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Peru Alternative Development Project

Contract No. 527-C-00-04-00043-00

Annual Report (April 2004-March 2005)

Submitted to:
U.S. Agency for International Development/Peru

Submitted by:
Chemonics International Inc.

July 2005

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Annual Report #1
(April 2004 - March 2005)
Contract # 527-C-00-04-00043-00
Peru Alternative Development Project



Report presented to:
USAID Peru/Ms. Jennifer Vernooy
Presented by:
Chemonics International, Inc.
July, 2005

Executive Summary

Chemonics International Inc. is pleased to submit the first Annual Report for the period April 1, 2004 through March 31, 2005 in accordance with Section F.2 of Contract No. 527-C-00-04-00043-00: Peru Participatory Alternative Development (PDA) program. The objective of this contract is to promote the sustained reduction of illicit coca production in Peru. It follows a previous contract No. 527-C-00-03-00001, known as PDA I, which was awarded to Chemonics in October 2002 for the implementation of pilot alternative development activities in Peru and concluded August 30, 2004. With a budget of \$50 million, the pilot phase set the groundwork for the current contract in terms of approach and methodology. The current contract runs through September 2007.

Contract No. 527-C-00-04-00043-00, referred to as the PDA II project, is part of a framework agreement signed by the United States Agency for International Development (USAID) and DEVIDA, the Peruvian Government's drug enforcement and regulatory agency. Chemonics personnel undertake contract activities in close coordination and cooperation with DEVIDA staff.

The principal geographic focuses of the contract are the four main Peruvian coca producing valleys: the Apurimac and Ene River Valleys (VRAE); the Upper Huallaga area of Tingo Maria; the Huallaga River basin from Tarapoto to Tocache; and the Aguaytia corridor from the city of Pucallpa. To ensure the permanence of coca eradication in the project intervention areas, contract programmatic and financial resources are directed to assist beneficiary communities to improve living standards and long term social, economic and productive viability based on licit activities. Project assistance include priority social and productive infrastructure improvements, such as roads, schools, bridges, community centers, health centers, and recreational fields, as well as short and long-term crops, such as corn, bananas, rice, coffee, cacao, and palm oil. Contract activities are designed to enable participating communities to establish viable and sustainable livelihoods following the eradication of their coca crops. In addition to infrastructure and crops, the contract during this first year and at the request of USAID undertook a land titling program on a pilot basis in three municipal districts in the Aguaytia area (Irazola, Curimaná and Padre Abad).

During the first year, the PDA II project secured the voluntary eradication of 2,732 hectares of coca plantations, surpassing the USAID/Peru mission target of 2700 hectares. The PDA also exceeded the target for the land titling activity by completing pre-registration titling work for 4522 individual farmer plots. The PDA negotiated the signing of framework agreements (signators include USAID, DEVIDA, and the individual communities) with 372 communities, representing 31,677 families. Subsequently, seven additional communities were added to the list, bringing the total to 379 communities that signed the framework agreements. By the close of the first contract year on March 31, 2005, 327 communities are coca-free, while 24 communities, all located in the VRAE, decided to withdraw from the program, most likely due to pressure from coca growers. Of the remainder, 15 communities have members unwilling to eradicate, 6 are in the process of eradication, and 6 communities have been referred to the Government of Peru for forced eradication.

By March 31, 2005, Chemonics completed or is in the process of completing 390 infrastructure projects out of a grand total of 496 projects negotiated in the framework agreements, and completed or is completing the implementation of 38,000 hectares of crops in the four coca producing valleys. The remaining infrastructure projects are scheduled for completion by the end of September, 2005. As of the preparation of this report, all productive projects have been implemented or are in the process of implementation. Total amounts invested and committed as

of the first contract year include \$6,434,326 for infrastructure and \$3,547,155 for productive and forestry projects.

In addition to the infrastructure and productive projects that are part of the community framework agreements, the PDA provided cash grants of \$180 (estimated to compensate for six months of wages at \$1 per day) to all individual farmers for a total investment of \$734,671.

This report, presented by chapters associated with the appropriate CLINs, summarizes the key activities undertaken during this first year, results, key lessons learned and activities projected for the second year of the contract (Note: there is no chapter on CLIN 4, Situational Response, as there have been no specific activities to date that are consistent with the objectives of this CLIN; nonetheless, PDA staff are prepared to take on such activities as soon as they are identified by USAID, DEVIDA or PDA management). We welcome suggestions for the improved organization of the report to ensure that it serves all intended purposes.

Essentially, contract staff approached potential participating communities through concentrated dialogue leading to the signing of a basic framework agreement detailing a community's commitment to eradicate the totality of its coca plantations. In turn, the PDA project agreed to a specific set of social and economic programs to assist the communities to build sustainable livelihoods based on licit crops and activities. An important part of this benefit entails linking productive activities, both existing and implemented by the PDA, to local and markets.

**Highlights of First Contract Year
April 1, 2004 – March 31, 2005**

- 2,732 hectares of coca voluntarily reduced
- 11 contract awards to private enterprises and producers' associations for investment in productive projects totaling approximately \$800,000 to implement 38,000 hectares of crops;
- 253 infrastructure projects completed; 147 projects underway; 96 to be initiated in the next quarter;
- 284 productive projects completed; 85 underway;
- agreements with 34 producer associations, 23 municipalities and 47 independent contractors;
- 991 completed titling files presented to PETT for final verification of PETT supervision

Chapter I: Context and Challenges
Chapter II: Auto-eradication
Chapter III: Communications
Chapter IV: Performance Monitoring
Annex 1: Financial and administrative report
Annex 2: Coca organization incidents
Annex 3: Strike information

First year Contract Performance:

- (1) Start-up, staffing and implementation of four field offices located in Tocache, Aguaytia, Tingo Maria and the VRAE to undertake project activities agreed upon with the 379 communities that signed the framework agreements. All framework agreements were subscribed during the implementation of the PDA pilot phase under Contract No. 527-C-00-03-00001. During this phase the PDA began the task of commissioning private contractors as well as municipal governments to implement infrastructure projects. Both producer associations and private businesses were engaged to help establish crops and

begin market linkages. Land titling work begun under PDA I continued in the Aguaytia region.

- (2) By mid-year in the implementation of the contract it became clear that resources budgeted for the first year were insufficient to cover all benefits agreed upon in the framework agreements signed with the 379 communities. This situation was largely remedied by engaging in a renegotiation process with the beneficiary communities to lower costs in line with budgetary resources. Following these renegotiations, implementation work on the benefits contained in the framework agreements was accelerated through the awarding of multiple sub-contracts and donations to implementers. An elaborate system of sub-contract supervision was put in place to ensure the proper execution of activities. All infrastructure projects are scheduled to be completed by September 2005; all crop implementation activities are underway. It should be noted that the renegotiation process, referred to by project staff as the *concertación*, was greatly aided by the involvement of local municipal authorities and the participation of regional DEVIDA staff.
- (3) A major effort during this first year has been the installation on the monitoring and evaluation system, which includes the design and establishment of a complex data base for tracking all aspects of contract progress. The PDA M&E system is now fully operational, with databases containing information on infrastructure, productive projects, and socialization fully integrated into the central data base and processes in place to ensure their automatic and continuous updating. Furthermore, work has begun with DEVIDA, USAID and other partners to integrate their project information into the system. The initial activities have begun with the USAID Education Department. Other departments will follow, as well as further integration with DEVIDA's SISMED information system.
- (4) Based on research and diagnostic work carried out during 2004, PDA presented to USAID a proposed voluntary coca eradication intervention plan for 2005 based on 22 Territorial Intervention Units (TIU) containing 192 communities distributed in the Tocache, Aguaytia, Tingo María and VRAE valleys and a potential of an estimated 3,500 hectares for eradication. This will provide a safety margin for reaching the 2005 goal of 3,000 hectares for eradication set by USAID. The new intervention areas were classified in three groups of A, B, or C priorities based on the following principal criteria: a) potential for coca eradication; b) capacity to engage in sustainable development; c) access to roads (river) and market; d) community interest and will to eradicate coca; e) commitment to eradication on the part of local authorities. USAID and DEVIDA have subsequently approved all TIUs contained in group A and three communities in group B for immediate commencement of 2005 plan activities. Other TIUs will be approved upon further consideration of their strategic importance based on the new eradication approach which emphasizes consolidation of coca-free areas in PDA I and the first year of PDA II and containment of the expansion of coca production along key arteries in the coca valleys. As part of the new 2005 approach, preliminary discussions with USAID and CADA indicate the possible utilization of satellite images to estimate coca hectares before entering into negotiations with the TIUs. Under this proposal, CADA sweep measurement would take place in conjunction with the voluntary reduction. This methodology has advantages and disadvantages that must be considered before a final determination can be made regarding its utilization.

Advances in Contract Activities

- (1) **Coca Eradication**. A total of 3,046 hectares of coca has been voluntarily eradicated since the beginning of this contract.
- (2) **Infrastructure**. By the close of the first year of the contract, 253 projects were completed, 137 are underway and 96 were pending initiation. As a direct result of the *concertación* process, 104 redesigned and in some cases lower cost alternative projects were adjudicated to contractors to fulfill these commitments. The PDA implemented revised and streamlined contracting processes to expedite project implementation and improve the supervision of the infrastructure projects. All work on infrastructure projects pertaining to the 379 communities that signed *convenios marco* and remain in compliance with the eradication program will be completed by September 2005.
- (3) **Economic Service Centers (CSE/Productive Projects)**. The four CSEs, located in each of the target valleys, are implementing 76 projects supporting 15 varieties of crops, of which 80 percent are for long-term production, such as coffee, cacao and palm oil. Total new crops being implemented cover a land area of approximately 38,000 hectares. The CSEs currently have sub-contracts with 11 private sector firms to provide technical assistance and supplies for production and marketing for cacao, coffee, banana and pastures. The approximate total investment and cost sharing with the private contractors ascends to \$800,000.
- (4) **Natural Resources**. The contract has implemented projects supporting the sustainable management and extraction of forest resources covering over 100,000 hectares in identified regions. It established mechanisms to be in full compliance with the Programmed Environmental Assessment (PEA). Key activities centered on educating staff and implementing the provisions of the PEA, as well as the preparation and implementation of an inter-institutional workshop with DEVIDA, USAID and other partners for the presentation of the results of the first environmental audit for Alternative Development activities in Peru. The recommendations of this audit will be implemented early in the second year of the contract.
- (5) **Land Titling**. PDA completed its land titling goals and successfully negotiated agreements with PETT and INRENA to validate the land classification reports and to proceed with the registration of the eligible titles.
- (6) **Communications**. The PDA successfully developed a common communications strategy with DEVIDA and USAID. Regional Operation plans are being executed in Tingo María, Tocache, Aguaytia and San Francisco (VRAE). PDA staff promoted the establishment of the Regional Technical Committees for communications (RTCs) with the participation of PDA, DEVIDA, CEDRO and other associates and allies. These committees are now installed and functioning in Tingo María, Tocache, Aguaytia and San Francisco.

Contract Management:

Performance of the PDA II contract during the first year was characterized by two distinct six-month periods. The first, covering from April 1 to approximately September 30, 2005, focused on the organization of program response systems following the signing of the *convenios marco* with the 372 (later to become 379) communities during the pilot phase (PDA I – Contract No. 527-C-

00-03-00001). During this time, PDA efforts were absorbed by the need to develop contractual and grant mechanisms and identify potential service providers to respond effectively and efficiently to the demands generated by the communities that agreed to voluntarily eradicate their coca plantations. Other efforts also involved developing policies and procedures, implementing the M&E systems, negotiating the implementation of sub-contract agreements with the U.S. and local sub-contractors, and establishing the administrative and financial control mechanisms.

A significant complicating factor during this period was the realization that the aggregate demands contained in the *convenios marco* exceeded contract resources. Cost overruns were generated by the broad uncertainties regarding numbers of beneficiaries per community due to inadequate community rosters, and the ultimate number of hectares of coca to be eradicated in each locality. Some localities had significant amounts of coca, while others had marginal quantities when finally measured. PDA was faced with the challenge of providing benefits to communities without real certainty regarding the actual amounts of coca available for eradication.

During the second half of the first year of contract activity the program cost situation was brought significantly under control through the renegotiation process with the communities. Nonetheless, a cost overrun of approximately \$4.5 million during the first contract year (though actual numbers could bring this amount down significantly) was experienced in order to meet all agreements in the *convenios marco*, despite the significant savings resulting from these renegotiations. The cost overrun will be absorbed during the second contract year, without sacrificing eradication goals based on tighter standards and alternative methods for negotiating future community agreements, including tighter control of community rosters to prevent non-community members from claiming benefits. The second six months of the contract witnessed heightened activity to implement project benefits for participating communities to the extent that significant progress has been made in this regard.

Another major activity during this second period involved the identification of new communities willing to voluntarily eradicate their coca during the 2005 budget year. As described earlier, a plan is now in place for 2005 eradication activities, which meets with the approval of both USAID and DEVIDA.

The Security Environment

A major difficulty affecting the implementation of the contract during the first year was the overall security environment. Fortunately, despite several incidents reported in the security section of this report, the contract was largely free of personal losses and damage to property. The principal effect of the security situation was to disrupt operations at various times for periods lasting well over a month in the four target valleys. Disruptions were caused by demonstrations and road blocking by the main coca producer organizations that remain active and strong in the valleys. Isolated incidents of lawlessness and banditry, including several thefts suffered by contract grantees and sub-contractors, also caused setbacks in the timeliness of the implementation of activities. Great credit is due to contract staff, both in the regional offices and in the national headquarters in Lima, for advancing with contract work despite these difficulties.

By the end of the first contract year, it has become clear that the Tarapoto – Tocache and Pucallpa – Aguaytia corridors present the greatest potential for project implementation due to the strong presence of alternative crops and the willingness of the population to engage in alternative development. Despite the presence of coca-free communities (as a result of contract activity) in Tingo María and the VRAE, these areas have become hard-core coca producing valleys that also

contain remnants of the Sendero Luminoso insurgent movement. It has been relatively more difficult to work in the latter two valleys. As mentioned earlier, 24 communities in the VRAE have withdrawn their participation in the voluntary eradication program despite having signed the *convenios marco*. As a result, all program activity in these communities has been halted. Little or no voluntary eradication is proposed for 2005 in Tingo María and the VRAE, while almost all new project activity will take place in Tocache and Aguaytia.

Key Lessons Learned This First Year:

Lessons learned this year revolve around four themes:

- (1) Reduced costs based on stricter standards for negotiating *convenios marco* is of paramount importance. This involves the identification of community rosters that firmly prevent inclusion of non-community members and limits on the numbers of infrastructure benefits that can be reasonably offered in benefit packages. Greater importance should also be given to co-investment by the community and local municipality, as well as in-kind contributions of labor and materials. Total project investment per coca of eradication should fall within budget and availability of resources for the total eradication target.
- (2) Regional offices must be empowered to undertake most aspects of contract implementation. Clear lines of authority are needed from the Lima office to the regional offices in order not to risk conflicting instructions or messages, wasted efforts, and resultant inefficiencies.
- (3) Implementation strategies and relationships with DEVIDA and other collaborating institutions (PRODES, CADA, CEDRO, PRISMA, ASF, UN, etc.) must be close, agile, complementary, and fluid.
- (4) Access and relationships with participating communities must be carried out in conjunction (to the extent possible) with district governments, mayors, city councilmen, and community leaders (*teniente alcalde and gobernadores*). Benefit packages should clearly reflect community and district priorities identified through participatory planning processes. Community ownership and supervision of project implementation is key to sustainability.
- (5) A key to project success is the identification, supervision and monitoring of sub-contractors for the implementation of infrastructure and productive projects. Insofar as possible and despite clear weaknesses, it is preferable to provide grants to municipal governments for implementing public works, provided these grants are entered into the municipal budget and are subject to government supervision. Producer associations, while important links to economic and social sustainability, are generally weak and ineffective (and sometimes corruptible) providers of technical assistance and crop implementation for beneficiary farmers. Alternatives, such as NGOs with proven track records, universities or applied research centers are potential alternatives. Private business with links to markets is also key, but often is deficient when called upon to provide technical assistance to farmers, especially when this activity is not part of their normal experience.
- (6) Community centered events promoting alternative development, healthy communities, family values, education, and community self-worth are very important complements to helping build sustainable coca free environments.

A regular PDA presence contributes to ensure good relations with beneficiary communities and permits a constant flow of information that helps address immediate concerns before they become major issues or contribute to the spread of false rumors concerning PDA activities. Coordination with other entities encourages the sharing of ideas and maximizes human and financial resources in the intervention areas. Also:

- Better complementation and the integration of socialization and communication activities are needed. The roles of each need to be well defined to avoid duplication of effort and maximize the contribution of both the communicators and the *facilitadores*. This communication-socialization nexus will aid the PDA during the second year to build a more regional and coherent approach to the intervention program.
- Frequent visits to communities that signed the *convenios marco* reveals the presence of coca that were not measured initially by CADA. Enforcing its reduction demonstrates the seriousness of the legal commitment on part of the communities and to instill the discipline necessary to maintain a licit livelihood.
- Shortfalls in past supervision mechanisms have led to the design of a new formula for productive projects that employs several levels of verification, from community promoters to technicians and a regional coordinator. These levels are flexible, non-bureaucratic and provide mobile technical supervision units with frequent visits to various communities and a constant flow of information and PDA supervision.
- Community-level communication is crucial to provide information regarding status of all project activity and alleviate community tensions that develop when problems in execution arise—either from private contractors or municipalities.
- Inter-institutional coordination is crucial for effective and consistent communications messages to reach beneficiary communities. Good communications will aid in the behavioral change process through which coca communities will shift to a licit livelihood.
- Coordination and communication between entities can provide better information for selecting implementation agents (private or public) for project activities.
- Improved coordination with local authorities can help ensure that both crops and infrastructure projects coincide with local plans and needs, marshal/mobilize local resources and cooperation, build local ownership and sustainability, and help deflect negative propaganda regarding the actions and intent of the PDA.

During the first year, the PDA collected data on several key indicators established in the contract. In accordance with contract clause C.4(d)(4), we are including below the results to date on these indicators

Deliverables / Required Activities	IR	CLIN	Contract Ref.	Indicator	Formula	Source	Unit of Measure	Region			
								Aguaytia	Tingo María	Tocache	VRAE
Four indicators at Special Objective Level	SO	2	C.4(d)(1)	Number of hectares of illicit coca removed (auto-eradicated), by region	Number of hectares	PDA Information System - CADA	Total Hectares (cumulative)	5,551	387	2,040	392
							Hectares (April 2004 - March 2005)	1,242	13	502	98
				Number of PDA clients participating in eradication who remain coca free (cumulative)	Number of PDA clients participating in eradication who remain coca free for a period of at least one year	PDA Information System	Family	16,833			
				Number of total hectares of illicit coca in Peru	Number of total hectares of illicit coca in Peru	CNC-USAID	Hectares	37,500			
				Number of population involved in coca production	Number of population involved in coca production	USAID Impact Assessment Survey	Family	52,755			

Deliverables / Required Activities	IR	CLIN	Contract Ref.	Indicator	Formula	Source	Unit of Measure	Value
Four performance Indicators (Sub IR 4.1)	IR 4 - Sub-IR 4.1	2	C.4(d)(4)	Number of accredited health facilities in priority zones *	Number of accredited health facilities in priority zones		Health Facility	N/A
				Healthy Community Environment Index *				N/A
				Percentage of households with access to water and sanitation	[Number of households in PDA regions with access to water] / [Total number of households in PDA regions]	USAID - DEVIDA Impact Assessment Survey - April 2005	%	59%
					[Number of households in PDA regions with access to sanitation] / [Total number of households in PDA regions] **	USAID - DEVIDA Impact Assessment Survey - April 2005	%	69%
				Number of schools with democratic, social, and economic development projects *			School	N/A

Three Outputs in support of Auto-Eradication	SO	2	C.4(d)(6)		Number of communities that have signed coca elimination agreements	PDA Information System	Community	328
				Number and percentage of communities signing and complying with coca elimination agreements	[Number of communities that have signed and comply with coca elimination agreements] / [Total number of communities that have signed coca elimination agreements]	PDA Information System	%	87%
					Number of infrastructure and productive projects completed in communities that have signed coca elimination agreements	PDA Information System	Project	306
				Number and percentage of community projects completed	[Number of infrastructure and productive projects completed in communities that have signed coca elimination agreements] / [Total number of PDA commitments (projects) in coca elimination agreements]	PDA Information System	%	50%

				Percentage of communities auto-eradicated which are tied into long-term investment strategies	[Number of communities that have eradicated and benefited from cacao, coffee, banana or palm oil projects] / [Total number of communities that have signed coca elimination agreements]	PDA Information System	%	84%
Four performance indicators on "Willingness to reject coca increased"	IR2	3	C.4.e	Cumulative percent of total target families that formally agree to eliminate their coca	[Heads of household that have signed coca reduction agreements in PDA regions] / [Total number of heads of household in PDA regions]	PDA Information system & USAID - DEVIDA Impact Assessment Survey - April 2005	%	18%
				Percent of target population that recognize the benefits of licit development (social/governance, economic, or both)	[Heads of household that recognize the benefits of licit development in PDA regions] / [Total number of heads of household in PDA regions]	USAID - DEVIDA Impact Assessment Survey - April 2005	%	36%
				Percent of target population that accept the need to eliminate coca in their community/area	[Heads of household that accept the need to eliminate coca in their community/area] / [Total number of heads of household in PDA regions]	USAID - DEVIDA Impact Assessment Survey - April 2005	%	75%

				Percent of target population that recognize the negative consequences of illicit coca cultivation	[Heads of household that recognize the negative consequences of illicit coca cultivation] / [Total number of heads of household in PDA regions]	USAID - DEVIDA Impact Assessment Survey - April 2005	%	66%
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* These indicators can not be measured through PDA's Information System and are not available in USAID-DEVIDA Impact Assessment Surveys. It is recommended that the relevance of these indicators be reviewed with the client and more appropriate alternative indicators be constructed.

** Includes connections to public networks and septic tanks

CHAPTER I: CONTEXT AND CHALLENGES

A. Introduction

In order to carry out PDAP operations in the field, it is absolutely essential to closely monitor and evaluate security factors as these could potentially affect normal development of PDAP activities in the sense that both personnel and assets are permanently exposed to hazardous situations and threats.

