

**Annual Work Plan USAID/DEVIDA 2003
By: Francisco Ampuero**

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Peru Alternative Development Project**

**Contractor: Chemonics International Inc.
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I. Introduction

Peru is one of the world's largest producers of coca. It is cultivated in poor rural areas, distant from urban centers, where institutions are particularly weak. Within this framework, the presence of the State stands in contrast to the influence of narcotics traffickers, who in some cases act in collusion with remnants of terrorist groups.

Based on a strategy in effect from 1995 to 2001, the governments of Peru and the United States have worked on programs to combat the illegal use, production and trafficking of drugs. A reduction of up to 70% in coca production has been achieved, that is, the eradication of 115,000 hectares of illicit cultivation. Both an increase in interdiction efforts, including the establishment of flight monitoring and supervision systems (via radar and airplanes) and a strong campaign against subversive elements allied with the narcotics trade were important contributors to a significant drop in the price of coca that, in turn, led farmers to reduce their coca crops. Coca prices remained low from 1995 to 1998 and then began to increase. The current total area in coca production is estimated to be between 34,000 and 40,000 hectares (with 12,000 hectares pertaining to legal crops).

Most small coca producers are aware of the risks associated with their involvement with an illegal crop. However, many opt to cultivate coca to ensure an adequate level of income to meet basic family food needs. Many small farmers contend that one-half hectare of coca provides enough income to make a living, whereas two hectares of legal cultivation are insufficient. In a context of intense eradication and interdiction activities planned by the Government of Peru in its anti-narcotics strategy, the goal of this program is to find economic options that also hold the prospect of long-term sustainability, which will allow farmers to live in peace in a legal economy. Change is needed in farmers' attitudes and behavior, from planting illicit crops to embracing future possibilities that will allow them to earn a living legally over the short and long term.

Based on experiences in Peru over the last seven years and on cumulative experience in other countries, the challenge is to eradicate the remaining hectares of illicit crops, which are spatially located in geographical areas that are hard to reach by road, and in some cases, have a low productive potential for legal, marketable, agricultural alternatives.

This task will require close coordination between eradication and the Alternative Development Program (ADP). This coordination represents a fundamental change from previous alternative development programs and is a critical element of the strategy for this program.

In September 2002, USAID (United States Agency for International Development) / Peru signed a new Strategic Objective Grant Agreement (SOAG) with the government of Peru for a period of five years. It represents a continuation of the mutual agreement between the governments to decrease illicit production of coca and support the affected communities so that they may base their livelihood on legal economic activity.

The SOAG – oriented toward the “sustained reduction of coca crops for illicit purposes, by means of alternative development in selected areas” – is a general, independent instrument, according to which specific activities will be identified that are consistent with established selection criterion. As indicated in the SOAG, the most important measure for the success of the ADP is progress achieved in reducing the net production level of coca in Peru (“hectares of illicit coca eradicated”). In this regard, although the reduction rate in the coca-producing areas has shown a strong contraction in the last two years, Peru now has the opportunity again to advance in a significant way toward eliminating illegal production of coca in the next five years.

The government of Peru has announced a new National Anti-drug Strategy, which coincides with the strategy of the US government, especially given the common emphasis on achieving integrated development in areas where coca is produced. Specifically, the strategy of DEVIDA (National Commission for Development and Life without Drugs) and USAID, as the institutions representing

the wishes of both governments, seeks to establish conditions whereby farmers will abandon coca cultivation by means of (1) the creation of market opportunities linked to agriculture, reforestation, and forestry, agribusiness fishing, tourism, etc., and (2) the provision of improved educational services, health, sanitation and safety. Andean Trade Promotion and Drug Eradication Act (ATPDEA), recently approved by the US government, provides additional support to achieving this strategy.

In this context, USAID's Alternative Development Program (ADP) promotes US foreign relations while serving the national objectives of the Peruvian Government. In fact, the focus and most of the resources available to USAID/Peru for ADP activities are scheduled for application in areas of the country characterized by the highest concentration of coca (Alto Huallaga, Huallaga Central, Apurímac river valley and Aguaytía). Around 85% of total illicit coca production in Peru is found in the valleys of the Huallaga and Apurímac rivers. Approximately 300,000 people – among the poorest in the country – inhabit these same areas.

In the specified target areas, DEVIDA will seek a commitment from the communities to move voluntarily to eliminate illegal coca production in favor of alternative development. Specifically, through the formal signing of voluntary-eradication agreements based on the pilot experience in the province of Padre Abad, the objective is to define priority activities for an investment plan that will improve/provide basic social services in the communities and will mean the creation of temporary, alternative income for families committed to this process of voluntary-eradication. Likewise, activities will be developed to create sustainable economic opportunities over the medium term. Interventions may also be identified that include broader areas than just coca-producing communities and adjacent population centers, as well as in economic or environmental corridors that will provide employment opportunities based on market potential.

In Section II, below, the general strategy for the Alternative Development Program is presented. The roles of the principal institutions involved in the program are described in Section III. In Section IV, the proposal for specific activities to be carried out in 2003 is presented, which includes a description of the monitoring and evaluation system, expected results, lines of action that will guide the intervention and a proposal to carry out an operations research program. This 2003 Operational Plan concludes with an illustrative budget for proposed activities and the organizational structure proposed for Chemonics (Section V). Finally, an illustrative work plan for continuation of the Aguaytía pilot program is presented in the Annex A. In Annex B, the strategy and actions necessary for the transition of on-going CARE activities is described. The general timetable for implementing planned activities in 2003 is presented in Annex C.

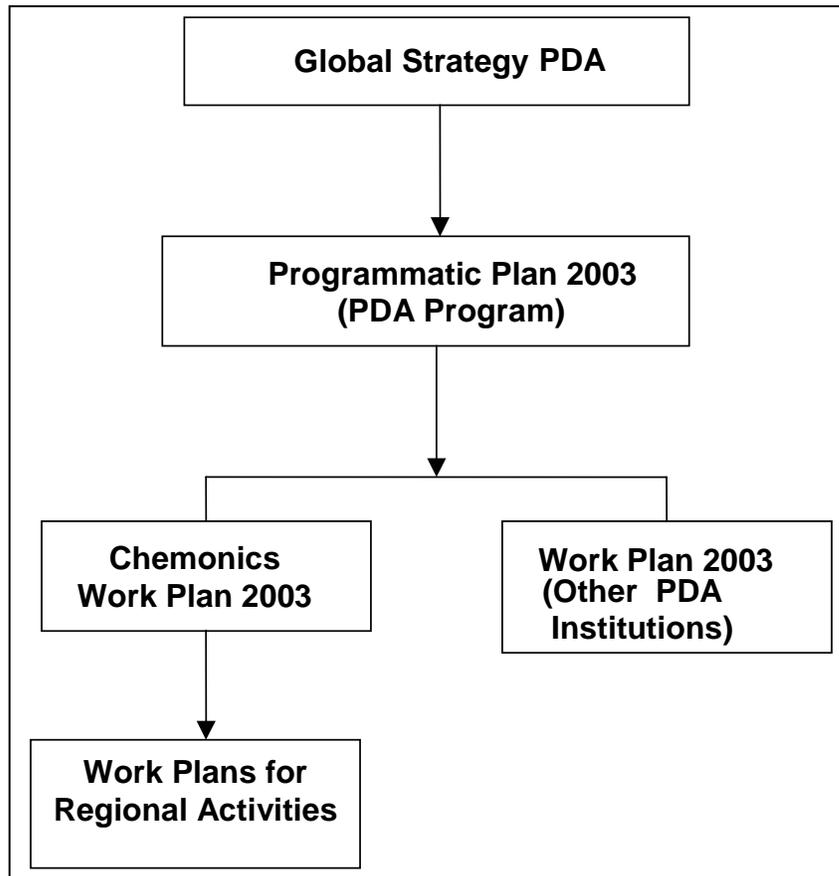
II. General Strategy

This work plan envisages the performance of specific activities within a context that, in turn, makes up part of a global vision shared by the governments of Peru and the United States, institutionally represented by DEVIDA and USAID, with regard to the Alternative Development Program (ADP).

A brief description of the relationships among the various levels is presented in this section.

A. Overall Vision

The overall vision of the ADP is based on the Special Objective Grant Agreement (SOAG) and the National Strategy for the Fight against Drugs. These documents recognize the link between alternative development and eradication as two mutually reinforcing goals. With a long-term perspective, the incorporation of populations already involved in the coca economy into the national development process will be possible to the extent where, within a context of intense action in interdiction and eradication efforts, progress is made in achieving specific results through the sustained elimination of illicit coca production. It is not only of interest to contribute, strategically, to overcoming poverty in a legal way, but also to ensure a higher level of economic and social well-being to the target population by helping them abandon illicit forms of subsistence through new economic opportunities and strengthening their community and institutional structures. This is consistent with the lesson learned from previous experience regarding the need for effective coordination among interdiction, eradication and alternative development efforts.



The implementation period for the overall vision is five years. As a critical element of the vision, DEVIDA has indicated the importance of developing a better articulation of the linkages between the National Strategy for the Fight against Drugs and improving institutional and bi-national coordination. Likewise, emphasis will be placed on increasing and leveraging the financial resources dedicated to the ADP and using them efficiently. Finally, the overall vision recognizes the importance of optimizing the management of the policy and improving the legal framework related to the National Strategy. This critical element of the overall vision is not part of this Operational Plan as it is being addressed by a separate project.

The following graphic shows the two principal stages of the program that flow from the overall vision. Activities related to eradication and development (Stage I) will be carried out at the beginning of the implementation period. Then, Stage II activities (sustaining the elimination of coca) will be implemented although not necessarily in a sequential manner once Stage I activities are completed. Rather, the Stage II activities may occur in parallel with activities from Stage I, if the information necessary for starting with longer-term interventions is available. The philosophy is “to act in the short-term with a long-term vision.”

Sustained Elimination of Illegal Coca		
Stage I: Eradication & AD		Stage II: Sustain the elimination of coca (Sustainable activities in consolidation areas)
Scheduled eradication	Self-eradication (Voluntary)	
<p>Areas without economic potential for legal crops:</p> <ul style="list-style-type: none"> • No development activities. • Possibly humanitarian aid activities. 	<p>Community does not accept agreement</p>	<p>Agreement for self-eradication</p>
	<p><u>Short-term Activities</u></p> <ul style="list-style-type: none"> • Humanitarian aid. • Communication. • Social services. • Employment / temporary income. 	
	<p>Medium- to long-term intervention</p> <ul style="list-style-type: none"> • Change in behavior, due to communication. • Stabilize the communities. <ul style="list-style-type: none"> ○ Improvement in social services and public works. ○ Decentralization and improvement of institutional performance. • Generation of income through the development of demand-based economic opportunities. • National / regional economic link – start ‘mega-projects’. <ul style="list-style-type: none"> ○ Peripheral highway (Federico Basadre). ○ Promote investment in high-profit businesses. 	

B. ADP Program Plan for 2003

Based on the long-term, overall vision and in representing their respective governments, DEVIDA and USAID will prepare an annual program plan that takes into account the progress achieved by the activities carried out up to that date. This annual plan will cover all components of the ADP and will provide a general guide for the specific activities that each executing organization anticipates including in its respective annual operational plan. The annual plan will also include the priority geographical areas. The first year under the new SOAG is 2003, but the experiences and achievements of the ADP over the last seven years provide important elements for defining the actions to be developed in this program.

C. Chemonics 2003 Operational Plan

The activities of this Operational Plan refer to the year 2003, but the focus of the work is intended to ensure systematic action oriented toward obtaining the results during the full five-year period of the overall vision. This means that the processes proposed in this plan, refined on the basis of implementation experience, may be incorporated at any time during the life of the program (up to the year 2007).

