional para el Desarrollo y Vida Sin Drogas (DEVIDA)", which is charged with coordinating, promoting, planning, monitoring, and evaluating the programs and activities of the "Estrategia Nacional de la Lucha Contra las Drogas" (National Strategy in the Fight Against Drugs). DEVIDA is also charged with coordinating the technical and programming inputs from several ministries involved with development as well as law enforcement. Under the voluntary eradication strategy, activities are implemented, supervised and monitored by USAID's "umbrella contractor", Chemonics International (CI). Additionally, some activities that contribute to the Alternative Development Program under other Mission strategic objectives are managed through other implementing organizations' field offices according to their existing agreements with USAID/Peru, e.g., activities under USAID's Poverty Reduction and Alleviation Activity. A list of all implementers that are a part of the ADP and the size of the program is attached as annex 1.

## **C.2. SCOPE OF WORK**

The overall objective of this evaluation is to assess the relevance and effectiveness of the USAID/Peru's Alternative Development (AD) program and strategy to sustainably reduce illicit coca crops in the context of the broader USG counternarcotics strategy. Findings, recommendations and lessons learned from the evaluation will be used by USAID to better align and focus its resources to achieve its objective within a new strategy for the period FY 2008-2012.

The focus of the evaluation will be the effectiveness of the alternative development program and strategy as implemented during the period 2002-2006 to sustainably reduce cultivation of illegal coca. Specifically, the contractor will undertake an in-depth analysis of all elements of the AD strategy and their contribution towards reaching the program's strategic objective and intermediate results, and the reasonability of the investments in relation to the results obtained to date.

## **I. Evaluation context and questions**

The evaluation team will assess specific aspects of the USAID's AD strategy as follows:

- a) Relevance and contributions to the achievement of the SO of non-USAID actions: namely security and eradication/interdiction, implemented by the GOP Ministry of Interior, with support of other USG agencies (i.e. NAS, DEA).
- b) Relevance and contributions to the achievement of the SO of several ADP components: the voluntary eradication process, productive activities, community infrastructure, communications, policy & institutional strengthening, monitoring & evaluation (M&E) and management.

c) Relevance and contributions to the SO of non ADP activities, such as access to markets, financial services, democracy, sustainable natural resource base and access and use of quality social services.

The analysis will differentiate the impact by level of geographic areas:

The ADP operates in approximately 600 communities within four distinct regions that correspond to different regional management offices as well as very different program environments (Tarapoto/Juanjui, Pucallpa/Aguaytia, Tingo Maria/Tocache, and the VRAE [Valle del Rio Apurimac y Ene]). USAID non-ADP activities are more broadly located within the seven departments of: Cusco, Ayacucho, Huanuco, Junin, Ucayali, San Martin and Pasco. Therefore, when it is appropriate, the evaluation team should include analyses by communities, regions, and departments in their responses to evaluation questions, as well as identifying any overarching trends.

The abundance of well-organized data and information that has resulted from a constant monitoring of program activities during the length of the project will serve as the basis for the evaluation team's quantitative analytical work. Because of the wealth of data available, the mission expects the evaluation team to support its findings with solid quantitative analysis. To this end, USAID, the implementer and the counterpart, DEVIDA, will proactively facilitate access to any data that the evaluation team deems relevant.

The following presents two groups of questions: principal and secondary. The first ones are intended to focus the evaluation team's efforts on those issues that USAID considers most important, the second ones includes questions that should be answered but they will not require an in-depth analysis. **Analyses for all questions should include a discussion of best practices and lessons learned.** In order to adjust for any changes in evaluation priorities, USAID expects the evaluation team to actively seek guidance and consensus throughout the development of the evaluation design.

## PRINCIPAL QUESTIONS

### **1. Is the voluntary eradication (VE) process, including pre and post community agreement activities, effective in obtaining and maintaining commitments to remain coca-free? What was achieved and what is left to be achieved?**

The sustainability of the voluntary eradication program is premised on long-term behavior change on the part of community participants. This behavior change begins with a commitment on the part of each family to eliminate their coca and opt for a licit lifestyle.

Based on this commitment, the government, via the ADP, commits to carry out a series of development activities that support the community's development. These activities are also intended to affect those factors that USAID identifies as being important in sustaining this commitment, i.e. factors identified in the results framework.

The ADP, via the Chemonics PDAP, is responsible for carrying out all of the activities that lead up to the signing of the agreement by the community and the representatives of DEVIDA, as well as activities to ensure that the community members follow-through with their commitment and remain coca-free. It is important that this process result in agreements with communities whose members recognize coca as a threat to their development, and that it not become a 'purchase' of coca with program benefits. This requires a nuanced approach to reaching and maintaining VE agreements. In answering this question, the evaluators should address the following issues:

Is the staff responsible for carrying out the 'sensibilización' process effective in delivering the 'ADP' message and securing meaningful commitments from communities?

Are broader communications activities well coordinated to contribute to the success of the VE process?

Are participant expectations managed during this process? Note: the VE approach underwent important modifications in late 2004 that were, in part, intended to improve the definition of expectations and obligations of all parties under the agreement; the evaluation should assess the degree to which these changes were implemented in 2005.

Considerable effort has been made to correct a lack of direct and continued interaction with communities during the first phase of the VE program that led to a perception on the part of many participants that the program had abandoned its commitments. Is the ADP maintaining sufficient direct communication with participating communities to ensure that: the communities remain engaged with the program, follow-through with eradication, and are informed that the ADP is aware of non-compliance (e.g. replanting of coca)?

Is there any impact in the target population that fosters its willingness to give up coca and adopt a licit lifestyle, while encouraging local participation in community development activities? Are there gender based differences?

Is the current VE approach appropriate to achieve the expected objectives for all geographic settings? What are the key differences?

What aspects of the VE strategy have been the most and the least effective?

What elements are necessary to ensure that VE is a success?

## **2. Can the current range of productive activities be expected to permit reasonable sustained income levels to the families participating in the Program (i.e. increased licit incomes)?**

The increased availability of sustainable and profitable legal productive activities is absolutely critical to the medium and long-term success of the program. Providing the mission with analysis and recommendations that will help to strengthen all activities related to increasing licit productive opportunities is the highest priority for the evaluation team. In answering this question, the evaluators should address the following issues:

### **Activity selection and design:**

Did activity selection and design take into account established best practices?

Are the activity designs realistic and appropriate to achieve their related program objectives?

Has the program incorporated effective methods for leveraging the participation of private sector or other relevant actors?

Did activity selection take into account the reality of each region and the possibilities of access to markets?

### **Implementation:**

Are the variety of functions carried out by different productive activity agents, including efforts by the Poverty Reduction and Alleviation Program (PRA), the economic service centers (CSE) and the ADP, well defined and effectively articulated in the field?

Were the business plans really effective?

Are the different ADP implementers carrying out these activities as they were designed?

Is the relationship between Lima technical offices and field implementers effective?

### **Results:**

Are commercialization activities directed in such a way that they are having (or, for productive activities in development, will have) an impact in improving incomes of ADP farmers receiving assistance? What factors limit or will contribute to increase the impact?

To what degree are the different components of the productive activities, including production, post production and commercialization, achieving their stated objectives?