The principal aim and main priority of the Security Area is to permanently analyze the external factors so that we may evaluate the dangers and make decisions at different administration and operation levels, and decide when it is convenient to take action in the field and when it is not. The evaluation consists in analyzing all external factors related to sociopolitical, subversive and delinquent activities, identifying dangerous areas and ultimately preparing and sending out constant security reports and warnings to the PDA's management and other relevant entities. Permanent training was given year-round to all PDA staff, on a series of preventive security measures.

This report describes the results of the activities related to security studies for the April 2004 – March 2005 period in PDAP areas of intervention.

B. General Socio-Political Framework for the Reporting Period

The reporting period met strong opposition of coca-farmer organizations against the governmental policy to eradicate coca crops, mainly in PDAP areas of intervention.

Prohibition and eradication measures were frequently applied through CORAH, especially in the area of La Pólvara – in the Tocache Region, Department of San Martín. This gave rise to a number of manifestations, some of which ended up in confrontations between coca-farmers who used shotguns and slingshots, and the National Police Force. The road was blocked by pickets made up of coca-farmers in the Puerto Pizana area on a number of occasions in the reporting period (this road connects the Tocache and Juanjuí offices). Coca-growers' organizations were responsible for a total of 28 disturbances in all of the areas. *The table in Exhibit 1 gives a more detailed summary of these disturbances.*

This period saw the leaders of the different *coca-growers' organizations*, i.e. CONPACCP (Elsa Malpartida, Flavio Sanchez, Nancy Obregón and Iburcio Morales) falling out with each other, mainly over political issues. This has caused splits as they each have their own opinions on leadership, and are motivated by personal interests (related perhaps to the upcoming pre-election season). Iburcio Morales has now emerged as the most influential coca-grower organization leader. They were however, all responsible for organizing a permanent discrediting campaign against PDAP demanding the withdrawal of all NGOs working within the scope of PDAP activities, basing their arguments on poor results and on the fact that the program has not been capable of providing the farmers with a means of obtaining higher income (which is relatively true if compared with what they get for selling their produce to the narcotraffickers), and encouraging farmers to continue planting the "sacred leaf".

The National Confederation of Agricultural Producers of the Peruvian Coca Basins (CONPACCP) and FEPAVRAE, organized a number of strikes and lockouts throughout the year. They blocked roads, threatened the program and other local and central state entities, and we were finally forced to cease all activity in the Regional Offices to avoid acts of violence against PDA staff and/or installations. This meant that we were unable to work for a total of 206 days during the year as shown in Exhibit 2. Despite the preventive measures taken, the Regional Office in Tingo María was attacked by a mob who tried to destroy it by throwing missiles and firebombs.

In the second quarter of the reported year, Elsa Malpartida, leader of the Tingo María area, was questioned for allegedly manipulating the votes during the syndicate elections. In spite of this, she was re-elected for the Tingo María area and Alejandro Gutiérrez Escajadillo was elected as Secretary General for FEPAVRAE (Valle Río Apurímac – Ene Region) .

On the other hand, the Negotiation and Clarification efforts made by PDAP's Negotiation team were successful in reestablishing of a climate of trust among the signatory communities, who in spite of everything have not lost hope in the possibility of being able to live a legal style of life, and passing this on to their children.

CONPACCP's III Ordinary National Congress, where it was intended to establish a list of demands to be presented to central government in an effort to find a solution to the coca crop problem, was preceded by a series of protests against the intervention of CORAH and the National Police Force in Tocache and Aguaytía. This in turn triggered off a number of protest marches in the Tocache, Aguaytía and Tingo María basins, orchestrated to protest against the alleged spraying of chemical pesticides by the National Police Force as part of their coca-eradication activities. After careful examination, this was later disavowed. The III Ordinary National Congress organized by CONPACCP did not arrive at the expected agreements, in fact, the results were quite to the contrary. The Congress evolved into heightened disagreement between its leaders which ultimately resulted in Elsa Malpartida's resignation as the Head of CONPACC.

The situation in the Aguaytía and Juanjui coca basins appears to be favorable for continuing on with PDAP activities, despite threats made against some officers and Regional Managers during the reporting period.

With respect to *terrorism*, this has been occurring under a scheme of proselytism; it is reorganizing its structure, capturing sympathizers and forming new brigades, all under the leadership of the Central Committee of Huallaga, whose members are shown in the table below.

Huallaga Central Committee – Sendero Luminoso

Secretary: identified as Jorge Flores León, aka (c) “Artemio or Pepe or Javier or César or Julio.”

Under secretary: identified as Héctor APONTE SINARAHUA, aka (c) “Jorge or Clay or Maclovio or Santiago or Shanty.”

3rd. Member: identified as Fredy Jaime ARENAS CAVIEDES, aka © “Carlos or Francisco or Lee.”

4th. Member: identified as Neri Rafael GUZMAN LUJAN, aka “C Champa.”

5th. Member: identified as José Luis RAMIREZ ALANIA, aka “C. Maraco.”

6th. Member: identified as Abelardo PAZ VELASQUEZ, aka “Chen Lin.”
(in charge of the Tocache-Andean corridor area).

Military Control: identified as Freddy Jaime ARENAS CAVIEDES, aka © “Carlos or Francisco or Lee.”

Logistics Control: identified as Neri Rafael GUZMÁN LUJAN, aka © “Roger or Darwin or Champa.”

Militants:

Identified as:

1. “C. Valdivia”;
2. “JL or José Luis”. José Luis RAMÍREZ ALANIA.
3. The DT-SL, aka © “Lidia”.
4. The DT-SL, aka © “Huber or Zapatón or Federico.” Identified as Marino CANTARO ALANIA, CAPTURED 26OCT04.
5. The DT-SL, aka © “Pablo.” Possibly (f); has now been replaced by “© Chocolate”

DDTT incidents in the different regions PDAP’s areas of intervention, are shown in table form in Exhibit 3. A total of 45 incidents were recorded for the period.

In Tingo María, Department of Huánuco, the presence of Sendero Luminoso and the constant threat against PDAP officers made this particular area especially vulnerable for PDAP activities and special care had to be taken, particularly as it is in the vicinity of our Aguaytía office, which to date, is going about its business quite normally.

Finally in VRAE constant opposition from FEPAVRAE through its local radio station, as well as from the Regional Government’s representative made this a difficult scenario in which to carry out PDAP activities, particularly in the area north of San Francisco where the presence of FEPAVRAE and drug cartels are ubiquitous (Sivia and Llochegua). The area south of San Francisco on the other hand is less problematic and here the program has been able to work well with the coca-growers.

CONPACCP's Demands

- Immediate release of Nelson Palomino Serna currently jailed in the Yanamilla Prison.
- Immediate suspension of all coca crop eradication activities (voluntary and forced).
- Immediate deactivation of DEVIDA and expulsion of all NGOs¹ involved in coca crop problems in the coca basins.
- ENACO shall immediately grant land titles to coca- growers. Failure to do so shall cause the case to be submitted to the consideration of Regional Government administration or other higher levels of the agrarian sector, under the supervision of coca- farmers.
- Expedite enactment of the Coca Law, to include the industrialization and trade of the coca leaf.

Subversive activities and threats from both coca-growers' organizations and terrorists against the government, accusing it of despotism and fraudulent signatures, added to President Toledo's extremely low approval rating and the beginning of the pre-election year, have diverted the country's attention to these issues instead of allowing it to focus on the more urgent problems affecting the country, amongst which are the coca-growing problem and the need for government intervention in the more active and dangerous narcotrafficking areas. This is what ultimately puts the entire program at risk.

ACHIEVEMENTS

- Preparation of weekly, monthly and quarterly security reports.
- Daily reports with a brief summary of the local and international news.
- Security reports on the progress and analysis of incidents that have occurred.
- Security Coordinators accompanied teams of field workers on their visits to programmed communities.
- Personnel posted at Tocache and Aguaytía received training on security issues.
- Inspection visits by the Security Manager to Regional Offices.
- Security personnel accompanied USAID and PDAP's Management staff on their inspection visits to the communities in the areas of operation.
- Training exercises with the team working in the Regional Offices of Tingo María and VRAE
- Work meeting and training of security coordinators, with the aim of establishing future action in the area and ensure compliance of PDAP operations in each one of the regions, with the minimum risk possible.

C. Lessons Learned

- Every week, the security area members in each of the Regional Offices send their field work plans for the following week to the Security Coordinator. This

system ensures that the Security Coordinators have a chance to assess them and can provide preventive recommendations if necessary.

- The Security Coordinators accompany field staff on their visits. This is normally organized at random and certainly when a particular area of intervention implies any chance of risk for the worker.
- The Security Coordinators take the opportunity of these visits to evaluate the operation in the community.
- Information channels have improved.
- The use of mobile telephones, facsimiles, e-mail and satellite communications has considerably expedited the flow of information from the Regional Offices and field trips to Lima, enabling in on-the-spot decision-making.
- All information obtained is always verified by different sources, to make sure that the decision taken respect security is the correct one.
- The information received from the communities related to claims is being supported and channelized.
- The General Emergency Plan is continuously being updated and validated, by communicating it and practicing it.

D. Recommendations

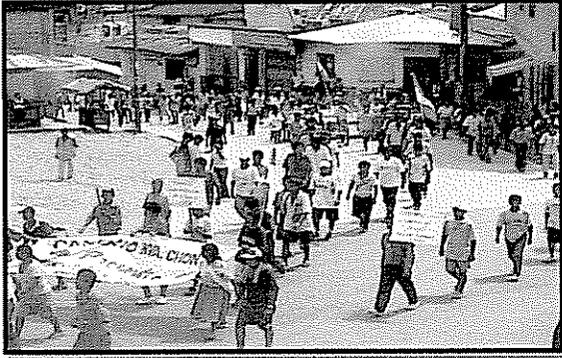
- All areas should inform the Security Area on all intended field activities and field trips, so that we may evaluate their safety.
- Continue giving security briefs and recommendations to field workers.
- Continue monitoring field activities.
- Solicit Central Government to establish more authority in the more active narco-trafficking and DDTT activity areas.
- Maintain a firm stance with respect to PDA's permanence in the VRAE; failure to do so would create a general climate of insecurity and set a bad precedent.
- Reinforce PDAP's presence in the Monzón Valley, supported by the presence of Central Government.
 - Strengthen PDAP within the beneficiary communities.
 - Continue decentralizing liaison offices per regional office in order to consolidate a stronger presence in the field.
 - Establish a communications plan capable of disseminating PDAP's achievements to communities both locally and on a national level. This should specifically be directed at beneficiaries and those communities targeted under the new approach in order to create favorable environments for PDAP's field operations.
 - The National Police Force should continue with its work to locate and destroy maceration pits and areas used to produce narcotics.
 - CORAH should continue forcing the eradication of illegal coca crops.

E. Situational Analysis of the Coca Basins

E.1 Regional Office of Aguaytía

- **Socio-political Situation**

PDAP activities were developed under the close watch of coca-growers' organizations who oppose the program. The National Strike (April 20 – June 3, 2004) organized by the coca-growers' organizations blocked all the main roads and interrupted all PDAP's activities. Our staff was forced to abandon Aguaytía.



The negative effect of this prolonged strike was in fact exacerbated by the fact that local authorities, i.e. the Mayor of the Province of Padre Abad, Luis Maguiña Paredes, the Administrator of the Sub Region, Franklin Flores Rojas and the Sub prefect, José Enrique Nevado Torres, signed a Political Letter of Commitment (Letter of Understanding) with coca-grower leaders, guaranteeing the complete suspension of all NGO activities in the area.

The Sub prefect was removed from office 24 hours after signing this letter. The Mayor and the Administrator of the Sub Region continue to stand firm in their opposition against PDAP, and this has created a feeling of lack of commitment on the part of the leading authorities. Despite this, PDAP's Regional Office of Aguaytía has now resumed activities as normal.

The Provincial Mayor, Mr. Luis Maguiña, together with district and town mayors, then proposed holding work meetings with PDA's technical staff. These resulted in the establishment of a time schedule to attend the different projects and an agreement to maintain the local authorities informed on the progress made.

Representatives of the Municipality of Irazola met in Lima with top level PDAP, DEVIDA and USAID representatives. They agreed to establish time periods for the execution of these projects.

The emergence of the Development Committee of the Shambillo Valley who claims to be the defender of the frame agreements, caused PDAP workers to be denied entry into the valley. The week before, the Regional Office was attacked by a shower of rotten pineapples by a group of angry coca-growers.

Two strikes took place during the second quarter. One was organized by the Frente de Lucha de Ucayali who claims to have the right to receive 'canon' payments for the Camisea Gas Project, for the Ucayali region, and the other was organized by the Coca Growers Association of Padre Abad in response to the alleged spraying of chemical pesticides by the National Police Force during their efforts to eradicate illegal coca crops. Both of these disturbances interrupted PDAP activities.

The protest of the coca-growers union was poorly organized and reflected disunity amongst its leaders. This encouraged the coca-growers to seek the support of Luis Maguiña Paredes, the Provincial Mayor, who responded by showing his support in stopping the alleged spraying with chemical substances by the National Police Force in

its efforts to eradicate illegal coca crops. It is important to mention that the PDAP has just recently signed donation agreements with Mr. Luis Maguifia Paredes, Mayor of Padre Abad, for the execution of social infrastructure works.

A meeting gathering the more prominent political and social authorities, organized sectors, the coca-growers' union and DEVIDA officers was held towards the end of the reporting period in the city of Pucallpa, to address Alternative Development in the region.

- **Subversive Situation**

In the Province of Padre Abad, in the Ucayali Region, Sendero Luminoso is stirring up clandestine activities and disseminating its ideology through propaganda. SL deployed a group of roughly forty (40) terrorists from the Alto Huallaga, probably under the command of the DD.TT. identified as "Clay".



This information was confirmed by an attack on the Armed Forces in a place known as Puente Chino on June 4. Two Police officers (PNP) and one Marine officer were murdered. A few days prior to this event, we received information about a black market transaction of dynamite in Aguaytía; two explosions using dynamite occurred in the town of Chancadora on May 22.

The presence of terrorists has been reported in the areas of Divisoria, Tres de Octubre, Nuevo Mundo, Cedruyo and Previsto. In these two last locations, they are hiding in churches.

During the second quarter, we learned that a group of Sendero Luminoso (SL) terrorists had been seen in the areas of Shambo, Paujil, Hormiga and Inca Garcilazo. Since then, there have been no further reports of any armed action taken by these terrorists.

During the last quarter groups of Sendero Luminoso sympathizers were reported to have been spotted watching guard in strategical locations along roads and places near the areas used by the "traqueteros" to transport narcotics to the coast: Chancadora, Previsto, Divisoria, Santa Rosa, Inca Garcilazo and Shambillo, all within the Province of Padre Abad.

A group of 20 terrorists was reported charging quotas to people living in the Neighborhood Committees of 23 de Marzo, Las Palmeras, La Marina and Cerro San Cosme, in the areas of Pampa Yurac and Barrio Unido.

Despite this, development of PDAP activities is normal and we have no knowledge of any direct action taken against the program by Sendero Luminoso.

- **Situation of Common Delinquency and Narcotrafficking**

Armed robbery along the Federico Basadre Highway has been a common occurrence. Organized bands attacked cars and busses at all times of day, but especially in the late afternoon and evenings. As a preventive measure, PDA staff and vehicles were ordered not to travel after 5.00 pm. Common spots chosen by these delinquents were: Llanta Blanca, Aguas Verdes, Guacamayo and Puente Chio located 20 minutes from the city of Aguaytía.

The National Police Force has no plan of action to counteract these delinquent activities, and rather, has decided to direct its efforts towards fuel trafficking and the illegal transportation of wood. Fed up with this situation, a group of villagers took justice into their own hands and strangled and killed four individuals. Their dead bodies were found at the side of the Federico Basadre Highway and next to them, written notices justifying the execution of highway robbers.

At the beginning of the year, we learned that there had been a meeting held between Carlos Maldonado alias "Shushupe," a renowned narcotrafficker in Padre Abad, with members of Sendero Luminoso posted in the area. During this meeting, they agreed that Shushupe would pay the terrorists \$ 20,000 per ton of drug taken out of Padre Abad and delivered in the city of Lima and in the northern part of the country.

The National Police Force carried out coca eradication activities in areas known to be high production areas, such as the villages surrounding HUIPOCA.

E.2 Regional Office of Tocache

• Socio-political Situation

Action taken by coca-growers' organizations opposing PDAP have lost force, despite the fact that their leader is still Nancy Obregón. Together with the Mayoress of Pólvora, Nancy Zamora Santillón, Nancy Obregón continues to radically oppose the PDAP.



During the National Strike, the radical position against the PDAP shown by CONPACP's Undersecretary, Nancy Obregón Peralta and the Mayoress of the District of Pólvora, Nancy Zamora Santillán, created a general state of insecurity. On May 24, at 6:30 a.m. the coca-growers tried to take over the Municipality of Tocache. The Police Force arrested two individuals. The Mayor of Tocache, Pedro Bogarín Vargas, was forced to request security and police protection after receiving a number of death threats. He had to seek shelter in the Tocache police quarters.

PDAP activities in Tocache had to be suspended when we became aware of death threats against PDAP staff. At the time of writing this report, the environment is relatively calm and the Regional Offices are going about their normal business.

In the district of Chazuta, on July 22, a group of *comuneros* (community members) supported by the Mayor of Achinamiza, retained one of the PDAP's facilitator agents. After three days of talks with DEVIDA and Chemonics officers, they agreed to release them on the condition that the program attended the demands of the community.

In August, approximately 20 *comuneros* from Chontayaquillo de Uchiza threatened three PDAP facilitator agents but fortunately nothing worse happened. The police was opportunely informed.

The Mayor of Juanjui Mr. Signior Pozzo Di Borgo Pérez was murdered. According to investigations, it appears that individuals working within the Mayor's office would be those responsible for contracting mercenaries.

A number of violent disturbances took place during the course of the last quarter. These were orchestrated by coca-growers who blocked the Fernando Belaunde Terry road for 12 days, led by Nancy Obregón Peralta, the coca-grower leader. They were organized in response to the alleged spraying of toxic pesticides over the area of Santa Rosa de Mishollo (which is where Nancy Obregón owns 16 hectares of coca crops) by the National Police Force.

PDAP activities in Tocache had to be suspended during the time of these disturbances but work continued as usual in the Juanjuí liaison office.

- **Subversive Situation**

Information on terrorist activities is exclusively related to the emergence of groups whose sole objective is to protect the 'exportation' of narcotics towards the coast.

A supplier who provided river transportation services to PDAP, declared to have been visited by members of the Movimiento Revolucionario Tupac Amaru "MRTA" who told him that the MRTA would be resuming activity in the area, and recommended him to stop providing his services to PDAP. After being informed of this case, the specialized National Police stated that they doubted that the MRTA would resume activity in the area and generally considered it a very remote possibility.

- **Situation of Common Delinquency and Narcotrafficking**

During the first week of the third quarter three red flags displaying the hammer and sickle appeared on the Huayranguillo Bridge, in the district of Nuevo Progreso. They re-appeared again in November, in the district of San Juan de Pajatén. Graffiti alluding to Sendero Luminoso and to the Heroes of the Alto Huallaga also appeared on the walls of the local school; however, because of the particular characteristics, it is thought that these markings are the work of individuals who are unrelated to Sendero Luminoso.

Finally, a group of people who introduced themselves as members of the MRTA terrorist organization intimidated a worker who works for PDAP demanding that he stopped working for such organization and announced the return of MRTA activity in the area of Mariscal Cáceres.

Activities related to common delinquency continued, reporting an increase along the roadways where both passengers riding in busses and in private cars became the victims of armed robbery. As in Tingo María, PDAP staff and vehicles were ordered not to travel after 5:00 pm.

The Antinarcotics Police Force made positive headway by inflicting serious blows to drug dealers. They located and destroyed maceration pits and chemical supplies in the areas of Santa Rosa de Mishollo, Puerto Pizana and Yanahanca. Coca-growers immediately responded to this by protesting and blocking the roads.

E3. VRAE Office

- **Socio-Political Situation**

The obvious split between FEPAVRAE led by Marisella Guillén and the Aguaytía, Alto Huallaga and Tocache coca-growing area leaders, had positive consequences for PDAP as we were able to continue working, at least partially. However, as activities lost force in other coca-growing areas, VRAE began to assume a more important role and this, added to the lack of security, finally forced us to suspend all PDAP activities on May 27. This situation only lasted a few days and PDAP activities were resumed in the Regional Office.

FEPAVRAE held elections and Alejandro Gutierrez Escajadillo was voted in as Secretary General. His position is one of constant hostility towards PDAP and Central Government, particularly with respect to coca crop eradication issues.

The Mayor of Llochegua, Mr. Vicente Kitazono together with the FEPAVRAE leadership manifested their opposition towards DEVIDA and solicited DEVIDA to withdraw from the valley. A manifestation was organized on December 5 gathering approximately 2,500 people. One of the agreements reached was to give the NGO's a maximum period of 15 days to withdraw from the valley. It is evident there is obvious rivalry between Mr. David Chevarria Under-Secretary of the FEPAVRAE and Mr. Alejandro Gutiérrez Escajadillo, Secretary General of the FEPAVRAE.

An ongoing radio campaign broadcasted by FEPAVRAE's radio station against the PDAP, heightened opposition against the permanence of all entities related to alternative development amongst coca-growers associated to FEPAVRAE (mainly in the northern part of the region considered by narcotraffickers as a free zone. As a result, both Chemonics and DEVIDA received a number of letters soliciting their withdrawal from the valley. Another three-day march was then organized, with the participation of nearly 3,000 coca-growers and once again, PDAP activities were suspended as a preventive measure.

The Regional President of Ayacucho, Mr. Omar Quezada Manrique remains firmly opposed to PDAP's permanence in the area and openly supports FEPAVRAE activities designed to put the pressure on DEVIDA and PDAP so that they withdraw from the area. The total absence of an efficient and decided Central Government in the area is generating instability and putting the future of PDAP activities in the area at risk. PDAP activities are now limited to the southern area of the region, which does appear to be supportive of alternative development options.

- **Subversive Situation**

VRAE, is considered to be one of the areas with the most narcotraffickers and the highest number of terrorists in the region.