Basic Considerations

The aspects detailed below describe the **basic considerations** for this Operational Plan:

- **Areas of Intervention:** Initially, program activities will be implemented Aguaytía, Alto Huallaga, VRAE and Huallaga Central. During the year, in coordination with DEVIDA and USAID, the possibility of including other intervention areas will be evaluated. Within these areas, the specific districts for planned activities remain to be defined although preliminary recommendations have been made based on information available from these areas.
- **Subject Areas and Program Stages:** The activities of the Operational Plan have been organized in accordance with three thematic lines of action (communications, institutional and community strengthening, and economic activities). Chronologically, it defines two stages of implementation (not necessarily sequential). In Section IV, a detailed description of these lines of action and the stages is presented. Once this operational plan is approved, preparation of specific plans for the selected areas of intervention will be prepared in the field. Consistent with the participatory approach to be followed throughout the program, representatives from DEVIDA, executing organizations and communities will participate in this exercise.
- **Transition from CARE / Pilot Plan for Aguaytía:** The 2003 Operational Plan includes undertaking a set of activities that respond specifically to efforts initiated by CARE and which will be transferred to Chemonics at the beginning of the year. Chemonics has worked with CARE to identify the activities that will continue over the upcoming year – this time under the supervision of Chemonics. In addition, experience from the Aguaytía Pilot Plan provides the basis for the voluntary eradication activities that will be implemented. This experience, with an illustrative time table for activities in Aguaytia is presented in Annex A.
- **Roles and Responsibilities of USAID / DEVIDA / Chemonics:** The implementation of the Operational Plan requires close coordination among USAID, DEVIDA and Chemonics. The basic guide will be the overall vision reflecting the governmental and institutional commitments of both the SOAG and the National Strategy for the Fight against Drugs. That vision will be the source of the basic guidelines of the 2003 Annual Plan of the Alternative Development Program (ADP). USAID and DEVIDA are co-leaders in designing the goals and planning for the implementation of the intervention by Chemonics. Chemonics will be tasked with three functions: the direct performance of certain activities, the role of contractor for other activities and a coordination function with other organizations implementing ADP-related activities. Whenever Chemonics assumes the role of contractor, agreements/contracts will be signed with entities such as PEAH, AMRESAM, AMUVRAE, PRISMA and CEDRO, in addition to other entities that may be identified. We present a more detailed description of the roles in Sec. III of the document.

Basic Assumptions

This Operational Plan and the proposed activities are based on the following basic assumptions:

- **Eradication is coming:** The Government of Peru's policy envisages the elimination of illicit coca production. This policy forms part of the message to producers and is a key point for convincing them to participate in voluntary-eradication. However, the message is only forceful if producers see that the government is effectively eradicating illicit production. Therefore, it is imperative that the Government of Peru execute its eradication plan.
- **Adequate Levels of Safety:** The narcotics traffickers and their network of associates in the target areas, including in some cases still-active remnants of the Sendero Luminoso (Shining Path), have the effective ability to threaten farmers who show interest in voluntary- eradication. There have been cases where armed persons have shown up in the communities to prevent eradication. As such, producers need a government commitment to provide security during the entire process (before, during and after) voluntary-eradication.
- **Community Participation:** To participate in voluntary-eradication, it is necessary to obtain the acceptance and commitment of the entire community. Therefore, the process for reaching such an agreement in the community is a decisive step toward ensuring that all members understand the aspects of the program. Placing the responsibility in the hands of the community is one way to strengthen it, in the sense that its members discuss, debate and make decisions about a decision that will commit them in the future. In this manner, it is hoped that they will recognize the need to work together in order to improve the economic condition of their community ("social governance").
- **Eradication is definitive:** An indispensable requirement for participating in the program's investment plan/temporary employment is that coca be voluntarily-eradicated in the community and not replanted. During the implementation of the investment/temporary employment activities of the plan, constant monitoring will be performed to ensure that the communities meet this collective and individually-signed commitment.
- **Chemicals does not intervene in areas with zero economic potential.** No voluntary-eradication is foreseen for areas without any possibility for long-term, market-driven economic opportunities. However, messages will be included in the communication plan to stimulate the interest of individuals in areas where opportunities for economic development do exist.

III. Roles of the parties involved

The three parties involved in the implementation of this Operational Plan are the Government of Peru, the Government of the United States, and Chemonics International Inc.

The Peruvian government is represented by the National Commission for Development and Life without Drugs (DEVIDA); the United States Agency for International Development (USAID) represents the US Government and is responsible through cooperative agreements with local organizations, agreements with government bodies, contracts and other mechanisms for managing the implementation of activities defined in the SOAG.

Within this context, under DEVIDA and USAID guidelines, Chemonics will work with both institutions in the design and implementation of the planned activities, including the selection of target areas and organizations to assist with implementation of specific actions.

Consistent with the SOAG, focus of the ADP is on activities linking eradication and alternative development in specific locations, based on agreements with the communities. This reinforces the importance of effective and consistent coordination between the efforts of the ADP and action taken by other agents from the government of Peru, with the support of American agencies (NAS, in particular).

In that sense, and for the purpose of optimizing the inter-institutional coordination and decision-making necessary for efficiently implementing the National Strategy for the Fight against Drugs within the context of SOAG, an agreement was reached to set up an ADP Steering Committee representatives of DEVIDA, United States Embassy in Peru - mainly represented by the Narcotics Affairs Section (NAS) and the Agency for International Development (USAID) – and Chemonics. The Steering Committee will meet on a regular basis to ensure that the necessary coordination is taking place.

A. Role of DEVIDA

DEVIDA is the institution that has been entrusted with planning strategic guidelines, coordinating, promoting, monitoring and evaluating the programs and activities of the National Strategy for the Fight against Drugs. In that sense, it plays the following specific role with regard to this program:

- To coordinate with the institutions and public bodies directly or indirectly linked with the implementation of the National Strategy for the Fight Against Drugs, prepared by the government of Peru, and specifically, with the development of the Multi-annual, Alternative Development Program (i.e. President of the Council of Ministers, Interior Ministry, among others). Of particular interest is coordination with CORAH – Control and Reduction of Coca in Alto Huallaga – which is responsible for developing and executing self-eradication and scheduled eradication programs (this includes design, logistical support, supervision, payment to eradicators and monitoring) and with CADA – Assistance Group for Alternative Development – which is in charge of coordinating and collaborating on the agricultural survey and the eradication of illicit coca crops. Both of these groups are dependencies of the Interior Ministry.
- To define and promote the political agenda in public discussion (i.e. Coca Law; Land Titling), to guide proposals and the execution of approaches that lead to the strengthening of the institutional and policy framework (according to Peruvian legislation), in support of the National Strategy for the Fight against Drugs.

- To coordinate with and facilitate the contribution of the various public sector entities and donor sources, in support of the National Strategy for the Fight against Drugs.
- To co-direct the design and planning of strategic goals for the implementation of the ADP program, jointly with USAID and other donors.
- To monitor progress of the program.
- To sign self-eradication agreements with the communities.
- To inform the Legislative Branch (Congress of the Republic), the Executive Branch and national public opinion.

B. Role of USAID

USAID has the functional responsibility for administrating, supervising and reporting on progress and achievements on economic assistance programs financed with resources from the United States Government. For this specific program, USAID will:

- Administer financing for implementing the program.
- Coordinate with government agencies from the US, reporting on the progress in the program to the Executive Branch (Administration), the US Legislative Branch (Congress) and American civil society.
- To co-direct the design and planning of strategic goals for the implementation of the program.
- To monitor the program's progress.
- To verify the consistency of the program's working hypotheses.

C. Role of Chemonics

In supporting the government of Peru in successfully implementing its program of activities linked to the eradication of illegal coca production and the promotion of alternative development, Chemonics will assume three distinct yet complementary roles: direct implementation of certain activities, contracting with implementing entities (primarily local operators), and coordinating with other organizations to ensure that ADP objectives are being met.

As Implementor:

- To translate DEVIDA and USAID directives into specific action plans with regard to expectations and strategic goals, according to the different areas of intervention.
- To implement activities related to the communication strategy and social marketing; institutional strengthening at the community and local level; and economic activities (corresponding to the CARE transition, short-term initiatives and long-term sustainable economic opportunities) .
- To provide non-financial services (technical assistance, training) to the various parties involved (at the community, district or regional level) with voluntary-eradication, the development of the investment plan and/or in taking advantage of sustainable economic opportunities.
- To establish, in coordination with USAID and DEVIDA, a monitoring and evaluation program made up of a system that performs follow-up on progress toward the program's goals, and the identification and timely evaluation of results, problems, restrictions and the impact of the program.
- To provide relevant, timely and reliable information to DEVIDA and USAID for decision-making purposes and recommending improvements to the program.
- To generate, collect and analyze information in accordance with program monitoring and evaluation requirements. This includes coordination with other ADP-related programs to facilitate reporting responsibilities and identifying any change in circumstances which may merit a review or change in specific activities or the general focus of the program.

As a Contractor:

- To identify, select and contract operators to assist with implementing the two of the three lines of action of the program (communication, institutional and community development, including investment in social and economic infrastructure as well as small, productive projects).
- To monitor the work of the operators (e.g., local organizations, Special Projects of INADE or the municipal associations in the target areas) in providing the services and activities agreed to with the communities. In cases where such institutions do not exist, an operator will be identified hired. In both cases, Chemonics will make the daily management decisions for the purpose of ensuring the best use of resources.
- To provide direct assistance to the subcontracting organizations, if necessary, so as to ensure the institutional ability to execute the agreed activities.
- To assume responsibility for the acquisition, administration and control of goods and services provided to the program by the Special Projects of INADE; AMRESAM; AMUVRAE; PRISMA; CEDRO.
- To monitor progress on the subcontracted tasks.

As management coordinator of ADP (“information antenna”):

- To assume responsibility for coordinating in the field with the various executors of ADP-specific activities (e.g., the Cordillera Azul program of the Chicago Field Museum, among others) as well as other USAID programs (Decentralization Project, Health, Education, Economic Infrastructure, Environment) that, while not ADP-specific, do have an impact in the target areas. In addition, coordination will be undertaken with other donor projects (i.e. GTZ, European Union) active in the target areas. In this specific case of coordination, Chemonics will not be responsible for the results to be achieved by others. Rather, specific attention will be given to the information requirements related to monitoring ADP performance. This will include defining what information is required, its frequency and kind of report, etc, in such a manner that a corresponding reference may be incorporated into the contracts USAID signs with these organizations. In addition, undertaking the coordination task will allow Chemonics to communicate the management decisions made by DEVIDA and USAID to the various interlocutors and institutions involved in the ADP.
- With respect to the methods of inter-institutional coordination, it is essential that the participating have a shared understanding of the program’s vision, planned activities and activities underway, as well as of the impact of activities, results and the opportunities and problems being encountered (directly and indirectly). Agile and effective coordination is important to any program and is even more important in the ADP, given the political, social and economic interests of the country and the international community. For this reason, we suggest the following coordination methods:
 - Continuous “*Hotline*” among management of USAID, DEVIDA and Chemonics, for the purpose of discussing and resolving any problem that presents itself during the execution of the ADP.
 - *Weekly briefings (oral)* on Chemonics activities to the senior ADP staff of DEVIDA and USAID.
 - *Monthly meetings of the Steering Committee*, to ensure the coordination of activities, confirming timetables and programs of activities and the resolving any problems that may be presented.
 - *Monthly work meetings of technical groups* linked to the action lines of the program (communications, institutional and community strengthening, and taking advantage of sustainable economic opportunities) to review activities, lessons learned, new activities, etc.
 - *Quarterly meetings with program directors* (i.e. USAID, DEVIDA, directors of the projects financed with USAID funds in support of the SOAG) to coordinate activities in support of alternative development and to ensure the effective coordination of the program and the exchange of information on activities, results and lessons learned.
 - *Coordination Meetings every six months* with the other donors implementing alternative development programs in the ADP target areas, to share information on activities, results, lessons learned, and areas of collaboration and joint interest.

In addition to the formal meetings mentioned above, additional meetings will be held whenever necessary to ensure effective, efficient and consistent coordination.

IV. Program Implementation

A. Background

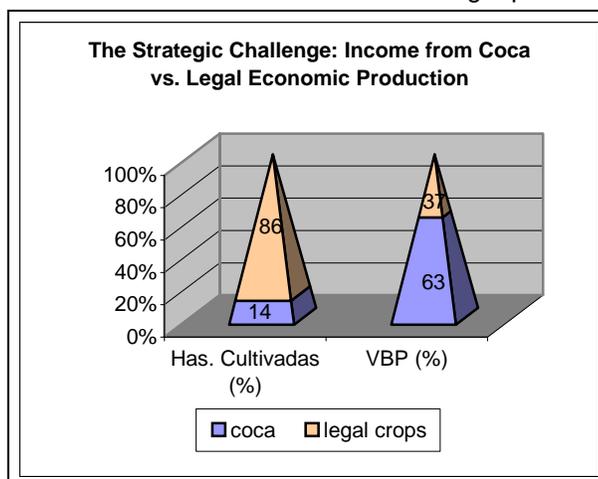
In the target areas of the program, prior experience exists with small productive activities (initiated by CARE) and voluntary eradication (Aguaytía Pilot Plan – DEVIDA).