Were the productive activities carried out by CI really effective in obtaining and maintaining commitments to maintain coca-free? Are there gender-based differences?

How was the effectiveness of the technical assistance as it relates to improved productivity compared to average production levels in the geographic area of families/communities signing voluntary eradication agreements?

To what degree the increase of incomes at the family level reduce the possibility of replanting?

What would be the impact in income generation of the new scheme of “co-participatory” support (i.e. partial funding for installation)?

What can the mission conclude regarding the utility of micro-credit mechanisms in achieving program objectives from the results of the long-running credit activity recently concluded under the ADP?

### **3. Is the ADP management structure appropriate to efficiently carry out the program and achieve its objectives?**

In order to improve performance and efficiency, the contractor CI has executed a number of management changes over the last year, including the decentralization of authorities and responsibilities to the regional offices and the reduction in international staff. USAID would like an assessment of this reorganization.

In answering this question, the evaluators should address the following issues:

Are the new assignments of responsibility and corresponding changes in authority and function clear to the affected staff?

Do regional managers have the technical support and authority that they need to carry out their new responsibilities?

Is the current mix of staff commensurate to the contractor's implementation responsibilities?

How effective are the regional offices in achieving their objectives? What are the differences between regions?

### **4. Have other USAID activities being implemented in the same areas as ADP substantially contributed to creating an economic, social and institutional environment conducive to the sustainability of coca reduction?**

In answering this question, the evaluators should address the following issues:

Are results from EG, ENV, DG, Health and Education programs perceived by the AD target population as valuable benefits? Which are the results primarily recognized by the population? Are those results perceived as proceeding from their commitment to a coca free, licit lifestyle?

Does the population perceive an improved performance of sub-national governments in AD areas? Is such perception associated to an increased perceived value of the state presence and of citizen's engagement in licit lifestyles?

Is there a role for local authorities and municipalities in convincing farmers to reduce coca and sustaining coca reduction? Why or why not?

Is the increase in licit family incomes –as result of USAID-funded activities– related to the sustainability of coca reduction?

Is the development of a regional licit economy conducive to sustaining the reduction of illicit coca? What factors can constrain or contribute to its effectiveness?

Do improvements in access to/quality of social services –as result of USAID-funded activities– relate to better appreciation of licit lifestyles?

Does sustainable management of natural resources established with USAID funding improve chances to sustain coca reduction?

How effective has the current working arrangement been between the AD SO and other SOs to achieve the overall Mission objective to sustainably reduce coca cultivation?

What could be improved?

How has the USAID-GOP relationship facilitated/hindered ADP implementation? What has and has not worked?

How has the USAID/NAS relationship facilitated/hindered ADP implementation? What has and has not worked?

Suggest effective ways to integrate donor contributions to maximize cooperation and increase the likelihood of success of the AD program to sustain impact.

## SECONDARY QUESTIONS

### **5. What are the strengths and weaknesses of the ADP communications program, strategic, operational or otherwise, and what action can USAID take to reinforce the impact of these activities?**

USAID began the first ADP communications program in 2003 in recognition of the fact that achieving sustained coca reduction ultimately meant that families must be convinced that growing coca prejudices themselves and their communities. Communications are also expected to counterbalance the effects of a powerful pro-coca disinformation campaign.

The program has developed rapidly over the last three years, and it has undergone a particularly strong evolution since mid-2004 when an assessment identified a series of problems in the articulation of the strategy into field implementation. USAID will value very highly findings that will help the mission further orient and strengthen this program. In answering this question, the evaluators should address the following issues:

Is the design of the ADP communications strategy adequate to achieve its objectives, assuming it is implemented according to expectations?

Since its previous evaluation in mid-2004, to what degree has the implementer employed best practices and lessons learned to improve the strategic design, implementation and monitoring of communication activities?

To what degree is the ADP successful in translating the global ADP communications strategy, generated jointly in Lima, into regional communications operations with strategically concerted activities implemented by a myriad of actors? Are these actors (both staff and organizations) playing the role that is assigned them in the communications program?

What progress has been made towards achieving attitude changes related to the IR2 as well as positioning the program for success in the cocalero valleys? Does evidence suggest that improvements can be attributed to program interventions?

### **6. Have USAID counter-narcotics policy and institutional development interventions improved Peru's management of counter-narcotics issue to make coca reduction more sustainable?**

In answering this question, the evaluators should address the following issues:

What has been the impact of USAID efforts to shape GOP policy and opinion on counternarcotics and alternative development, and to strengthen relevant GOP institutions?

Have priority counternarcotics legal and regulatory issues been identified and addressed by the GOP? Have such issues been sufficiently prioritized within GOP's policy agenda?

In cases of negative or mixed results, what are the main factors impeding a better GOP handling of the policy agenda? What else can be done by USAID/other USG agencies to improve this situation?

What factors have limited DEVIDA effectiveness to lead Peru's CN strategy? Do we need to focus on institutional development or in improving political will?

What GOP entities should be involved in implementing an effective and comprehensive counternarcotics strategy? How can this effort be efficiently led and coordinated?

What is the contribution of interventions geared to improve security and programmed eradication/interdiction to sustained coca reduction?

### **7. To what degree are monitoring, analytical and research activities financed by ADP providing decision-making support to ADP and USAID?**

USAID has emphasized the development of monitoring and analytical capabilities in the ADP since its inception. The development of an advanced information system and research activities are two key areas of investment that were made to achieve a program based on evidential decision-making. USAID would like the evaluation team to assess the degree to which these functions support day-to-day operations and strategic decision making. To a large degree, the ability of the team to access information that permits it to respond to the other evaluation questions should provide a strong indication of the effectiveness of ADP information and research functions.

### **II. Existing performance information sources**

Alternative development activities are very well documented both by internal monitoring processes and surveys carried out by DEVIDA with the participation of USAID. This information is warehoused in databases at DEVIDA as well as an advanced information system maintained by the ADP. Because USAID, DEVIDA and ADP participate in a multiinstitutional monitoring and evaluation committee, a high level of coordination and information sharing between the various institutions already exists and should facilitate very rapid access to information by the consultants. The members of this committee may also provide information processing assistance to the evaluation team as agreed upon during evaluation process.

Existing information sources and previous studies that are relevant to the ADP evaluation include the following:

**ADP monitoring database and CORVU database management interface:** this database warehouses information on virtually all ADP activities as well as many partner activities in every participating ADP community (now over 600 including almost 40,000 families).

**DEVIDA annual impact surveys:** DEVIDA and USAID carry out annual surveys at the population level in ADP areas which include representative samples for both ADP and non-ADP communities by region. The survey includes information on family income, economic activities, migration and attitudes on a range of subjects including the program. These surveys are available for all project years. (2003-2006)

**DEVIDA periodic verification studies:** the verification studies take the form of surveys of productive activity beneficiaries and include information on the delivery of benefits as well as their perception regarding these activities among others. These studies are available for all project years. (2003 – 2006)

**CAMRIS investigation subcontract:** CAMRIS, a subcontractor to Chemonics International, is charged with supporting the ADP and DEVIDA monitoring systems as well as carrying out several research initiatives designed to support strategic and operational decision making by decision makers at ADP, USAID and DEVIDA. CAMRIS is scheduled to conclude some very important analytical work regarding the profiling of communities by those factors that are most relevant to the ADP, which should be of great interest to the evaluation team.