The absence of Central Government and authorities in the northern sector of the region, especially in the areas of Sivia and Llochegua in the north, added to the rugged landscape, lack of prohibition, extreme poverty, lifestyles typical of a long history of illegal activities and the total lack of road infrastructure, have turned this area into a free zone for terrorists. These are lands where they are totally free to carry out their illegal activities, with no police or military force to watch them.

Apart from protecting narcotraffickers, Sendero Luminoso is also undertaking proselytist action and advocating terrorist practices in schools. This was confirmed by activities in Remolino Canapé, Matucana, Corazonpata and Mayapo in the district of Llochegua. They are constantly moving around the Putos and Mashahuasca areas in the Province of Huanta, leaving behind terrorist propaganda and markings in their wake.

Central Government's fight against drug dealing and narcotics finally materialized on November 16, during the last interdiction operation carried out in the Pichari, Sivia and Llochegua areas. 94 maceration ponds were destroyed, 11,500 kg of dry coca leaves and 165,700 kg of macerating coca leaves were confiscated. A few individuals connected to drug dealing were also arrested a couple of days before this.

The Central Regional Committee has established itself here and is considered to be the main pillar of Sendero Luminoso. The area is considered to be the birthplace and central core of terrorist activism and armed struggle, and encompasses the surrounding departments of Ayacucho, Junín and Huancavelica.

The Vizcatán area is considered to be main axis point from where terrorists are transferred to locations in VRAE, Mantaro, San Martín de Pangoa – Junin, Sello de Oro de Santa Rosa La Mar Ayacucho and annexes next to Huanta and La Mar.

During the reporting period, flags appeared in the area near the San Francisco market, where PDAP's offices are located, threatening the leading political and local authorities, the National Police Force and judicial authorities.

- **Situation of Common Delinquency and Narcotrafficking**

During the reporting period there have been a series of assaults committed by common delinquents, who use long-range firearms to attack their victims along the main roads

leading to VRAE, but particularly in certain spots such as Tapuna, Ccano, Monterrico, Carmen Pampa, San Antonio and Tambo la Mar. Most of the attacks take place at night. On the other hand, in the main provincial capitals, common delinquents target individuals who are dedicated to transport drugs (cocaine paste, known locally as PBC). They also use long-range firearms.

VRAE is considered to be one of the major coca-growing areas with the highest volumes of drug production. Its main production centers are located in San Francisco, Santa Rosa, Marintari, Palmapampa and Pichihuilca in the Province of La Mar, and in Mayapo, Lochagua and Sivia in the Province of Huanta.

Drugs are taken out of the area by “burriers” and “caletas” who use the existing country roads connecting the basins of the Apurimac, Ene and Mantaro rivers to avoid Police suspicion and control. This is all done under the protection of terrorists posted at strategical watch-points.

We have information that are some locations in Ayacucho dedicated growing marihuana, as the climate for this type of crop is optimal.

E4. Regional Office of Tingo María

- **Socio-Political Situation**

Tingo María

Tingo María was definitely the center of socio-political attention throughout the reporting period, especially during the National Strike, as this was when most of the disturbances planned by coca-growers’ organizations took place, apart from all of DDTT’s activities. The Regional President, Luzmila Templo Condezo, who has continuously opposed the program, provided the necessary political and logistical support to strikers in their march towards the city of Lima. Some district mayors and civil organizations also supported the 48-hour strike.



PDAP’s Regional Office was forced to close its doors as the situation deteriorated. A mob tried to take over PDAP’s Regional Office by force and set fire to the installations and vehicles, as can be seen in these photographs. Half an hour later the General PNP of the Eighth Police Region of the area intervened with the help of police officers, restoring peace in the city once again. Work was resumed as normal in the Regional Office, the first days in June.



The arrival of a USAID commission led by Mrs. Erin Soto renewed hope in the program, as she made it quite clear that the program would not be withdrawn from the valley and it would fulfill all of its obligations.

The city of Tingo María was the scenario for the Forum organized by the CONPACC. It gathered all of the coca-grower representatives from the Padre Abad, Tocache and VRAE coca valleys, except those of Valle del Monzón. During this Forum, the action to be taken by the

CONPACCP as from 2005 to revindicate its platform for action in support of the Coca Leaf was agreed upon.

The Monzón Coca-growers' Association announced that they were organizing a radical manifestation, but this was fortunately averted thanks to the arrival of a team of top level Central Government officers who settled the matter over a series of meetings.

The social environment for the reporting period was marked by a number of protests by the Alto Huallaga coca-growers. They mainly protested against the National Police Force, who had allegedly been spraying the illegal coca crops with toxic pesticides in the San Martín Region, in their efforts to eradicate them. A 48 hour strike resulted in PDAP suspending its activities between March 14 - 15.

Subsequently, the Valle del Monzón decided to organize a 24-hour march of protest in the city of Tingo María, to express their disconformity with the Peruvian government's failure to comply with the agreements. This caused PDAP to cancel all activities for one day. Here the intervention of narcotraffickers is more than obvious, as it is clear that they are very interested in rejecting all coca-leaf bans and eradication activities in the Valle del Monzón area.

- **Subversive Situation**

During the reporting period, terrorist activities involved the deployment of a group of Sendero Luminoso terrorists under the command of "Artemio", "Flor" and then "Lee." These three individuals command groups of approximately 40 terrorists each, and live in different towns in this area.

The deployment of terrorists to different communities in the valley continued. Five banners with subversive slogans appeared in Cachicoto just at the time when Abimael Guzmán Reynoso, the captured leader of Sendero Luminoso was to be put on trial. Subsequent investigations however proved that these tactics were in fact the work of individuals who were unrelated to Sendero Luminoso, and whose main motivation was to create a climate of intimidation and insecurity amongst the local inhabitants.

Halfway through the quarter of Jan-Mar 2005 there was an attack against a Highway Police vehicle, very near to the city of Tingo María. Three policemen were killed. The *modus operandi*, points to Sendero Luminoso as the organization responsible for this act

of violence, but perhaps Sendero Luminoso is acting as the executing agent reporting to organized mafias dedicated to trafficking fuel in the area. These mafias obviously want the National Police Force out of their way so that they can continue with their illicit activity.

At a later date, the National Police found long and short-range firearms in perfect working condition, as well as ammunition, near the village of Las Mercedes (a PDAP associated community) within the Jurisdiction of José Crespo y Castillo.

On the other hand, the Popular Peasant Movement, a faction of Sendero Luminoso, which has settled in the Aucayacu area, hung red rags and flyers expressing their opposition against Nancy Obregón and Elsa Malpartida, two coca-grower leaders, as well as against PDAP activities in the area.

- **Situation of Common Delinquency and Narcotrafficking**

The National Police Force, through the Antinarcotics Directorate, has been pursuing a series of activities to comprehensively tackle certain areas of the Monzón valley, identified as centers dedicated to the production of cocaine paste (PBC). As a result, during the last “Manto Verde” operation, the Police managed to locate and destroy 52 pits used for maceration and producing narcotics. Additional interventions led to the arrest of a number of individuals involved in PBC trafficking, and the confiscation of chemical supplies used to process the narcotics. Once again, and as a clear response to these eradication measures, the coca-growers of the Valle del Monzón took to the streets in Tingo María as a sign of protest. Once again, it is clear that the drug dealers are behind them as they want to stop all Police intervention in their illegal activities.

The National Police Force continued operations to counteract drug dealing. On November 9, the Police managed to confiscate 2,610 kg of PBC (cocaine paste) as well as chemical substances used for processing, and destroyed two maceration ponds in a dwelling located in the village of Jaupar in the district of Chinchao.

In order to tackle increased armed robbery, kidnappings and rapes, the National Police Force established a plan of action to attack common delinquency. Despite this, kidnapping and rape are the two most common felonies registered in the area.

Overall, there has been a slight decrease in highway robbery, despite the fact that a group of PDA experts were assaulted and robbed of all their work equipment.

CHAPTER II: Auto-Eradication Activities

Auto-eradication activities are the principal components of the PDA that are directly associated with the Frame Agreement activities: Socialization, Infrastructure, economic activities (Centers for Economic Services), Natural Resource Management and Land Titling. Each activity has its respective section in this chapter detailing activities during the reporting year.

Socialization



Objective and Response to Intermediate Results. The key functions of the socialization area are to implement the first level of the communications strategy through community visits in order to encourage participation in the voluntary reduction of illicit coca crops; assist the Regional Offices to persuade local and regional authorities to participate in the PDAP; facilitate access to CADA during illicit coca crop

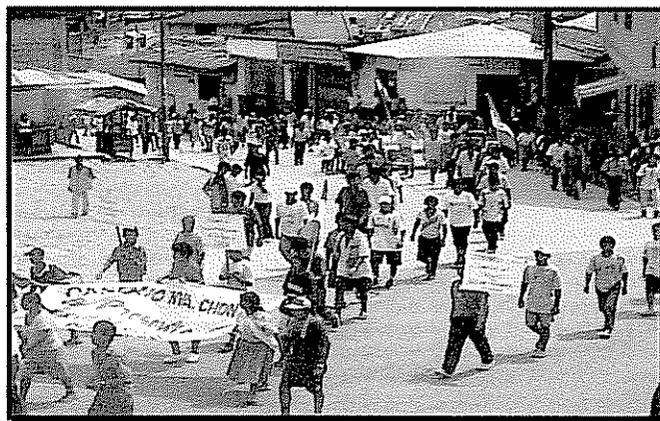
measurement visits before and after eradication, and to collaborate in the supervision of the communities in order to guarantee the reduction of coca crops to zero.

By the same token, the area of Socialization contributes to the intermediate objectives of the umbrella contract (IR1 to IR4) by introducing the PDA as an option through which the communities may adopt a legal lifestyle oriented towards sustainable development. In this context, the mobilization of local authorities (Municipal Agents, Lieutenant Governors and District Mayors, in some cases) to participate and take ownership of the activities of the PDA substantially favors institutional and democratic strengthening.

1. QUARTERLY ANALYSIS

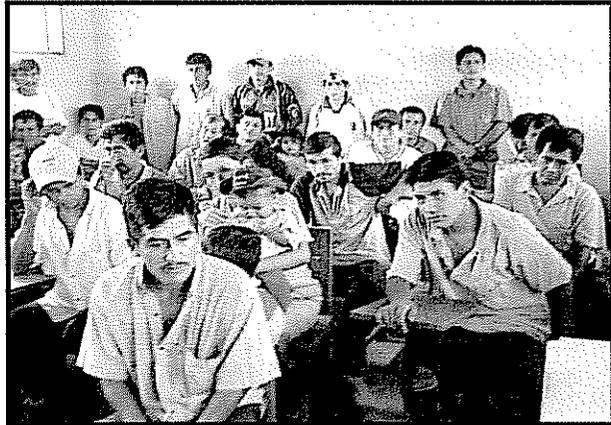
Trends. The following section presents trends in community relations as well as activity focus during the reporting year.

- 1.1. April – June 2004:** There were no significant changes related to eradication or community negotiations due to two limiting factors. First, the coca growers' strike which caused the evacuation and subsequent



absence of the work teams in the regional offices for periods of up to one month in some cases and two months in others, thus impeding the normal progress of the application of the PDA. Second, the operational capacities of the PDA were oriented towards planning and adapting the limited budget available to the new communities in order to promote the new Integral Development approach.

1.2. July – September 2004: At Community Negotiations level activities focused on further sensitizing the families of the communities. These were visited one by one, and on various occasions. The objective was to emphasize the message of the program and to encourage communities to participate voluntarily in the reduction of coca crops. Participation of the



management team of the Lima office in the regional offices was increased in an effort to attain consensus of the communities in this negotiation effort. Regarding eradication, more control visits resulted in further reduction in Aguaytía. The previous intervention was based on support work to enter and accompany CADA brigades for the *socializador* to both measure and inspect the coca crops.

1.3. October – December 2004: Community negotiation activities were centered on informing the community members on the Community Negotiations and on the progress of the Program. The aim was to improve credibility and redirect the prioritized projects to lower cost alternatives. The work was carried out by all of the stakeholders involved in the Program: conducted by the Socialization Area and directed by DEVIDA (see note at the end of report).



The process resulted in the negotiated agreements being materialized in the form of addenda to the Frame Agreements. As of December 31, negotiations had been conducted in 130 communities. With respect to eradication, activities to obtain greater coca crop reduction rates were



emphasized and these resulted in a marked improvement over the two previous quarters. Coca crop control practices greatly contributed to the total eradication of coca hectares. Actions to apply the new approach in the regions of Tocache and Aguaitía were reinforced.

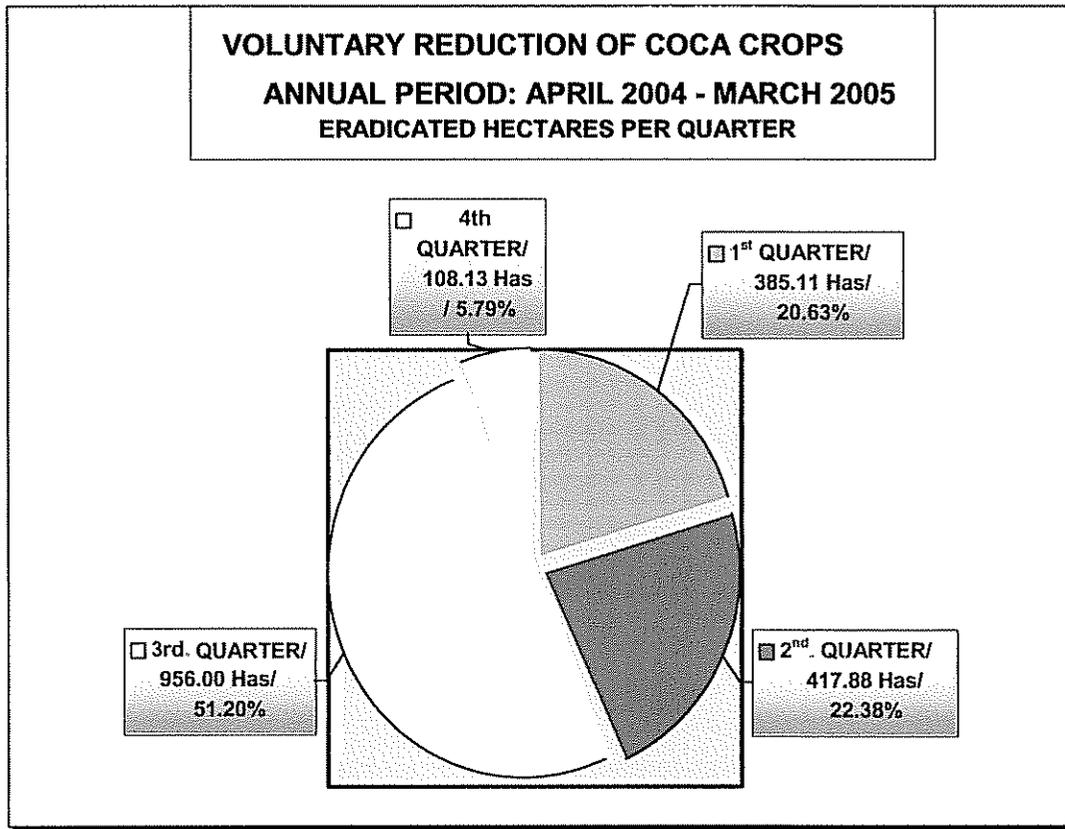
- 1.4. **January – March 2005:** With regard to community level and on the basis of the achievements of the third quarter, the communities and their corresponding authorities became more receptive, principally in Aguaytía and Tocache. Socialization actions encountered a positive response in the communities to conclude negotiations and resume the diagnostic and measurement work for the application of the new approach. Negotiation and addenda work was completed with 38 additional communities, bringing the total number of communities negotiated with during the reporting year to 168. We continued carrying out control visits to check the precision of CADA's new coca crop reduction measurements as well as of the coca hectares pending reduction since CADA's first measurements.

2. QUARTERLY ADVANCEMENT AND ACHIEVEMENTS REGARDING REDUCTION

Voluntary Reduction and Community Participation. The following section represents the analysis of progress in voluntary reduction of illicit coca crops as well as the inclusion of new communities in the PDA.

- 2.1. **April – June 2004:** Reduction was achieved over a total of 385.11 hectares. The Aguaytía Regional Office was responsible for over 65% of this. Regarding community negotiations, 7 communities comprised of 465 families were added. With these inclusions the total was 30 Frame Agreements, covering 494 families and 320 coca-free communities during this quarter.
- 2.2. **July – September 2004:** Reduction was achieved over a total of 417.88 hectares. Again, the main contributor was the Regional Office of Aguaytía which accounted for 83% of the reduction. In the meantime, the process of community negotiations in the Tocache Region was being consolidated.
- 2.3. **October – December 2004:** Total achievement for the quarter was 956.00 hectares and was comprised of the contributions of the Aguaytía Regional Office and the Tocache Regional Office (42%).
- 2.4. **January – March 2005:** Total achievement for this period reported 108.13 hectares. The pace fell due to heavy rainfall in the work areas. Another negative factor that was carried over from the previous quarter was the slow measurement work being carried out by CADA, which prevented us from meeting the reduction objectives set forth under the new approach. In addition to this was the absence of the CADA brigades throughout the previous quarter. It was necessary to review the sweep measurement method since it is a slow process which in turn delays auto reduction.

Summary: Total coca crops eradicated under the framework of the Gradual and Negotiated Reduction Program during the reporting period reports 1,867.12 hectares.



3. NEW APPROACH

Activities related to the application of the New Approach were implemented towards the end of the second quarter and with special emphasis in the third quarter. The New Approach represents an option for socio-economic development and optimization of the reduction of coca in a multi-communal area. Meetings were held with **84** pre-selected communities in Aguaytia and Tocache. The communities' willingness to participate was indicative of the results. In this context, acceptance has been obtained from **62** communities which have expressed their desire to become involved in the process by allowing PDAP work teams to enter into their communities to prepare a socio-economic diagnostic, and to procure the Letter of Invitation to CADA for the measurement of their illicit coca fields. At the end of the reporting period, we had achieved an acceptance rate of 74% of the 84 communities, which demonstrates the positive attitude toward the PDA

The table below illustrates the willingness of communities to participate in voluntary eradication. From the information presented, we can see a clear trend towards greater acceptance of the Program and rejection of coca crops and this acceptance increases as we approach other territorial areas at Regional Office level,

principally in Tocache and Aguaytia where increased conditions of acceptance of the Program are notable.

Regional	Communities	Acceptance	In consultation	Reject
Tocache	25	20	04	01
T. Maria	21	04	17	0
P. Abad	38	38	0	0
VRAE	0	0	0	0
TOTAL	84	62	21	01

4. LESSONS LEARNED

PDA's creation of the Territorial Intervention Unit must be validated in the field by greater involvement on the part of the authorities and inhabitants, principally considering the articulation between communities and the volume of coca, among other applicable criteria.

DEVIDA should become involved in the preparation of the Integral Development Plan in order to avoid problems that could potentially translate into alienating DEVIDA instead of having them as an important ally.

DEVIDA's decentralized offices receive no information as to DEVIDA-USAID's joint decisions. This causes delays and setbacks in PDA's regional offices. Therefore, it is necessary to disclose and channel the information contained in the agreements to the DEVIDA Regional Offices on a permanent basis.

The presence of PDA teams to convey information to the communities on the situation of the advancement made with respect to the commitments helps to ease the tension and justify reasons for delays. This helps to improve credibility.

5. RECOMMENDATIONS

At community level

- Reinforce the message through sensitizing activities to encourage beneficiary families to change their attitude and understand that the PDA contributes to integral socio-economic development (material and personal) and that sustainability merits the active participation of the communities themselves: authorities and leaders.
- Continue with the control visits on a permanent basis to achieve zero coca.
- To establish the norm to be applied in cases where beneficiaries own coca crops outside of the community in which they live.

At the policy level

- Continue diagnostic work within the framework of the new approach in order to make intervention in new multi-communal environments viable.

- Improve CADA's measurement methodology in order to expedite the intervention in the environments contemplated for the new approach.

Annex Table

ANNUAL PERIOD: April 2004 – March 2005					
REDUCTION OF COCA CROPS PER QUARTER: (HECTARES)					
REGIONAL	TOTAL/QUARTER	1 Quarter	2 Quarter	3 Quarter	4 Quarter
AGUAYTIA	1,244.19	256.69	346.63	538.92	101.95
TINGO MARIA	12.70	12.70	0.00	0.00	0.00
TOCACHE	501.82	72.31	24.87	404.64	0.00
VRAE	98.41	42.41	44.38	9.44	2.18
TOTAL	1,867.12	385.11	417.88	956.00	108.13
PERCENTAGE	100.00	20.63	22.38	51.20	5.79

Infrastructure

1. INTRODUCTION

The objective of the infrastructure component is to provide communities that have signed voluntary coca crop reduction agreements with PDA with infrastructure projects that, *inter alia*, seek to:

1. Improve the social and economic conditions of beneficiary populations.
2. Generate employment by utilizing construction firms in the coca areas for the design, evaluation, execution and/or supervision of projects.
3. Provide temporary income in beneficiary communities through labor requirements associated with the construction of the infrastructure works.
4. Increase the degree of interrelation between local, regional and national producers from the respective coca basins.
5. Increase beneficiary community access



- to local markets by way of improved road and bridge infrastructure.
6. Improve local governance by way of strategic alliances with local governments resulting from construction grants awarded to municipalities.
 7. Increase household income in beneficiary communities through sustainable economic activities.
 8. Strengthen the institutional capacity of community organizations.
 9. Through a spill-over effect from participating communities, increase “buy-in” and as a result broaden program impact
 10. Sensitize communities to promote sustainable use of natural resources



2. ACTIVITY

The infrastructure component is guided by overarching PDA objectives and by commitments derived from community-level voluntary coca eradication agreements. For this reason, infrastructure office activity during the April 2004 – March 2005 period centers around the following:

- Development of guiding technical principles
- Design of internal procedures
- Technical oversight of project design
- Design evaluation
- Oversight of technical field staff
- Supervision of construction of infrastructure works
- Transfer of completed infrastructure projects to beneficiaries (line ministries, local governments, communities)

Communities in PDA geographic focus areas lack access to their local governments. This is further compounded by the credibility problems that local governments face in these regions. By working directly with municipal governments - as grantee executors of infrastructure works – the infrastructure component helps municipalities gain legitimacy and credibility in participating communities thereby promoting better local governance and greater local government presence while at the same time solidifying strategic alliances.