The basic objective of the work performed by CARE in 2001 and 2002 was to increase family income originating from legal economic activities. CARE focused its implementation efforts on increasing productivity and creating legal economic activities based on market potential – through technical assistance, training and institutional strengthening – and in access to financial services such as the FILDA Funds and the CARE-EDYFICAR-PRISMA Trust fund. Chemonics will continue these activities, which are described in detail in Annex B to this document.

In addition, in August, 2002, DEVIDA began activities for voluntary eradication in the Aguaytía area in cooperation with CORAH. Chemonics began supporting that effort in October¹. Chemonics will continue the work in the Aguaytía communities with specific actions included in this operation plan².

B. Scope of Intervention

According to the information available for 2001 for the ADP areas, 14% of the total hectares cultivated were dedicated to coca production, which created 63% of the total Gross Production Value (GPV) of these areas; however, 86% of the hectares were dedicated to legal production but only generated 37% of the GPV. Comparatively, the GPV per hectare of coca is over ten times the GPV of any other legal product³. It is necessary to reestablish the law and communicate, specifically, to all coca producers and the public in general, the small benefits and higher costs related to this illegal production option. At this time, the risk perception is much lower than desirable.



In view of this situation, differentiated modes are planned that progressively consider criteria related to the amount of coca produced and economic potential of each target area. In this vein, the following is proposed for 2003 in areas with illegal coca crops:

ACCORDING TO ECONOMIC POTENTIAL: Independent of the amount of coca grown, the target areas have production characteristics (climate, soil) and/or road connections with the market that serve as important indicators of economic potential. The focus of the program will be in areas (whether with significant or more limited coca production) that have economic potential; in areas where there is no economic potential, the communication component will be the only intervention carried out since it is not reasonable to expect coca growers in those areas to participate in the program. In these latter areas, mandatory eradication operations will be coordinated with CORAH thus demonstrating to others in the target areas that eradication will occur (the “End of the World”

¹ The results presented in Annex B use October 30 of this year as a time reference, the date on which Chemonics began activities in Aguaytía.

² The description of the intervention in Aguaytía is detailed in Annex A to this document.

³ In 2001, the GPV/ha. of coca was 3,673 USD and the GPV/ha. of legal crops was 347 USD.

effect). In these cases of coca producing regions with no economic potential, the eradication will be complemented by a basic assistance plan to provide a minimum level of subsistence for a determined transition period. Whether in the case of high volume coca producing areas or areas that produce more limited amounts of coca, the greater the economic potential of the areas, the higher the probability of gaining a community commitment for voluntary eradication and sustainable development.

ACCORDING TO THE ATTITUDE TOWARD ALTERNATIVE DEVELOPMENT: In areas that have economic potential, whether high volume coca producing regions and those that produce more limited amounts of coca, it is useful to assess the population's attitude, favorable or unfavorable, toward any type of sustainable development proposal. Indirectly, it is a measure of determining whether necessary tasks will be undertaken despite potential problems, such as with security ("they have to learn to work without security").

The security level and the political atmosphere will be considered in making the final selection of the districts chosen for 2003. Areas with excessive terrorist presence, intense drug trafficking activity and/or local authorities opposed to alternative development will not be selected. For example, in the Llochegua, Pangoa and Río Tambo districts located in the Río Apurímac valley and Ene, Sendero Luminoso factions are present; similarly, the security conditions are also inadequate in the 6 districts of Leoncio Prado Province and in the Nuevo Progreso district of Tocache province.

Based on currently available information, and after considering the hectares in coca production, the economic potential and the socio-political context, the following initial target areas are proposed for the program:

- Padre Abad Province (drawing on experience with the Aguaytía Pilot Plan, currently in progress)
- Alto Huallaga Valley
- Río Apurímac and Ene Valley (VRAE)
- Huallaga Central Valley (high areas)

Over the course of 2003, activities in these areas will be carried out in parallel, but will have different methods that address their specific characteristics, including the degree of exposure to ADP, the socio-political context, the population's perception of coca production, previously implemented productive projects, and the programmed eradication schedule among others. In areas where ADP activities have already been initiated, the voluntary eradication process will continue, but with a focus on target areas that have not yet been contacted and beginning with the phase of preparation for initial contact with the community; likewise, Chemonics will continue implementing the small productive projects initiated by CARE and, in particular, will begin sustainable economic activities in those areas that have economic potential.

This Operational Plan recognizes that each target area has specific aspects that merit tailored implementation plans. For this reason, as a next step and in coordination with DEVIDA and USAID, detailed action plans will be established for each target area.

C. Intervention Stages

As already noted, there are two principal stages of the program: Toward Sustainability and Sustainable Development. Each of these stages consists of a series of phases and, within the phases, specific steps that will be followed. These phases and steps draw on experiences and lessons learned from previous ADP activities, including some that are still being implemented and that will be continued in 2003. In these later cases where implementation was not based on the sequence of phases and steps being adopted for the program, transition plans will be developed to bring them in line with the standardized approach that will be followed.

The local operators with which we will work are institutions with vast experience and knowledge of the target areas. Each will participate in the step(s) best adapted to their experience and expertise. Thus, for example, for the initial contact step, we plan to work with promoters from municipal associations like AMUVRAE or AMRESAM or NGOs such as CEDRO or PRISMA. For the negotiation step, there could be specialized negotiators such as the members of APENAC.

C.1. Stage I: Toward Sustainability

This first stage, "Toward Sustainability," is closely related to the tasks of voluntary eradication, that is all actions required for the target population to decide to eradicate their illegal coca crops on a voluntary basis.

Within this initial stage there are the following two phases:

Phase 1:	Voluntary Eradication
Phase 2:	Investment Plan and Temporary Employment Creation

(a) Phase 1: Voluntary Eradication

The voluntary eradication phase includes four action steps that lead up to and end with the respective community carrying out voluntary eradication. These steps are:

- Step 1: Preparation for Initial Contact with the Target Population**
- Step 2: Initial contact with the Objective Population specifically**
- Step 3: Negotiation**
- Step 4: Voluntary Eradication**

The following describes the actions associated with each step:

Step 1: Preparation for Initial Contact with the Target Population (at the district and regional level)

- ❖ Meeting with civil society representatives and district authorities
 - Identification of appropriate representatives
 - Presentation of program rationale and cooperation agreement
- ❖ Identification of district expectations
 - District planning workshop
 - Determination of the Potential Demand for investments at the district level
- ❖ Selection of communities in the district
 - Definition of selection criteria
 - Determination of intervention sequence in the communities
- ❖ Dissemination of Message
 - Implementation of the Communication Plan
 - Formation of Local Opinion Leaders Network

In effect, this first action step begins with the preparation – with the participation of the previously identified and contacted representatives who are committed to the Program (municipal authorities, personalities) – of a social and institutional diagnostic of the district in question in order to obtain an overview of the social, economic and political situation. A desired result of the diagnostic is, in addition to the involvement of those who support the ADP and public opinion leaders in the target

area, to identify and define in a timely manner the expectations at the district-level (payment of daily wages, infrastructure projects, financial and non-financial services, current and potential economic activities) relative to the possibilities and available resources of the Program.

Through this step, the selection of communities from the district (according to criteria concerning the amount of coca, attitude toward an alternative development proposal, etc.) will respond to the need to determine and coordinate with other institutions involved (specifically CORAH) on the timing for voluntary eradication or, if appropriate, for programmed eradication.

Once the intervention sequence of the program is defined and coordinated, the dissemination of key program messages will begin (through the implementation of a communication plan and formation of a local opinion leaders network).

Step 2: Initial Contact with the Objective Population (at the community level)

- ❖ Entry into the community
 - Community Meeting: Presentation of information about the program
 - Community Meeting: Clarifications regarding the program
 - Community Meeting: Decision on participation in the program
- ❖ Signature of a Framework Agreement with the community
- ❖ Possible: Community decides not to participate
- ❖ Identification of Community Expectations
 - Conduct Community Planning Workshop and Prioritize Investments
 - Determination of Potential Demand for Investments
- ❖ Farmer Survey
 - Determination of amount of coca grown in the community according to the DEVIDA parcel classification table
- ❖ Determination of what the program can offer

The initial contact with the farmers will be made in a community meeting in order to present information about the program. When applicable, and to facilitate discussion (in a context where the activities of the communications plan continue to be carried out on the district and local level), a follow up meeting will be held to provide the opportunity to clarify any doubts about the program. If necessary, a third community meeting would be held at which a decision would be made as to whether to participate in the program. Following a decision to participate in the program, a Framework Agreement will be signed which sets out the general understanding regarding participation in the program. If the community decides not to participate in the program its association with Stage I of the program ends.

After the Framework Agreement is signed, community expectations will be identified by conducting a community planning workshop. This will make it possible to estimate the costs involved with the potential investment demand. Simultaneously, the farmer survey will be conducted. Then, with this information and the knowledge of the desired investment expectations on the district level, it will be possible to determine the investment priorities to be presented in the next step (negotiation).

Step 3: Negotiation (at the village level)

- ❖ Presentation of program support activities: Daily Wages and Food for Voluntary Eradication, Temporary Employment, District and Community Investments, and Sustainable Development opportunities

- ❖ Close of the Negotiation Process
 - Formation of a Coordination Committee
 - Signature of the Individual Agreement
- ❖ Possible: Beginning of programmed eradication in communities that reject voluntary eradication

In the negotiation phase, the strategy is to present details to the community on the specific elements of the program: daily wages and food for voluntary eradication, district and community investments that include the potential for temporary employment opportunities in the community, small productive projects and sustainable development economic opportunities. The end of the negotiation process, in the event the community agrees to eradicate voluntarily, is followed by the formation of a Coordination Committee and the formal signature of individual commitments not to replant coca in the community, with the understanding that program activities will be suspended/cancelled should replanting occur. In the event members of the village do not agree to eradicate voluntarily, as in the previous case, programmed eradication will be coordinated with CORAH.

Step 4: Voluntary Eradication (at the community level)

- ❖ Community Carries out the Eradication Process
 - Payment for the Voluntary Eradication Process
 - Issuance of Individual Eradication and Eligibility Certificates
- ❖ Possible: Beginning of Programmed Eradication in Communities with Partial Voluntary Eradication

Communities that agree to eradicate voluntarily begin the process according to a schedule agreed to with CORAH. At the end of the process, the corresponding payment of daily wages will be made and Individual Eradication and Eligibility Certificates will be issued. In the event voluntary eradication is only partially carried out, direct conflict with the community will be avoided and, as in the previous cases of non-participation, initiation of programmed eradication will be coordinated with CORAH.

(b) Phase 2: Investment Plan and Temporary Job Creation (at the community level)

After the voluntary eradication phase is complete, investment resources will be directed toward the (planned) actions agreed to with the community. These will include:

- Social Infrastructure Projects (at the community level): construction, renovation or equipping primary or preschools, health centers or posts; construction or renovation of community buildings; construction or expansion of drinking water supply systems, sewer systems, latrines or environmental health projects as well as small paths that connect the community with its neighbors.
- Economic Infrastructure Projects (at the community level): construction, improvement, expansion or renovation of small irrigation systems (ground channels, stone or concrete linings, works of art); storage reservoirs, (support stays, masonry, cyclopean concrete, reinforced concrete); small dams (earth, cyclopean concrete, reinforced concrete); restoration of land (support walls, terraces); construction or improvement of artesian wells; collection and marketing centers; small rural electrification projects (installation or expansion of secondary networks).

- Small Productive Projects (at the community level): These are small-scale economic activities (for example, small animal breeding, kitchen gardens and community hatcheries) that aim to improve the family consumption levels. The small productive projects initiated by CARE will be continued and new projects will be selected and implemented. Through a Community Development Fund (with a specific amount of directly assigned resources), the community will decide how to handle the investment costs and operating expenses necessary to implement small production projects.

In that the investment plan is an income substitute over the short-term for farmers who eradicate their coca crops, the timely coordination of the tasks associated with carrying out the planned actions in the time and in accordance with the characteristics agreed to with the community is of prime importance to the Program's credibility. Also, the labor required for the infrastructure work will, to the extent possible, be recruited from the community so that this investment is also a source of income (in addition to the fact of having the services provided for the completed projects).