**Previous studies and evaluations** carried out by the ADP in support of program implementation, including: an assessment of the communications program implementation

executed by CONECTA; a study of the microeconomic behavior of coca producers conducted by APOYO; and several others.

### III. Evaluation methods

The evaluation team should identify appropriate analytical techniques for each of the evaluation questions, however USAID expects the details of evaluation design to be addressed by the team itself and presented in a plan to the alternative development team upon initiation of the assignment. This said, USAID expects the following:

The team should rely on secondary data for all quantitative analyses. USAID has invested heavily in the collection, organization and analysis of data from the beneficiary and target populations, therefore the evaluation team should draw heavily from this body of evidence in generating its findings and recommendations.

The evaluation team is expected to interview ADP, USAID, DEVIDA and sub-contractor staff as well as beneficiaries, other USG and GOP stakeholders, and key partners and stakeholders at the regional and local level, in order to complement secondary data with a first person perspective on the program environment and the experience and perceptions of the personnel. USAID considers this evidence to be essential in providing a third party perspective on the information that the program already uses on a regular basis. Certainly in the case of questions four and five, key personnel interviews will provide the basis for the team's conclusions.

### IV. Team composition

The evaluation team will be composed of

- Dr. Arvin Bunker, Team Leader, Senior Agricultural Economist, Level 1
- Mr. David Bathrick, Senior Agricultural Development Specialist, Level 1
- Ms. Veronica Letelier, Producer Organization and Agribusiness Specialist, level 2
- Mr. Julio Roger Arroyo Vergara, Senior Agricultural Development Specialist, Level 1
- Mr. Alberto Troilo, Development Communications Specialist, Level 1
- TBD, Local econometrician/statiscian, Level 2

### C. 3. IMPLEMENTATION AND MANAGEMENT PLAN

The Contractor shall provide contract management necessary to fulfill all the requirements of this task order. This includes cost and quality control under this contract. The implementation task order timeline is as follows:

#### Level of Effort

#### Date Activities

Days Task order signed by **October 18.**

Week 1-October 16 Work starts. Weidemann sets up on-line site, provides passwords to key people. All available documents are uploaded to the on-line site. Team leader contacts CTO to discuss work plan (by telephone). CTO provides key informants' contact information. Travel logistics are arranged (visas, country clearances, airline tickets, etc)

Week 2-October 23 Evaluation team reviews scope of work questions, develops hypothesis, identifies indicators and methodology to access data. Team drafts work plan. CTO receives draft work plan. Team prepares for travel. Team travels by October 29.

#### Field

Week 3 – October 30. Evaluation team arrives in Peru. Dr. Arroyo and Mr. Troilo join team. Lima interviews. Secondary data analysis. Draft work plan is finalized.

#### Field

Week 4- Nov. 6 Secondary data analysis. Field visits

**Field**

Week 5- Nov. 13 Secondary data analysis. Field visits

**Field**

Week 6- Nov. 20 Oral debriefings. Final presentation. Return to USA by Nov. 22.

Thanksgiving Holiday week Nov. 23-24

Week7- Nov.27

Team analyses data collected. Reviews and interprets information collected. Draft report is formatted and edited. Draft report is sent to CTO by **December 4.**

CTO sends comments to evaluation team within 3 days (December 7) End of task order

Evaluation team incorporates comments from CTO into report. Final report sent by

**December 13.**

**36 Total Days**

**C.4 PERFORMANCE MONITORING PLAN**

The contractor's performance shall be evaluated based on the completion of specific tasks as outlined in the Task Order, adherence to the work plan, and reports submitted to the Task Order Cognizant Technical Officer (TOCTO).

**[END OF SECTION C]**

## Annex C: Documents Consulted

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21. PDA. Planes operativos Regionales, Mayo 2006 – Marzo 2007, Valle del Río Apurímac y Ene.
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24. PDA. Seguimiento comunidades libres de coca, junio y octubre de 2006.
25. AED. ApreNDes Project, Innovations in Decentralization and Active Schools Program. August 2006.
26. Macroconsult S.A. Evaluación de impacto de los programas de desarrollo alternativo financiados por USAID 1995-200. Octubre 2003.

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29. Proyecto PRA. CSE-Ayacucho Oficina VRAE, Una visión empresarial al servicio del desarrollo. Powerpoint presentation. November 2006.
30. United Nations Office on Drugs and Crime. Alternative Development: A Global Thematic Evaluation. Final Synthesis Report. New York. 2005.
31. United Nations Office on Drugs and Crime. Peru Coca Cultivation Survey. June 2005.
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Chart 3. Accepted behavior promises signed by community members.

**COMPROMISOS ASUMIDOS**

- 1.- CONSTRUIR MALDOCA INFORMATIVA
- 2.- YA NO SEMBRAR COCA NUNCA MAS
- 3.- SER UNA COMUNIDAD UNIDA Y FUERTE
- 4.- TRABAJAR MANCOMUNADAMENTE.
- 5.- TENER TODAS LAS AUTORIDADES.
- 6.- PARTICIPACION DE TODA LA COMUNIDAD EN ASAMBLEAS Y FAENAS.
- 7.- HACER LAS REUNIONES EN LA PROPIA COMUNIDAD.