Moreover, rural communities in PDA target areas suffer from a lack of access to markets which severely limits their ability to enter into licit economies. By helping link communities with local markets through road rehabilitation and bridge construction, the infrastructure component develops critically important market access and, therefore, plays a key role in maximizing benefits derived

from the productive projects component. In addition, the infrastructure component promotes sustainable licit economies through the construction of key economic infrastructure.

Finally, the infrastructure component has a significant spillover effect as neighboring, non-participating, communities are able to observe, first-hand, the results of infrastructure intervention: increased access to markets, improved social services, enhanced economic infrastructure, temporary job creation, overall improvement in living conditions, among other benefits. Through a contagion effect, the infrastructure component is able to increase “buy-in” thereby broadening program impact.

Summary of Principal Activities

		Quarter			
		1 April - June 2004	2 July - September 2004	3 October - December 2004	4 January - March 2005
Principal Activities	Pre-design activities / Technical terms of reference preparation				
	Coordination of project design (award process, subcontractor oversight)				
	Coordination of project design evaluations (award process, subcontractor oversight)				
				Internal project design evaluations	
	Coordination of Project Construction (awards process and subcontractor oversight)				
	Overall supervisory activity during project implementation				
				Transfer of finalized infrastructure works to beneficiaries (corresponding entity)	
				Budget revision	
				Review of procedures and bottlenecks	
				Revision and modification of contractual instruments	
				Implementation of infrastructure information system	
				Subcontractor evaluations begin on rolling basis	
				Training programs for subcontractors begin	
				Training programs for field staff begins	
			Community negotiation effort (concertacion)		

	Dynamic allocation of field staff begins
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a. Quarter 1: April – June 2004

During this quarter, the infrastructure office focused on implementation activities related to commitments made in Phase I of the program (PDAP I) and on groundwork activities related to Phase II of implementation (PDAP II). As a result, most activity during this quarter centered around project feasibility studies, environmental screenings, project start-up and construction supervision.

b. Quarter 2: July – September 2004

Given the large volume of new participating communities in PDAP II, activity this quarter primarily focused on completing PDAP I commitments and on addressing newly acquired commitments. The infrastructure office concentrated efforts on pre-design activities, drafting of terms of reference, and awarding design, construction and supervision contracts and grants.

During this quarter, internal procedures underwent an initial review and procedural manuals were developed.

c. Quarter 3: October – December 2004

The third quarter represented the largest increase in the infrastructure pipeline (both in pre-implementation and implementation stages). Therefore, pre-design, design, award, and supervision activity significantly increased.

Lackluster performance of design evaluation subcontractors – made evident during the construction phase - lead to the infrastructure office conducting design evaluations internally.

After review of internal procedures and bottlenecks, the following processes were improved: subcontractor disbursements, construction timeline extensions, budget modifications.

New contractual mechanisms, which are more responsive to technical requirements, were developed with the assistance of the contracts office. Principal among these were design contracts with an “option” to contract subsequent construction supervision to the same subcontractor thereby increasing designer accountability and providing continuity between previously disjoint activities.

With the assistance of the M&E office, the infrastructure office information system design was completed and the system was made operational. The system, which can be accessed via a CORVU interface, permits rapid access

to project status indicators, financial information, beneficiary information, among other indicators and dramatically increases the effectiveness of monitoring and programmatic activity.

During this trimester, infrastructure staff participated in a PDA-wide community negotiation effort (*Proceso de Concertacion*) and was able to achieve a budget reduction in excess of \$5.5 million.

d. Quarter 4: January – March 2005

The infrastructure component focused primarily on achieving rapid field presence and speedy response to PDAP II commitments through careful re-engineering of processes (internal to the infrastructure office and inter-office). Through this effort, pre-implementation delays as well as implementation time requirements were greatly reduced as bottlenecks are identified and removed and procedures simplified.

A direct result of this re-engineering, the level of works underway reached a peak of 137 during this quarter. Moreover, this trimester saw unprecedented levels of construction awards (134) as well as an unprecedented 82 project start-ups.

Field staff was re-organized based on a staff rotation plan which provided the flexibility required by the increased project volume. In addition, the Aguaytia regional office (region with largest volume of infrastructure activity) was decentralized and three additional satellite offices were created. Field presence, response time, and effective supervision in Aguaytia increased considerably.

3. QUATERLY ACHIEVEMENTS

1. Quarter One

- 103 of 194 PDAP I projects completed. Remaining PDAP I projects underway
- 144 projects entered design stages and 66 projects became ready for award

2. Quarter Two

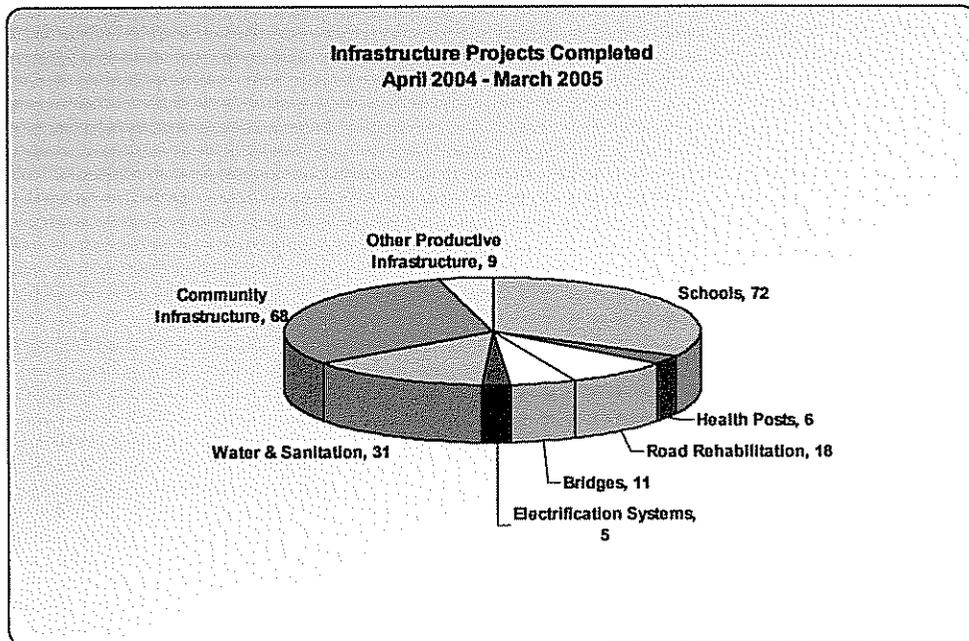
- An additional 72 projects successfully completed
- Procedures improved
- Updated procedural manuals designed

3. Quarter Three

- PDA met nearly 100% of its commitments in the VRAE region (excepting 3 projects).
- Re-organization of Lima staff and regional staff increases responsiveness to PDA goals
- Comprehensive evaluation of sub-contractor past performance completed and incorporated into award process
- Infrastructure Information System became fully operational (via CORVU interface)
- Reduction in excess of \$5.5 million in operational budget through community-level negotiation effort (*Proceso de Concertacion*)

4. Quarter Four

- Infrastructure lead multi-office initiative and re-engineered several critical inter-office procedures
- An unprecedented 137 construction awards were made (104 primary and 33 secondary)
- A record-setting 82 project start-ups
- Staff rotation plan implemented and response time significantly improved
- Decentralized field offices created in Aguaytia - field presence and responsiveness greatly increase in that region
- Contracts for project design with an option to award subsequent supervision are issued on a trial basis
- New mechanism to hire supervisory services became operational

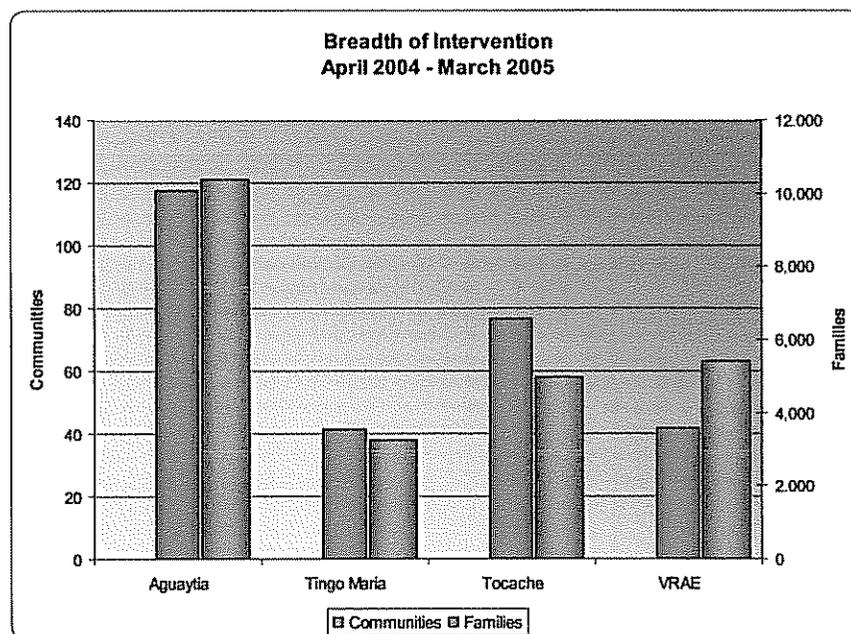


**Project Status – March 31st 2005
(Cumulative)**

General Classification	Project Type	In Execution	Completed
Educational Infrastructure	Construction of educational centers	22	67
	Rehabilitation of educational centers	3	9
Community Infrastructure	Construction of Multiple Use Centers	35	69
	Community Infrastructure	9	13
Water and Sewage	Construction of sewage infrastructure	7	1
	Potable Water systems	28	34
Health Infrastructure	Health Post construction	9	5
	Health Post rehabilitation	0	0
Road Infrastructure	Road Rehabilitation	23	24
	Bridge Construction	9	13
Economic Infrastructure	Productive infrastructure	1	6
	Irrigation channel construction	0	2
Electrification	Electrification System Construction	1	8
Other	River Embankment Protection	0	2
TOTAL		147	253

4. SUCCESSES

- Extremely high levels of project activity - more than 200 project start-ups during the course of the year and over 250 projects successfully completed
- PDA presence, through its infrastructure component, in 274 communities representing over 23,000 participating families



- An estimated 15,000+ temporary jobs created in participating communities through infrastructure activity in target areas
- Reduction of operational budget in excess of \$5.5 million through active involvement in the PDA-wide community negotiation effort
- Marked decrease in the time requirements of internal procedures, effectively reducing the project cycle and improving response time to communities
- Consolidation of working relationships and strategic alliances with 24 municipal governments throughout PDA area of intervention
- Considerable increase in access to local markets (roads and bridges); sizeable provision of absent basic infrastructure (electricity, water, and sewage) in participating communities:

Project Type	Initiated during Year	Completed During Year
Roads	128 kilometers	92 kilometers
Bridges	320 meters	618 meters
Power (Electrification)	12,198 meters	21,026 meters
Water & Sewage	70,533 meters	60,951 meters

- Substantial improvement in access to social services in participating communities:

Project Type	Initiated during Year	Completed During Year
Schools	93 classrooms (48 schools)	142 classrooms (72 schools)
Health Posts	11 posts	6 posts
Community Centers	42 units	64 units

Center for Economic Services / CSE

A. EXECUTIVE SUMMARY

Response to Intermediate Results. CSE's core function is to design and implement legal economic activities which promote jobs and sustainable income in order to contribute towards sustainably reducing illegal coca crops and businesses.

In order to achieve this, we analyze the market demand and gradually develop the conditions required to establish competitive businesses which (i) actively involve the population, their leaders and productive organizations, (ii) work in consideration of environmental regulations, optimum use of financial resources. All this serves to create a climate of trust and attract private investment in the areas of alternative development.

During the reporting period, the most difficult challenge we have faced has been to establish the conditions for productive projects and social change through the installation of 35,915 ha out of the 38,174 ha programmed, involving a total of 30,802 families. This has all meant working within an environment of constant opposition on the part of the coca-grower leaders who seek to discredit the PDA as well as other entities involved in the program.

As of March 31, out of a total of 35,915 ha of crops, we completed our work on 6407.75 ha while 29,507.25 ha continued receiving technical assistance; the remaining 2,260 ha will be dealt with in the course of the following two months. In order to carry out this work, we have 39 recipients who implement the grant agreements and 10 technical assistance companies who provide this service. The main crops grown are cocoa (18,123 ha), coffee (3,513 ha), cotton (5,095 ha), corn (2,261) and bananas (1,140), among others.

As part of the CSE program, we promote the development of businesses by facilitating access to information, by giving interested parties access to markets and by providing technical assistance to solve specific problems which may potentially obstruct the normal progression of the business itself. We currently work with 2 companies who are selling the production in Lima's leading supermarkets (Wong, Metro, Santa Isabel), wholesale markets and other companies who export cocoa and coffee. Sales for the reporting period totaled US \$1,261,356.

B. RESULTS

The following sections describe two processes: organization and planning activities related to productive and business projects, directly benefiting 30,802 families within PDA's area of intervention and the results of the assistance.

B.1. Planning and Organization

In the first quarter, we implemented a plan to integrate PRA / PDA staff, gradually incorporating the business focus and drawing up operation plans for each Sub CSE. This helped us to improve the quality of the field work and better fulfill the obligations contracted under the agreements. Following the community negotiation process and review of pending commitments established under the frame agreements entered into by signatory communities and DEVIDA, we proceeded to update the database and plan our objectives. This contemplated attending a total of 38,175 ha.

During the second quarter, we defined the intervention model and detailed budget. The model considered bidding for co-investment in technical assistance services until March 2007. This was achieved with an investment of US \$ 1,544.07 on the part of PDA, and the investment of nine private companies who contributed with approximately US \$ 818,727.

In the third quarter, our emphasis was centered on implementing the productive projects in the field. We decided to purchase part of the supplies, mainly seeds and tools for the PDA's productive projects, while the rest was secured through grant agreements to be executed by the recipients. To date, we have implemented 77 grant agreements with 39 producer organizations and 10 technical assistance sub contracts with an equal number of companies. We also advanced with the business plans which involve 32 companies throughout the 4 valleys.

In the fourth quarter, we continued to implement productive¹ and business² activities in the field. In particular, special efforts were made to improve field supervision and monitoring, based on a new system which was designed and put into practice, to supervise productive projects.

The supervision system ensures that the productive project experts have all the grant agreement and technical assistance subcontract information they need to design the work plan to be carried out by the field supervisors. This plan entails visiting each one of the communities to check the work and quality of the technical assistance service, delivery and use of materials, supplies and tools and to evaluate the progress made and/or constraints hindering the advancement of the productive projects.

B.2. Global objectives, progress and outlook

The objective is to implement a total of 38,175 ha benefiting 30,802 families, as shown in the Table below.

Table 1. Overall summary of hectares of crops to attend to according to Frame Agreements in force as of March 2005.

Crop	2003-2004 Campaign	2004-2005 Campaign			Concluded 2003-2005	Total (ha) programmed	Total Beneficiaries	Total ha scheduled for Tech. Assis. 2005
		Pending	En Ejecución					
			Technical Assis.	Supplies & Tech Assis				
Cotton	4,370.0	0.0	0.0	725.0	4,370.0	5,095.0	3,299.0	725.0
Cocoa	10,088.0	379.5	10,088.0	7,656.0	0.0	18,123.5	16,004.0	18,123.5
Camu Camu	59.8	0.0	0.0	0.0	59.8	59.8	60.0	0.0
Coffee	2,596.8	0.0	2,596.8	917.0	0.0	3,513.8	3,125.0	3,513.8
Palm heart	118.0	0.0	118.0	0.0	0.0	118.0	118.0	118.0
Com	1,577.0	627.0	0.0	57.0	1,577.0	2,261.0	2,211.0	684.0
Palm Oil	1,335.0	1,072.0	1,335.0	0.0	0.0	2,407.0	778.0	2,407.0
Grasses	130.0	0.0	0.0	4,446.0	130.0	4,576.0	2,804.0	4,446.0
Plantain	769.0	15.5	769.0	356.0	0.0	1,140.5	1,126.0	1,140.5
Pineapple	51.5	18.1	51.5	0.0	0.0	69.6	207.0	69.6
Beans	0.0	21.0	0.0	0.0	0.0	21.0	21.0	21.0
Citric fruits	144.0	127.0	144.0	0.0	0.0	271.0	322.0	271.0
Papaya	22.0	0.0	22.0	0.0	0.0	22.0	22.0	22.0
Rice	0.0	0.0	0.0	201.0	0.0	201.0	201.0	201.0
Peanuts	271.0	0.0	0.0	25.0	271.0	296.0	304.0	25.0
*Rice Mill	0.0	4.0	0.0	0.0	0.0	4.0	200.0	
Total	21,532.0	2,260.1	15,124.3	14,383.0	6,407.8	38,175.1	30,802.0	31,767.4

¹ These are attended through Grant Agreements made with producer associations and Technical Assistance Sub Contracts co-executed mainly with private companies.

² These are attended to on the basis of business plans, by client (private enterprises) and by product.

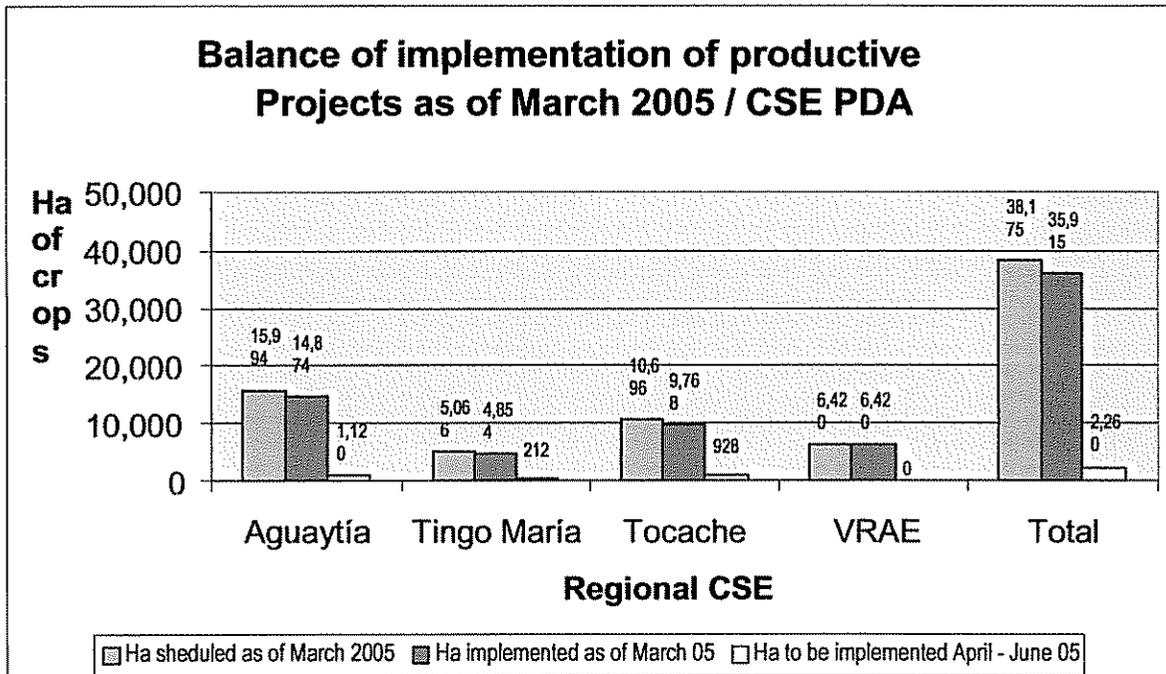
Table 2. No. of hectares scheduled for installation and installed as of March 2005 by zone

CSE	No. of Ha. Committed in Grant Agreements as of March 05	No. of Ha in Implementation as of March 05
Aguaytía	15,994	14,874
Tingo María	5,066	4,854
Tocache	10,696	9,768
VRAE	6,420	6,420
Total	38,175	35,915

As of March 2005, advancement is 94% out of the total of scheduled ha (38,175). The remaining 2,260 ha (6%) will be installed during April –June 05. The area where most progress has been made in relation to productive projects is VRAE (100%) and includes the 23 communities who withdrew from the PDA program and who now no longer are receiving technical assistance.

In Tingo María, we have been successful in attending 96% of our targeted number of hectares, however this is the place with the highest number of claims, due mainly to the strong presence of coca-grower leaders and problems caused by the Agrarian Association of Aucayacu opposing the implementation of the coca bean project.

In Aguaytía and Tocache we attended 93% and 91% of the programmed number of hectares respectively. In both of these areas, however, it is important that we strengthen our field supervision in order to guarantee the installation of the perennial crops i.e. cocoa, coffee and oil palm that we have so far been promoting.



We have provided services to the communities through 77 projects / grant agreements. The implementation of these productive projects is heavily dependent on the farming calendar, which means that most progress can be made between January and March. This is why the process to install 14,165 ha of crops started during this period. All projects are implemented either through i) grant agreements or ii) technical assistance sub contracts.

The grant agreements have been executed with the help of 39 recipients distributed as follows: 15 in Aguaytía, 13 in VRAE, 8 in Tingo María and 3 in Tocache. Out of these 39 recipients, 37 are producer organizations (95%) and only 2 (5%) are NGO's. (See Table 4)

Working with these 37 producer organizations has strengthened PDA's social base. In order to teach them to become more efficient, they received training on account management so that they could better administer these grants, and they also received technical and other support. Despite these efforts, these organizations are still rather weak³, and it has therefore been decided to develop a program geared towards institutional strengthening.

Technical assistance is also being provided by 10 business organizations: 3 private companies (Exportaciones Sierra y Selva SA, Patt Fresh SA, Multiagros EI SAC), 2 producer consortiums (COPPU, COPASO), 3 agrarian cooperatives (Cooperativa Agraria Cafetalera La Divisoria, Cooperativa Agroindustrial Tocache, Cooperativa Agraria Cafetalera Valle Río Apurímac) and 2 community-owned companies (Ecomusa Von Humboldt and Ecomusa Unión y Trabajo). As of March 2006, the PDA pledged to invest US \$ 1.544.072 while private companies have committed to contribute approximately US \$ 818,727.

B.3. Productive Activities concluded as of March 2005

Approximately 6,408 ha of crops were installed during the reporting period. These included 4370 ha cotton, 1,527 ha corn (1107 in Tocache, 340 in Aguaytía and 140 in Tingo María), 271 ha peanuts in VRAE and 130 ha of grasses in Aguaytía, involving a total of 4,460 beneficiaries.