At the end of this phase, special emphasis will be placed on strengthening the development administration skills of the municipalities and the regional governments as well as civil society institutions committed to local development so that there is a strong social fiber that contributes to sustainable development. In this sense, it is basic to strengthen the promotion role of the local and regional governments in the development process.

C.2. Stage II: Sustainable Development

The second stage of the program, "Sustainable Development," focuses on the medium and long-term since communities free of illegal coca crops ensure that the population has a solid base for secure social and economic development.

With this understanding, two phases have been designed for this stage:

Phase 1: Economic Infrastructure Network Investment Plan (at the district and regional level)

Phase 2: Sustainable Economic Opportunities

(a) Phase 1: Economic Infrastructure Network Investment Plan (at the district and regional level)

Unlike Phase 2 of Stage I, completion of voluntary eradication phase is not a condition for beginning investments in economic infrastructure that has the potential to impact across the district or region. Projects will include the rehabilitation and maintenance of rural roads, construction of bridges, small rural electrification projects that impact on economic activities, and small irrigation systems not covered in community-level projects.

Priorities for this investment plan, in part, will be identified during the negotiation process with communities; however, since the projects impact at a level above the communities, the investments may be largely independent of the activities agreed to at the community level.

(b) Phase 2: Sustainable Economic Opportunities (at the district and regional level)

In this phase, economic opportunities that are sustainable over the long term will be developed based first on identifying existing market demands for products that can be produced in the target areas, and then the private sector's desire to invest. That is, the ability to supply the market will be

adjusted in the target areas toward an orientation focused on satisfying an effective market demand.

Consistent with identifying sustainable economic opportunities in the target areas, is the requirement to know that an effective market demand exists, both for current production as well as for the technical productive and social ability of a specific geographic area to supply an identified demand. In the latter case, it not only involves verifying whether it is technically possible to take on the production of a specific commodity, but in particular, confirming whether the economic agents of the area are prepared to shift production in order to grow other products (with market demand).

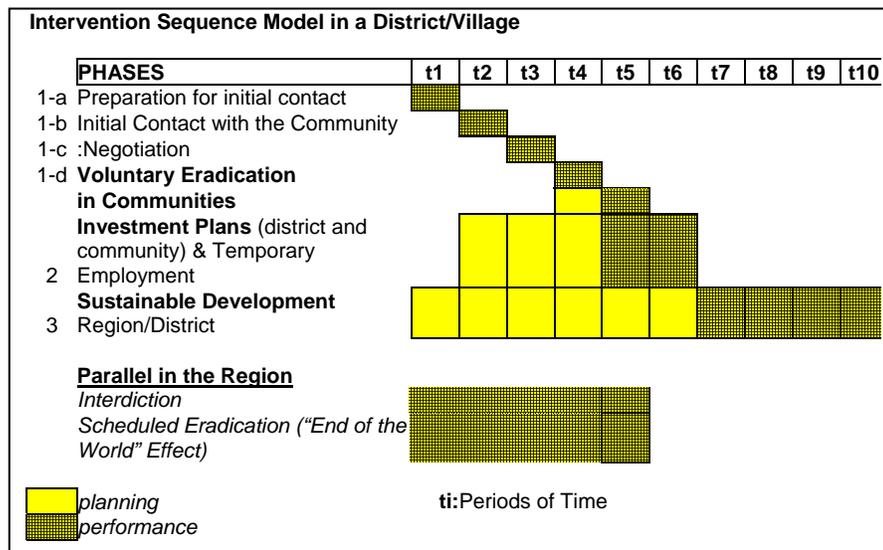
In order to facilitate this willingness to take on the challenges posed by the market economy, tools such as a Technical Assistance Fund will be provided for farmers and/or private investors. All applicants for resources from this Fund will present proposals to the manager of the Fund who, under the direction of Chemonics, will perform a preliminary review in accordance with standards and procedures to be established by Chemonics in conjunction with USAID and DEVIDA.

In summary, the strategy of the program is to reduce the areas that grow coca for illegal uses through voluntary eradication (i.e., obtaining a voluntary and binding commitment from communities to eliminate coca production and opt for legal alternative economic activities. When a community declines to participate in the voluntary eradication program, steps will be taken to coordinate with CORAH to implement programmed eradication.

As shown in the following graphic, successful implementation of the strategy depends on close coordination over time between eradication and sustainable development activities in the target areas.

Programmed eradication not only has a direct impact on reducing the area dedicated to

coca crops, but also creates – over the short term – an indirect effect in favor of voluntary eradication. By being a dissuasive factor in the individual decision of farmers to choose to produce coca – over the medium term – it strengthens the Program’s credibility and effectiveness (“End of the World” Effect). For its part, the interdiction of chemical supplies and other goods used to transform raw coca into cocaine has a positive impact on the perception of the risk and is inversely proportional to coca supply, which increases the probability of the farmers agreeing to join the voluntary eradication process.



D. Intervention Mechanisms

CARE based its intervention on an extended chain of many participants with defined roles and coverage areas: CARE (as the Program leader), parties in charge of specific areas, facilitators, technical assistance companies, technical coordinator, extension parties, promoters, leading farmers and participating farmers. This “cascading” chain sought to facilitate the technical

assistance and training “from farmer to farmer.” In practice, however, there were difficulties in effectively reaching the last link in the chain.

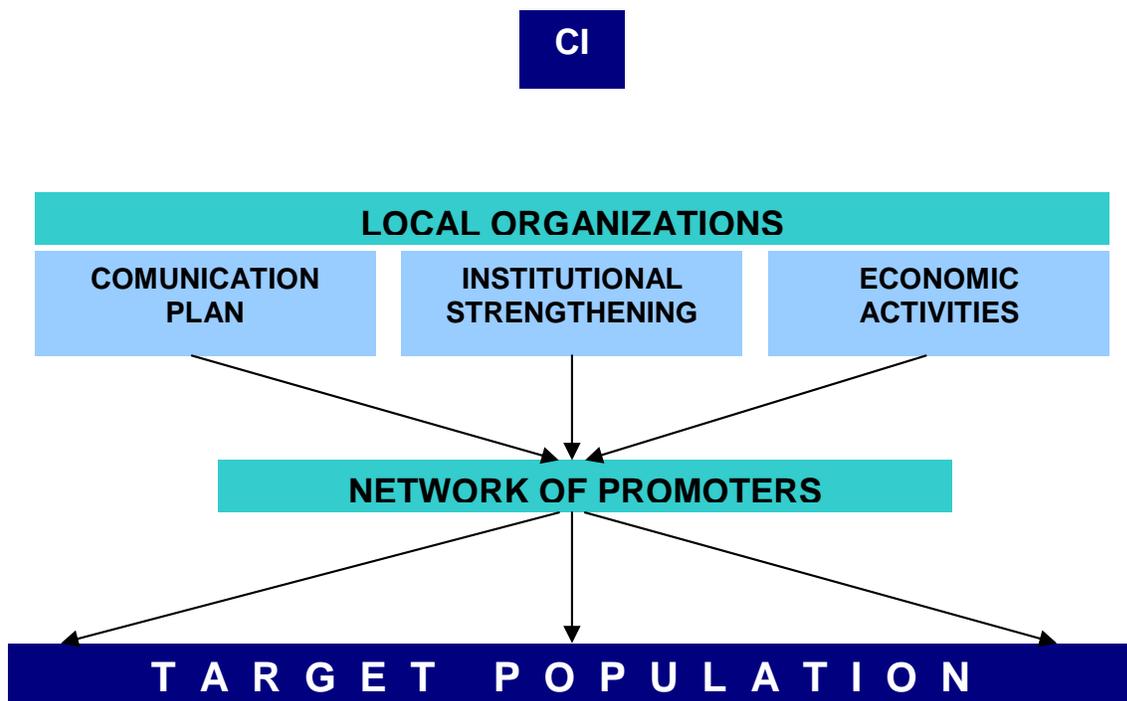
Based on the lessons learned from CARE, the intervention mechanism proposed here will seek to:

- Reduce the extended chain by applying intervention methods that are differentiated by each of the lines of action defined in each of the intervention steps described in Items C.1 and C.2.
- Flexibly adapt the intervention methods to the characteristics of each area, taking into account the farmers’ skill level, their degree of organization, their perception and commitment to alternative development; the existing degree of institutionalization, the socio-political environment and agro-ecological diversity among others.
- Strengthen skills of and relationships with local organizations.
- Train producer organizations and participating families by differentiating between them by their level of exposure to prior assistance in order to ensure that the training is the most appropriate for their needs.

Chemonics will use local operators to carry out the planned activities. According to the line of action, type of activity and resources available in the target area, the operator may be an individual consultant or and institution (NGO, company, producer association, etc.). In some cases, a single operator may perform activities in each line of action of the program.

For activities that involve direct contact with the target population, Promoter Network will be formed that, when applicable, will assume the operator roles in carrying out specific tasks.

The following graphic shows the proposed intervention mechanism:



E. Lines of Action

Three lines of action are proposed: communication, institutional and community strengthening, and economic activities.

E.1. Communications Plan

The Communication Strategy is an essential and vital element for the program since there are powerful and active adversaries such as drug traffickers, who in addition to their enormous financing capacity, have the capacity to act against possible threats to their interests.

Based on the communication strategy designed by DEVIDA, Chemonics will implement and carry out the communications plan according to the roles established in the agreement between USAID and DEVIDA and also act as an information antenna relative to the other implementing entities of the ADP.

It is essential to have a communication strategy that would allow for a standardized method to manage and coordinate the key messages of the ADP both nationwide and within target communities.

Chemonics believes it is imperative to have a communications plan that will make it possible, on one hand, to introduce individual messages from the participants involved in alternative development in both the target areas and nationwide; and, on the other hand, to convey the specific benefits of alternative development versus the risks of illegal coca cultivation.

The backbone of this plan is to counter the adverse communications environment created by the distrust in the success and performance of the ADP. This distrust can be created by misleading or inaccurate information received by the target population, the perception of minimal risk in cultivating coca illegally and local opinion trends against alternative development.

The communication plan also seeks to create awareness of the direct risks of coca cultivation, the impact of the drug trafficking industry on the environment, the increase in violence, alcoholism, prostitution and health problems, among others. Furthermore, it is necessary to raise awareness among the population, as well as local and regional authorities, with regard to the importance and the impact of the coca problem in their communities, so that agreements can be reached for its solution.

It is also necessary to point out that the new political scene that develops following the regional and municipal elections of November 2002 represents both an opportunity and a risk for the program. It is an opportunity to establish alliances with the new municipal and regional authorities, but is also a risk, due to the social movement that could emerge as a result of expectations with regard to the anticipated benefits of decentralization and those that are contemplated by law. In this regard, the communications plan will look to capitalize on opportunities and reduce risks to the greatest possible extent in this political setting.

A final aspect to consider is that the current communications plan was designed based on the information available in the target areas. Given that specific research on dynamics, spaces and communication methods in these areas do not yet exist, an important element of this plan is an ad-hoc study to monitor and evaluate the impact of the plan and, as necessary, revise it based on findings from the study.

Description

The plan consists of the design and implementation of communication activities for each of the stages and phases proposed for the program, as described in the previous section. Implementation of the plan will assist with the objectives proposed in DEVIDA national communication strategy, as well as incorporate USAID's concept of linking voluntary eradication with alternative development and voluntary eradication.

The plan will operate at different levels and with different target audiences. Messages will be created based on each individual group, using audience-appropriate means. Furthermore, the plan will be versatile in all respects, given the complexity of the target environments and the overall volatile situation associated with alternative development.

Finally, the plan involves monitoring activities and impact measurement that make it possible to design and adapt activities based on experience gained. To this effect, ad-hoc studies on dynamics, spaces and communication methods of the various groups involved in the program are planned, in addition to the creation of a communication baseline from which to assess impact.

Communication Model (BCC)

This communication plan is based on the model for Behavior Change Communication, that is, it seeks to influence the decisions and behavior of the individuals involved in the coca industry and to change the perception of public opinion with regard to the eradication of coca cultivation and alternative development.

In this regard, social marketing tools will be used to determine the product to be offered (to encourage the target group to adopt new behavior), the price (the costs that the target audience will assume in order to adopt the desired behavior), the location (the means to be utilized for "delivering" the product), and marketing (the methods and specific mechanisms for positioning the product).