**FIRMAS**

- ALFREDO DIAZ TAPUYIMA *Alfredo Tapuyima*

ROSAYDI SINARAHUA TAPULLIMA *Rosaydi Sinarahu Tapullima*

ALFONSO TAPULLIMA CAMPOS *Alfonso Tapullima Campos*

HIGUINIO GARCIA SANCHEZ *Higuinio Garcia Sanchez*

MARIA GARCIA FLORES *Maria Garcia Flores*

INDALICIO FASABI *Indalicio Fasabi*

EMA PAREDES SANCHEZ *Ema Paredes Sanchez*

LUCCIO GARCIA FLORES *Luccio Garcia Flores*

PERERINA SATALAYA *Pererina Satalaya*

CALIXTO VENTURA LUCAS *Calixto Ventura Lucas*

ROSALIA ANIBULO VELA *Rosalia Anibulo Vela*

ORFITH DIAZ GRANDES *Orfith Diaz Grandes*

ANA PIZANGO SANGAMA *Ana Pizango Sangama*

ACELA RIOS ~~BERA~~ *Acela Rios*

ESMERADA RICOLDE MEZA *Esmerada Ricolde Meza*

DAVID PIZANGO PEREZ *David Pizango Perez*

WILIAM PAREDES PAREDES *William Paredes Paredes*

JUAN APOLINARIO LAPCHA *Juan Apolinario Lapcha*

JESI SINARAHUA *Jesi Sinarahu*

JAIMÉ TORRES PALACIOS *Jaime Torres Palacios*

HERMENEGILDO CAMPOS CASO *Hermenegildo Campos Caso*

JOSE VELIZARIO TUANAMA *Jose Velizario Tuanama*

BELTRAN TAPULLIMA TUANAMA *Beltran Tapullima Tuanama*

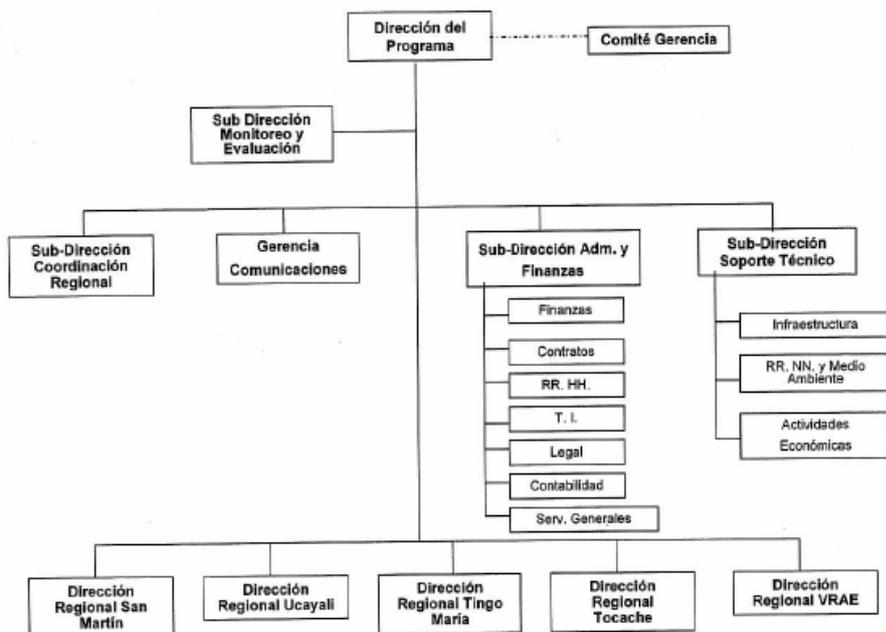
RISTER TAPULLIMA SALAS *Rister Tapullima Salas*

CARLOS INUMA SATALAYA *Carlos Inuma Satalaya*

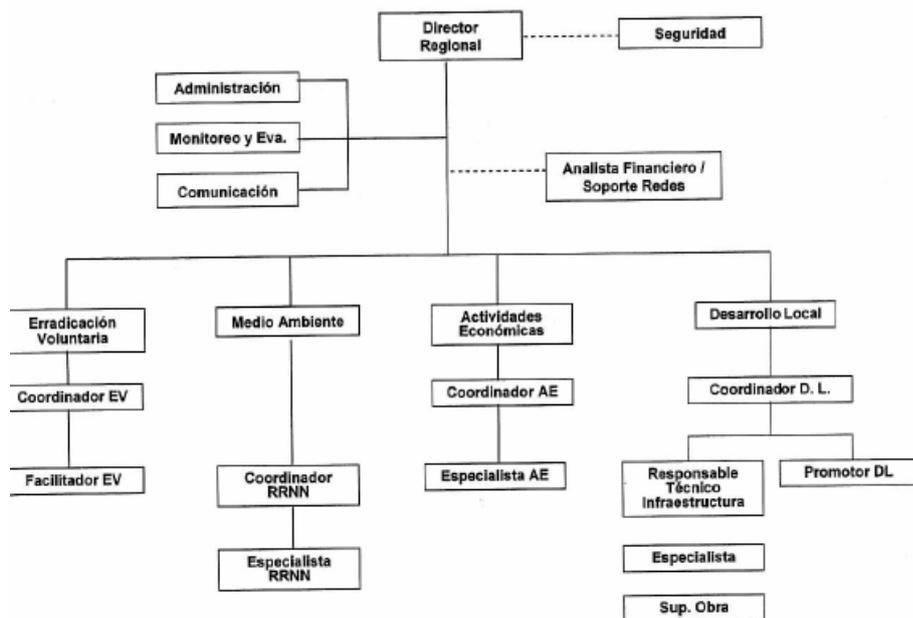
# Annex E. PDAP-II organizational charts

Before October 2005 (Lima and Regional offices) (Charts provided by PDAP-II.)

**Organigrama General del PDA** OLD  
Before Oct. 2005

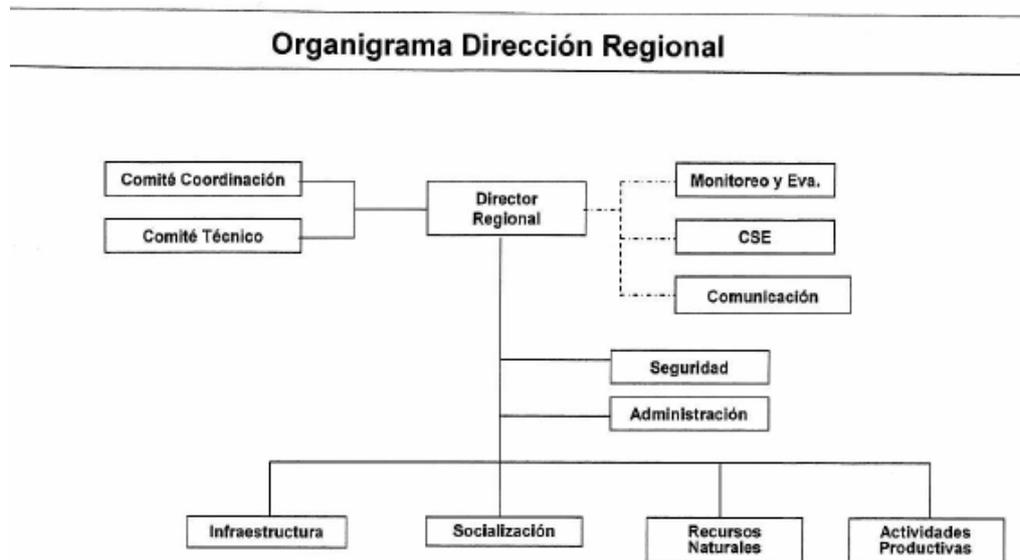
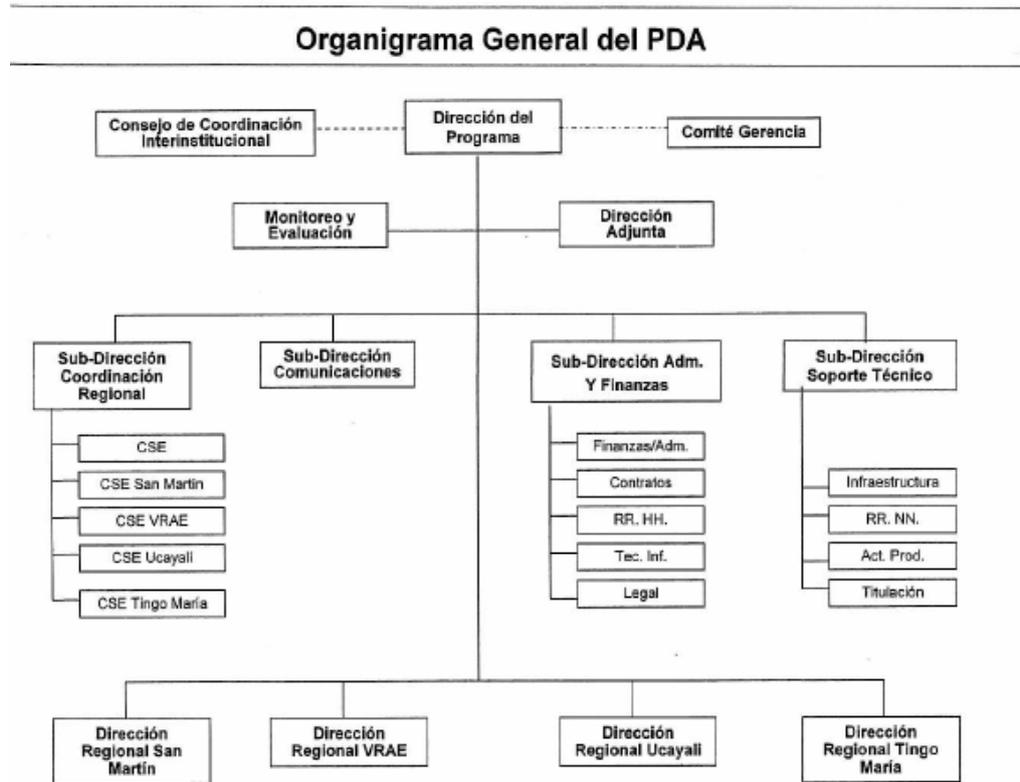