Table 4. No. of ha crops installed as of March 2005 / CSE PDA

Area	Total		Crops
	Ha	Beneficiaries	
Aguaytía	4,890	2,890	algodón, camu camu, maíz, pastos
Tingo María	140	184	maíz
Tocache	1,107	1,107	maíz
VRAE	271	279	maní
TOTAL	6,408	4,460	

Cotton, peanuts and corn crops are now widely sold by different business chains. 1.1 million kilos of raw cotton were sold thanks to the support of COPASO who helped to make the connections, and to the support of Empresa ACUDE, Empresa Privada Plan Ucayali SAC and the Caja Rural Señor de Luren. Peanuts sales from VRAE were

³ With respect to organization and management.

boosted too thanks to the participation of APAUV, Multiagros Import Export SAC, and other companies. During the 04/05 campaign, cotton and peanut crops continued to be worked with the direct involvement of the private sector; the cotton production is being supported by the same companies while the peanut production is being supported by Química Suiza and Misti.

B.4. Productive activities currently in execution

During the reporting period, we have supported the installation of 29,507 ha of crops. The area where most hectares of crops were installed is Aguaytía (9,984 ha), followed by Tocache (8,460 ha), VRAE (6,149 ha) and finally Tingo María (4,714 ha). 24,361 farmers were benefited throughout the 4 valleys.

Out of the 13 crops that we are supporting, 6 account for 98% of the total area, and have been planted in 28,889 ha. The most common crop is cocoa, which accounts for 17,774 ha (60% of the total area). Cocoa is followed by grasses which cover 4,446 ha (15%) and coffee, covering 3,514 ha (12%). Other important crops, not only in terms of extension of land covered, but also in the business context, are bananas (1125 ha), cotton (725 ha) and pineapple (52 ha).

Table 7. Crops planted and receiving technical assistance as of March 05

Crop	Aguaytía		Tingo María		Tocache		VRAE		Total	
	Ha	Beneficiaries	Ha	Beneficiaries	Ha	Beneficiaries	Ha	Beneficiaries	Ha	Beneficiaries
Cocoa	3,455	2,988	1,798	1,825	8,200	7,999	4,291	2,813	17,744	15,625
Grasses	2,724	2,210	1,722	574					4,446	2,784
Coffee	600	620	821	884	260	260	1,833	1,361	3,514	3,125
Oil palm	1,335	267							1,335	267
Bananas	975	913	150	182					1,125	1,095
Cotton	725	725							725	725
Rice					201	201			201	201
Citrics			144	195					144	195
H. of palm	118	118							118	118
Com			57	57					57	57
Pineapple	52	122							52	122
Peanuts							25	25	25	25
Papaya			22	22					22	22
Total	9,984	7,963	4,714	3,739	8,661	8,460	6,149	4,199	29,507	24,361

All of these crops are receiving technical assistance which is provided by experts and peasant promoters hired by the private companies involved. In the four valleys, the objectives are to increase knowledge in installation and seed hybridization so that the farmers can learn how to install and manage their fields efficiently and thereby obtain higher yields.

B.6. Business development

PDA's Center for Economic Services was created during the first and second quarters, as a result of the incorporation of the PRA Project into PDA. CSE's operation strategies and tasks were also redefined and approved. These included:

- Integrating PDA's Productive Projects Area staff with PRA Project's business management officers working in the alternative development areas.

- Defining operation strategies based on the PRA focus/ businesses.
- Formulating and approving the intervention model designed to apply PRA's concept and methodology on CSE PDA.
- Equipping the 4 Sub CSEs located in Aguaytía, Tingo Maria, Tocache and VRAE.
- Drawing up operation programs for each CSE, with an emphasis on business and based on businesses already implemented by PRA to support start up and business development
- Preparing business factsheets

Later, during the third quarter, we went on to define CSE PDA objectives for the October 2004 - September 2005 period. This entails co-working with PRA and the objectives are:

Table 9. Sales, jobs and investment objectives / CSE PDA Oct 04 – Sept 05

Sub CSE	Sales (US\$)	Jobs (Wages)	Investment (US\$)
Aguaytía	1,100,857	122,701	110,985
Tingo Maria	594,063	66,214	59,892
Tocache	1,534,189	171,000	154,672
VRAE	929,332	103,583	93,692
Total CSE	4,158,441	463,498	419,241

Business Activities. Special attention was given to business development in the third quarter. We focused on establishing commercial contacts and encouraging private enterprises to invest in the area. In this context, the public competition for co-investment in technical assistance played a fundamental role.

COPEME, through the execution of the agreement to finance and strengthen rural savings banks during the August 2003 – March 2005 period, and under the protection of DCA's Guarantee Fund, which involves the Cajas Rurales de Ahorro y Crédito Libertadores Ayacucho, San Martín y Señor de Luren, has managed to work with 38 productive chains, reimbursing a total of US \$ 609,750 with 548 producers. Loans amount to US \$ 1,119,572, with an active portfolio of US \$ 508,996 and a total amount of committed placements in the order of US \$ 1,259,313. This work mechanism will remain in force until March 2006.

The Trust, which is co-managed with PRISMA⁴ in a high-risk and constrained scenario, has managed to remain operative. It boasts a client portfolio of 1698 clients and a current amount of US \$ 1,098,324; its rate of delinquent payments is 11.1%. The progress made with respect to creating a credit culture amongst the population is notable.

Through the Trust, we have been able to give credit loans to a number of farmers' associations including: COPASO, COPPU, ACATPA, APPSHA, and APA Fray Martín. This has been highly beneficial to them as consolidate their offer and improve their production prices, which meant that farmers gained higher profits.

⁴ Source: Memoria Fideicomiso. Crédito Individual para las zonas de Desarrollo Alternativo. Dec. 2004

Between December 3 – 8, DEVIDA, the PRA and PDA attended the Región Exporta y Hecho a Mano Fair, organized by ADEX in the installations of the Centro de Convenciones Jockey Plaza (Lima). Our participation consisted of introducing a group of leading farmers who are involved in the Program. Thanks to this Fair, we were able to: i) exhibit the main products, ii) inform the public on PDA activities and its business perspective and iii) establish business contacts with private companies.

During the fourth quarter, our efforts were focused on transferring all PRA Project businesses to CSE PDA. As part of this work, we have been developing business plans designed to overcome the constraining factors causing typical ‘bottlenecks,’ and hindering the normal progression of business development. CSE is now in position to facilitate information, enable interested parties to access markets and obtain specialized technical assistance.

During the month of February a group of businesspeople and experts employed by Consolidated Plantation Berhar of Malasia as well as USAID, PRA Project and DEVIDA representatives visited our offices. Here it was established that considering the progress made by the oil industry, it would only be possible to install a maximum of 20,000 ha. They also recommended significantly improving present production and productivity rates.

As of March 2005, CSE PDA sales reported US \$ 1, 261,356 ⁵ which is part of the US \$ 4,158,441 goal assigned to CSE. Aguaytía is the Sub CSE reporting the highest sales for the year. In this context, there is a considerable gap between this leading Sub CSE and Tocache and Tingo María. In these last two areas, we need to step-up client relations if we want to meet our goals and strengthen business development in these areas. We expect to be able to continue developing businesses in VRAE, provided the security conditions there do not get worse.

Accumulated net sales in PDA areas of intervention as of December 2004 are in excess of US\$ 8.7 million. Accumulated net sales are highest in the San Martín region, followed by Ucayali, Huánuco and Ayacucho. Cusco and Junín report the lowest sales.

Table 10. Accumulated Net Sales in US\$, in the area of alternative development

Region	Net Sales US\$	%
Junín	154,791	1.8
Cusco	206,931	2.4
Ucayali	2,311,824	26.3
Huánuco	2,072,828	23.6
San Martín	3,087,578	35.1
Ayacucho	958,040	10.9
Total (*)	8,791,992	100
(*) Accumulated as of December 04		
Source. Quarterly Report Nº 21. PRA Project		

CSE PDA is currently co-developing businesses with 31 companies which are distributed as follows: 11 in Aguaytía, 6 in Tingo María and Tocache and 8 in VRAE. These include:

⁵ Source: Unidad de M&E Proyecto PRA

C. CONCLUSIONS AND RECOMMENDATIONS:

C.1. Lessons Learned

- The formation of a Center for Economic Services (CSE) at PDA level as well as the establishment of Sub CSEs in each of the Regional Offices (Aguaytia, Tingo Maria, Tocache and VRAE), with staff specialized in productive and business projects, has made it possible for us to incorporate a business and market focus that is solid and reliable. This in turn, has set down favorable conditions for the sustainability of the investments made in the different productive activities.
- It is important to prioritize all of the productive activities as part of the socialization, and negotiation processes carried out with communities, prior to signing the frame agreement and addenda. These must first be extensively reviewed by the experts so that they may determine their technical, economic, social, environmental, financial and business feasibility.
- All of the environmental conditions revealed by the grassroots EIA must be taken into consideration during the productive project formulation stage (i.e. grant agreements and technical assistance sub contracts), in order to guarantee compliance with all of the effective environmental laws and regulations. The final list of beneficiaries should also be included.
- During the productive project formulation stage, we should seek to obtain the contribution of the beneficiaries and analyze whether or not we should continue paying them for their labor as we have been doing to date, in order to ensure that the crops are installed correctly.
- In order to guarantee the proper installation of the productive projects, it is absolutely fundamental that we train and accompany each and every one of the recipient communities and sub contractors on-site.
- It is important to provide permanent and timely information at community level (authorities and population) on the state of the productive projects. They should also be given a detailed summary informing them on exactly what each beneficiary can expect to receive as a means of support during the implementation of their productive projects.
- When formulating business plans, it is important to identify the problem or constraining factor (bottleneck) that we wish to solve. Additionally we need to specify the action to take, establish the strategy and define CSE and private company contributions to ensure feasibility of these businesses and comply with the projected sales, jobs and investment objectives.
- A new strategy has been designed and set in place for supervising the productive projects. For this, the productive project experts in each of the Sub CSEs now have the support of technicians as field supervisors. These people are responsible for visiting the communities at least 1 to 3 times a month, to check: i) the work and quality of the technical assistance services provided by sub contracted private companies; ii) the timely delivery and adequate use of supplies, materials and tools assigned to them as a support for their farming activities.
- Supervision in the field has helped to increase our presence in the field and in each and every one of the communities, improving CSE intervention efforts in the implementation of the productive activities.

- The public competition held at national and regional levels for the co-investment of technical assistance services, enabled us to capture the interest of ten companies, who together are co-investing a total amount of US \$ 831,615. Additionally, PDA has committed to invest US\$ 1,576,385 in technical assistance up until March 2007, to attend to over 28,000 ha of crops.
- It is essential to work closely with the experts involved in the productive projects, and in the environmental and natural resource components, as well as with DEVIDA technical staff, to visit the communities and check on the monitoring and supervision work during the implementation of the productive projects and businesses.
- The community negotiation process, which includes the participation of DEVIDA / USAID, has helped us to determine the scope of the Frame Agreement and guide the beneficiaries and community leaders through the Program's agenda; it has also enabled us to define the roles and obligations of each and every one of the parties involved.
- Coordinated action between PDA / USAID / DEVIDA allows us to create alternatives, improve our operational strategies and immediately respond to problems and concerns of the beneficiaries and community members.
- In order improve business development it is fundamental that all PDA personnel shares the new approach, at central and regional level, while continuing to work closely with the PRA Project.

C.3. Recommendations

- Comply and attend to all of our obligations contracted under R372.
- Design and implement an institutional strengthening program directed to producer organizations, so that they may become solid organizations made up of a social base interested in continuing to implement productive and business activities.
- Provide a direct accompaniment service to recipients and sub contractors in their respective offices, with a company financial auditor, in order to improve efficiency at the time rendering accounts and complying with administrative procedures and regulations.
- Reinforce the monitoring and supervision plan for productive projects in the field, with the direct participation of field supervisors, productive projects experts, authorities and local leaders.
- Train all CSE personnel, experts, field supervisors and personnel working for recipients and subcontractors responsible for implementing the productive projects (grant agreements, sub contractors) to ensure that they apply and comply with the environmental laws and regulations considered in the PDA.
- Coordinate with recipients and sub contractor firms so that they implement all environmental regulations under the PDA.
- Carry out monitoring and supervision visits to the field together with the DEVIDA's technicians, while maintaining good work relationships.
- Improve the corporate management aspects of companies participating in the implementation of the business projects.
- Define a customer service model for those families and communities who have committed to the PDA but a business approach cannot be applied, and there is no option but to continue with subsistence level farming.

- Design and implement a strategy directed towards the sustainability of productive and business investments, particularly where crops have long vegetative periods, such as is the case of cocoa, coffee, oil palm and others.
- Maintain an adequate level of coordination and communication between the PDA and the PRA Project, both at regional and central levels, so as to strengthen the new business approach.

Natural Resource Activities

A. APPLICATION OF ENVIRONMENTAL REGULATIONS

The objective of this component is to guarantee that both PDA-financed infrastructure works and productive projects are executed in strict compliance with the environmental regulations in force in Peru and USAID. USAID's environmental regulation (Regulation 216) requires the decision process to consider every possibility of environmental impact that could potentially arise from USAID-funded projects.

PDA's Programmatic Environmental Assessment (PEA) was approved in July 2004; this establishes the environmental process to be followed by all PDA activities. Compliance with the conditions set forth in the PEA not only seeks to satisfy the legislation in force, but also to attain better quality works and ensure that the entire development of the productive projects, from the moment of design onwards, is carried out in observance of the effective environmental regulations.

This component contributes towards the compliance of strategic result 3, which not only strives to establish more and better opportunities for legal economic activities, but that this is done through the establishment of a solid base of environmental considerations.

A1. Main activities

The activities carried out by this component are related to monitoring compliance of the environmental process established under the PEA. The section below describes the main activities:

- Preparation of Initial Environmental Assessments (IEA): every project, whether related to civil works or productive projects, must have its own IEA. The IEA serves to classify the project according to its environmental category and specifies the environmental conditions to be considered for its design and implementation. Moreover, the IEA can determine the need for further and more detailed environmental studies or reports.
- Environmental inspections: the environmental process requires conducting environmental inspections on all works and projects in order to check compliance of environmental regulations and to carry out any necessary adjustments, as the project advances.
- Training: training courses are given at different levels, so that PDA, DEVIDA and contractor staff may be optimally trained to comply with environmental regulations. Training is also given to project beneficiaries and implies

- establishing and training the committees charged with maintaining the works.
- Reports: different reports are drawn up summarizing the activities carried out and the results of implementing the environmental process.

The table below offers a summary of the main activities carried out as part of the environmental process. Coordinated work with the Infrastructure Unit and Regional Offices has been important for achieving the design and approval of the projects to be executed in the beneficiary communities. It is important to note that only in the month of March, 110 infrastructure works were approved for adjudication.

Notable too, is the fact that we have been able to prove that working in compliance of environmental regulations does not necessarily delay project implementation. This implied full collaboration of plant personnel and involved hiring consultants for a short-term and at specific times when there were a great number of projects to be attended to at the same time.

On the other hand, coordinated work with the CSE has improved and we have standardized the minimum environmental conditions for cocoa, banana, corn, bean and pineapple crops. This is perhaps one of the most important steps forward for executing productive projects in compliance with basic environmental principles.

PEA related reports

REGIONAL OFFICE	N° OF PROJECTS Attended	PEA related reports		
		IEAs	Inspections	Other reports
Tingo María	68	16	48	5
Tocache	230	209	105	3
Aguaytia	223	388	164	78
VRAE	84	23	74	9
TOTAL	605	636	389	95

A2. Main Achievements

The following section offers a description of the main achievements in connection with the application of PDA's environmental process.

1. An internal PDA structure responsible for implementing the environmental process specified in the PEA was set in place.
2. The PEA was implemented and PDA activities are now executed under the framework of compliance with Peru's and USAID's environmental regulations.
3. The first audit on PEA execution and its corresponding report reflect the great efforts made to develop PDA activities in keeping with environmental legislation. A workshop was organized to present the results of this to all PEA and regional parties.
4. Co-working with DEVIDA and USAID's environmental component has turned out to be very beneficial and this definitely contributes to better implement PEA requirements.
5. Field work carried out prior to the execution of road works, determined that it was not recommendable to carry out a number of intended works, in view of their inherent environmental risk.
6. Environmental issues have been integrally grafted into all of PDA's agenda, and not as a mere appendix or supplementary component with little bearing on its activities.

B. LEGAL ECONOMIC ACTIVITIES BASED ON THE USE OF FOREST RESOURCES

The objective of this component is to encourage PDA beneficiary communities to develop legal economic activities based on the sustainable use of forest resources. Many of the communities who have signed auto-eradication agreements are located in forest lands or in forest lands bordering farming areas and are partially covered by forests.

This component contributes towards the compliance of strategic result 3 in two ways: a) generating job opportunities and economic activity and b) promoting economic activities which are designed according to the specific local conditions of each place and developed under the criteria of sustainable use of the natural resources available to the signatory communities.

B1. Main activities

This component has developed different types of forest projects. We have executed forest management projects with native communities (areas measuring over 20000 hectares) and with peasant communities in areas declared as local forests, covering areas of less than 500 hectares.

On the other hand, we have developed a series of reforestation and agroforestry projects with peasant communities. The third type of project we have been involved in, are related to the installation and start-up of rubber production modules. These use the trees found naturally in the forest (not plantations).

As a means of complementing the forest management projects in local forests, we have also proceeded to install saw-milling modules, so that the local communities can also add value to the product by carrying out initial wood-processing on site. These modules have been designed according to the available forest land and the volume of timber we estimate that they will be able to obtain from it.

Activities include:

- Promoting forest projects: historically, forest projects have not been considered as an economic alternative to illegal coca crops. Promotion work includes selling the idea not only to PDA beneficiaries but also to PDA staff (socializing agents, communicators, agronomists, civil population, administrators, etc.)
- Design: Projects are designed on the basis of the specific conditions of each of the communities involved.
- Implementation: projects are executed directly by PDA staff or through contractors.
- Monitoring: projects undergoing execution are permanently monitored so as to ensure that the communities receive the attention that they require to deal with a number of different problems that may potentially arise during commissioning and project implementation.

The table below shows the forest projects implemented in each of the regional offices.

It also includes information as to their present status of execution. Often, forest management projects have to obtain approval from state entities such as INRENA, and this process has significantly delayed their implementation.

Forest projects developed by PDA

Project	Regional office			Current status			
	T María	Aguaytia	Tocache	Design stage	Initial stage	Undergoing execution	Concluded
Alto Santa Cruz management plan			X				X
Nuevo Oriente management plan			X				X
Playa Hermosa management plan			X		X		
San Juan de Abisco management plan			X		X		
Mantención management plan			X		X		
Sinchí Roca forest management plan		X					X
Unipacuyacu forest management plan		X				X	
Santa Martha forest management plan		X				X	
Gosén forest management plan	X						X
Sortilegio agroforestry system	X						X
Honolulu agroforestry system	X						X
La Colorada agroforestry system	X			X			
Plantation of 6 hectares in Alto San Juan	X			X			
Plantation of 45 hectares of <i>bolaina</i> , in the communities of San Pedro de Guinea, Santa Rosa de Guinea and Virgen del Carmen		X					X
Production of Unipacuyacu rubber module		X		X			
Production of Santa Martha rubber module		X		X			
Technical assistance and monitoring of production and operation of rubber module in the communities of Unipacuyacu and Santa Marta		X					
Achinamiza rubber module			X			X	
Alto Santa Cruz industrial module			X	X			
Nuevo Oriente industrial module			X	X			
Gosén industrial module	X						X

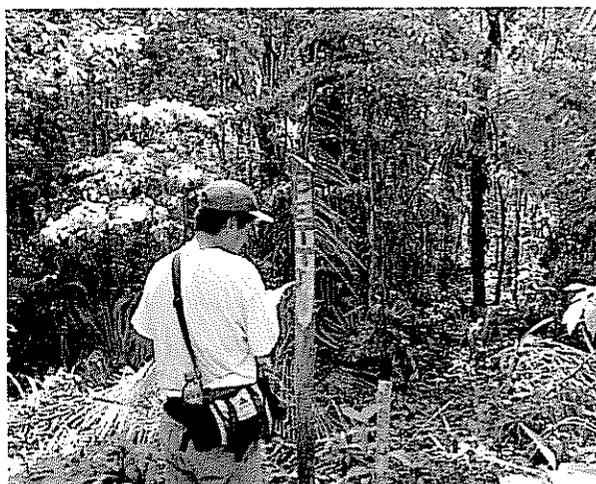
B2. Main Achievements

Main environmental achievements for the period include:

1. Forest projects have been successfully incorporated as an alternative legal economic activity, despite the fact that historically these types of projects have not been included in PDA's project portfolio.
2. Productive projects such as rubber modules were successfully implemented with the support of PDA and thanks to having secured markets for these products. They are already operating independently.
3. Productive projects have been designed on the basis of existing conditions and resources available to the different communities. This helps to guarantee their sustainability while significantly reducing their dependence on PDA resources.
4. Local forest projects have been set in place. These not only contribute to preserve community forests but also to generate income, jobs, and serve to mitigate environmental impact caused by road refurbishment projects.

Land Titling

Objective and Response to Intermediate Results. The purpose of this component is to grant possession security for 4,300 rural land parcels located in the Province of Padre Abad, department of Ucayali, and is directed at communities which are signatories of the Frame Agreement for the sustained auto eradication of coca crops, with DEVIDA. In this way, the Land Titling program responds directly to Intermediate Results 3 and 4, which focus on increased access to licit economic opportunities and increased responsiveness to citizens of elected local officials.



The land parcels which have already been cleared physically (delimited) and legally are no longer a source of potential conflict with neighboring landowners and/or third parties; farmers are qualified to obtain bank credits, lease, inherit, mortgage their land parcels etc.; in other words, registered landowners are now freer and at an advantage to embark upon more productive activities. In this sense, by officially obtaining the corresponding land titles, farmers are inserted into the market economy and can realize real estate transactions. This in turn increases the value of their lands so that, in the event that they should they decide to sell, they are in a position to sell land that is valued at its real market price. There are on the other hand, sufficient incentives to create and manage local forests. These prevent the deforestation of the State's natural resources and protect the environment. Furthermore, local municipalities have played a role in the titling process, thus enhancing their responsiveness to their constituencies.