Communication Objectives

- To generate favorable local and national opinion trends for alternative development and the eradication of illegal crops.
- To provide clear, precise and timely information on the voluntary eradication plan and the benefits, activities and results of the alternative development program, while at the same time providing informative support for the successful performance of both the plan and the program.
- To deliver the message: "The basic conditions required for alternative development are: the complete eradication, full community participation and the decision to not return to coca cultivation".
- To form alliances with various local figures (authorities, public officials, community leaders and directors, etc.) that will strengthen the implementation and completion of the voluntary-eradication and alternative development program.
- To form and consolidate networks of communication advocates that will provide access to and dissemination of the program messages at a local and community level.

Levels of Communication

The communications plan includes four levels of intervention:

- A ***national level*** that seeks to create awareness about the Alternative Development Program and the importance of national policies on the fight against drugs.

- A **local or community level**, of a strategic nature, that aims at generating favorable opinion trends for alternative development and for eradication programs.
- A **level of networks of public opinion developers**, of a strategic nature, that seeks to socialize appropriate and relevant information regarding ADP events and outcomes, and to create dialogue and debate regarding ADP in order to make these issues an ongoing theme on the local and national public agenda.
- A **level of networks of communication promoters**, also of a strategic nature, that will facilitate initial contact and the implementation of subsequent program phases, as well as the dissemination of messages regarding the alternative development program and the voluntary eradication process.

In addition to these levels, the communications plan includes an external communication to allow for the country's alternative development experience to be positioned in international fora. Specifically, it aims at creating dialogue between journalists and public opinion leaders in the region and in the United States who are interested in the topic of alternative development and eradication of coca cultivation.

Segmentation of Audiences and Expected Changes in Behavior

The communications plan will intervene, under the behavior change model, to create new attitudes in the following groups:

- Urban Population
- Rural Population
- Community Leaders
- Communicators and Opinion Leaders
- Elected Authorities and State Officials
- Businessmen and Investors
- Implementing and International Cooperation Organizations
- Teachers and Students

The behavioral changes expected in the various groups and individuals center on an understanding of and appreciation for the imminence of illicit coca eradication (“End of the World” Effect)⁴ and the feasibility of improving living standards by participating in alternative development (“Future without Risk” Effect), emphasizing the specific benefits of alternative development (immediate focus on the economic effect created by eradication, sustainable economic improvements, reduced risk and perception of safety), and in the costs involved for farmers (reduced income, definitive abandonment of coca cultivation, among others).

Messages and Means

The communications plan defines unique messages for each of the target audiences and the appropriate means for their dissemination.

The two most important effects to be produced (“End of the World” and “Future without Risk”) guide message content and means of dissemination. They will be related to each of the phases and steps of the project cycle.

⁴ The “End of the World Effect” consists of reaching the farm workers with the message of an imminent eradication in a given place and time.

For areas with no economic potential, the development and dissemination of information campaigns will focus on messages regarding the benefits accruing in other areas as a result of the ADP activities and the possibility of relocating to those areas to search of a better future.

The communications plan will include the production of graphic, sound and audiovisual spots, with a special emphasis on sound, as radio is the primary means of mass communication in the target areas. The preparation and distribution of an electronic newsletter is also planned in order to maintain a constant flow of information among all operators and associated institutions participating in the program.

The use of public spaces as a means of disseminating the message of the program is also planned. This will allow for increased interaction and community participation, creating greater identification with the message.

Activities by Stage

Program Information Dissemination Campaigns

Information dissemination campaigns will be implemented for each of the stages both locally and nationwide.

The campaigns will provide information on the development of the voluntary eradication program and present the specific benefits for the communities that have participated in the program (success stories).

Production of Media Programs

The creation of multimedia modules (radio spots, information booklets and other graphic material and videos) is planned for the dissemination campaigns.

Additionally, the communications plan proposes the creation of permanent media programs to provide continuity for the information on the voluntary-eradication and alternative development program. For that reason, a daily radio program and a monthly newsletter are planned for each target area.

Education and Training of a Network of Communication Promoters

The implementation of the communications plan at the community level requires individuals who specialize in working with people at a community level and who are recognized and supported by the community.

Therefore, the plan includes the identification, selection and training of promoters to perform communication activities (dissemination and information workshops), as well as institutional strengthening (community planning workshops) in each target area.

Fairs and Activities in Public Spaces

Events to create direct interaction and increase participation in the target population are planned. These include parades, information fairs, concerts and murals, among others.

Creation and Implementation of Networks of Public Opinion Creators

The communication plan will also create of a network of journalists, communicators and public opinion leaders to support the voluntary eradication and alternative development programs in order to increase the dissemination of the achievements of these programs.

ACTIVITIES	STAGES					
	I. TOWARDS SUSTAINABILITY				II. SUSTAINABLE DEVELOPMENT	
	Preparation	Initial Contact	Negotiation	Voluntary Eradication	Investment Plan and Temporary Employment	Sustainable Economic Opportunities
Program Dissemination Campaigns	→					
Creation of Media and programs	→	→	→	→	→	→
Education and Training of network of Communication Promoters	→					
Fairs and Activities in Public Spaces	→					
Creation & Implementation of Networks of Public Opinion Creators	→	→	→	→	→	→

Monitoring and Impact Measurement (Studies and Research)

The communications plan will be adjusted based on the results of the monitoring and impact measurement of its performance. An ad-hoc study on communication dynamics, spaces and methods will develop a system of process and impact indicators to measure impact based on anticipated behavioral changes in the target audiences.

E.2. Institutional and Community Strengthening

Over the past ten years, Peru has experienced an ongoing disintegration and breakdown of democratic institutions. This weakness has served as a breeding ground for the proliferation of corruption, terrorism and drug trafficking. This social phenomenon has been particularly evident in the ADP target areas and has had dramatic impact in terms of costs for the development of the country and in human lives.

On January 1, 2003, Peru begins a decentralization process that will shape a new political and social environment for the country. For decentralization to succeed, solid institutions will be needed.

In this regard, the ADP requires strong institutions to offset the effects of messages against voluntary eradication and alternative development and at the same help to secure the social and political sustainability for the program.

Program activities will support the development of organizational, participation, negotiation and coordination abilities in the various institutions at the local, district and possibly regional levels. They will also develop the capacity of institutions to address issues related to alternative development and voluntary eradication. At the same time, the activities will contribute to strengthening the institutional image of DEVIDA as the leader of national strategy in the war against drugs.

Description

With regards to institutional strengthening, training activities will create opportunities for open debate and discussion on alternative development and voluntary-eradication and promote community participation in discussing local and regional issues linked to development and democracy.

Program activities will also promote the creation of plans for participatory development and combined identification of investment priorities for the district and the community. Along these lines, Chemonics will replicate successful experiences with participatory development initiatives in the target areas.

Additionally, institutional strengthening activities will work with grassroots organizations, particularly those working with women and youth, to empower them as participants in the development of their communities.

The activities directed at institutional strengthening will be organized in conjunction with other USAID efforts and those of other local groups involved in local development and the decentralization process.

Objectives

- To build alliances with local and institutional leaders required for the success of the ADP, based on the credibility of the participants and the confidence in mutual benefits to be achieved.
- To assist in strengthening the ability of local governments to respond to the needs of their citizens. The objective of the ADP is to become part of the development plan of the recently elected local government and in doing so, contributing to institutional strengthening.
- To understand and strengthen the social, institutional and political structure of the target areas, in order to design consistent strategies for entering the communities and facilitate the development of the later phases of the project cycle.
- To participate in the strengthening of grassroots organizations in the communities and in doing so, strengthen community and municipal institutions.
- To focus on grassroots organizations in the least developed sectors, improving their management capacity and the quality of life of the associated members.

Intervention Levels

Regional: Activities will be coordinated with other institutions and with the recently elected officials in each of the target areas.

Municipal: The focus will be on the district and provincial municipalities where the institutions addressing local development are key allies because they have a defined geographic responsibility, are autonomous, are able to intervene at a political, administrative and social level, and they are the primary advocates for integrated development plans.

Community: The community is the key participant in ensuring the fulfillment of the objectives of the program. The strategy depends on active community participation in the (common) decision to proceed with the eradication of (individual) illegal crops and the application of social and economic investment plans. During negotiation, the participation and commitment of the entire community will be achieved through social pressures applied in the participatory process. In order for communal decisions to have the necessary weight, it is important to strengthen local institutions and organizations to enhance their image and ability to ensure community participation.

Strategies

The relationship with the community will be based on a mutual understanding of the necessities and desires of the community, as well as on what can realistically be implemented in response to those necessities. The program will support a participatory process starting with the identification and prioritization of community needs, with the following actions planned:

- Studies or research on problem areas, possibilities and capabilities.
- Identifying local figures and establishment of relationships.
- Initiating contact with elected regional, provincial and district authorities.
- Providing training for local promoters in techniques for implementing activities aimed at institutional strengthening at the district and community levels.
- Planning community-based sustainable development projects with the participation of community organizations, especially those working with women and youth.

Activities by Stage

Activities will correspond to the phases of the planned intervention. They include:

- Contacting and hiring specialists to systematize the work performed and the research and mapping to be conducted.
- Holding a workshop to identify participants and contacts, organizations and support networks.
- Carrying out activities with local authorities in order to identify potential local development projects.
- Organizing workshops with the participation of community organization representatives for the identification of productive community projects, institutional strengthening of community-based grassroots organizations (management, communications, production, craftsmanship, etc.) and management for business and trade organizations in the community.

E.3. Economic Activities

Investment Plan and Temporary Work

The investment plan is a short to medium-term alternative to substitute for the income generated by coca crops. It seeks to replace income earned from the sale of coca, which farmers use as “petty cash” to help finance their daily activities.

The strategy involves the development of an Investment Plan for the construction of social infrastructure (school classrooms, health posts, etc.) and economic infrastructure (roads and bridges) that are proposed/requested by the community, with members of the community providing labor for the construction work. As a result, these projects, in addition to the benefits they bring to the community and the region, also represent a potential source of income and short-term employment for community members.

- With regard to economic infrastructure projects, the main focus will be on the transportation network, in particular roads and bridges given their importance in the trade and sustainability of regional products.
- In order to ensure the commitment of communities to a project, they will be asked to contribute to its cost, even if only “symbolically”. This will make it possible for the communities to feel that the projects are also the product of their effort, which will lead to a commitment to contribute towards the development, completion and maintenance of the projects.
- An account will be opened where funds for each project will be deposited. The implementing organization (under a sub-contract arrangement with Chemonics) will manage the account. The

signature of both the representatives of the implementing organization and the community will be required in order to withdraw funds.

- The budget for each project will include labor costs. Community residents who contribute labor to the project will be paid on a daily basis with resources from the same fund that is financing the project.

We propose that an evaluation be conducted on the social impact that may result from paying daily wages paid to community members since, traditionally, communities “donate” their labor as a contribution to the cost of a project. Although payment of wages has not been used previously in alternative development projects, this method has worked successfully in other cases, such as with IFAD (International Fund for Agricultural Development) funds in Cuzco.

It is important to mention that all social and economic infrastructure projects will be reviewed for potential environmental impact. The environment will not be damaged at any time and, in all instances, applicable legal requirements regarding the environment will be met. To that end, a member of the program staff will be an engineer with expertise in environmental issues. This individual will also be familiar with Peruvian and U.S. environmental regulations. Funds for safeguarding the environment or mitigating potential negative impacts will be included as part of the costs for each project under consideration.