**Organigrama Dirección Regional** OLD  
Before Oct. 2005



**After reorganization in 2005 (Lima and Regional offices)**  
 (Charts provided by PDAP-II.)

October 2004



October 2004

# Annex F: Debriefing presentation and list of participants



**Evaluation of USAID/Peru's Alternative Development Program and Strategy**

Lima, November 22, 2006

**Evaluation Team**  
 Arvin Bunker, John Arroyo, David Bullock, Veronica Lotzler, Alberto Troilo and Christine Ross

Raise Plus del Norte IQC 1



**Specific Secondary Questions**

1. What are the strengths and weaknesses of the ADP communications program?
2. Have USAID counter-narcotics policy and institutional development interventions improved Peru's management of counter-narcotics issues to make coca reduction more sustainable?
3. To what degree are monitoring, analytical and research activities financed by ADP providing decision-making support to ADP and USAID?

Raise Plus del Norte IQC 4



**Overall Objective**

To assess the relevance and effectiveness of the USAID/Peru's Alternative Development program and strategy to sustainably reduce illicit coca crops in the context of the broader USG counter-narcotics strategy.

Raise Plus del Norte IQC 2



**Evaluation Methodology**

1. Review of program documents
2. Interviews with key program participants
3. Site visits
4. Data analysis and testing of hypothesis
5. Presenting findings and recommendations



Raise Plus del Norte IQC 3



**Specific Primary Questions**

1. Is the Voluntary Eradication Process effective in obtaining commitments to remain coca-free?
2. Can the current range of productive activities be expected to permit reasonable sustained income levels?
3. Is the ADP management structure appropriate to efficiently carry out the program?
4. Have other USAID activities substantially contributed to an environment conducive to the sustainability of coca reduction?

Raise Plus del Norte IQC 5



**Activities**

1. Documents Reviewed: More than 50
2. Persons Interviewed: Approximately 120 persons, many dozens more in groups, including USAID/US Embassy, Government of Peru, program implementers, private companies, community leaders, producers
3. Regions visited in person: Tarapoto (Juanjui, Lamas), Fucallpa/Aguaytia
4. Regions with consultations with area staff: Tingo Maria, VRAE (San Francisco)

Raise Plus del Norte IQC 6

**USAID PERU** WEIDMANN ASSOCIATES INC.

**Question 1: Is the Voluntary Eradication (VE) process effective in obtaining commitments to remain coca-free?**

- 2003-04 Communities signed agreements: 379  
•Coca-free as of October 2005: 341 (90%)
- 2005 Communities signed agreements: 217  
•Coca-free as of October 2005: 187 (86%)
- Total 2003-2005 communities signed agreements: 596  
•Coca-free as of October 2005: 528 (88%)
- 2006 Communities signed agreements: 101

Raise Plus del Acado IQC 7

**USAID PERU** WEIDMANN ASSOCIATES INC.

**Will communities remain coca-free?**

1. Every community confirmed they want to remain coca-free.
2. Every community expressed appreciation for support of program, nearly all responses were believed to be sincere.
  1. 2003-04 communities more positive than 2005 communities:
    - a. Improved incomes anticipated by next year
    - b. Greater level of benefits delivered
    - c. More infrastructure delivered, more time for support to show impact
3. Many communities still with high level of conflict among inhabitants

Raise Plus del Acado IQC 10

**USAID PERU** WEIDMANN ASSOCIATES INC.

**Number of Hectares and Signatories per Community Declining Each Period**

Period	No. of Communities	Hectares Eradicated	Hectares / Community	Signatories / Community
2003-04	379	7,810	21	85
2005	217	3,350	15	69
2006	74	855	9	54
All Periods	670	11,815	18	78

Increasing administrative costs per hectare eradicated.

Raise Plus del Acado IQC 8

**USAID PERU** WEIDMANN ASSOCIATES INC.

**Are coca-free communities sustainable?**

**Most are, IF!**

1. Deliveries of promised benefits are completed
2. Continuing community support is available from Peruvian sources to improve/maintain safety, health, education, communications, electricity, water, other services
3. Problems that arise for supported productive activities are resolved.
4. Resources are available to expand cash generating crops beyond one hectare

**Definition of Sustainability:** Negligible replanting of coca within a reasonable period (4-6 years) after USAID direct community support ends

Raise Plus del Acado IQC 11

**USAID PERU** WEIDMANN ASSOCIATES INC.

**Why did members of the communities sign the Convenio Marco?**

1. Security / safety
2. Improved future for our community (investments)
3. Better family environment (public or private services)
4. Program support to generate adequate income
5. The program offered us benefits of infrastructure and services
6. Someone persuaded us to participate (local leader, project representative)

Raise Plus del Acado IQC 9

**USAID PERU** WEIDMANN ASSOCIATES INC.

**Findings for Question 1: Sustainability of Voluntary Eradication**

**Overview:** The VE process has facilitated significantly the eradication of 13,200 hectares by 53,000 families through an interactive delivery mechanism generating multiple community-based support activities.

1. Community-level attitudes regarding the VE process are generally positive and express initial hopes for a more secure local community and a better future.
2. The infrastructure projects generated positive impacts starting from the important credibility it provided to the VE process plus much needed services.

Raise Plus del Acado IQC 12

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**Findings for Question 1: Sustainability of Voluntary Eradication (continued)**

3. A key tactical element of the VE process toward stimulating coca free sustainability is the introduction of reinforcing ties by adjacent APD communities with corresponding political leaders, thereby stimulating an ever-broadening local "ownership" process.
4. The requirement for coca-free (or almost coca-free) from the start communities strengthens forces in the community to remain coca-free.

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**For Example: Coffee**

- Program focus to date is on maintaining coffee traditional areas but far from its real capacity to increase yields and quality
- Effective and continuing technical assistance is required to assist to the 4,346 producers
- Emerging interest to cultivate organic coffee exists for better prices
- Among the different varieties the TYPICA is best because of its quality, high productivity and tolerance to adverse conditions of soil fertility, slope and drought
- Prices vary yearly and are based on New York commodity markets
- Integrated pest management is unknown in the areas visited

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**Question 2: Can the current range of productive activities be expected to permit reasonable sustained income levels to the families participating in the Program?**

In every region the team visited there were one or more crops that **can** generate sustained income levels to support non-coca communities?