Through the frame agreements entered into between PDA and the signatory communities, PDA is committed to provide assistance for undocumented titleholders and their families to obtain their DNI (National Identity Cards). The Land Titling Program (PTT) has assumed the execution of this process to help the beneficiary farmers to access the land titling processes, thereby helping these farmers to reestablish their rights as Peruvian citizens.

E1. Execution of the Land Titling 2004 Work Plan

Process and Progress. In this section, we will first detail the complete titling process to further understand the PDA's support role and then we will highlight events for each quarter to chart the progress of the titling effort both in the field and at the policy level.

The Land Titling process begins with the physical clearing of the property, which entails demarcation or delimiting the physical boundaries of the property with Submetric GPS technology. This procedure is carried out by the technical staff and is directed by the supervising engineer. It is realized in the presence of the land owner, adjacent and neighboring land owners and local authorities. Legal clearing is carried out in parallel to the field work and includes compiling the pre-registration files according to law, under the responsibility of the legal supervisor.

Land classification is also carried out to determine the most efficient use of each parcel of land (agricultural activities or forestry activities). This is realized by an agricultural or forest engineer and checked by INRENA. PETT created a supervision team whose work was to monitor the process, ensure quality control and assure that the technical files and maps drawn up were correctly compiled and in conformity to law. This explains why all files prepared for the land parcels delimited do not qualify for registration in the Public Registry.

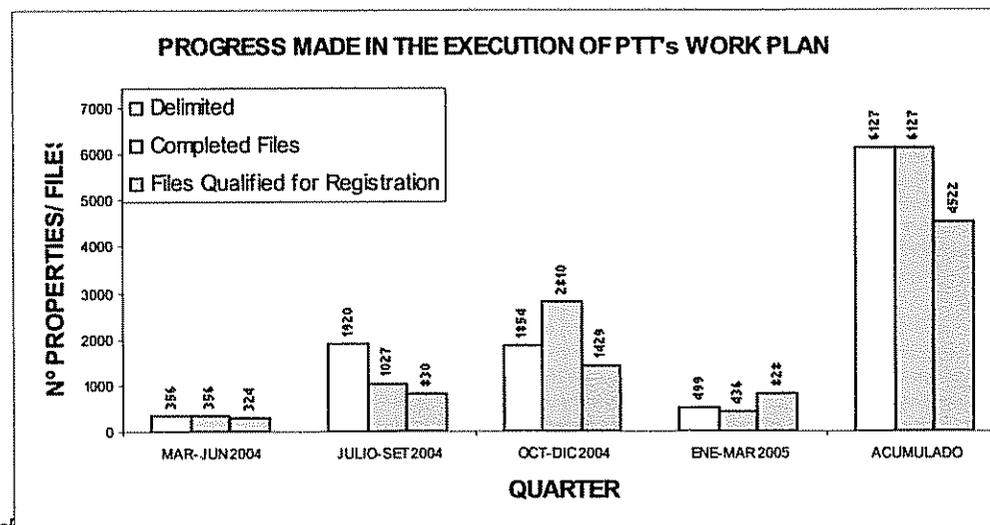
The technical files that classify as qualified for registration are those that have already undergone all intermediate processes such as data collection in the field using GPS, digital mapping, the preparation of land classification reports according to better use, entering data to the technical files monitoring system (SSET) and the PETT Supervision Report, among others.

The files organized and classified are still required to have their plans or cadastral certificates signed by the Regional Head of the Special Land Titling Project – Ministry of Agriculture (PETT); the land classification reports also need to be checked by INRENA and ownership certificates must be issued by the Agrarian Agency of the Ministry of Agriculture for the files to be complete. This has been scheduled to be carried out between May and August 2005, by the entities referred to above.

Technical support by the PDA for obtaining the National Identity Cards (DNI) consisted of: transferring undocumented signatories to RENIEC’s campaign locations, taking photographs, assuming DNI processing costs charged by the Banco de la Nación and assuming the cost of obtaining birth certificates nationwide.

April-June 2004

During the most recent quarter, demarcation of 356 land parcels was completed using submetric GPS technology in the districts of Padre Abad and Irazola, (province of Padre Abad, department of Ucayali). In terms of policy work, 356 files



were compiled, out of which 324 classified as qualified for registration and will continue on to the next processing stages before the Public Registry's National Superintendency – SUNARP.

This was the stage affected by a cocalero strike, which undermined the field work. It is also the stage where PETT's Supervision team started quality control activities.

July-September 2004

The demarcation of 1,920 land parcels was carried out during this period and 1,027 files were compiled, out of which 830 qualified for registration. The actions executed during this quarter were carried out with the technical personnel in accordance with the project's requirements. The Project was reengineered to accommodate more staff and logistical equipment.

October-December 2004

Demarcation was carried out on 1,854 land parcels, and 2810 files were compiled out of which 1429 qualified as to be registered. As from this quarter we began cutting back on staff as we neared completion (90%) of our intervention work in the communities (frame agreement signatories).

January-March 2005

During this quarter, 499 land parcels were delimited and 436 technical files were compiled, out of which 828 qualified as registerable. Delimitation and legal curing is being concluded in the few remaining communities. The communities we have intervened in during this last quarter are beginning to understand the advantages of obtaining formal land titling and are more willing to work with PTT. At the end of this quarter we had completed intervention in 99% of the total number of communities that required project intervention (102 communities). There was only one community that rejected the offer to become involved in the Land Titling program (San Martín de Chia).

During the reporting quarter, 3 mass campaigns were organized in an effort to help the undocumented land owners and their families to obtain their national identity cards (DNI). These campaigns were co-organized with the district municipalities of Irazola, Padre Abad and the Registro Nacional de Identidad (RENIEC).

The table below shows a summary of the accumulated progress as of March 2005, with respect to Land Titling efforts.

Table 1: Works carried out in the Aguaytía Region - PTT

PROCESS	Annual Progress	% of progress to achieve the goal
Demarcation using submetric GPS technology	6,127	142%

Registration (pre-registration files)	6,127	142%
Files qualifying for registration in the Public Registry	4,522	105%
Files with final report issued by PETT's supervision team	6,019	140%

Support to obtain National Identity Cards (DNI).

Working with local governments.

Twenty seven percent of the technical files that were prepared to formalize property ownership did not meet the requirements for registration in the Public Registry. This was due to a number of different reasons, but mainly (33%) due to the fact that claimants held no identity cards (DNI). In view of this, action was taken to provide assistance to undocumented farmers to obtain their DNI, under an agreement with the municipalities and the active involvement RENIEC. The 3 campaigns organized in the districts of Irazola and Padre Abad resulted in the processing of



documents for 243 individuals; 749 first need to obtain their respective Birth Certificates. Polls show that 1,896 individuals require assistance to obtain their DNI while 836 undocumented individuals still require attention. The PDA played a key role in coordinating these campaigns with the municipalities, thereby strengthening the existing ties it maintains with these local governments where Frame Agreements have been signed by many communities.

The table below gives the statistical details of the number of cases of undocumented individuals attended in the Province of Padre Abad:

Table 2: Report on state of DNI beneficiaries

DISTRICT	N° of undocumented people registered	N° of processes already started	N° of Observed DNI Processes	N° of Birth Certificates in process
Padre Abad	846	110	34	273
Irazola	722	133	34	476
Curimaná	328	0	0	0
TOTAL	1,896	243	68	749

E2. LESSONS LEARNED

- The existing thematic information on the rights granted by the competent institutions as well as any other rights created should be gathered and compiled prior to carrying out the physical delimitation of the land parcels and the respective legal curing work. This would help to provide an integral territorial diagnostic for future areas of intervention.
- It is difficult to work with public institutions such as PETT and INRENA as they are replace the few efficient officials on the basis of political rather than technical criteria.
- Sweep measurement over basins or micro-basins is more efficient than conducting measurement by isolated communities. It would also ensure compliance of the goals and objectives.

E3. RECOMMENDATIONS

- Expand titling effort to other PDA areas. It is an activity that has a high appeal for farmers and allows as a potential entry activity for the PDA into difficult areas.
- Continue attending undocumented persons in the areas in which the PTT intends to operate in the near future (Juanjui, Chazuta, Tingo María and Puerto Inca).

Chapter III: COMMUNICATIONS

Executive Summary

Challenges. The challenges incorporated into the work of the PDA's communications component implied decisive, broad and extensive action

In this context, primary reconnaissance work served to pave the way for us to implement informative and communicative strategies. This reconnaissance work revealed an extensive network of corruption that involved the media, local authorities, political leaders and even segments of coca-growing farmers with more organic links with drug traffickers (i.e. entire families who are dedicated to multiply maceration pits.) Due to this situation, our emphasis has been to combine interinstitutional work relationships in order to form a work block in the field of communications. It has also been important to articulate the three work levels or dimensions involved in the PDA's communications strategy: national level (Lima and other cities), the regional level (Tingo Maria, Tocache, Aguaytía, etc.) and community.

As part of the PDA, this year we have tried to establish solid foundations for coming across with a plan of powerful and coherent communicative action, in the attempt to put the program's communications strategy into practice. Clearly our greatest efforts were concentrated at regional level.

Report Design. The report is divided into specific areas: strategic planning, nationwide dissemination, regional dissemination, community work platform and performance and monitoring.

A. STRATEGIC PLANNING PROCESS IN COMMUNICATIONS

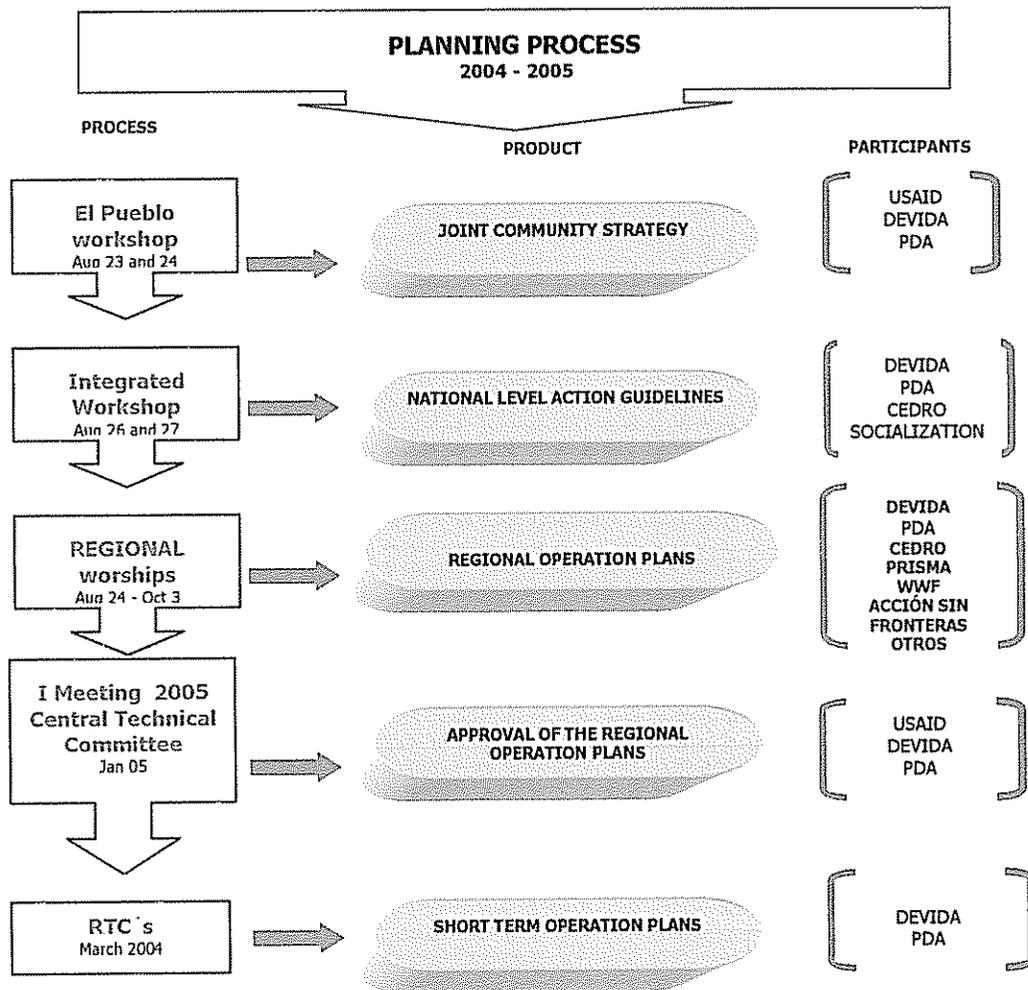
During the March 2004 – March 2005 period, the PDA communications component developed the strategic planning process, at central and regional levels. At central level, guidelines for a common communications strategy were jointly prepared by USAID, DEVIDA and the PDA¹ for the first time. The PDA's Communications Strategy was the result of this process.

At the end of the first quarter of the year, we embarked on a notable interinstitutional (USAID, PDA, DEVIDA, US Embassy, among others) effort to develop a strategical planning process. The result of this is a common communications strategy between DEVIDA, USAID and the PDA (Hotel El Pueblo, August 23-24, 2004). In October 2004, after concluding the planning processes at regional level, and with the joint participation of DEVIDA, CEDRO, Prisma, WWF and other operators associated with the PDA or USAID working under the construction approach, we coordinated with the regional offices to supervise the setting in place and development of the Regional Technical Committees (RTC's). The establishment of the RTC's represented a major step forward in the history of the program. For the first time representatives of public and private institutions gathered to discuss communications, reflect, plan and suggest ideas to implement and attain PDA objectives

¹ It is important that all of the central definitions related to information and communications policies matters are reported -and in some cases approved- to the Technical Communications Committee. This Committee is conformed by USAID, DEVIDA and PDA, and meets on a weekly basis. The Committee also has a broader monthly meeting involving US Embassy representatives and USAID contractors

PUBLIC OPINION AND COMMUNITY PLATFORM

From this stage onwards the need to differentiate the work became obvious: Public/institutional opinion and community. PDA's common communications strategy paved the way for differentiating this work.² The last quarter of the year 2004 – 2005 emphasized strengthening of the regional planning process. In light of the political and social juncture, the regional operation plans were worked on a monthly basis. This process allows for the flexibility required by a program such as the PDA, and also gives it exposure and media impact coverage. Here the planning process developed by communications component:



ON THE REGIONAL OPERATION PLANS

Preparation work for the operation plans was divided into six lines of action directly linked to PDA's Communications Strategy.

1. Strategic alliances
2. Articulation with community communications
3. Institutional capacities
4. Communication activities
5. Performance monitoring
6. Situational response

² The common communications strategy has two general objectives, which derive into strategies, results and indicators: (i) Public opinion favorable to the PDA at national and regional levels; and (ii) Farmers in the areas of intervention definitively abandon coca crops.

MAIN ACHIEVEMENTS

- For the first time, the PDA has a common communications strategy shared by DEVIDA, USAID and the PDA.
- Regional Operation plans are in line with PDA's common communications strategy; designed and undergoing full execution in Tingo María, Tocache, Aguaytía and San Francisco
- Establishment of the Regional Technical Committees for communications (RTC's) with the participation of PDA, DEVIDA, CEDRO and other associates and allies. These committees are now installed and functioning in Tingo María, Tocache, Aguaytía and San Francisco.
- More viable short-term operation plans, which enable us to evaluate the progress made by the regional offices more objectively and specifically.

LESSONS LEARNED

- Strategic Planning in Communications has allowed us to follow-up activities in greater detail and in a more organized way.
- RTC's intervention has been key in strengthening our combined action (PDA, DEVIDA and the other operators associated with the PDA or USAID).
- Consolidating the articulation between the different PDA components (CSE, Infrastructure, Socialization, Land Titling, Natural Resources and the Environment). This lesson must be reinforced to reduce the occurrence of community conflict, caused mainly as a result of incomplete or misleading information.
- We need to rationalize PDA's contributions in terms of sponsoring and publicity.
- It is indispensable that the Communications and Socialization Components integrate strategies and activities at community level so as to minimize the risk of the media echoing community conflicts.

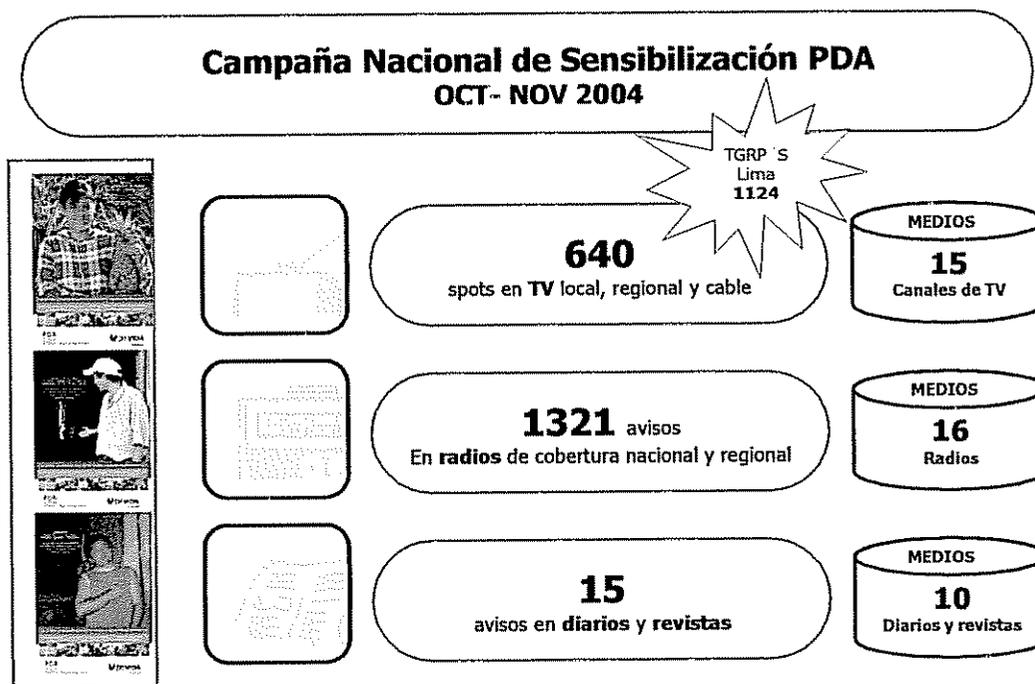
B. National Sensitizing Campaign

The national sensitizing campaign was disseminated by the country's main media networks. This campaign was oriented towards the acknowledgement of the PDA's contributions and emphasized the change of behavior of farmers in the coca valleys, despite the strong presence of narcotraffickers and terrorism. It is estimated that it was seen by some 14 million peruvians.

The national sensitizing campaigns were fundamentally formed as a means influencing the country's public opinion, starting by government, media, political leaders and passing through public opinion at national and regional level and finally reaching the farmers themselves. The National Sensitizing Campaign began in the first half of September and remained on air until the end of November.

2005 NATIONAL SENSITIZING CAMPAIGN

In March 2005 we began organizing a public competition for the development of the 2005 National Sensitizing Campaign. According to plan, the creation and implementation of the entire creative package would be carried out between April and May of this year, becoming effective in the media towards the end of June.



SUPERMARKET CAMPAIGN

In October, and as part of the National Sensitizing Campaign, a campaign was implemented in Wong, Metro, Santa Isabel and Plaza Vea supermarkets for the promotion of products from the areas of alternative development. To support this promotion, PDA's communications management has designed and printed labels to identify the products.

MAIN ACHIEVEMENTS

- Overall, the National Sensitizing Campaigns and Supermarket Campaigns have had a favorable impact on public opinion.
- As a result of these campaigns, the public has been able to associate illegal coca crops with violence and narcotrafficking. This is something that we will have to continue promoting as it is the backbone of the 2005 National Sensitizing Campaign

LESSONS LEARNED

- The National Sensitizing Campaigns have proved to have only a slight impact in the coca regions, and in some cases, have caused adverse reactions.
- The supermarket promotion campaigns must be articulated with CSE PDA's business plans.

C. - PDA dissemination at the regional level

Challenges. The impact of having radio programs would be extremely useful for the development of the program, since they served to encourage new communities to participate in the program and contributed to change the attitude of many people towards PDA activities in communities and urban areas.

RADIO PROGRAMS

This programming corresponds to the two first quarters of the reporting year, which were months of intense radio broadcasting. It is important to underline that during this

period PDA's communications management began a plan to reorganize its sponsoring and general advertising policies. This dissemination stage included the production and/or broadcasting of 2080 one-hour (01) radio programs. During this period 1980 micro programs (five minutes long) were produced and/or broadcast in all the areas of intervention.

PRODUCTION AND /OR BROADCASTING OF RADIO AND LOCAL TV SPOTS AND REORDERING OF SPONSORING AND ADVERTISING

Following the idea that PDA should have its own voice, PDA's communications management made great efforts to broadcast radio and television spots. This was organized through a transparent media selection process, through Publimedios the subcontractor, charged with preparing the technical plans for the media at regional level. Broadcasting during the year included 910 local TV spots informing on PDA activities, directed to the regional public opinion in PDA's areas of intervention and 1480 radio spots produced and/or broadcasted, informing on PDA's contributions, works constructed and projects developed in the communities.

RADIO SOAP OPERAS

The PDA has utilized one of the most efficient radio genres: the radio soap opera. This was extremely successful both in terms of rating and in participation. There were two soap operas broadcasted which utilized messages generated from the Technical Communications Committee (USAID, DEVIDA, PDA): *Conquistando nuestro destino* (January – March 2005), and “Selva de Pasiones” and “Almendra: Corazón de selva” during the same quarter.

INTERCONNECTED PRODUCTION CENTER

Equipment is being acquired to be implemented in the audiovisual and graphic interconnected production center, which will enable us to provide immediate response to the demand of information material for regional dissemination. The process will go like this: our regional teams are in charge of record video images related to inauguration of works, productive projects, conflict resolution, defense against attacks, conservation of the environment, testimony of beneficiaries, community activities, regional events, success stories, etc. Then, this material will be send to the “Audiovisual production center in Lima” in order to be transformed in audiovisual products produced with criteria of creativity and publicity. This final result returns to the areas of intervention and helps a rapidly structure campaigns under a creative advertising platform, to disseminate PDA's most relevant contributions to regional development, and to create a series of audiovisual and graphic products.