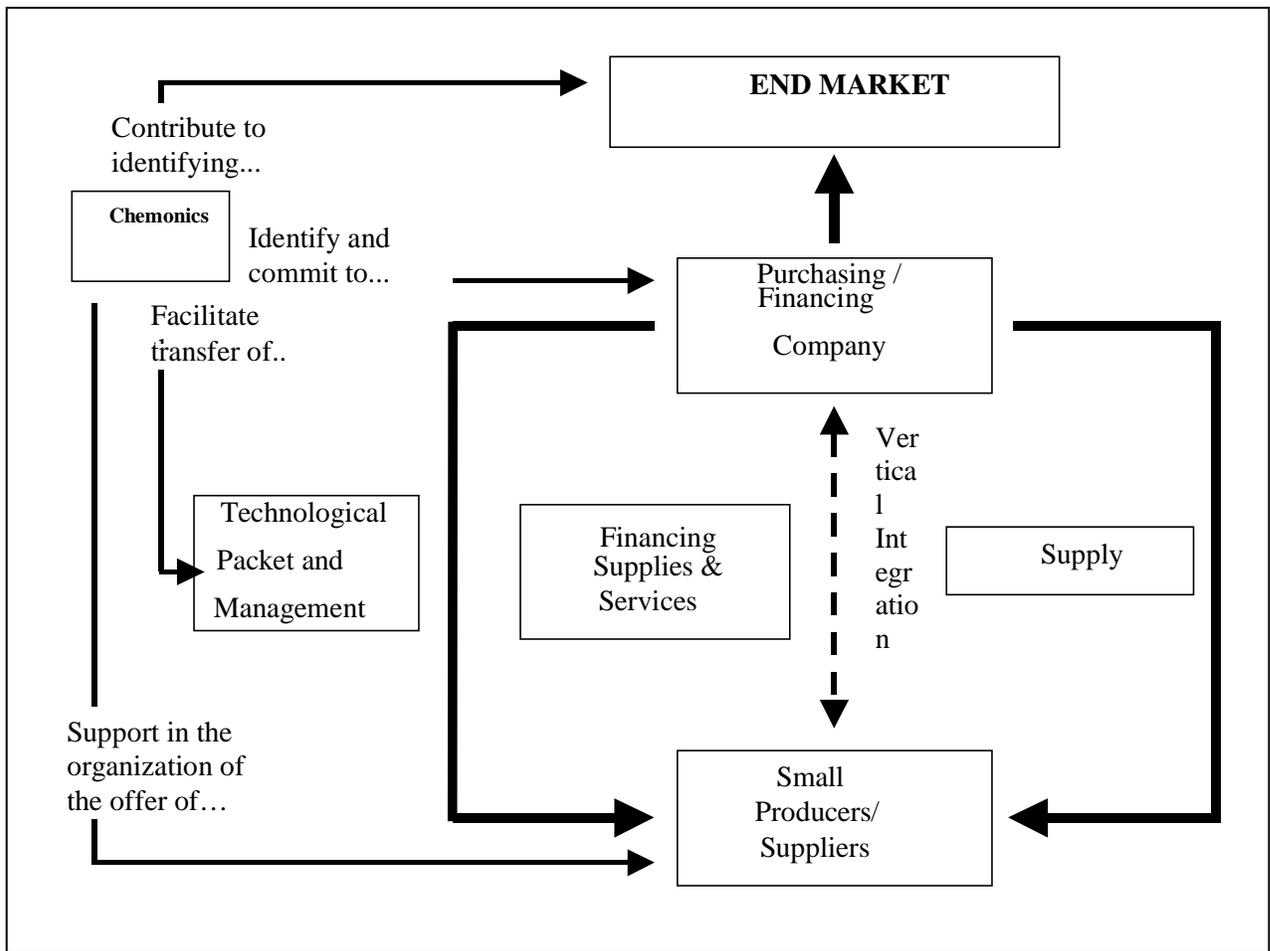
Sustainable Economic Opportunities

In this stage, the goal of the program is to help the target population find a legal activity that provides not only for survival but income, growth and development over the medium to long-term. For that reason, the program will focus on local supply of agricultural and livestock products, or products relating to other economic activities that have demonstrated market demand and that, through the commitment of private investment, will allow for a profitable production in the target areas of the program or in nearby areas of influence. Once market opportunities have been identified, private businesses and investors will be approached with the intention of working on the different phases of the production chain for the identified product or service, and to consolidate a presence in the target area. The experience of the on-going USAID-financed Poverty Reduction Activity (PRA) will provide support in pursuing this effort.

As shown in a workshop on economic opportunities that was held for the design of this operating plan, there are specific market demand opportunities exist for a variety of products that, in addition to the traditional crops linked to the alternative development experience (coffee, cocoa, banana, pineapple, papaya, palm hearts, are among the main products), are already produced in the ADP target areas. In fact, in the alternative development areas there are investors and private businesses involved or interested in investing in these opportunities (wood, cotton, shrimp, yellow flint corn, rice, sugar cane for ethanol, oil palm, etc.). The challenge for the program is to attract these companies; it's a matter of defining where and with whom—farmers associations, businesses, and existing or potential market chains.

The program will build on and reinforce productive activities that are already underway, so that higher income can be generated for a greater number of farmers in the target areas. Toward that end, the most productive and efficient activities will be identified, together with final products that have a market, with the aim of transforming them into projects with a greater scope.

In the Sustainable Economic Opportunities model, it is necessary to work in three areas: the market, technical assistance, and management. First, the idea is to identify a business, together with a market, that wishes to work with small producers. Using the experience of the PRA project, work will be performed in those areas where there are sustainable economic opportunities, but where coca is no longer present. The next step involves organizing small producers and providing technical assistance and management training so that they can meet the requirements (quantity and quality) of the market. The following graphic demonstrates the principal elements of the model.



In order for a sustainable development program to work under this supply and demand model, it is necessary to have funds to ensure the long-term viability of the local supply and attract private investors. In response, the program will work with existing funds such as the FILDA and the Trust Fund established by CARE, in addition to creating a Technical Assistance Fund and accessing USAID's Development Credit Authority (DCA).

Technical Assistance Fund (TAF): The TAF will allow for a certain level of decision making among the farmers, livestock producers or other producers participating in the program. That is, the participants will be able to choose the type of technical assistance they want for their activities. This freedom of decision, while recognizing that mistakes may be made, will provide them with the opportunity to make decisions about funds and managing the assistance provided. It will also provide a learning process leading to improved decisions about the resources they will be investing.

Organized producers who have a specific business opportunity and require some level of assistance or consulting in order to implement it will be eligible to apply to the TAF. Applications will consist of a project proposal, including consulting costs and a description of the economic benefits anticipated from the assistance provided. The farmers themselves will decide which consultants to hire. Proposals will be evaluated based on cost-benefit and sustainability criteria, among other factors and will be approved by a Board of Directors. Staff from Chemonics and DEVIDA, along with representatives from producer organizations will comprise the Board. The TAF will also have a management team, reporting to the Board of Directors, responsible for the operational aspects of promotion, communication of requirements and receiving technical assistance applications.

Consideration must be given to the fact that low income producers from rural or urban areas often lack the information necessary to make appropriate requests, which could lead them to request assistance for low-impact projects. In this regard, the program will identify and recommend opportunities with a greater economic impact. If the community believes it is worthwhile, it can then apply for the TAF for resources to develop the project. If positive results are not achieved, and the quality of technical assistance does not meet the users' or clients' expectations, the producers will have the authority to rescind the contract and replace their technical assistance provider. This gives the client direct control and requires a clear, client-oriented vision from the technical assistance provider. And, in turn, the farmers themselves are the ones who will decide whether or not they require technical assistance, are the ones who choose their technical assistance provider and are the ones who decide whether or not they are satisfied with the service they receive. This is a way to overcome farmers' claim that NGOs impose a given type of technical assistance that, in their view, is of poor quality and of no benefit to them.

Development Credit Authority (DCA) Fund. This existing tool, managed by the USAID Office of Development Credit provides an alternative for obtaining needed financial resources. The goals of DCA are: (i) to mobilize private capital to finance development initiatives; and (ii) to demonstrate the economic viability of these investments to the local banking sector and to other sources of private capital.

The use of credit provides USAID with a powerful tool for achieving its development goals. Private sector resources can be mobilized in many ways through a number of appropriate financial instruments available under DCA. By selecting the most appropriate credit instrument for a specific project, USAID assures efficient and effective use of assistance resources while providing local participants a stake in their own success. The flexibility of credit, the partnerships, and the interaction with local market participants are the cornerstones of DCA's effectiveness.

The tools available through the DCA are:

- *Loan Guarantee:* A Loan Guarantee provides financial institutions with coverage of up to 50% of the principal amount of the loan made to a non-state organization, i.e., not an entity of the central government.
- *Portable Guarantee:* The Portable Guarantee provides the borrower with a commitment guarantee through which the borrower may seek the most advantageous terms from the local finance market.
- *Loan Portfolio Guarantee:* A Loan Portfolio Guarantee provides financial institutions with coverage of up to 50% on a portfolio of loans that they provide to their customers. If these customers are lending institutions, the DCA guarantee is referred to as a "wholesale" guarantee.
- *Bond Guarantee:* A Bond Guarantee protects investors for up to 50% of the bond issuance face value. This method is used for municipal or private sector financing.
- *Direct Loan:* Direct loans to creditworthy institutions will only be used in cases where private sector financing is not feasible.

Chemonics, in coordination with USAID and DEVIDA, will identify projects where the use of the DCA mechanism is appropriate and, based on the development goals of the target areas will work with local financial institutions to facilitate their access to the DCA. The entire process (from the application to the granting of coverage) can be completed in less than 90 days.

F. Monitoring, Evaluation and Research

F.1. Objectives of Monitoring, Evaluation and Research

The Monitoring, Evaluation and Research component of the program has the following objectives:

- At the micro-level, to serve as a monitoring tool for field activities both of the Chemonics operators and the other SOAG (Strategic Objective Grant Agreement) implementers in the ADP target areas, for the purpose of providing information to DEVIDA and USAID for the evaluation of results and to recommend Program improvements.
- At the macro-level, to serve as an “information antenna” for the activities and results of the ADP as defined in the SOAG, and of the other USAID programs (Economic Growth, Education, Health, Environment and Democracy) and, to the extent possible, other donors whose work has an impact in the ADP intervention areas.
- Through the use of Operations Research, to serve as a feedback mechanism for the overall program strategy and for the implementation of the strategy in the field. The research task will make it possible to conduct an analytical process of formulation and correction of policies through the monitoring and verification of the Program hypotheses, the establishment of a regional model for managing the coca production problem, coca commercialization and consumption, among others. Furthermore, the publication of this research will also make it possible to develop a trend of opinion regarding issues related to the fight against drugs.

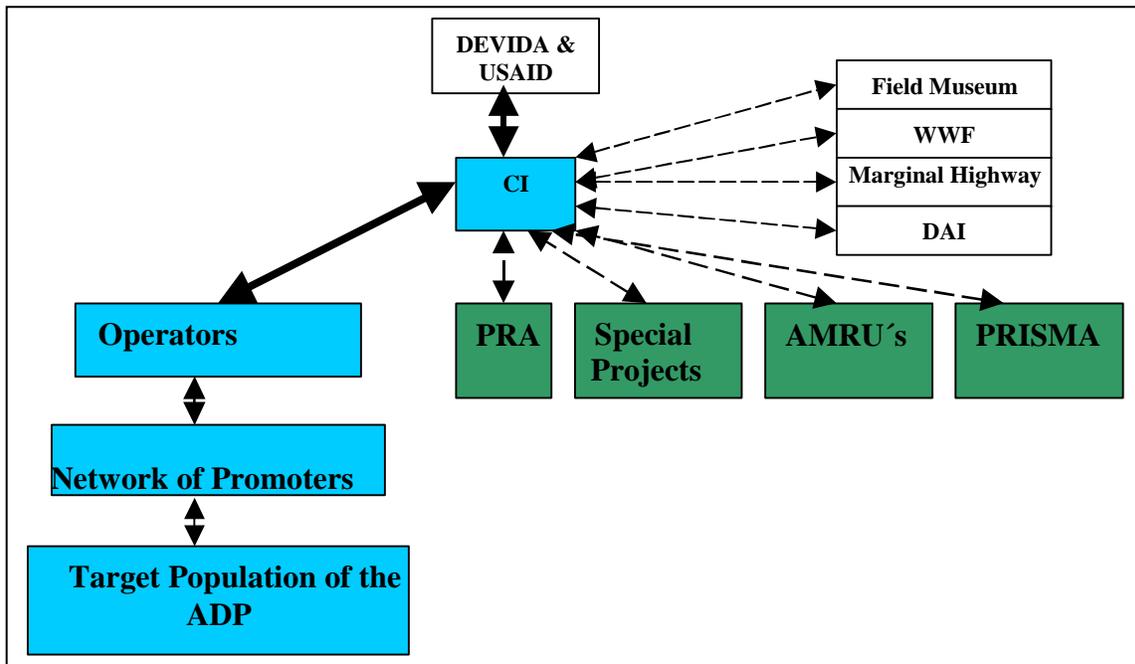
Therefore, the contribution of this Monitoring, Evaluation and Research system consists of presenting a vision of the global impact of the efforts of the various implementing entities, programs and donors of the ADP target areas, which will make it possible to identify the difficulties and inconsistencies of the planning and implementation of the overall strategy and promote expedient decision-making.

F.2. Monitoring and Evaluation (M&E) of field activities of Chemonics operators and of the various ADP implementers within the framework of the SOAG.