**Every crop needs sustained long-term support to resolve issues that will arise in production, processing and marketing!**

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**For Example: Palm Oil**

- Program focus to date is on area expansion because of high demand in the zone for this crop
- 2,565 producers that need a good training to maintain and improve the production technology of this crop
- Current prices for palm oil are good and there are several buyers in the zone
- Integrated pest management is unknown in the areas visited
- Limited knowledge base in Peru to resolve emerging production and marketing problems
- Specialists suggest 5 or more hectares for adequate family income, investment for new plantings is high

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**For Example: Cacao**

- Program focus to date is on planting and early growth maintenance, little training on post harvest handling
- How to train 18,000+ producers on proper fermenting and drying? Community facilities need to be available beginning next year for some communities.
- Most marketing companies engaged are focusing on specialty cacao. Key need is for companies handling "commodity" level cacao. (Commodity cacao price is sufficient to keep out coca production.)
- Capacity to respond to disease, insect problems
- Genetic improvements
- Build low cost production for when market prices decline.

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**For Example: Cotton**

- 5,076 producers supported
- Training needed to maintain and improve the production technology
- Available processing plants focus production in areas of Central Huallaga and Ucayali
- Genetic improvement by Peruvian agricultural research institution; Shanao and Utquillo are recent varieties of rough and upland types
- Where cotton gins are nearby producers like cotton because of income generation in the first year
- Current prices are acceptable

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### Findings for Question 2: Adequate Income Levels

1. Every region visited by the team has one or more crops or animal products that are anticipated to generate sufficient income to support a coca-free community.
2. Potential income made possible from ADP's past and current investments is a necessary but not sufficient element for achieving sustained coca-free communities.
3. Continuing and significant investments are required for each crop to ensure adequate income levels to producers.
4. Adequate prices to producers requires infrastructure improvements to be maintained and additional infrastructure built.

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### High Frequency of Complaints from Communities About Technical Assistance

- Technical specialists come infrequently, or not at all
- They often train at the table, not in the field
- They assist one or two producers, the rest are not supported
- Some specialists are not well informed nor experienced

Raise Plus Del Norte IQC 16

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### Findings for Question 2: Adequate Income Levels (continued)

5. Most crops will require long-term public sector support until the commercial market provides a complete range of services.
6. Few producers are yet expanding beyond 1 hectare, which all must to achieve adequate incomes. The PDA has no plans to support this phase.
7. The quality and frequency of technical assistance for production is variable, and minimally supervised by the program.
8. Post harvest handling support is just beginning. Invest in a "value chain approach". Strengthen producer owned org.
9. Given the large number of producers growing new crops, the training component has a late beginning.

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### Farmer Field Schools

Market-led FFS training, the farmer produces for a specific market

<p><b>Actions</b></p> <ul style="list-style-type: none"> <li>• 25 producers meet bi-weekly for 6 months.</li> <li>• Training includes:             <ul style="list-style-type: none"> <li>- Technology transfer by trainer</li> <li>- in field practice</li> <li>- Peer group learning, analysis, recommendations</li> <li>- Group cohesion activities</li> </ul> </li> <li>• Producers decide topics to learn</li> </ul>	<p><b>Results:</b></p> <ul style="list-style-type: none"> <li>• "We learned how to work together"</li> <li>• "I now know talk to my neighbors"</li> <li>• Groups were inclusive</li> <li>• Most groups continue meeting after graduation</li> </ul>
<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• Long term vision for the farmer</li> <li>• Empowers the farmer to take ownership</li> <li>• Builds communities</li> </ul>	

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### Question 3: Is the management structure appropriate to efficiently carry out the program and achieve its objectives?

- Every regional director of PDA indicated they now had sufficient authority to make program decisions corresponding to their region.
- Field staff say decentralization make their work more effective

Raise Plus Del Norte IQC 19

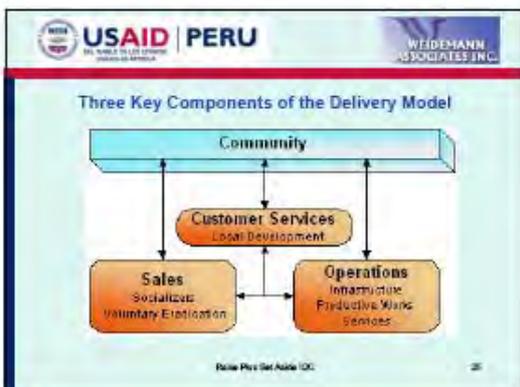
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### High Frequency of Complaints about Delays in Implementation of Promised Assistance

- Communities do not understand delays
- Field offices uniformly complain of delays from Lima for approval of projects. Promoters say all phases of project approval takes about 3 months.

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### New/Improved Roads Favor Investment in Licit Activities

- All weather access roads are critical for most licit crops
- Freight rates from Tarapoto to Lima declined to half of prior levels within a few weeks of opening the improved highway
- Lower freight rates translate to higher prices for producers

Raise Plus Del Avila IQC 26

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### Findings for Question 3: Adequate Management Structure

1. At the local level an effective approach for community development
2. Starts and stops of sales/operations creates uncertainty in communities served
3. The decentralization has the potential to respond better to community needs and complaints.
4. PDA has limited ability to verify the quality of technical assistance.

Raise Plus Del Avila IQC 28

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### Education Support Improves Community Cohesiveness

- Parents cite increase satisfaction with local schools
- Parents committee brings parents together to resolve education issues
- Most teachers support the program because of improved teaching materials

Raise Plus Del Avila IQC 29

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### Question 4: Have other USAID activities substantially contributed to creating an economic, social and institutional environment conducive to sustainability of coca reduction?

Raise Plus Del Avila IQC 31

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### Health Services Important to Community

- Few communities had received health support
- When present communities had favorable comments about health support
- Limited coordination with PDA
- Not a factor encouraging communities to sign Convenio Marco

Raise Plus Del Avila IQC 32

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### PRA Provides Support for Marketing Chains

- Most work in the sierra regions
- Assume private sector will provide farm-level collections
- Useful contributions in selected sectors and products
  - Cotton, cacao, hearts of palm
- Help companies focus on specialty rather than commodity markets
- Who will provide these needed services at project end?



Raise Plus Set Aside IQC 31

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### Question 5: What are strengths and weaknesses of the ADP communications program?

Two key messages by regional and local communications

1. Coca-free communities are safer, encourage long term investments and provide a better living environment.
2. Development is the responsibility of the community, not an outside institution. PDA can help you develop your community.

Raise Plus Set Aside IQC 34

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### Support for Local/Regional Municipal Governments

**DEVIDA**  
Encourages PDA to work through political leaders and register project activities in the public information system

- 48 PDA communities supported
  - 100 % installed SIAF (financial controls)
  - 92 % finished diagnostic and prioritizing
- Helps local governments take greater ownership of infrastructure projects
- Encourage local governments to be more participatory and transparent
- Concern that project donations are not registered in local accounts to help provide controls and accountability

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### Some Powerful Messages from the Field are Little Utilized in Communications

1. A PDA regional director, "When we enter a community that has been controlled by narco-traffickers for extended periods, we find the poorest people in Peru."
  - a. Narco-trafficking causes poverty, not poverty causing narco-trafficking
2. Safety/security is the primary reason families select coca-free communities, not matching incomes
3. Community cohesiveness is destroyed by narco-trafficking, it takes great effort to rebuild

Raise Plus Set Aside IQC 36

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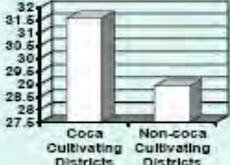
### Findings for Question 4: Have other USAID activities substantially contributed to coca reduction?