BANK OF DIGITAL PHOTOGRAPHS AND VIDEO IMAGES

We took digital photographs and recorded video images related to works of infrastructure, productive activities, environmental protection activities and in general, scenes of interaction between the PDA, its beneficiaries and target public in the four areas of intervention; storing over 2000 pictures related to infrastructure, production, titling, community participation and other social-type photos.

THE "PDA INFORMA" NEWS PROGRAM

The first edition of the “*PDA Informa*” news program, consisting of four segments has been produced: (i) The history of a successful banana businessman; (ii) The forest management program in the Gosen communities; (iii) The production and sale of

smooth cayenne pineapple from its growth in Shambillo to its sale in the markets of Lima, and; (iv) the segment on the construction of bridges in the areas of intervention. This material is prepared for broadcasting in local TV stations, as well as through special projections at community level. It will also serve as documentary information for authorities and public and private institutions.

CSE DOCUMENTARY

In response to the request made by CSE PDA we produced (pre-production, recording and post-production) a 10-minute documentary showing how CSE functions and how it connects farmers with potential buyers and markets. This documentary has been designed for a target audience of businessmen and authorities, locally and nationally (mayors, ministers, congressmen, among others).

GRAPHIC PRODUCTION

PDA BROCHURES (PER INTERVENTION SPHERE OF ACTION)

Leaflets were produced to inform on PDA's contribution; one was a general leaflet and another four were designed to inform on PDA's contribution in each one of the areas of intervention: Tingo María, Aguaytía, Tocache and VRAE.

MATERIAL FOR FACILITATOR AGENTS

Learning material directed at the facilitator agents working in the areas of intervention, was prepared in conjunction with the Socialization area. The Guide for Facilitator Agents was printed and distributed.

COMMUNICATIONS DIAGNOSE

The book which resulted from the Communications Diagnose was published in the areas of intervention, and is based on the investigation of the Asociación Calandria and the IEC.

REGIONAL PROMOTION AND MOBILIZATION CENTERED ON PDA

FEMALE LEADERSHIP COMPETITION: "MUJER, HISTORIAS DE VIDA"

This competition was launched on January, through a series of press conferences carried out in the areas of intervention. Many interviews were carried out in different media channels as well as press releases prepared by our promoters on a regular basis to distribute to the local media were also part of the strategy. The contest was supported by approximately 25 local governments, 10 towns and number of different base organizations. We've received over 450 stories of women from the areas of intervention obtaining 10 winning stories.

RADIO PRODUCERS' CONTEST

The contest organized by PDA through Publimedios, for the production of 1-hour radio programs was highly successful. It was carried out at corporate level, which meant that participants had to form companies in order to qualify. At present, PDA has 9 programs of its own, lasting 1-hour each, in the areas of intervention.

IMPORTANT ACHIEVEMENTS

- The National Sensitizing Campaigns were heard by 14 million people, which implies mass dissemination of pro-PDA messages.
- Regional advertising strategies have been modified to better suit the target coca-basin populations.
- Advertising and sponsoring at regional level has been reorganized and media plans are now prepared under a technical criteria.
- We have contributed towards formalizing regional production by organizing a bid for the production of 9 one-hour long programs in all of areas of intervention.
- Communication teams in our regional offices have begun to produce their own audiovisual and information products locally. This is an achievement which must be consolidated and expanded during the following period.
- The program now has audiovisual products (documentaries and news programs) and graphic materials (leaflets per area of intervention and facilitation materials) which are very effective in bringing across PDA's contribution to development.

LESSONS LEARNED

- Preparation of audiovisual and radio products, as well as the production of other communication products must be articulated with the different PDA areas in order to maximize their dissemination.
- More emphasis should be placed on promoting local production.
- The radio programs produced by the PDA in general, seem not to be able to raise above an empirical level, despite efforts by the communications area
- Local audiovisual production (local TV) has turned out to be an excellent product for publicizing our information to opinion leaders, officers and authorities.

RECOMMENDATIONS AND FUTURE ACTIONS

- Draw up an articulated production program for the development and advancement of the program in conformity with the objectives and results of PDA's communications strategy.
- Design a production plan for the permanent realization and broadcasting of the PDA news program, plan to record audiovisual and graphic material for the year and implement the audiovisual production center (editing and post-production room) in PDA's central offices.
- Produce a documentary film on the PDA program.
- Set up an itinerant photographic exhibition in each area of intervention.
- Produce a radio series on 'Coca Crops: the Biggest Fallacy'.
- Produce a TV miniseries on the theme of illegal coca crops and their association with violence and narcotrafficking.

E. Community Communications platform

The objectives were set forth from the very beginning of the reporting period: it was indispensable to consolidate community work as quickly as possible. This motivated PDA's communications management to promote the implementation of a technical proposal centered on community communication strategies. This responded to the need to promote radical change in the behavior of the signatory communities and encourage coca-growers to switch to a legal way of life.

This emphasis in community issues has translated into a closer and more executive articulation with PDA's socialization component, right from the initial stages of the implementation of PDA under the new approach. We have also contributed to define new roles for PDA associates, to permit the synergy of messages and strategies promoting an integral and sustainable vision for development. The activities originally developed in this line have surpassed our initial expectations in terms of results, and we therefore expect to see these increase significantly during the course of the next period. The activities contemplated under the platform are organized in a regional community communications plan, currently in preparation. This plan will direct all activities and intervention of PDA's regional communicator agents and others working for PDA's associates. As a first step before preparing the communications plans, we divided up the number of communities pending intervention according to the predetermined criteria. This division will allow us to define strategies and adequate messages for the various scenarios.

MAIN ACTIVITIES

DESIGN OF THE TECHNICAL PROPOSAL FOR THE COMMUNITY COMMUNICATIONS PLATFORM

The objectives, lines of action, strategies and mechanisms which will guide the implementation of community communications activities have been technically defined and have the approve of the Technical Communications Committee

RURAL LEADER MEETINGS

This activity expected to identify signatory community leaders, who could potentially become community communication promoters; meetings were held in the cities of Tocache, Aguaytía and Tingo María

DESIGN AND IMPLEMENTATION OF COMMUNITY COMMUNICATIONS PLANS

The community intervention planning process has been initiated in Aguaytía, Tocache and Tingo María. In Tingo María and Aguaytía a pilot project is being implemented in signatory communities, while in Tocache the pilot project will comprise activities only in those communities willing to sign up with the PDA under the new approach

RECREATION AND CULTURAL ACTIVITIES

Communication activities were carried out within the communities to introduce the PDA as a promoter for integral and sustainable development. These activities are fundamentally recreational and our people use this time to provide information and different services. These activities have been planned in Tingo María and Aguaytía under the name of 'Caravan for Development' and the Information Fair 'Promoting Development' respectively. These activities enjoy multi-sectorial participation, promoted by the Regional Technical Committee for Communications.

EDUCATIONAL COMMUNICATION AND INFORMATION ACTIVITIES

Support material has been produced for this line of work which is carried out by PDA's socialization component. Guides and manuals for facilitator agents and the community coordination committees have also been prepared.

DEVELOPMENT OF COMMUNICATION SKILLS IN PDA'S INTERNAL NETWORKS

We have fostered the incorporation of interpersonal and intercultural communication modules in the training program given by Acción Sin Fronteras.

Likewise, periodic visits to the regional offices have also been used to train facilitator's agents on community communications tools.

A technical proposal for the execution of a training program in community and intercultural communications has also been drawn up. This will be carried out by a subcontractor who has already been selected.

ARTICULATION WITH THE SOCIALIZATION COMPONENT

Under the logic of the new approach, the communications component has participated in the design of a strategy to enter into the new communities scheduled for intervention during 2005. Here, participation of the communications component has contributed to the design of negotiation processes for development plans, to the preparation of key messages and materials required for these processes, and to the design and implementation of the intervention units under the Participative Rural Diagnose model.

MAIN ACHIEVEMENTS

- A technical proposal known as the Community Communications Platform has been approved and is in the first stages of execution.
- Three meetings of signatory community leaders enabled us to identify 271 community communication promoters from 150 signatory communities in Aguaytía, Tocache and Tingo María.
- Pilot plans for community communications in Aguaytía and Tingo María, in execution.
- A technical proposal for the implementation of a training program in community and intercultural communication skills.
- Establishment of a community and intercultural communications module in the training programs given by Acción Sin Fronteras to personnel working at regional offices.

LESSONS LEARNED

- The implementation of the Community Communications Platform, in its full extent, is fundamental if we are going to promote a change of attitude and switch to a legal style away from a coca economy, and for the sustainability of the PDA.
- The development of community and intercultural communication skills by PDA's internal networks is key to reduce the occurrence of community conflicts originated by the dissemination of half-truths or otherwise misleading information.
- It is also indispensable to articulate PDA's communications component with the socialization component, especially in communities being intervened under the new approach.
- The identification and participation of community leaders in the community information system is essential to achieve adequate communication of PDA's objectives, processes and results.

RECOMMENDATIONS AND FUTURE ACTIONS

- Implement monthly community communications plans per regional office, registered in the regional operation plan.

- Start-up the community communications system as part of the communications platform.
- Design and produce community communications materials directed at informing communities on PDA's objectives, processes and advancement.
- Train personnel working in regional offices in community and intercultural communications.
- Active participation of the regional communicators on entering into new communities under the new approach.

F. Performance and Monitoring

PDA's communications management proposed to develop a performance and monitoring component to support the program's implementation and measure its performance. It is for this reason that it has been carrying out a series of activities oriented towards building a baseline and designing a performance and monitoring plan for the communications program component.

EVALUATION PLAN AND INDICATORS

The final version of the Evaluation Plan for PDA's communications area has been concluded. This plan includes a conceptual framework, proposes models for behavioral changes and includes the indicators, both for those linked directly to the DEVIDA, USAID and PDA Joint Communications Strategy, and those involved in the Regional Operation Plans. The indicators serve to assess the impact of the communications strategy and also help monitoring. These indicators also include the one used for measuring the performance of Chemonics for the award fee. Also, this plan includes a set of formats for monitoring PDA activities at regional and central level, and proposes a database structure for the area.

BASELINE

PDA's Communication area's base line was tendered and successfully executed. This will enable us to assess the behavioral change of farmers and throw light on how the public opinion views us until 2007 (in conformity with the program's objectives). Questionnaires were designed and applied to random samples of beneficiaries from PDA's four areas of intervention, and in Metropolitan Lima, Huanuco, Pucallpa, Huamanga, Tingo Maria, Tocache, San Francisco and Aguaytía; including opinions of rural area opinion leaders and of the cities in the PDA's areas of intervention were also collected.

EVALUATION OF THE NATIONAL SENSITIZATION CAMPAIGN

- An ex post assessment of impact of the National Sensitization Campaign was carried out in all of PDA's areas of intervention and in Metropolitan Lima.
- It included a qualitative component and was submitted to the communications technical committee (USAID, DEVIDA and PDA) and served as a basis on which to decide whether or not to replace the advertising agency. The quantitative component of this evaluation was developed as part of the baseline survey.
- This assessment was an important part of the analysis which determined the new conceptual framework, under which the National Sensitization Campaign for 2005 is being executed.

Chapter 4: Performance Monitoring

The primary objective of the Performance and Monitoring component consists of (i) measuring and offering reliable information on the status and progress made in connection with project management, (ii) to facilitate managerial decision-making and thus guarantee efficient operations, (iii) offer support to the activities carried out by the Mission's projects and programs and create an ongoing learning environment. Moreover, it is responsible for providing easily accessible and controlling elements for monitoring the various projects being executed.

A. Information System (SM&E)

The information system is the Monitoring area's backbone and serves as a control tool to ensure compliance of the Project's objectives. It provides elements that make it easy to capture and store information, analytical elements useful for decision-making, and elements to monitor and control the different indicators used to attain the intermediate results specified in the contract.

The table below summarizes the stages of construction of the Information System during the reporting year:

Quarter	Achieved Results
1° (April-June)	<ul style="list-style-type: none"> - Modeling of the general system was completed. - Arrival and configuration of server equipment.
2° (July-September)	<ul style="list-style-type: none"> - Implementation of structure for central database. - Training in the use of acquired management and analytical tools (SQL, CorVu, Biztalk)
3° (October-December)	<ul style="list-style-type: none"> - Cleaning of initial data to be imported into the Information System. - Development of data capture software. - Management indicator was modeled to prepare control panels (Balanced Scorecard) designed to monitor and evaluate intermediate results in conformity with contract terms. - Monitoring web portal designed and launched on-line; this publishes information for the common use of USAID-DEVIDA-PDA, and is related to the voluntary coca eradication program and to the compliance of both the signatory communities and the PDA.
4° (January-March)	<ul style="list-style-type: none"> - Launch of the Central System at Lima Office level. - Implementation of servers in Regional Offices. - Interinstitutional work: USAID-DEVIDA-PDA. - Definition of policies and common achievements between the different institutions.

	<ul style="list-style-type: none"> - Remote updating of information from PDA's Regional Offices. - Centralized information system with on-line updating functions especially designed to facilitate the work of the Socialization, Infrastructure and Productive Project areas. - Daily generation and publication of the "Community Worksheet" which shows the current state of compliance of the communities' commitments under the agreement, and status of the project with respect to its compliance. This card is used as a fundamental tool to obtain a rapid diagnostic of the situation of each of the communities involved in the program, while also contributing in the community negotiation processes being carried out. - Release of monitoring web portal. - Incorporation of map data (GIS) with information from the Performance and Monitoring System, and its subsequent publication in the Monitoring web portal.
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Highlights for year 2004 include:

Information System component	Summary of Achievements
HARDWARE	<ul style="list-style-type: none"> - Provided a set of servers for data and communications equipment with sufficient capacity to satisfy not only the requirements of PDA projects but also those of the entire Mission in Peru. State-of-the-art equipment. - Provided permanent connection (7x24x365) to the database, in Lima and Regional Offices. - Provided 100% portable infrastructure, movable to other rooms or locations.
DATABASE	<ul style="list-style-type: none"> - Released a central database after running it through a series of checks and reviews for consistency to ensure solidity and reliability of content. - Cleaned information entered into the system by the different project parties as methods used to enter information were highly inconsistent. Cleaned and imported this to the central database. - Provided centralized information on: <ul style="list-style-type: none"> o Socialization: signatory communities, number of families, certified hectares, eradicated hectares, compliance with eradication, etc. o Infrastructure: works undergoing execution, finalized and to be executed; information by type of work, regional, community, etc. o Productive area: projects undergoing execution, finalized and to be executed; number of hectares

	<p>and beneficiary families per type of product, regional, community, etc.</p> <ul style="list-style-type: none"> - Automatic generation of the “Community Worksheet”
WEB PORTAL	<ul style="list-style-type: none"> - Developed the Performance and Monitoring web portal with the objective of publishing project information for the use of USAID-DEVIDA-PDA. - Publication of information for interinstitutional use; promotes PDA’s transparent practices. - Daily and automatic publication of “Community Worksheets”. - Publication of a number of management indicators, with on-line information to provide control and monitoring elements specified by the different intermediate results (IR) under the contract. - Documentary file on communities: here one can make on-line consultations on all of the documents related to the different communities involved in the PDA. - Map section: a number of map elements have been incorporated, integrating GIS with information provided by the central database.
BUSINESS INTELLIGENCE SYSTEM	<ul style="list-style-type: none"> - Integration and putting into service of CorVu software as an analytical and data management tool for information handled by management levels. - Training of the different parties involved in the program: internal (PDA) and external (USAID’s cooperation agencies) - Definition and modeling of control indicators to monitor the required intermediate results (IR). - Creation of “community cards”. - Creation of different management indicators, i.e. <i>compliance with eradication and fulfillment of autoeradication goals.</i>
GIS	<ul style="list-style-type: none"> - Top of the line survey information on: geographical location of communities, access routes and basic infrastructure. - Compilation of additional information from other private and state-owned entities such as INRENA, CNC and ILAP. - Use of ARCReader to facilitate the distribution of files prepared with ArcGIS. - Preparation of thematic maps, as requested by the different areas. - Drawing up of maps to be integrated into the Performance and Monitoring System. - PDA digital map inventory. - Began construction of the Digital Atlas. - Integration of DEVIDA – PDA community databases

<p>OPERATIONS RESEARCH</p>	<ul style="list-style-type: none"> - Developed a comprehensive implementation/work plan for the first year of Operations Research activities. - Permanent Nuclear Management activities were implemented, including work-space and living-space logistics, RR/AA interviews, ongoing logistics for operations, administration of the implementation plan for the first year and resource requirements. - We provided a conceptual framework to classify variables of the DEVIDA household survey. This entailed the joint review of 400+ variables (one-by-one) and variables still to be measured. Results included combining existing variables to create new variables as yet uncollected, creating a new gender-focused module, and prospective data planning (field validation in Tarapoto). - Information Auditing (IA) activities commenced, involving the revision of initial data sources. Initially, two boxes of printed documents were obtained and examined. Printed and digital documents were obtained and examined throughout the entire year. A simple metadata catalogue was prepared to classify documents. This catalogue also included working documents corresponding to work carried out in 2003. - Commenced with the preliminary design and methodological definitions for vulnerability index studies, positive deviation studies and innovation studies. Theoretical frameworks and study protocols were considered and evaluated to include specific data, variables, and the design of a questionnaire for the study and its continuation into 2005.
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Highlights

- The Information System is operating, stable and produces reliable data.
- The Information System is now decentralized and configured to update information on-line from Regional Offices too.
- Interinstitutional (PDA-USAID-DEVIDA) activities have been consolidated thanks to the creation of the Performance and Monitoring Committee.
- Cards R-372 (Community Cards) have been created as a result of the consultation process.
- Performance and Monitoring web portal
- Requests for information from clients are now promptly attended to.
- Source Information System for strategic planning of compliance of commitments undertaken by 372 signatory communities (R372).

B. Performance and Monitoring

Monitoring, which is understood as an ongoing and systematic process used to monitor our activities, is fundamental for correcting or improving the execution of our work and for ensuring that there is feedback to and from the theoretical objectives and budgets and the lessons learned in the practice. Likewise, it is responsible for preparing and providing the information which makes it possible to systematize results and processes and therefore, is absolutely key for Performance. Performance on the other hand, is a transformation tool, since it not only records the actions but also the reasons for such actions and above all, sheds light on the alternatives that are available to us for permanently improving present and future interventions. In other words it serves to transfer good practices.

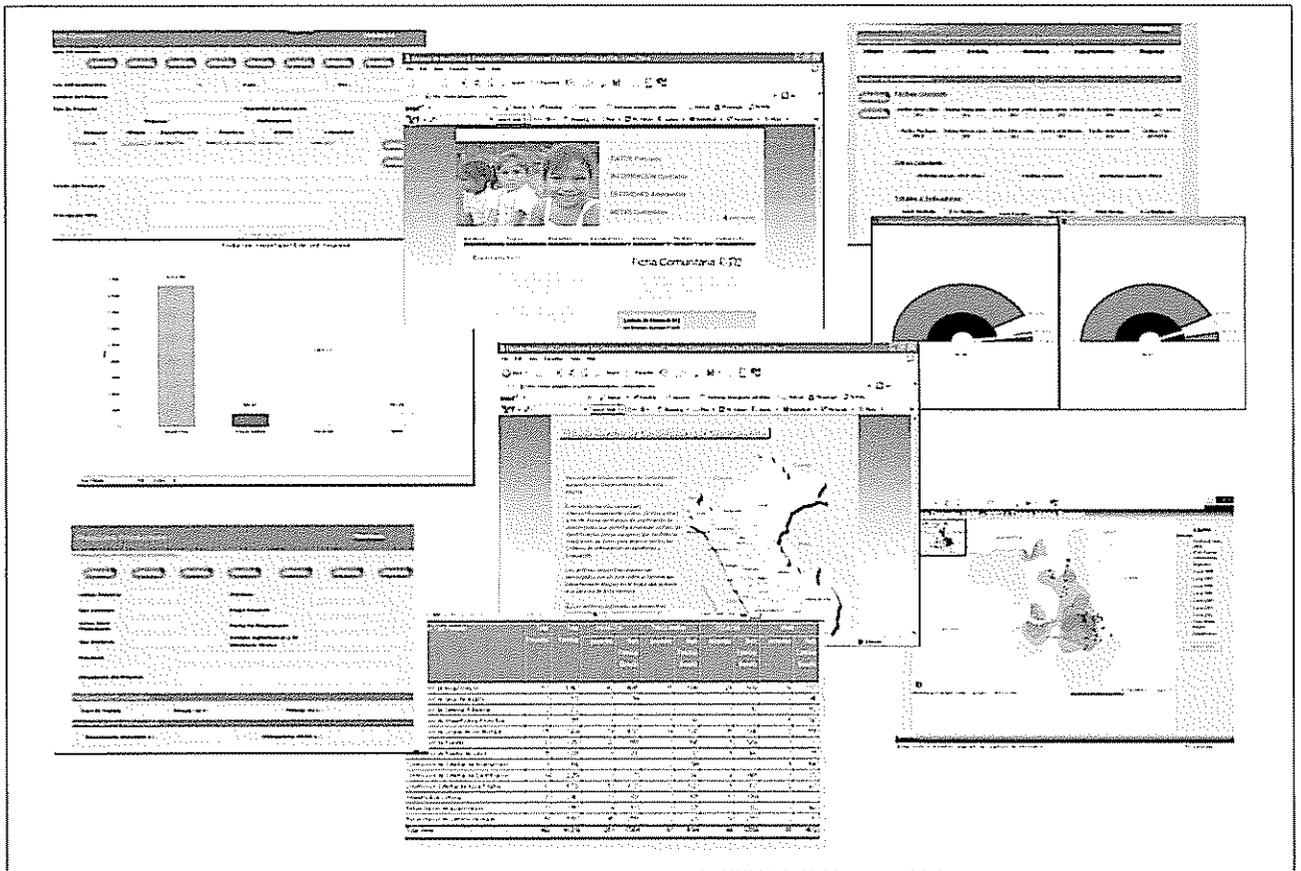
During the 2004 period, PDA's Performance and Monitoring area has been involved in a series of activities, including:

Quarter	Summary of Achievements
1°	<ul style="list-style-type: none"> - Analysis, control and monitoring of a minimum amount of information managed at Regional Office level, according to terms previously defined with Project Management. - Compilation and digitalizing List of Frame Agreement Signatories. - Compilation and digitalizing List of Bonus Payments. - Compilation and digitalizing List of Delivery of Tools and Materials. - Preparation of weekly and monthly reports – Progress made by PDA - Detection of Critical Points or "Warnings" in PDA activities, mainly in connection with Infrastructure Works and Productive Projects.
2°	<ul style="list-style-type: none"> - Purging List of Frame Agreement Signatories - Purging List of Bonus Payments. - Compilation and digitalizing Commitments under the Frame Agreement (Infrastructure and Productive Projects). - Preparation of weekly and monthly reports - Progress made by PDA. - Detection of Critical Points or "Warnings" arising in PDA activities, mainly in connection with Infrastructure Works and Productive Projects. Proposed changes to be incorporated and analyzed in the database before incorporating them into the M&E Information System. - Diagnostic work in communities located in San Martín Norte and San Martín Sur (surveys, collecting information in the field, criticism and encoding of results and analysis).
3°	<ul style="list-style-type: none"> - Crosschecking information: Frame Agreement Signatories vs Lists of Bonus Payments. - Crosschecking information: projects fulfilled vs projects executed. - Compilation information on Productive Projects. - Checking on-line information loaded into the Performance and Monitoring System. (Socialization, Productive Projects and Infrastructure). - Preparation of weekly and monthly reports - Progress made by PDA.