Under its contract, Chemonics is responsible for developing economic activities that play a part in increasing the income of families living in the ADP target areas. While the M&E system will monitor the field activities performed by Chemonics through its operators, it will also coordinate the management results of other implementers acting within the scope of intervention under the framework of the SOAG.

This dual task of monitoring the activities directly performed by Chemonics (through its operators), and coordinating the management of the other ADP implementers will allow for an integral vision of the total impact of ADP in the target areas. Thus, for example, in the case of coordinating with other implementers, the M&E system will provide information on how the WWF Project contributes to improving the sustainable use of natural resources and environmental protection in the target areas, or on the way that the Decentralization Project is strengthening decision-making institutions and processes in the intervention areas.

The following diagram shows the flow of information for Monitoring of Activities and Results, in which the difference between the direct task of M&E performed with the operators of Chemonics and the task of coordination with the other implementing entities is established:



Collection and Processing of Information: The collection of information on the tasks performed by Chemonics in the field will be accomplished by project staff assigned to the decentralized offices of DEVIDA or through other organizations (NGOs or other entities to be determined). The principal source of the information will be the various implementing entities, promoters and the participating communities. Where possible and appropriate, information will be collected on a daily basis. A weekly report on advancements, problems and actions taken will be sent to USAID and DEVIDA.

At the same time, coordination with other ADP implementers will be established in order to obtain information on the events performed in the field. The frequency with which this information will be collected will be worked out with each implementer.

Every six months, program results will be collected and processed by DEVIDA, with support from USAID. At this stage, the work of Chemonics will focus on two areas: a) with regard to the activities for which Chemonics is responsible, assist in revising the design of survey instruments, participating in the prioritizing of basic questions that will make it possible to gather and process relevant and valuable information in a shorter time, more often or at a lesser cost, and assisting in identifying means to improve the efficiency of information processing; and b) in case the other ADP implementers, coordinate the integration of results so that all program results will be available in a single framework.

In the latter case, Chemonics will create a process for standardizing data concepts and terminology, as well as for consolidating information on results to permit an overall analysis of the impact of the actions of the various implementers in the target areas. The implementing entities' M&E units will be responsible for periodically providing Chemonics with:

- Quantitative data on the progress of activities and the achieved results.
- Qualitative information on the problems, learning experiences and opportunities encountered during the implementation of the plan.

The results of the analysis of this information will serve as feedback to all implementers directly involved in program implementation, as well as those institutions involved in strategy development.

Analysis of information: This task will be shared and organized with the Monitoring and Evaluation divisions of USAID and DEVIDA. Statistics and geographic information systems will be used as analytical tools that will not only facilitate the evaluation of results, but also will project the future behavior of some indicators and recommend timely changes to the operational plan.

The M&E teams of DEVIDA, USAID and Chemonics will maintain periodic and frequent communication in order to evaluate the program’s progress and problem areas. The following graphic shows the relationships and responsibilities that are anticipated:

Frequency	Participants	Agenda	Product	Recipient
a. Weekly	M&E of: DEVIDA USAID Chemonics	Evaluate progress of activities	<ul style="list-style-type: none"> • “ADP Newsletter” • Weekly Electronic Report 	<ul style="list-style-type: none"> • Participating Institutions
b. Monthly	M&E of: DEVIDA USAID Chemonics	Evaluate progress of activities and results.	<ul style="list-style-type: none"> • Press releases • Detailed monthly progress report • Radio Spots, progress pamphlets 	<ul style="list-style-type: none"> • Public Opinion • Participating Institutions • Communities
c. Annually	M&E of: DEVIDA USAID Chemonics	Evaluate achievement of goals, end of year.	<ul style="list-style-type: none"> • Press Conference • Annual Report on Results • Community Meeting 	<ul style="list-style-type: none"> • Public Opinion • Participating Institutions • Communities

Chemonics will perform the role of executive secretary for this efforts and will be responsible for organizing meetings, coordinating the process and ensuring the timely receipt of required contributions for preparing the identified products.

Broad and consistent dissemination of the advancements of activities and obtained results: Both a broad dissemination of the advancements of activities and results, as well as the creation of a structured, uniform communication process of these activities and results will be developed in close cooperation with the Communication Strategy Work Group that has already been established and is functioning under the direction of DEVIDA, particularly with regard to progress reports and information directed at public opinion and the communities.

The purpose of this task will be to publicize nationally the advancements and achievements of the program strategy. Another aim is to create an ongoing feedback and learning process for the institutions, organizations and implementing entities involved in the overall program. Finally, at the community level, the objective is for information on the advancements and benefits of the ADP to create a multiplier effect in terms of generating willingness and commitment to participate in the voluntary eradication efforts.

F.3. Coordination with other USAID Mission Programs and other donors that have an impact in the ADP intervention areas.

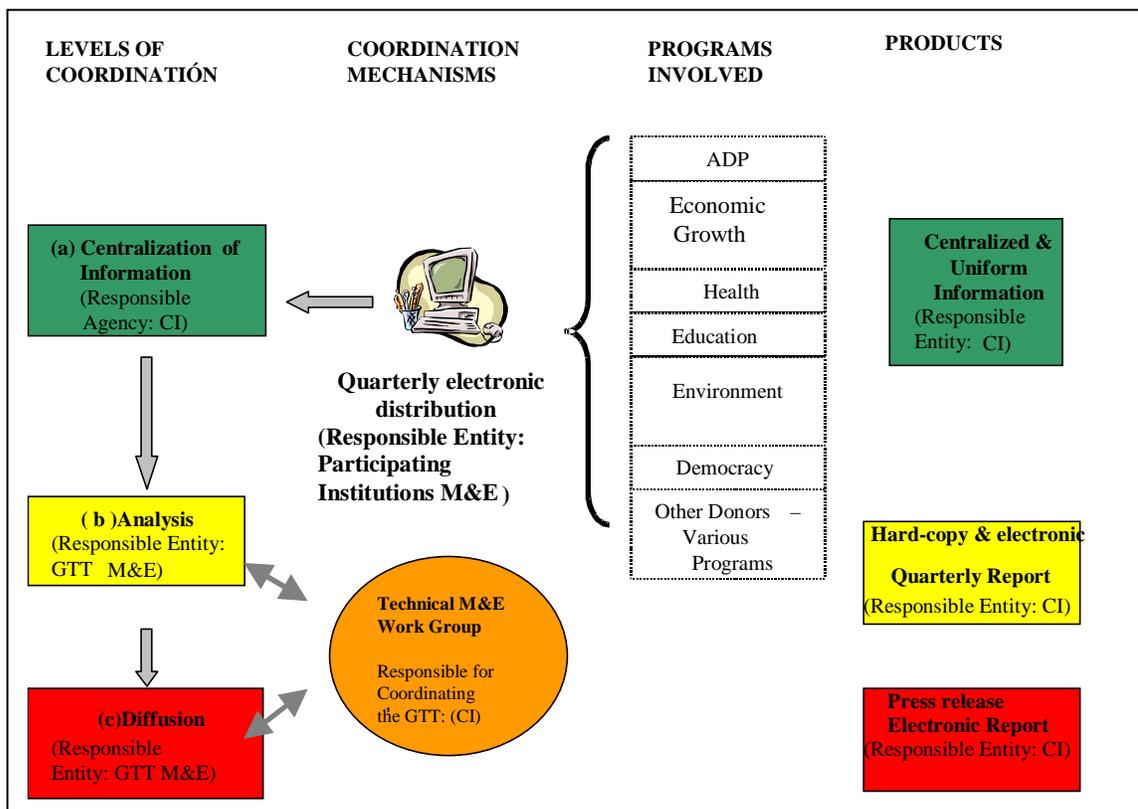
Effective coordination with other programs financed by USAID (e.g., Economic Growth, Education, Health, Environment and Democracy) in the ADP areas, as well as with other donors (GTZ, European Union, among others) is essential for the performance of the monitoring and evaluation system. Activities such as measuring results on a regular basis, sharing reliable information and utilizing this information to adjust strategies and actions requires the participation and commitment of all participating institutions.

In this regard, Chemonics will lead the coordination process at three levels:

- Information centralization to establish a uniform, standardized information base on important activities and results of each program implemented in the target areas. Chemonics will collect updated information on a quarterly basis via electronic submission from the M&E units of all participating programs (and, to the extent possible, from other donors. This information will include:
 - Information regarding developments in the major activities carried out in the intervention areas.
 - Information on the results obtained according to indicators to be included in the logical framework (see section F.5)
 - Problem areas, opportunities for improvement and recommendations.
- Information analysis to facilitate joint evaluations among ADP-related programs.
- Dissemination of information on progress and results to synchronize messages and unite efforts and resources to achieve effective communication at international, national and local levels.

A Technical Work Group will be established and will consist of the M&E directors from each of the ADP-related programs. The group will meet every three months to conduct a joint analysis of the available information. An important outcome of this analysis will be recommendations to DEVIDA on program messages and the means for disseminating those messages.

The following diagram summarizes the coordination process, the coordination levels and mechanisms, the programs involved and the responsibilities of each of the participating institutions:



F.4 Operations Research

Operations research will serve as a tool for creating an analytical decision-making process through effective and timely feedback on the ADP strategy. In view of the needs of the program, and in cooperation with DEVIDA and USAID, Chemonics will conduct research to provide expanded information and additional analytical results to facilitate strategy implementation for the medium term. This process will include the participation of local organizations, specialized professionals and scholars in conducting specific research on topics the impact on program implementation. These topics include:

- The socio-cultural impact of the labor payment policy for local infrastructure projects.
- A retrospective on the impact of the Alternative Development Program on the people living in the ADP intervention areas, emphasizing the impact on the Central Huallaga region.
- The factors that determine household income in the intervention areas.
- The factors involved in the price fluctuation of the coca leaf.
- The drug trafficking movement and its link with community dynamics.
- The behavior of farmers in coca producing regions.
- The impact of the awarding of land titles in the global strategy on the fight against drugs.
- The factors that influence the migration decisions of the population living in the target areas.
- The results obtained by the different types of credit and investment funds in the target areas.

Based on these and other studies, the operations research will monitor and verify the hypotheses that guide the program strategy, as well as establish a regional model on the addressing of the drug problem.

An “Operations Research Workshop” will be held annually with the participation of DEVIDA, USAID and other participating institutions. At the workshops, research results will be presented and analyzed, and agreements will be reached on the implementation of policy measures at both the macro and local levels.

The publication of research studies will gradually develop an opinion trend and increase awareness of the problems and issues of the war against drugs.

F.5. Framework of Results

Special Objective, Work Hypothesis and Intermediate Results

The Alternative Development Program contributes to the overall strategy on the fight against drugs to eliminate the illegal production of coca and the manufacturing of illegal drugs destined for national and international markets by promoting long and short-term legal economic activities in those communities that are committed to eliminating coca.

Past experience and results in the target areas suggest some preliminary work hypotheses that should be discussed and refined in the short-term in order to clarify, as appropriate, the strategy and the intermediate results to be achieved by the program.