1. New/improved roads created new economic opportunities
2. Assistance for education motivates communities to sign the Convenio Marco
3. Parents school committee also builds community cohesiveness
4. Wide range of tools to support coca-free communities strengthens the positions of those families that favor security and long term investment in their community.

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### Coca Communities are Poorer Than Non-coca Communities



District Type	Seven factor poverty indicator
Coca Cultivating Districts	31.5
Non-coca Cultivating Districts	29.5

UNODC, Peru Coca Survey for 2004, page 45. 1 is richest, 50 is poorest.

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**Community Abejaico: Prior Coca Oriented Community**

Page 1

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**Findings for Question 5: Strengths and weaknesses of ADP communications**

1. DEVIDA requests all public communications on drug issues be coordinated through them
2. The communication approach at community level is steadily improved
3. Little information from field staff and ex-cocalleros is passed upward to support national communications efforts
4. Little technical and scientific information on production and marketing of crops and other products is gathered for use by others
5. The poverty created by a narco-trafficker controlled community is not captured for regional or national use
6. Common perception that AD is a failure when thousands of families find it works

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**Community Abejaico: Future Community Vision**

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**Question 6: Have USAID counter-narcotics policy and institutional development interventions improved Peru's management of counter-narcotics issues to make coca reduction more sustainable?**

Limited advances are noted:

1. DEVIDA signs the Convenio Marco with the community.
2. DEVIDA provides alternate source for program participants to express their complaints, though little resources are available to DEVIDA to resolve problems.
3. DEVIDA conducts annual opinion survey helping to measure public opinion.
4. Engagement with other Ministries is limited to coordination with the Ministry of Health, in the Ministry of Education and in support for administration of municipal governments.

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**Abejaico: Our commitments**

Commitments to the community:

1. We will continue to work with the community to improve their lives.
2. We will continue to work with the community to improve their lives.
3. We will continue to work with the community to improve their lives.
4. We will continue to work with the community to improve their lives.
5. We will continue to work with the community to improve their lives.
6. We will continue to work with the community to improve their lives.
7. We will continue to work with the community to improve their lives.
8. We will continue to work with the community to improve their lives.
9. We will continue to work with the community to improve their lives.
10. We will continue to work with the community to improve their lives.

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**Three Pillars for Long-term Illicit Coca Control**

Theory: interdiction, eradication, AD

In field observation: eradication, AD, interdiction

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**Question 7: To what degree are monitoring, analytical and research activities financed by ADP providing decision-making support to ADP and USAID?**

- Two extensive databases are maintained by DEVIDA and by PDA. Both have a wide variety of information on activities and results.
- Both databases are complex, difficult for non-experienced analyst to access and generate reliable analysis.
- Program administrative personnel say they that key program information is available for decision-making.

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**Conclusions and Recommendations (continued)**

11. The quality of technical assistance to producers is variable with little direction and oversight by PDA.

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**Conclusions and Recommendations**

1. Requirement for near total eradication to receive benefits strengthens community proponents for Iot products
2. Effective processes in place at the local/regional levels to encourage communities to enter the program and implement agreed to support
3. Security, peace, new investments motivate communities to become and remain coca-free, far more important factors than income from replacement crops
4. Income from replacement crops is a necessary but not sufficient condition to remain coca-free
5. Crops are available in each region that can provide acceptable levels of income for producers that leave coca production

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**A Major Challenge: Find a Way to Engage GOP at all Levels**

- To support PDA exit
- Continue to engage municipal and community political leaders
- Encourage local communities within PDA to promote investment friendly communities with wider regional governments
- Find communities for support; perhaps business communities



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**Conclusions and Recommendations (continued)**

6. Significant continuing support needed to consolidate gains in coca-free communities
7. Value chain development is needed for first-level post harvest processing and marketing; private sector will
8. Support from other USAID units in roads and education motivate communities to sign the Convenio Marco
9. The current approach focusing on rural community development after eradication is anticipated to be appropriate for post programmed eradication communities, with flexible
10. Erratic implementation by PDA created uncertainty and lowered trust by participating communities in the ability of PDA to deliver on their agreements

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**Keep Current Approach for Post Programmed Eradication, Adjust Activities Implemented by Community**

- The latest version of PDA approach, that is focus on community development, should be effective in post programmed eradication communities
- Activities implemented will need to address specific community needs
- Quick diagnostics of needs and early start for recovery support needed.
- Short term food, school fees, medical support may ease the transition

Raise Plus Del Aide IQC 48



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# Annex G: Conclusions and Lessons Learned

## Question 1: Is voluntary eradication effective and sustainable?

### Findings and Conclusions

1. The current approach of community focused development supports the ascendancy of a new set of leaders that want a more family and investment friendly community. The prior requirement for a coca-free, or almost coca-free, community is a key element of this approach.
2. For the communities visited by the team security (or safety) was always mentioned and usually the first reason given for why they signed the *Convenio Marco*. Security was far more important than income replacement of offered economic activities. Nevertheless, income replacement is still a necessary component of the program.
3. A high percentage of communities have remained coca-free, some for as long as three years. With a reasonable level of ongoing support a high proportion of communities that have eradicated coca will remain coca-free. Continuing the engagement of the local and regional governmental entities provides some of this needed support. Finding a way to engage the national level Peruvian governmental agencies will provide much needed additional support during and after the withdrawal of ADP.
4. Effectively managing the ADP withdrawal process will help to sustain current community leadership favoring production of licit products.
5. Every participating community visited said they wanted to remain coca-free. This despite a significant level of complaints about the support of PDA from a few community leaders. Community attitudes regarding the voluntary process are generally positive.
6. Of the 25 communities visited by the team most had lost a significant proportion of their population after the decision to become coca-free.
7. Every community and every family that was asked said their cash income had declined after eradication.

### Lessons Learned

1. Removal of corruption and violence so often associated with illicit activities is key to attracting long-term sustainable investments in local communities.
2. The engagement of local political leaders strengthened local “ownership” of the infrastructure projects.
3. The infrastructure projects generated positive impacts starting from the important credibility it provided to the VE process plus supporting development of much needed services.
4. Expenditures for infrastructure and economic activities declined as the program learned what were the critical factors motivating the communities to decide to become coca-free.
5. The current approach of allowing a community to select among several options for infrastructure and economic activities places more “ownership” on the community and strengthens long-term commitment to remain coca free. Of course it is absolutely necessary to provide the community with realistic estimates of costs and expected returns of the possible selections.
6. Register all donated infrastructure in SIAF. Encourage regional governments to budget for the donated infrastructure maintenance.