	<ul style="list-style-type: none"> - Detection of Critical Points or "Warnings" in PDA activities, mainly in connection with Infrastructure Works and Productive Projects. - Support in designing mechanisms and tools required for compiling information from field activities of Regional Offices, subcontractors and consultants responsible for providing technical assistance. - Diagnostic work in communities located in Aguaytía (surveys, collecting information in the field, criticism and encoding of results and analysis).
4º	<ul style="list-style-type: none"> - Maintaining on-line information (Socialization, Productive Projects and Infrastructure), from central office. - Data updating was decentralized. - Report of exported tables - CORVU, requests by USAID – DEVIDA clients and special reports. - Remote updating of information from PDA's Regional Offices. - Checked consistency and validated information generated in "Community Cards". - Preparation of weekly and monthly reports – Progress made by PDA - Detection of Critical Points or "Warnings" in PDA activities, mainly in connection with Infrastructure Works and Productive Projects.

In addition to the above mentioned activities, there is continuous work related to the validation of information, particularly in connection with:

- Frame Agreement signatories
- Productive Project beneficiaries
- Bonus Payment beneficiaries
- Payrolls
- Publishing the geographical location of each community.
- Measuring and autoreduction reported by CADA per community.
- Measuring and autoreduction reported by CADA per beneficiary.
- Productive Projects and Infrastructure by CCPP, and others.
- Compilation of information on weekly progress, preparation of weekly report and joint PDA-DEVIDA report.



Annex 1: Financial and Administrative Report

Introduction

The Finance and Administration Sub directorate (Subdirección de Administración y Finanzas, hereafter 'SAF') is responsible for supervising the following project areas: Contracts and Grants, Human Resources, Finance and Accounting, IT and the Legal division. This body works in conjunction with the other management areas and sub directorates located in Lima and with the regional offices, to enforce compliance with Chemonic's internal policies, the laws set forth by the United States Federal Government and USAID and with Peruvian law.

Moreover, it is responsible for providing support, control and assistance to other management areas and regional offices with respect to issues related to contracts (both for companies and personnel), budgets, general administration, training, use and assignment of technological equipment, etc. The SAF also functions as a link between headquarters and the project management unit (PMU) in Washington.

Trend Analysis and Summary Tables

Finance

In this section of the report, we are including a table detailing expenditures for the 1st year of the project, the accumulated totals, and approximate projections for the next two quarters. It is important to note that the last three columns are based on projections and are subject to change due to circumstances that may impede activity execution in the target areas. To date, the obligated amount for the contract is US\$43,775,000.

Accumulated expenditures as of March 31: US\$29,957,663

DESCRIPTION	Expenditures					Projections		Total
	From April to June 04	From July to September 04	From October to December 04	From January to March 05	Accumulated	From April to June 05	From July to September 05	
CLIN 1: Start up Activities	\$48,732	\$1,449	\$3,282	-\$1,748	\$51,714	\$104		\$51,818
CLIN 2: Auto-eradication	\$1,781,945	\$5,895,840	\$7,840,769	\$8,295,242	\$21,893,597	\$11,533,870	\$13,589,703	\$46,816,969
CLIN 3: Willingness to Reject Coca Increased	\$435,801	\$934,571	\$1,630,520	\$1,172,389	\$4,173,082	\$947,581	\$1,065,134	\$6,185,777
CLIN 4: Situational Response	\$120,258	\$243,846	\$288,385	\$180,851	\$817,938	\$230,810	\$239,224	\$1,287,771
CLIN 5: Performance Monitoring	\$390,490	\$884,358	\$1,134,404	\$812,102	\$3,221,353	\$882,850	\$986,517	\$5,090,520
TOTAL	\$2,757,023	\$7,764,864	\$10,977,380	\$8,458,818	\$29,957,663	\$13,594,615	\$15,880,577	\$59,432,858

Contracts and Grants

During the first year of the project, we signed 232 subcontracts and 123 work orders, totaling S/.57,722,286 (\$17,760,704), as shown in the table below:

Fixed Price Subcontracts	No	Value S/.	Value US \$
Infrastructure	180	15,801,224.42	4,861,915.20
Finance & Management	3	97,449.86	29,984.57
Communications	22	2,185,496.90	672,460.58
Economic Service Centers	5	75,475.90	23,223.35
M&E	2	348,154.98	107,124.61
Natural Resources & Environmental	2	22,400.00	6,892.31
Land Titling	1	2,478.00	762.46
Office maintenance	1	31,870.55	9,806.32
Total	216	18,564,550.61	5,712,169.42

IQS (Work Orders) - Infrastructure	No	Value S/.	Value US \$
Work Orders - Construction	79	20,340,980.40	6,258,763.20
Work Orders - Evaluation	9	106,113.49	32,650.30
Work Orders - Design	11	580,552.52	178,631.54
Work Orders - Supervision	24	1,756,304.86	540,401.50
Total	123	22,783,951.27	7,010,446.54

Cost Reimbursable Subcontracts	No	Value S/.	Value US \$
Sustainable Development	1	2,977,347.00	916,106.77
Communications	1	5,598,187.00	1,722,519.08
Credit & Trusts	2	1,263,486.00	388,764.92
Economic Service Centers	11	5,227,474.86	1,608,453.80
Security	1	1,307,289.76	402,243.00
Total	16	16,373,784.62	5,038,087.58

Additionally, we signed 107 grant agreements valued at S/.19,166,801 (\$5,897,477) as shown below:

Grant Agreements	No	Value S/.	Value US \$
Infrastructure	55	6,755,658.14	2,078,664.04
Natural Resources and Environment	4	104,682.55	32,210.02
Land Titling	2	11,252.00	3,462.15
Economic Service Centers	46	12,259,646.71	3,772,198.99
Special Projects	1	35,562.00	10,942.15
Total	107	19,166,801.40	5,897,477.35

Human Resources and Personnel

Regarding Human Resources and Personnel, the project started the reporting period with a total of 545 workers (short and long term workers) and ended with a considerable reduction. As of March 2005, we had 278 workers. The table below shows the trend:

Contracts per Period		
	April 2004	March 2005
LP LIMA OFFICE	57	54
LP REGIONAL OFFICES	87	71
PETT PERSONNEL	169	29
SHORT TERM CONSULTANTS	15	42
SOCIALIZING AGENTS	73	50
EXTENSIONIST AGENTS	144	32
	545	278

Since carrying out operations under the new “Territorial Intervention Units” approach will allow for future staff cutbacks, it is expected that by year-end 2005 we will be able to implement a gradual reduction of personnel. This process will entail promoting personnel performance evaluations and competencies for the remaining positions.

In order to achieve correct management of human resources and correctly manage the gradual reduction of personnel, Management decided to hire a full time Human Resources Manager in June 2005.

A number of significant changes related to personnel were carried out during the first year of the project compared to the first PDA contract. Some of the more notable changes include:

- In September 2004, Susanna Mudge, Senior Vice President of Chemonics for Latin America and the Caribbean, temporarily replaced Ligia Carvajal as COP. Ms. Mudge stayed on the project until March 2005, when the new COP, David Valenzuela arrived.
- Oswaldo Holguin was appointed Sub-Director for Finance and Administration in August 2004.
- Michelle Rodrigo took up office as Contracts Manager in September 2004.
- Jairo López was appointed M&E Systems Advisor in replacement of Alfred Frittang in November 2004.
- Carlos Diaz became Manager of PDA’s Economic Service Centers in September 2004.
- Juan José Vega was appointed Communications Manager in June 2004.

Success Stories

- In January, we implemented the decentralized hiring of personnel. Regional Managers and their administrative staff can now process all regional personnel

hiring, modifications, competition and qualification processes. This process saves time and resources and speeds up implementation at the field level

- The Finance & Administration Office organized a 7 day workshop and training on topics such as: US Government contracting, USAID, types of contracts, risks and opportunity, indirect costs, cost accounting, NICRA, FAR, ADS, allowances, Chemonics structure, processes, procedures, finances and budgets, etc. The training was attended by 14 people from both PDA and PRA
- In February, the contracts and finance departments conducted a post award conference/workshop in Tingo Maria. Approximately 30 new grantees received training on grants contractual and financial administration
- ***A record number of new subcontracts and grants were awarded under the PDA program during this year.*** In support of the implementation phase carried out by the Infrastructure team, the contracts department logged, reviewed, and awarded, ***the largest number of subcontracts/grants requests, processed at once in the history of the PDA*** (including the 1st PDA Contract)
- The contracts department continued to improve the grant/subcontract award process. Currently, the system allows for a team effort in the form of ***an “assembly line” that keeps pace with the large volume of work*** generated by the implementation phase of the PDA program
- In addition, the Contracts department worked with the infrastructure area to generate a ***new type of contract to procure design and supervision services***. The new template has a base subcontract for the design of the construction and an option that can be exercised by PDA for the supervision of the construction

Lessons Learned

- Adequate prior training must be given to those given delegation of authority.
- The budgetary process should involve everyone. All budget-related information should be disclosed to all project managers and sub directors, and should not be reserved only for Finance management and staff.
- Technology used must be consistent with the reality of working in rural areas.
- The job cutback process should be carried out in such away that this practice does not damage the image of the program.
- Although it is beneficial for the project to delegate to Regional Managers the power to hire staff; work orders, sub-contracts, and grants should be managed out of the Lima office. There are too many specific details that need to be directly coordinated with the client and/or with our head office in Washington, DC.

Recommendations

- Provide better training and advice services to Lima and Regional Management regarding the budget, processes, and personnel management.
- Train staff on the guidelines to be used for hiring and terminating personnel. This will require the preparation of an annual training plan.
- Promote a heightened awareness of the administrative procedures in order to be proactive in different circumstances.

Annex 2

Main Coca-Related Incidents – VRAE

Nº	Started	Ended	Cause	Action taken
1	06/10/2004	06/15/2004	Coca growers' strike.	Office was closed; road blocks
2	12/03/2004	12/06/2004	Meeting organized by FEPAVRAE, demanding the withdrawal all NGO's out of VRAE.	Office was closed, road blocks
3	12/27/2004		FEPAVRAE threat: document Nº 30 dated 12/23/04.	Recommendations to personnel
4	03/10/2005		The FEPAVRAE sends a letter to President Alejandro Toledo informing him of forced eradication measures and demanding the withdrawal of all NGOs from VRAE.	Recommendations to personnel
5	03/18/2005		FEPAVRAE threat: document No 65 dated 03/17/05, on final withdrawal of the institution	Recommendations to personnel
6	03/21/2005		DEVIDA receives document 56/2005, informing it on agreements taken during the strike's plenary meeting (March 14, 15 and 16), demanding withdrawal of operators; DEVIDA operators are denied permission to work.	Recommendations to personnel
7	03/28/2005	03/30/2005	Strike organized by the Frente de Defensa del Pueblo de Ayacucho and FEPAVRAE; supported in VRAE.	Personnel was evacuated; offices were closed; road blocks.

Main Coca-Related Incidents – Tingo María

Nº	Started	Location	Cause	Action taken
01	02/02/2004	Tingo María	Meeting of coca growers' unions of Alto Huallaga, Aguaytía, Aucayacu and Tocache, to propose supporting the strike scheduled for the 20th. The meeting was held at the offices of the Coca Growers' Association of the Alto Huallaga.	None
02	04/16/2004	Monzón	Press conference of Monzón area leaders announcing that they have decided "Not to support the coca growers' strike" arguing that they do not form part of CONPACCP.	None
03	04/20/2004	Tingo Maria	Coca-growers' march numbered 500 participants. In the main square, the Provincial Mayor encouraged coca-growers to continue their fight and not give in. He lobbied for resources obtained by international communities should be administered by the Provincial Municipality.	Personnel and equipment were evacuated.
04	04/22/2004	Tingo Maria	Coca-growers jointly with those from Tocache and Aguaytía, started a peaceful march through the streets of this city; along the way, shops closed their doors. This Friday they would be making a sacrificial march to the city of Lima with the objective of putting pressure on the government to address the five points on their agenda.	Personnel and equipment were evacuated.
05	04/26/2004	Huanuco	August 15: coca-growers are in Huánuco, gathered in the coliseum. There, Samuel Mendoza (a 63 year old coca farmer) died in an accident. He was from the village of Bello Oriente, La Pólvora-Tocache.	None
06	05/13/2004	Tingo Maria	The coca growers' rally took place in the streets of this city, but unlike other occasions, most participants carried sticks; in a menacing gesture they burned an effigy in front of the Municipality. About 400 individuals took part in this march.	Personnel and equipment were evacuated.
07	05/22/2004	Tingo Maria	A group of coca-growers confronted the National Police in an attempt to enter the police headquarters with sticks and stones. The police had to fire shots into the air in order to reestablish order. Twelve individuals were arrested. During the coca growers' strike, the Peruvian Army attempted to reopen the Tingo Maria - Aguaytia road. Five policemen guarded the DEVIDA/CHEMONICS installations around the clock.	None

Main Coca-Related Incidents - TOCACHE

N°	Started	Ended	Cause	Action taken
1	02/15/2004	02/22/2004	Narcotics congress to be carried out February 17 – 20 in Lima.	Personnel were evacuated. Part of the personnel worked in Juanjui and Tarapoto. Assets were all removed from offices.
2	04/17/2004	04/25/2004	Coca-grower's strike (CONPACCP), supported by the different worker's unions of Tocache, represented by FREDIPPT. Its political platform was centered on: Unity between the coca growing farmers and other farmers in Tocache. - The deactivation of DEVIDA and CHEMONICS. – USA's policy in Peru, which President Toledo agrees to. – Removal of President Toledo from power.	Office was closed; road blocks. Personnel were instructed to cease all field work.
3	05/15/2004	05/31/2004	As from this date and due to the coca growers' strike, all employees working in this office were given 7 days vacation, by decision of the Lima Office. Employees residing in the city of Lima and those who traveled to Tarapoto arrived safely.	Office was closed, road blocks. Personnel and equipment were evacuated.
4	07/09/2004	07/14/2004	Agrarian National Strike and National Strike organized by the CGTP	Personnel, equipment and all files were evacuated.
5	02/14/2005	03/02/2005	Coca growers' strike due to prohibition measures applied in the Sta. Rosa de Mishollo and Pólvora zones.	Personnel and equipment were evacuated.

Main Coca-Related Incidents - Aguaytia

Nº	Date	Cause	Action taken
1	02/16/2004	II CONPACCP National Congress 18 – 20 February	Personnel were evacuated.
2	04/16/2004	National Strike organized by CONPACCP	Personnel and equipment were evacuated.
3	03/17/2004	Mobilizations in the city of Aguaytía by an average of 200 protesters affiliated to the AAAPHCPPA	Posters were placed on the facade of PDAP offices
4	05/30/2004	Delegates of the AAAPHCPPA agreed to suspend the National Strike organized by CONPACCP.	Trading activities returned to normal in the city of Aguaytía
5	07/06/2004	Agrarian National Strike and National Strike organized the CGTP	Personnel and equipment were evacuated.
6	11/19/2004	Peru's Marines confirm payment of US\$5,000 from <i>'traqueteros'</i> of the Aguaytia area to the coca-grower's leader Flavio Sánchez Moreno as financial support for protests.	This information was handled by the MGP
7	12/05/2004	AAAPHCPPA affiliated demonstrators marched through the city of Aguaytía and threw rotten pineapples which hit and broke a window on the second floor of PDA offices.	The corresponding denouncement was made in Aguaytia's police station.
8	01/12/2005	24 hour strike organized by the AAAPHCPPA	Activities were suspended and personnel was evacuated out of the city of Aguaytia
9	03/16/2005	48 hour strike organized by the AAAPHCPPA	Personnel were evacuated to the city of Pucallpa and all equipment was removed.

Translator's note: dates are expressed in mm/dd/yy.

Annex 3

NUMBER OF WORK DAYS LOST - REGIONAL OFFICE TINGO MARÍA

N°	Started	Ended	Cause	Action taken	N° of days
01	04/19/2004	04/25/2004	CONPACCP coca growers' National Strike	Equipment, files and materials were removed; personnel was evacuated.	07
02	05/16/2004	05/31/2004	The National coca- growers Strike intensified, facade of building was burnt.	Equipment, files and materials were removed; personnel was evacuated	16
03	07/06/2004	07/07/2004	Monzón coca growers march	All work was suspended.	02
04	07/10/2004	07/14/2004	National Agrarian Strike	Equipment, files and materials were removed; personnel was evacuated.	05
05	02/23/2005	02/25/2005	48 hour strike organized by the Association of Coca Leaf Producers of the Leoncio Prado Province	All activities were suspended; work teams were evacuated	02
06	03/21/2005	03/22/2005	24 hour strike carried out by the Monzón coca-growers marched through the streets of Tingo Maria.	All activities were suspended; work teams were evacuated.	01
07	05/16/2005	05/18/2005	Anniversary of Sendero Luminoso, threats against institutions	Personnel was evacuated as a precautionary measure.	02
Total number of work days lost					26

NUMBER OF WORK DAYS LOST - REGIONAL OFFICE VRAE

N°	Started	Ended	Cause	Action taken	N° of days
01	05/27/2004	06/02/2004	Coca-growers threaten to take over PDA Office. Talks with a high ranking government commission were postponed until a later date since protesters demanded the presence of State Ministers (Agriculture and Internal Affairs)	Equipment, files and materials were removed; personnel were evacuated.	06
02	06/10/2004	06/15/2004	Agrarian Strike organized by coca-growers from the Apurimac and Ene river valleys June 12 -14; also supportive of the National Strike declared by the CGTP	Equipment, files and materials were removed; personnel was evacuated	06
03	12/03/ 2004	12/06/2004	Meeting called by the FEPVRAE asking for the withdrawal of all NGOs in response to the interdiction actions carried out in the area.	On Friday 3, personnel were evacuated to Ayacucho; they returned to work on Monday 6.	04
04	01/05/2005	01/07/2005	FEPVRAE meeting in the Pichari district.	All activities were suspended; work teams were evacuated	03
05	03/11/2005	03/16/2005	72-hour strike organized by FEPVRAE coca-growers.	All activities were suspended; work teams were evacuated.	06
06	03/28/2005	03/30/2005	Strike organized by the Frente de Defensa del Pueblo de Ayacucho and FEPVRAE; support in VRAE.	Personnel were evacuated as a precautionary measure.	03
Total no. of work days lost					26

NUMBER OF WORK DAYS LOST - REGIONAL OFFICE VRAE

N°	Started	Ended	Cause	Action taken	N° of days
1	02/15/2004	02/22/2004	II National Congress - CONPACCP February 17 -20	Equipment, files and materials were removed; personnel was evacuated.	8
2	04/17/2004	04/25/2004	CONPACCP National Strike	Equipment, files and materials were removed; personnel was evacuated.	9
3	05/15/2004	05/31/2004	Threats against program workers after attack against installations in Tingo Maria.	Equipment, files and materials were removed; personnel was evacuated.	17
4	07/09/2004	07/14/2004	Agrarian National Strike and National Strike organized by the CGTP	Equipment, files and materials were removed; personnel was evacuated.	6
5	02/14/05	02/03/05	Coca-growers' strike motivated by the prohibition measures applied in the Sta. Rosa de Mishollo and Pólvora areas.		20
6	04/23/05	02/0505	SL threats against PDA personnel and offices; this was communicated to us through a letter of warning received by National Police in Santa Lucía.	Personnel and equipment were evacuated.	10

Total no. of work days lost

70

NUMBER OF WORK DAYS LOST - REGIONAL OFFICE AGUAYTIA

N°	Started	Ended	Cause	Action taken	N° of days
01	02/16/2004	02/23/2004	CONPPAC National Congress on February 18- 20	Equipment, files and materials were removed; personnel was evacuated.	08
02	03/16/2004	03/19/2004	Protest march on March 17 rejecting the presence of NGOs	Equipment, files and materials were removed; personnel was evacuated.	04
03	04/16/2004	06/02/2004	CONPACCP National Strike	Equipment, files and materials were removed; personnel was evacuated.	48
04	07/09/2004	07/16/2004	Agrarian National Strike and National Strike organized by the CGTP.	Equipment, files and materials were removed; personnel was evacuated.	08
05	11/04/2004	11/04/2004	Protest in front of the PDA's offices carried out by the Nuevo Progreso community.	Partial evacuation.	01
06	01/12/2005	01/12/2005	24-hour strike organized by the Association of Coca-Growers and threats against PDAP personnel and installations.	Activities were suspended; personnel evacuated to other locations in the city of Aguaytia itself.	01
07	03/16/2005	03/27/2005	48-hour strike organized by AAAPHCPPA; threat against PDAP personnel and installations.	Equipment was removed; personnel were evacuated to the city of Pucallpa; operates from there.	11
08	05/13/2005	05/13/2005	Beginning of Armed Struggle OT, SL.	No field trips involving personnel and vehicles. Work was carried out as usual.	01
09	05/17/2005	05/17/2005	XXV-Anniversary of Sendero Luminoso; threats against institutions	No field trips involving personnel and vehicles. Work was carried out as usual.	01
10	05/19/2005	05/19/2005	S.L: Penitentiary Massacre Day.	No field trips involving personnel and vehicles. Work was carried out as usual.	01
Total no. of work days lost					84

Translator's note: dates are expressed in mm/dd/yy.