At the macro level:

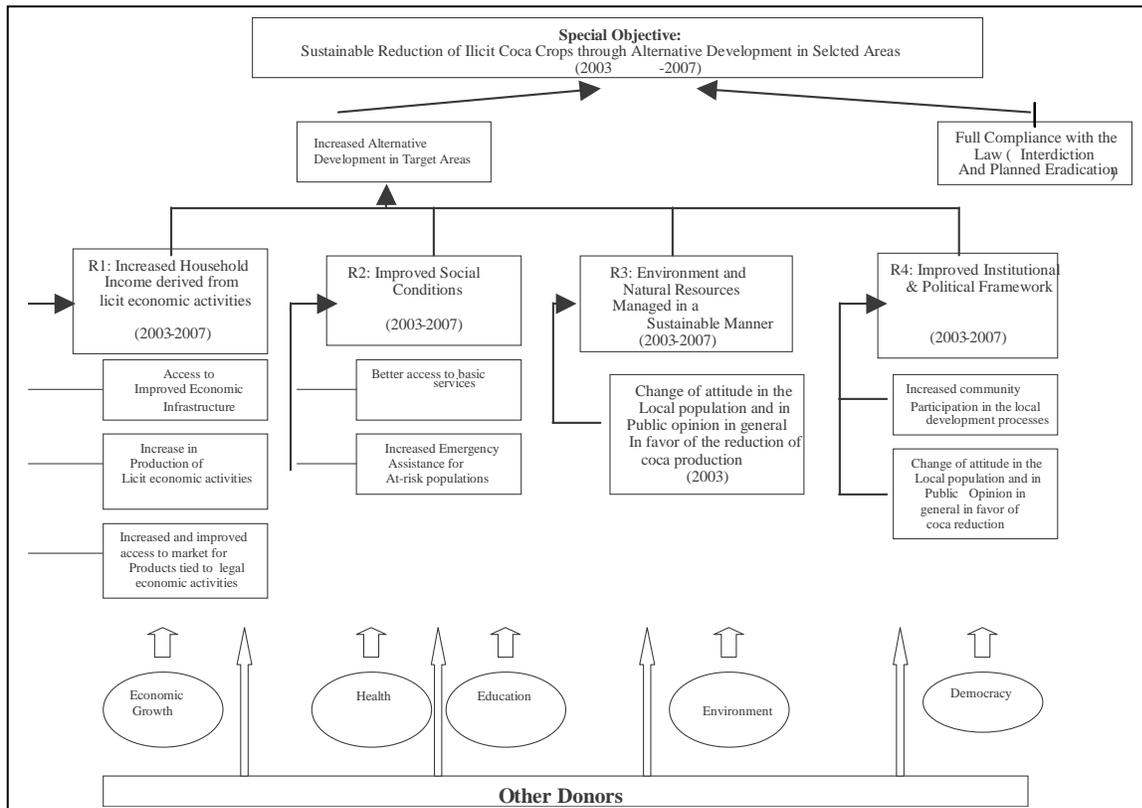
- *Hypothesis 1:* “The strategy for the fight against drugs will be successful and produce stable results only to the extent that it includes alternative development and is in compliance with the Law (interdiction and eradication)”.
- *Hypothesis 2:* “The voluntary eradication (or participatory reduction) of coca crops is a basic mechanism to introduce the benefits of alternative development in the short-term.”

- *Hypothesis 3*: “Institutional absence creates a favorable environment for the production of coca.”

At the operational level:

- *Hypothesis 4*: “The more income farmers receive from licit and sustainable economic activities, the greater their willingness will be to continue working in legal activities.”
An implicit assumption of this hypothesis is that there is the political will on the part of the Peruvian Government to regularly carry out and coordinate interdiction and eradication actions, which have a positive impact in reducing the price of coca.
- *Hypothesis 5*: “Public economic infrastructure is essential to creating a sustainable licit economy.”
- *Hypothesis 6*: “Sustainable economic opportunities only arise when increased investment and increased production of licit crops are in line with market demand.”
- *Hypothesis 7*: “Increased community participation in the social development processes creates an environment which improves the quality of life in the community and supports and encourages it to reject drug trafficking and terrorism.”
- *Hypothesis 8*: “If communities are more and better informed about the benefits and opportunities of the Voluntary-Eradication Program and they perceive it as a real alternative to forced eradication of coca, they will be more inclined to voluntarily eradicate their illicit coca crops.”
An important assumption of this hypothesis is that the forced eradication activities are carried out in close coordination with the activities of the Alternative Development Program.
- *Hypothesis 9*: “The greater the awareness among organizations, communities and public opinion regarding the social and environmental damage that coca production and drug consumption cause - and the connection between the two - the greater the possibility of permanently changing the mind-set of the farmers to abstain from coca production”.

Based on the above preliminary work hypotheses, the following chart presents the framework of results for the Alternative Development Program –as established in the SOAG – based upon which the M&E&R process will be performed in 2003:



It is important to point out that this results framework is preliminary. It will be reviewed and discussed by DEVIDA and USAID, taking into account the impact of the other regional programs financed by USAID, and by other donors carrying out activities in the ADP target areas.

Those programs contribute to achieving the objectives proposed by the ADP by diversifying and increasing the production of small producers, promoting the creation of small businesses (Economic Growth Program); by improving social conditions and increasing access to basic education and health services (Education and Health Programs); by improving natural resource management and environmental management (Environmental Program); and finally, by creating community leaders and providing assistance for local development and increasing citizen participation (Democracy Program).

Although the Monitoring and Evaluation process involves and pays special attention to the Results Framework, it is important to note that the direct activities to be developed by Chemonics particularly contribute to achieving these results, given the impact of the efforts of the other entities involved in the target areas.

Indicator Matrix

	Indicator	Unit of Measurement	Verification Source	Level of Implementation
SPECIAL OBJECTIVE				
Sustained reduction of illicit coca crops through Alternative Development in selected areas.	• Area dedicated to coca production.	Hectares	US Crime and Narcotics Center (CNC) (production of coca) and DEVIDA (Has. for legal use)	Intervention Areas
	• Coca leaf production	MT	DEVIDA Surveys	Intervention Areas
	• Ratio of production for legal activities to the total production of coca.	Percentage	DEVIDA Surveys	Intervention Areas
	• Public perception of coca cultivation in target areas.	Percentage	DEVIDA Surveys	Intervention Areas
INTERMEDIATE RESULTS				
R1: Increase in household income derived from legal sustainable economic activities.	• Average household income from legal sources for families receiving direct AD assistance.	US\$	DEVIDA Surveys	Intervention Areas
	• Production of illegal crops.	MT/product MT/ha.	DEVIDA Surveys	By Hectare, product and intervention areas.
	• Crop Price to producer as percentage of final price.	US\$	DEVIDA Surveys	Intervention Areas
	• Percentage of families of the target population with access to credit.	Percentage	DEVIDA Surveys	Intervention Areas
	• Private Investment	US\$	DEVIDA Surveys	Intervention Areas
	• Kilometers of rehabilitated roads	Kms.	Operators	Intervention Areas
	• Kilometers of roads under adequate maintenance by local government	Kms.	Operators	Intervention Areas

	Indicator	Unit of Measurement	Verification Source	Level of Implementation
R2: Improved Social Conditions.	<ul style="list-style-type: none"> Percentage of homes with access to basic services (health, education, sanitary, drinking water, electricity and security) 	Percentage	DEVIDA Surveys	Intervention Areas
R3: Environment and Natural Resources managed in a sustainable manner.	<ul style="list-style-type: none"> Hectares under forest management plans 	Hectares	DEVIDA Surveys	Intervention Areas
R4: Improved Institutional and Political Framework Marco	<ul style="list-style-type: none"> Appropriate policies in favor of alternative development, including policies in favor of trade and investment developed and adopted. 	Number	DEVIDA Surveys	Intervention Areas
	<ul style="list-style-type: none"> Percentage of the population that is aware of and supports alternative development efforts against drugs. 	Percentage	DEVIDA Surveys	Intervention Areas
	<ul style="list-style-type: none"> Percentage of the population that acknowledges the accomplishments achieved by alternative development and by local governments. 	Percentage	DEVIDA Surveys	Intervention Areas
	<ul style="list-style-type: none"> Percentage of the population that acknowledges the negative social and environmental impacts of the production and consumption of drugs. 	Percentage	DEVIDA Surveys	Intervention Areas
	<ul style="list-style-type: none"> Percentage of the population that views local governments favorably. 	Percentage	DEVIDA Surveys	Intervention Areas
	<ul style="list-style-type: none"> Percentage of local governments implementing formal plans and budgets based on community consultation. 	Percentage	DEVIDA Surveys	Intervention Areas

This indicator matrix must be reviewed to reflect any changes in the expected results as well as to incorporate, in cooperation with the other ADP implementers, additional programs financed by USAID and other donors, other indicators that show the impact of their work on the objectives and anticipated results.

The baseline for the above indicators is being compiled and processed by DEVIDA and USAID. It will serve as the point of reference for assessing progress toward achieving program objectives.

The monitoring, evaluation and research activities to be carried out over the next fifteen months are listed in Annex C.2.

V. Resources

A. Budget

Below is an illustrative budget for the Chemonics 2003 Operational Plan, corresponding to a 15 month implementation schedule (January 2003 – March 2004). The budget is broken down according to the two stages of the program (“Toward Sustainability” and “Sustainable Development”) and includes the corresponding investments for the activities to be implemented over this period. Stage I includes the financing of activities for voluntary eradication and the investment plan/temporary employment. The funds in Stage II are for investments in economic infrastructure and sustainable economic opportunities. The budget also includes funds for continuing alternative development activities, begun under the CARE program.

Overall Budget: 2003 Operational Plan (Jan. '03 – Mar. '04)		Chemonics Adminstr.	M&E	Communications Plan	Strengthening of Communities	Sustainable Development	TOTAL
Stage I		3,200,000	1,500,000	1,300,000	12,800,000	1,400,000	20,200,000
Voluntary Eradication Investment Plan and Temporary job creation		2,000,000	1,000,000	1,000,000	0	0	4,000,000
- Investment in Social Infrastructure							
I	Daily wages projects				3,000,000		3,000,000
- Investment in Economic Infrastructure							
	Daily wages projects				2,200,000	600,000	2,800,000
	FILDA, Trusteeship, FAT, training						
- Small Productive Projects					7,600,000	800,000	8,400,000
	CI: new				3,600,000	200,000	3,800,000
	Continuation of CARE Projects				4,000,000	600,000	4,600,000
Stage II		900,000	500,000	300,000	2,600,000	9,000,000	13,300,000
Economic Infrastructure Investment Plan							
	Daily, wages projects	500,000	200,000	150,000	2,000,000	6,000,000	8,850,000
	FAT (incl. training), DCA, Guarantee Funds	400,000	300,000	150,000	600,000	3,000,000	4,450,000
Sustainable Economic Opportunities							
TOTAL		4,100,000	2,000,000	1,600,000	15,400,000	10,400,000	33,500,000

A distinction is made between administrative expenses and costs for technical support. In addition, to facilitate the exchange of experiences and lessons learned in the USAID-financed alternative development projects in Bolivia and Colombia, resources are budgeted for meetings, workshops and study tours in which staff from DEVIDA and from counterpart agencies in the other countries will take part.

Administrative Expenses of Chemonics. Based on the current role of Chemonics in the ADP, the following overall elements are included:

- Salaries, benefits and operating costs of personnel (technical, administrative and support) corresponding to the Lima office and the regional teams of professionals in accordance with the organizational chart that follows.
- Direct operating expenses for the support and management of regional teams and of the general program.
- Technical assistance necessary for the design, execution and monitoring of the activities.

Costs of Technical Support. Funds are budgeted to finance the activities described in detail in the Operational Plan. These costs include support for activities associated with voluntary eradication, local investment plans and the creation of temporary employment, as well as, sustainable economic development. Funds for communications activities will include resources for research and public opinion awareness on the topic of alternative development, as well as for the design and strategic implementation of a comprehensive communication program at the local and national level and for the program as a whole. The majority of the program's funds will be provided to local organizations, associations, and companies by means of subcontracts or other agreements.

B. Organizational Structure

An organizational chart of the organizational structure of Chemonics for the intervention is presented below. The technical team, with support personnel, has been organized so as to focus on specific, scheduled activities, and is physically located at the main office in Lima, to facilitate coordination with DEVIDA and USAID. The technical staff members will travel frequently to the field where, in close coordination with regional teams of Chemonics specialists and personnel from DEVIDA, they will work with entities contracted for implementing the program activities and investments.

Regional teams of professionals will be established in Aguaytía (already in operation), as well as in the Upper Huallaga and the VRAE. It is expected that the office in Upper Huallaga will open at the beginning of 2003, while the VRAE office is scheduled to begin operating at the end of the first half of the year. The latter two offices will benefit from experiences and lessons learned from personnel currently working in Aguaytía (a rotation of the latter, for purposes of training or definitive assignment, will allow work to unfold in a more agile and efficient way for regional teams). The intensive use of local, part-time consultants is planned for both the Upper Huallaga and the VRAE, maintaining a minimum level of full-time personnel.

In order to provide adequate management of the CARE projects that will continue to be implemented by Chemonics, there will be additional personnel in the field dedicated to that specific purpose. AS appropriate, these professionals will be incorporated into the teams, according to a transition plan to be prepared for each target area. At least one professional is required in the Lima office to supervise progress on duties assigned to these personnel.

[key to chart]

	Chief of Party				
	Technical Director		Administrative Director		
Communications Expert	Technical Assistants (2)	Regional Team of Aguaytía	Specialist in Contracts	Project Administrator	Accountant
Monitoring and Evaluation Economic Activities	CARE Coordinator	Regional Team of Huallaga VRAE			
Institutional Strengthening and Democracy Experts in Infrastructure and the Environment		Regional Team		Administrative Support: 1 Receptionist 2 Assistants 1 Driver	