## Question 2: Can productive activities generate reasonable incomes?

## Findings and Conclusions

1. Every region has one or more crops or animal products that are anticipated to generate reasonable income to support a coca-free community. While income replacement was not the primary motivating factor for communities to sign the *Convenio Marco*, adequate income replacement is a necessary condition.
2. Continuing investments are required for each crop to ensure adequate income levels to producers. Few producers are yet expanding beyond 1 hectare, which all must to achieve adequate incomes. The ADP has no plans to support this phase. Most crops will require intermediate- to long-term public sector support until the commercial market provides a complete range of services;
3. The quality and frequency of technical assistance for production is variable with limited supervision by ADP. Technical assistance for economic activities reaches few women. Given the large number of producers growing new crops, a training component has a late beginning.
4. Harvesting of ADP supported cacao is beginning. Investment is needed in the post-harvest processing and first level gathering from producers. Where it is not absolutely clear that the private sector will provide immediately provide those services an investment in first-stage collection centers can fill that need.
5. Cacao marketing should focus on delivering good quality beans for the “commodity” level pricing, which will reach more producers and provide reasonable income to help communities remain coca-free.

## Lessons Learned

1. The ADP only directly provided a minor proportion of a producers’ income after eradication, yet the offer was reasonable for communities to sign the *Convenio Marco*.
2. Improvements in infrastructure, especially roads, improved investment opportunities and income for producers. Adequate prices to producers require that infrastructure improvements be maintained.
3. A much appreciated support was the parents’ committees to guide school activities. Rebuilding community cohesiveness and learning how to work together for community improvements was an important contribution. The Farmer Field School methodology as developed by the World Cocoa Foundation includes community building exercises. Unfortunately the team did not able to observe FFS implementation.
4. One cannot assume technical assistance will reach women unless their environment is incorporated into the delivery design.
5. Independent program engaged crop experts should assess the quality of the technical assistance offered to producers.
6. Coordination with other donors can leverage funding and results.

## Question 3: Is ADP management structure appropriate?

### Findings and Conclusions

1. At the local level an effective approach for community development has evolved and is in place.
2. The approach of focusing on community development should also serve for working in post eradication areas, always maintaining flexibility to respond to the specific needs and decisions of the communities served. Decentralization and reorganization

that took place in October 2005 is working better at managing and implementing PDA activities.

3. PDA has limited ability to verify the quality of technical assistance or to resolve arising issues for the primary crops supported by the project. This is a worrisome situation with such large numbers of producers depending on the ADP assistance for success.
4. Local development group plays an important role at managing communities' expectations.

### **Lessons Learned**

1. The starts and stops of voluntary eradication (sales) and delivery on the commitments to local communities (operations) have created uncertainty in the communities served and also among PADP-II staff.
2. The decentralization has the potential to respond better to community needs and feedback.
3. Decentralizing authority to local/regional units make the negotiations more inclusive of community interests and often bring investment and support from local resources.

### **Question 4: What is the contribution of other USAID activities?**

#### **Findings and Conclusions**

1. All weather access roads are critical for most licit crops.
2. Lower freight rates translate to higher prices for producers.
3. Lack of transparency when channeling infrastructure projects through the municipal governments does not appear to be a serious problem in ADP, but it was noticed and mentioned by the communities served.
4. Education and health services were welcomed services by the communities. Of these only education was mentioned as one of the motivations for signing the Convenio Marco.
5. The value chain support provided by the PRA project was helpful in a few instances, but the large task of proper post harvest handling and gathering for cacao and coffee is far from complete.
6. Support by PRODES was highly appreciated by a few of the political leaders. PRODES has provided services to 48 municipal governments. Data was not available to determine how many communities participating in ADP are benefited through PRODES activities.
7. To date environmental activities did not motivate communities to sign the Convenio Marco nor were they high on their priorities for new investments in their communities. Improved community water supplies or protection of water quality were mentioned as a need by several communities.

### **Lessons Learned**

1. Improved education was mentioned as a motivating factor in signing the Convenio Marco.
2. Health services were not mentioned as a motivating factor so sign the Convenio Marco.
5. Improved roads are essential for many communities to access markets for licit crops.

### **Question 5: Strengths and weaknesses of ADP communications?**

#### **Findings and Conclusions**

1. Some of the key local opinions about the impact of ADP community development efforts are very different from public opinions about the ADP program. There is a public perception that AD is not effective when thousands of families find it works for their community.
2. The mid-term assessment helped to focus local communications on the key messages that directly support ADP objectives of generating as many hectares eradicated as possible and the effective delivery of services and products defined in the *Convenios Marco*. This change is improving local communications.
3. Insufficient information from field staff and ex-cocaleros is passed upward to support national communications efforts. Some of the widely accepted knowledge about the benefits and costs of coca-dominated communities does not rise to the attention of those guiding national communications. Testimonies the team listened to about the changes and successes of the coca-free communities were not seen in the national level communications.
4. CEDRO provides important support for presenting to the public information about the ADP program. Their diverse mix of sources of information for the public helps offset contrary messages by pro-coca forces.
5. The communications staff working in field locations feels overwhelmed with the task of creating messages to support ADP project objectives and at the same time responding to issues relating to the coca sector arising from local media and institutions.

### **Lessons Learned**

1. The focus of local communications on two key messages facilitated ADP operations. The two key messages are:
2. Coca-free communities are safer, encourage long-term investments and provide a better living environment.
3. Economic development is primarily the responsibility of the community, not an outside institution. The ADP can help you develop your community.
4. Support for education and health in the local communities must be coordinated with national level institutions to be sure the need ongoing support is available. (See finding 4 in the section for question 6.)
5. Education support motivated program participation. The parents' committee was praised in every community where education support was included.

### **Question 6: Have USAID interventions improved GOP effectiveness?**

#### **Findings and Conclusions**

1. Efforts to strengthen DEVIDA and to have it assume a greater role in the fight against illegal drugs has been disappointing. It appears that the political will of the prior national government to deal with the issues was limited.
2. The change in national government has opened the opportunity to establish more effective leadership for DEVIDA and to more clearly define how they can achieve their mission. Early statements by the incoming DEVIDA leadership are positive but the ultimate outcome is unknown. DEVIDA leadership is requesting large funding increases to support improved and expanded interventions in the anti-illegal drug sector.
3. Registering public works projects in the Peru public accounting system is a needed step and needs continued support. With the recent elections and pending changes in governments for many areas, the training may need to be repeated for some locations.

4. Coordination of health and education services offered to local communities is essential to be sure resources are made available as needed for continued operations. The coordination appears to be occurring.

### **Lessons Learned**

1. The widening inclusion of local governmental leaders is a positive step and helps to build local ownership of the infrastructure and other projects.
2. Local political leaders will contribute from their resources to the infrastructure projects when they have available resources and know how to contribute.
3. Transparent project and funds administration is essential to maintain the trust of the community members in ADP project activities.

### **Question 7: Does monitoring, analysis, research support decision-making?**

#### **Findings and Conclusions**

1. DEVIDA's monitoring and impact surveys play an important role in managing and evaluating the changes in behavior at the community level.
2. The two principal data sets can make available a wide range of reports on program operations, though experience is needed to understand what the variables represent and to generate reliable reports.
3. Little data sharing occurs between the several implementers of the ADP.

### **Lessons Learned**

1. Projects with the large number of activities like the ADP will have relatively complex monitoring systems, requiring trained personnel to provide ongoing support and to provide reports for decision-makers.